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 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.

The Group Statement of Comprehensive Income for the third quarter and nine months ended 30 September 2015. These figures have not been audited.

	Group			Group		
	3 months Ended 30/9/2015 Unaudited	3 months Ended 30/9/2014 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2015 Unaudited	9 months Ended 30/9/2014 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	181,933	164,992	10	496,919	432,260	15
Cost of sales	(169,781)	(151,732)	12	(461,935)	(392,379)	18
Gross profit	12,152	13,260	(8)	34,984	39,881	(12)
Other income and expenses	6,306	8,836	(29)	6,460	12,353	(48)
Selling and distribution expenses	(2,136)	(2,016)	6	(5,196)	(5,153)	1
General and administrative expenses	(9,783)	(10,678)	(8)	(34,907)	(38,762)	(10)
Profit/(Loss) from operating activities	6,539	9,402	(30)	1,341	8,319	(84)
Finance income	312	426	(27)	1,436	1,520	(6)
Finance expense	(2,299)	(1,906)	21	(8,864)	(5,555)	60
Profit/(Loss) before taxation	4,552	7,922	(43)	(6,087)	4,284	NM
Income tax expense	(1,046)	(938)	12	(1,467)	(5,586)	(74)
Profit/(Loss) for the period attributable to shareholders	3,506	6,984	(50)	(7,554)	(1,302)	480
Statement of Comprehensive Income						
Profit/(Loss) attributable to shareholders	3,506	6,984	(50)	(7,554)	(1,302)	480
Other comprehensive income/(loss) for the period						
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	(4,237)	174	NM	(4,199)	(1,545)	172
Total comprehensive profit/(loss) for the period attributable to shareholders	(731)	7,158	NM	(11,753)	(2,847)	313

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

Allowance for doubtful trade receivables	(1,640)	1,385	NM	4,329	10,617	(59)
Amortisation of land use rights	243	273	(11)	727	706	3
Amortisation of intangible assets	7	4	75	7	127	(94)
Depreciation of property, plant and equipment	9,408	9,330	1	31,128	28,379	10
Foreign exchange loss/(gain), net	(5,742)	365	NM	(5,652)	(1,231)	359
Salaries and bonuses	16,390	18,037	(9)	51,314	52,570	(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	
	30/9/2015 Unaudited	31/12/2014 Unaudited	30/9/2015 Unaudited	31/12/2014 Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	299,542	323,935	-	-
Investment properties	335,287	297,860	-	-
Land use rights	33,204	33,930	-	-
Intangible assets	8	14	-	-
Prepayments	67	53	-	-
Investment in subsidiaries	-	-	344,853	344,853
	668,108	655,792	344,853	344,853
Current assets				
Inventories	99,942	67,814	-	-
Trade and other receivables	256,527	269,618	2	2
Prepayments	69,952	90,997	-	-
Amount due from subsidiaries (non-trade)	-	-	486,151	465,330
Fixed deposits	38,750	58,318	-	-
Cash and bank balances	264,512	285,658	379	444
	729,683	772,405	486,532	465,776
Total assets	1,397,791	1,428,197	831,385	810,629
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	9,430	5,830	-	-
Bills payable to banks	116,614	133,827	-	-
Other payables & accruals	196,214	204,189	1,336	1,241
Amount due to directors (non-trade)	1,249	27,173	6,405	4,568
Amount due to related companies (non-trade)	-	-	-	-
Short-term bank loans	268,370	237,189	-	-
Bank overdrafts	14,950	17,102	-	-
Income tax payable	3,802	4,012	-	-
Total current liabilities	610,629	629,322	7,741	5,809
Non-current liabilities				
Deferred tax liabilities	59,798	59,758	-	-
	59,798	59,758	-	-
Total liabilities	670,427	689,080	7,741	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	(1,875)	2,324	-	-
Accumulated (losses) /profits	(22,981)	(15,427)	17,905	(919)
Total equity	727,364	739,117	823,644	804,820
Total equity and liabilities	1,397,791	1,428,197	831,385	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 September 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]	45,500	-	75,700	-
- China Construction Bank[2]	40,000	-	32,000	-
- Hang Seng Bank[4]	31,114	-	26,126	-
Short-term bank loans				
- China CITIC Bank[1]	100,000	-	70,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch[3]	9,000	-	9,000	-
- Hang Seng Bank[4]	30,370	-	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]	14,950	-	17,102	-

