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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2013.

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.

The Group Statement of Comprehensive Income for the third quarter and nine months ended 30 September 2013. These figures have not been audited.

	Group			Group		
	3 months Ended 30/9/2013 Unaudited	3 months Ended 30/9/2012 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2013 Unaudited	9 months Ended 30/9/2012 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	165,328	152,241	9	453,906	408,429	11
Cost of sales	(150,672)	(138,643)	9	(418,094)	(366,856)	14
Gross profit	14,656	13,598	8	35,812	41,573	(14)
Other income and expenses	12,606	2,044	517	9,370	4,161	125
Selling and distribution expenses	(1,852)	(2,387)	(22)	(5,934)	(6,280)	(6)
General and administrative expenses	(39,343)	(24,832)	58	(77,640)	(63,499)	22
Loss from operating activities	(13,933)	(11,577)	20	(38,392)	(24,045)	60
Finance income	324	116	179	1,423	960	48
Finance expense	(1,938)	(667)	191	(5,440)	(2,409)	126
Loss before taxation	(15,547)	(12,128)	28	(42,409)	(25,494)	66
Income tax expense	(1,639)	(1,261)	30	(3,029)	(4,680)	(35)
Loss for the period attributable to shareholders	(17,186)	(13,389)	28	(45,438)	(30,174)	51
Statement of Comprehensive Income						
Loss attributable to shareholders	(17,186)	(13,389)	28	(45,438)	(30,174)	51
Other comprehensive income for the period						
Exchange differences on translating foreign operations	619	774	(20)	3,198	4	NM
Total comprehensive loss for the period attributable to shareholders	(16,567)	(12,615)	31	(42,240)	(30,170)	40

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

Allowance for doubtful trade receivables	187	5,624	(97)	5,874	12,888	(54)
Amortisation of land use rights	242	326	(26)	858	883	(3)
Amortisation of intangible assets	4,562	4,085	12	13,687	12,170	12
Depreciation of property, plant and equipment	11,836	9,288	27	32,806	31,277	5
Impairment of intangible assets	19,407	-	NM	19,407	-	NM
Inventory written down	-	-	NM	3,000	-	NM
Gain on disposal of subsidiary	(11,860)	-	NM	(11,860)	-	NM
Foreign exchange loss/(gain), net	1,402	(475)	NM	5,489	(1,673)	NM
Salaries and bonuses	17,253	20,126	(14)	50,339	49,176	2

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	
	30/9/2013 Unaudited	**31/12/2012 Audited**	**30/9/2013 Unaudited**	**31/12/2012 Audited**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
ASSETS				
Non-current assets				
Property, plant and equipment	327,779	359,114	-	-
Investment property	296,808	274,318	-	-
Land use rights	35,141	45,292	-	-
Intangible assets	160,143	193,237	-	-
Prepayments	2,524	3,809	-	
Investment in subsidiaries	-	-	344,853	344,853
	822,395	875,770	344,853	344,853
Current assets				
Inventories	79,071	56,731	-	-
Trade and other receivables	220,220	184,570	-	2
Prepayments	58,842	42,150	2	-
Amount due from subsidiaries (non-trade)	-	-	467,992	474,226
Fixed deposits	72,900	68,873	-	-
Cash and bank balances	237,388	185,325	664	994
	668,421	537,649	468,658	475,222
Total assets	1,490,816	1,413,419	813,511	820,075
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	10,340	14,563	-	-
Bills payable to banks	163,963	110,374	-	-
Other payables & accruals	133,957	157,158	2,555	1,533
Amount due to director (non-trade)	22,358	3,121	3,455	2,040
Amount due to related companies (non-trade)	-	-	100	100
Short-term bank loans	171,925	110,459	-	-
Bank overdrafts	21,961	6,897	-	-
Income tax payable	5,470	4,813	-	-
Total current liabilities	529,974	407,385	6,110	3,673
Non-current liabilities				
Deferred tax liabilities	52,266	55,316	-	-
	55,557	55,316	-	-
Total liabilities	582,240	462,701	6,110	3,673
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	62,544	62,544	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	3,247	(49)	-	-
Accumulated profits	154,924	200,362	1,662	10,663
Total equity	908,576	950,718	807,401	816,402
Total equity and liabilities	1,490,816	1,413,419	813,511	820,075

