

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Co. Reg. No: 38973)

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2008.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statement for the Second Quarter ended 30/06/2008. These figures have not been audited.

	Group			Group		
	RMB'000		%	RMB'000		%
	3 months Ended 30/6/2008 Unaudited	3 months Ended 30/6/2007 Unaudited	Increase/ (Decrease)	6 months Ended 30/6/2008 Unaudited	6 months ended 30/6/2007 Unaudited	Increase/ (Decrease)
Revenues	216,984	234,147	-7.33%	406,966	429,291	-5.20%
Cost of sales	(135,052)	(150,350)	-10.17%	(254,141)	(276,032)	-7.93%
Gross profit	81,932	83,797	-2.23%	152,825	153,259	-0.28%
Other income	2,050	30,815	-93.35%	2,170	14,050	-84.56%
Selling and distribution expenses	(1,334)	(564)	136.52%	(2,259)	(1,230)	83.66%
General and administrative expenses	(5,663)	(2,644)	114.18%	(8,537)	(4,586)	86.15%
Profit from operating activities	76,985	111,404	-30.90%	144,199	161,493	-10.71%
Interest income	14	273	-94.87%	146	329	-55.62%
Interest expenses	(1,160)	(1,989)	-41.68%	(2,733)	(3,830)	-28.64%
Foreign exchange gain	2,379	-	NM	2,618	-	NM
Other financial expenses	(2)	(56)	-96.43%	(21)	(56)	-62.50%
Profit before taxation	78,216	109,632	-28.66%	144,209	157,936	-8.69%
Tax expense	(29,670)	(21,088)	40.70%	(46,135)	(39,137)	17.86%
Net profit attributable to shareholders	48,546	88,544	-45.17%	98,074	118,799	-17.45%
Note: The Group's profit before taxation is determined after (charging)/crediting the following items:						
Other income	2,050	30,815	-93.35%	2,170	14,050	-84.56%
Write back of allowance for doubtful trade receivables	1,994	29,796	-93.31%	1,994	12,888	-84.53%
Depreciation of property, plant and equipment	(4,324)	(3,647)	18.56%	(8,413)	(7,171)	17.32%
Salaries and bonuses	(11,115)	(5,070)	119.23%	(17,108)	(12,943)	32.18%
Directors' fees	(389)	-	NM	(389)	(94)	313.83%
Interest income	14	273	-94.87%	146	329	-55.62%
Interest expenses	(1,160)	(1,989)	-41.68%	(2,733)	(3,830)	-28.64%
Foreign exchange gain	2,379	-	NM	2,618	-	NM

NM: Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Note	Group		Company	
	RMB'000		RMB'000	
	Unaudited 30/6/2008	Audited 31/12/2007	Unaudited 30/6/2008	Audited 31/12/2007
Non-current assets				
Property, plant and equipment	143,923	128,250	-	-
Land use rights and software	6,079	780	-	-
Investments in subsidiaries	-	-	344,853	344,853
	150,002	129,030	344,853	344,853
Current assets				
Inventories	53,565	48,990	-	-
Trade receivables, net	358,993	293,099	-	-
Other receivables and prepayments	274,859	284,085	-	-
Amount due from subsidiaries (non-trade)	-	-	409,403	437,093
Bank deposits (pledged)	2,010	3,010	-	-
Cash and bank deposits	434,141	449,603	-	3,079
	1,123,568	1,078,787	409,403	440,172
Current liabilities				
Trade payables	(14,480)	(28,795)	-	-
Other payables & accruals	(69,569)	(46,273)	(22,187)	(7,920)
Bills payable to banks	(31,000)	(38,000)	-	-
Short-term bank loans	(76,000)	(81,100)	-	-
Amount due to directors (non-trade)	(4,860)	(4,191)	(560)	(4,181)
Amount due to subsidiaries (non-trade)	-	-	(2,390)	(2,390)
Income tax payable	(44,284)	(34,155)	-	-
	(240,193)	(232,514)	(25,137)	(14,491)
Net current assets	883,375	846,273	384,266	425,681
Net assets	1,033,377	975,303	729,119	770,534
Equity attributable to equity holders of the company				
Share capital	738,707	738,707	738,707	738,707
Accumulated profits/ (losses)	255,097	197,023	(49,161)	(7,746)
Contributed Surplus	39,573	39,573	39,573	39,573
Total equity	1,033,377	975,303	729,119	770,534

