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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 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 First Quarter ended 31/03/2008. These figures have not been audited.

	Group		
	RMB'000		%
	3 months Ended 31/3/2008 Unaudited	3 months Ended 31/3/2007 Unaudited	Increase/ (Decrease)
Revenue	189,982	195,144	-2.65%
Cost of sales	(119,089)	(125,682)	-5.25%
Gross profit	70,893	69,462	2.06%
Other income	120	144	-16.66%
Selling and distribution expenses	(925)	(667)	38.68%
General and administrative expenses	(2,874)	(18,851)	-84.75%
Profit from operating activities	67,214	50,088	34.19%
Interest income	132	57	131.58%
Interest expense	(1,573)	(1,841)	-14.56%
Foreign exchange gain	239	0	NM
Other financial expenses	(19)	0	NM
Profit before taxation	65,993	48,304	36.62%
Tax expense	(16,465)	(18,049)	-8.78%
Net profit attributable to shareholders	49,528	30,255	63.70%

Note:The Group's profit before taxation is determined after (charging)/crediting the following items:			
Other income	120	144	-16.66%
Allowance for doubtful trade receivables	0	(16,909)	NM
Depreciation of property, plant and equipment	(4,089)	(3,524)	16.03%
Salaries and bonuses	(5,949)	(3,282)	81.26%
Directors' fees	0	94	NM
Interest income	132	57	131.58.%
Interest expense	(1,573)	(1,841)	-14.56%
Foreign exchange gain	239	0	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	
		Unaudited 31/3/2008	Audited 31/12/2007	Unaudited 31/3/2008	Audited 31/12/2007
Non-current assets					
Property, plant and equipment		140,398	128,250	0	0
Land use rights and software		6,147	780	0	0
Investments in subsidiaries		0	0	344,853	344,853
		146,545	**129,030**	**344,853**	**344,853**
Current assets					
Inventories		66,018	48,990	0	0
Trade receivables , net		303,274	293,099	0	0
Other receivables and prepayments		238,589	284,085	0	0
Amounts due from related parties (non-trade)		0	0	438,798	437,093
Bank deposits (pledged)		210	3,010	0	0
Cash and bank deposits		539,085	449,603	0	3,079
		1,147,176	**1,078,787**	**438,798**	**440,172**
Current liabilities					
Trade payables		(33,979)	(28,795)	0	0
Other payables & accruals		(59,736)	(46,273)	(3,326)	(7,920)
Bills payable to banks		(24,000)	(38,000)	0	0
Short-term bank loans		(97,000)	(81,100)	0	0
Amounts due to related parties (non-trade)		(15,603)	0	0	0
Amounts due to directors (non-trade)		(7,491)	(4,191)	(7,481)	(4,181)
Amounts due to subsidiaries (non-trade)		0	0	(2,390)	(2,390)
Income tax payable		(31,081)	(34,155)	0	0
		(268,890)	**(232,514)**	**(13,197)**	**(14,491)**
Net current assets		878,286	846,273	425,601	425,681
Net assets		1,024,831	975,303	770,454	770,534
Equity attributable to equity holders of the company					
Share capital		738,707	738,707	738,707	738,707
Accumulated profits/ (losses)		245,551	197,023	(7,826)	(7,746)
Contributed Surplus		39,573	39,573	39,573	39,573
Total equity		1,024,831	975,303	770,454	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 31 March 2008		As at 31 December 2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
121,000	--	119,100	-

Amount repayable after one year

As at 31 March 2008		As at 31 December 2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
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Details of any collateral

As at 31 March 2008, the Group had a total secured short-term bank loans of RMB 97 million and bank's bills payable of RMB 24 million. All the outstanding borrowings were 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 31/3/2008 Unaudited	3 months Ended 31/3/2007 Unaudited
Profit before taxation	**65,993**	**48,304**
Adjustments:		
Depreciation of Property, Plant and Equipment	4,089	3,524
Amortisation of land use rights and software	88	11
Allowance for doubtful debts	0	16,909
Negative goodwill written off arising from acquisition of subsidiary	(36)	0
Interest expense	1,573	1,841
Interest income	(132)	(57)
Foreign currency gain	(240)	0
Operating Profit Before Working Capital Changes	71,335	70,532
(Increase) Decrease in:		
Inventories	(16,438)	11,617
Trade receivables	(9,558)	(102,034)
Other receivables & prepayments	45,560	33,197
Due from related parties (trade)	0	10,640
Due from a director	0	320
Increase (Decrease) in:		
Trade payables	4,458	(15,230)
Other payables & accruals	7,956	15,390
Due to related parties (non-trade)	0	(157)
Due to related parties (trade)	0	(3,417)
Due to directors	3,300	0
Cash Generated From Operating Activities	106,613	20,858
Interest expense paid	(1,573)	(1,841)
Interest income received	132	57
Income tax paid	(19,539)	(13,295)
Net Cash From Operating Activities	85,633	5,779
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(997)	(252)
Cash acquired from acquisition of a subsidiary	146	0
Net Cash Used In Investing Activities	(851)	(252)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from short-term bank borrowings	34,000	27,000
Repayments of short-term bank borrowings	(18,100)	(18,100)
Proceeds from bills payable	12,000	47,000
Repayment of bills payable	(26,000)	(42,415)
Decrease (Increase) in fixed deposits pledged to banks	2,800	(706)
Net Cash From Financing Activities	4,700	12,779
NET INCREASE IN CASH & CASH EQUIVALENTS	89,482	18,306
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	449,603	93,179
CASH & CASH EQUIVALENTS AT END OF PERIOD	539,085	111,485

