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FOR IMMEDIATE RELEASE

Fuda Faucet Announces Second Quarter 2008 Results

Yiyang, Jiangxi Province, China, - August 14, 2008 – Fuda Faucet Works, Inc. (OTC BB: FUFW) (“Fuda Faucet” or the “Company”), a Chinese company engaged, through variable interest entities, 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 second quarter ended June 30, 2008.

Second Quarter 2008 Highlights

- Net sales increased 27.4% year-over-year to \$8.7 million
- Gross profit increased 22.0% year-over-year to \$1.6 million
- Gross profit margin was 18.9%
- Net income totaled \$0.7 million
- Opened a new manufacturing facility in April, increasing production capacity to 3.5 million sets per year
- Obtained CE marking, improving export opportunities to European countries
- A new electroplating production line entered production
- Further strengthened sales force in Russia

“During the second quarter, we have continued our expansion strategy by investing in production capacity and distribution channels to strengthen our position in key growth markets,” said Ms. Yiting Wu, CEO of Fuda Faucet. “We are seeing strong demand from customers for our product lines and have now significantly expanded our production capacity.”

Second Quarter 2008 Results

Net sales for the second quarter ended June 30, 2008 totaled \$8.7 million, up 27.4% from \$6.9 million in the three month period ended June 30, 2007. The increase in net sales was mainly related to growing sales to existing customers and expansion in new markets, as

well as an increase in average sales price. The United Arab Emirates continued as the main destination for Fuda Faucet's products, contributing \$8.0 million in net sales in the three months ended June 30 and capturing 91.6% of total net sales in the quarter. Sales were more geographically dispersed compared to the second quarter of 2007, when the United Arab Emirates accounted for 99.1% of total sales. Sales in Russia equaled \$0.7 million in the quarter ended June 30, 2008, or 8.4% of total sales, up from 0.9% of total sales in the same quarter in 2007.

Gross profit for the second quarter of 2008 was \$1.6 million, an increase of 22.0% from \$1.4 million for the same period prior year. Gross margin was 18.9% for the first quarter of 2008, compared to 19.7% for the corresponding period prior year. The decrease in gross margin was mainly attributed to increased depreciation from investment in new equipment during the past quarter.

Operating expenses totaled \$0.7 million in the second quarter of 2008, compared to \$0.2 million for the same period prior year. The main reason for the increase in operating expenses was higher general and administrative ('G&A') expenses, which in the second quarter of 2008 totaled \$0.3 million, or 3.7% of net sales, up from \$0.1 million, or 1.2% of net sales, in the corresponding quarter the previous year. The increase in G&A expenses was primarily due to the expansion of the Company's manufacturing capacity, which increased expenses related to salaries, insurance and management expenses. Also consulting and professional fees incurred from being a listed company contributed to operating expenses. In the second quarter of 2008, fees totaled \$0.1 million, or 1.3% of net sales, up from nil, in the corresponding quarter the previous year. The increase in consulting and professional fees was primarily due to fees for legal, auditing and consulting services. The increase in fixed assets also augmented depreciation costs. Selling expenses amounted to \$0.2 million, 2.0% of net sales, for the second quarter of 2008, compared to \$0.1 million, 1.0% of net sales, in 2007. The increase was associated with the Company's growing sales volume in Russia.

Operating income for the second quarter of 2008 totaled \$1.0 million, compared to \$1.2 million for the same period in 2007. Operating margin was 11.2% in the second quarter of 2008, compared to 17.3% a year ago.

Interest expense was \$0.2 million in the second quarter of 2008, an increase of 126.8% from \$0.1 million a year ago. Interest expense was mainly attributable to an increase in the Company's short-term bank loans.

Net income for the second quarter of 2008 was \$0.7 million, or \$0.05 per fully diluted share, a decrease of 41.0% from net income of \$1.1 million, or \$0.11 per fully diluted share, for the second quarter of 2007. Earnings per share were calculated using a diluted weighted share count of 13.8 million shares for the second quarter of 2008 and 10.6 million shares for the second quarter of 2007.

"Our higher cost structure related to the new production facility and costs associated with being a public company impacted profit margin during the second quarter," said Ms. Wu.

“We would expect to see margins improve in the future as we are able to ramp up production to targeted levels.”

Six Month 2008 Results

Net sales for the first six months of 2008 were \$18.5 million, up 69.8% from sales of \$10.9 million during the same period prior year. Gross profit was \$3.7 million, or 20.0% of net sales, up 74.5% from \$2.1 million, or 19.5% of net sales, in the first half of 2007. Operating income was \$2.7 million, or 14.4% of net sales, up 46.6% from \$1.8 million, or 16.7% of net sales, in the first half of 2007. Net income for the first six months of 2008 was \$2.0 million, compared to net income of \$1.7 million in the same period a year ago. Diluted earnings per share were \$0.15, compared to \$0.16 per diluted share in the same period a year ago. Earnings per share were calculated using a diluted weighted share count of 13.9 million shares for the first six months of 2008 and 10.6 million shares for the first six months of 2007.

