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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SECOND QUARTER ENDED 30 JUNE 2011.

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 Second Quarter ended 30/06/2011. These figures have not been audited.

	Group			Group		
	3 months Ended 30/6/2011 Unaudited	3 months Ended 30/6/2010 Unaudited	Increase/ (Decrease)	Year Ended 30/6/2011 Unaudited	Year Ended 30/6/2010 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	177,558	204,338	(13)	345,854	312,397	11
Cost of sales	(126,674)	(167,771)	(24)	(251,106)	(252,436)	(1)
Gross profit	50,884	36,567	39	94,748	59,961	58
Other income and expenses	1,045	(231)	NM	1,270	217	485
Selling and distribution expenses	(1,708)	(1,278)	34	(3,197)	(2,216)	44
General and administrative expenses	(13,569)	(9,457)	43	(26,486)	(14,403)	84
Profit from operating activities	36,652	25,601	43	66,335	43,559	52
Finance income	536	104	415	962	748	29
Finance expense	(736)	(843)	(13)	(1,465)	(1,752)	(16)
Profit before taxation	36,452	24,862	47	65,832	42,555	55
Tax expense	(13,857)	(9,997)	39	(25,577)	(16,728)	53
Net profit attributable to shareholders	22,595	14,865	52	40,255	25,827	56

Statement of Comprehensive Income

Net profit attributable to shareholders	22,595	14,865	52	40,255	25,827	56
Other comprehensive income for the period						
Exchange differences on translating foreign operations	(322)	54	NM	(322)	64	NM
Total comprehensive income for the period attributable to shareholders	22,273	14,919	49	39,933	25,891	54

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

Allowance for doubtful trade receivables	804	1,462	(82)	3,703	645	474
Amortisation of land use rights	289	131	(18)	340	261	(5)
Amortisation of intangible assets	1,996	2	NM	3,641	4	NM
Loss on disposal of property, plant and equipment	-	45	NM	-	45	NM
Depreciation of property, plant and equipment	6,107	5,846	0	11,482	11,641	4
Foreign exchange loss, net	2,038	682	(91)	2,727	662	NM
Salaries and bonuses	14,669	13,119	42	24,844	21,230	33

NM: Not Meaningful

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Notes	Group		Company	
		30/6/2011 Unaudited	31/12/2010 Audited	30/6/2011 Unaudited	31/12/2010 Audited
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	(1)	277,371	203,502	-	-
Investment property		58,212	59,563	-	-
Land use rights	(2)	47,089	22,645	-	-
Intangible assets	(3)	227,763	65,944	-	-
Prepayments	(4)	315,670	9,050	-	-
Investment in subsidiaries		-	-	344,853	344,853
		926,105	360,704	344,853	344,853
Current assets					
Inventories	(5)	87,320	53,175	-	-
Trade receivables, net	(6)	179,046	202,298	-	-
Bills and other receivables	(7)	58,595	39,893	161,762	-
Prepayments to suppliers	(8)	157,810	185,504		2
Amount due from subsidiaries (non-trade)		-	-	456,354	509,109
Fixed deposits		23,159	82,916	-	-
Cash and bank balances	(9)	279,124	410,678	4,849	17,803
		785,054	974,464	622,965	526,914
Total assets		1,711,159	1,335,168	967,818	871,767
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	(10)	36,235	6,104	-	-
Bills payable to banks		10,761	11,042	-	-
Other payables & accruals	(11)	205,943	40,668	1,913	2,621
Amount due to director (non-trade)	(12)	123,026	1,962	123,026	1,962
Short-term bank loans		68,270	70,736	-	-
Bank overdrafts		5,895	8,720	-	-
Income tax payable		15,154	12,401	-	-
Total current liabilities		465,284	151,633	124,939	4,583
Non-current liabilities					
Deferred tax liabilities		77,960	38,348	-	-
		77,960	38,348	-	-
Total liabilities		543,244	189,981	124,939	4,583
Equity attributable to equity holders of the Company					
Share capital		772,574	772,574	772,574	772,574
Treasury shares		(6,408)	(6,408)	(6,408)	(6,408)
Reserve fund		52,002	52,002	-	-
Restructuring reserve		(117,878)	(117,878)	-	-
Contributed surplus		39,573	39,573	39,573	39,573
Translation reserve		(735)	(413)	-	-
Accumulated profits		428,787	405,737	37,140	61,445
Total equity		1,167,915	1,145,187	842,879	867,184
Total equity and liabilities		1,711,159	1,335,168	967,818	871,767

