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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2015.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Statement of Comprehensive Income for the second quarter and half year ended 30 June 2015. These figures have not been audited.

	Group			Group		
	3 months Ended 30/6/2015 Unaudited	3 months Ended 30/6/2014 Unaudited	Increase/ (Decrease)	6 months Ended 30/6/2015 Unaudited	6 months Ended 30/6/2014 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	162,688	160,074	2	314,986	267,268	18
Cost of sales	(150,105)	(145,519)	3	(292,154)	(240,647)	21
Gross profit	12,583	14,555	(14)	22,832	26,621	(14)
Other income and expenses	(575)	1,688	NM	154	3,517	(96)
Selling and distribution expenses	(1,749)	(1,512)	16	(3,060)	(3,137)	(2)
General and administrative expenses	(10,848)	(14,045)	(23)	(25,124)	(28,084)	(11)
(Loss)/Profit from operating activities	(589)	686	NM	(5,198)	(1,083)	380
Finance income	595	551	8	1,124	1,094	3
Finance expense	(3,798)	(1,904)	99	(6,565)	(3,649)	80
Loss before taxation	(3,792)	(667)	469	(10,639)	(3,638)	192
Income tax expense	(304)	(1,563)	(81)	(421)	(4,648)	(91)
Loss for the period attributable to shareholders	(4,096)	(2,230)	84	(11,060)	(8,286)	33
Statement of Comprehensive Income						
Loss attributable to shareholders	(4,096)	(2,230)	84	(11,060)	(8,286)	33
Other comprehensive (loss)/income for the period						
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	464	(97)	NM	38	(1,719)	NM
Total comprehensive loss for the period attributable to shareholders	(3,632)	(2,327)	56	(11,022)	(10,005)	10

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

Allowance for doubtful trade receivables	743	4,396	(83)	5,969	9,232	(35)
Amortisation of land use rights	237	273	(13)	484	433	12
Amortisation of intangible assets	3	4	(25)	5	123	(96)
Depreciation of property, plant and equipment	10,585	9,496	11	21,720	19,049	14
Foreign exchange loss/(gain), net	720	(109)	NM	90	(1,596)	NM
Salaries and bonuses	19,057	20,679	(8)	34,924	34,533	1

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	
	30/6/2015 Unaudited	31/12/2014 Unaudited	30/6/2015 Unaudited	31/12/2014 Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	308,385	323,935	-	-
Investment properties	308,547	297,860	-	-
Land use rights	33,446	33,930	-	-
Intangible assets	10	14	-	-
Prepayments	-	53	-	-
Investment in subsidiaries	-	-	344,853	344,853
	650,388	655,792	344,853	344,853
Current assets				
Inventories	103,417	67,814	-	-
Trade and other receivables	294,549	269,618	2	2
Prepayments	66,170	90,997	-	-
Amount due from subsidiaries (non-trade)	-	-	480,782	465,330
Fixed deposits	58,970	58,318	-	-
Cash and bank balances	297,541	285,658	394	444
	820,647	772,405	481,178	465,776
Total assets	1,471,035	1,428,197	826,031	810,629
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	4,827	5,830	-	-
Bills payable to banks	112,903	133,827	-	-
Other payables & accruals	202,935	204,189	1,026	1,241
Amount due to directors (non-trade)	5,961	27,173	6,090	4,568
Amount due to related companies (non-trade)	-	-	-	-
Short-term bank loans	335,478	237,189	-	-
Bank overdrafts	17,438	17,102	-	-
Income tax payable	3,685	4,012	-	-
Total current liabilities	683,227	629,322	7,116	5,809
Non-current liabilities				
Deferred tax liabilities	59,713	59,758	-	-
	59,713	59,758	-	-
Total liabilities	742,940	689,080	7,116	5,809
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	64,359	64,359	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	2,362	2,324	-	-
Accumulated (losses) /profits	(26,487)	(15,427)	13,176	(919)
Total equity	728,095	739,117	818,915	804,820
Total equity and liabilities	1,471,035	1,428,1973	826,031	810,629