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2008		As at 31 December 2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
107,000	--	119,100	--

Amount repayable after one year

As at 30 June 2008		As at 31 December 2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
--	--	--	--

Details of any collateral

As at 30 June 2008, the Group had total secured short-term bank loans of RMB 76 million and bank's bills payable of RMB 31 million. All the outstanding borrowings are secured by mortgage charge on the Group's property, corporate guarantee or personal guarantee provided by the Group's executive director and his spouse jointly.

- 1(c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

RMB'000	3 months Ended 30/6/2008 Unaudited	3 months Ended 30/6/2007 Unaudited	6 months Ended 30/6/2008 Unaudited	6 months Ended 30/6/2007 Unaudited
Profit before taxation	78,216	109,632	144,209	157,936
Adjustments:				
Depreciation of Property, Plant and Equipment	4,324	3,647	8,413	7,171
Amortisation of land use rights and software	108	7	195	18
Write back of allowance for doubtful trade receivables	(1,994)	(29,796)	(1,994)	(12,888)
Negative goodwill written off arising from acquisition of subsidiary	-	-	(36)	-
Interest expense	1,160	1,989	2,733	3,830
Interest income	(14)	(273)	(146)	(329)
Foreign exchange gain	-	-	(240)	-
Operating Profit Before Working Capital Changes	81,800	85,206	153,134	155,738
(Increase) Decrease in:				
Inventories	12,453	(2,573)	(3,985)	9,044
Trade receivables	(53,725)	6,194	(63,282)	(95,840)
Other receivables & prepayments	(36,270)	(590)	9,290	32,607
Due from related parties (trade)	-	-	-	10,640
Due from a director	-	(1,559)	-	(1,239)
Increase (Decrease) in:				
Trade payables	(19,499)	(1,629)	(15,041)	(16,859)
Other payables & accruals	(5,836)	(1,767)	2,119	13,623
Due to related parties (non-trade)	(15,603)	(22,768)	(15,603)	(22,924)
Due to related parties (trade)	-	(1,395)	-	(4,812)
Due to directors	(2,631)	1,407	669	1,407
Net Cash (Used In) Generated From Operating Activities	(39,311)	60,526	67,301	81,385
Interest expense paid	(1,160)	(1,989)	(2,733)	(3,830)
Interest income received	14	273	146	329
Income tax paid	(16,467)	(2,865)	(36,006)	(16,160)
Net Cash (Used In) Generated From Operating Activities	(56,924)	55,945	28,708	61,724
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(7,849)	(6,250)	(8,845)	(6,502)
Purchase of software	(40)	-	(40)	-
Cash acquired from acquisition of a subsidiary	-	-	146	-
Net Cash Used In Investing Activities	(7,889)	(6,250)	(8,739)	(6,502)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term bank borrowings	42,000	46,400	76,000	73,400
Repayments of short-term bank borrowings	(63,000)	(103,000)	(81,100)	(121,100)
Proceeds from bills payable	19,000	45,800	31,000	92,800
Repayment of bills payable	(12,000)	(44,493)	(38,000)	(86,908)
Dividend paid	(24,331)	-	(24,331)	-
(Increase) Decrease in fixed deposits pledged to banks	(1,800)	6,620	1,000	5,914
Net Cash Used In Financing Activities	(40,131)	(48,673)	(35,431)	(35,894)
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	(104,944)	1,022	(15,462)	19,328
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	539,085	111,485	449,603	93,179
CASH & CASH EQUIVALENTS AT END OF PERIOD	434,141	112,507	434,141	112,507