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 June 2011		As at 31 December 2010	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks[1]	10,761	-	11,042	-
Short-term bank loans		-		-
- Shanghai Rural Commercial Bank[2]	13,000		13,000	
- East West Bank[3]	29,189	-	29,866	-
- Industrial and Commercial Bank of China[4]	26,081	-	27,870	-
Bank overdrafts[5]	5,895	-	8,720	-

Notes:

[1] RMB 10.8 million 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, bank deposits, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

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

[3] This loan is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from independent third parties, (Hong Li Hong and Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.

[4] This 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 guaranteed by Fuxing China Group Limited.

[5] RMB 2.9 million is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from independent third parties (Hong Li Hong and Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.; and RMB 3.0 million 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.

Notes to Statement of Financial Position:

1. Property, plant and equipment (PPE) increased by RMB 73.9m or 36% from RMB 203.5m to RMB 277.4m due mainly to consolidation of the 2 recently acquired subsidiaries - Fulong Zipper and Weaving Co., Ltd ("Fulong") and Jinjiang Jianxin Weaving Co., Ltd. ("Jianxin") as well as purchases of equipment of RMB 2.5m in 1H2011.

2. Land use rights increased by RMB 24.4 million was due to the consolidation of land use rights from Fulong and Jianxin.

3. Intangible assets ("IA") increased by RMB 161.8m or 245% from RMB 65.9m to RMB 227.8m due mainly to the consolidation of operating license (RMB 95.3 million) and goodwill (RMB 70.2 million) from Fulong and Jianxin. The values of IA were based on a preliminary assessment by valuer namely Jones Lang Lasalle Sallmans engaged by the Group to perform a purchase price allocation (PPA) on the Legal Completion date for the purpose of assessing fair values of assets and liabilities of acquired companies for the purpose of consolidation into the Group, and such PPA work is still work-in-progress.

4. Prepayment balance of RMB 315.7 million represented mainly the payment for acquisition of new subsidiary Jinjiang Fuxin Electroplating Co., Ltd. (RMB 145.0 million) and an acquisition of a parcel of land in Xiamen Island for the Group's future administrative headquarters (RMB 161.8 million) as well as deposits paid for purchase of machineries for production of Super Durable Zippers.

5. Inventories increased by RMB 34.1 million to RMB 87.3 million from RMB 53.2 million due to an increase in quantity and price of raw materials to fulfill sales orders in the coming quarter as well as inventories from Fulong and Jianxin consolidated into the Group.

6. Trade receivables declined by RMB 23.3 million to RMB 179.0 million following settlement by customers after the Lunar New Year subsequent to the stepping up of collection effort by the Group's sales people.

7. Bills and other receivables increased by RMB 18.7 million (or 47%) to RMB 58.6 million as some payments from customers at end of quarter were made using bills of exchange that mature on a later date, a timing issue

8. Prepayment to suppliers declined by RMB 27.7million from RMB 185.5 million to RMB 157.8 million as purchases of raw materials were offset by the prepaid balances with some suppliers.

9. Fixed deposits, cash and bank balances declined from RMB 410.7 million to RMB 279.1 million due to payment for the 3 acquired companies as well as part payment for land in Xiamen Island.

10. Increase in trade payables was to a timing issue as purchase of raw materials was made at month-end.

11. Other payables and accruals increased by RMB 165.2 million from RMB 40.7 million to RMB 205.9 million due mainly to the remaining balance (50%) of the consideration in acquisition of Fulong (outstanding balance RMB 60 million) and Jianxin (outstanding balance RMB 53.5 million) which will be settled after the new pollutant discharge permit has been issued by the relevant government agency.

12. Amount due to director refers to funds contributed by Mr Hong Qing Liang for the Group's application and acquisition of the Land Parcel in Xiamen Island to be developed into Group's future administrative headquarters. The transaction is subject to shareholders' approval in a Special General Meeting to be convened.