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

Amount repayable in one year or less, or on demand

	As at 30 June 2015		As at 31 December 2014	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- China CITIC Bank[1]	53,000	-	75,700	-
- China Construction Bank[2]	30,000	-	32,000	-
- Hang Seng Bank[4]	29,903	-	26,126	-
Short-term bank loans				
- China CITIC Bank[1]	168,300	-	70,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch[3]	9,000	-	9,000	-
- Hang Seng Bank[4]	29,178	-	29,189	-
- China Construction Bank Dongqu Branch[5]	110,000	-	110,000	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch [6]	19,000	-	19,000	-
Bank overdraft				
- Hang Seng Bank[4]	17,438	-	17,167	-

Notes:

[1] The bills payable of RMB 53.0 million and short-term bank loan of RMB168.3 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 a personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), and corporate guarantees from a subsidiary, Jinjiang Fuxing Dress Co. Ltd. and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

[2] RMB 30 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 9.0 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, a personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), corporate guarantees 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 29.9 million, the short-term loan of RMB 29.2 million and the bank overdraft of RMB 17.4; million were secured by a charge over investment property (13th floor which is the top floor) owned by Pretty Limited and part of the 12th floor, the Staircase of Tower A, Mandarin Plaza, No 14 Science Museum Road, Kowloon, rental receipt arising from the mortgaged property, a corporate guarantee from Fuxing China Group Limited, and a 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 guarantees from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), an independent third party – Mr. Wu Yuan Yang and a 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 30/6/2015 Unaudited RMB'000	3 months Ended 30/6/2014 Unaudited RMB'000	6 months Ended 30/6/2015 Unaudited RMB'000	6 months Ended 30/6/2014 Unaudited RMB'000
OPERATING ACTIVITIES				
Loss before taxation	**(3,792)**	**(667)**	**(10,639)**	**(3,638)**
Adjustments for:				
Depreciation of property, plant and equipment	10,585	9,496	21,720	19,049
Amortisation of land use rights	242	273	484	433
Amortisation of intangible assets	2	4	5	123
Allowance for doubtful trade receivables	744	4,396	5,969	9,232
Provision for social contribution	(790)	-	674	-
Loss on disposal of property, plant and equipment	-	67	-	67
Interest expense	3,797	1,904	6,565	3,649
Interest income	(595)	(550)	(1,124)	(1,094)
Foreign currency loss	336	(83)	27	(1,567)
Total adjustments	14,321	15,506	34,320	29,892
Operating cash flows before changes in working capital	**10,529**	**14,840**	**23,681**	**26,254**
(Increase) Decrease in:				
Inventories	(13,136)	9,699	(35,603)	(18,800)
Trade and other receivables	(29,897)	9,468	(30,901)	(2,915)
Prepayments	16,488	(19,873)	24,827	(2,687)
Increase (Decrease) in:				
Trade payables	(4,608)	(3,971)	(1,004)	636
Other payables & accruals	(2,661)	(10,331)	(22,851)	(81,206)
Due to directors	5,303	300	(21,213)	1,692
Total changes in working capital	(28,511)	(14,708)	(86,745)	(103,280)
Cash flows generated from /(used in) operations	**(17,982)**	**132**	**(63,064)**	**(77,026)**
Interest expense paid	(3,797)	(1,904)	(6,565)	(3,649)
Interest income received	595	551	1,124	1,094
Income tax paid	(233)	(652)	(793)	(2,078)
Net cash generated used in operating activities	**(21,417)**	**(1,873)**	**(69,298)**	**(81,659)**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,509)	(1,287)	(6,118)	(2,171)
Purchase of investment properties	(7,428)	(8,448)	(10,687)	(12,179)
Net cash used in investing activities	**(9,937)**	**(9,735)**	**(16,805)**	**(14,350)**
FINANCING ACTIVITIES				
Proceeds from loans and borrowings	50,000	-	98,300	60,000
(Increase) / Decrease in fixed deposits pledged to banks	(3,241)	4,058	(652)	19,788
Net cash generated from financing activities	**46,759**	**4,058**	**97,648**	**79,788**
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS	15,405	(7,550)	11,545	(16,221)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	264,697	244,345	268,557	253,016
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	280,102	236,795	280,102	236,795