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 September 2013		As at 31 December 2012	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- Industrial and Commercial Bank of China – Hong Kong[1]	20,714	-	15,374	-
- China CITIC Bank[2]	70,000	-	70,000	-
- China Construction Bank[3]	40,000	-	25,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch [5]	21,305	-	-	-
- Hang Seng Bank[8]	11,944	-	-	-
Short-term bank loans				
- Shanghai Rural Commercial Bank Songjiang Branch[4]	-	-	12,000	-
- China CITIC Bank[2]	45,000	-	40,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch [5]	8,000	-	8,000	-
- East West Bank[6]	14,272	-	28,459	-
- Industrial and Commercial Bank of China – Hong Kong[7]	19,794	-	22,000	-
- Hang Seng Bank[8]	15,858	-	-	-
- China Construction Bank Dongqu Branch[9]	50,000	-	-	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch [10]	19,000	-	-	-
Bank overdrafts				
- East West Bank[6]	3,859	-	3,890	-
- Industrial and Commercial Bank of China – Hong Kong[7]	6,287	-	3,007	-
- Hang Seng Bank[8]	11,815	-	-	-

Notes:

[1] RMB 20.7 million is secured by a charge over an 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] Bills payable of RMB 70.0 million and short-term bank loan of RMB45.0 million are secured by bank deposits of Jinjiang Fookhing Zipper Co. Ltd., and certain land and buildings owned by Jinjiang Jianxin Weaving Co. Ltd., located at Donghaian Development Zone, Shenhu Town, Jinjiang City, Fujian Province, The PRC. and personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), and corporate guarantee from a subsidiary, Jinjiang Fuxing Dress Co. Ltd. and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

[3] RMB 40 million is secured by bank deposits of Jinjiang Fuxing Dress Co. Ltd., and certain land and buildings owned by Fulong Zipper and Weaving Co., Ltd., located at Donghaian Comprehensive Development Zone, Shenhu Town, Jinjiang City, Fujian Province, PRC., and personal guarantee from related parties - Mr. Hong Qing Liang (CEO), and Ms Shi MeiMei (spouse of Mr. Hong Qing Liang)

[4] As at 31 December 2012 the amount of RMB 12.0 million was secured by certain buildings owned by Fuxing Textile (Shanghai) Co., Ltd. which had been disposed to an independent third party on 7 July 2013. (For details please refer the announcement on 5 July 2013.)

[5] Short-term bank loan of RMB 8.0 million and Bills payable of RMB 21.3 million are secured by certain land and buildings owned by Jinjiang Fookhing Zipper Co. Ltd., located at Hangbian Industrial Area, Longhu Town, Jinjiang City, Fujian Province, The PRC and personal guarantee from a related party - Mr. Hong Qing Liang (CEO), and corporate guarantee from a subsidiary - Jinjiang Fuxing Dress Co. Ltd., and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

[6] Short-term loan of RMB14.3 million and bank overdraft of RMB3.9 million are secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from a related party (Hong Li Hong – sister of Mr Hong Qing Liang), an independent third party (Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.

[7] Short-term loan of RMB 19.8 million and bank overdraft of RMB 6.3 million are secured by a charge over an 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.

[8] Short-term loan of RMB 15.8 million and bank overdraft of RMB 11.8 million are secured by a charge over investment property owned by Pretty Limited (which is owned by a related party - Mr. Hong Qing Liang (Executive Chairman and CEO)), located at 13/F., (Top Floor) and part of 12th floor, the Staircase of Tower A, Mandarin Plaza, No 14 Science Museum Road, Kowloon, rental receipt arising from the mortgaged property, corporate guarantee from Fuxing China Group Limited, and personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO).

