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

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018.

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

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

Group Consolidated Statement of Comprehensive Income for the First Quarter Ended 31 March 2018. These figures have not been audited.

	Group		
	3 months Ended 31/3/2018 Unaudited	**3 months Ended 31/3/2017 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Revenue	223,872	223,131	0
Cost of sales	(211,881)	(210,630)	1
Gross profit	11,991	12,501	(4)
Other income and expenses	(5,716)	(388)	1373
Selling and distribution expenses	(1,453)	(1,773)	(18)
General and administrative expenses	(17,501)	(11,592)	51
Loss from operating activities	(12,679)	(1,252)	913
Finance income	146	145	1
Finance expense	(4,384)	(3,600)	22
Loss before taxation	(16,917)	(4,707)	259
Tax expense	(726)	(932)	(22)
Net loss for the period	(17,643)	(5,639)	213
Statement of Comprehensive loss			
Net loss for the period	(17,643)	(5,639)	213
Other comprehensive income for the period			
Exchange differences on translating foreign operations	4,020	832	383
Total comprehensive loss for the period	(13,623)	(4,807)	183
Net loss attributable to:			
Equity holders of the Company	(17,558)	-	100
Non-controlling interests	(85)	-	100
Total comprehensive loss attributable to:			
Equity holders of the Company	(13,538)	-	100
Non-controlling interests	(85)	-	100

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

Allowance for doubtful trade receivables	3,332	4,619	(28)
Allowance for/(write back of) prepayments	4,248	(1,084)	NM
Amortisation of land use rights	226	226	-
Depreciation of property, plant and equipment	8,086	7,571	7
Foreign exchange loss, net	5,715	547	945
Salaries and bonuses	15,292	14,235	7

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

	Group		Company	
	31/3/2018 Unaudited	31/12/2017 Audited	31/3/2018 Unaudited	31/12/2017 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	259,145	262,571	-	-
Investment properties	498,470	498,470	-	-
Land use rights	28,517	28,743	-	-
Prepayments	298	1,144	-	-
Investment in subsidiaries	-	-	344,853	344,853
	786,430	790,928	344,853	344,853
Current assets				
Inventories	106,024	56,495	-	-
Trade and other receivables	282,864	284,101	2	2
Prepayments	29,680	92,623	-	-
Amount due from subsidiaries (non-trade)	-	-	383,197	390,700
Fixed deposits	31,500	31,500	-	-
Cash and bank balances	103,983	166,551	239	359
	554,051	631,270	383,438	391,059
Total assets	1,340,481	1,422,198	728,291	735,912
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	15,886	7,482	-	-
Bills payable to banks	111,847	113,793	-	-
Other payables & accruals	227,605	268,706	1,655	1,725
Amount due to a director (non-trade)	4,447	10,891	9,605	9,250
Short-term bank loans	283,414	308,437	-	-
Bank overdrafts	17,333	18,236	-	-
Income tax payable	3,943	5,076	-	-
Total current liabilities	664,475	732,621	11,260	10,975
Non-current liabilities				
Deferred tax liabilities	28,412	28,400	-	-
	28,412	28,400	-	-
Total liabilities	692,887	761,021	11,260	10,975
Equity				
Share capital	772,574	772,574	772,574	772,574
Treasury shares	(6,408)	(6,408)	(6,408)	(6,408)
Reserve fund	65,870	65,870	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	(148)	(4,168)	-	-
Accumulated losses	(105,944)	(88,386)	(88,708)	(80,802)
Equity, attributable to equity holders of the Company	647,639	661,177	717,031	724,937
Non-controlling interests	(45)	-	-	-
Total equity	647,594	661,177	717,031	724,937
Total equity and liabilities	1,340,481	1,422,198	728,291	735,912

