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

**QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31/12/2011. These figures have not been audited.

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | 3 months Ended 31/12/2011 Unaudited | 3 months Ended 31/12/2010 Unaudited | Increase/ (Decrease) | Year Ended 31/12/2011 Unaudited | Year Ended 31/12/2010 Audited | Increase/ (Decrease) |
| | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| **Continuing operations** | | | | | | |
| **Revenue** | 165,915 | 204,251 | (19) | 675,408 | 664,563 | 2 |
| Cost of sales | (134,925) | (160,796) | (16) | (517,902) | (519,464) | - |
| Gross profit | 30,990 | 43,455 | (29) | 157,506 | 145,099 | 9 |
| Other income and expenses | 2,525 | 9,188 | (73) | 3,342 | 9,047 | (63) |
| Selling and distribution expenses | (2,065) | (2,003) | 3 | (7,234) | (6,070) | 19 |
| General and administrative expenses | (67,261) | (12,741) | 428 | (115,603) | (30,567) | 278 |
| **Profit from operating activities** | (35,811) | 37,899 | NM | 38,011 | 117,509 | (68) |
| Finance income | 348 | 758 | (54) | 1,897 | 2,720 | (30) |
| Finance expense | (1,478) | (913) | 62 | (3,120) | (3,720) | (16) |
| **Profit before tax from continuing operations** | (36,941) | 37,744 | NM | 36,788 | 116,509 | (68) |
| Income tax expense | 761 | (14,663) | NM | (32,668) | (43,729) | (25) |
| **Profit from continuing operations, net of tax** | (36,180) | 23,081 | NM | 4,120 | 72,780 | (94) |
| **Discontinued operations** | | | | | | |
| **Loss from discontinued operation, net of tax** | - | - | NM | - | (1,183) | NM |
| Profit for the period attributable to the equity holders of the Company | (36,180) | 23,081 | NM | 4,120 | 71,597 | (94) |
| **Other comprehensive income for the period** | | | | | | |
| Exchange differences on translating foreign operations | (164) | (269) | 39 | (755) | (402) | 88 |
| **Total comprehensive income for the period attributable to shareholders** | (36,344) | 22,812 | NM | 3,365 | 71,195 | (95) |

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

| | | | | | | |
|---|---|---|---|---|---|---|
| Allowance for doubtful trade receivables | 2,565 | 2,150 | 19 | 7,778 | 1,523 | 411 |
| Allowance for inventory obsolescence / inventory written off | - | 599 | NM | - | 599 | NM |
| Amortisation of land use rights | 305 | 135 | 126 | 928 | 527 | 76 |
| Amortisation of intangible assets | 7,749 | 550 | 1309 | 12,640 | 556 | 2173 |
| Written off of intangible assets | 28,528 | - | NM | 28,528 | - | NM |
| (Gain)/loss on disposal of property, plant and equipment | 2 | (803) | NM | 2 | (767) | NM |
| Gain from fair valuation of investment property | (4,140) | (8,708) | (52) | (4,140) | (8,708) | (52) |
| Depreciation of property, plant and equipment | 24,974 | 5,864 | 326 | 43,138 | 23,300 | 85 |
| Foreign exchange loss/(gain), net | 3,866 | (1,532) | NM | 9,653 | 1,040 | NM |
| Salaries and bonuses | 21,625 | 9,837 | 120 | 62,192 | 44,279 | 40 |

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.

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/2011 Unaudited** | **31/12/2010 Audited** | **31/12/2011 Unaudited** | **31/12/2010 Audited** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 301,169 | 203,502 | - | - |
| Investment property | 60,803 | 59,563 | - | - |
| Land use rights | 46,502 | 22,645 | - | - |
| Intangible assets | 291,487 | 65,944 | - | - |
| Prepayment | 165,824 | 9,050 | - | - |
| Investment in subsidiaries | - | - | 344,853 | 344,853 |
| | 865,785 | 360,704 | 344,853 | 344,853 |
| **Current assets** | | | | |
| Inventories | 81,996 | 53,175 | - | - |
| Trade receivables, net | 125,728 | 202,298 | - | - |
| Bills and other receivables | 16,566 | 39,893 | 2 | 2 |
| Prepayments to suppliers | 11,955 | 185,504 | - | - |
| Amount due from subsidiaries (non-trade) | - | - | 481,382 | 509,109 |
| Fixed deposits | 79,257 | 82,916 | - | - |
| Cash and bank balances | 175,903 | 410,678 | 1,407 | 17,803 |
| | 491,405 | 974,464 | 482,791 | 526,914 |
| | | | | |
| **Total assets** | 1,357,190 | 1,335,168 | 827,644 | 871,767 |
| **EQUITY AND LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade payables | 17,554 | 6,104 | - | - |
| Bills payable to banks | 15,369 | 11,042 | - | - |
| Other payables & accruals | 61,960 | 40,668 | 1,864 | 2,621 |
| Amount due to director (non-trade) | 5,358 | 1,962 | 1,866 | 1,962 |
| Short-term bank loans | 65,746 | 70,736 | - | - |
| Bank overdrafts | 8,345 | 8,720 | - | - |
| Income tax payable | 7,132 | 12,401 | - | - |
| **Total current liabilities** | 181,464 | 151,634 | 3,730 | 4,583 |
| **Non-current liabilities** | | | | |
| Deferred tax liabilities | 52,851 | 38,347 | - | - |
| | 52,851 | 38,347 | - | - |
| **Total liabilities** | 234,315 | 189,981 | 3,730 | 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 | 61,690 | 52,002 | - | - |
| Restructuring reserve | (117,878) | (117,878) | - | - |
| Contributed surplus | 39,573 | 39,573 | 39,573 | 39,573 |
| Translation reserve | (1,168) | (413) | - | - |
| Accumulated profits | 374,492 | 405,737 | 18,175 | 61,445 |
| **Total equity** | 1,122,875 | 1,145,187 | 823,914 | 867,184 |
| **Total equity and liabilities** | 1,357,190 | 1,335,168 | 827,644 | 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 31 December 2011 | | As at 31 December 2010 | |
|---|---|---|---|---|
| | **Secured** | **Unsecured** | **Secured** | **Unsecured** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Bills payable to banks[1] | 15,369 | - | 11,042 | - |
| Short-term bank loans | | - | | - |
| - Shanghai Rural Commercial Bank[2] | 13,000 | | 13,000 | |
| - East West Bank[3] | 28,456 | - | 29,866 | - |
| - Industrial and Commercial Bank of China[4] | 24,290 | - | 27,870 | - |
| Bank overdrafts[5] | 8,345 | - | 8,720 | - |