Notes:

[1] The bills payable of RMB 45.5 million and short-term bank loan of RMB100.0 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 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 40 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 31.1 million, the short-term loan of RMB 30.4 million and the bank overdraft of RMB 15.0 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 30/9/2015 Unaudited RMB'000	3 months Ended 30/9/2014 Unaudited RMB'000	9 months Ended 30/9/2015 Unaudited RMB'000	9 months Ended 30/9/2014 Unaudited RMB'000
OPERATING ACTIVITIES				
Profit/(Loss) before taxation	**4,552**	**7,922**	**(6,087)**	**4,284**
Adjustments for:				
Depreciation of property, plant and equipment	9,408	9,330	31,128	28,379
Amortisation of land use rights	242	273	727	706
Amortisation of intangible assets	2	4	7	127
Loss on disposal of property, plant and equipment	-	-	-	67
Allowance for doubtful trade receivables	(1,641)	1,385	4,329	10,617
Provision for social contribution	337	-	1,012	-
Interest expense	2,300	1,905	8,865	5,555
Interest income	(312)	(426)	(1,436)	(1,520)
Foreign currency loss	(3,046)	149	(3,021)	(1,419)
Total adjustments	7,290	12,620	41,611	42,512
Operating cash flows before changes in working capital	**11,842**	**20,542**	**35,524**	**46,796**
(Increase)/ Decrease in:				
Inventories	3,475	25	(32,127)	(18,774)
Trade and other receivables	39,663	4,276	8,762	1,361
Prepayments	(3,782)	(8,080)	21,045	(10,767)
Increase/ (Decrease) in:				
Trade payables	4,604	4,999	3,600	5,635
Other payables & accruals	(3,348)	15,356	(26,200)	(65,851)
Due to directors	(4,711)	(2,422)	(25,924)	(730)
Total changes in working capital	35,901	14,154	(50,844)	(89,126)
Cash flows generated from / (used in) operations	**47,743**	**34,696**	**(15,320)**	**(42,330)**
Interest expense paid	(2,300)	(1,905)	(8,865)	(5,555)
Interest income received	312	426	1,436	1,520
Income tax paid	(845)	(1,376)	(1,638)	(3,454)
Net cash generated from / (used in) operating activities	**44,910**	**31,841**	**(24,387)**	**(49,819)**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(631)	(2,174)	(6,749)	(4,345)
Purchase of investment properties	(26,740)	(11,204)	(37,427)	(23,383)
Net cash used in investing activities	**(27,371)**	**(13,378)**	**(44,176)**	**(27,728)**
FINANCING ACTIVITIES				
Proceeds from loans and borrowings	-	77,963	98,300	137,963
Repayments of loans and borrowings	(68,300)	(69,000)	(68,300)	(69,000)
Increase in fixed deposits pledged to banks	20,220	5,483	19,568	25,272
Net cash generated from financing activities	**(48,080)**	**14,446**	**49,568**	**94,235**
NET INCREASE /(DECREASE) IN CASH & CASH EQUIVALENTS	(30,541)	32,909	(18,995)	16,688
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	280,103	236,795	268,557	253,016
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	249,562	269,704	249,562	269,704

Note A:

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

	9 months Ended 30/9/2015 Unaudited RMB'000	9 months Ended 30/9/2014 Unaudited RMB'000
Fixed deposits	38,750	41,210
Cash and bank balances	264,512	278,517
	303,262	319,727
Less: Bank overdraft	(14,950)	(8,813)
Fixed deposits (pledged)	(38,750)	(41,210)
Cash and cash equivalents	249,562	269,704

Fixed deposits amounting to RMB 38,750,000 (2014: RMB 41,210,000) 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.

