



Lihua International Recaps Investor and Analyst Conference Call

Danyang, China – August 4, 2011 – Lihua International, Inc. (Nasdaq: LIWA) ("Lihua" or the "Company"), a leading Chinese developer, designer, and manufacturer of low cost, high quality alternatives to pure copper products, including refined copper products and superfine and magnet wire, as well as copper clad aluminum ("CCA") wire, today provided a recap of the investor and analyst conference call held on Wednesday, August 3, 2011, to address allegations made against the Company by Absaroka Capital Management ("Absaroka") in a report issued August 1, 2011 ("the Absaroka Report").

During the call, Lihua management addressed the accusations contained in the Absaroka Report and answered participants' questions.

The Company expressed its belief that the information contained in the Absaroka report is both false and misleading, and that it was issued in an effort to allow short sellers to profit from a decline in the price of Lihua shares at the expense of the Company's shareholders. A copy of management's full remarks from the call has been posted to the Lihua website at http://lihuaintl.com/Investor_Relations/Events_Presentations.html.

The following is a summary of the Company's responses to each of the allegations contained in the Absaroka Report:

1: Self-Dealing and Related-Party Transactions:

Although Absaroka is correct in its contention that Danyang Huaying Resource Recycling Company ("Danyang Huaying") is a related party established in 2008 by Ms. Wang Yaying, Lihua's COO, Ms. Wang Junying, her sister, and Mr. Zhu Junying, an unrelated third party, Lihua has never purchased scrap copper or any other raw materials from this company. Danyang Huaying was a VAT-tax exempt entity until a change in Chinese tax policy in early 2009. Lihua would have been able to derive tax benefits by purchasing raw materials from a resource recycling company, but as a result of the change in tax policy, which eliminated Danyang Huaying's VAT-tax exemption prior to the launch of Lihua's scrap copper recycling operations, the Company never conducted any business with Danyang Huaying.

2: Illogical Financial Reports:

The Absaroka Report contends that Lihua's margins are either unsustainable or indicative of corporate malfeasance, based on the margins of other companies in the copper industry and competition from more established producers in the copper anode market. Lihua began producing copper anode at the request of Zhangjiagang United Copper Company, a wholly-owned subsidiary of Tongling Metal Group, which is one of China's three largest copper conglomerates. To date, the majority of Lihua's copper anode sales have been to Zhangjiagang United Copper, which has placed orders for quantities that extend beyond the Company's current manufacturing capacity. Contrary to the claim in the Absaroka Report, Lihua has not faced pricing pressure in its copper anode business due to the supply constraints the Company faces.

While it is true that Lihua's margins are, in some instances, higher than those of the companies cited in the Absaroka Report, these differences in margin are related to differences between Lihua's business and those of the other companies referenced. Baotou Copper Smelting Group, a copper producer that provided information to Absaroka's in-country investigator, produces copper anode from mined copper rock, which has an extremely low pure copper content of approximately 1% of total mass. Lihua produces copper anode using scrap copper and uses a less intensive metals-to-metals production process, similar to that of copper cathode. Typical gross margin for copper cathode products are approximately 7.4%, which is comparable to Lihua's copper anode gross margin of 9.0%.

3: Supplier Relationships:

Lihua management pointed out that multiple investors and analysts following the Company have conducted extensive, independent channel checks covering both customers and suppliers to verify sales and cost of goods sold associated with Lihua's business. Additionally, following publication of the Absaroka Report, Lihua management contacted the five suppliers mentioned by Absaroka, each of whom indicated to the Company that they had not been contacted by Absaroka or anyone acting on the firm's behalf. They further confirmed that they have never presented any information related to their respective relationships with Lihua or the quantities of scrap copper purchased by Lihua that is in any way similar to the information purported in the Absaroka Report.

4: Illogical and Repeated Secondary Share Issuances:

Lihua management believes that Absaroka's claims relating to the Company's share offerings, capital management and working capital needs are inaccurate, and are related to Absaroka's limited familiarity with Lihua's business. Working capital requirements in the copper industry are

very high, and it is imperative that the Company maintains a cash balance sufficient to fund its day-to-day needs. Contrary to the claim in the Absaroka Report that Lihua has abused the secondary market process to raise funds, company management carefully evaluates capital requirements as they relate to both near- and longer-term growth strategies before considering any share issuance.

Further, the Absaroka Report incorrectly represented Lihua's September 2009 IPO as a secondary offering and questioned the Company's April 2010 capital raise. Lihua has repeatedly stated that the full proceeds from the April 2010 offering were to be used to cover the fixed costs associated with the Company's phase II capacity expansion initiative, as well as to fund day-to-day working capital requirements.

Absaroka's attack on the limited number of shares repurchased under the January 2011 stock buyback program is without merit. As of the end of the second quarter, Lihua had purchased over \$2 million in stock through open market transactions, and has fully disclosed through press releases and on earnings conference calls the difficulty the Company has had in converting RMB to U.S. Dollars for overseas use as a result of the Chinese government's SAFE restrictions. As a result of these restrictions, Lihua made arrangements with Mr. Zhu for the borrowing of up to \$4 million U.S. held in his personal Hong Kong account, and the immediate repayment by the Company in RMB in order to partially resolve these funding issues and enable the Company to be more aggressive in its repurchase efforts.