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

Consolidated Statement of Cash Flows	**3 months Ended 30/6/2011 Unaudited**	**3 months Ended 30/6/2010 Unaudited**	**6 months Ended 30/6/2011 Unaudited**	**6 months Ended 30/6/2010 Unaudited**
Note	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
OPERATING ACTIVITIES				
Profit before taxation	36,452	24,862	65,832	42,862
Adjustments for:				
Depreciation of property, plant and equipment	6,107	5,846	11,482	11.641
Amortisation of land use rights	289	131	340	261
Amortisation of intangible assets	1,996	2	3,641	4
Loss on disposal of property, plant and equipment	-	45	-	45
Allowance for doubtful trade receivables	804	1,462	3,703	645
Interest expense	736	843	1,465	1,752
Interest income	(536)	(104)	(962)	(748)
Foreign currency gain	(580)	354	(425)	383
Total adjustments	8,816	8,579	19,244	13,983
Operating cash flows before changes in working capital	**45,268**	**33,441**	**85,076**	**56,538**
(Increase) Decrease in:				
Inventories	(3,866)	(11,344)	(28,482)	(11,916)
Trade receivables	42,805	(68,604)	15,832	(63,931)
Bills receivable	-	-	341	200
Other receivables & prepayments	(303,076)	18,264	(296,121)	31,234
Increase (Decrease) in:				
Trade payables	(5,341)	14,957	34,033	23,586
Other payables & accruals	153,559	(13,450)	145,847	2,302
Due to directors	122,576	13,553	121,064	14,033
Total changes in working capital	6,657	(46,624)	(7,486)	(4,492)
Cash flows generated from operations	**51,925**	**(13,183)**	**77,590**	**52,046**
Interest expense paid	(736)	(708)	(1,465)	(1,484)
Interest income received	536	104	962	748
Income tax paid	(9,387)	(2,422)	(18,588)	(9,635)
Net cash generated from / (used in) operating activities (1)	**42,338**	**(16,209)**	**58,499**	**41,675**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,452)	(4,334)	(2,450)	(5,076)
Proceeds from disposal of property, plant and equipment	-	1,361	-	1,361
Acquisition of subsidiaries, net of cash acquired	(226,038)	-	(226,038)	-
Net cash used in investing activities (2)	**(227,490)**	**(2,973)**	**(228,488)**	**(3,715)**
FINANCING ACTIVITIES				
Purchase of treasury shares	-	(3,544)	-	(3,544)
Repayments of term loan	(564)	(835)	(1,156)	(1,485)
Proceeds from short-term borrowings	-	30,621	-	30,621
Proceeds from bills payable	775	7,817	8,631	7,817
Repayment of bills payable	(779)	(500)	(8,767)	(28,099)
Dividend paid	(17,205)	(33,059)	(17,205)	(33,059)
Decrease in fixed deposits pledged to banks	520	339	484	606
Net cash generated from (used in) financing activities (3)	**(17,253)**	**839**	**(18,013)**	**(27,143)**
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS	**(202,405)**	**(18,343)**	**(188,002)**	**10,817**
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**475,634**	**694,298**	**461,231**	**665,138**
CASH & CASH EQUIVALENTS AT END OF PERIOD	**273,229**	**675,955**	**273,229**	**675,955**
Cash and cash equivalents at end of period included in the consolidated statement of cash flows comprise the followings				
Fixed deposits	23,159	24,204	23,159	24,204
Cash and bank balances	279,124	698,667	279,124	698,667
	302,283	722,871	302,283	722,871
Less: bank overdraft	(5,895)	(22,712)	(5,895)	(22,712)
Fixed deposits (pledged)	(23,159)	(24,204)	(23,159)	(24,204)
Cash and Cash equivalents	**273,229**	**675,955**	**273,229**	**675,955**

Fixed deposits amounting to RMB 23,159,000 (2010: 24,204,000) are pledged to banks for the Group's bills payable to banks and bank overdrafts respectively.

Notes to Consolidated Statement of Cash Flows

1H2011 / 2Q2011

Note (1) Net cash flows generated from operating activities in 1H2011 amounted to RMB 58.5 million compared to RMB 41.7 million for prior year as a result of higher operating profits, collection of receivables, and higher payables during current period compared to the previous corresponding period. Net cash flows generated from operating activities in 2Q2011 amounted to RMB 42.3million compared to RMB (16.2) million largely due to effect of receivables collection during quarter compared to investment into receivables in previous period

Note (2) Net cash flows used in investing activities in 1H2011 amounting to RMB 228.5 million and 2Q2011 amounting to RMB 227.5 million primarily due to acquisition of subsidiaries – Fulong and Jianxin in 2Q2011.

