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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2014.

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 Consolidated Statement of Comprehensive Income for the First Quarter ended 31 March 2014 .These figures have not been audited.

	Group		
	3 months Ended 31/3/2014 Unaudited	**3 months Ended 31/3/2013 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Revenue	107,194	141,321	(24)
Cost of sales	(95,128)	(130,957)	(27)
Gross profit	12,066	10,364	16
Other income and expenses	1,829	3	NM
Selling and distribution expenses	(1,625)	(1,941)	(16)
General and administrative expenses	(14,039)	(17,672)	(21)
Loss from operating activities	(1,769)	(9,246)	(81)
Finance income	543	544	-
Finance expense	(1,745)	(1,485)	18
Loss before taxation	(2,971)	(10,187)	(71)
Tax expense	(3,085)	(662)	366
Net loss for the period attributable to shareholders	(6,056)	(10,849)	(44)
Statement of Comprehensive Income			
Net loss attributable to shareholders	(6,056)	(10,849)	(44)
Other comprehensive (loss)/ income for the period			
Exchange differences on translating foreign operations	(1,622)	455	NM
Total comprehensive loss for the period attributable to shareholders	(7,678)	(10,394)	(26)

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

Allowance for doubtful trade receivables	4,836	958	405
Amortisation of land use rights	160	312	(49)
Amortisation of intangible assets	119	4,562	(97)
Depreciation of property, plant and equipment	9,553	10,431	(8)
Foreign exchange (gain) loss, net	(1,487)	687	NM
Salaries and bonuses	13,854	17,113	(19)

NM: Not Meaningful

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

	Group		Company	
	31/3/2014 Unaudited	31/12/2013 Audited	31/3/2014 Unaudited	31/12/2013 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	315,807	324,850	-	-
Investment properties	238,621	234,890	-	-
Land use rights	34,740	34,899	-	-
Intangible assets	13	131	-	-
Prepayments	2,903	2,529	-	-
Investment in subsidiaries	-	-	344,853	344,853
	592,084	597,299	344,853	344,853
Current assets				
Inventories	93,386	64,888	-	-
Trade and other receivables	223,041	215,493	2	2
Prepayments	60,657	77,843	-	-
Amount due from subsidiaries (non-trade)	-	-	466,448	465,933
Fixed deposits	50,751	66,482	-	-
Cash and bank balances	252,479	253,016	533	613
	680,314	677,722	466,983	466,548
Total assets	1,272,398	1,275,021	811,836	811,401
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	13,250	8,643	-	-
Bills payable to banks	115,091	149,743	-	-
Other payables & accruals	143,562	179,785	1,408	1,279
Amount due to directors (non-trade)	7,097	5,704	4,033	3,980
Amount due to related companies (non-trade)	-	-	100	100
Short-term bank loans	202,862	142,724	-	-
Bank overdrafts	8,134	-	-	-
Income tax payable	4,848	5,704	-	-
Total current liabilities	494,844	492,303	5,541	5,359
Non-current liabilities				
Deferred tax liabilities	55,190	52,676	-	-
	55,190	52,676	-	-
Total liabilities	550,034	544,979	5,541	5,359
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	63,502	63,502	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	1,766	3,388	-	-
Accumulated profits	(30,765)	(24,709)	556	303
Total equity	722,364	730,042	806,295	806,042
Total equity and liabilities	1,272,398	1,275,419	811,836	811,401

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31 March 2014		As at 31 December 2013	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- China CITIC Bank[1]	65,000	-	80,000	-
- China Construction Bank[2]	35,000	-	40,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch [3]	-	-	14,810	-
- Hang Seng Bank[4]	15,091	-	14,933	-
Short-term bank loans				
- China CITIC Bank[1]	50,000	-	50,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch[3]	8,000	-	8,000	-
- Hang Seng Bank[4]	15,862	-	15,724	-
- China Construction Bank Dongqu Branch[5]	110,000	-	50,000	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch [6]	19,000	-	19,000	-
Bank overdraft				
- Hang Seng Bank[4]	8,134	-	-	-

Notes:

[1] The bills payable of RMB 65.0 million and short-term bank loan of RMB50.0 million were 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 People's Republic of China ("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.