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

Amount repayable in one year or less, or on demand

	As at 31 March 2018		As at 31 December 2017	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- China CITIC Bank[1]	51,000	-	51,000	-
- China Construction Bank[2]	15,000	-	15,000	-
- Hang Seng Bank[4]	45,847	-	47,793	-
Short-term bank loans				
- China CITIC Bank[1]	119,500	-	129,060	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch[3]	9,000	-	9,000	-
- Hang Seng Bank[4]	39,664	-	41,377	-
- China Construction Bank Dongqu Branch[5]	96,250	-	110,000	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch [6]	19,000	-	19,000	-
Bank overdraft				
- Hang Seng Bank[4]	17,333	-	18,236	-

Notes:

[1] The bills payable of RMB 51.0 million and short-term bank loan of RMB119.5 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] The RMB 15 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 45.9 million, the short-term loan of RMB 39.7 million and the bank overdraft of RMB 17.3 million were secured by a charge over investment property (13th floor which is the highest 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 31/3/2018 Unaudited RMB'000	3 months Ended 31/3/2017 Unaudited RMB'000
OPERATING ACTIVITIES		
Loss before taxation	(16,917)	(4,707)
Adjustments for:		
Depreciation of property, plant and equipment	8,086	7,571
Amortisation of land use rights	226	226
Allowance for doubtful trade receivables	3,332	4,619
Allowance for/(write back of) prepayments	4,248	(1,084)
Provision for social contribution	355	121
Interest expense	4,384	3,600
Interest income	(146)	(145)
Foreign currency differences	2,308	500
Total adjustments	22,793	15,408
Operating cash flows before changes in working capital	**5,876**	**10,701**
(Increase)/ Decrease in:		
Inventories	(49,530)	(6,756)
Trade and other receivables	(2,094)	3,655
Prepayments	58,695	(2,298)
Increase/ (Decrease) in:		
Trade payables	8,404	2,739
Other payables & accruals	(43,402)	(7,695)
Due to directors	(6,444)	8,229
Total changes in working capital	(34,371)	(2,126)
Cash flows (used in)/generated from operations	**(28,495)**	**8,575**
Interest expense paid	(4,384)	(3,600)
Interest income received	146	145
Income tax refunded/(paid)	(1,848)	(1,556)
Net cash (used in)/generated from operating activities	**(34,581)**	**3,564**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,814)	(2,801)
Construction of investment properties	-	(62)
Net cash used in investing activities	**(3,814)**	**(2,863)**
FINANCING ACTIVITIES		
Capital contribution by non-controlling interests	40	-
Proceeds from short-term borrowings	-	9,560
Repayments for short-term borrowings	(23,310)	(39,000)
Decrease/(increase) in fixed deposits pledged to banks	-	5,050
Net cash generated used in financing activities	**(23,270)**	**(24,390)**
NET DECREASE IN CASH & CASH EQUIVALENTS	**(61,665)**	**(23,689)**
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**148,315**	**229,227**
CASH & CASH EQUIVALENTS AT END OF PERIOD	**86,650**	**205,538**

Notes to the consolidated statement of cash flows

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

	3 months Ended 31/3/2018 RMB'000	3 months Ended 31/3/2017 RMB'000
Fixed deposits	31,500	34,850
Cash and bank balances	103,983	224,659
	135,483	259,509
Less: bank overdraft	(17,333)	(19,121)
fixed deposits (pledged)	(31,500)	(34,850)
Cash and cash equivalents	86,650	205,538

Fixed deposits amounting to RMB 31,500,000 (2017: 34,850,000) were pledged to banks for the Group's bills payable to banks, short-term loans and bank overdrafts.

1(d)(i) A statement for the issuer and group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

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	**Attributable to Equity holders of the Company** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
At 1 January 2017	772,574	(6,408)	64,857	39,573	(117,878)	(11,878)	(103,587)	-	637,926
Total comprehensive loss for the period	-	-	-	-	-	832	(5,639)	-	(4,807)
Closing balance at 31 March 2017	772,574	(6,408)	64,857	39,573	(117,878)	(10,373)	(109,226)	-	633,119
At 1 January 2018	772,574	(6,408)	65,870	39,573	(117,878)	(4,168)	(88,386)	-	661,177
Total comprehensive loss for the period	-	-	-	-	-	4,020	(17,558)	(85)	(13,623)
Capital contribution by Non-controlling interests								40	40
Closing balance at 31 March 2018	772,574	(6,408)	65,870	39,573	(117,878)	(148)	(105,944)	(45)	647,594