Note A:

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

	6 months Ended 30/6/2015 Unaudited RMB'000	6 months Ended 30/6/2014 Unaudited RMB'000
Fixed deposits	58,970	46,693
Cash and bank balances	297,541	244,589
	356,511	291,282
Less: Bank overdraft	(17,438)	(7,794)
Fixed deposits (pledged)	(58,970)	(46,693)
Cash and cash equivalents	280,102	236,795

Fixed deposits amounting to RMB 58,970,000 (2014: 46,693,000) were 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 2014	772,574	(6,408)	63,502	39,573	(117,878)	3,388	(24,709)	730,042
Total comprehensive loss for the period	-	-	-	-	-	(1,719)	(8,286)	(10,005)
At 30 June 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,669	(32,995)	720,037
At 1 January 2015	772,574	(6,408)	64,359	39,573	(117,878)	2,324	(15,427)	739,117
Total comprehensive loss for the period	-	-	-	-	-	38	(11,060)	(11,022)
At 30 June 2015	772,574	(6,408)	64,359	39,573	(117,878)	2,362	(26,487)	728,095
Company								
At 1 January 2014	772,574	(6,408)	-	39,573	-	-	303	806,042
Total comprehensive loss for the period	-	-	-	-	-	-	(1,222)	(1,222)
At 30 June 2014	772,574	(6,408)	-	39,573	-	-	(919)	804,820
At 1 January 2015	772,574	(6,408)	-	39,573	-	-	15,538	821,277
Total comprehensive loss for the period	-	-	-	-	-	-	(2,362)	(2,362)
At 30 June 2015	772,574	(6,408)	-	39,573	-	-	13,176	818,915

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 April 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,766	(30,765)	722,364
Total comprehensive loss for the period	-	-	-	-	-	(97)	(2,230)	(2.327)
At 30 June 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,669	(32,995)	720,037
At 1 April 2015	772,574	(6,408)	64,359	39,573	(117,878)	1,898	(22,391)	731,727
Total comprehensive loss for the period	-	-	-	-	-	464	(4,096)	(3,632)
At 30 June 2015	772,574	(6,408)	64,359	39,573	(117,878)	2,362	(26.487)	728,095
Company								
At 1 April 2014	772,574	(6,408)	-	39,573	-	-	556	806,295
Total comprehensive loss for the period	-	-	-	-	-	-	(1,475)	(1,475)
At 30 June 2014	772,574	(6,408)	-	39,573	-	-	(919)	804,820
At 1 April 2015	772,574	(6,408)	-	39,573	-	-	14,601	820,340
Total comprehensive loss for the period	-	-	-	-	-	-	(1,428)	(1,428)
At 30 June 2015	772,574	(6,408)	-	39,573	-	-	13,176	818,915

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 half year ended 30 June 2015, there were no shares acquired.

Convertibles
For the half year ended 30 June 2015, there were no outstanding convertibles.

On 11 May 2015, the Company completed a share consolidation of 50 existing issued ordinary shares into 1 ordinary share. Accordingly, adjustments have been made to the number of shares. Fractional entitlements are disregarded.

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 June 2015	**As at 31 December 2014**
Total number of issued shares excluding treasury shares	17,205,438*	860,272,000

*After the completion of share consolidation on 11 May 2015.

There were a total of 277,720 treasury shares as at 30 June 2015.

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 2015	13,886,000
Purchases of shares during the period	-
Total number of shares as at 30 June 2015	*277,720

*After the completion of share consolidation on 11 May 2015.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2015.

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 by the auditors

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 2014 have been applied in the preparation for the financial statements for the half year ended 30 June 2015.

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 not have any material financial impact on the Group's and Company's financial statements for the half year ended 30 June 2015.