5: Implausibly Large Asset Costs:

Lihua management reaffirmed that the \$10 million cost associated with the purchase of land use rights for its new manufacturing facility included \$5 million paid to the local government for the 50-year land use rights, and another \$5 million to cover physical site preparation and relocation of farmers who had previously lived on that land. With respect to the claim in the Absaroka Report that Lihua had not yet received its land use right certificate from the government, local governments are able to sell land use rights to manufacturers, but cannot provide the certificates until the total land use right allocation quota is received from the provincial government. Lihua has been informed by the local government of Danyang that a certificate for 100 mu of the 180 mu purchased is in the process of being issued, and the certificate for the remaining 80 mu should be issued in the near future. Regarding the purchase price of the land, the amount Lihua paid is comparable to similar plots in the surrounding area, which can be found in the Danyang government's website.

With respect to the factory building and equipment, the Company indicated that the estimated

\$10 million cost for its six-unit manufacturing facility is in-line with Absaroka's claim that the cost of a three-unit manufacturing facility should be approximately \$5.9 million. The Absaroka Report used information regarding factory equipment provided by Nanjing Yongliang Furnace Company, which produces and sells heat treatment equipment, and is very different from the type of equipment Lihua purchases for smelter construction and installation. Furthermore, the \$15 million cost estimate includes two state of the art, energy efficient smelters, as well as the required environmental recycling and protection systems, which are part of the facility's external infrastructure.

6: Scrap Import License:

Management noted that, following receipt of its environmental license, it has begun applying for trade letters of credit with local banks. Once approved, Lihua will be able to finance short-term working capital needs with these letters of credit, rather than making cash advances for the import of scrap copper. The Company currently estimates cost savings of approximately \$150 per ton of scrap copper imported.

7: Auditors' Track Record:

The Company pointed out that its current auditor, Crowe Horwath, LLP, has been engaged as its independent registered public accountant since the second quarter of 2010, and has consistently ranked among the top-10 auditing firms in the U.S.

8: Excessive Stock Promotion:

Lihua management is and will remain committed to performing appropriate investor relations and communications activities as expected of a public company, including quarterly earnings conference calls, investment conference participation and non-deal roadshows. The Company does not view its investor relations activities as excessive or inappropriate in any manner, but rather as normal course of business for a publicly-traded company in an effort to provide transparency and access for its shareholders, as opposed to promoting the stock.

After addressing each of the allegations contained in the Absaroka Report, Mr. Zhu concluded, "I would like to thank everyone for their participation and continued support of Lihua's growth. As the founder, Chairman and CEO of Lihua, I am proud of, and confident in, our ability to deliver a consistent and focused business strategy to grow the Company through capacity expansion, new product offerings and market penetration. I am confident that Lihua will be able to weather the storm created by these and other unwarranted short seller allegations.

Management does not tolerate any intentional attempt to tarnish Lihua's reputation, and we will hold serious discussions with our Board of Directors and legal counsel regarding the possibility of pursuing legal action against any individual or group that attempts to defame us or undermine our credibility for the purposes of share price manipulation and short-term profit."

About Lihua International, Inc.

Lihua, through its two wholly-owned subsidiaries, Lihua Electron and Lihua Copper, is a leading value-added manufacturer of copper replacement products for China's rapidly growing copper wire and copper replacement product market. Lihua is one of the first vertically integrated companies in China to develop, design and manufacture lower cost, high quality alternatives to pure copper magnet wire and pure copper alternative products. Lihua's products include CCA and pure copper products. Current product offerings include CCA and copper wire, copper rod and copper anode. Except for CCA wire, all other products are produced from recycled scrap copper. Lihua's products are sold in China either directly to manufacturers or through distributors in the wire and cable industries and manufacturers in a wide variety of industries including the consumer electronics, white goods, automotive, utility, telecommunications and specialty cable industries. Lihua's corporate and manufacturing headquarters are located in the heart of China's copper industry in Danyang, Jiangsu Province. For more information, visit: <http://www.lihuaintl.com>.

To be added to the Company's email distribution for future news releases, please send your request to lihua@tpg-ir.com.

Safe Harbor Statement

This press release contains certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future, including, without limitation, statements about its business or growth strategy, general industry conditions including availability of copper or recycled scrap copper, future operating results of the Company, capital expenditures, expansion and growth opportunities, bank borrowings, financing activities and other such matters, are forward-looking statements. Although the Company believes that its expectations stated in this press release are based on reasonable assumptions, actual results may differ from those projected in the forward-looking statements.

Please note that information in this press release reflects management views as of the date of issuance.

Contact

Lihua International, Inc.
Daphne Huang
EVP of Corporate Finance and Director of Investor Relations

(516) 717-9939
Daphne_huang@lihuaintl.com

The Piacente Group, Inc.
Investor Relations
Brandi Floberg or Lee Roth
(212) 481-2050
lihua@tpg-ir.com

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