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 January 2014	772,574	(6,408)	63,502	39,573	(117,878)	3,388	(24,709)	730,042
Total comprehensive loss for the period	-	-	-	-	-	(1,545)	(1,302)	(2,847)
At 30 September 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,843	(26,011)	727,195
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	-	-	-	-	-	(4,199)	(7,554)	(11,753)
At 30 September 2015	772,574	(6,408)	64,359	39,573	(117,878)	(1,875)	(22,981)	727,364
Company								
At 1 January 2014	772,574	(6,408)	-	39,573	-	-	303	806,042
Total comprehensive income for the period	-	-	-	-	-	-	17,252	17,252
At 30 September 2014	772,574	(6,408)	-	39,573	-	-	17,555	823,294
At 1 January 2015	772,574	(6,408)	-	39,573	-	-	15,538	821,277
Total comprehensive income for the period	-	-	-	-	-	-	2,367	2,367
At 30 September 2015	772,574	(6,408)	-	39,573	-	-	17,905	823,644

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 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,669	(32,995)	720,037
Total comprehensive income for the period	-	-	-	-	-	174	6,984	7,158
At 30 September 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,843	(26,011)	727,195
At 1 July 2015	772,574	(6,408)	64,359	39,573	(117,878)	2,362	(26,487)	728,095
Total comprehensive income for the period	-	-	-	-	-	(4,237)	3,506	(731)
At 30 September 2015	772,574	(6,408)	64,359	39,573	(117,878)	(1,875)	(22,981)	727,364
Company								
At 1 July 2014	772,574	(6,408)	-	39,573	-	-	(919)	804,820
Total comprehensive income for the period	-	-	-	-	-	-	18,474	18,474
At 30 September 2014	772,574	(6,408)	-	39,573	-	-	17,555	823,294
At 1 July 2015	772,574	(6,408)	-	39,573	-	-	13,176	818,915
Total comprehensive income for the period	-	-	-	-	-	-	4,729	4,729
At 30 September 2015	772,574	(6,408)	-	39,573	-	-	17,905	823,644

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 2015, there were no shares acquired.

Convertibles
For the period ended 30 September 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 September 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 September 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 September 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 September 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.

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 nine months ended 30 September 2015

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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 has no material financial impact on the Group's and Company's financial statements for the nine months ended 30 September 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 30/9/2015	**3 months ended 30/9/2014**	**9 months ended 30/9/2015**	**9 months ended 30/9/2014**
		(Restated)*		(Restated)*
(a) Basic and	(20.4)	(40.6)	(43.9)	(7.6)
(b) On a fully diluted basis	(20.4)	(40.6)	(43.9)	(7.6)

*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 third quarter and nine months ended 30 September 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 September 2015 and 30 September 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	
	30/9/2015	**31/12/2014**	**30/9/2015**	**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	47.9	46.8
(Number of ordinary shares in issue as at 30/9/2015: *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 30/9/2015 Unaudited	3 months Ended 30/9/2014 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2015 Unaudited	9 months Ended 30/9/2014 Unaudited	Increase/ (Decrease)
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper Chain	75,257	84,157	(11)	219,893	232,424	(5)
Zipper Slider	20,221	25,045	(19)	61,699	69,012	(11)
Trading	76,831	36,846	109	185,065	90,806	104
Processing	15,689	24,297	(35)	46,930	53,876	(13)
Inter-segment sales	(6,065)	(5,353)	13	(16,668)	(13,858)	20
Total Group Revenue	181,933	164,992	10	496,919	432,260	15
COST OF SALES						
Zipper Chain	66,795	75,385	(11)	194,593	205,269	(5)
Zipper Slider	18,480	22,539	(18)	56,260	60,499	(7)
Trading	74,969	36,159	107	180,565	88,906	103
Processing	15,602	23,002	(32)	47,185	51,563	(8)
Inter-segment sales	(6,065)	(5,353)	13	(16,668)	(13,858)	20
Total Group Cost of Sales	169,781	151,732	12	461,935	392,379	18
GROSS PROFIT						
Zipper Chain	8,462	8,772	(4)	25,300	27,155	(7)
Zipper Slider	1,741	2,506	(31)	5,439	8,513	(36)
Trading	1,862	687	171	4,500	1,900	137
Processing	87	1,295	(93)	(255)	2,313	(111)
Total Gross Profit	12,152	13,260	(8)	34,984	39,881	(12)
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper Chain	11.2	10.4	0.8	11.5	11.7	(0.2)
Zipper Slider	8.6	10.0	(1.4)	8.8	12.3	(3.5)
Trading	2.4	1.9	0.5	2.4	2.1	0.3
Processing	0.6	5.3	(4.7)	(0.5)	4.3	(4.8)
Average Gross Profit Margin	6.7	8.0	(1.3)	7.0	9.2	(2.2)
Zipper Segment Gross Profit Margin	10.7	10.3	0.4	10.9	11.8	(0.9)