- 1(d)(i) A statement for the issuer and group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital RMB'000	Reserve fund RMB'000	Contributed Surplus RMB'000	Accumulated profits/(losses) RMB'000	Total equity/ (deficit) RMB'000
<u>Group</u>					
At 1 January 2007	226,967	37,825	-	80,061	344,853
Net profit for the period	-	-	-	118,799	118,799
At 30 June 2007	226,967	37,825	-	198,860	463,652
At 1 January 2008	738,707	-	39,573	197,023	975,303
Net profit for the period	-	-	-	98,074	98,074
Dividend declared	-	-	-	(40,000)	(40,000)
At 30 June 2008	738,707	-	39,573	255,097	1,033,377
<u>Company</u>					
At 1 January 2007	-	-	-	(160)	(160)
Net loss for the period	-	-	-	(150)	(150)
At 30 June 2007	-	-	-	(310)	(310)
At 1 January 2008	738,707	-	39,573	(7,746)	770,534
Net loss for the period	-	-	-	(1,415)	(1,415)
Dividend declared	-	-	-	(40,000)	(40,000)
At 30 June 2008	738,707	-	39,573	(49,161)	729,119

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the Company's share capital since the end of the previous period reported on and no outstanding convertibles or treasury shares held as at 30 June 2008.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30 June 2008	31 December 2007
Total number of issued shares	800,000,000	800,000,000

The Company had no treasury shares as at 30 June 2008 and 31 December 2007.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the second quarter of 2008 with those of the audited financial statements as at 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	3 months Ended 30/6/2008	3 months Ended 30/6/2007
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):		
(a) Basic and	0.06	0.15*
(b) On a fully diluted basis	0.06	0.15*

*based on pre-invitation shares capital of 600,000,000 ordinary shares

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/6/2008	31/12/2007	30/6/2008	31/12/2007
Net asset value per ordinary share based on issued share capital at the end of (in RMB):	1.29	1.22	0.91	0.96

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

	Group			Group		
	RMB'000		%	RMB'000		%
	3 months Ended 30/6/2008 Unaudited	3 months Ended 30/6/2007 Unaudited	Increase/ (Decrease)	6 months Ended 30/6/2008 Unaudited	6 months ended 30/6/2007 Unaudited	Increase/ (Decrease)
Zipper Chain	148,262	129,949	14.09%	276,570	237,099	16.65%
Zipper Slider	68,722	104,198	-34.05%	130,396	192,192	-32.15%
Total Group Revenue	216,984	234,147	-7.33%	406,966	429,291	-5.20%

Zipper Chain	85,492	81,078	5.44%	160,033	145,662	9.87%
Zipper Slider	49,560	69,272	-28.46%	94,108	130,370	-27.81%
Total Group Cost of Sales	135,052	150,350	-10.17%	254,141	276,032	-7.93%

Zipper Chain	62,770	48,871	28.44%	116,537	91,437	27.45%
Zipper Slider	19,162	34,926	-45.13%	36,288	61,822	-41.30%
Total Gross Profit	81,932	83,797	-2.23%	152,825	153,259	-0.28%

Zipper Chain	42.34%	37.61%		42.14%	38.56%	
Zipper Slider	27.88%	33.52%		27.83%	32.17%	
Total Gross Profit rate	37.76%	35.79%		37.55%	35.70%	

6M08 vs 6M07 (6 months)

Revenue

Group's revenue decreased by 5.20% to RMB 407.0 million from RMB 429.3 million for the 6 months ended 30 June 2008. The decrease in revenue was due mainly to a decrease in revenue from the Zipper Sliders segment.

Zipper Chain

Revenue from the Zipper Chain segment increased by 16.65% to RMB 276.6 million from RMB 237.1 million for the 6 months ended 30 June 2008. This is a result of a change in focus from zipper chains to finished zippers which had better gross profit margin than the zipper chains.

Zipper Sliders

Revenue from the Zipper Sliders segment decreased by 32.15% to RMB 130.4 million from RMB 192.2 million for the 6 months ended 30 June 2008 mainly due to a decrease in the average selling price of our zipper sliders, which was caused by an adjustment in response to the decrease in the average cost of zinc, the main raw material used in the production of zipper sliders.

Gross Profit

Group's gross profit for the 6 months under review decreased marginally by 0.28% to RMB 152.8 million from RMB 153.3 million for the 6 months ended 30 June 2008.