**Notes:**

[1] RMB 15.4 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 a related party (Hong Li Hong) and independent third party (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 guarantee from Fuxing China Group Limited.

[5] RMB 4 million is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from a related party (Hong Li Hong) and independent third party (Sze Kai Lung) and corporate guarantee from Fuxing China Group Limited.; while RMB 4.2 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.

[6] None of the above loans contain any covenant regarding controlling shareholder's interest in Fuxing China Group Limited

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

| | 3 months Ended 31/12/2011 Unaudited RMB'000 | 3 months Ended 31/12/2010 Unaudited RMB'000 | Year Ended 31/12/2011 Unaudited RMB'000 | Year Ended 31/12/2010 Audited RMB'000 |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| (Loss) / Profit before tax from continuing operations | (36,941) | 37,843 | 36,788 | 116,509 |
| Loss before tax from discontinued operation | - | - | - | (1,183) |
| **(Loss) / Profit before taxation** | **(36,941)** | **37,843** | **36,788** | **115,326** |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 24,974 | 5,864 | 43,138 | 23,300 |
| Amortisation of land use rights | 305 | 135 | 928 | 525 |
| Amortisation of intangible assets | 7,750 | 550 | 12,641 | 556 |
| Written off of intangible assets | 28,528 | - | 28,528 | - |
| (Gain)/loss on disposal of property, plant and equipment | 2 | (798) | 2 | (767) |
| Gain from fair valuation on investment property | (4,140) | (8,708) | (4,140) | (8,708) |
| Allowance for doubtful trade receivables | 2,565 | 2,150 | 7,778 | 1,523 |
| Allowance for inventory obsolescence/inventory written off | - | 599 | - | 599 |
| Convertible notes expenses | - | 52 | - | 52 |
| Interest expense | 1,478 | 913 | 3,120 | 3,668 |
| Interest income | (348) | (758) | (1,897) | (2,720) |
| Foreign currency gain | (296) | (1,011) | (1,165) | (1,040) |
| Total adjustments | 60,818 | (1,012) | 88,933 | 16,988 |
| **Operating cash flows before changes in working capital** | **23,877** | **36,831** | **125,721** | **132,314** |
| (Increase) Decrease in: | | | | |
| Inventories | 14,674 | 1,851 | (20,856) | (12,266) |
| Trade receivables | 10,199 | (23,913) | 78,488 | (42,465) |
| Bills and other receivable | 47,678 | (341) | 46,928 | (141) |
| Prepayment to suppliers | (52,263) | (160,299) | 42,784 | (147,134) |
| Increase (Decrease) in: | | | | |
| Trade payables | 4,454 | (24,552) | 3,381 | (980) |
| Other payables & accruals | 3,075 | 10,918 | (44,880) | 5,050 |
| Bills payable | 4,952 | 5,797 | 4,952 | (14,485) |
| Due to directors | (107,198) | (113) | 3,396 | (246) |
| Total changes in working capital | (74,429) | (190,652) | 114,193 | (212,667) |
| **Cash flows generated from / (used in) operations** | **(50,522)** | **(153,821)** | **239,914** | **(80,353)** |
| Interest expense paid | (1,478) | (832) | (3,120) | (3,192) |
| Interest income received | 348 | 758 | 1,897 | 2,720 |
| Income tax paid | (8,192) | (9,603) | (37,178) | (26,997) |
| **Net cash generated from / (used in) operating activities** | **(59,874)** | **(163,498)** | **201,513** | **(107,822)** |
| **INVESTING ACTIVITIES** | | | | |
| Purchase of property, plant and equipment | (4,864) | (11,395) | (41,341) | (39,142) |
| Purchase of intangible assets | (45) | (46,000) | (45) | (46,000) |
| Proceeds from disposal of property, plant and equipment | - | (502) | - | 1,008 |
| Acquisition of subsidiaries, net of cash acquired | - | - | (370,199) | - |
| **Net cash used in investing activities** | **(4,909)** | **(57,897)** | **(411,585)** | **(84,134)** |
| **FINANCING ACTIVITIES** | | | | |
| Redemption of convertible notes | - | 118 | - | (2,442) |
| Purchase of treasury shares | - | - | - | (4,101) |
| Proceeds from short-term borrowings | 13,000 | 12,246 | 13,000 | 42,867 |
| Repayments of short-term borrowings | (14,290) | (14,611) | (15,310) | (16,383) |
| Dividend paid | - | - | (25,677) | (33,059) |
| Decrease in fixed deposits pledged to banks | 97 | 350 | 984 | 1,167 |
| **Net cash generated from (used in) financing activities** | **(1,193)** | **(1,897)** | **(27,003)** | **(11,951)** |
| NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS | (65,976) | (223,292) | (237,075) | (203,907) |
| CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD / YEAR | 290,132 | 684,523 | 461,231 | 665,138 |
| CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A) | 224,156 | 461,231 | 224,156 | 461,231 |

