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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2010.

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 Statement of Comprehensive Income for the First Quarter ended 31/03/2010. These figures have not been audited.

	Group		
	3 months Ended 31/3/2010 Unaudited	3 months Ended 31/3/2009 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Revenue	108,059	80,417	34.37
Cost of sales	(84,665)	(62,768)	34.89
Gross profit	23,394	17,649	32.55
Other income and expenses	448	396	13.13
Selling and distribution expenses	(938)	(702)	33.62
General and administrative expenses	(4,946)	(5,374)	(7.96)
Profit from operating activities	17,958	11,969	50.04
Finance income	644	190	238.95
Finance expense	(909)	(2,518)	(63.90)
Profit before taxation	17,693	9,641	83.52
Tax expense	(6,731)	(4,052)	66.12
Net profit attributable to shareholders	10,962	5,589	96.14
Statement of Comprehensive Income			
Net profit attributable to shareholders	10,962	5,589	96.14
Other comprehensive income for the period			
Exchange differences on translating foreign operations	(10)	1	NM
Total comprehensive income for the period attributable to shareholders	10,952	5,590	95.92

Note: The Group's profit before taxation is determined after charging / (crediting) the following items:

(Write-back of allowance for)/allowance for doubtful trade receivables	(817)	1,303	NM
Amortisation of land use rights	131	131	(0.76)
Amortisation of intangible assets	2	2	-
Depreciation of property, plant and equipment	5,895	4,634	18.49
Foreign exchange (gain)/loss, net	(20)	(37)	(45.95)
Salaries and bonuses	8,111	5,222	55.32

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	
	31/3/2010 Unaudited	31/12/2009 Audited	31/3/2010 Unaudited	31/12/2009 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	183,349	188,402	-	-
Investment property	52,752	52,830	-	-
Land use rights	23,042	23,172	-	-
Intangible assets	20,498	20,500	-	-
Deferred tax assets	503	503		
Investment in subsidiaries	-	-	344,853	344,853
	280,144	285,407	344,853	344,853
Current assets				
Inventories	42,080	41,508	-	-
Trade receivables, net	157,500	161,356	-	-
Bills receivables	-	200	-	-
Other receivables and prepayments	74,002	86,972	-	-
Amount due from subsidiaries (non-trade)	-	-	472,020	472,518
Fixed deposits	24,543	24,810	-	-
Cash and bank balances	716,729	685,024	19,743	20,156
	1,014,854	999,870	491,763	492,674
Total assets	1,294,998	1,285,277	836,616	837,527
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	15,714	7,085	-	-
Bills payable to banks	500	28,138	-	-
Other payables & accruals	51,873	36,121	2,406	2,159
Amount due to directors (non-trade)	2,688	2,208	1,892	1,412
Term loan (current portion)	2,675	2,679	-	-
Short-term bank loans	13,000	13,000	-	-
Bank overdrafts	22,431	19,886	-	-
Income tax payable	5,798	7,869	-	-
Total current liabilities	114,679	116,986	4,298	3,571
Non-current liabilities				
Convertible notes	18,378	18,245	18,378	18,245
Term loan (non-current portion)	27,928	28,574	-	-
Deferred tax liabilities	28,240	26,651	-	-
	74,546	73,470	18,378	18,245
Total liabilities	189,225	190,456	22,676	21,816
Equity attributable to equity holders of the Company				
Share capital	756,224	756,224	756,224	756,224
Treasury shares	(2,307)	(2,307)	(2,307)	(2,307)
Reserve fund	42,550	42,550	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Restructuring reserve	(117,878)	(117,878)	-	-
Translation reserve	(21)	(11)	-	-
Equity reserve	1,040	1,040	1,040	1,040
Accumulated profits	386,592	375,630	19,410	21,181
Total equity	1,105,773	1,094,821	813,940	815,711
Total equity and liabilities	1,294,998	1,285,277	836,616	837,527

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 March 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable to banks[1]	500	-	28,138	-
Short-term bank loans[2]	13,000	-	13,000	-
Term loan[3]	2,675	-	2,679	-
Bank overdrafts[4]	22,431	-	19,886	-
Convertible notes[5]	-	-	-	-

Amount repayable after one year

	As at 31 March 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable to banks	-	-	-	-
Short-term bank loans	-	-	-	-
Term loan[3]	27,928	-	28,574	-
Bank overdrafts[4]	-	-	-	-
Convertible notes[5]	18,378	-	18,245	-

Notes :

[1] RMB 0.5 million is secured by bank deposits of Fuxing Textile (Shanghai) Co., Ltd.