Note (3) Net cash flows used in financing activities in 1H2011 amounting to RMB 18.0 million and 2Q2011 amounting to RMB 17.3 million was due mainly to dividend paid in 2Q2011.

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 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	-	-	-	-	-	-	(64)	25,827	25,763
Repurchase of shares	-	(3,544)	-	-	-	-	-	-	(3,544)
Dividend paid	-	-	-	-	-	-	-	(33,059)	(33,059)
Closing balance at 30 June 2010	756,224	(5,851)	42,550	39,573	(117,878)	1,040	(11)	368,398	1,083,981
At 1 January 2011	772,574	(6,408)	52,002	39,573	(117,878)	-	(413)	405,737	1,145,187
Total comprehensive income for the year	-	-	-	-	-	-	(322)	40,255	39,933
Dividend paid	-	-	-	-	-	-	-	(17,205)	(17,205)
Closing balance at 30 June 2011	773,595	(6,408)	52,002	39,573	(117,878)	-	(735)	428,787	1,167,915
Company									
At 1 January 2010	756,224	(2,307)	-	39,573	-	1,040	-	21,181	815,711
Total comprehensive income for the period	-	-	-	-	-	-	-	(3,444)	(3,444)
Repurchase of shares	-	(3,544)	-	-	-	-	-	-	(3,544)
Dividend paid	-	-	-	-	-	-	-	(33,059)	(33,059)
At 30 June 2010	756,224	(5,851)	-	39,573	-	1,040	-	(15,322)	775,664
At 1 January 2011	772,574	(6,408)	-	39,573	-	-	-	61,445	867,184
Total comprehensive income for the period	-	-	-	-	-	-	-	(7,100)	(7,100)
Dividend paid	-	-	-	-	-	-	-	(17,205)	(17,205)
At 30 June 2011	772,574	(6,408)	-	39,573	-	-	-	37,140	842,879

	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 April 2010	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(21)	386,592	1,105773
Total comprehensive income for the period	-	-	-	-	-	-	(54)	14,865	14,811
Repurchase of shares	-	(3,544)	-	-	-	-	-	-	(3,544)
Dividend paid	-	-	-	-	-	-	-	(33,059)	(33,059)
Closing balance at 30 June 2010	756,224	(5,851)	42,550	39,573	(117,878)	1,040	(75)	368,398	1,083,981
At 1 April 2011	772,574	(6,408)	52,002	39,573	(117,878)	-	(413)	423,397	1,162,847
Total comprehensive income for the period	-	-	-	-	-	-	(322)	22,595	22,273
Dividend paid	-	-	-	-	-	-	-	(17,205)	(17,205)
Closing balance at 30 June 2011	772,574	(6,408)	52,002	39,573	(117,878)	-	(735)	428,787	1,167,915
Company									
At 1 April 2010	756,224	(2,307)	-	39,573	-	1,040	-	19,410	813,940
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,673)	(1,673)
Repurchase of shares	-	(3,544)	-	-	-	-	-	-	(3,544)
Dividend paid	-	-	-	-	-	-	-	(33,059)	(33,059)
Closing balance at 30 June 2010	756,224	(5,851)	-	39,573	-	1,040	-	15,322	775,664
At 1 April 2011	772,574	(6,408)	-	39,573	-	-	-	58,355	864,094
Total comprehensive income for the period	-	-	-	-	-	-	-	(4,010)	(4,010)
Dividend paid	-	-	-	-	-	-	-	(17,205)	(17,205)
Closing balance at 30 June 2011	772,574	(6,408)	-	39,573	-	-	-	37,140	842,879

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 30 June 2011, there was no share acquired. There were a total of 13,886,000 treasury shares acquired in FY2009 and FY2010.

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.

	30 June 2011	**31 December 2010**
Total number of issued shares excluding treasury shares	860,272,000	860,272,000

There were a total of 13,886,000 treasury shares as 30 June 2011.

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 2011	13,886,000
Purchases of shares during the period	-
Total number of shares as at 30 June 2011	13,886,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2011.