The increase in gross profit of RMB 25.1 million from the zipper chains segment was offset by a decrease in gross profit of RMB 25.5 million from zipper sliders segments. The gross profit increase in zipper chains segment was due to an increase in the sales of finished zippers, from approximately 21% in 2007 to approximately 31% in the current period.

The increase in gross profit from the zipper chains segment was however offset by the reduction in gross profit from the zipper sliders segment. The gross profit from the zipper sliders segment decreased by RMB 25.5 million from RMB 61.8 million for 6 months ended 30 June 2007 to RMB 36.3 million for the current period.

Overall, gross profit margin increased from 35.70% for the 6 months ended 30 June 2007 to 37.55% for the current period due to an increase in the gross profit margin of zipper chains segment from 38.56% for 6 months ended 30 June 2007 to 42.14% for the current period. The increase in gross profit margin of the zipper chains segment was a result of Group's focus to expand its production capacity for the finished zippers which had better gross profit margin than the zipper chains.

However, the gross profit margin from zipper sliders segment decreased from 32.17% for the 6 months ended 30 June 2007 to 27.83% for the current period. In addition, the Group also utilized its existing zinc inventory which were purchased at a higher price prior to the drop in zinc cost for part of its production.

Other income

Other income comprised of mainly write back of allowance for doubtful trade receivables provision and sale of scrap materials. The decrease of RMB 11.9 million for the 6 months ended 30 June 2008 (RMB 2.2 million) compared to the same period of last year (RMB 14.1 million) was due mainly to the write back of allowance for doubtful trade receivables from RMB 12.9 million in 2007 to RMB2.0 million in the current period.

Selling and distribution expenses

Selling and distribution expenses comprised mainly entertainment expenses, traveling expenses of our sales & marketing staff, transportation costs incurred for deliveries to our customers and salaries of our sales & marketing personnel. The increase of 83.66% or RMB1.1 million for the 6 months ended 30 June 2008 (RMB2.3 million) compared to the same period of last year (RMB1.2 million) was due mainly to an increase in the number of sales staff in order to promote the sale of finished zipper chains.

General and administrative expenses

General and administrative expenses increased by 86.15% or RMB3.9 million for the 6 months ended 30 June 2008 (RMB 8.5 million) compared to the same period of last year (RMB 4.6 million). The increase is attributable to salaries increase and employment of additional technical and management staff to improve the Group's operational efficiency and internal controls. Furthermore, the new subsidiary – Qingdao plant was in full operation this quarter which resulted in a significant increase in expenses.

Interest expenses

Interest expenses decreased by 28.64% or RMB 1.1 million for the 6 months ended 30 June 2008 (RMB 2.7 million) compared to the same period of last year (RMB 3.8 million) mainly due to a decrease in short-term bank loan and bills payable by RMB 12.1 million.

Foreign exchange gain

The exchange gain arose mainly from the consideration paid for the investment in Qingdao plant which was denominated in HKD 23.6 million and the translation of bank balance from YEN to RMB during the current period.

Tax expense

	Group		
	RMB'000		%
	6 months Ended 30/6/2008 Unaudited	6 months ended 30/6/2007 Unaudited	Increase/ (Decrease)
Income tax	(35,335)	(39,137)	-9.71%
Withholding tax	(10,800)	-	NM
Tax expense	(46,135)	(39,137)	17.86%

NM : Not Meaning

Although the corporate tax rate has been reduced from 27% to 25% with effect from January 08, our tax expense increased by 17.86% or RMB 7.0 million for the 6 months ended 30 June 2008 (RMB 46.1 million) compared to the same period of last year (RMB 39.1 million) due to a new withholding tax ruling introduced by the PRC government. The new ruling, which impacts all companies incorporated in the PRC, states that any profit attributable to equity after 1 January 2008 should withhold a 10% tax to be paid to the government in the event of a dividend payout. The Group has taken a conservative stand and has made a full 10% withholding tax provision based on the total net profit attained in 1H 2008.

2Q08 vs 2Q07 (3 months)

Revenue

Group's revenue decreased by 7.33% to RMB 216.9 million in 2Q08 from RMB 234.1 million in 2Q07. The decrease in revenue was due mainly to a decrease in sales from the zipper sliders segment.