**Note A:**

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

| | 3 months Ended 31/12/2011 Unaudited RMB'000 | 3 months Ended 31/12/2010 Unaudited RMB'000 | Year Ended 31/12/2011 Unaudited RMB'000 | Year Ended 31/12/2010 Audited RMB'000 |
|---|---|---|---|---|
| Fixed deposits | 79,257 | 82,916 | 79,257 | 82,916 |
| Cash and bank balances | 175,903 | 410,678 | 175,903 | 410,678 |
| | 255,160 | 493,594 | 255,160 | 493,594 |
| Less: Bank overdraft | (8,345) | (8,720) | (8,345) | (8,720) |
| Fixed deposits (pledged) | (22,659) | (23,643) | (22,659) | (23,643) |
| **Cash and cash equivalents** | 224,156 | 461,231 | 224,156 | 461,231 |

Fixed deposits amounting to RMB 22,659,000 (2010: 23,643,000) 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 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 | - | - | - | - | - | - | (402) | 71,597 | 71,195 |
| Transferred to reserve fund | - | - | 9,452 | - | - | - | - | (9,452) | - |
| Repurchase of shares | - | (4,101) | - | - | - | - | - | - | (4,101) |
| Redemption of convertible notes | 16,350 | - | - | - | - | (1,040) | - | 1,021 | 16,331 |
| Dividend paid | - | - | - | - | - | - | - | (33,059) | (33,059) |
| **Closing balance at 31 December 2010** | 772,574 | (6,408) | 52,002 | 39,573 | (117,878) | - | (413) | 405,737 | 1,145,187 |
| **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 | - | - | - | - | - | - | (755) | 4,120 | 3,365 |
| Transferred to reserve fund | | | 9,688 | | | | | (9,688) | - |
| Dividend paid | - | - | - | - | - | - | - | (25,677) | (25,677) |
| **Closing balance at 31 December 2011** | 772,574 | (6,408) | 61,690 | 39,573 | (117,878) | - | (1,168) | 374,492 | 1,122,875 |
| **Company** | | | | | | | | | |
| **At 1 January 2010** | 756,224 | (2,307) | - | 39,573 | - | 1,040 | - | 21,181 | 815,711 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 72,302 | 72,302 |
| Repurchase of shares | - | (4,101) | - | - | - | - | - | - | (4,101) |
| Redemption of convertible notes | 16,350 | - | - | - | - | (1,040) | - | 1,021 | 16,331 |
| Dividend paid | - | - | - | - | - | - | - | (33,059) | (33,059) |
| **At 31 December 2010** | 772,574 | (6,408) | - | 39,573 | - | - | - | 61,445 | 867,184 |
| **At 1 January 2011** | 772,574 | (6,408) | - | 39,573 | - | - | - | 61,445 | 867,184 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | (17,593) | (17,593) |
| Dividend paid | - | - | - | - | - | - | - | (25,677) | (25,677) |
| **At 31 December 2011** | 772,574 | (6,408) | - | 39,573 | - | - | - | 18,175 | 823,914 |

| Group | Share capital RMB'000 | Treasury shares RMB'000 | Reserve fund RMB'000 | Contributed surplus RMB'000 | Restructuring reserve[1] RMB'000 | Equity reserve[2] RMB'000 | Translation reserve RMB'000 | Accumulated profits / (losses) RMB'000 | Total equity RMB'000 |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 October 2010** | 756,224 | (6,408) | 42,550 | 39,573 | (117,878) | 970 | (144) | 391,087 | 1,105,974 |
| Total comprehensive income for the period | - | - | - | - | - | - | (269) | 23,081 | 22,812 |
| Transferred to reserve fund | - | | 9,452 | - | - | - | - | (9,452) | - |
| Redemption of convertible notes | 16,350 | - | - | - | - | (970) | - | 1,021 | 16,401 |
| **Closing balance at 31 December 2010** | 772,574 | (6,408) | 52,002 | 39,573 | (117,878) | - | (413) | 405,737 | 1,145,187 |
| **At 1 October 2011** | 772,574 | (6,408) | 52,002 | 39,573 | (117,878) | - | (1,004) | 420,360 | 1,159,219 |
| Total comprehensive income for the period | - | - | - | - | - | - | (164) | (36,180) | (36,344) |
| Transferred to reserve fund | - | - | 9,688 | - | - | - | - | (9,688) | - |
| **Closing balance at 31 December 2011** | 772,574 | (6,408) | 61,690 | 39,573 | (117,878) | - | (1,168) | 374,492 | 1,122,875 |
| **Company** | | | | | | | | | |
| **At 1 October 2010** | 756,224 | (6,408) | - | 39,573 | - | 970 | - | 62,970 | 853,329 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | (2,546) | (2,546) |
| Redemption of convertible notes | 16,350 | - | - | - | - | (970) | - | 1,021 | 16,401 |
| **Closing balance at 31 December 2010** | 772,574 | (6,408) | - | 39,573 | - | - | - | 61,445 | 867,184 |
| **At 1 October 2011** | 772,574 | (6,408) | - | 39,573 | - | - | - | 24,162 | 829,901 |
| Total comprehensive income for the period | - | - | - | - | - | - | - | (5,987) | (5,987) |
| Dividend paid | - | - | - | - | - | - | - | - | - |
| **Closing balance at 31 December 2011** | 772,574 | (6,408) | - | 39,573 | - | - | - | 18,175 | 823,914 |

