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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31/12/2008.

	Group		
	FY2008	FY2007	Increase/ (Decrease)
	RMB'000	RMB'000	%
Revenue	829,416	883,948	(6.17)
Cost of sales	(564,882)	(576,234)	(1.97)
Gross profit	264,534	307,714	(14.03)
Other income and expenses	(1,667)	683	(344.07)
Selling and distribution expenses	(5,190)	(3,048)	70.28
General and administrative expenses	(42,848)	(10,145)	322.36
Profit from operating activities	214,829	295,204	(27.23)
Interest income	405	4,032	(89.96)
Interest expenses	(9,166)	(6,982)	31.28
Foreign exchange loss	(7,292)	(15,818)	(53.90)
Profit before taxation	198,776	276,436	(28.09)
Tax expense	(62,300)	(79,413)	(21.55)
Net profit attributable to shareholders	136,476	197,023	(30.73)
Note: The Group's profit before taxation is determined after (charging)/crediting the following items:			
(Allowance) / write back of allowance for doubtful trade receivables	(19,346)	7,447	(359.78)
Amortisation of land use rights	(188)	(50)	276.00
Amortisation of intangible assets	(105)	(7)	1400.00
Intangible assets written off	(796)	-	NM
Depreciation of property, plant and equipment	(19,985)	(14,714)	35.82
Loss on disposal property, plant and equipment	(951)	-	NM
Salaries and bonuses	(41,848)	(28,873)	44.94
Donation	(500)	(504)	(0.79)
Directors' remuneration	(3,942)	(4,486)	(12.13)

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	
	FY2008	**FY2007**	**FY2008**	**FY2007**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Non-current assets				
Property, plant and equipment	167,554	128,250	-	-
Land use rights	23,728	345	-	-
Intangible assets	20,508	435	-	-
Investment in subsidiary	-	-	344,853	344,853
	211,790	129,030	344,853	344,853
Current assets				
Inventories	42,001	48,990	-	-
Trade receivables, net	285,560	293,099	-	-
Other receivables and prepayments	476,043	284,085	-	-
Amount due from subsidiaries (non-trade)	-	-	433,580	437,093
Fixed deposits	75,331	3,274	-	-
Cash and bank balances	286,007	449,339	-	3,079
	1,164,942	1,078,787	433,580	440,172
Current liabilities				
Trade payables	33,542	28,795	-	-
Bills payable to banks	56,935	38,000	-	-
Other payables & accruals	61,632	46,265	4,936	7,920
Amount due to directors (non-trade)	8,085	4,191	-	4,181
Amount due to subsidiaries (non-trade)	-	-	360	2,390
Short-term bank loans	111,500	81,100	-	-
Bank overdrafts	20,435	-	-	-
Income tax payable	7,328	34,155	-	-
	299,457	232,506	5,296	14,491
Net current assets	865,485	846,281	428,284	425,681
Non-current liabilities				
Deferred tax liabilities	21,488	-	-	-
Net assets	1,055,787	975,311	773,137	770,534
Equity attributable to equity holders of the Company				
Share capital	738,707	738,707	738,707	738,707
Restructuring reserve	(117,878)	(117,878)	-	-
Accumulated profits/ (losses)	357,560	277,084	(5,143)	(7,746)
Reserve fund	37,825	37,825	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Total equity	1,055,787	975,311	773,137	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 December 2008		As at 31 December 2007	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks[1]	56,935	-	38,000	-
Short-term bank loans[2]	111,500	-	81,000	-
Bank overdrafts[3]	20,435	-	-	-

Amount repayable after one year

	As at 31 December 2008		As at 31 December 2007	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks	-	-	-	-
Short-term bank loans	-	-	-	-
Bank overdrafts	-	-	-	-

Notes:

[1] RMB 24.0 million is secured by bank deposits of Jinjiang Fuxing Dress Co., Ltd and personal guarantee by a director and his spouse; RMB 2.1 million is secured by bank deposits of Fuxing Textile (Shanghai) Co., Ltd; and RMB 30.8 million is secured by personal guarantee from an independent third party and corporate guarantee by Fuxing China Group Limited.

