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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 Third Quarter ended 30/09/2008. These figures have not been audited.

	Group			Group		
	RMB'000		%	RMB'000		%
	3 months Ended 30/9/2008 Unaudited	3 months Ended 30/9/2007 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2008 Unaudited	9 months ended 30/9/2007 Unaudited	Increase/ (Decrease)
Revenues	208,371	232,611	-10.42%	615,337	661,810	-7.02%
Cost of sales	(133,221)	(151,183)	-11.88%	(387,362)	(427,123)	-9.31%
Gross profit	75,150	81,428	-7.71%	227,975	234,687	-2.86%
Other income and other expenses	(1,136)	(384)	195.83%	(960)	10,725	-108.95%
Selling and distribution expenses	(1,563)	(1,113)	40.43%	(3,822)	(2,344)	63.05%
General and administrative expenses	(23,367)	(5,931)	293.98%	(29,910)	(7,575)	294.85%
Profit from operating activities	49,084	74,000	-33.67%	193,283	235,493	-17.92%
Interest income	55	84	-34.52%	201	413	-51.33%
Interest expenses	(2,414)	(1,734)	39.22%	(5,147)	(5,564)	-7.49%
Foreign exchange gain / (loss)	242	(3,518)	-106.88%	2,860	(3,518)	-181.30%
Other financial expenses	(65)	(24)	170.83%	(86)	(80)	7.50%
Profit before taxation	46,902	68,808	-31.84%	191,111	226,744	-15.72%
Tax expense	(20,042)	(20,736)	-3.35%	(66,177)	(59,873)	10.53%
Net profit attributable to shareholders	26,860	48,072	-44.13%	124,934	166,871	-25.13%
Note: The Group's profit before taxation is determined after (charging)/crediting the following items:						
Other income and other expenses	(1,136)	(384)	195.83%	(960)	10,725	-108.95%
(Allowance) / write back of allowance for doubtful trade receivables	(19,878)	(2,942)	575.66%	(17,884)	9,946	-279.81%
Amortisation of land use rights and software	(120)	(9)	1,233.33%	(316)	(27)	1,070.37%
Write-off of goodwill / negative goodwill	(647)	-	NM	(610)	-	NM
Depreciation of property, plant and equipment	(4,673)	(3,751)	24.58%	(13,086)	(10,922)	19.81%
Salaries and bonuses	(11,083)	(8,073)	37.28%	(28,190)	(20,212)	39.47%
Donation	(500)	(504)	-0.79%	(500)	(504)	-0.79%
Directors' fees	-	-	NM%	(389)	(94)	313.83%
Interest income	55	84	-34.52%	201	413	-51.33%
Interest expenses	(2,414)	(1,734)	39.22%	(5,147)	(5,564)	-7.49%
Foreign exchange gain / (loss)	242	(3,518)	106.88%	2,860	(3,518)	181.30%

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.

	Group		Company	
	RMB'000		RMB'000	
	Unaudited 30/9/2008	**Audited 31/12/2007**	**Unaudited 30/9/2008**	**Audited 31/12/2007**
Non-current assets				
Property, plant and equipment	174,607	128,250	-	-
Land use rights and software	23,630	780	-	-
Investments in subsidiaries	-	-	344,853	344,853
	198,237	129,030	344,853	344,853
Current assets				
Inventories	52,221	48,990	-	-
Trade receivables, net	360,623	293,099	-	-
Other receivables and prepayments	232,796	284,085	-	-
Amount due from subsidiaries (non-trade)	-	-	444,388	437,093
Bank deposits (pledged)	110	3,010	-	-
Cash and bank balances	458,119	449,603	-	3,079
	1,103,869	1,078,787	444,388	440,172
Current liabilities				
Trade payables	(23,858)	(28,795)	-	-
Other payables & accruals	(52,091)	(46,273)	(2,672)	(7,920)
Bills payable to banks	(19,000)	(38,000)	-	-
Short-term bank loans	(111,500)	(81,100)	-	-
Amount due to directors (non-trade)	(6,060)	(4,191)	(5,060)	(4,181)
Amount due to subsidiaries (non-trade)	-	-	(2,389)	(2,390)
Income tax payable	(45,360)	(34,155)	-	-
	(257,869)	(232,514)	(10,121)	(14,491)
Net current assets	846,000	846,273	434,267	425,681
Net assets	1,044,237	975,303	779,120	770,534
Equity attributable to equity holders of the company				
Share capital	738,707	738,707	738,707	738,707
Accumulated profits/ (losses)	265,957	197,023	840	(7,746)
Contributed Surplus	39,573	39,573	39,573	39,573
Total equity	1,044,237	975,303	779,120	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 September 2008		As at 31 December 2007	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
130,500	--	119,100	--