Financial Condition

On June 30, 2008, the Company had cash and cash equivalents of \$1.0 million and working capital of \$2.7 million. Accounts receivable were \$6.7 million, and days sales outstanding for the second quarter of fiscal 2008 were 58. Inventory was \$8.4 million and days inventory outstanding for the second quarter of fiscal 2008 was 112. On June 30, 2008, the Company had short-term bank loans of \$11.4 million and stockholders' equity of \$15.5 million.

During the six months ended June 30, 2008, the Company generated \$2.7 million in cash flow from operating activities, down from \$3.5 million as of March 31, 2008. The change was mainly due to an increase in accounts receivable. Capital expenditures totaled \$8.6 million at the end of the second quarter in 2008, primarily related to the construction of the new production facility and upgrading of existing capacity.

Recent Events

The Company's new manufacturing facility in Yiyang, Jiangxi Province, opened in April and has increased production capacity to 3.5 million sets per year from 1.2 million sets per year. The facility is equipped with semi-automated, technologically advanced manufacturing equipment and will produce products similar to what is currently produced at the Company's old manufacturing facility.

In June, Fuda Faucet added a second electroplating production line to its old facility and entered production later that same month. The new line incurred a cost of \$ 290,000.

“By increasing our total manufacturing capability, we expect to scale up production and eventually to decrease fixed costs. Increasing our electroplating capabilities is an important measure to attract quality-conscious customers. The continuous upgrading of production technology will help us to enter the top-tier customer segment,” said Ms. Wu.

In May, Fuda Faucet announced that it has been granted use of the CE marking for its products. The CE marking certifies that its products meet certain European health, safety, and environmental standards. The right to use the CE marking facilitates Fuda Faucet's entry into more European markets.

The Company has also strengthened its ranks by appointing new members for its Board of Directors. Effective April 28, Hao Yu, Ning Zhang, David Yaudoon Chiang and David Oldridge were elected independent members, while Jibrin Al Jibrin was elected non-independent member.

Business Outlook

During the second quarter, Fuda Faucet has increased its manufacturing capacity 192% by adding a new production facility. The Company is also currently upgrading its original facilities and expects improvements to be complete during the third quarter of 2008. The Company expects to introduce additional working capital to realize full utilization of its fixed assets. The demand outlook for the Company's products remains positive.

"We remain confident regarding the long-term profitability of our investments. As soon as we are able to intensify production, we expect to capture a larger share of the market for faucets," said Ms. Wu. "The demand for our products continues to be robust in the Middle East and we have strong expectations from sales in Russia and Nigeria this year. Demand for faucets, spouts, fittings, and related products, is driven by the booming investment in real-estate in our target markets. Record high oil prices and a growing middle class in the regions are likely to stimulate demand further," she concluded.

The Company is continuously strengthening its presence in new growth markets. The operations in Moscow are developing and sales from the region are expected to contribute to a larger share of total revenue by the end of 2008. The Company anticipates the Nigerian operations to start generating sales later in 2008.

In addition, Fuda Faucet intends to expand its product mix by including hoses and valves. By offering complete sets of products and related services to its customers, the Company expects to obtain higher margins.

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. For more information, please visit the Company's web site <http://www.jxfuda.com>

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 FOLLOW-

FUDA FAUCET WORKS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(UNAUDITED)

Item	(US dollars)		(US dollars)	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net sales	<u>8,744,070</u>	<u>6,861,297</u>	<u>18,504,439</u>	<u>10,899,232</u>
Cost of sales:				
Non-related parties	3,712,009	2,126,250	6,489,145	3,578,717
Related parties	<u>3,383,509</u>	<u>3,383,869</u>	<u>8,306,588</u>	<u>5,194,749</u>
	<u>7,095,518</u>	<u>5,510,119</u>	<u>14,795,733</u>	<u>8,773,466</u>
Gross margin	1,648,552	1,351,178	3,708,706	2,125,766
Operating expenses:				
Selling expenses	176,715	71,571	240,433	128,684
General and administrative	323,239	84,827	545,965	155,436
Officers' compensation	23,155	5,841	29,566	11,647
Depreciation and amortization	29,394	3,025	50,244	6,272
Consulting and professional fees	<u>116,464</u>	<u>-</u>	<u>169,846</u>	<u>-</u>
Total operating expenses	<u>668,967</u>	<u>165,264</u>	<u>1,036,054</u>	<u>302,039</u>
Operating income	<u>979,585</u>	<u>1,185,914</u>	<u>2,672,652</u>	<u>1,823,726</u>
Other income(expense)				
Other income	14,419	5,841	14,419	5,841
Interest expense	(184,273)	(81,241)	(295,185)	(169,320)
Foreign currency transactions loss	<u>(154,391)</u>	<u>-</u>	<u>(367,030)</u>	<u>-</u>
	<u>(324,245)</u>	<u>(75,400)</u>	<u>(647,796)</u>	<u>(163,479)</u>
Net income before income tax expense	655,340	1,110,515	2,024,856	1,660,247
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income	655,340	1,110,515	2,024,856	1,660,247
Other comprehensive income				
Foreign currency translation adjustment	<u>350,281</u>	<u>2,415</u>	<u>886,602</u>	<u>49,643</u>
Comprehensive income	<u>1,005,621</u>	<u>1,112,930</u>	<u>2,911,458</u>	<u>1,709,890</u>
Earnings per common share				
Basic	<u>0.06</u>	<u>0.11</u>	<u>0.19</u>	<u>0.16</u>
Diluted	<u>0.05</u>	<u>0.11</u>	<u>0.15</u>	<u>0.16</u>
Weighted average number of common shares outstanding				
Basic	<u>10,725,440</u>	<u>10,564,647</u>	<u>10,725,440</u>	<u>10,564,647</u>
Diluted	<u>13,816,349</u>	<u>10,564,647</u>	<u>13,940,591</u>	<u>10,564,647</u>