[2] RMB 5.0 million is secured by certain buildings and land owned by an independent third party and personal guarantee by a director and his spouse; RMB 1.0 million is secured by certain land and buildings of Jinjiang Fuxing Dress Co., Ltd and personal guarantee by a director and his spouse; RMB 90.0 million is pledged by certain buildings and land owned by Jinjiang Fuxing Dress Co., Ltd and corporate guarantee by Jinjiang Fuxing Dress Co., Ltd; and RMB 15.5 million is pledged by certain buildings owned by Fuxing Textile (Shanghai) Co., Ltd.

[3] Bank overdrafts are secured by personal guarantee from an independent third party and corporate guarantee by Fuxing China Group Limited.

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

	FY2008 RMB'000	FY2007 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	198,776	276,436
Adjustments for:		
Depreciation of property, plant and equipment	19,985	14,714
Amortisation of land use rights	192	50
Amortisation of intangible assets	105	7
Loss on disposal of property, plant and equipment	951	-
Intangible assets written off	796	-
Allowance / (write back of allowance) for doubtful trade receivables	19,346	(7,447)
Interest expense	9,166	6,982
Interest income	(405)	(4,032)
Total adjustments	50,136	10,274
Operating cash flows before changes in working capital	**248,912**	**286,710**
Changes in working capital:		
Decrease / (increase) in inventories	13,385	(11,657)
(Increase) in trade receivables	(7,876)	(23,841)
Increase in other receivables & prepayments	(188,705)	(199,995)
Decrease in due from related parties (trade)	-	10,640
Decrease in due from a director	-	320
Increase in trade payables	2,012	8,586
Increase in other payables & accruals	1,975	25,643
(Decrease) in due to related parties (non-trade)	-	(157)
(Decrease) in due to related parties (trade)	-	(3,417)
Increase in due to directors	3,894	4,191
Total changes in working capital	(175,315)	(189,687)
Cash flows from operations	**73,597**	**97,023**
Interest expense paid	(9,166)	(6,892)
Interest income received	405	4,032
Income tax paid	(71,821)	(72,881)
Net cash (used in) / generated from operating activities	**(6,985)**	**21,192**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(20,076)	(35,582)
Purchase of land use right	(10,156)	-
Purchase of software	(500)	(316)
Acquisition of subsidiaries, net of cash acquired	(51,828)	-
Net cash (used in) investing activities	**(82,560)**	**(35,898)**
FINANCING ACTIVITIES		
Issuance of new ordinary share pursuant to the IPO	-	433,427
Proceeds from short-term bank borrowings	133,335	90,000
Repayments of short-term bank borrowings	(98,000)	(138,000)
Proceeds from bills payable	87,935	130,800
Repayment of bills payable	(69,000)	(163,314)
Dividend paid	(56,000)	-
(Increase)/decrease in fixed deposits pledged to banks	(19,120)	18,217
Net cash (used in) / generated from financing activities	**(20,850)**	**371,130**
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	**(110,395)**	**356,424**
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR	**449,603**	**93,179**
CASH & CASH EQUIVALENTS AT END OF YEAR	**339,208**	**449,603**

Notes to the combined statement of cash flows

Cash and cash equivalents included in the combined statement of cash flows comprise the following:

	FY2008 RMB'000	FY2007 RMB'000
Fixed deposits	75,331	3,274
Cash and bank balances	286,007	449,339
	361,338	452,613
Less: fixed deposits (pledged)	(22,130)	(3,010)
Cash and cash equivalents	339,208	449,603

Fixed deposits amounting to RMB 4,800,000 (2007: RMB 3,010,000) and RMB 17,330,000 (2007: Nil) are pledged to banks for the Group's bills payable to banks and bank overdrafts respectively.