Company	**Share capital** RMB'000	**Treasury shares** RMB'000	**Contributed surplus** RMB'000	**Accumulated losses** RMB'000	**Total equity** RMB'000
At 1 January 2017	772,574	(6,408)	39,573	(71,021)	734,718
Total comprehensive loss for the period	-	-	-	(2,383)	(2,383)
At 31 March 2017	772,574	(6,408)	39,573	(73,404)	732,335
At 1 January 2018	772,574	(6,408)	39,573	(80,802)	724,937
Total comprehensive loss for the period	-	-	-	(7,906)	(7,906)
At 31 March 2018	772,574	(6,408)	39,573	(88,708)	717,031

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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding year.

Share Buy-back
During the first quarter ended 31 March 2018, there were no shares acquired.

Convertibles
For the first quarter ended 31 March 2018, there were no outstanding convertibles.

Subsidiary Holdings
For the first quarter ended 31 March 2018, there were no subsidiary holdings.

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

	31 March 2018	**31 December 2017**
Total number of issued shares excluding treasury shares	17,205,438	17,205,438

There were a total of 277,720 treasury shares as at 31 March 2018 and 31 December 2017.

Percentage of treasury shares held against total number of issued shares: 1.61% (excluding treasury shares).

1(d)(iv) A statement showing all sales, transfers, 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 2018	277,720
Purchases of shares during the period	-
Total number of shares as at 31 March 2018	277,720

There were no sales, transfers, cancellation and/or use of treasury shares as at 31 March 2018.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings at the end of the current financial period reported on.

There were no subsidiary holdings as at the end of the current financial period reported on.

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 2017 have been applied in the preparation of the financial statements for the first quarter ended 31 March 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new and revised FRS and INT FRS does not have any material financial impact on the Group's and Company's financial statements for the current period.

6. Earnings/(loss) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings/(loss) per ordinary share of the group, after deducting any provision for preference dividends (in RMB):	**Group**	
	3 months Ended 31/3/2018	**3 months Ended 31/3/2017**
(a) Basic and	(1.0)	(0.3)
(b) On a fully diluted basis	(1.0)	(0.3)

Note: Basic earnings per share is computed based on weighted average number of shares in issue as at 31 March 2018: 17,205,438 ordinary shares (2017: 17,205,438).

For the quarter ended 31 March 2018 and 2017, the basic and diluted earnings per share of the Group are the same as there were no potential diluting ordinary shares outstanding as at 31 March 2018 and 2017

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

	Group		**Company**	
	31/3/2018	**31/12/2017**	**31/3/2018**	**31/12/2017**
Net asset value per ordinary share based on issued share capital at the end of the period (in RMB): (Number of ordinary shares in issue as at 31/3/2018: 17,205,438 (as at 31/12/2017 : 17,205,438 shares)	37.6	38.4	41.7	42.1

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

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

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

	Group		
	3 months Ended 31/3/2018 Unaudited	**3 months Ended 31/3/2017 Unaudited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**
Zipper	86,697	86,363	0.4
Trading	119,093	125,360	(5)
Processing	20,197	14,039	44
Inter-segment sales	(2,550)	(2,631)	(3)
Rental and management fee income	435	-	100
Total Group Revenue	223,872	223,131	0.3

COST OF SALES

Zipper	78,860	76,004	4
Trading	115,854	122,956	(6)
Processing	19,715	14,301	38
Inter-segment sales	(2,550)	(2,631)	(3)
Rental and management fee income	2	-	100
Total Group Cost of Sales	211,881	210,630	0.6

GROSS PROFIT

Zipper	7,837	10,359	(24)
Trading	3,239	2,404	35
Processing	482	(262)	NM
Rental and management fee income	433	-	100
Total Gross Profit	11,991	12,501	(4)