**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 December 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 immediate preceeding year.**

| | **31 December 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 31 December 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 year | - |
| Total number of shares as at 31 December 2011 | 13,886,000 |

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 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 same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2010 have been applied in the preparation for the financial statements for the year ended 31 December 2011.

**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.**

The adoption of the new and revised FRS and INT FRS does not have any material financial impact on the Group's and Company's financial statements for the current year.

**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 cents): | Group | | Group | |
|---|---|---|---|---|
| | **3 months ended 31/12/2011** | **3 months ended 31/12/2010** | **Year ended 31/12/2011** | **Year ended 31/12/2010** |
| (a) Basic and | (4.2) | 2.8 | 0.5 | 8.6 |
| (b) On a fully diluted basis | (4.2) | 2.7 | 0.5 | 8.3 |

*Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2011:860,272,000 ordinary shares (2010: 831,237,326).*

*As at 31 December 2010, diluted earnings per share is computed based on weighted average number of ordinary shares issued in 2010 of 858,407,184, adjusted for the conversion of the convertible note at the beginning of the year to date of conversion.*

*For the financial year ended 31 December 2011, the basic and diluted earnings per share of the Group are the same as there were no potential diluting ordinary shares outstanding as at 31 December 2011.*

**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 | |
|---|---|---|---|---|
| | **31/12/2011** | **31/12/2010** | **31/12/2011** | **31/12/2010** |
| Net asset value per ordinary share based on issued share capital at the end of the period/year (in RMB): (Number of ordinary shares in issue as at 31/12/2011: 860,272,000 (31/12/2010: 860,272,000 shares) | 1.31 | 1.33 | 0.96 | 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 31/12/2011 Unaudited** | **3 months Ended 31/12/2010 Unaudited** | **Increase/ (Decrease)** | **Year Ended 31/12/2011 Unaudited** | **Year Ended 31/12/2010 Audited** | **Increase/ (Decrease)** |
| **REVENUE** | **RMB'000** | **RMB'000** | **%** | **RMB'000** | **RMB'000** | **%** |
| Zipper Chain | 89,698 | 108,293 | (17) | 395,905 | 355,337 | 11 |
| Zipper Slider | 32,198 | 38,163 | (16) | 137,856 | 147,930 | (7) |
| Trading | 20,595 | 57,795 | (64) | 89,946 | 161,296 | (44) |
| Processing | 29,054 | - | NM | 64,040 | - | NM |
| Inter-segment sales | (5,630) | - | NM | (12,339) | - | NM |
| Total Group Revenue | 165,915 | 204,251 | (19) | 675,408 | 664,563 | 2 |
| **COST OF SALES** | | | | | | |
| Zipper Chain | 68,946 | 79,913 | (14) | 297,877 | 254,981 | 17 |
| Zipper Slider | 23,829 | 24,295 | (2) | 97,754 | 106,218 | (8) |
| Trading | 19,813 | 56,588 | (65) | 87,451 | 158,265 | (45) |
| Processing | 27,967 | - | NM | 47,159 | - | NM |
| Inter-segment sales | (5,630) | - | NM | (12,339) | - | NM |
| Total Group Cost of Sales | 134,925 | 160,796 | (16) | 517,902 | 519,464 | (0) |
| **GROSS PROFIT/(LOSS)** | | | | | | |
| Zipper Chain | 20,752 | 28,380 | (27) | 98,028 | 100,356 | (2) |
| Zipper Slider | 8,369 | 13,868 | (40) | 40,102 | 41,712 | (4) |
| Trading | 782 | 1,207 | (35) | 2,495 | 3,031 | (18) |
| Processing | 1,087 | - | NM | 16,881 | - | NM |
| Total Gross Profit | 30,990 | 43,455 | (29) | 157,506 | 145,099 | 9 |
| **GROSS PROFIT/(LOSS) MARGIN** | | | | | | |
| | **%** | **%** | **%** | **%** | **%** | **%** |
| Zipper Chain | 23.1 | 26.2 | (3.1) | 24.8 | 28.2 | (3.4) |
| Zipper Slider | 26.0 | 36.3 | (10.3) | 29.1 | 28.2 | 0.9 |
| Trading | 3.8 | 2.1 | 1.7 | 2.8 | 1.9 | 0.9 |
| Processing | 3.7 | - | NM | 26.4 | - | NM |
| Average Gross Profit Margin | 18.7 | 21.3 | (2.6) | 23.3 | 21.8 | 1.5 |
| Zipper Segment Gross Profit Margin | 23.9 | 28.8 | (4.9) | 25.9 | 28.2 | (2.3) |

