NEWS RELEASE

Contact Information:
August Consulting
Tel: 6733 8873 Fax: 6733 9913
HO See Kim – *seekim@august.com.sg*
Nora SNG – *nora@august.com.sg*
Adeline SIM – *adeline@august.com.sg*

Fuxing China posts 2Q 2008 net profit of RMB48.5 million

- *2Q 2008 gross profit margin expanded from 35.79% to 37.76% due to increased focus towards the production of finished zippers*
- *Recommends an interim dividend of RMB 2 cents*

Financial Highlights (RMB'm)	3 months ended 30 June			6 months ended 30 June		
	2008	2007	Growth (%)	2008	2007	Growth (%)
Revenue	217.0	234.1	- 7.3	407.0	429.3	-5.2
Gross profit	81.9	83.8	-2.2	152.8	153.3	- 0.3
Gross profit margin	37.76%	35.79%	-	37.55%	35.70%	-
Net profit	48.5	88.5	-45.2	98.0	118.8	-17.5
Write back of doubtful debt provision	2.0	29.8	-93.3	2.0	12.9	- 84.5
Withholding tax	10.8	-	NM	10.8	-	NM
Net profit (excluding write back and withholding tax)	57.3	58.7	-2.4	106.8	105.9	0.1

SINGAPORE –11 August 2008 - Fuxing China Group Limited *("Fuxing China" or "the Group")*, one of the few vertically integrated zipper manufacturers in the PRC, today reported a RMB48.5million in 2Q 2008 net profit. This was achieved on the back of a 7.3% decline in 2Q2008 sales, caused mainly by the drop in zinc prices, which led to a lower average selling price ("ASP") of zipper sliders.

2Q 2008 net profit is distorted by the significantly lower amount of write-back in doubtful debt provision, as compared to the corresponding period last year, as well as a one-off, non-performance related withholding tax of RMB10.8 million. Excluding the write back and withholding tax, Fuxing China's 2Q 2008 net profit of RMB57.3 million would have been close to the level attained last year.

Gross profit margin for the latest quarter expanded from 35.79% in 2Q 2007 to 37.76% - the highest gross profit margin achieved since listing despite inflationary pressures - as the Group continued to expand its production and sales of finished zippers, which generated higher gross margin than its two other main products – zipper chain and zipper sliders. The Group has been focusing its efforts on expanding its presence in the finished zipper market. Sales of finished zippers grew 20.2% on a quarter-on-quarter basis (1Q08 vs 2Q08).

Earnings per share for the three months ended 30 June 2008 was RMB0.06 while net asset value rose from RMB1.22 as at 31 December 2007 to RMB1.29 as at 30 June 2008.

Based on the latest set of results, the Directors have recommended an interim dividend of RMB 2 cents per share. Based on an exchange rate of S$1:RMB5.1 and closing price of S$0.165 on 11 August 2008, this translates to an annualized yield of 4.76%.

Segmental Review

Financial Highlights	**3 months ended 30 June**			**6 months ended 30 June**		
	2008	**2007**	**Growth (%)**	**2008**	**2007**	**Growth (%)**
Revenue (RMB'm)						
Zipper Chain	148.3	129.9	14.1	276.6	237.1	16.7
Zipper Sliders	68.7	104.2	-34.1	130.4	192.2	-32.2
Total	217.0	234.1	-7.3	407.0	429.3	-5.2
Gross Profit (RMB'm)						
Zipper Chain	62.8	48.9	28.4	116.5	91.4	27.5
Zipper Sliders	19.2	34.9	-45.1	36.3	61.8	-41.3
Total	81.9	83.8	-2.2	152.8	153.3	- 0.3
Gross Profit Margin (%)						
Zipper Chain	42.34	37.61	-	42.14	38.56	-
Zipper Sliders	27.88	33.52	-	27.83	32.17	-
Total GP Margin	37.76	35.79	-	37.55	35.70	-

Zipper Chain (inclusive of finished zippers)

In 2Q 2008, boosted by a change in sales mix towards higher margin finished zippers, sales of zipper chain (inclusive of finished zippers) grew 14.1% to RMB148.3 million. The change in sales mix also lifted the segment's gross profit margin from 37.61% to 42.34%.

The Group estimated that in 2Q 2008 alone, finished zippers contributed about 31.5% and 38.8% of total group sales and gross profit respectively.

Zipper Slider

In the same period under review, as Group adjusted the ASP of zipper sliders downwards to reflect the lower average cost of zinc, sales of zipper sliders decreased 34.1% to RMB68.7 million. In 2Q 2008, the Group reported a 45.5% decrease in the average cost of zinc year-on-year.

