



Fuda Faucet Works, Inc.
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FOR IMMEDIATE RELEASE

Fuda Faucet Works, Inc. Reports Fiscal Year 2007 Financial Results

Shangrao, Jiangxi Province, China, - April 1, 2008 – Fuda Faucet Works, Inc. (OTC BB: FUFW) (“Fuda Faucet” or “the Company”), a Chinese company engaged in the business of developing, manufacturing, marketing and distributing mid-tier European style brass faucets, spouts and fittings to the international markets, today announced its financial results for the fiscal year ended December 31, 2007.

Fiscal Year 2007 Highlights

- Net sales increased 122% in 2007 to \$25.6 million
- Gross profit increased 125% in 2007 to \$5.2 million
- Gross profit margin increased to 20.2% from 20.0% in 2006
- Operating income increased 135% in 2007 to \$5.0 million
- Net income increased 90% in 2007 to \$3.5 million, or \$0.30 per share (diluted)
- Adjusting net income to exclude the income related to the sale of patents in the third quarter of 2007, net income would be \$2.9 million, or \$0.25 per share (diluted)
- Commenced sales to customers in Russia and Nigeria
- Completed reverse merger transaction to become a publicly traded company in December 2007
- Completed a \$3.4 million private placement financing in December 2007
- Started construction of new manufacturing facility to increase production capacity to 3.5 million sets per year

“We are delighted to see a triple-digit growth in our top and bottom lines in 2007, as we continued to receive high-value purchase orders from our existing clients,” said Ms. Yiting Wu, Chief Executive Officer of Fuda Faucet. “Our expansion into the European and African markets, including sales to Russia and Nigeria during the second half of 2007 are part of the solid growth strategy we have put in place to expand our footprint in new international markets.”

Full Year 2007 Results

During the year ended December 31, 2007, net revenues were \$25.6 million, an increase of 122.1% from \$11.5 million for 2006. The increase in revenue was driven by increased sales to target markets in the Middle-east, mostly driven by strong demand in the construction industry in the region. Sales to the Middle-east market represented 88% of total revenues in 2007, as compared to 61% of total revenues in 2006. Gross profit in 2007 was \$5.2 million, an increase of 125% from \$2.3 million in 2006. Gross margin was slightly up at 20.2% in 2007, compared to 20.0% in 2006. Operating income increased to \$5.0 million or 135% in 2007 from \$2.1 million for the same period in 2006. Operating margin during 2007 was 19.2%, up from 18.1% a year ago. Net income for 2007 was \$3.5 million, or \$0.30 per diluted share, an increase of 90% from \$1.8 million, or \$0.17 per diluted share, in 2006. Earnings per share figures were calculated using a diluted share count of 11.4 million shares for 2007 and 10.7 million shares for 2006. Adjusting net income to exclude the income related to the sale of patents in the third quarter of 2007, net income would have been \$2.9 million, or \$0.25 per share (diluted). The increase in weighted average shares results from the shares issued in the private placement completed in December 2007.

Financial Condition

As of December 31, 2007, the Company had cash and cash equivalents of \$0.2 million and working capital of \$8.0 million. Accounts receivable were \$7.5 million, and days sales outstanding were 107 days for the year versus 101 days for the prior year. At December 31, 2007, the Company had short-term debt outstanding of \$5.3 million and shareholders' equity of \$12.7 million. Generally the company sees its highest revenues being generated in the first two quarters of the year. Inventory build up is expected to decrease, as the company expects to sell its products during the early part of 2008. Cash flow from operation is expected to improve once we collect cash from our customers, reduce inventory and increase revenues.

In 2007, the Company incurred capital expenditures of \$2.4 million, which was related to the construction of a new manufacturing facility. The company expects the construction of the facility to be completed soon. The new facility, to be located in Yiyang, Jiangxi, is expected to enable the Company to increase its production capacity to 3.5 million sets per year from the present level of 1.2 million sets per year. In addition, the net proceeds from the December 2007 private placement were used to purchase new equipment.