[2] RMB 13.0 million is secured by certain buildings owned by Fuxing Textile (Shanghai) Co., Ltd.

[3] Term loan is secured by a charge over investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

[4] Bank overdrafts are secured by personal guarantee from independent third parties (Hong Li Hong and Sze Kai Lung) and corporate guarantee from Fuxing China Group Limited.

[5] Convertible notes are related to the issuance of 39,604,000 conversion shares at S$0.101 per share, due September 2011 with a principal amount of S$4,000,004.

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

	3 months Ended 31/3/2010 Unaudited RMB'000	3 months Ended 31/3/2009 Unaudited RMB'000
OPERATING ACTIVITIES		
Profit before taxation	17,693	9,641
Adjustments for:		
Depreciation of property, plant and equipment	5,895	4,634
Amortisation of land use rights	131	131
Amortisation of intangible assets	2	2
(Write-back of allowance for)/allowance for doubtful trade receivables	(817)	1,303
Interest expense	909	2,518
Interest income	(644)	(190)
Foreign currency gain	(121)	52
Total adjustments	5,355	8,450
Operating cash flows before changes in working capital	**23,048**	**18,091**
(Increase) Decrease in:		
Inventories	(571)	(41,576)
Trade receivables	4,673	63,180
Bills receivable	200	-
Other receivables & prepayments	12,969	297,687
Increase (Decrease) in:		
Trade payables	8,630	(24,447)
Other payables & accruals	15,754	(7,403)
Due to directors	480	(617)
Total changes in working capital	42,135	286,824
Cash flows generated from operations	**65,183**	**304,915**
Interest expense paid	(776)	(2,518)
Interest income received	644	190
Income tax paid	(7,213)	(7,088)
Net cash generated from operating activities	**57,838**	**295,499**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(742)	(792)
Net cash used in investing activities	**(742)**	**(792)**
FINANCING ACTIVITIES		
Purchase of treasury shares	-	(1,442)
Repayments of term loan	(604)	-
Proceeds from bills payable	-	21,626
Repayment of bills payable	(27,599)	(23,275)
(Increase) decrease in fixed deposits pledged to banks	267	(2,991)
Net cash used in financing activities	**(27,936)**	**(6,082)**
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS	**29,160**	**288,625**
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**665,138**	**318,772**
CASH & CASH EQUIVALENTS AT END OF PERIOD	**694,298**	**607,397**

Notes to the combined statement of cash flows

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

	3 months Ended 31/12/2009 Unaudited	3 months Ended 31/3/2009 Unaudited
	RMB'000	**RMB'000**
Fixed deposits	24,543	78,332
Cash and bank balances	716,729	574,567
	741,272	652,899
Less: bank overdraft	(22,431)	(20,380)
fixed deposits (pledged)	(24,543)	(25,122)
Cash and cash equivalents	694,298	607,397

Fixed deposits amounting to RMB 150,000 (2009: RMB 790,000) and RMB 24,393,000 (2009: 24,332,000) 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	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve[1]	Equity reserve[2]	Translation reserve	Accumulated profits / (losses)	Total equity
Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January 2009	738,707	-	37,825	39,573	(117,878)	-	-	357,560	1,055,787
Total comprehensive income for the year	-	-	-	-	-	-	-	5,589	5,589
Repurchase of shares	-	(1,442)	-	-	-	-	-	-	(1,442)
Currency translation difference	-	-	-	-	-	-	1	-	1
Closing balance at 31 March 2009	738,707	(1,442)	37,825	39,573	(117,878)	-	1	363,149	1,059,935
At 1 January 2010	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(11)	375,630	1,094,821
Total comprehensive income for the year	-	-	-	-	-	-	-	10,962	10,962
Currency translation difference	-	-	-	-	-	-	(10)	-	(10)
Closing balance at 31 March 2010	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(21)	386,592	1,105,773
Company									
At 1 January 2009	738,707	-	-	39,573	-	-	-	(5,143)	773,137
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,129)	(1,129)
Repurchase of shares	-	(1,442)	-	-	-	-	-	-	(1,442)
At 31 March 2009	738,707	(1,442)	-	39,573	-	-	-	(6,272)	770,566
At 1 January 2010	756,224	(2,307)	-	39,573	-	1,040	-	21,181	815,711
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,771)	(1,771)
At 31 March 2010	756,224	(2,307)	-	39,573	-	1,040	-	19,410	813,940

Note:

[1] **Restructuring reserve:**
This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under "merger accounting".