NM: Not Meaningful

**FY2011 vs. FY2010**

**Revenue**
The Group's revenue increased by RMB 10.8 million (or 1.6%) to RMB 675.4 million. The increase in revenue was due mainly to the increase in the sales of the Zipper Chain (RMB 40.6 million), as well as contributions from 3 newly acquired processing operations namely Fulong Zipper and Weaving Co., Ltd, Jinjiang ("Fulong"), Jinjiang Jianxin Weaving Co., Ltd ("Jianxin") and Jinjiang Fuxin Electroplating Co., Ltd ("Fuxin") (totaling RMB 64.0 million). This was offset by the decrease in revenue from the Zipper Slider (RMB 10.1 million) and the Trading segment (RMB 71.4 million).

The inter-segment sales elimination represented the Processing segment provided dyeing and electroplating services to the Zipper Chain segment and Zipper Slider segment.

The increase in revenue from the Zipper Chain segment was attributable to the increase in quantity sold to both local customers and overseas customers as a result of lower profit margin and the successful promotion of the finished zipper which contributed revenue of RMB 146.0 million.

The decrease in revenue from the Zipper Slider in FY2011 was attributable to a deteriorating market for the zipper industry in the PRC which was affected by the general slowdown in the global economy. This had led to the Group reducing its selling prices to attract more orders. The lower selling prices of the Group's products were also partly due to a slight decline in raw material prices.

The Group's trading segment relates to the buying of certain raw materials to satisfy some of its customers' requirements as the nature of such sales is dependent on these customers' requirements, spread of profit margin and all purchases are based on confirmed sales, i.e. the Group does not hold inventories. As such, the volume of trading depends on the opportunity for the Group to make profitable trades, price movements, customers' requirements for these raw materials and such transaction volume may fluctuate month-to-month. The decrease in revenue from the Trading segment was due to a decrease in sales orders from customers during FY2011.

**Gross Profit and Gross Profit Margin**
The Group's gross profit increased by RMB 12.4 million (or 9%) to RMB 157.5 million, as a result of the higher revenue from the Zipper Chain segment and contributions from the newly acquired processing segment. The increase in gross profit from the Zipper Slider segment was due mainly to the benefits from newly acquired processing segment which provided electroplating services in production of Zipper Slider.

The Group's average gross profit margin increased slightly by 1.5% points to 23.3% due to the new processing operations acquired in 2Q2011 and 3Q2011, which provided processing services in production of zipper chain and zipper slider.

**Other income and other expenses**
Other income comprises government subsidies, gain from fair valuation of investment property and rental income while other expenses consist mainly of agency fee, and loss on disposal of property, plant and equipment. The net income decrease was due mainly to the decrease in gain from fair valuation of investment property.

**Selling and distribution expenses**
Selling and distribution expenses increased by RMB 1.2 million (or 19%) to RMB 7.2 million due to higher delivery costs 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 85.0 million (or 278%) to RMB 115.6 million. This was attributable to the consolidation of the 3 new subsidiaries in FY2011,

impairment loss on goodwill for the Shanghai subsidiary (RMB 17.5 million), impairment loss on super durable patent (RMB 11 million), increase in staff costs amounting to RMB 18 million, and amortization of the intangible assets (including super durable patent, operating license and customer base) of RMB12.1 million (FY2010: RMB 0.5 mil).

The significant increase in depreciation was due mainly to the acquisition of new plant and machineries for production of Super Durable Zipper and consolidation of the 3 new subsidiaries in FY2011.

The significant increase in exchange loss of amounting RMB 9.6 million (FY2010: exchange loss RMB 1.0 million) was due to an appreciation of RMB versus HKD, SGD and USD, which represented the exchange loss from investment in HK subsidiaries, purchase of a parcel of land in Xiamen Island and the bank balances in foreign currencies.

For the purchase of a parcel of land in Xiamen Island, the deposit was paid by Fuxing China Group Limited (the "holding company"), which was incorporated in Bermuda, amounted to HKD 193.4 million as security for purchase of the land in April 2011. According to the terms, the deposit can only be paid through the holding company's bank account. However, as a foreign company, the holding company is only allowed to have foreign currencies bank accounts. After receiving approval from the shareholders and the PRC government, RMB 160.7 million was transferred and paid to the PRC government in December 2011. As there was a change in the exchange rate during the period, a significant exchange loss was incurred.

**Finance income and expenses**
Finance expenses decreased by RMB 0.6 million (or 16%) to RMB 3.1 million. This was attributable to the decrease in bank overdrafts and term loans compared to the previous corresponding period. Finance income decreased by RMB 0.8 million to RMB 1.9 million due mainly to a decrease in interest income from the bank balance after payment for acquisition of the 3 new subsidiaries had been made.