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 30/6/2015	**3 months ended 30/6/2014**	**6 months ended 30/6/2015**	**6 months ended 30/6/2014**
		(Restated)*		(Restated)*
(a) Basic and	(23.8)	(13.0)	(64.3)	(48.2)
(b) On a fully diluted basis	(23.8)	(13.0)	(64.3)	(48.2)

*Note: Basic (loss)/earnings per share is computed based on weighted average number of shares in issue in 2015:*17,205,438 ordinary shares (2014: 860,272,000).*

*After the completion of share consolidation on 11 May 2015. The basic and diluted loss per share for the corresponding period has been restated on the basis of the Company's share consolidation.

For the second quarter and half year ended 30 June 2015 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 30 June 2015 and 30 June 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**	
	30/6/2015	**31/12/2014**	**30/6/2015**	**31/12/2014**
		(Restated)*		(Restated)*
Net asset value per ordinary share based on issued share capital at the end of the period/year (in RMB):	42.3	43.0	47.6	46.8
(Number of ordinary shares in issue as at 30/6/2015: *17,205,438 (as at 31/12/2014: 860,272,000 shares)				

*After the completion of share consolidation on 11 May 2015. The net asset value per share of the Group and the Company at the end of the immediately preceding financial year has been restated on the basis of the Company's share consolidation.

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

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

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

	Group			Group		
	3 months Ended 30/6/2015 Unaudited	**3 months Ended 30/6/2014 Unaudited**	**Increase/ (Decrease)**	**6 months Ended 30/6/2015 Unaudited**	**6 months Ended 30/6/2014 Unaudited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper Chain	83,369	89,741	(7)	144,637	148,267	(2)
Zipper Slider	20,332	25,363	(19)	41,478	43,967	(6)
Trading	49,039	35,185	39	108,234	53,960	101
Processing	17,233	16,239	6	31,240	29,579	6
Inter-segment sales	(7,285)	(6,454)	13	(10,603)	(8,505)	25
Total Group Revenue	162,688	160,074	2	314,986	267,268	18
COST OF SALES						
Zipper Chain	73,542	78,973	(7)	127,798	129,884	(2)
Zipper Slider	18,688	22,750	(18)	37,780	37,960	(1)
Trading	47,841	34,426	39	105,596	52,747	100
Processing	17,319	15,824	9	31,583	28,561	11
Inter-segment sales	(7,285)	(6,454)	13	(10,603)	(8,505)	25
Total Group Cost of Sales	150,105	145,519	3	292,154	240,647	21
GROSS PROFIT						
Zipper Chain	9,827	10,768	(9)	16,839	18,383	(8)
Zipper Slider	1,644	2,613	(37)	3,698	6,007	(38)
Trading	1,198	759	58	2,638	1,213	117
Processing	(86)	415	(121)	(343)	1,018	(134)
Total Gross Profit	12,583	14,555	(14)	22,832	26,621	(14)
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper Chain	11.8	12.0	(0.2)	11.6	12.4	(0.8)
Zipper Slider	8.1	10.3	(2.2)	8.9	13.7	(4.8)
Trading	2.4	2.2	0.2	2.4	2.2	0.2
Processing	(0.5)	2.6	(3.1)	(1.1)	3.4	(4.5)
Average Gross Profit Margin	7.7	9.1	(1.4)	7.2	10.0	(2.8)
Zipper Segment Gross Profit Margin	11.1	11.6	(0.5)	11.0	12.7	(1.7)

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.

6M2015 vs. 6M2014

Revenue

The Group's revenue increased by RMB 47.7 million (or 18%) to RMB 315.0 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 54.3 million) and the Processing segment (RMB 1.7 million). This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 3.6 million) and the Zipper Slider segment (RMB 2.5 million).

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

The decrease in revenue from the Zipper segment in 6M2015 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 resulted in the Group reducing its selling prices to retain customers' orders. The average selling prices in the Zipper Chain segment had decreased by 9% per kg while the sales volume had increased by 8%.

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 the sales orders from customers during 6M2015.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 3.8 million (or 14%) to RMB 22.8 million. The decrease in gross profit was due mainly to the increase in wages and factory overheads.