Amount repayable after one year

As at 30 September 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 September 2008, the Group had total secured short-term bank loans of RMB 111.5 million and bank's bills payable of RMB 19 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 30/9/2008 Unaudited	3 months Ended 30/9/2007 Unaudited	9 months Ended 30/9/2008 Unaudited	9 months Ended 30/9/2007 Unaudited
Profit before taxation	46,902	68,808	191,111	226,744
Adjustments:				
Depreciation of Property, Plant and Equipment	4,673	3,751	13,086	10,922
Amortisation of land use rights and software	120	9	316	27
Allowance / (write back of allowance) for doubtful trade receivables	19,878	2,942	17,884	(9,946)
Negative goodwill written off arising from acquisition of subsidiary	647	-	610	-
Interest expense	2,414	1,734	5,147	5,564
Interest income	(55)	(84)	(201)	(413)
Foreign exchange (gain)/loss	240	-	-	-
Operating Profit Before Working Capital Changes	74,819	77,160	227,953	232,898
(Increase) Decrease in:				
Inventories	7,154	(22,129)	3,169	(13,084)
Trade receivables	(18,428)	(1,166)	(81,710)	(97,007)
Other receivables & prepayments	45,231	(63,666)	54,521	(31,060)
Due from related parties (trade)	-	-	-	10,640
Due from a director	-	1,559	-	320
Increase (Decrease) in:				
Trade payables	7,756	(68)	(7,285)	(16,927)
Other payables & accruals	(12,860)	10,263	(10,741)	23,887
Due to related parties (non-trade)	15,603	22,768	-	(157)
Due to related parties (trade)	-	1,395	-	(3,416)
Due to directors	1,200	2,224	1,869	3,631
Cash Generated From Operating Activities	120,475	28,340	187,776	109,725
Interest expense paid	(2,414)	(1,734)	(5,147)	(5,564)
Interest income received	55	84	201	413
Income tax paid	(18,966)	(35,986)	(54,972)	(52,146)
Net Cash Generated From (Used In) Operating Activities	99,150	(9,296)	127,858	52,428
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Property, Plant and Equipment	(4,018)	(672)	(12,863)	(7,173)
Purchase of software	-	(109)	(40)	(109)
Acquisition of a subsidiary, net of cash acquired	(49,385)	-	(49,239)	-
Net Cash Used In Investing Activities	(53,403)	(781)	(62,142)	(7,282)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of new ordinary share pursuant to the IPO	-	374,254	-	374,254
Proceeds from short-term bank borrowings	20,000	16,600	96,000	90,000
Repayments of short-term bank borrowings	-	-	(81,100)	(121,100)
Proceeds from bills payable	-	26,000	31,000	118,800
Repayment of bills payable	(12,000)	(46,406)	(50,000)	(133,315)
Dividend paid	(31,669)	-	(56,000)	-
Decrease in fixed deposits pledged to banks	1,900	8,703	2,900	14,617
Net Cash (Used In) Generated From Financing Activities	(21,769)	379,151	(57,200)	343,256
NET INCREASE IN CASH & CASH EQUIVALENTS	23,978	369,074	8,516	388,402
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	434,141	112,507	449,603	93,179
CASH & CASH EQUIVALENTS AT END OF PERIOD	458,119	481,581	458,119	481,581