[2] **Equity reserve:**
This reserve represents the value of the unexercised equity component of convertible notes issued by the Group in 2009.

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.

Share Buy-back
During the period ended 31 March 2010, there were no shares acquired (31 March 2009: 5,314,000 treasury shares). There were a total of 8,124,000 treasury shares acquired in FY2009.

Convertible Notes
As at 31 March 2010 (31 March 2009 : NIL), there were 39,604,000 conversion notes which might be convertible to shares at S$0.101 per share.

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 preceeding year.

	31 March 2010	31 December 2009
Total number of issued shares excluding treasury shares	831,480,000	831,480,000

There were a total of 8,124,000 treasury shares as 31 March 2010.

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.

	Treasury shares
Total number of shares as at 1 January 2010	8,124,000
Purchases of shares during the period	-
Total number of shares as at 31 March 2010	8,124,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2010.

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 first quarter of 2010 with those of the audited financial statements as at 31 December 2009.

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	
	3 months Ended 31/3/2010	3 months Ended 31/3/2009
(a) Basic and	0.01	0.01
(b) On a fully diluted basis	0.01	0.01

Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2010: 831,480,000 ordinary shares (2009: 798,952,011).

Diluted earnings per share is computed based on weighted average number of ordinary shares in issue in 2010:871,084,000 ordinary shares (2009: 798,952,011), adjusted for the deemed conversion of the convertible note since the date of issue.

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	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
Net asset value per ordinary share based on issued share capital at the end of the period (in RMB): (Number of ordinary shares in issue as at 31/3/2010 : 831,480,000 (31/12/2009: 831,480,000 shares)	1.33	1.32	0.98	0.98

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		
	3 months Ended 31/3/2010 Unaudited	3 months Ended 31/3/2009 Unaudited	Increase/ (Decrease)
REVENUE	**RMB'000**	**RMB'000**	**%**
Finished zipper	11,969	9,953	20.26
Zipper Chain	52,828	33,566	57.39
Zipper Slider	23,741	19,977	18.84
Knitting Wool	927	2,255	(58.89)
Trading	18,594	14,666	23.78
Total Revenue	108,059	80,417	34.37
COST OF SALES			
Finished zipper	8,565	7,348	16.56
Zipper Chain	38,113	23,976	58.96
Zipper Slider	18,932	15,383	23.07
Knitting Wool	757	1,913	(60.43)
Trading	18,298	14,148	29.33
Total Cost of Sales	84,665	62,768	34.89
GROSS PROFIT			
Finished zipper	3,404	2,605	16.56
Zipper Chain	14,715	9,590	53.44
Zipper Slider	4,809	4,594	4.68
Knitting Wool	170	342	(50.29)
Trading	296	518	(42.86)
Total Gross Profit	23,394	17,649	32.55
GROSS PROFIT MARGIN			
	%	%	%
Finished zipper	28.44	26.17	2.27
Zipper Chain	27.85	28.57	(0.72)
Zipper Slider	20.26	23.00	(2.74)
Knitting Wool	18.34	15.17	3.17
Trading	1.59	3.53	(1.94)
Average Gross Profit Margin	21.65	21.95	(0.30)

1Q10 vs. 1Q09

Revenue

The Group's revenue increased by RMB 27.6 million (or 34.37%) to RMB 108.1 million. The increase in revenue was due mainly to the increase in sales of the Finished Zippers (RMB 2.0 million), Zipper Chains (RMB 19.3 million) and Zipper Sliders segment (RMB 3.8 million) (collectively referred as the "Zippers Segment") as well as the Trading segment (RMB 3.9 million). This was partially offset by the decrease in revenue derived from the Knitting Wool segment (RMB 1.3 million).

The increase in revenue from the Zippers segment was attributable to the increase in export business for both direct overseas customers and export oriented garment factories as a result of the recovering economy.

The decrease in revenue for the Knitting Wool segment was due to the Group scaling down the Knitting Wool operations in Shanghai.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 5.7 million (or 32.55%) to RMB 23.4 million. The Group's gross profit margin declined marginally by 0.30% to 21.65%This was largely attributable to lower gross profit margin from the Trading segment.

Other income and other expenses

Other income comprises rental income while other expenses consist mainly of motor car expenses. The net increase was due mainly to the increase in rental income effected in the second half of 2009.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 0.2 million (or 33.62%) to RMB 0.9 million. The increase was due mainly to an increase in advertising expenses incurred for the sales promotion of the Group's products.

