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 2016.

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 2016. These figures have not been audited.

	Group			Group		
	3 months Ended 30/6/2016 Unaudited	3 months Ended 30/6/2015 Unaudited	Increase/ (Decrease)	6 months Ended 30/6/2016 Unaudited	6 months Ended 30/6/2015 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	190,207	162,688	17	376,769	314,986	20
Cost of sales	(177,637)	(150,105)	18	(353,740)	(292,154)	21
Gross profit	12,570	12,583	-	23,029	22,832	1
Other income and expenses	3,741	(575)	NM	3,085	154	1903
Selling and distribution expenses	(1,378)	(1,749)	(21)	(3,422)	(3,060)	12
General and administrative expenses	(14,269)	(10,848)	32	(27,783)	(25,124)	11
(Loss)/Profit from operating activities	664	(589)	NM	(5,091)	(5,198)	(2)
Finance income	364	595	(39)	1,424	1,124	27
Finance expense	(3,650)	(3,798)	(4)	(6,913)	(6,565)	5
Loss before taxation	(2,622)	(3,792)	(31)	(10,580)	(10,639)	(1)
Income tax expense	(902)	(304)	197	(1,547)	(421)	267
Loss for the period attributable to shareholders	(3,524)	(4,096)	(14)	(12,127)	(11,060)	10
Statement of Comprehensive Income						
Loss attributable to shareholders	(3,524)	(4,096)	(14)	(12,127)	(11,060)	10
Other comprehensive (loss)/income for the period						
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	(2,733)	464	NM	(2,157)	38	NM
Total comprehensive loss for the period attributable to shareholders	(6,257)	(3,632)	72	(14,284)	(11,022)	30

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

Allowance for doubtful trade receivables	6,554	743	782	10,038	5,969	68
Allowance for doubtful prepayment	54	-	100	54	-	100
Amortisation of land use rights	242	237	2	484	484	-
Amortisation of intangible assets	2	3	-	5	5	-
Provision for social contribution	(123)	790	NM	(245)	674	NM
Depreciation of property, plant and equipment	8,692	10,585	(18)	17,537	21,720	(19)
Foreign exchange loss/(gain), net	(3,700)	720	NM	(3,014)	90	NM
Salaries and bonuses	16,612	19,057	(13)	30,890	34,924	(12)

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	
	30/6/2016 Unaudited	31/12/2015 Audited	30/6/2016 Unaudited	31/12/2015 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	267,914	285,159	-	-
Investment properties	406,840	376,620	-	-
Land use rights	32,477	32,961	-	-
Intangible assets	1	5	-	-
Prepayments	852	401	-	-
Investment in subsidiaries	-	-	344,853	344,853
	708,084	695,146	344,853	344,853
Current assets				
Inventories	68,056	57,910	-	-
Trade and other receivables	256,240	280,486	2	2
Prepayments	61,708	65,086	-	-
Amount due from subsidiaries (non-trade)	-	-	490,107	488,744
Fixed deposits	29,000	40,750	-	-
Cash and bank balances	333,236	328,639	255	275
	748,240	772,871	490,364	489,021
Total assets	1,456,324	1,468,017	835,217	833,874
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	7,622	9,718	-	-
Bills payable to banks	106,454	132,841	-	-
Other payables & accruals	242,121	225,861	1,253	1,421
Amount due to directors (non-trade)	10,452	7,016	7,350	6,720
Amount due to related companies (non-trade)	-	-	-	-
Short-term bank loans	332,897	293,188	-	-
Bank overdrafts	18,963	18,567	-	-
Income tax payable	4,491	4,305	-	-
Total current liabilities	723,000	691,496	8,603	8,141
Non-current liabilities				
Deferred tax liabilities	32,118	61,031	-	-
	32,118	61,031	-	-
Total liabilities	755,118	752,527	8,603	7,180
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	64,590	64,590	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	(6,235)	(4,078)	-	-
Accumulated (losses) /profits	(45,010)	(32,883)	20,875	19,994
Total equity	701,206	715,490	826,614	825,733
Total equity and liabilities	1,456,324	1,468,017	835,217	833,874

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 2016		As at 31 December 2015	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- China CITIC Bank[1]	36,200	-	73,500	-
- China Construction Bank[2]	25,000	-	35,000	-
- Hang Seng Bank[4]	45,254	-	44,341	-
Short-term bank loans				
- China CITIC Bank[1]	159,000	-	120,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch[3]	9,000	-	9,000	-
- Hang Seng Bank[4]	35,897	-	35,188	-
- 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]	18,963	-	18,567	-