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 second quarter of 2011 with those of the audited financial statements as at 31 December 2010.

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		Group	
	3 months ended 30/6/2011	**3 months ended 30/6/2010**	**6 months ended 30/6/2011**	**6 months ended 30/6/2010**
(a) Basic and	0.03	0.02	0.05	0.03
(b) On a fully diluted basis	0.03	0.02	0.05	0.03

Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2011:860,272,000 ordinary shares (2010: 830,401,918).

Diluted earnings per share is computed based on weighted average number of ordinary shares in issue in 2011:860,272,000 ordinary shares (2010: 870,005,918), 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	
	30/6/2011	**31/12/2010**	**30/6/2011**	**31/12/2010**
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 30/6/2011: 860,272,000 (31/12/2010: 860,272,000 shares)	1.36	1.33	0.98	1.01

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		
	3 months Ended 30/6/2011 Unaudited	3 months Ended 30/6/2010 Unaudited	Increase/ (Decrease)	6 months Ended 30/6/2011 Unaudited	6 months Ended 30/6/2010 Unaudited	Increase/ (Decrease)
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Finished zipper	44,637	19,050	134	68,828	31,019	122
Zipper Chain	69,286	66,461	4	146,805	119,289	23
Zipper Slider	40,108	41,545	(3)	77,875	65,286	19
Dyeing	8,569	-	NM	8,569	-	NM
Trading	14,959	77,007	(81)	43,778	95,601	(54)
Others	-	275	NM	-	1,202	NM
Total Group Revenue	177,559	204,338	(13)	345,855	312,397	11
COST OF SALES						
Finished zipper	29,338	13,421	119	46,487	21,986	111
Zipper Chain	51,732	47,216	10	105,867	85,329	24
Zipper Slider	25,527	31,108	(18)	50,423	50,040	1
Dyeing	5,454	-	NM	5,454	-	NM
Trading	14,622	75,712	(81)	42,875	94,010	(54)
Others	-	314	NM	-	1,071	NM
Total Group Cost of Sales	126,674	167,771	(28)	251,106	252,436	(1)
GROSS PROFIT/(LOSS)						
Finished zipper	15,299	5,629	172	22,341	9,033	147
Zipper Chain	17,554	19,245	(9)	40,938	33,960	21
Zipper Slider	14,581	10,437	40	27,452	15,246	80
Dyeing	3,115	-	NM	3,115	-	NM
Trading	337	1,295	(74)	902	1,591	(43)
Others	-	(39)	NM	-	131	NM
Total Gross Profit	50,884	36,567	39	94,748	59,961	58
GROSS PROFIT/(LOSS) MARGIN						
	%	%	%	%	%	%
Finished Zipper	34.3	29.6	4.7	32.5	29.1	3.4
Zipper Chain	25.3	29.0	(3.7)	27.9	28.5	(0.6)
Zipper Slider	36.4	25.1	11.3	35.4	23.4	12.0
Dyeing	36.4	-	NM	36.4	-	NM
Trading	2.2	1.7	0.5	2.1	1.7	0.4
Others	-	(14.2)	NM	-	10.9	NM
Average Gross Profit Margin	28.7	17.9	10.8	27.4	19.2	8.2
Zipper Segment Gross Profit Margin	30.8	27.8	3.0	30.9	27.0	3.9

NM: Not Meaningful

1H2011 vs. 1H2010 (6 months)

Revenue
The Group's revenue increased by RMB 33.5 million (or 11%) to RMB 345.9 million. The increase in revenue was due mainly to the increase in the sales of Finished Zippers (RMB 37.8 million), Zipper Chains (RMB 27.5 million) and Zipper Sliders (RMB 12.6 million) (collectively known as "Zipper segment") as well as maiden contribution from 2 newly acquired Dyeing operations namely Fulong Zipper and Weaving Co., Ltd, Jinjiang ("Fulong") and Jinjiang Jianxin Weaving Co., Ltd ("Jianxin") (totaling RMB8.6 million) from June 2011. This was partially offset by the decrease in revenue from the Trading segment (RMB51.8 million).

The increase in revenue from the Zipper segment was attributable to the increase in both quantity and selling prices to both local customers and overseas customers due to continued economic growth in the PRC and overseas markets.

The decrease in revenue from the Trading segment was due to the decrease in sales orders from customers during 2Q2011.