NM: Not Meaningful

Note:

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

9M2015 vs. 9M2014

Revenue

The Group's revenue increased by RMB 64.7 million (or 15%) to RMB 497.0 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 94.3 million) This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 12.5 million), the Zipper Slider segment (RMB 7.3 million), and the Processing segment (RMB 6.9 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 and the Processing segment in 9M2015 was attributable to a slow 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 8% per kg while the sales volume had increased by 3%.

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 decrease in revenue from the Trading segment was due to an increase in sales orders from customers during 9M2015.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 4.9 million (or 12%) to RMB 35.0 million. The decrease was due mainly to the increase in factory overheads.

Average gross profit margin decreased by 2.2 percentage points to 7.0% due to the decrease in gross profit margin from the Zipper segment in 9M2015 arising from the lower selling prices and higher production costs such as increase in factory overheads.

Other income and other expenses

Other income mainly comprises government subsidies, refund of unclaimed cash dividend distribution and foreign exchange gains. The net income represented the increase in foreign exchange gain as a result of the depreciation of RMB against USD and SGD arising from the balance in the bank account.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 0.1 million (or 1%) to RMB 5.2 million. The increase was due mainly to the new promotional activities that had commenced in 3Q2015.

General and administrative expenses

General and administrative expenses decreased by RMB 3.9 million (or 10%) to RMB 34.9 million. This was mainly due to a drop of RMB 6.3 million 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 3.3 million (or 60%) to RMB 8.9 million. This was attributable to the increase in short-term loans. Finance income decreased by RMB 0.1 million (or 6%) to RMB 1.4 million was due mainly to the decrease in cash and bank balance.

Tax expense

	Group		
	9 months Ended 30/9/2015 Uaudited	**9 months Ended 30/9/2014 Uaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	1,276	2,525	(50)
Deferred tax[2]	191	3,061	(94)
Tax expense	1,467	5,586	(74)

Notes:

[1] Current tax decreased by RMB 1.2 million or 50% due to a decrease in taxable profit before taxation in 9M2015.

[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%.

3Q2015 vs. 3Q2014 (3 months)

Revenue

The Group's revenue increased by RMB 16.9 million (or 10%) to RMB 181.9 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 40.0 million) This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 8.9 million), the Zipper Slider segment (RMB 4.8 million), and the Processing segment (RMB 8.6 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 and the Processing segment in 3Q2015 was attributable to the reduction in selling prices to retain customers' orders.

The increase in revenue from the Trading segment was due to an increase in sales orders from customers during 3Q2015.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 1.1 million (or 8%) to RMB 12.2 million. The decrease in gross profit was due mainly to the decrease in revenue and increase in overheads.

Average gross profit margin decreased by 1.4% percentage points to 6.7% due to a decrease in gross profit margin from the Zipper Slider segment and the Processing segment in 3Q2015 arising from the higher production costs as a result of increase in factory overheads.

Other income and other expenses

Other income mainly comprises government subsidies, and foreign exchange gains. The net income represented the increase in foreign exchange gain as a result of the depreciation of RMB against USD and SGD arising from the balance in the bank account.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 0.1 million (or 6%) to RMB 2.1 million. The increase was due mainly to an increase in advertising and promotional activities.

General and administrative expenses

General and administrative expenses decreased by RMB 0.9 million (or 8%) to RMB 9.8 million. This was mainly due to the RMB1.6 million of written back of 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 0.4 million (or 21%) to RMB 2.3 million. This was attributable to the increase in short-term loans. Finance income decreased by RMB 0.1 million to RMB 0.3 million due mainly to the decrease in cash and bank balances.

Tax expense

	Group		
	3 months Ended 30/9/2015 Unaudited	**3 months Ended 30/9/2014 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	888	734	21
Deferred tax[2]	158	204	(23)
Tax expense	1,046	938	12

Notes:

[1] Current tax increased by RMB 0.2 million or 21% due to a increase in taxable profit before taxation in 3Q2015.