[9] This loan is secured by a land parcel owned by Xiamen Fuxing Industrial Co., Ltd., located at northeast to the junction of Tai Dong Road and Tai Nan Road, 03-07 Guanyin Shan, Siming District, Xiamen, PRC.

[10] This loan is guaranteed by personal guarantee from a related party - Mr. Hong Qing Liang (CEO), an independent third party – Mr. Wu Yuan Yang and corporate guarantee from a an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

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 30/9/2013 Unaudited RMB'000	3 months Ended 30/9/2012 Unaudited RMB'000	9 months Ended 30/9/2013 Unaudited RMB'000	9 months Ended 30/9/2012 Unaudited RMB'000
OPERATING ACTIVITIES				
Loss before taxation	**(15,547)**	**(12,128)**	**(42,409)**	**(25,494)**
Adjustments for:				
Depreciation of property, plant and equipment	11,836	9,288	32,806	31,277
Amortisation of land use rights	242	326	858	883
Amortisation of intangible assets	4,562	4,085	13,687	12,170
Impairment loss on intangible assets	19,407	-	19,407	-
Gain on disposal of subsidiary	(11,860)	-	(11,860)	-
Allowance for doubtful trade receivables	187	5,624	5,874	12,888
Inventory written down	-	-	3,000	-
Interest expense	1,938	668	5,440	2,409
Interest income	(324)	(115)	(1,423)	(959)
Foreign currency loss	379	748	2,181	(66)
Total adjustments	26,367	20,624	69,970	58,602
Operating cash flows before changes in working capital	**10,820**	**8,496**	**27,561**	**33,108**
(Increase) Decrease in:				
Inventories	12,572	15,752	(31,236)	3,425
Trade and other receivables	(55,542)	(16,686)	(46,619)	(41,951)
Prepayments	(29,835)	46,631	(17,124)	(24,464)
Increase (Decrease) in:				
Trade payables	3,684	(16,541)	17,341	(486)
Other payables & accruals	48,641	49,678	47,157	71,350
Due to directors	(497)	(14,661)	19,238	(5,076)
Total changes in working capital	(20,977)	64,173	(11,243)	2,798
Cash flows generated from / (used in) operations	**(10,157)**	**72,669**	**16,318**	**35,906**
Interest expense paid	(1,938)	(668)	(5,440)	(2,409)
Interest income received	324	115	1,423	960
Income tax paid	(384)	(485)	(1,768)	(4,241)
Net cash generated from / (used in) operating activities	**(12,155)**	**71,631**	**10,533**	**30,216**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,344)	(14,995)	(18,731)	(94,389)
Purchase of investment properties	(4,223)	-	(22,490)	(4,821)
Disposal of subsidiary	(866)	-	(866)	-
Net cash used in investing activities	**(8,433)**	**(14,995)**	**(42,087)**	**(99,210)**
FINANCING ACTIVITIES				
Proceeds from loans and borrowings	61,926	33,000	137,858	52,000
Repayments of loans and borrowings	(52,119)	(583)	(65,278)	(14,730)
Increase in fixed deposits pledged to banks	(4,073)	(23,073)	(4,027)	(33,267)
Net cash generated from financing activities	**5,734**	**9,344**	**68,553**	**4,003**
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS	(14,854)	65,980	36,999	(64,991)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	230,281	93,185	178,428	224,156
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	215,427	159,165	215,427	159,165

Note A:

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

	3 months Ended 30/9/2013 Unaudited RMB'000	3 months Ended 30/9/2012 Unaudited RMB'000	9 months Ended 30/9/2013 Unaudited RMB'000	9 months Ended 30/9/2012 Unaudited RMB'000
Fixed deposits	72,900	55,926	68,826	55,926
Cash and bank balances	237,388	167,133	251,408	167,133
	310,288	223,059	320,234	223,059
Less: Bank overdraft	(21,961)	(7,968)	(21,127)	(7,968)
Fixed deposits (pledged)	(72,900)	(55,926)	(68,826)	(55,926)
Cash and cash equivalents	215,427	159,165	230,281	159,165