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
Group					
At 1 January 2008	738,707	0	39,573	197,023	975,303
Net profit for the period	0	0	0	49,528	49,528
At 31 March 2008	738,707	0	39,573	245,551	1,024,831
At 1 January 2007	226,967	37,825	0	80,061	344,853
Net profit for the period	0	0	0	30,255	30,255
At 31 March 2007	226,967	37,825	0	110,316	375,108
Company					
At 1 January 2008	738,707	0	39,573	(7,746)	770,534
Net loss for the period	0	0	0	(80)	(80)
At 31 March 2008	738,707	0	39,573	(7,826)	770,454
					0
At 1 January 2007	0	0	0	(160)	(160)
Net loss for the period	0	0	0	(150)	(150)
At 31 March 2007	0	0	0	(310)	(310)

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.

	Number of shares	S$
Issued ordinary shares as at 2 Oct 2006,following the incorporation of our Company	20,000	NIL
Sub-Division	200,000	NIL
Issue of ordinary shares pursuant to the Restructuring Exercise	599,800,000	60,000,000
New shares issued pursuant to the invitation (Net of IPO Expenses)	200,000,000	85,691,036
Issued and paid-up Capital as at 31 Dec 2007 & 31 March 2008	800,000,000	145,691,036

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 preceeding year.

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

The Company had no treasury shares as at 31 March 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 first 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 31/3/2008	**3 months Ended 31/3/2007**
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):		
(a) Basic and	0.06	0.05*
(b) On a fully diluted basis	0.06	0.05*

*-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.

	Company		Group	
	31/3/2008	**31/12/2007**	**31/3/2008**	**31/12/2007**
Net asset value per ordinary share based on issued share capital at the end of (in RMB):	0.96	0.96	1.28	1.22

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.

Revenue

Our revenue decreased slightly by 2.65% or RMB5.16 million from RMB195.14 million in 1Q07 to RMB189.98 million in 1Q08. The decrease in revenue was mainly due to a decrease in sales from our zipper sliders segment.

Revenue from the zipper sliders segment decreased by 29.53% or RMB25.98 million from RMB87.99 million in 1Q07 to RMB62.01 million in 1Q08 mainly due to a decrease in the average selling price of our zipper sliders. This decrease in our selling price was caused by the adjustments in response to the decrease in the average cost of zinc, the main raw material used in the production of zipper sliders.

Revenue from the zipper chains segment increased by 19.43% or RMB20.82 million from RMB107.15 million in 1Q07 to RMB127.97 million in 1Q08. This is a result of a change in focus from zipper chains to the finished zippers.

Gross profit and gross profit margin

Despite the slight decrease in revenue, gross profit increased by 2.06% or RMB1.43 million from RMB69.46 million in 1Q07 to RMB70.89 million in 1Q08. The increase in gross profit of RMB1.43 million was due to an increase in gross profit of RMB10.51 million from the zipper chains segment from RMB42.59 million in 1Q07 to RMB53.10 million in 1Q08. The gross profit increase was attributed to a 21.31% increase in sales volume as well as a higher margin earned from finished zippers.

However, the increase was partially offset by the reduction in gross profit of RMB9.08 million in zipper sliders segment from RMB26.87 million in 1Q07 to RMB17.79 million in 1Q08. The decrease was in tandem with the reduction in sales revenue.

Overall gross profit margin increased from 35.60% in 1Q07 to 37.32% in 1Q08. This increase in the overall gross profit margin was a result of:

(a) an increase in the gross profit margin of our zipper chains segment from 39.75% in 1Q07 to 41.49% in 1Q08. This increase in the gross profit margin of the zipper chain segment was a result of our Group's focus to expand its production capacity for the finished zippers which had generated better margin than the zipper chains; and

(b) an offset by a decrease in the gross profit margin of our zipper sliders segment from 30.54% in 1Q07 to 28.69% in 1Q08. This decrease in gross profit margin was mainly a result of the decrease in our average selling price for zipper sliders in response to the decrease of average cost of zinc. To a lesser extent, an increase in labor cost which pushed up the average unit cost of overheads had further reduced the margin.