**Tax expense**

| | **Group** | | |
|---|---|---|---|
| | **Year Ended 31/12/2011 Unaudited** | **Year Ended 31/12/2010 Audited** | **Increase/ (Decrease)** |
| | **RMB'000** | **RMB'000** | **%** |
| Current tax[1] | 28,856 | 31,436 | (8) |
| Deferred tax[2] | 4,844 | 9,015 | (46) |
| Deferred tax[3] | (1,032) | 3,278 | NM |
| Tax expense | 32,668 | 43,729 | (25) |

NM: Not Meaningful

Notes

[1] Current tax decreased by RMB 2.6 million or 8% due to a decrease in taxable profit before taxation in FY2011

[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, 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%.

[3] Deferred tax arising from temporary differences in fair value of investment property and depreciation of property, plant and equipment.

**4Q2011 vs. 4Q2010 (3 months)**

**Revenue**
The Group's revenue decreased by RMB 38.3 million (or 19%) to RMB 165.9 million. The decrease in revenue was due mainly to the decrease in the Trading segment of RMB 37.2 million, the Zipper Chain of RMB 18.6 million, and the Zipper Slider of RMB 6.0 million. This was partially offset by the increase in revenue contributions from the newly acquired processing operations namely Fulong, Jianxin and Fuxin, totaling RMB 29.1 million.

The inter-segment sales elimination represented the Processing segment provided dyeing and electroplating services to the Zipper Chain segment and Zipper Slider segment.

The decrease in revenue from the Zipper Chain and the Zipper Slider in FY2011 was attributable to a deteriorating market for the zipper industry in the PRC which was affected by the general slowdown in the global economy. This had led to the Group reducing its selling prices to attract more orders. The lower selling prices of the Group's products were also partly due to a slight decline in raw material prices.

The decrease in revenue from the Trading segment was due to a decrease in sales orders during 4Q2011.

**Gross Profit and Gross Profit Margin**
The Group's gross profit decreased by RMB 12.5 million (or 29%) to RMB 31.0 million. The decrease in gross profit was due mainly to the decrease in revenue.

Average gross profit margin decreased by 2.6% points to 18.7% due to the decrease in gross profit margin from the Zipper segment in 4Q2011. This was attributable to a deteriorating market for the zipper industry in the PRC, which was affected by the general slowdown in the global economy, resulting as the Group reducing its gross profit margin to attract more customers' orders.

The newly acquired the Processing segment generated a gross profit margin of 3.7% to the Group due mainly to Group reducing its gross profit margin to attract more customers' orders as well as more adjustment made in 4Q2011, eg., depreciation.

**Other income and other expenses**
Other income comprises government subsidies, gain from fair valuation of investment property and rental income while other expenses consist mainly of agency fee, and loss on disposal of property, plant and equipment. The net income decrease was due mainly to the decrease in gain from fair valuation of investment property.

**Selling and distribution expenses**

Selling and distribution expenses increased by RMB 0.1 million (or 3%) to RMB 2.1 million due to higher delivery costs 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 54.5 million (or 428%) to RMB 67.3 million. This was attributable to the consolidation of the 3 new subsidiaries in FY2011, impairment loss on goodwill for the Shanghai subsidiary (RMB 17.5 million), impairment loss on super durable patent (RMB 11 million), increase in staff costs amounting to RMB 11.8 million, and amortization of the intangible assets (including super durable patent, operating license and customer base) of RMB7.8 million (4Q2010: nil).

The significant increase in depreciation was due mainly to the acquisition of new plant and machineries for production of Super Durable Zipper and consolidation of the 3 new subsidiaries in 4Q2011.

The significant increase in exchange loss of RMB 3.9 million (4Q2010: exchange gain RMB 1.5 million) was due to an appreciation of RMB versus HKD, SGD and USD which represented the exchange loss from investment in HK subsidiaries, purchase of a parcel of land in Xiamen Island and bank balances in foreign currencies.

**Finance income and expenses**

Finance expenses decreased by RMB 0.6 million (or 62%) to RMB 1.5 million. This was attributable to the decrease in bank overdrafts and term loans compared to the previous corresponding period. Finance income decreased by RMB 0.4 million to RMB 0.3 million due mainly to a decrease in interest income from the bank balance after payment for the acquisition of 3 the new subsidiaries had been made.

**Tax expense**

| | **Group** | | |
|---|---|---|---|
| | **3 months Ended 31/12/2011 Unaudited** | **3 months Ended 31/12/2010 Unaudited** | **Increase/ (Decrease)** |
| | **RMB'000** | **RMB'000** | **%** |
| Current tax[1] | 3,112 | 9,546 | (67) |
| Deferred tax[2] | (2,841) | 2,341 | NM |
| Deferred tax[3] | (1,032) | 2,776 | NM |
| Tax (reversal) / expense | (761) | 14,663 | NM |

NM: Not Meaningful

Notes

[1] Current tax decreased by RMB 6.4 million or 67% due to a decrease in taxable profit before taxation in 4Q2011.

[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, 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%.

[3] Deferred tax arising from temporary differences in fair value of investment property and depreciation of property, plant and equipment.

**FINANCIAL POSITIION**

**Non-current assets**

As at 31 December 2011, non-current assets amounted to RMB 865.8 million comprising property, plant and equipment, investment property, land use rights, prepayment and intangible assets.