[2] RMB 35 million bills payable was 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 (Executive Chairman and CEO), and Ms Shi MeiMei (spouse of Mr. Hong Qing Liang)

[3] The short-term bank loan of RMB 8.0 million was 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, personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), corporate guarantee from a subsidiary - Jinjiang Fuxing Dress Co. Ltd., and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

[4] The bills payable of RMB 15.1 million, short-term loan of RMB 15.9 million and bank overdraft of RMB 8.1 million were secured by a charge over investment property (13th floor which is the top floor) owned by Pretty Limited 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).

Pretty Limited is wholly-owned by Mr. Hong Qing Liang (Executive Chairman and CEO).

[5] This loan was 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.

[6] This loan was guaranteed by personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), an independent third party – Mr. Wu Yuan Yang and corporate guarantee from 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 31/3/2014 Unaudited RMB'000	3 months Ended 31/3/2013 Unaudited RMB'000
OPERATING ACTIVITIES		
Loss before taxation	(2,971)	(10,187)
Adjustments for:		
Depreciation of property, plant and equipment	9,553	10,431
Amortisation of land use rights	160	312
Amortisation of intangible assets	119	4,562
Allowance for doubtful trade receivables	4,836	958
Interest expense	1,745	1,485
Interest income	(543)	(544)
Foreign currency differences	(1,487)	257
Total adjustments	14,383	17,461
Operating cash flows before changes in working capital	**11,412**	**7,274**
(Increase)/ Decrease in:		
Inventories	(28,499)	3,252
Trade and other receivables	(12,383)	(1,812)
Prepayments	17,187	10,640
Increase/ (Decrease) in:		
Trade payables	4,608	6,409
Other payables & accruals	(70,875)	24,466
Due to directors	1,392	2,347
Total changes in working capital	(88,570)	45,302
Cash flows (used in)/generated from operations	**(77,158)**	**52,576**
Interest expense paid	(1,745)	(1,485)
Interest income received	543	544
Income tax refunded/(paid)	(1,426)	(930)
Net cash (used in)/generated from operating activities	**(79,786)**	**50,705**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(884)	(1,354)
Construction of investment properties	(3,731)	(7,132)
Net cash used in investing activities	**(4,615)**	**(8,486)**
FINANCING ACTIVITIES		
Proceeds from short-term borrowings	60,000	-
Repayments for short-term borrowings	-	(12,582)
Decrease/(increase) in fixed deposits pledged to banks	15,730	7,562
Net cash generated from/(used in) financing activities	**75,730**	**(5,020)**
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	**(8,671)**	**37,199**
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**253,016**	**178,427**
CASH & CASH EQUIVALENTS AT END OF PERIOD	**244,345**	**215,626**

Notes to the combined statement of cash flows

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

	3 months Ended 31/3/2014 RMB'000	3 months Ended 31/3/2013 RMB'000
Fixed deposits	50,751	61,311
Cash and bank balances	252,479	225,302
	303,230	286,613
Less: bank overdraft	(8,134)	(9,676)
fixed deposits (pledged)	(50,751)	(61,311)
Cash and cash equivalents	244,345	215,626

Fixed deposits amounting to RMB 50,751,000 (2013: 61,311,000) were pledged to banks for the Group's bills payable to banks, short-term loans and bank overdrafts.

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	Total equity
Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January 2013	772,574	(6,408)	62,544	39,573	(117,878)	(49)	200,362	950,718
Total comprehensive income for the period	-	-	-	-	-	455	(10,849)	(10,394)
Closing balance at 31 March 2013	772,574	(6,408)	62,544	39,573	(117,878)	406	189,513	940,324
At 1 January 2014	772,574	(6,408)	63,502	39,573	(117,878)	3,388	(24,709)	730,042
Total comprehensive loss for the period	-	-	-	-	-	(1,622)	(6,056)	(7,678)
Closing balance at 31 March 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,766	(30,765)	722,364
Company								
At 1 January 2013	772,574	(6,408)	-	39,573	-	-	10,663	816,402
Total comprehensive loss for the period	-	-	-	-	-	-	(2,469)	(2,469)
At 31 March 2013	772,574	(6,408)	-	39,573	-	-	8,194	813,933
At 1 January 2014	772,574	(6,408)	-	39,573	-	-	303	806,042
Total comprehensive loss for the period	-	-	-	-	-	-	253	253
At 31 March 2014	772,574	(6,408)	-	39,573	-	-	556	806,295

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 first quarter ended 31 March 2014, there were no shares acquired.

Convertibles
For the first quarter ended 31 March 2014, 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 immediately preceeding year.

	31 March 2014	**31 December 2013**
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 31 March 2014.

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 2014	13,886,000
Purchases of shares during the period	-
Total number of shares as at 31 March 2014	13,886,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2014.