GP margin for Zipper Slider dipped 5.54 percentage points to 27.88% as a result of lower ASP of zipper sliders. In addition, the Group also utilised its existing zinc inventory which were purchased at a higher price prior to the drop in zinc cost for part of its production.

Growth Plans

Moving ahead, Fuxing China will continue to expand its capacity for the production of finished zippers to capture higher profit margins. It has undertaken a four-pronged approach to increase its finished zipper capacity so as to capture opportunities presented by the market.

At the end of June 2008, based on a leasing arrangement, the Group had completed its trial production at its new Shanghai facility and has started producing a small quantity of finished zippers for several apparel manufacturers in Shanghai. Annual production capacity for finished zippers at the plant is expected to be 80 million pieces. The Group has recently announced the proposed acquisition for this factory and the land based on a purchase consideration of HK$37.4 million derived on an arm's length and a willing-

buyer, willing-seller basis, taking in account the valuation report prepared by an independent valuer commissioned by the Company.

The Group is also pleased to report that the construction of the new factory within its existing premises in Jinjiang City has been completed and commercial production has started in February 2008.

In addition, in December last year, using internal funds, the Group also acquired and installed new weaving machinery at its existing plant for the production of finished zippers. Together, these two plants in Jinjiang have an annual production capacity of 410 million pieces of finished zippers.

Its Qingdao plant commenced operations in January 2008 producing finished zippers to cater to the apparel manufacturers in the northern region of the PRC. The plant, which can produce 70 million pieces of finished zippers per year, has been registering healthy growth with a gradual increase in capacity utilization. Capacity utilization has grown to 90% in June 2008.

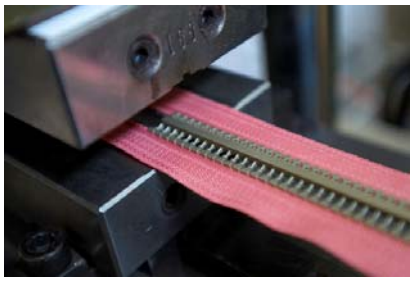
“Our efforts to expand our presence in the finished zipper market has paid off evident from our overall margin expansion. Our overall 2Q 2008 gross margin of 37.76% was also the highest gross profit margin achieved since listing despite inflationary pressures. Now that we have successfully completed the capacity expansion for finished zippers, we expect further sales improvement. In aggregate, our annual production capacity of finished zippers has been raised from approximately 250 million pieces in FY2007 to 560 million pieces in FY2008,” said Mr Hong Qing Liang (洪清凉), Chief Executive Officer of Fuxing China.

In addition, to reach out to more customers, the Group has set up a sales office in Shanghai in February 2008. This represents the Group’s third sales office, after Hong Kong and Xiamen.

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

About Fuxing China

Based in Jinjiang City, Fujian Province, and listed on SGX-ST on 24 September 2007, Fuxing China is one of few vertically-integrated zipper producers in the PRC with the ability to manufacture the entire zipper product from mould-making for the production of zipper sliders to manufacturing of fabric tape for zipper chains.



Zipper chain



Zipper slider

The Group's zipper products are sold mainly to PRC manufacturers of apparel and footwear products, camping equipment, bags, upholstery furnishings, trading companies as well as other zipper manufacturers in the PRC which further process or assemble zipper products to customise to their customers' needs.

Fuxing China has a diversified customer base of over 900 customers which are located in the PRC. Fuxing China's end products are also used by renowned brands such as Anta, Septwolves, CBA Leisu, Fujian Peak and Northpole China, in their products such as apparels, shoes, bags and camping equipment.

Since its establishment in 1993, Fuxing China has built up a credible track record and market reputation, having garnered 10 awards in the past 10 years. More notably, its proprietary "3F" brand has been named the "Symbolic Brand of China" (中国标志性品牌) by First Chinese Well-Known Mark Conference in 2006 and "PRC Top 10 Famous Zipper Brands" (中国拉链十大知名品牌) by The Hardware Association of the PRC in 2005.

More recently in January 2007, Fuxing China's products were awarded the Intertek Eco-Certification, which allows the Group's products to be sold in the international markets. Today, through trading companies, the Group's zipper products are exported to Australia, the EU, Russia, Turkey, Korea, Thailand, Vietnam and Indonesia.

To ensure continued innovation in product quality and improved efficiency, Fuxing China places strong emphasis on product and technical R&D. As a testimony of its strength in R&D, Fuxing China's R&D facility was certified as a "Fujian Provincial Level Enterprise Technology Center" in December 2006. The Group has been granted 5 design patents for its zipper sliders, while 2 utility patents are pending registration. The Group also has established a research partnership with the Software Institute of Xiamen University with the aim of enhancing production efficiencies in the manufacturing of zipper products.