Fixed deposits amounting to RMB 72,900,000 (2012: 55,926,000) are pledged to banks for the Group's bills payable to banks, Short-term bank loans 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]	Translation reserve	Accumulated profits / (losses)	Total equity
Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January 2012	772,574	(6,408)	61,690	39,573	(117,878)	(1,168)	374,492	1,122,875
Total comprehensive income for the period	-	-	-	-	-	4	(30,174)	(30,170)
At 30 September 2012	772,574	(6,408)	52,002	39,573	(117,878)	(1,164)	344,318	1,092,705
At 1 January 2013	772,574	(6,408)	62,544	39,573	(117,878)	(49)	200,362	950,718
Total comprehensive loss for the period	-	-	-	-	-	3,296	(45,438)	(42,142)
At 30 September 2013	772,574	(6,408)	62,544	39,573	(117,878)	3,247	154,924	908,576
Company								
At 1 January 2012	772,574	(6,408)	-	39,573	-	-	18,175	823,914
Total comprehensive loss for the period	-	-	-	-	-	-	(4,452)	(4,453)
At 30 September 2012	772,574	(6,408)	-	39,573	-	-	13,722	819,461
At 1 January 2013	772,574	(6,408)	-	39,573	-	-	10,663	816,402
Total comprehensive loss for the period	-	-	-	-	-	-	(9,001)	(9,001)
At 30 September 2013	772,574	(6,408)	-	39,573	-	-	1,662	807,401

Group	Share capital RMB'000	Treasury shares RMB'000	Reserve fund RMB'000	Contributed surplus RMB'000	Restructuring reserve[1] RMB'000	Translation reserve RMB'000	Accumulated profits / (losses) RMB'000	Total equity RMB'000
At 1 July 2012	772,574	(6,408)	61,690	39,573	(117,878)	(1,938)	357,707	1,105,320
Total comprehensive income for the period	-	-	-	-	-	774	(13,389)	(12,615)
At 30 September 2012	772,574	(6,408)	52,002	39,573	(117,878)	(1,164)	344,318	1,092,705
At 1 July 2013	772,574	(6,408)	62,544	39,573	(117,878)	2,628	172,110	925,143
Total comprehensive loss for the period	-	-	-	-	-	619	(17,186)	(16,567)
At 30 September 2013	772,574	(6,408)	62,544	39,573	(117,878)	3,247	154,924	908,576
Company								
At 1 July 2012	772,574	(6,408)	-	39,573	-	-	14,685	820,424
Total comprehensive loss for the period	-	-	-	-	-	-	(963)	(963)
At 30 September 2012	772,574	(6,408)	-	39,573	-	-	13,722	819,461
At 1 July 2013	772,574	(6,408)	-	39,573	-	-	3,741	809,480
Total comprehensive loss for the period	-	-	-	-	-	-	(2,079)	(2,079)
At 30 September 2013	772,574	(6,408)	-	39,573	-	-	1,662	807,401

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".

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 September 2013, there were no shares acquired.

Convertibles
For the third quarter ended 30 September 2013, there were no outstanding convertibles.

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 preceding year.

	As at 30 September 2013	**As at 31 December 2012**
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 at 30 September 2013.

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 2013	13,886,000
Purchases of shares during the period	-
Total number of shares as at 30 September 2013	13,886,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2013.

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 2012 have been applied in the preparation for the financial statements for the third quarter ended 30 September 2013.

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/revised FRS and INT FRS does has no material financial impact on the Group's and Company's financial statements for the third quarter ended 30 September 2013.

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.

(Loss)/Earnings per ordinary share of the group, after deducting any provision for preference dividends (in cents):	Group		Group	
	3 months ended 30/9/2013	**3 months ended 30/9/2012**	**9 months ended 30/9/2013**	**9 months ended 30/9/2012**
(a) Basic and	(2.0)	(1.6)	(5.3)	(3.5)
(b) On a fully diluted basis	(2.0)	(1.6)	(5.3)	(3.5)

Note: Basic (loss)/earnings per share is computed based on weighted average number of shares in issue in 2013:860,272,000 ordinary shares (2012: 860,272,000).