Notes:

[1] The bills payable of RMB 36.2 million and short-term bank loan of RMB159.0 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 25 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 45.3 million, the short-term loan of RMB 35.9 million and the bank overdraft of RMB 18.9 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, charge over investment property (Unit 13 on 5th Floor, Unit 15 on 16th Floor and Unit 15 on 25th Floor, Seapower Tower Concordia Plaza, No.1 Science Museum Road, Kowloon owned by Goldplan Corporation Limited, 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 and Goldplan Corporation Limited are 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 30/6/2016 Unaudited RMB'000	3 months Ended 30/6/2015 Unaudited RMB'000	6 months Ended 30/6/2016 Unaudited RMB'000	6 months Ended 30/6/2015 Unaudited RMB'000
OPERATING ACTIVITIES				
Loss before taxation	**(2,622)**	**(3,792)**	**(10,580)**	**(10,639)**
Adjustments for:				
Depreciation of property, plant and equipment	8,692	10,585	17,537	21,720
Amortisation of land use rights	242	242	484	484
Amortisation of intangible assets	2	3	5	5
Allowance for doubtful trade receivables	6,554	744	10,038	5,969
Allowance for doubtful prepayment	54	-	54	-
Provision for social contribution	(123)	(790)	(245)	674
Interest expense	3,650	3,797	6,913	6,565
Interest income	(364)	(595)	(1,425)	(1,124)
Foreign currency difference	(1,835)	335	(1,447)	27
Total adjustments	16,872	14,321	31,914	34,320
Operating cash flows before changes in working capital	**14,250**	**10,529**	**21,334**	**23,681**
(Increase)/ Decrease in:				
Inventories	(15,850)	(13,136)	(10,146)	(35,603)
Trade and other receivables	(4,298)	(29,897)	16,741	(30,901)
Prepayments	12,715	16,488	3,323	24,827
Increase/ (Decrease) in:				
Trade payables	14	(4,608)	(2,096)	(1,004)
Other payables & accruals	(6,793)	(2,661)	(12,414)	(22,851)
Due to directors	(4,806)	5,303	3,435	(21,213)
Total changes in working capital	(19,018)	(28,511)	(1,157)	(86,745)
Cash flows generated from/(used in) operations	**(4,768)**	**(17,982)**	**20,177**	**(63,064)**
Interest expense paid	(3,650)	(3,797)	(6,913)	(6,565)
Interest income received	364	595	1,425	1,124
Income tax paid	(29,709)	(233)	(30,274)	(793)
Net cash generated used in operating activities	**(37,763)**	**(21,417)**	**(15,585)**	**(69,298)**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(122)	(2,509)	(744)	(6,118)
Purchase of investment properties	(23,807)	(7,428)	(30,220)	(10,687)
Net cash used in investing activities	**(23,929)**	**(9,937)**	**(30,964)**	**(16,805)**
FINANCING ACTIVITIES				
Proceeds from short-term borrowings	20,000	50,000	69,000	98,300
Repayments for short-term borrowings	(20,000)	-	(30,000)	-
(Increase) / Decrease in fixed deposits pledged to banks	7,000	(3,241)	11,750	(652)
Net cash generated from financing activities	**7,000**	**46,759**	**50,750**	**97,648**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(54,692)	15,405	4,201	11,545
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	368,965	264,697	310,072	268,557
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	314,273	280,102	314,273	280,102

Note A:

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

	6 months Ended 30/6/2016 Unaudited RMB'000	6 months Ended 30/6/2015 Unaudited RMB'000
Fixed deposits	29,000	58,970
Cash and bank balances	333,236	297,541
	362,236	356,511
Less: Bank overdraft	(18,963)	(17,438)
Fixed deposits (pledged)	(29,000)	(58,970)
Cash and cash equivalents	314,273	280,102