Business Outlook

“Our company sees growth in sales from our target markets. With the beginning of our sales to Russia and Nigeria as well as our strengthened distribution system in Dubai, which markets throughout the entire Middle East, we are very confident in our business model” said Ms. Wu Yitting, CEO of Fuda Faucet.

Use of Non-GAAP Financial Measures

GAAP results for the year ended December 31, 2007 includes a one-time non-cash income generated from the transfer of patents in the third quarter of 2007. To supplement the Company's condensed consolidated financial statements presented on a GAAP basis, the Company has provided non-GAAP financial information excluding the impact of this item in this release. The Company's management believes that this non-GAAP measure provides investors with a better understanding of how the results relate to the Company's ongoing business as well as its historical performance. A reconciliation of adjustment to GAAP results appears in the table accompanying this press release. This additional non-GAAP information is not meant to be considered a substitute for GAAP financials. The non-GAAP financial information that the Company provides also may differ from the non-GAAP information provided by other companies.

About Fuda Faucet Works, Inc.

Jiangxi Yiyang Fuda Copper Co., Ltd. was founded by Ms. Wu Yiting, in Yiyang County, Jiangxi Province of the People's Republic of China, in November 1995. When Fuda started its operations in 1995, its business comprised of copper re-processing. In 2002, the Company started production of European style brass faucets and related spouts and fittings for the Chinese market. By 2004, Fuda started selling its products to international markets. Presently, Fuda Faucet engages in the business of developing, manufacturing, marketing and distributing a wide range of brass faucets and related spouts and fittings. The products are manufactured by Fuda for Fuda Faucet. The Company manufactures all its products in China and exports most of them to international markets.

Safe Harbor Statement

This announcement contains "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact in this announcement are forward-looking statements, including but not limited to, the company's ability to obtain the necessary financing to continue and expand operations, to market its products in new markets and to offer products at competitive pricing, to attract and retain management, and to integrate and maintain technical information and management information systems; compliance with laws and regulations of the PRC, the effects of currency policies and fluctuations, general economic conditions and other factors detailed from time to time in the Company's filings with the United States Securities and Exchange Commission and other regulatory authorities. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

-Financial Tables to Follow-

FUDA FAUCET WORKS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(AUDITED)

Item	(US dollars)	
	Years ended December 31,	
	2007	2006
Net sales from unrelated parties	18,566,873	11,510,199
Net sales from related parties	7,020,721	-
Net sales - Total	25,587,594	11,510,199
Cost of sales (exclusive of items shown separately below)	20,409,749	9,211,533
Gross profit	5,177,845	2,298,666
Operating expenses:		
Selling expenses	275,634	72,335
General and administrative	432,427	106,845
Officers' compensation	24,353	22,612
Depreciation and amortization	39,426	8,701
Consulting and professional fees	73,433	-
Total operating expenses	845,273	210,493
Income from Transfer of patents - net	576,493	-
Operating income	4,909,065	2,088,173
Reserve acquisition costs	(916,908)	-
Other income	38,060	-
Interest expenses	(371,334)	(263,061)
Foreign exchange loss	(198,373)	-
Net income	3,460,510	1,825,112
Other comprehensive income		
Foreign currency translation adjustment	578,147	188,272
Comprehensive income	4,038,657	2,013,384
Earnings per common share		
Basic	0.32	0.17
Diluted	0.30	0.17
Weighted average number of common shares outstanding		
Basic	10,725,440	10,725,440
Diluted	11,444,444	10,725,440

FUDA FAUCET WORKS, INC.
CONSOLIDATED BALANCE SHEETS
(AUDITED)