For the third quarter ended 30 September 2012 and 2013, the basic and diluted earnings per share of the Group are the same as there were no potential diluting ordinary shares outstanding as at 30 September 2012 and 2013.

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	
	30/9/2013	**31/12/2012**	**30/9/2013**	**31/12/2012**
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 30/9/2013: 860,272,000 (as at 31/12/2012: 860,272,000 shares)	1.06	1.11	0.94	0.95

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 30/9/2013 Unaudited	**3 months Ended 30/9/2012 Unaudited**	**Increase/ (Decrease)**	**9 months Ended 30/9/2013 Unaudited**	**9 months Ended 30/9/2012 Unaudited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper Chain	98,910	95,989	3	256,019	257,097	(1)
Zipper Slider	24,259	27,790	(13)	60,446	68,536	(12)
Trading	29,474	12,028	145	96,969	38,613	151
Processing	18,595	20,504	(9)	54,015	58,695	(8)
Inter-segment sales	(5,910)	(4,070)	45	(13,543)	(14,512)	(7)
Total Group Revenue	165,328	152,241	9	453,906	408,429	11
COST OF SALES						
Zipper Chain	87,137	88,587	(2)	231,247	234,225	(1)
Zipper Slider	21,552	24,332	(11)	53,041	60,277	(12)
Trading	28,760	11,463	151	94,542	36,759	157
Processing	19,133	18,331	4	52,807	50,107	5
Inter-segment sales	(5,910)	(4,070)	45	(13,543)	(14,512)	(7)
Total Group Cost of Sales	150,672	138,643	9	418,094	366,856	14
GROSS PROFIT						
Zipper Chain	11,773	7,402	59	24,772	22,872	8
Zipper Slider	2,707	3,458	(22)	7,405	8,259	(10)
Trading	714	565	26	2,427	1,854	31
Processing	(538)	2,173	NM	1,208	8,588	(86)
Total Gross Profit	14,656	13,598	8	35,812	41,573	(14)
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper Chain	11.9	7.7	4.2	9.7	8.9	0.8
Zipper Slider	11.2	12.4	(1.2)	12.3	12.1	0.2
Trading	2.4	4.7	(2.3)	2.5	4.8	(2.3)
Processing	(2.9)	10.6	(13.5)	2.2	14.6	(12.4)
Average Gross Profit Margin	8.9	8.9	-	7.9	10.2	(2.3)
Zipper Segment Gross Profit Margin	11.8	8.8	3	10.2	9.6	0.6

NM: Not Meaningful

9M2013 vs. 9M2012

Revenue
The Group's revenue increased by RMB 45.5 million (or 11%) to RMB 453.9 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 58.4 million). This was partially offset by the decrease in revenue contributions from the Zipper Chains (RMB 1.1 million) and Zipper Sliders (RMB 8.1 million) (collectively referred as the "Zippers segment") and the Processing segment (RMB 4.7 million)

The inter-segment sales elimination represented the dyeing and electroplating services provided by the Processing segment to the Zippers segment.

The decrease in revenue from the Zippers segment and the Processing segment in 9M2013 was attributable to a deteriorating market for the zipper industry in the PRC which was adversely affected by the general slowdown in the global economy. This had led to the Group reducing its selling prices to retain customers' orders. The average selling prices in the Zippers segment had decreased by 7% per kg while sales volume had increased by 6%.

The Group's Trading segment relates to the sourcing and buying of certain raw materials in accordance to customers' requirements. The profit margin and all purchases are based on confirmed sales, i.e. the Group does not hold any inventories. As such, the volume of trading depends on the opportunities available so as the profitability and price movements which are dependent on customers' demand for raw materials. The increase in revenue from the Trading segment was due to an increase in customers' orders during 9M2013.