The Group's property, plant and equipment increased by RMB 97.7 million or 48% from RMB 203.5 million to RMB 301.2 million due mainly to the consolidation of the 3 recently acquired subsidiaries - Fulong Zipper and Weaving Co., Ltd, Jinjiang ("Fulong"), Jinjiang Jianxin Weaving Co., Ltd ("Jianxin") and Jinjiang Fuxin Electroplating Co., Ltd ("Fuxin") as well as purchases of equipment of RMB 41.3 million in FY2011.

The land use rights increased by RMB 23.9 million due to the consolidation of land use rights from Fulong and Jianxin.

The intangible assets increased by RMB 225.5 million or 342% from RMB 65.9 million to RMB 291.5 million due to the consolidation of the operating license, customers base (RMB 170.2 million) and goodwill (RMB 96.5 million) from Fulong, Jianxin and Fuxin. The value of intangible assets were based on a Purchase Price Allocation report prepared by Jones Lang Lasalle Sallmans on the Legal Completion date for the purpose of assessing fair value of assets and liabilities of acquired companies which were consolidated into the Group with reference to the requirements of relevant accounting standards.

The prepayment balance of RMB 165.8 million represented mainly the acquisition price of a parcel of land in Xiamen Island for the Group's future administrative headquarters (RMB 160.7 million) as well as deposits paid for purchases of machinery.

**Current assets**

Current assets decreased by RMB 483.1 million or 50% in FY2011. This was due largely to a decrease in trade receivables, prepayment to suppliers, bills and other receivables, fixed deposits, cash and bank balances which were offset by the increase in inventories.

Inventories increased by RMB 28.8 million to RMB 82.0 million from RMB 53.2 million due to a buildup of inventory as a result of the decline in sales while production continues so as to lower its manufacturing overheads, as well as inventories from Fulong, Jianxin and Fuxin which were consolidated into the Group.

Trade receivables declined by RMB 76.6 million from RMB 202.3 million to RMB 125.7 million due to the stepping up of collection efforts by the Group.

Bills and other receivables decreased by RMB 23.3 million from RMB 39.9 million to RMB 16.6 million as most of the bills receivables were settled in 4Q2011.

Prepayment to suppliers declined by RMB 173.5 million from RMB 185.5 million to RMB 12.0 million as purchases of raw materials were offset by the prepaid balances with some suppliers and the return of most of the funds, which had been prepaid to the suppliers, in support of the Group's need to fund its working capital. As agreed with the suppliers, the prepayment had been used to offset against the purchase of raw materials, and the Group could request for the return of its prepayments at any time without any terms and conditions attached.

Fixed deposits, cash and bank balances declined from RMB 493.6 million to RMB 255.2 million due to payment for the acquisition of Fulong, Jianxin and Fuxin as well as payment for the land in Xiamen Island.

**Current liabilities**

Current liabilities increased by RMB 29.8 million or 20% in FY2011. This was mainly attributable to the increase in trade payables, bills payable to banks, other payables and accruals, and amount due to director, which was offset by the decrease in short term bank loans, bank overdraft and income tax payables.

Trade payables, bills payable to banks, other payables and accruals increased by RMB 11.5 million, RMB 4.3 million, and RMB 21.3 million, respectively. These were due mainly to the consolidation of Fulong, Jianxin and Fuxin.

Amount due to director refers mainly to funds contributed by Mr Hong Qing Liang for the Group's Acquisition of the Land Parcel in Xiamen Island to be developed into its future administrative headquarters.

**CASH FLOW**

**Operating activities**

Net cash flows generated from operating activities in FY2011 amounted to RMB 201.5 million and used in FY2010 amounted to RMB 107.8 million. This was due mainly to the decrease in advance payment to suppliers and the result of collection efforts of trade receivables. Net cash flows used in operating activities in 4Q11 amounted to RMB 60.6 million compared to RMB 163.5 million in 4Q10. This was due mainly to a decrease in advance payment to suppliers.

**Investing activities**

Net cash flows used in investing activities in FY2011 amounted to RMB 411.6 million compared to RMB 84.1 million in FY2010, was due primarily to the acquisition of the 3 subsidiaries – Fulong, Jianxin and Fuxin in FY2011.

**Financing activities**

Net cash flows used in financing activities in FY2011 amounted to RMB 27.0 million compared to RMB 12.0 million in FY2010, as there were no short-term borrowings in FY2011.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's FY2011 result is in line with the profit guidance, which was announced on 22 December 2011.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group is now operating in a very challenging environment. With the uncertainty over the European debt crisis, a slowdown in the U.S and European economies, the Group will operate cautiously over the course of the next 12 months. Any impact on the major economies will affect its export demand. In addition, the PRC government's effort to tighten credit in order to manage the high inflation has affected many enterprises and may affect its economic growth. All these in turn will affect the demand for the Group's zipper products.

The Group will continue to be cautious in dealing with existing and new customers, and shall step up its review and collection of outstanding debt. The Group shall also reduce its discretionary costs across all operations.