Zipper Chain

Revenue from the Zipper Chain segment increased by 14.09% to RMB 148.3 million in 2Q08 from RMB 129.9 million in 2Q07. This is a result of a change in focus from zipper chains to the finished zippers which had better gross profit margin than the zipper chains.

Zipper Sliders

Revenue from the Zipper Sliders segment decreased by 34.05% to RMB 68.7 million in 2Q08 from RMB 104.2 million in 2Q07 due mainly to a decrease in the average selling price of our zipper sliders which was caused by an adjustment in response to the decrease in the average cost of zinc, being the main raw material used in the production of zipper sliders.

Gross Profit

Group's gross profit for the 3 months under review has also decreased by 2.23% to RMB 81.9 million in 2Q08 from RMB 83.8 million in 2Q07.

The decrease in gross profit was due mainly to a decrease in gross profit from the zipper sliders segment. The gross profit from zipper sliders segment decreased by RMB 15.7 million from RMB 34.9 million in 2Q07 to RMB 19.2 million in 2Q08. The decrease was in tandem with the reduction in sales revenue.

The decrease in gross profit from the zipper sliders segment was however partially offset by the increase in gross profit from the zipper chains segment from RMB 48.9 million in 2Q07 to RMB 62.8 million in 2Q08. The increase in gross profit of the zipper chains segment was a result of the Group's focus to expand its production capacity for the finished zippers which had better gross profit margin than the zipper chains.

Overall gross profit margin increased from 35.79% in 2Q07 to 37.76% in 2Q08 due to an increase in the gross profit margin of zipper chains segment from 37.61% in 2Q07 to 42.34% in 2Q08. The increase in gross profit margin of the zipper chains segment was a result of Group's focus to expand its production capacity for the finished zippers which had better gross profit margin than the zipper chains.

However, the gross profit margin from zipper sliders segment decreased from 33.52% in 2Q07 to 27.88% in 2Q08. In addition, the Group also utilized its existing zinc inventory which were purchased at a higher price prior to the drop in zinc cost for part of its production.

Other income

The decrease in other income was mainly due to the write back of allowance for doubtful trade receivables reduced from RMB29.8 million in 2007 to RMB2.0 million in the current period.

Selling and distribution expenses

The increase in selling and distribution expenses was due mainly to an increase in the number of sales staff in order to promote the sale of finished zipper chains.

General and administrative expenses

The increase in general and administrative expenses was attributable to salaries increase and employment of additional technical and management staff to improve the Group's operational efficiency and internal controls. Furthermore, the new subsidiary – Qingdao plant has started full operation in this quarter which resulted in a significant increase in expenses.

Interest expenses

The decrease in interest expenses mainly due to a decrease in short-term bank loan and bills payable.

Foreign exchange gain

The exchange gain arose mainly from the consideration paid for the investment in Qingdao plant which was denominated in HKD 23.6 million and the translation of bank balance from YEN to RMB during the current period.

Tax expense

	Group		
	RMB'000		%
	3 months Ended 30/6/2008 Unaudited	3 months Ended 30/6/2007 Unaudited	Increase/ (Decrease)
Income tax	(18,870)	(21,088)	-10.52%
Withholding tax	(10,800)	-	NM
Tax expense	(29,670)	(21,088)	40.70%

NM : Not Meaning

Although the corporate tax rate has been reduced from 27% to 25% with effect from January 08, our tax expense increased by 40.70% or RMB 8.6 million for the 6 months ended 30 June 2008 (RMB 29.7 million) compared to the same period of last year (RMB 21.1 million) due to a new withholding tax ruling introduced by the PRC government. The new ruling, which impacts all companies incorporated in the PRC, states that any profit attributable to equity after 1 January 2008 should withhold a 10% tax to be paid to the government in the event of a dividend payout. The Group has taken a conservative stand and has made a full 10% withholding tax provision based on the total net profit attained in 2Q 2008.

FINANCIAL POSITION

Non-current assets

As at 30 June 2008, our non-current assets amounted to RMB 150 million which comprised property, plant and equipment as well as intangible assets such as land use rights and computer software.