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 2013 have been applied in the preparation of the financial statements for the first quarter ended 31 March 2014.

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 period.

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 cents):	Group	
	3 months Ended 31/3/2014	**3 months Ended 31/3/2013**
(a) Basic and	(0.7)	(1.3)
(b) On a fully diluted basis	(0.7)	(1.3)

Note: Basic earnings per share is computed based on weighted average number of shares in issue as at 31 March 2014: 860,272,000 ordinary shares (2013: 860,272,000).

For the quarter ended 31 March 2013 and 2014, 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 March 2013 and 2014.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/3/2014	**31/12/2013**	**31/3/2014**	**31/12/2013**
Net asset value per ordinary share based on issued share capital at the end of the period (in RMB): (Number of ordinary shares in issue as at 31/3/2014 : 860,272,000 (as at 31/3/2013 : 860,272,000 shares)	0.84	0.85	0.94	0.94

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable)seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

	Group		
	3 months Ended 31/3/2014 Unaudited	**3 months Ended 31/3/2013 Unaudited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**
Zipper Chain[(1)]	58,526	78,393	(25)
Zipper Slider[(1)]	18,604	19,328	(4)
Trading	18,775	30,477	(38)
Processing	13,340	15,484	(14)
Inter-segment sales	(2,051)	(2,361)	(13)
Total Group Revenue	107,194	141,321	(24)
COST OF SALES			
Zipper Chain[(1)]	50,911	71,592	(29)
Zipper Slider[(1)]	15,210	17,035	(11)
Trading	18,321	29,524	(38)
Processing	12,737	15,167	(16)
Inter-segment sales	(2,051)	(2,361)	(13)
Total Group Cost of Sales	95,128	130,957	(27)
GROSS PROFIT			
Zipper Chain[(1)]	7,615	6,801	(12)
Zipper Slider[(1)]	3,394	2,293	48
Trading	454	953	(52)
Processing	603	317	90
Total Gross Profit	12,066	10,364	16
GROSS PROFIT MARGIN			
	%	**%**	**% pts**
Zipper Chain	13.0	8.7	4.3
Zipper Slider	18.2	11.9	6.3
Trading	2.4	3.1	(0.7)
Processing	4.5	2.0	2.5
Average Gross Profit Margin	11.3	7.3	4.0
Zipper Segment- Gross Profit Margin	14.3	9.3	5

Note:

(1)The Zipper Chain segment and the Zipper Slider are sub-segments of the Zipper segment. Both the sub-segments are considered as one segment. Hence, the amount in the table is net of inter-sub-segment sales.

1Q2014 vs. 1Q2013

Revenue

The Group's revenue decreased by RMB 34.1 million (or 24%) to RMB 107.2 million. The decrease in revenue was due mainly to the decrease in sales of the Zipper Chains (RMB 19.9 million) and Zipper Sliders (RMB 0.7 million) (collectively referred as the "Zippers segment"), the Trading segment (RMB 11.7 million), and the Processing segment (RMB 2.1 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 1Q2014 was attributable to the decrease in quantity sold to both local customers and overseas customers as a result of higher selling prices to boost the gross profit margin. The average selling prices in the Zippers segment had increased by 2 % per kg while sales volume had decreased by 22% during the 1Q2014.

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 were 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 sales orders from customers during 1Q2014.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 1.7 million (or 16%) to RMB 12.1 million. The increase in gross profit was due mainly to the decrease in the factory overheads incurred arising from the automation of the Group's production process.

Average gross profit margin increased by 4.0 percentage points to 11.3% due to the increase in gross profit margin from the Zipper segment in 1Q2014 arising from the higher selling prices and the automation of the Group's production process.

Other income and other expenses

Other income comprises rental income and government subsidies while other expenses consist mainly of foreign exchange loss. The net increase was due mainly to the increase in government subsidies while decrease 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 16%) to RMB 1.6 million. The decrease was due mainly to a decrease in staff costs as headcount reduced as a result of automation of the Group's production process.

General and administrative expenses

General and administrative expenses decreased by RMB 3.6 million (or 21%) to RMB14.0 million. This was mainly due to the RMB4.4 million decrease in amortization of intangible assets expense on lower intangible assets in 1Q2014.

Finance income and expenses

Finance expenses increased by RMB 0.3 million (or 18%) to RMB 1.7 million. This was attributable to the increase in short-term bank loan and bill transactions with banks.