The Group has slowed down and deferred some of its capital projects, but will continue to work on the following projects:

<u>Projects</u>
- worker's dormitory (2 blocks, 9F (estimated completion 2Q2012) and 15F (delayed)
- Production area expansion (additional 3 floors, total 22,500 sqm) and storage area (estimated completion end 1Q2012)
- Xiamen HQ project (estimated to start 2Q2012, estimated completion within 3 years)

The Group is currently negative on its business outlook, and will take steps to ride through the expected economic uncertainties.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No

**(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 | Final |
| Dividend Type | Cash |
| Dividend Amount Per Share (in RMB) | 0.02 |
| Tax Rate | Not Applicable |

**(c) Date payable**

Not Applicable

**(d) Books closure date**

Not Applicable

**12. If no dividend has been declared/recommended, a statement to that effect.**

Not Applicable.

**13. Status of Acquisition of Land Parcel and Development of Group's head office in Xiamen City**

Further to the Proposed Acquisition of a parcel of commercial land for RMB 160.7million (size 5,237.905 sqm, maximum gross building area 33,970 sqm) in Xiamen Island (the "Land"), which had been approved at a Special General Meeting on 14 November 2011. The Land is to be developed as an office building to house its new Administrative Headquarter ("HQ"), and lease out the rest of the space. For the purpose of building a HQ, the new subsidiaries – Xiamen Fuxing Industrial Co. Ltd. ("Xiamen Fuxing") and Fuxing China Group Limited (FCG) were incorporated to carry out any form of proposed real estate development activities. More information is found in the announcements dated 21 December 2011 and 8 February 2012.

**14. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company is not required to have a general mandate from shareholders for IPTs.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

| Group<br>31 December 2011 | Zipper Chain RMB'000 | Zipper Slider RMB'000 | Knitting Wool RMB'000 | Trading RMB'000 | Processing RMB'000 | Corporate RMB'000 | Elimination RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | | | |
| Sales to external customers | 395,905 | 137,856 | - | 89,946 | 51,701 | - | - | 675,408 |
| Inter-segment sales | 9,084 | 18,543 | - | - | 12,339 | - | (39,966) | - |
| Total revenue | 404,989 | 156,399 | - | 89,946 | 64,040 | | (39,966) | 675,408 |
| **Results:** | | | | | | | | |
| Segment gross profit | 106,065 | 44,404 | - | 2,495 | 4,542 | - | - | 157,506 |
| Segment results | 51,053 | 32,964 | - | 7,211 | (14,170) | (39,047) | - | 38,011 |
| Finance income | 1,003 | 533 | - | 136 | 12 | 213 | - | 1,897 |
| Finance expense | (813) | - | - | (2,298) | - | (9) | - | (3,120) |
| Profit before tax | | | | | | | | 36,788 |
| Tax expenses | | | | | | | | (32,668) |
| Net profit attributable to shareholders | | | | | | | | 4,120 |
| **Other segment information** | | | | | | | | |
| Fair value gains on investment properties | - | - | - | - | 4,140 | - | - | 4,140 |
| Depreciation and amortization | 32,348 | 10,123 | - | 4 | 14,231 | - | - | 56,706 |

| Group<br>31 December 2010 | Zipper Chain RMB'000 | Zipper Slider RMB'000 | Knitting Wool RMB'000 | Trading RMB'000 | Processing RMB'000 | Corporate RMB'000 | Elimination RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|---|---|
| **Revenue:** | | | | | | | | |
| Sales to external customers | 355,337 | 147,930 | 2,051 | 161,296 | - | - | - | 666,614 |
| Inter-segment sales | 5,177 | 8,781 | 640 | - | - | - | (14,598) | - |
| Total revenue | 360,514 | 156,711 | 2,691 | 161,296 | - | | (14,598) | 666,614 |
| **Results:** | | | | | | | | |
| Segment gross profit | 100,356 | 41,713 | 29 | 3,031 | - | - | - | 145,128 |
| Segment results | 78,223 | 37,295 | (1,183) | 12,748 | - | (10,757) | - | 116,326 |
| Finance income | | | | | | | | 2,720 |
| Finance expense | | | | | | | | (3,720) |
| Profit before tax | | | | | | | | 115,326 |
| Tax expenses | | | | | | | | (43,729) |
| Net profit attributable to shareholders | | | | | | | | 71,597 |
| **Other segment information** | | | | | | | | |
| Fair value gains on investment properties | - | - | - | 8,708 | - | - | - | 8,708 |
| Depreciation and amortization | 17,496 | 6,653 | 229 | 3 | - | - | - | 24,381 |

*Note: Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision maker.*

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

Please refer to paragraph 8.

**17. A breakdown of sales.**

| | Group | | |
|---|---|---|---|
| | **FY2011** | **FY2010** | **Increase/ (decrease)** |
| | **RMB'000** | **RMB'000** | **%** |
| (a) Sales reported for first half year | 345,854 | 312,397 | 11 |
| (b) Operating profit/loss after tax before deducting minority interests reported for first half year | 40,255 | 25,827 | 56 |
| (c) Sales reported for second half year | 329,554 | 352,166 | (7) |
| (d) Operating profit/(loss) after tax before deducting minority interests reported for second half year | (36,135) | 45,770 | NM |

NM: Not Meaningful

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

| | **31 December 2011** | **31 December 2010** |
|---|---|---|
| **Ordinary** | RMB 8.5 million | RMB 33.7 million |
| **Preference** | - | - |
| **Total:** | RMB 8.5 million | RMB 33.7 million |

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a Director, Chief Executive Officer or Substantial Shareholder of the Company for the year ended 31 December 2011

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman & CEO

29 February 2012