Item	(US dollars)	
	December 31,	
	2007	2006
ASSETS		
Current assets		
Cash and cash equivalents	169,319	380,714
Accounts receivable	487,471	3,172,797
Due from related parties - trade	6,996,322	-
Prepayments to suppliers	14,326	371,934
Inventories	8,260,479	5,107,440
Other current assets	251,619	83,478
Total current assets	16,179,536	9,116,363
Property, plant and equipment		
Land use right	869,251	813,136
Buildings	1,180,427	1,103,277
Machinery and equipment	758,619	692,459
Automobiles	128,495	84,617
Office equipment	72,801	3,022
Property plant and equipment - total	3,009,593	2,696,511
Less: accumulated depreciation	(777,600)	(574,941)
Property plant and equipment - net	2,231,993	2,121,570
Construction in progress	1,867,513	-
Other long-term assets - idle assets		
Machinery and equipment - net	331,324	309,942
Land use right - net	184,205	172,314
Total assets	20,794,571	11,720,189
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term bank loans	5,252,594	3,793,205
Accounts payable	686,114	717,229
Due to related parties-trade	1,189,152	1,168,963
Due to related parties- non-trade	819,802	546,345
Accrued expenses	112,280	35,756
Other payables	81,143	39,327
Total current liabilities	8,141,085	6,300,825
Total Liabilities	8,141,085	6,300,825
Commitments and Contingencies		
Stockholders' equity		
Common stock - 0.001 par value; 110,000,000 shares authorized; 10,725,440 issued and outstanding shares on December 31, 2007	10,725	10,725
Preferred stock, 0.001 par value; 20,000,000 shares authorized; 3,090,909 share issued and outstanding on December 31, 2007	3,091	-
Additional paid-in capital	3,784,970	592,596
Surplus reserve	260,430	260,430
Retained earnings	7,753,585	4,293,075
Accumulated other comprehensive income	840,685	262,538
Total stockholders' equity	12,653,486	5,419,364
Total liabilities and stockholders' equity	20,794,571	11,720,189

FUDA FAUCET WORKS, INC.
CONSOLIDATED CASH FLOWS STATEMENTS
(AUDITED)

Item	(US dollars)	
	Years ended December 31,	
	2007	2006
Cash flows from operating activities:		
Net income	3,460,510	1,825,112
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	202,659	154,478
Gain from transfer of patents	(576,493)	-
Amortization of fair value of warrants and stocks as compensation	39,570	-
(Increase) decrease in:		
Accounts receivable	2,685,326	(1,792,799)
Due from related parties - trade	(6,996,322)	-
Prepayments to suppliers	357,608	(361,489)
Inventories	(3,153,039)	(2,089,845)
Other current assets	(105,246)	(31,092)
Increase (decrease) in:		
Accounts payable	(31,115)	597,775
Due to related parties-trade	20,189	55,282
Accrued expenses	76,524	(8,116)
Other payables	8,744	31,991
Net cash used in operating activities:	(4,011,085)	(1,618,703)
Cash flows from investing activities:		
Purchase of fixed assets	(2,354,500)	-
Proceeds from transfer of patents	612,451	-
Net cash used in investing activities	(1,742,049)	-
Cash flows from financing activities:		
Proceeds from issuance of preferred stock and warrants	3,043,000	-
Proceeds from short-term bank loans	13,576,349	6,462,023
Repayment of short-term bank loans	(12,363,917)	(6,106,010)
Loans from related parties	4,596,921	658,702
Repayment to related parties	(4,521,931)	(64,031)
Loans from employees	932,657	-
Repayment to employees	(932,657)	-
Net cash from financing activities	4,330,422	950,684
Effect of exchange rate changes on cash and cash equivalents:	1,211,318	185,821
Cash and equivalents		
Net increase (decrease) in cash and equivalents	(211,395)	(482,198)
Cash and equivalents, beginning of year	380,714	862,912
Cash and equivalents, end of year	169,319	380,714
Supplemental Disclosures of Cash flow Information:		
Cash paid for interest	316,846	268,164
Cash paid for income taxes	-	-
Non-cash investing and financing activities:		
Common stock issued as compensation to financing consultants	833,252	-
Warrants issued to an investor relation consultant	68,613	-

Non-GAAP Net Income	2007	2006
Net Income (Loss)		
Adjusted Amount	\$2,884,017	\$1,825,112
Adjustment		
Other income from Transfer of Patents- net (1)	\$ 576,493	\$ -
Amount per consolidated statement of operations	\$3,460,510	\$1,825,112

(1) One-time income from Transfer of Patents- net, in the third quarter of 2007

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