Income tax expense

	Group		
	3 months Ended 31/3/2014 Unaudited	**3 months Ended 31/3/2013 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	588	528	11
Deferred tax[2]	2,497	134	1763
Income tax expense	3,085	662	366

NM: Not Meaningful

Notes

[1] Current tax increased by RMB 0.1 million or 11% due to a increase in profit before taxation in 1Q2014.

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

FINANCIAL POSITION

Non-current assets

As at 31 March 2014, non-current assets amounted to RMB 592.1 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 315.8 million, a decrease of 3% (or RMB 9.1 million) compared to RMB324.9 million as at 31 December 2013. The decrease was due mainly to depreciation expenses.

The increases in investment properties were due to the recognition of the construction cost of Xiamen headquarter project in 1Q2014.

The decreases in intangible assets were due to the amortization expenses.

The prepayment balance as at 31 March 2014 represented the deposits paid for purchases of machinery.

Current assets

As at 31 March 2014, current assets amounted to RMB 680.3 million. Current assets increased by RMB 2.6 million (or 0.4%) compared to RMB 677.7 million as at 31 December 2013. This was largely due to an increase in inventories, trade and other receivables which

was partially offset by the decrease in prepayment to suppliers, bank deposits, cash and bank balances.

Inventory increased by RMB 28.5 million or 44% was due to a buildup of inventory as a result of the decline in sales in 1Q2014 while production still continued on an optimal scale to cover its manufacturing overheads. Moreover, the Group will hold a 3-month raw materials requirement for purpose of production efficiency compared to 2-month raw materials requirement as at 31 December 2013.

The decrease in prepayments to suppliers was due mainly to the decrease in advances made to certain suppliers. For advances to suppliers, the Group will secure signed supply agreements with its various suppliers. The advance payments in the supply agreements are calculated based on certain percentage of the total contract price.

Bank deposits decreased from RMB 66.5 million to RMB 50.8 million due mainly to the decrease in the pledged bank deposits for security of bills payables.

Current liabilities

The increase in current liabilities of RMB2.5 million or 1% from RMB492.3 million as at 31 December 2013 to RMB494.8 million as at 31 March 2014 was due to the increase in trade payables, short-term bank loans and bank overdrafts which was partially offset by decrease in bills payables to banks, other payables and accruals

The increase in trade payables was due to an increase in purchase of raw materials in March 2014, ie after the Lunar New Year.

The increase in short-term bank loans was due mainly to a new bank loan of RMB60 million secured for the financing of the Group's Xiamen project..

Bank overdrafts represented the draw down of the banking facilities from Hang Seng Bank.

Bills payables decrease due to Group settled partially of the bills payables in 1Q2014.

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

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 made as the local government of Xiamen Island will impose an interest tax on all money transferred from other location within the PRC. Remittance from Hong Kong and other foreign countries is exempted from any interest tax.

Non-current liabilities

Non-current liabilities comprise deferred tax liabilities. The increase in deferred tax liabilities was due mainly to the increase in withholding tax as explained above under the note for tax expense.

CASH FLOW

Operating activities

Net cash flows used in operating activities in 1Q2014 amounted to RMB 79.8 million while cash flows generated from operating activities in 1Q2013 amounted to RMB 50.7 million.

This was due mainly to the decrease in other payables and increase in inventories, trade and other receivables.

Investing activities

Net cash flows used in investing activities in 1Q2014 amounted to RMB4.6 million compared to RMB 8.5 million in 1Q2013, due mainly to the deposits paid for commencement of Xiamen HQ project in 1Q2013

Financing activities

Net cash flows generated from financing activities in 1Q2014 amounted to RMB 75.7 million while cash flows used in operating activities in 1Q2013 amounted to RMB 5.0 million. This was due mainly to the proceeds from short-term bank loans for Xiamen HQ project in 1Q 2014.

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 1Q2014 is line with the Company's commentary in paragraph 10 of the results announcement dated 27 February 2014.

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 first quarter ended 31 March 2014, the Group continued to operate under a highly competitive and challenging environment as the zipper industry in the PRC faces intense competition with thin 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.

The average utilization rates of the Group's production facilities in 1Q2014 for zipper chains and zipper sliders were approximately 64% and 48% 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 potential 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 and inventory holding cost.

Update on Construction progress of the Company's Xiamen Headquarter

The main construction work for the Company's Xiamen Headquarter 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 Director & CEO

2 May 2014

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 first quarter ended 31 March 2014 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: 2 May 2014