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	Restructuring reserve RMB'000	Accumulated profits / (losses) RMB'000	Total equity RMB'000
Group						
Opening balance at 1 January 2007	226,967	37,825	-	-	80,061	344,853
Profit for the year	-	-	-	-	197,023	197,023
Total recognized income for the year	-	-	-	-	197,023	197,023
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	465,245	-	-	-	-	465,245
Share issue expenses	(31,818)	-	-	-	-	(31,818)
Closing balance at 31 December 2007, as previously reported	738,707	-	39,573	-	197,023	975,303
At 1 January 2008, as previously reported	738,707	-	39,573	-	197,023	975,303
Prior year adjustments	-	37,825	-	(117,878)	80,061	8
Opening balance as at 1 January 2008, as restated	738,707	37,825	39,573	(117,878)	277,084	975,311
Profit for the year	-	-	-	-	136,476	136,476
Total recognized income for the year	-	-	-	-	136,476	136,476
Dividends declared	-	-	-	-	(56,000)	(56,000)
Closing balance at 31 December 2008	738,707	37,825	39,573	(117,878)	357,560	1,055,787
Company						
Opening balance at 1 January 2007	-	-	-	-	(160)	(160)
Loss for the year	-	-	-	-	(7,586)	(7,586)
Total recognized income for the year	-	-	-	-	(7,586)	(7,586)
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	465,245	-	-	-	-	465,245
Share issue expenses	(31,818)	-	-	-	-	(31,818)
Closing balance at 31 December 2007	738,707	-	39,573	-	(7,746)	770,534
At 1 January 2008	738,707	-	39,573	-	(7,746)	770,534
Profit for the year	-	-	-	-	58,603	58,603
Dividends declared	-	-	-	-	(56,000)	(56,000)
At 31 December 2008	738,707	-	39,573	-	(5,143)	773,137

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 31 December 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.

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

The Company had no treasury shares as at 31 December 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 year 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.

Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):	Group	
	Year ended 31/12/2008	**Year ended 31/12/2007**
(a) Basic and	0.17	0.30
(b) On a fully diluted basis	0.17	0.30

Note: The computation is based on weighted average number of shares in issue in 2008: 800,000,000 ordinary shares (2007: 647,000,000).

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	
	Year ended 31/12/2008	**Year ended 31/12/2007**	**Year ended 31/12/2008**	**Year ended 31/12/2007**
Net asset value per ordinary share based on issued share capital at the end of the year (in RMB): (Number of ordinary shares in issue : 800,000,000 shares)	1.32	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		
	FY2008	**FY2007**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**
Zipper Chain	495,435	513,718	(3.56)
Zipper Slider	229,743	370,230	(37.95)
Knitting Wool	8,887	-	NM
Nylon	95,351	-	NM
Total Group Revenue	829,416	883,948	(6.17)

COST OF SALES

Zipper Chain	303,862	319,226	(4.81)
Zipper Slider	160,414	257,008	(37.58)
Knitting Wool	7,942	-	NM
Nylon	92,664	-	NM
Total Group Cost of Sales	564,882	576,234	(1.97)

GROSS PROFIT

Zipper Chain	191,573	194,492	(1.50)
Zipper Slider	69,329	113,222	(38.77)
Knitting Wool	945	-	NM
Nylon	2,687	-	NM
Total Gross Profit	264,534	307,714	(14.03)

	Group		
	FY2008	**FY2007**	**Increase/ (Decrease)**
GROSS PROFIT MARGIN	**%**	**%**	**%**
Zipper Chain	38.67	37.86	0.81
Zipper Slider	30.18	30.58	(0.40)
Knitting Wool	10.63	-	10.63
Nylon	2.82	-	2.82
Total Gross Profit Margin	31.89	34.81	(2.92)

NM: Not Meaningful

Revenue

The Group's revenue decreased by RMB 54.5 million (or 6.17 %) from RMB 883.9 million in FY2007 to RMB 829.4 million in FY2008. The drop in revenue was mainly due to the decrease in the sales of Zipper Chain (RMB 18.3 million) and Zipper Sliders (RMB 140.5 million). This was partially offset by the increase in revenue derived from the Knitting Wool (RMB 8.9 million) and Nylon (RMB 95.4 million) segments.