FUDA FAUCET WORKS, INC.
CONSOLIDATED BALANCE SHEETS

Item	(US dollars)	
	June 30, 2008	December 31, 2007
	(UNAUDITED)	(AUDITED)
		Restated
ASSETS		
Current assets		
Cash and cash equivalents	982,835	169,319
Accounts receivable	6,667,989	487,471
Due from related parties - trade	-	6,996,322
Prepayments to suppliers	935,547	14,326
Inventories	8,444,105	8,260,479
Other current assets	223,505	251,619
Total current assets	17,253,981	16,179,536
Property, plant and equipment		
Land use right	2,093,575	869,251
Buildings	4,442,813	1,180,427
Machinery and equipment	5,116,142	983,079
Automobiles	209,717	128,495
Office equipment	29,475	14,003
Property plant and equipment - total	11,891,722	3,175,255
Less: accumulated depreciation	(1,056,323)	(777,600)
Property plant and equipment - net	10,835,399	2,397,655
Construction in progress	1,614,792	1,867,513
Other long-term assets - idle assets		
Machinery and equipment - net	176,422	165,662
Land use right - net	196,170	184,205
	30,076,764	20,794,571
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term bank loans	11,428,513	5,252,594
Accounts payable	854,615	686,114
Advances from customers	64,347	-
Due to related parties - trade	1,509,340	1,189,152
Due to related parties - non-trade	377,501	869,802
Accrued expenses	194,647	112,280
Other payables	132,857	81,143
Total current liabilities	14,561,820	8,191,085
	14,561,820	8,191,085
Commitments and Contingencies		
Stockholders' equity		
Preferred stock, 0.0000001 par value; 20,000,000 shares authorized; 3,090,909 shares issued and outstanding on June 30, 2008 and December 31, 2007	-	-
Common stock - 0.0000001 par value; 900,000,000 shares authorized; 10,725,440 issued and outstanding shares on June 30, 2008 and December 31, 2007	1	1
Additional paid-in capital	7,317,817	3,748,785
Surplus reserve	260,430	260,430
Retained earnings	6,209,409	7,753,585
Accumulated other comprehensive income	1,727,287	840,685
Total stockholders' equity	15,514,944	12,603,486
	30,076,764	20,794,571

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

Item	(US dollars)	
	Six Months Ended June 30,	
	2008	2007
Cash flows from operating activities:		
Net income	2,024,856	1,660,246
Adjustments to reconcile net income to net cash used in operating activities:		-
Depreciation and amortization	278,723	87,975
Changes in operating assets and liabilities:		-
Accounts receivable	(6,180,518)	216,766
Due from related parties - trade	6,996,322	-
Prepayments to suppliers	(921,221)	95,775
Inventories	(183,626)	(50,930)
Other current assets	28,114	74,772
Accounts payable	168,502	186,385
Due to related parties-trade	320,188	(316,528)
Advances from customers	64,347	-
Accrued expenses	82,367	77,304
Other payables	51,714	454,934
Net cash provided by operating activities:	2,729,768	2,486,699
Cash flows from investing activities:		
Purchase of fixed assets	(8,563,620)	(1,685,955)
Net cash used in investing activities	(8,563,620)	(1,685,955)
Cash flows from financing activities:		
Proceeds from short-term bank loans	16,530,731	3,781,704
Repayment of short-term bank loans	(10,683,029)	(4,600,124)
Loans from related parties	2,895,532	504,629
Repayment to related parties	(3,387,833)	(1,489,594)
Loans from employees	-	690,828
Net cash provided by used in financing activities	5,355,401	(1,112,557)
Effect of exchange rate fluctuation on cash and cash and equivalents	1,291,967	177,417
Net increase (decrease) in cash and cash equivalents	813,516	(134,396)
Cash and cash equivalents, beginning of period	169,319	380,714
Cash and cash equivalents, end of period	982,835	246,318
Supplemental Disclosures of Cash flow Information:		
Cash paid for interest	295,185	169,320
Cash paid for income taxes	-	-
Non-cash investing and financing activities:		
Increase of paid-in capital of Fuda Yiyang with its retained earnings	3,569,032	-

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