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 2007	226,967	37,825	-	80,061	344,853
Adjustment pursuant to the Restructuring Exercise	(226,967)	(37,825)	-	(80,061)	(344,853)
Issuance of new ordinary shares pursuant to the Restructuring Exercise	305,280	-	39,573	-	344,853
Issuance of new ordinary shares pursuant to the IPO	405,986	-	-	-	405,986
Share issue expenses	(31,731)	-	-	-	(31,731)
Net profit for the period	-	-	-	166,871	166,871
At 30 September 2007	679,535	-	39,573	166,871	885,979
At 1 January 2008	738,707	-	39,573	197,023	975,303
Net profit for the period	-	-	-	124,934	124,934
Dividend declared	-	-	-	(56,000)	(56,000)
At 30 September 2008	738,707	-	39,573	265,957	1,044,237
Company					
At 1 January 2007	-	-	-	(160)	(160)
Issuance of new ordinary shares pursuant to the Restructuring Exercise	305,280	-	39,573	-	344,853
Issuance of new ordinary shares pursuant to the IPO	405,986	-	-	-	405,986
Share issue expenses	(31,731)	-	-	-	(31,731)
Net loss for the period	-	-	-	(505)	(505)
At 30 September 2007	679,535	-	39,573	(665)	718,443
At 1 January 2008	738,707	-	39,573	(7,746)	770,534
Net profit for the period	-	-	-	64,586	64,586
Dividend declared	-	-	-	(56,000)	(56,000)
At 30 September 2008	738,707	-	39,573	840	779,120

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

The Company had no treasury shares as at 30 September 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 third 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 30/9/2008	**3 months Ended 30/9/2007**
Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):		
(a) Basic and	0.03	0.07
(b) On a fully diluted basis	0.03	0.06

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	
	30/9/2008	**31/12/2007**	**30/9/2008**	**31/12/2007**
Net asset value per ordinary share based on issued share capital at the end of (in RMB):	1.31	1.22	0.97	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 30/9/2008 Unaudited	3 months Ended 30/9/2007 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2008 Unaudited	9 months ended 30/9/2007 Unaudited	Increase/ (Decrease)
Zipper Chain	145,317	137,240	5.89%	421,887	374,339	12.70%
Zipper Slider	63,054	95,371	-33.89%	193,450	287,471	-32.71%
Total Group Revenue	208,371	232,611	-10.42%	615,337	661,810	-7.02%
Zipper Chain	87,475	83,232	5.10%	254,847	228,802	11.38%
Zipper Slider	45,746	67,951	-32.68%	132,515	198,321	-33.18%
Total Group Cost of Sales	133,221	151,183	-11.88%	387,362	427,123	-9.31%
Zipper Chain	57,842	54,008	7.10%	167,040	145,537	14.77%
Zipper Slider	17,308	27,420	-36.88%	60,935	89,150	-31.65%
Total Gross Profit	75,150	81,428	-7.71%	227,975	234,687	-2.86%
Zipper Chain	39.80%	39.35%		39.59%	38.88%	
Zipper Slider	27.45%	28.75%		31.50%	31.01%	
Total Gross Profit rate	36.07%	35.01%		37.05%	35.46%	

9M08 vs 9M07 (9 months)

Revenue
Group's revenue decreased by 7.02% to RMB615.3 million from RMB661.8 million for the 9 months ended 30 September 2008 ("9M08"). The decrease in revenue was due mainly to a decrease in revenue from the Zipper Slider segment.

Zipper Chain
Revenue from the Zipper Chain segment increased by 12.70% to RMB421.9 million from RMB374.3 million for 9M08 . This was as 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 Slider segment decreased by 32.71% to RMB193.5 million from RMB287.5 million for 9M08 due mainly to a decrease in the average selling price of our zipper sliders. The average selling price of zipper sliders were reduced in response to the decrease in the average cost of zinc, which was the main raw material used in the production of zipper sliders.

Gross Profit
Group's gross profit for 9M08 decreased by 2.86 % to RMB228.0 million from RMB234.7 million.

The increase in gross profit of RMB21.5 million from the Zipper Chain segment was offset by a decrease in gross profit of RMB28.2 million from the Zipper Sliders segment. The gross profit increase in the Zipper Chain segment was due to an increase in the sales of finished zippers, from approximately 21% in 2007 to approximately 30% in the current period.

The gross profit from the Zipper Slider segment decreased by RMB28.2 million from RMB89.2 million for 9 months ended 30 September 2007 ("9M07") to RMB60.9 million for the current period.

Overall, gross profit margin increased from 35.46% to 37.05% for 9M08, mainly attributable to the increase in the gross profit margin of the Zzipper Chain segment. The increase in gross profit margin of the Zipper Chain segment was as 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.

The gross profit margin from the Zipper Slider segment remained relatively constant at 31.50% for the current period.