Gross Profit and Gross Profit Margin
The Group's gross profit increased by RMB 34.7 million (or 58%) to RMB 94.7 million, as a result of the higher revenue as well as gross profit margins for the Zipper segment.

The Group's average gross profit margin increased by 8.2% points to 27.4% due to increased demand from its zipper customers that resulted in its gross profit margin of 30.9% for 1H11. The new dyeing operations acquired in 2Q2011 generated a gross profit margin of 36.4%.

Other income and other expenses
Other income comprises government subsidies, gain on disposal of obsolescent stocks and rental income while other expenses mainly consist of foreign exchange loss. The increase in other income was due mainly to the PRC government subsidies of RMB 1.0 million obtained by the Group in 2Q2011.

Selling and distribution expenses
Selling and distribution expenses increased by RMB 1.0 million (or 44%) to RMB 3.2 million in line with the increase in sales volume and revenue, as well as increase in marketing and advertising expenses for promotion of the Group's 3F brands of zippers.

General and administrative expenses
General and administrative expenses increased by RMB 12.1 million (or 84%) to RMB 26.5 million. This was attributable to the allowance for doubtful debts amounting to RMB3.7 million (vs RMB 0.6million), amortization of the super durable patent of RMB3.9 million (nil in prior period), expenses related to work on Taiwan Depository Receipts and general increase in staff costs for 1H2011 compared to the previous corresponding period.

Finance income and expenses
Finance expenses decreased by RMB 0.3 million (or 16%) to RMB 1.5 million. This was attributable to the decrease in bank overdrafts and short-term bank loans compared to the previous corresponding period. Finance income increased slightly by RMB 0.2 million to RMB 1.0 million due mainly to delayed booking of interest income earned in 2Q2010 to 3Q2010.

Tax expense

	Group		
	6 months Ended 30/6/2011 Unaudited	**6 months Ended 30/6/2010 Audited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	19,851	13,061	52
Deferred tax[2]	5,726	3,667	56
Tax expense	25,577	16,728	53

Notes
[1] Current tax increased by RMB 6.8 million or 52% due to a higher profit before taxation in 1H2011.

[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 from 1 January 2008 onwards. As Jade Star (the PRC's subsidiaries' immediate holding Company) is incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

2Q2011 vs. 2Q2010 (3 months)

Revenue
The Group's revenue decreased by RMB 26.8 million (or 13%) to RMB 177.6 million. The decrease in revenue was due mainly to the decrease in Trading revenue of RMB 62.0 million, partially offset by the increase in revenue derived from the Finished Zippers of RMB 25.6 million and new contributions from the newly acquired Dyeing operations namely Fulong and Jianxin, totalling RMB 8.6 million.

The increase in revenue from the Zipper segment was attributable to the increase in both quantity and selling prices to both local customers and overseas customers due to continued economic growth in the PRC and overseas markets.

The decrease in revenue from the Trading segment was due to the decrease in sales orders from customers during 2Q2011.

Gross Profit and Gross Profit Margin
The Group's gross profit increased by RMB 14.3 million (or 39%) to RMB 50.9 million. The increase in gross profit was due mainly to the increase in revenue and gross profit margins from the Finished Zippers and contribution from the acquired Dyeing operations.

Average gross profit margin increased by 10.8% points to 28.7% due to increased demand from its zipper customers that resulted in its gross profit margin of 30.8% for 2Q2011. The newly acquired Dyeing operations generated a gross profit margin of 36.4% in their first month contribution to the Group.

Other income and other expenses
Other income comprises government subsidies, gain on disposal of obsolescent stocks and rental income while other expenses mainly consist of foreign exchange loss. The other income was due mainly to the government subsidies of RMB 1.0 million obtained by the Group in 2Q2011.

Selling and distribution expenses
Selling and distribution expenses increased by RMB 0.4 million (or 34%) to RMB 1.7 million in line with the increase in sales volume and revenue, and increase in marketing and advertising expenses incurred for the promotion of the Group's 3F brand of zipper products.

General and administrative expenses
General and administrative expenses increased by RMB 4.1 million (or 43%) to RMB 13.6 million. This was attributable to the allowance for doubtful debts amounting to RMB 0.8 million, amortization of the patent of RMB1.9 million, expenses related to Taiwan Depository Receipts and general increase in staff costs for 2Q2011 compared to the previous corresponding period.