The Knitting Wool and Nylon segments were introduced in the second half of FY2008 following the setting up of the Shanghai factory and the Hong Kong office respectively. The Nylon segment deals with trading of nylon yarn in Hong Kong. The trading of nylon yarn was carried out by the Group's newly incorporated subsidiary namely Fook Hing Group Trading Company Limited ("Fook Hing Trading Group") in Hong Kong.

Fook Hing Trading Group has an authorized and paid-up capital of HK$10,000. The investment in Fook Hing Trading Group was funded through internal resources and was not expected to have any material impact on the Group's net tangible assets or earnings per share for the financial year ended 31 December 2008.

Gross Profit and Gross Profit Margin

The Group's gross profit has decreased by RMB 43.2 million or 14.03% from RMB 307.7 million in FY2007 to RMB 264.5 million in FY2008. This was largely attributable to lower revenue generated from the lower average selling prices of both Zipper Chain and Zipper Sliders resulting from lower raw material costs. The Group also experienced fewer orders especially in 4Q FY2008 due to a decline in customers' export businesses, which were impacted by the global economic crisis.

Between September and December 2008, the average cost of zinc had decreased by approximately 49%. However, as the Group's utilized its surplus zinc inventory which was purchased at a higher price in 3Q2008, overall gross profit margin dropped by 2.92 percentage points from 34.81% to 31.89% in FY2008 .

Other income and other expenses

Other income comprised government subsidies and sale of scrap materials while other expenses mainly consist of donations for the Sichuan Earthquake as well as losses incurred for the disposal of fixed assets. In FY2007, there was a net income of RMB 0.7 million while in FY2008, there was a net expense of RMB 1.7 million. The latter was largely due to losses from the disposal of fixed assets and software written off amounting to RMB 1.0 million and RMB 0.8 million respectively.

Selling and distribution expenses

There was an increase of RMB 2.1 million or 70.28% for selling and distribution expenses from RMB 3.05 million in FY2007 to RMB 5.2 million in FY2008. The increase was attributable to the increase in salaries as a result of more sales personnel employed to promote the sales of finished zipper chains and higher delivery cost incurred during the year. In addition, the increase also arose from the setting up of the Shanghai and Qingdao factories.

General and administrative expenses

There was a significant increase in general and administrative expenses by RMB 32.7 million or 322.36% in FY2008 compared to FY2007. This was largely due to the provision for doubtful debts amounting to RMB19.3 million. Furthermore, the commencement of operation of the Shanghai and Qingdao factories also resulted in an overall rise in the general and administrative expenses.

Interest income and expenses

Interest expenses had increased by RMB 2.2 million or 31.28% from RMB 7.0 million in FY2007 to RMB 9.2 million in FY2008. This was attributable to the increase in short-term loan, bills payables and bank overdrafts taken up during the year. Interest income was higher in FY2007 as a result of a government grant amounting to RMB3.1 million which was given to the Group because it became a listed company in FY2007.

Tax expense

	Group		
	FY2008	**FY2007**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	(44,995)	(79,413)	(43.34)
Deferred tax[2]	(17,305)	-	NM
Tax expense	(62,300)	(79,413)	(21.55)

NM: Not Meaningful

Note
[1] Pursuant to the Enterprise Income Tax Law of the PRC (the "EIT Law") promulgated by the National People's Congress on 16 March 2007 (effective from 1 January 2008), resident and non-resident enterprises deriving income from the PRC are subject to Enterprise Income Tax ("EIT"). Under the EIT Law, EIT applies to all enterprises, including FIEs and domestic enterprises. The general applicable EIT tax rate in the PRC is 25%. Accordingly, the corporate tax rate for the Group's PRC subsidiaries has reduced from 27% to 25% with effect from 1 January 08. This coupled with the decrease in our profits before tax, reduced our current tax expense by 43.34% from RMB 79.4 million in FY07 to RMB 45.0 million in FY08.

[2] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008 onwards shall be subject to withholding tax on distribution to foreign investors. Accordingly, the Group has provided for deferred tax liabilities on the Group's profit-making PRC subsidiaries' net profit attained in FY2008. As Jade Star (the PRC's subsidiaries' immediate holding Company) was incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

FINANCIAL POSITION

Non-current assets

As at 31 December 2008, non-current assets amounted to RMB 211.8 million comprising property, plant and equipment, land use rights and intangible assets.