Average gross profit margin decreased by 1.7 percentage points to 11.0% due to the decrease in gross profit margin from the Zipper segment in 6M2015 arising from the lower selling prices and higher production costs such as increase in wages and factory overheads.

Other income and other expenses

Other income comprises government subsidies and refund of unclaimed cash dividend distribution while other expenses represented foreign exchange loss. The net income decrease was due mainly to the decrease in government subsidies and 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 0.1 million (or 2%) to RMB 3.0 million. The decrease was due mainly to a decrease in advertising costs as a result of fewer promotional activities.

General and administrative expenses

General and administrative expenses decreased by RMB 3.0 million (or 11%) to RMB 25.1 million. This was mainly due to the RMB3.3 million decrease in allowance for doubtful debts as a result of tighter controls over customers' credit period and limit.

Finance income and expenses

Finance expenses increased by RMB 2.9 million (or 80%) to RMB 6.6 million. This was attributable to the increase in short-term bank loans.

Tax expense

	Group		
	6 months Ended 30/6/2015 Uaudited	**6 months Ended 30/6/2014 Uaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	388	1,791	(78)
Deferred tax[2]	33	2,857	(99)
Tax expense	421	4,648	(91)

Notes :

[1] Current tax decreased by RMB 1.4 million or 78% was in line with the decrease in profit before taxation in 6M2015.

[2] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which stated that distribution of dividends from profits accumulated from 1 January 2008, shall be subject to a withholding tax on distribution to foreign investors. Accordingly, the Group had 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%.

2Q2015 vs. 2Q2014 (3 months)

Revenue

The Group's revenue increased by RMB 2.6 million (or 2%) to RMB 162.7 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 13.9 million), and the Processing segment (RMB 1.0 million). This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 6.4 million) and the Zipper Slider segment (RMB 5.0 million).

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

The decrease in revenue from the Zipper segment in 2Q2015 was attributable to the reduction in selling prices to retain customers' orders.

The increase in revenue from the Trading segment and the Processing segment was due to an increase in the sales orders from customers during 2Q2015.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 2.0 million (or 14%) to RMB 12.6 million. The decrease in gross profit was due mainly to the increase in wages and factory overheads.

Average gross profit margin decreased by 0.6 percentage points to 11.1% due to the decrease in gross profit margin from the Zipper segment in 2Q2015 arising from the lower selling prices and higher production costs such as increase in wages and factory overheads.

Other income and other expenses

Other income comprises government subsidies and refund of unclaimed cash dividend distribution while other expenses represented foreign exchange loss. The net expenses represented the decrease in government subsidies and increase in foreign exchange loss as a result of the depreciation of USD and SGD against RMB arising from the balance in the Group's bank account.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 0.2 million (or 16%) to RMB 1.7 million as a result of increase in staff costs following the recruitment of more experienced sales staff.

General and administrative expenses

General and administrative expenses decreased by RMB 3.2 million (or 23%) to RMB 10.8 million. This was mainly due to the RMB 3.7 million decrease in allowance for doubtful debts as a result of tighter controls over customers' credit period and limit.

Finance income and expenses

Finance expenses increased by RMB 1.9 million (or 99%) to RMB 3.8 million. This was attributable to the increase in short-term bank loans.

Tax expense

	Group		
	3 months Ended 30/6/2015 Unaudited	**3 months Ended 30/6/2014 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	294	1,203	(76)
Deferred tax[2]	10	360	(97)
Tax expense	304	1,563	(81)

Notes:

[1] Current tax decreased by RMB 0.9 million or 76% was in line with the decrease in profit before taxation in 2Q2015.

[2] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which stated that distribution of dividends from profits accumulated from 1 January 2008, shall be subject to a withholding tax on distribution to foreign investors. Accordingly, the Group had 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 June 2015, non-current assets amounted to RMB 651.4 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 308.4 million, a decrease of 5% (or RMB 15.6 million) compared to RMB 323.9 million as at 31 December 2014. The decrease was due mainly to depreciation expenses.