Other income and other expenses

Other income comprised sale of scrap materials and write back of allowance for doubtful trade receivables. Other expenses mainly comprised donations for Sichuan Earthquake. There were net other expenses of RMB1.0 million for 9M08 compared with net other income of RMB10.7 million in the corresponding period. The latter had included write back of allowance for doubtful trade receivables.

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 63.05% or RMB1.5 million for 9M08 (RMB3.8 million) compared to the same period of last year (RMB2.3 million) was due mainly to an increase in sales manpower for the promotion of sale of finished zipper chains. In addition, the new subsidiaries – Qingdao and Shanghai plant which had commenced operation had also resulted a significant increase in expenses.

General and administrative expenses

General and administrative expenses increased by 294.85% or RMB 22.3million for 9M08 (RMB29.9 million) when compared to the same corresponding period. The increase was attributable to the increase in provision for bad debts (RMB17.9 million). Furthermore, the new subsidiaries – Qingdao and Shanghai plant which had commenced operation this quarter had also resulted a significant increase in expenses.

Interest expenses

Interest expenses decreased by 7.49% or RMB417 k for 9M08 when compared to the corresponding period. The decrease was due to a decrease in bills payable by RMB37.0 million.

Foreign exchange gain

The exchange gain arose mainly from the consideration paid for the investment in Qingdao and Shanghai plants which were denominated in HKD and the translation of bank balance from JPY to RMB during the current period.

Tax expense

	Group		
	RMB'000		%
	9 months Ended 30/9/2008 Unaudited	9 months ended 30/9/2007 Unaudited	Increase/ (Decrease)
Income tax	**(52,281)**	**(59,873)**	**-12.68%**
Withholding tax	**(13,896)**	**-**	**NM**
Tax expense	**(66,177)**	**(59,873)**	**10.53%**

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 10.53% or RMB 6.3 million for 9M08 (RMB 66.2 million) compared to the same period of last year (RMB 59.9 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 shareholders 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 9M 2008.

3Q08 vs 3Q07 (3 months)

Revenue
Group's revenue decreased by 10.42% to RMB208.4 million in 3Q08 from RMB232.6 million in 3Q07. The decrease in revenue was due mainly to a decrease in sales from the Zipper Slider segment.

Zipper Chain
Revenue from the Zipper Chain segment increased by 5.89% to RMB145.3 million in 3Q08 from RMB137.2 million in 3Q07. This was as 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 Slider segment decreased by 33.89% to RMB63.1 million in 3Q08 from RMB95.4 million in 3Q07 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 7.71% to RMB75.2 million in 3Q08 from RMB81.4 million in 3Q07.

The decrease in gross profit was due mainly to a decrease in gross profit from the Zipper Slider segment. The gross profit from the Zipper Slider segment decreased by RMB10.1 million from RMB27.4 million in 3Q07 to RMB17.3 million in 3Q08. The decrease was in tandem with the reduction in sales revenue.

The decrease in gross profit from the Zipper Slider segment was however partially offset by the increase in gross profit from the Zipper Chain segment from RMB54.0 million in 3Q07 to RMB57.8 million in 3Q08. The increase in gross profit of the Zipper Chain 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 35.01% in 3Q07 to 36.07% in 3Q08 due to an increase in the gross profit margin of the Zipper Chain segment from 39.35% in 3Q07 to 39.80% in 3Q08. The increase in gross profit margin of the Zipper Chain 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.

The gross profit margin from the Zipper Slider segment however decreased from 28.75% in 3Q07 to 27.45% in 3Q08. This was because the Group had utilized its existing zinc inventory which was purchased at a higher price prior to the drop in zinc cost for part of its production.

Other income and other expenses

The increase in net other expenses was due mainly to the write off of goodwill from acquisition of Shanghai plant in the current period.

Selling and distribution expenses

The increase in selling and distribution expenses was due mainly to an increase in the sales manpower for promotion of the sale of finished zipper chains. Furthermore, the new subsidiaries – Qingdao and Shanghai plant which were in operation this quarter had resulted a significant increase in expenses.

General and administrative expenses

The increase in general and administrative expenses was attributable to increase in provision for bad debts. Furthermore, the new subsidiaries – Qingdao and Shanghai plant which were in operation this quarter had also resulted a significant increase in expenses.

Interest expenses

The increase in interest expenses was mainly due to an increase in short-term bank loan.