[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 2015, non-current assets amounted to RMB 668.1 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 299.5 million, a decrease of 8% (or RMB 24.4 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 construction of the Company's Xiamen Headquarter project during 9M2015.

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

The prepayment balance as at 30 September 2015 represented the deposits paid for purchases of

machinery.

Current assets

As at 30 September 2015, current assets amounted to RMB 729.7 million, a decrease of 6% (or RMB 42.7 million) compared to RMB 772.4 million as at 31 December 2014. This was due largely to a decrease in trade and other receivables, prepayments, bank deposits, cash and bank balances which were partially offset by an increase in inventories.

Inventories increased by RMB 32.1 million (or 47%) to RMB 99.9 million was due to the Group held a 3-month raw materials requirement for the purpose of production efficiency compared to 2-month raw materials requirement as at 31 December 2014.

Trade and other receivables decreased by RMB 13.1 million (or 5%) to RMB 256.5 million was in line with the decrease in revenue from the Zipper segment.

The decrease in prepayments to suppliers by RMB 21.0 million (or 23%) to RMB 70.0 million 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 decreased by RMB 21.1 million (or 7%) to RMB 264.5 million due mainly to the settlement of bills payable to banks and settlement of construction costs of Xiamen headquarter.

Current liabilities

As at 30 September 2015, total current liabilities were RMB 610.6 million, an decrease of 3% (or RMB 18.7 million) compared to RMB 629.3 million as at 31 December 2014. This was mainly attributable to the decrease in bills payable to banks, income tax payable, amount due to a Director, bank overdraft, other payables and accruals which were partially offset by the increase in trade payables and short term bank loans

Trade payables increased by RMB 3.6 million (or 62%) to RMB 9.4 million due mainly to an increase in demand for raw materials as a result of an increase in production capacity.

Bills payables decreased by RMB 17.2 million (or 13%) to RMB 116.6 million due to the Group's settlement of some bills payables during 9M2015.

Other payables and accruals decreased by RMB 8.0 million (or 4%) to RMB 196.2 million due to the decrease in payable to construction costs of Xiamen headquarter.

The short-term bank loans increased by RMB 31.2 million (or 13%) to RMB 268.4 million was due mainly to a new bank loan of RMB30 million secured. Please refer to page 4 for further information.

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 9M2015 amounted to RMB 24.4 million compared to RMB 49.8 million in 9M2014 was due mainly to the increase in inventories, and decrease in amount due to Directors.

Net cash flows generated from operating activities in 3Q2015 amounted to RMB 44.9 million compared to RMB 31.8 million in 3Q2014 was due mainly to the decrease in trade and other receivables in 3Q2015.

Investing activities
Net cash flows used in investing activities in 9M2015 amounted to RMB 44.2 million compared to RMB 27.7 million in 9M2014 was mainly due to the increase in construction cost of investment properties in 9M2015.

Net cash flows used in investing activities in 3Q2015 amounted to RMB 27.4 million compared to RMB 13.4 million in 3Q2014 was mainly due to the increase in construction cost of investment properties in 3Q2015.

Financing activities
Net cash flows generated from financing activities in 9M2015 amounted to RMB 49.6 million compared to RMB 94.2 million in 9M2014. This was due mainly to higher net proceeds from short-term bank loans of RMB 69 million in 9M2014 as compared to RMB 30 million in 9M2015 and also the decrease in bank deposits.

Net cash flows used in financing activities in 3Q2015 amounted to RMB 48.1 million while net cash flows generated from financing activities in 3Q2014 amounted to RMB 14.4 million. This was due mainly to the repayment of short-term bank loans in 3Q2015.

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 3Q2015 and 9M2015 is in line with the commentary made in item 10 of the Company's results announcement dated 14 August 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 the nine months ended 30 September 2015 ("9M2015"), 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 9M2015 for zipper chains and zipper sliders were approximately 80% and 55% 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 costs 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 Company's Xiamen Headquarter

As of to-date, the HQ Project is approximately 75% 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

11 November 2015

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)

Confirmation By Directors Pursuant to Rule 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 nine months ended 30 September 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: 11 November 2015