Gross Profit and Gross Profit Margin
The Group's gross profit decreased by RMB 5.8 million (or 14%) to RMB 35.8 million. The decrease was due mainly to the increases in wages, as a result of an increase in basic salary due to the statutory requirement in the PRC and increase in the cost of raw materials in the Processing segment

Average gross profit margin decreased by 2.3 percentage points to 7.9% due to the decrease in gross profit margin from the Processing segment in 9M2013. This was attributable to the increase in cost of raw materials in the Processing segment.

Other income and other expenses
Other income comprises government subsidies, gain on disposal of a subsidiary, and rental income while other expenses consist mainly of foreign exchange losses. The net income increased was due to the gain on disposal of a subsidiary - Fuxing Textile (Shanghai) Co. Ltd. ("Fuxing Shanghai") which amounted to RMB 11.9 million (please refer to the announcements released to SGX-ST via SGXNet on 5 July 2013 and 29 August 2013 for details). The increase was offset by an increase in foreign exchange loss as a result of the depreciation of USD and SGD against RMB arising from the balance in the Company's bank account.

Selling and distribution expenses
Selling and distribution expenses decreased by RMB 0.3 million (or 6%) to RMB 5.9 million. The decrease was due mainly to a reduction in headcount and decrease in delivery costs following the disposal of Fuxing Shanghai in July 2013.

General and administrative expenses
General and administrative expenses increased by RMB 14.1 million to RMB 77.6 million. The increase was due mainly to an impairment loss on intangible assets from the Processing segment (RMB 19.4 million). This was partially offset by the RMB7.0 million decrease in allowance for doubtful trade receivables from RMB12.9 million to RMB5.9 million.

Impairment of intangible assets represented the impairment of goodwill on consolidation attributable to the Processing segment. The impairment was made due to the decrease in projected revenue and profits for the next five years using the discounted cashflow method as a

result of the weak market demand.

The Group's inventory was written down to RMB 3.0 million as a result of its lower net realizable value when compared with the recent market price.

Finance income and expenses
Finance expenses increased by RMB 3.0 million (or 126%) to RMB 5.4 million. This was attributable to the increase in short-term loans, and bill transactions with banks. Finance income increased by RMB 0.5 million (or 48%) to RMB 1.4 million was due mainly to the increase in cash and bank balance.

Tax expense

	Group		
	9 months Ended 30/9/2013 Uaudited	**9 months Ended 30/9/2012 Uaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	2,373	3,924	(40)
Deferred tax[2]	656	756	(13)
Tax expense	3,029	4,680	(35)

NM: Not Meaningful

Notes
[1] Current tax decreased by RMB 1.6 million or 40% due to a decrease in taxable profit before taxation in 9M2013

[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%.

3Q2013vs. 3Q2012 (3 months)

Revenue
The Group's revenue increased by RMB 13.1 million (or 9%) to RMB 165.3 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 17.4 million) and the Zipper Chains (RMB 2.9 million). This was partially offset by the decrease in revenue contributions from the Zipper Sliders (RMB 3.5 million) and the Processing segment (RMB 1.9 million).

The inter-segment sales elimination represented the dyeing and electroplating services provided by the Processing segment to the Zippers segment.

The decrease in revenue from the Zipper Sliders segment and the Processing segment in 3Q2013 was attributable to a deteriorating market for the zipper industry in the PRC which was adversely affected by the general slowdown in the global economy. This had led to the decrease in demand for zipper sliders and electroplating services.

The increase in revenue from the Trading segment was due to an increase in sales orders from customers during 3Q2013, as a result of lower selling prices.

Gross Profit and Gross Profit Margin
The Group's gross profit increased by RMB 1.1 million (or 8%) to RMB 14.7 million. The increase in gross profit was due mainly to the increase in revenue.

Average gross profit margin retained at the same level of 8.9% when compared to the previous corresponding period.