Fixed deposits amounting to RMB 29,000,000 (2015: RMB 58,970,000) 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 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
At 1 January 2016	772,574	(6,408)	64,590	39,573	(117,878)	(4,078)	(32,883)	715,490
Total comprehensive loss for the period	-	-	-	-	-	(2,157)	(12,127)	(14,284)
At 30 June 2016	772,574	(6,408)	64,590	39,573	(117,878)	(6,235)	(45,010)	701,206
Company								
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
At 1 January 2016	772,574	(6,408)	-	39,573	-	-	19,994	825,733
Total comprehensive loss for the period	-	-	-	-	-	-	881	881
At 30 June 2016	772,574	(6,408)	-	39,573	-	-	20,875	826,614

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 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
At 1 April 2016	772,574	(6,408)	64,590	39,573	(117,878)	(3,502)	(41,486)	707,463
Total comprehensive loss for the period	-	-	-	-	-	(2,733)	(3,524)	(6,257)
At 30 June 2016	772,574	(6,408)	64,590	39,573	(117,878)	(6,235)	(45,010)	701,206
Company								
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
At 1 April 2016	772,574	(6,408)	-	39,573	-	-	17,980	823,719
Total comprehensive loss for the period	-	-	-	-	-	-	2,895	2,895
At 30 June 2016	772,574	(6,408)	-	39,573	-	-	20,875	826,614

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 2016, there were no shares acquired.

Convertibles
For the half year ended 30 June 2016, there were no outstanding convertibles.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.

	As at 30 June 2016	As at 31 December 2015
Total number of issued shares excluding treasury shares	17,205,438	17,205,438

There was a total of 277,720 treasury shares as at 30 June 2016.

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 2016	277,720
Purchases of shares during the period	-
Total number of shares as at 30 June 2016	277,720

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 June 2016.

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 2015 have been applied in the preparation for the financial statements for the half year ended 30 June 2016.

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 2016.

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 per ordinary share of the group, after deducting any provision for preference dividends (in cents):	Group		Group	
	3 months ended 30/6/2016	**3 months ended 30/6/2015**	**6 months ended 30/6/2016**	**6 months ended 30/6/2015**
(a) Basic and	(20.5)	(23.8)	(70.5)	(64.3)
(b) On a fully diluted basis	(20.5)	(23.8)	(70.5)	(64.3)

Note: Basic earnings per share is computed based on weighted average number of shares in issue as at 30 June 2016: 17,205,438 ordinary shares (2015: 17,205,438).

For the half year ended 30 June 2015 and 2016, 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 2016.

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	
	30/6/2016	**31/12/2015**	**30/6/2016**	**31/12/2015**
Net asset value per ordinary share based on issued share capital at the end of the period/year (in RMB): (Number of ordinary shares in issue as at 30/6/2016: 17,205,438 shares (as at 31/12/2015: 17,205,438 shares)	40.8	41.6	48.0	47.9

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 30/6/2016 Unaudited	**3 months Ended 30/6/2015 Unaudited**	**Increase/ (Decrease)**	**6 months Ended 30/6/2016 Unaudited**	**6 months Ended 30/6/2015 Unaudited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper Chain	68,893	83,369	(17)	126,158	144,637	(13)
Zipper Slider	22,087	20,332	9	43,378	41,478	5
Trading	89,795	49,039	83	188,122	108,234	74
Processing	14,725	17,233	(15)	26,885	31,240	(14)
Inter-segment sales	(5,293)	(7,285)	(27)	(7,774)	(10,603)	(27)
Total Group Revenue	190,207	162,688	17	376,769	314,986	20
COST OF SALES						
Zipper Chain	61,399	73,542	(17)	112,992	127,798	(12)
Zipper Slider	19,304	18,688	3	38,292	37,780	1
Trading	87,721	47,841	83	183,707	105,596	74
Processing	14,506	17,319	(16)	26,523	31,583	(16)
Inter-segment sales	(5,293)	(7,285)	(27)	(7,774)	(10,603)	(27)
Total Group Cost of Sales	177,637	150,105	18	353,740	292,154	21
GROSS PROFIT						
Zipper Chain	7,494	9,827	(24)	13,166	16,839	(22)
Zipper Slider	2,783	1,644	69	5,086	3,698	38
Trading	2,074	1,198	73	4,415	2,638	67
Processing	219	(86)	NM	362	(343)	NM
Total Gross Profit	12,570	12,583	-	23,029	22,832	1
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper Chain	10.9	11.8	(0.9)	10.4	11.6	(1.2)
Zipper Slider	12.6	8.1	4.5	11.7	8.9	2.8
Trading	2.3	2.4	(0.1)	2.3	2.4	(0.1)
Processing	1.5	(0.5)	2.0	1.3	(1.1)	2.4
Average Gross Profit Margin	6.6	7.7	(1.1)	6.1	7.2	(1.1)
Zipper Segment Gross Profit Margin	11.3	11.1	0.2	10.8	11.0	(0.2)

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.