Other income

Our other income mainly consists of sale of scrap materials. It decreased marginally by RMB0.02 million from RMB0.14 million in 1Q07 to RMB0.12 million in 1Q08. The decrease in 1Q08 was mainly attributed to the lower production waste in our Jinjiang factories.

Selling and distribution expenses

Selling and distribution expenses increased by 38.68% or RMB0.26 million from RMB0.67 million in 1Q07 to RMB0.93 million in 1Q08. The main reason for the increase was an increase in the number of sales staffs in order to promote the sale of finished zipper chains.

General and administrative expenses

General and administrative expenses decreased by 84.75% or RMB15.98 million from RMB18.85 million in 1Q07 to RMB2.87 million in 1Q08, mainly because no additional allowance for doubtful debts was made in 1Q08 compared to an allowance of RMB16.91 million in 1Q07.

Net financial expenses

Net financial expenses decreased by 19.23% or RMB0.34 million from RMB1.78 million in 1Q07 to RMB1.44 million in 1Q08. This was mainly due to a decrease in interest expense by RMB0.27 million following repayment of short-term bank loans and interest bearing bills payable. An increase in interest income from bank balances by RMB0.08 million further reduced net financial expenses.

Foreign exchange gain

The exchange gain was mainly due to revaluation of HKD17 million owing to a related party for acquisition of the Qingdao Plant. The Hong Kong dollar depreciated against the China RMB during the first quarter of 2008.

Income tax

Income tax decreased by 8.78% or RMB1.58 million from RMB18.05 million in 1Q07 to RMB16.47 million in 1Q08 due to the reduction of corporate tax rate from 27% to 25% with effect from Jan 08 and non-deductibility of certain expenses in 1Q07.

FINANCIAL POSITION
Non-current assets

As at 31 March 2008, our non-current assets amounted to RMB146.55 million which comprised of property, plant and equipment, motor vehicles, office equipment as well as intangible assets such as land use rights and computer software.

The carrying amount of non-current assets increased by RMB17.52 million in 1Q08. This was mainly due to addition of plant, machinery, motor vehicles and office equipment resulting from acquisition of Qingdao plant.

Current assets

As at 31 March 2008, our current assets increased by 6.34% to RMB1,147.18 million. Inventories, trade receivables increased by an aggregate sum of RMB27.20 million. The increases were in line with the expansion of production capacity for finished zippers which required higher working capital to be deployed. However, other receivables and prepayments decreased by RMB45.50 million due to a decrease in advances to suppliers as a result of us taking a cautious approach as the price trend of raw materials was moving downward gradually.

Cash and bank balances increased to RMB539.09 million as of 31 March 2008, an increase of RMB89.48 million which mainly arose from the operation in 1Q08.

Qingdao plant contributes RMB 1.97 million increase in current assets to the Group as at 31 March 2008.

Current liabilities

As at 31 March 2008, our current liabilities amounted to RMB268.89 million, which was 15.64% or RMB36.38 million more than FY2007. The increase was due to the acquisition of Qingdao plant in February from a related party for a purchase consideration of RMB 15.60 million. The amount owing to that related party had been fully settled in May 2008. In addition, trade payables and other payables increased by RMB5.18 million and RMB3.46 million respectively. The increase was related to the expansion of our production capacity for the production of finished zippers. Due to the expansions, additional and better quality of raw materials and factory supplies were acquired.

Cash Flow

Our cash and cash equivalents increased by RMB89.48 million in 1Q08 compared to RMB18.31 million in 1Q07. This was due mainly to the cash generated from the operation of RMB85.63 million and there was no major cashflow from investing and financing activities in 1Q08.

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.

Driven by the government's efforts to promote higher local consumption, demand for zipper products is expected to continue on an upward trend. The Group believes that it is well-positioned to benefit from the growth in the industry because of its large scale, fully integrated operations, and high quality zipper products.

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. Barring unforeseen circumstances, the Group expects to continue its growth in the current year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(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

Not Applicable

(d) Books closure date

Not Applicable

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

No dividend has been declared or recommended for the period ended 31 March 2008

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 Groupto 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 Fujiang 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 31 March 2008, an approximate sum of RMB71.58 million had been used in accordance with the plan stated in the company's prospectus dated 13 September 2007. Of which RMB 35.00 million was utilized to pay down the bank borrowings, RMB 33.83 million had been used for establishing our line of premium finished zippers at our current premises and remaining RMB2.75 million was paid to increase the working capital for our Qingdao Plant.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

15 May 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 1st quarter ended 31 March 2008 to be false or misleading in any material aspect.

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

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Hung Wo Chiu
Director

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Hong Qing Liang
Director

Date: 15 May 2008