Other income and other expenses
Other income comprises government subsidies, gain on disposal of a subsidiary, and rental income while other expenses consist mainly of foreign exchange losses. The net income increased was due to the gain on disposal of a subsidiary - Fuxing Textile (Shanghai) Co. Ltd. ("Fuxing Shanghai") which amounted to RMB 11.9 million (please refer to the announcements released to SGX-ST via SGXNet on 5 July 2013 and 29 August 2013 for details). The increase was offset by an increase in foreign exchange loss as a result of the depreciation of USD and SGD against RMB arising from the balance in the Company's bank account.

Selling and distribution expenses
Selling and distribution expenses decreased by RMB 0.5 million (or 22%) to RMB 1.9 million. The decrease was due mainly to a reduction in headcount and decrease in delivery costs following the disposal of Fuxing Shanghai in July 2013.

General and administrative expenses
General and administrative expenses increased by RMB 14.5 million to RMB 39.3 million. The increase was due mainly to an impairment loss on intangible assets from the Processing segment (RMB 19.4 million). This was partially offset by the RMB5.4 million decrease in allowance for doubtful trade receivables from RMB5.6 million to RMB0.2 million.

Impairment of intangible assets represented the impairment of goodwill on consolidation attributable to the Processing segment. The impairment was made due to the decrease in projected revenue and profits for the next five years using the discounted cashflow method as a result of the weak market demand.

Finance income and expenses

Finance expenses increased by RMB 1.3 million (or 191%) to RMB 1.9 million. This was attributable to the increase in short-term loans and bill transactions with banks. Finance income increased by RMB 0.2 million to RMB 0.3 million due mainly to an increase in interest income from the fixed bank deposits balance.

Tax expense

	Group		
	3 months Ended 30/9/2013 Unaudited	**3 months Ended 30/9/2012 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	1,279	1,049	22
Deferred tax[2]	360	212	70
Tax (reversal) / expense	1,639	1,261	30

NM: Not Meaningful

Notes
[1] Current tax increased by RMB 0.2 million or 22% due to a increase in taxable profit before taxation in 3Q2013.

[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%.

FINANCIAL POSITIION

Non-current assets
As at 30 September 2013, non-current assets amounted to RMB 822.4 million comprising property, plant and equipment, investment property, land use rights, intangible assets and prepayments.

The Group's property, plant and equipment amounted to RMB 327.8 million, a decrease of 9% (or RMB 31.3 million) compared to RMB 359.1 million as at 31 December 2012. The decrease was due mainly to depreciation expenses.

The increase in investment property was due to the commencement of the construction of the Company's Xiamen headquarter project in 1Q2013.

The intangible assets decreased by RMB 33.1 million or 17% from RMB 193.2 million to RMB 160.1 million was due to amortization of intangible assets and impairment of goodwill arising from the acquisition of the Processing segment in 9M2012. The impairments were made due to the decrease in projected revenue and profits for the next five years as a result of the weak market demand.

Current assets
As at 30 September 2013, current assets amounted to RMB 668.4 million, an increase of 24% (or RMB 130.8 million) compared to RMB 537.6 million as at 31 December 2012. This was due largely to an increase in inventories, trade and other receivables, prepayments, cash and bank balances

Inventories increased by RMB 22.3 million due to a buildup of inventory as a result of the decline in sales in 3Q2013 while production still continued on an optimal scale to cover its manufacturing overheads. Moreover, the Group holds a 3-month raw materials requirement for purpose of production efficiency compared to 2-month raw materials requirement as at 31 December 2012.

Trade and other receivables increased by RMB 35.7 million due mainly to the increase in trade receivables as a result of increase in revenue from the Zippers segment in September 2013.

The increase in prepayments to suppliers was due mainly to the increase in advances made to certain suppliers. In dealing with the suppliers, the Group will sign supply agreements with various suppliers. The supply agreements include advance payments which will be calculated based on certain percentage of the total contract price in order to secure the supplies. The Group will make the advance payments to the suppliers after the supply agreements have been signed.