6M2016 vs. 6M2015

Revenue

The Group's revenue increased by RMB 61.8 million (or 20%) to RMB 376.8 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 79.9 million) and the Zipper Slider segment (RMB 1.9 million). This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 18.5 million) and the Processing segment (RMB 4.4 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 6M2016 were 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 decrease in sales order from customers.

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 6M2016.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 0.2 million (or 1%) to RMB 23.0 million. The increase in gross profit was due mainly to the increase in revenue from the Trading segment.

Average gross profit margin decreased by 1.1 percentage points to 6.1% due to the decrease in gross profit margin from the Zipper Chain segment in 6M2016 arising from the decrease in sales order from customers but higher production costs, e.g., factory overheads.

Other income and other expenses

Other income comprises government subsidies, refund of unclaimed cash dividend distribution, rental income and foreign exchange gain while other expenses represented donations. The net income increase was due mainly to the increase in foreign exchange gain arising from the depreciation of RMB against USD and SGD in the Group's foreign currencies denominated bank balances and from the translation of HK dollar denominated balances owing from subsidiaries in the Company's book due to depreciation of RMB against HK dollar.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 0.4 million (or 12%) to RMB 3.4 million. The increase was due mainly to the new promotional activities which commenced since 1Q2016.

General and administrative expenses

General and administrative expenses increased by RMB 2.7 million (or 11%) to RMB 27.8 million. This was mainly due to the RMB4.1 million increase in allowance for doubtful debts as a result of longer credit period requests from some customers. These customers are however not the Group's major customers.

Finance income and expenses

Finance expenses increased by RMB 0.3 million (or 5%) to RMB 6.9 million. This was attributable to the increase in short-term bank loans. Finance income increased by RMB 0.3 million (or 27%) to RMB

1.4 million was due mainly to the increase in cash and bank balance.

Tax expense

	Group		
	6 months Ended 30/6/2016 Unaudited	**6 months Ended 30/6/2015 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	1,384	388	257
Deferred tax[2]	163	33	394
Tax expense	1,547	421	267

Notes :

[1] Current tax increased by RMB 1.0 million or 257% was in line with the increase in profit before taxation in 6M2016.

[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%.

2Q2016 vs. 2Q2015 (3 months)

Revenue

The Group's revenue increased by RMB 27.5 million (or 17%) to RMB 190.2 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 40.8 million), and the Zipper Slider segment (RMB 1.8 million). This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 14.5 million) and the Processing 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 2Q2016 was attributable to the decrease in sales order from customers.

The increase in revenue from the Trading segment was due to an increase in the sales orders from customers during 2Q2016.

Gross Profit and Gross Profit Margin

The Group's gross profit remained at RMB 12.6 million as at 30 June 2016 despite a decrease in sales order from customers in the Zipper segment.

Average gross profit margin increased by 0.2 percentage point to 11.3% due to the increase in gross profit margin from the Zipper Slider segment in 2Q2016 as a result of automation of production line.

Other income and other expenses

Other income comprises government subsidies, refund of unclaimed cash dividend distribution, rental income and foreign exchange gain while other expenses represented donations .The net income increase was due mainly to the increase in foreign exchange gain arising from the depreciation of RMB against USD and SGD in the Group's foreign currencies denominated bank balances and from the translation of HK dollar denominated balances owing from subsidiaries in the Company's book due to depreciation of RMB against HK dollar.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 0.4 million (or 21%) to RMB 1.4 million as a result of decrease in staff costs due to a leaner sales force.

General and administrative expenses

General and administrative expenses increased by RMB 3.4 million (or 32%) to RMB 14.3 million. This was mainly due to the RMB 5.8 million increase in allowance for doubtful debts as a result of longer credit period requests from some customers. These customers are however not the Group's major customers.

Finance income and expenses

Finance expenses decreased by RMB 0.1 million (or 4%) to RMB 3.7 million. This was attributable to the slightly decrease in bills payable to banks. Finance income decreased by RMB 0.2 million (or 39%) to RMB 1.4 million was due mainly to the decrease in fixed deposits.