Finance income and expenses
Finance expenses decreased by RMB 0.1 million (or 13%) to RMB 0.7 million. This was attributable to the decrease in bank overdrafts and short-term bank loans compared to the previous corresponding period. Finance income increased by RMB 0.4 million to RMB 0.5 million as there was a delayed booking of interest income earned in 2Q2010 to 3Q2010.

Tax expense

	Group		
	3 months Ended 30/6/2011 Unaudited	**3 months Ended 30/6/2010 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	10,822	7,919	37
Deferred tax[2]	3,035	2,078	46
Tax expense	13,857	9,997	39

Notes
[1] Current tax increased by RMB 2.9 million or 37% due to an increase in profit before taxation in 2Q2011.

[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 from 1 January 2008 onwards. As Jade Star (the PRC's subsidiaries' immediate holding Company) is incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

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.

Although the GDP of the People's Republic of China ("PRC") has grown 9% in 1H2011, the current high inflation rate and the tightening of bank credits may affect its growth over the next 6-12 months. In addition, the recent volatility of the markets which has caused uncertainties on the economic outlook of the U.S. and Europe, may also have an impact on the PRC growth.

Notwithstanding the current outlook of the garment and textile sector in the PRC is positive, any economic downturn of the major economies of the U.S. and Europe will affect export demand, and this in turn will affect the demand for the Group's zippers. Thus Group continues to be cautious in its dealings with existing and new customers, and shall step up collections of outstanding debts. In addition, with its scale and quality, the Group will continue to enhance branding efforts, and focus on serving its larger, more established customers.

With the completion of the 3 acquired companies (Fulong, Jianxin and Jinjiang Fuxin Electroplating Co., Ltd), more revenue and profit contribution will be captured from 3Q2011 onwards. Fuxin Electroplating's expected contribution would commence from August 2011 onwards as it becomes a new subsidiary of the Group end July 2011.

The Group continues to work on the following projects:

Projects
- worker's dormitory (2 blocks, 9F (estimated completion end FY2011) and 15F (start end FY2011, estimated completion end FY2012)
- Installation of Super Durable Zippers ("SDZ") machineries
- Installation of Y-teeth metal zipper machineries
- Production area expansion (additional 4 floors, total 30,000 sqm) and storage area to be completed end FY2011

With reference to the Group announcement on 10 May regarding the Proposed Listing of Taiwan Depository Receipts on the Taiwan Stock Exchange Corporation, in view of the current market conditions, the Group has decided to terminate its preparation work for this Proposed Listing.

Barring unforeseen circumstances, the Group is cautiously optimistic of its business outlook, and is confident of a profit growth for current year FY2011.

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
Dividend Type	Cash
Dividend Amount Per Share (in SGD)	0.2 cent
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?

Name of Dividend	Nil
Dividend Type	Nil
Dividend Amount Per Share (in RMB)	Nil
Tax Rate	Not Applicable

(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 (previously identified) to be used for the setting up of the Group's head office in Jinjiang City

The Group had previously applied for the land use right and building ownership certificates with the Jinjiang City Government upon payment of 30% deposit in March 2007 for a site that was previously identified to be the Group's head office in Jinjiang City. The application is still pending approval by the Fujian Provincial Government before sending to Jinjiang State Owned Land Resource Bureau for final processing. Due to the slow development of infrastructure works in that area of Jinjiang City after the 2008 global crisis, the Group has updated its plans for its new headquarters to be located in Xiamen Island.

The Group refers to its announcement released on 13 May 2011, in which it was announced that the Group had won a tender for a parcel of commercial land for RMB 160.7million (size 5,237.905 sqm, maximum gross building area 33,970 sqm) in Xiamen Island ("Target Land Parcel") to be developed as an office building to house its new Administrative Headquarter ("Proposed Land Acquisition and Development"), and lease out the rest of the space. Construction and development cost is expected to be in the region of not more than RMB 250 million. The Group is currently preparing a Shareholder Circular for a Special General Meeting to be convened to approve this transaction and will update shareholders as and when there is further development.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

11 August 2011

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)

Confirmation By Directors Pursuant to Clause 705(5) 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 2nd quarter ended 30 June 2011 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 August 2011