The increase in investment property was due to the recognition of the construction cost of the Group's Xiamen Headquarters project ("HQ Project") during 6M2015.

The decrease in intangible assets was due mainly to the amortization expenses.

Current assets

As at 30 June 2015, current assets amounted to RMB 820.6 million, an increase of 6% (or RMB 48.2 million) compared to RMB 772.4 million as at 31 December 2014. This was due largely to an increase in inventories, trade and other receivables, bank deposits, cash and bank balances which were offset by the decrease in prepayments.

Inventories increased by RMB 35.6 million (or 53%) to RMB 103.4 million due to a build-up of inventory as a result of the decline in sales in 2Q2015 while production still continued on an optimal scale to cover its manufacturing overheads. Moreover, the Group held a 3-month raw materials requirement for the purpose of production efficiency compared to a 2-month raw materials requirement as at 31 December 2014.

Trade and other receivables increased by RMB 24.9 million (or 9%) to RMB 294.5 million was in line with the increase in revenue from the Trading segment.

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 a certain percentage of the total contract price.

Cash and bank balances increased by RMB 11.9 million (or 4%) to RMB 297.5 million due mainly to the increase in short-term bank loans.

Current liabilities

As at 30 June 2015, total current liabilities were RMB 683.2 million, an increase of 9% (or RMB 53.9 million) compared to RMB 629.3 million as at 31 December 2014. This was mainly attributable to the increase in short-term bank loans. The increase was offset by the decrease in trade payables, bills payable to banks, income tax payable, other payables and accruals and amount due to a Director.

The increase in short-term bank loans was due mainly to a new bank loan of RMB48.3 million secured. Please refer to page 4 for further information.

Trade payables decreased by RMB 1.0 million (or 17%) to RMB 4.8 million, and bills payables decreased by RMB 20.9 million (or 16%) to RMB 112.9 million due to settlement of some trade and bills payables during 6M2015.

Other payables and accruals decreased by RMB 1.3 million (or 1%) to RMB 202.9 million due to decrease in advances received from customers.

Bank overdrafts represented the drawdown of the banking facilities from Hang Seng Bank.

The decrease of amount due to a Director was due to funds repaid to Mr Hong Qing Liang for the HQ Project after the Group obtained the new short-term bank loan.

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 6M2015 amounted to RMB 69.3 million compared to RMB 81.7 million in 6M2014, and in 2Q2015 amounted to RMB 21.4 million compared to RMB 1.9 million in 2Q2014. This was due mainly to the increase in inventories, trade and other receivables.

Investing activities

Net cash flows used in investing activities in 6M2015 amounted to RMB 16.8 million compared to RMB 14.4 million in 6M2014, and in 2Q2015 amounted to RMB 9.9 million compared to RMB 9.7 million in 2Q2014, due mainly to the purchase of property, plant and equipment and construction of the HQ Project in 2Q2015 and 6M2015.

Financing activities

Net cash flows used in financing activities in 6M2015 amounted to RMB 97.6 million compared to RMB 79.8 million in 6M2014, and in 2Q2015 amounted to RMB 46.8 million compared to RMB 4.1 million in 2Q2014, due mainly to the proceeds from new banking facilities in 2Q2015 and 6M2015.

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 2Q2015 and 6M2015 is in line with the commentary made in item 10 of the Company's results announcement dated 29 April 2015.

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 6M2015, 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. 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 6M2015 for its zipper chains and zipper sliders were approximately 75% and 54% respectively.

The Group expects the zipper industry to remain highly challenging and competitive. The Group expects the continuation of the slowing economic growth in the PRC, uncertainties for export sales, as well as cost pressures arising from rising production and labour costs. These factors will affect the Group's operating outlook for the next twelve months.

The Group will continue to 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 Group's Xiamen Headquarters.

As of to-date, the HQ Project is approximately 70% completed. The Group had obtained shareholders' approval on 28 April 2015 to dispose part of the office building of the HQ Project when opportunity arises.

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

14 August 2015

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 second quarter and half year ended 30 June 2015 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: 14 August 2015