Tax expense

	Group		
	3 months Ended 30/6/2016 Unaudited	**3 months Ended 30/6/2015 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	572	294	95
Deferred tax[2]	330	10	3200
Tax expense	902	304	197

Notes:

[1] Current tax increased by RMB 0.3 million or 95% was in line with the increase in profit before taxation in 2Q2016.

[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 2016, non-current assets amounted to RMB 708.1 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 267.9 million, a decrease of 6% (or RMB 17.2 million) compared to RMB 285.1 million as at 31 December 2015. 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 6M2016.

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

Current assets

As at 30 June 2016, current assets amounted to RMB 748.2 million, a decrease of 3% (or RMB 24.6 million) compared to RMB 772.9 million as at 31 December 2015. This was due largely to a decrease in prepayments, fixed deposits, trade and other receivables, which were offset by the increase in inventories, cash and bank balances.

Inventories increased by RMB 10.1 million (or 18%) to RMB 68.1 million due to a build-up of inventory as 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 2015.

Trade and other receivables decreased by RMB 24.2 million (or 9%) to RMB 256.2 million was in line with the decrease in revenue from the Zipper 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 4.6 million (or 1%) to RMB 333.2 million due mainly to the increase in short-term bank loans.

Current liabilities

As at 30 June 2016, total current liabilities were RMB 723.0 million, an increase of 5% (or RMB 31.5 million) compared to RMB 691.5 million as at 31 December 2015. This was mainly attributable to the increase in short-term bank loans, bank overdrafts, income tax payable, amount due to a director, other payables and accruals. The increase was offset by the decrease in trade payables, and bills payable to banks.

The increase in short-term bank loans was due mainly to a new bank loan of RMB39.7 million secured. Please refer to page 4, note 1 for further information.

Trade payables decreased by RMB 2.1 million (or 22%) to RMB 7.6 million, and bills payables decreased by RMB 26.4 million (or 20%) to RMB 106.5 million due to settlement of some trade and bills payables during 6M2016.

Other payables and accruals increased by RMB 16.3 million (or 7%) to RMB 242.1 million due to the increase in construction costs accrued for Xiamen headquarter.

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

The increase of amount due to a Director was due to funds remitted from Mr Hong Qing Liang for the Group's Xiamen headquarter construction project.

Non-current liabilities

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

CASH FLOW

Operating activities

Net cash flows used in operating activities in 6M2016 amounted to RMB 15.6 million compared to RMB 69.3 million in 6M2015, and in 2Q2016 amounted to RMB 37.8 million compared to RMB 21.4 million in 2Q2015, this was due mainly to the settlement of deferred tax liabilities in 2Q2016.

Investing activities

Net cash flows used in investing activities in 6M2016 amounted to RMB 31.0 million compared to RMB 16.8 million in 6M2015, and in 2Q2016 amounted to RMB 23.9 million compared to RMB 9.9 million in 2Q2015, due mainly to the purchase of property, plant and equipment and construction of the HQ Project in 2Q2016 and 6M2016.

Financing activities

Net cash flows generated from financing activities in 6M2016 amounted to RMB 50.8 million compared to RMB 97.6 million in 6M2015, and in 2Q2016 amounted to RMB 7.0 million compared to RMB 46.8 million in 2Q2015, due mainly to the proceeds from new bank loans in 2Q2016 and 6M2016.

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 2Q2016 and 6M2016 is in line with the commentary made in item 10 of the Company's results announcement dated 29 April 2016.

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

The Group continues to operate under a highly competitive environment as the zipper industry in the PRC faces intense competition with razor thin profit margins.

In addition, the slowing down of economic growth in the PRC, uncertainties for export sales, cost pressures arising from rising production and labour costs will affect the Group's operating outlook for the next twelve months.

To mitigate some of the rising cost pressures, the Group expects its partial automation of its plant and machineries to result in some cost savings. The Group will also step up its promotional activities to increase its sales orders and continue to exercise tight control on the administrative expenses.

Update on Construction progress of the Group's Xiamen Headquarters ("HQ Project").

As of to-date, the HQ Project is approximately 92% completed. The Group targets to complete the construction of the building by end of the year. Upon completion of the construction, the Group will lease out part of the office building for rental income.

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.

14. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7)

The Company hereby confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman & CEO

11 August 2016

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 second quarter and half year ended 30 June 2016 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 August 2016