The increase in non-current assets by RMB 21 million in 2Q08 was due mainly to an addition of plant, machinery, motor vehicles and office equipment resulted from the acquisition of Qingdao plant.

Current assets

As at 30 June 2008, our current assets increased by 4.2% (RMB 45 million). Trade receivables increased by RMB 66 million due to most of customers' orders took place after February 2008 (i.e., after lunar new year). As our Group's normal credit period is from 90 days to 120 days, most of the trade receivables remain outstanding as at 30 June 2008. Other receivables and prepayments has slightly decreased by RMB 9 million due to the drawdown of advances previously made to suppliers to secure a stable stream of raw material supplies.

Cash and bank balances decreased from RMB 450 million as of 31 December 2007 to RMB 434 million as of 30 June 2008 arose from the payment of dividend in the current period.

Current liabilities

As at 30 June 2008, our current liabilities amounted to RMB240 million, which was 3.3% or RMB 7.7 million more than FY2007. The increase was mainly due to the new ruling, which impacts all companies incorporated in the PRC, states that any profit attributable to equity after 1 January 2008 should withhold a 10% tax to be paid to the government in the event of a dividend payout.

Cash Flow

Our cash and cash equivalents decreased due to the payment of dividends and advances to suppliers in order to purchase materials at a lower price.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been disclosed to shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

External economic condition is challenging and this is expected to impact on our export business. The increase in minimum wages imposed by the local government together with high inflation will continue to put pressure on our cost and gross profit margin.

The Group is one of the few vertically integrated manufacturers in the PRC, with the capacity and capital to produce the full range of zipper products, from upstream zipper components such as zipper chain and sliders to downstream products such as finished zippers. Moving ahead, the Group will continue to focus on moving up the value chain and to expand its production capacity in order to gain better margins from finished zippers and zipper products. This will enable the Group to maintain its profit margin as a result.

In June 2008, the Group has completed trial production of finished zippers in its new Shanghai plant, which has been set up to expand our customer base in the PRC. The Shanghai plant will commence production by the 4Q08.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes. .

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (in RMB)	0.02
Tax Rate	Not Applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable

13. Status of applications for the Land Used Right and building ownership certificates relating to Land 1 and Land II

There has been no change in the status of applications for the land use right and building ownership certificates since last reported in the 3rd quarter results ended 30 September 2007.

For Land I, the application for land use right has been accepted by the Jinjiang State Owned Land Resource Bureau. On 25 September 2007, Jinjiang State Owned Land Resource Bureau issued a directive to the Group to pay a fee of approximately RMB4.0 million for the change of the land use purpose from agriculture land to industrial land. The official land use right will be granted within 2 weeks from the date of signing the relevant change of land use document and payment date.

For Land II, the application for the land use right has been submitted to the Jinjiang City Government upon our payment for the 30% deposit in March 2007. The application is still pending approval by the Fujian Provincial Government before sending to Jinjiang State Owned Land Resource Bureau for final processing.

Notes:

Land I and II – as defined in the “Risk Factors” section of the Company’s prospectus dated 13 September 2007

Land I : refers to the adjoining land to the Group’s premises currently used for its factory, warehouse office and accommodation

Land II : refers to a new site to be used for the setting up of its head office in Jinjiang City

14. Use of IPO proceeds

As at 30 June 2008, an approximate sum of RMB106.06 million had been used in accordance with the plan stated in the company’s prospectus dated 13 September 2007. Of which RMB 47.00 million was utilized to repay the bank borrowings, RMB 33.83 million had been used for establishing our line of premium finished zippers at our current premises and remaining RMB25.23 million was paid to increase the working capital for our Qingdao Plant.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

11 August 2008

Note:

SAC Capital Private Limited was the issue manager for the initial public offer of Fuxing China Group Limited (the "Company"). This announcement has been prepared and released by the Company.

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)

Confirmation By Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Fuxing China Group Limited which may render these interim financial statements for the 2nd quarter ended 30 June 2008 to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
Fuxing China Group Limited

.....
Hong Qing Liang
Director

.....
Hong Peng You
Director

Date: 11 August 2008