The increase in property, plant and equipment by RMB 39.3 million in FY08 was mainly due to new purchases during the year as well as fixed assets took over from the acquired Qingdao and Shanghai factories. Increase in land use rights by RMB 23.7 million was largely due to new land use rights acquired during the year and the land use rights from the acquisitions of Qingdao and Shanghai subsidiaries.

Current assets

Current assets increased by RMB 86.2 million or 7.99% in FY08. This was largely due to an increase in other receivables and prepayments as well as the increase in the short term loans and bills payable taken up during the year. This increase was partially offset by the decrease in trade receivables as well as cash and bank balances. Trade receivables dropped by RMB 7.5 million due to an increase in the provision for doubtful debts by RMB 19.3 million in light of the recent economic crisis.

The increase in other receivables was mainly due to monies which were inadvertently transferred to a director as a result of misinterpretation over certain transactions which resulted in incorrect accounting entries passed.

(i) Pursuant to the restructuring exercise during the Company's IPO, the Company had issued its shares to the then existing owner, Mr Hung Wo Chiu (the Group's Director and Chairman) of the Group's operating subsidiaries, Fook Hing Zipper and Fuxing Dress (the "Subsidiaries"), as purchase consideration. However, the accounting entries incorrectly reflected this as an amount due to director in Jade Star's (intermediate holding company) accounts as opposed to capital reserve which would be eliminated on consolidation. In December 2008, the Group in wanting to keep the accounts clear of transactions and balances with the directors paid off this amount to the director. In January 2009, the Company realised that the Company's shares were already issued to Mr Hung Wo Chiu as consideration for the purchase of the Subsidiaries and accordingly, there should be no amounts that are owing to the director. It consulted E&Y and Hung Wo Chiu transferred the full amount of RMB 203m back to the Group in February 2009. Jade Star's accounts have since been rectified.

(ii) Upon the set up of the Group's trading company, Fook Hing Group Trading Company Limited ("Fook Hing Group Trading"), Jade Star transferred an amount of approximately HKD27m to Fook Hing Group Trading for its set up and working capital. This amount was inadvertently recognised as an amount due to director rather than Jade Star in Fook Hing Group Trading's accounts. Towards the end of FY2008, to keep the accounts of the Group clear of transactions and balances with the directors, the amount purportedly owing to the director was paid. In January 2009, Fook Hing Group Trading realised that the amount was wrongly recorded/paid and in February 2009, the director has transferred the full amount back to the Group. Fook Hing Group Trading's accounts have since been rectified.

Current liabilities

In FY08, current liabilities amounted to RMB 299.5 million representing an increase of RMB 70.0 million or 28.8% from RMB 232.5 million in FY07. This was attributable to the increase in bills payable, short term loans and bank overdrafts taken up during the year. Bills payables, short term loans and bank overdrafts increase by RMB 18.9 million, RMB 30.4 million and RMB 20.4 million respectively. For maintaining the credit line with bank, the Group retained a portion of short term loans and bank overdrafts during the year. The increase in amount due to directors is mainly due to payment of pledged deposit on behalf of the group.

Cash Flow

The Group's cash and cash equivalents decreased due to the payment of dividends amounting to RMB 56.0 million increase in other receivables and prepayments by RMB1.9 million and payment to acquisition of subsidiaries in Shanghai and Qingdao amounting to RMB 51.8 million.

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 the Group's revenue. The worldwide financial crisis further affected the Group's revenue in export business for both direct overseas customers and export oriented garment factories in the People's Republic of China. ("PRC")

In view of the current credit crunch and volatile macroeconomic conditions in the PRC, the Group will continue to evaluate the financial and liquidity position of its major customers closely, and will make prudent provisions should recoverability become a concern. In addition, the Group will undertake proactive measures to monitor and to accelerate the collection of its outstanding trade receivables.