Cash and bank balances increase from RMB 185.3 million to RMB 237.4 million due mainly to the increase in short-term bank loans.

Current liabilities
As at 30 September 2013, total current liabilities were RMB 530.0 million, an increase of 30% (or RMB 122.6 million) compared to RMB 407.4 million as at 31 December 2012. This was mainly attributable to the increase in bills payable to banks, short-term bank loans, bank overdraft and amount due to a director. The increase was offset by the decrease in trade payables, other payables and accruals.

Trade payables decrease due to the increase in usage of bills payable in 9M2013.

Other payables and accruals decreased due to the decrease in advances received from customers.

Bills payable to banks increased due mainly to the introduction of using bills payable for the Zippers segment so as to maintain the cash on hand.

Short-term bank loans and bank overdraft increased due to a new short-term bank loan and banking facilities obtained from China CITIC Bank and Hang Seng Bank, please refer to page 3 for further information.

The increase of amount due to a Director was due to funds contributed by Mr Hong Qing Liang for the Group's Xiamen headquarter construction project. The construction costs were paid by Mr Hong from his personal bank account in Hong Kong first and reimbursed by the Company later. This arrangement was undertaken as the local government of Xiamen Island will impose an interest tax on all monies transferred from other locations within the PRC. Remittance from Hong Kong and other foreign countries is exempted from such tax.

CASH FLOW

Operating activities
Net cash flows generated from operating activities in 9M2013 amounted to RMB 10.5 million compared to RMB 30.2 million. This was due mainly to the increase in prepayments, inventories, trade and other receivables and increase in bills payables and amount due to a director.

Net cash flows used in operating activities in 3Q2013 amounted to RMB 12.2 million while net cash flows generated from operating activities in 3Q2012 amounted to RMB 71.6 million. This was due mainly to increase in prepayments, trade and other receivables.

Investing activities
Net cash flows used in investing activities in 9M2013 amounted to RMB 42.1 million compared to RMB 99.2 million in 9M2012, and in 3Q2013 amounted to RMB 8.4 million compared to RMB 15.0 million in 3Q2012, was due to the decrease in purchase of property, plant and equipment.

Financing activities
Net cash flows generated from financing activities in 9M2013 amounted to RMB 68.6 million compared to RMB 4.0 million in 9M2012, and in 3Q2013 amounted to RMB 5.7 million compared to RMB 9.4 million, was due mainly to a new short-term bank loans and banking facilities obtained from China CITIC Bank and Hang Seng Bank, please refer to page 3 for further information.

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

The performance for 3Q2013 and 9M2013 is in line with the commentary made in item 10 of the Company's results announcement dated 13 August 2013.

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.

For the nine months ended 30 September 2013, the Group continued to operate under a highly competitive and challenging environment as the zipper industry in the PRC faces intense competition with lower profit margins. Apart from the challenging and competitive business environment, the Group also faces weak demand for zippers as most of its customers still hold a high level of inventories in their warehouses. As such, the Group had to lower its selling prices to retain customers and attempt to increase sales orders.

The average utilization rates of the Group's production facilities in 9M2013 for zipper chains and zipper sliders were approximately 86% and 68% respectively.

The Group expects the zipper industry to remain highly challenging and competitive and does not expect the business environment to improve considerably for the next twelve months. The Group expects the continuation of the slowdown of economic growth in the PRC, uncertainties for export sales, as well as cost pressures arising from rising production costs and labour costs. These factors will affect the Group's operating outlook for the next twelve months.

The Group will strive to enhance its operational efficiency of its plants through automation of its production processes, so as to mitigate the impact of weak demand to the Group's gross profit margins. The Group will also continue to exercise tight control on the administrative expenses and strive to lower its production unit cost.

Update on Construction progress of the Company's Xiamen Headquarter

The foundation work and construction planning for the Company's Xiamen Headquarter has been completed. The main construction work has commenced in 3Q 2013.

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?

No

(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. 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.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman & CEO

13 November 2013

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 third quarter ended 30 September 2013 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: 13 November 2013