General and administrative expenses

General and administrative expenses decreased by RMB 0.5 million (or 8.83%) to RMB0.4 million. This was attributable to the write-back of allowance for doubtful debts amounting to RMB 0.8 million in 1Q10.

Finance income and expenses

Finance expenses decreased by RMB 1.6 million (or 63.90%) to RMB 0.9 million. This was attributable to the decrease in short-term loans and bills payable to banks as most of them had been repaid in in June 2009. Finance income was higher in 1Q10 as a result of an increase in cash and bank balances.

Foreign exchange gain or loss

There was an overall decrease in foreign exchange loss due to the smaller appreciation of China RMB against Hong Kong Dollar and a decrease in bank balance denominated in United States Dollar.

Income tax expense

	Group		
	3 months Ended 31/3/2010 Unaudited	**3 months Ended 31/3/2009 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	5,142	3,216	59.88
Deferred tax[2]	1,589	836	90.07
Income tax expense	6,731	4,052	66.12

NM: Not Meaningful

Notes
[1] Current tax increased by RMB 1.9 million or 59.88% due to an increase in profit before taxation in 1Q10.

[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 4Q09. 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 March 2010, non-current assets amounted to RMB 280.1 million comprising property, plant and equipment, investment property, land use rights and intangible assets.

The Group's property, plant and equipment amounted to RMB 183.3 million, a decrease of 2.68% (or RMB 5.1 million) compared to FY09. The decrease was due mainly to depreciation.

Current assets

Current assets increased by RMB 15.0 million (or 1.5%) in 1Q10 to RMB 1.0 billion. This was largely due to an increase in cash and bank balances which was offset by the decrease in trade receivables, bills receivables, other receivables and prepayments.

Trade receivables decreased by RMB 3.9 million, following the settlement of debt by customers before the Lunar New Year in February 2010. The decrease in other receivables and prepayments was mainly due to a decrease in advances made to suppliers.

Bills receivables were duly settled in 1Q10.

Current liabilities

Current liabilities decreased by RMB 2.3 million (or 1.97%) to RMB 114.7 million. This was attributable to the decrease in bills payables which was offset by the increase in trade payables, other payables and accruals.

The increase in trade payables was due to an increase in purchase of raw materials in line with the production capacity increase during the year. Other payables & accruals increased due to an increase in advances received from customers by RMB 13.8 million.

Most of the bills payables were repaid in 1Q10.

Non-current liabilities

Non-current liabilities increased by RMB1.1 million (or 1.46%)to RMB 74.5 million which comprised convertible notes, term loan and deferred tax liabilities. The convertible notes were issued in September 2009 and are due in September 2011. The term loan was raised for the acquisition of investment property in Hong Kong which was announced on 26 November 2009 (announcement no: 00077). The increase in deferred tax liabilities was due mainly to the increase in withholding tax as explained above under the note for tax expense.

Cash Flow

The Group's cash and cash equivalents increased due to the increase in cash inflow from operations. As at 31 March 2010, the Group has significant cash and bank balances.

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.

With the positive signs on the recovery of the economy, the Group is confident of an improvement in demand from both the PRC customers and export oriented garment factories in 2010. The Group however, expects its labour cost to increase due to the tightening of labour supply along coastal cities in the PRC, and shall adjust its pricing accordingly.

The Group will continue to work towards improving its operational efficiencies by continuing to work on its process automation, and new product development which could generate higher profit margin. The Group shall be scaling down and eventually stop its wool operations in Shanghai plant, after fulfilling its obligations to customers.

The Group will also continue to enhance its brand name and develop sales strategies to remain competitive and grow its market share. It will also explore further business opportunities to invest in businesses within the supply chain of the zipper products.

Barring unforeseen circumstances, the Group expects to achieve a profit growth over last year.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Proposed interim Dividend

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount Per Share (in RMB)	0.02
Tax Rate	Not Applicable

Note : The Board is pleased to advise that with effect from FY2010, it has adopted a dividend policy of paying out at least 40% of the Group's net profit as dividend each year.

(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

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 the new site to be used for the setting up of the Group's head office in Jinjiang City

The application for the land use right and building ownership certificates had been submitted to the Jinjiang City Government upon the Group's payment for the 30% deposit in March 2007. The application is still pending approval by the Fujiang Provincial Government before it could be processed by the Jinjiang State Owned Land Resource Bureau.

14. Use of placement proceeds

As at the date of this announcement, no placement proceeds have been used.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

30 April 2010