The continued increase in minimum wages in the PRC and new labour law imposed by the local government coupled with high inflation will continue to put pressure on the cost and gross profit margin of the Group. In order to remain competitive in the market, the Group will look into developing a more competitive pricing structure as part of its strategy, implement various cost cutting measures and will continue to source and negotiate for lower prices of all raw materials used.

The price of zinc, the main raw material used by the Group may decrease further in 2009. However, the Group believes that the decrease will not be of the same magnitude as what it had experienced in the last quarter of FY2008.

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 to downstream products. It will also make use of the opportunities arising from the current economic situation to look for possible acquisitions of businesses within the supply chain of its zipper products. The Group will continue to consolidate and move up the value chain.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
Yes

Interim Dividend
An interim dividend of RMB 2 cents per share, tax not applicable, was proposed and paid during the current financial year in respect of FY2008.

Proposed final Dividend

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share (in RMB)	0.01
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?

A final dividend of RMB 5 cents per share, tax not applicable, was proposed and paid during the immediately preceding financial year in respect of FY2007.

(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 Use Rights and building ownership certificates relating to Land I and Land II

For Land I,
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. On 5 September 2008, Jinjiang State Owned Land Resource Bureau issued a directive to the Group to pay a fee of approximately RMB 9.8 million for the acquisition of the industrial land use right. Subsequently, the land use right was granted to the Group by Jinjiang State Owned Land Resource Bureau on 17 November 2008.

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 December 2008, an approximate sum of RMB 143.5 million had been used in accordance with the plan stated in the company's prospectus dated 13 September 2007. 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, RMB 28.2 million was paid to increase the working capital for our Qingdao Plant and remaining RMB 34.5 million was paid to increase the working capital for our Shanghai Plant.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Group 31 December 2008	Zipper Chain RMB'000	Zipper Slider RMB'000	Knitting Wool RMB'000	Nylon RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Revenue:							
Sales to external customers	495,435	229,743	8,887	95,351	-	-	829,416
Inter-segment sales	10,647	8,407	-	-	-	(19,054)	-
Total revenue	506,082	238,150	8,887	95,351	-	(19,054)	829,416
Results:							
Segment gross profit	191,573	69,329	945	2,687	-	-	264,534
Segment results	162,306	58,546	(681)	2,406	(15,040)	-	207,537
Finance income							405
Finance expenses							(9,166)
Profit before tax							198,776
Income tax							(62,300)
Net profit attributable to shareholders							136,476
Other segment information:							
Depreciation and amortization	12,552	5,494	2.269	2	-	-	20,316
Allowance for doubtful trade receivables	14,294	5,050	2	-	-	-	19,346

Group 31 December 2007	Zipper Chain RMB'000	Zipper Slider RMB'000	Knitting Wool RMB'000	Nylon RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Revenue:							
Sales to external customers	513,718	370,230	-	-	-	-	883,948
Inter-segment sales	-	5,326	-	-	-	(5,326)	-
Total revenue	513,718	375,556	-	-	-	(5,326)	883,948
Results:							
Segment gross profit	194,492	113,222	-	-	-	-	307,714
Segment results	188,762	113,106	-	-	(22,482)	-	279,386
Finance income							4,032
Finance expenses							(6,982)
Profit before tax							276,436
Income tax							(79,413)
Net profit attributable to shareholders							197,023
Other segment information:							
Depreciation and amortization	9.401	5,369	-	-	-	-	14,771
Written back on allowance for trade receivables	(3,687)	(3,760)	-	-	-	-	(7,447)

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

17. A breakdown of sales.

	Group		
	FY2008	**FY2007**	**Increase/ (decrease)**
	RMB'000	**RMB'000**	**%**
(a) Sales reported for first half year	406,966	429,291	(5.20)
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	98,074	118,799	(17.45)
(c) Sales reported for second half year	422,450	454,657	(7.08)
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	38,402	78,224	(50.91)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	31 December 2008	**31 December 2007**
Ordinary	RMB 24 million	RMB 40 million
Preference	-	-
Total:	RMB 24 million	RMB 40 million

19. Interested Person Transactions ("IPTs")

Not applicable

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

26 February 2009

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.