GROSS PROFIT MARGIN

	%	**%**	**% pts**
Zipper	9.0	12.0	(3.0)
Trading	2.7	1.9	0.8
Processing	2.4	(1.9)	4.3
Average Gross Profit Margin	5.4	5.6	(0.2)

NM: Not Meaningful

1Q2018 vs. 1Q2017

Revenue
The Group's revenue increased by RMB 0.7 million to RMB 223.9 million. This was mainly due to the increase in sales of the Zipper segment (RMB 0.3 million), the Processing segment (RMB 6.2 million), and contribution of RMB 0.4 million under "rental and management fee income", a new business segment, following the completion of the construction of the Group's Xiamen Headquarters ("Xiamen HQ Project").

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

The increases in revenue of both the Zipper segment and Processing segment were mainly due to the increase in sales volume due to better quality achieved following the partial automation of the Group's plant and machinery in the production processes.

The Group's Trading segment relates to the sourcing and buying of certain raw materials (such as rubber thread, nylon fabric and nylon yard) in accordance to customers' requirements. The profit margin and all purchases were based on confirmed sales. 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 mainly due to the decrease in sales volume from customers during 1Q2018 arising from the upward adjustment of the pricing strategy which resulted in higher gross profit on lower sales.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 0.5 million (or 4%) to RMB 12.0 million. The decrease in gross profit was due mainly to the decrease in revenue from the Trading segment.

Average gross profit margin decreased by 0.2 percentage point to 5.4% due to the decrease in gross profit margin from the Zipper segment in 1Q2018. This was mainly due to the higher production costs, eg .depreciation and wages.

Other income and expenses

Other expenses comprise net foreign exchange loss. The increase in net expenses was mainly due to unrealized foreign exchange loss which arose from the appreciation 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 appreciation of RMB against HK dollar.

Selling and distribution expenses.

Selling and distribution expenses decreased by RMB 0.3 million (or 18%) to RMB 1.5 million as a result of fewer promotional activities conducted in 1Q2018.

General and administrative expenses

General and administrative expenses increased by RMB 5.9 million (or 51%) to RMB 17.5 million. This was mainly due to the increase in allowance for prepayments with suppliers for amounts that were more than 6 months and the raw materials not yet delivered. In accordance with the Group's accounting policy, allowance was made for prepayments that were more than 6 months old.

The allowance for doubtful trade receivables amounted to RMB 3.3 million was as a result of longer credit period request from some customers. Due to the challenging business

environment facing some of the Group's customers in the PRC, these customers had requested for longer credit terms. The Group had obliged to these customers' request for longer credit terms in order to retain these customers. According to the Group's accounting policy, the extended credit period will be accounted for as allowance for doubtful debts on a prudent basis.

These customers are solvent and continue to trade with the Group on a regular basis. Management is closely monitoring the collections of these customers and for cases of long outstanding debts, the Group's sale representatives would collect the outstanding balances from them in person. So far, the Group's sale representatives have been able to collect most of the outstanding debts after on-site visits.

Finance income and expenses

Finance expenses increased by RMB 0.8 million (or 22%) to RMB 4.4 million. This was attributable to the increase in interest expenses after the completion of Xiamen HQ Project as these interest expenses cannot be capitalized.

Income tax expense

	Group		
	3 months Ended 31/3/2018 Unaudited	**3 months Ended 31/3/2017 Unaudited**	**Decrease**
	RMB'000	**RMB'000**	**%**
Current tax[1]	714	785	(9)
Deferred tax[2]	12	147	(92)
Income tax expense	726	932	(22)

NM: Not Meaningful

Notes

[1] Current tax decreased by RMB 0.2 million or 22% due to a decrease in taxable profit before taxation in 1Q2018.

[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 onwards shall be subject to withholding tax on distribution to foreign investors. Accordingly, the Group has provided for deferred tax liabilities on the Group's profit-making PRC subsidiaries' net profit attained from 1 January 2008. As Jade Star (the PRC subsidiaries' immediate holding Company) was incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

FINANCIAL POSITION

Non-current assets

As at 31 March 2018, non-current assets amounted to RMB 786.4 million comprising property, plant and equipment, investment property, land use rights, and prepayments.