Foreign exchange gain

The exchange gain arose mainly from the consideration paid for the investment in Shanghai plant during the current period.

Tax expense

	Group		
	RMB'000		%
	3 months Ended 30/9/2008 Unaudited	3 months Ended30/9/2007 Unaudited	Increase/ (Decrease)
Income tax	**(16,946)**	**(20,736)**	**-18.28%**
Withholding tax	**(3,096)**	**-**	**NM**
Tax expense	**(20,042)**	**(20,736)**	**-3.35%**

NM : Not Meaning

The corporate tax rate has been reduced from 27% to 25% with effect from January 08, our tax expense decreased by 3.35% or RMB 0.7 million for the 3 months ended 30 September 2008 (RMB 20.0 million) compared to the same period of last year (RMB 20.7 million) due to a decrease in corporate tax rate. According 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. The Group has taken a conservative stand and has made a full 10% withholding tax provision based on the total net profit attained in 3Q 2008.

FINANCIAL POSITION

Non-current assets

As at 30 September 2008, our non-current assets amounted to RMB198.2 million which comprised property, plant and equipment as well as intangible assets such as land use rights and computer software.

The increase in property, plant and equipment by RMB46.4 million in 3Q08 was due mainly to additions of plant, machinery, motor vehicles and office equipment from the acquisitions of Qingdao and Shanghai plant. Moreover, the intangible assets increase RMB 22.9 million due to the acquisitions of Qingdao and Shanghai plant in the current period.

Current assets

As at 30 September 2008, our current assets increased by 2.33% (RMB25.1 million). Trade receivables had increased by RMB67.5 million. As most customers will settle their outstanding balance before December financial year end, this had resulted a lower balance as at 31 December 2007 compared to 31 September 2008. Other receivables and prepayments had decreased by RMB51.3 million due to the drawdown of advances previously made to suppliers to secure a stable stream of raw material supplies.

The increase in cash and bank balances from RMB449.6 million as of 31 December 2007 to RMB458.1 million as of 30 September 2008 arose from decreased in other receivables and the acquisitions of Qingdao and Shanghai plant which contributed RMB2.3 million.

Current liabilities

As at 30 September 2008, our current liabilities amounted to RMB257.9 million, which was 10.9% or RMB25.4 million more than FY2007. The increase was due mainly to the provision of 10% withholding tax as explained in "Tax Expense".

Cash Flow

Our cash and cash equivalents increased due to a short-term loan amounting to RMB90 million being obtained and decrease in other receivables. As at 30 September 2008, Qingdao and Shanghai plant, which contributed RMB2.3 million, were acquired in the current period.

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.

The current external economic condition is very challenging and will continue to have an impact on our sales revenue. The financial crisis in US further affect our sales revenue in export business for both direct overseas customers and export oriented garment factories in China.

The continued increase in minimum wages in China and new labour law imposed by the local government coupled with high inflation will continue to put pressure on our cost and gross profit margin. In order to remain competitive in the market, Management has implemented various cost cutting measures factory wide and continue to source and negotiate for lower prices of all raw materials used. The Group believes that the price of the main raw material, zinc, which the company is using, will be on the downward trend due to the drop of demand in general

The Group is one of the few vertically integrated manufacturers in China with the capacity and capital to produce the full range of zipper products, from upstream zipper components to downstream products. The Group will also take the opportunity of the current economy situation to look for any possible acquisition opportunity of those businesses within the supply chain of our zipper products. The Group will continue to consolidate and move up the value chain. The Group believes that it is well positioned for higher competitiveness and to better maintain the profit margins when the economy recovers.

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

N/A

(d) Books closure date

N/A

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

No dividend has been declared/recommended for this period under review.

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. On 5 September 2008, Jinjiang State Owned Land Resource Bureau issue a directive to the Group to pay a fee of approximately RMB 9.8 million for the acquisition of the industrial land use right.

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 30 September 2008, an approximate sum of RMB140.5 million had been used in accordance with the plan stated in the company's prospectus dated 13 September 2007. Of which RMB 47.0 million was utilized to repay the bank borrowings, RMB 33.8 million had been used for establishing our line of premium finished zippers at our current premises, RMB25.2 million was paid to increase the working capital for our Qingdao Plant and remaining RMB34.4 million was paid to increase the working capital for our Shanghai Plant.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

11 November 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 3rd quarter ended 30 September 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 November 2008