The Group's property, plant and equipment amounted to RMB 259.1 million, a decrease of 1% (or RMB 3.4 million) compared to RMB262.6 million as at 31 December 2017. The decrease was due mainly to depreciation expenses but partially offset by purchase of property, plant and equipment during the period.

The prepayment balance as at 31 March 2018 represented the deposits paid for purchases of machinery.

Current assets

As at 31 March 2018, current assets amounted to RMB 554.1 million. Current assets decreased by RMB 77.2 million (or 12%) compared to RMB 631.3 million as at 31 December 2017. This was largely due to a decrease in cash and bank balances after repayment of short-term bank loans and settlement of construction cost of investment property in 1Q2018.

Inventory increased by RMB 49.5 million (or 88%) to RMB 106.0 million due to a build-up of inventories as the Group held a 3-month raw materials production requirement for the purpose of production efficiency compared to a 2-month raw materials production requirement as at 31 December 2017.

The decrease in prepayments to suppliers was mainly due to the utilization and conversion of the prepayments into raw materials purchase and also the optimization of the full credit periods from its suppliers.

For advances to suppliers, the Group will secure supply agreements with its various suppliers. The prepayments to suppliers were to secure raw materials at competitive prices for the year, at about 2% to 3% discount of the total contracted value. The Group will make the advance payment after the signing of purchase agreements which is normally 1 to 2 months before full delivery of raw materials to the Group's warehouse.

Cash and bank balances decreased from RMB 166.6 million to RMB 104.0 million after repayment of short-term bank loans and settlement of construction costs of investment property in 1Q2018.

Current liabilities

The decrease in current liabilities of RMB 68.2 million or 9% from RMB 732.6 million as at 31 December 2017 to RMB 664.5 million as at 31 March 2018 was due to the decrease in short-term bank loans, bills payables, amount due to a director, other payables and accruals to banks which was partially offset by increase in trade payables.

The increase in trade payables was due mainly to the full utilization of the credit period.

The decrease in short-term bank loans was due mainly to repayment of bank loans in 1Q2018.

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

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

Non-current liabilities

Non-current liabilities comprise deferred tax liabilities. The increase in deferred tax liabilities was due to the RMB12,000 deferred tax expense accrued for 1Q2018 as explained above under the notes for tax expense.

CASH FLOW

Operating activities

Net cash flows used in operating activities in 1Q2018 amounted to RMB 34.6 million, while net cash flows generated from operating activities in 1Q2017 amounted to RMB 3.6 million. This was mainly due to the increase in inventories in 1Q2018.

Investing activities

Net cash flows used in investing activities in 1Q2018 amounted to RMB3.8 million compared to RMB 2.9 million in 1Q2017. This was due mainly to the higher amount of purchase of property, plant and equipment in 1Q2018 compared to 1Q2017.

Financing activities

Net cash flows used in financing activities in 1Q2018 amounted to RMB 22.3 million compared to RMB 24.4 million. This was due mainly to the higher repayment of short-term bank loans in 1Q2017 compared to 1Q2018.

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 1Q2018 is line with the Company's commentary in paragraph 10 of its results announcement released to SGX via SGXNet on 27 February 2018.

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, uncertainties for export sales, cost pressures arising from rising factory overheads and labour costs will continue to affect the Group's operating outlook for the next twelve months.

In view of the challenging business environment, the Group will strive to keep a tight rein over the operating costs and monitor its receivables and collections closely.

Update on the leasing of the Xiamen HQ Project

As at 31 March 2018, the leasing rate of the Group's Xiamen property was approximately 9%. The Group is stepping up its efforts to lease out the 3rd floor to 23rd floor of its Xiamen Property and is cautiously optimistic that the leasing rate will improve in the next few quarters.

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

2 May 2018

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 first quarter ended 31 March 2018 to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
Fuxing China Group Limited

.....
Hong Qing Liang
Director

.....
Hong Peng You
Director

Date: 2 May 2018