

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 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 third quarter and nine months ended 30 September 2016. These figures have not been audited.

	Group			Group		
	3 months Ended 30/9/2016 Unaudited	3 months Ended 30/9/2015 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2016 Unaudited	9 months Ended 30/9/2015 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	220,956	181,933	21	597,725	496,919	20
Cost of sales	(207,380)	(169,781)	22	(561,120)	(461,935)	21
Gross profit	13,576	12,152	12	36,605	34,984	5
Other income and expenses	14,608	6,306	132	17,693	6,460	174
Selling and distribution expenses	(1,675)	(2,136)	(22)	(5,097)	(5,196)	(2)
General and administrative expenses	(13,798)	(9,783)	41	(41,581)	(34,907)	19
Profit from operating activities	12,711	6,539	94	7,620	1,341	468
Finance income	371	312	19	1,795	1,436	25
Finance expense	(3,608)	(2,299)	57	(10,521)	(8,864)	19
(Loss)/Profit before taxation	9,474	4,552	108	(1,106)	(6,087)	(82)
Income tax expense	(862)	(1,046)	(18)	(2,409)	(1,467)	64
(Loss)/Profit for the period attributable to shareholders	8,612	3,506	146	(3,515)	(7,554)	(53)

Statement of Comprehensive Income

(Loss)/Profit attributable to shareholders

Other comprehensive (loss)/income for the period

Item that may be reclassified subsequently to profit or loss

Exchange differences on translating foreign operations

Total comprehensive (loss)/profit for the period attributable to shareholders

8,612	3,506	146	(3,515)	(7,554)	(53)
(792)	(4,237)	(81)	(2,949)	(4,199)	(30)
7,820	(731)	NM	(6,464)	(11,753)	(45)

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

Allowance for doubtful trade receivables	3,716	(1,640)	NM	13,754	4,329	218
Allowance for doubtful prepayment	1,040	-	100	1,091	-	100
Amortisation of land use rights	227	243	(7)	711	727	(2)
Amortisation of intangible assets	-	7	NM	5	7	(29)
Provision for social contribution	(123)	337	NM	(368)	1,012	NM
Depreciation of property, plant and equipment	7,963	9,408	(15)	25,500	31,128	(18)
Gain on disposal of subsidiary	(12,788)	-	100	(12,788)	-	100
Foreign exchange loss/(gain), net	(1,382)	(5,742)	(76)	(4,396)	(5,652)	(22)
Salaries and bonuses	15,500	16,390	(5)	46,390	51,314	(10)

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	
	30/9/2016	31/12/2015	30/9/2016	31/12/2015
	Unaudited	Audited	Unaudited	Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	265,533	285,159	-	-
Investment properties	492,886	376,620	-	-
Land use rights	29,874	32,961	-	-
Intangible assets	-	5	-	-
Prepayments	271	401	-	-
Investment in subsidiaries	-	-	344,853	344,853
	788,564	695,146	344,853	344,853
Current assets				
Inventories	72,424	57,910	-	-
Trade and other receivables	256,309	280,486	2	2
Prepayments	58,234	65,086	-	-
Amount due from subsidiaries (non-trade)	-	-	490,519	488,744
Fixed deposits	26,550	40,750	-	-
Cash and bank balances	256,860	328,639	288	275
	670,377	772,871	490,809	489,021
Total assets	1,458,941	1,468,017	835,662	833,874
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	7,591	9,718	-	-
Bills payable to banks	102,926	132,841	-	-
Other payables & accruals	243,106	225,861	2,057	1,421
Amount due to directors (non-trade)	8,526	7,016	7,380	6,720
Short-term bank loans	333,162	293,188	-	-
Bank overdrafts	19,088	18,567	-	-
Income tax payable	3,866	4,305	-	-
Total current liabilities	718,265	691,496	9,437	8,141
Non-current liabilities				
Deferred tax liabilities	31,650	61,031	-	-
	31,650	61,031	-	-
Total liabilities	749,915	752,527	9,437	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	(7,027)	(4,078)	-	-
Accumulated (losses) /profits	(36,398)	(32,883)	20,486	19,994
Total equity	709,026	715,490	826,225	825,733
Total equity and liabilities	1,458,941	1,468,017	835,662	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 September 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	27,300	-	73,500	-
- China Construction Bank ²	30,000	-	35,000	-
- Hang Seng Bank ⁴	45,626	-	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	36,162	-	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	19,088	-	18,567	-

Notes:

- ¹ The bills payable of RMB 27.3 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, Shenhui Town, Jinjiang City, Fujian Province, the People's Republic of China ("The PRC"), and a personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), and corporate guarantees from a subsidiary, Jinjiang Fuxing Dress Co. Ltd. and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.
- ² RMB 30 million bills payable was secured by bank deposits of Jinjiang Fuxing Dress Co. Ltd., and certain land and buildings owned by Fulong Zipper and Weaving Co., Ltd., located at Donghaian Comprehensive Development Zone, Shenhui 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 45.6 million, the short-term loan of RMB 36.2 million and the bank overdraft of RMB 19.1 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 30/9/2016 Unaudited RMB'000	3 months Ended 30/9/2015 Unaudited RMB'000	9 months Ended 30/9/2016 Unaudited RMB'000	9 months Ended 30/9/2015 Unaudited RMB'000
OPERATING ACTIVITIES				
Profit/ (Loss) before taxation	9,474	4,552	(1,106)	(6,087)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	7,963	9,408	25,500	31,128
Amortisation of land use rights	226	242	711	727
Amortisation of intangible assets	-	2	5	7
Allowance for doubtful trade receivables	3,716	(1,641)	13,754	4,329
Allowance for doubtful prepayment	1,037	-	1,091	-
Gain on disposal of subsidiary	(12,788)	-	(12,788)	-
Written off of property, plant and equipment	1	-	1	-
Provision for social contribution	(123)	337	(368)	1,012
Interest expense	3,608	2,300	10,521	8,865
Interest income	(370)	(312)	(1,795)	(1,436)
Foreign currency difference	(528)	3,046	(1,976)	(3,021)
Total adjustments	2,742	7,290	34,656	41,611
Operating cash flows before changes in working capital	12,216	11,842	33,550	35,524
(Increase)/ Decrease in:				
Inventories	(10,255)	3,475	(20,401)	(32,127)
Trade and other receivables	(9,634)	39,663	7,107	8,762
Prepayments	1,755	(3,782)	5,078	21,045
<u>Increase/ (Decrease) in:</u>				
Trade payables	14,221	4,604	12,124	3,600
Other payables & accruals	2,735	(3,348)	(9,679)	(26,200)
Due to directors	(1,926)	(4,711)	1,510	(25,924)
Total changes in working capital	(3,104)	35,901	(4,261)	(50,844)
Cash flows generated from/(used in) operations	9,112	47,743	29,289	(15,320)
Interest expense paid	(3,608)	(2,300)	(10,521)	(8,865)
Interest income received	370	312	1,795	1,436
Income tax paid	(1,424)	(845)	(31,699)	(1,638)
Net cash generated from/(used in) operating activities	4,450	44,910	(11,136)	(24,387)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(16,039)	(631)	(16,783)	(6,749)
Purchase of investment properties	(86,047)	(26,740)	(116,266)	(37,427)
Disposal of subsidiary	18,685	-	18,685	-
Net cash used in investing activities	(83,401)	(27,371)	(114,364)	(44,176)
FINANCING ACTIVITIES				
Proceeds from short-term borrowings	100,000	-	169,000	98,300
Repayments for short-term borrowings	(100,000)	(68,300)	(130,000)	(68,300)
(Increase) / Decrease in fixed deposits pledged to banks	2,450	20,220	14,200	19,568
Net cash generated from/(used in) financing activities	2,450	(48,080)	53,200	49,568
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(76,501)	(30,541)	(72,300)	(18,995)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	314,273	280,103	310,072	268,557
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	237,772	249,562	237,772	249,562

Note A:

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

	9 months Ended 30/9/2016 Unaudited RMB'000	9 months Ended 30/9/2015 Unaudited RMB'000
Fixed deposits	26,550	38,750
Cash and bank balances	256,860	264,512
	<u>283,410</u>	<u>303,262</u>
Less: Bank overdraft	(19,088)	(14,950)
Fixed deposits (pledged)	(26,550)	(38,750)
Cash and cash equivalents	<u><u>237,772</u></u>	<u><u>249,562</u></u>

Fixed deposits amounting to RMB 26,550,000 (2015: RMB 38,750,000) were pledged to banks for the Group's bills payable to banks, short-term bank loans and bank overdrafts respectively.

Gain on disposal of subsidiary

	3 months Ended 30/9/2016 Unaudited RMB'000	3 months Ended 30/9/2015 Unaudited RMB'000	9 months Ended 30/9/2016 Unaudited RMB'000	9 months Ended 30/9/2015 Unaudited RMB'000
Consideration received	21,000	-	21,000	-
Non-current assets	13,416	-	13,416	-
Current assets	14,733	-	14,733	-
Non-current liability	(530)	-	(530)	-
Current liabilities	(19,406)	-	(19,406)	-
Net assets disposed off	<u>8,212</u>	<u>-</u>	<u>8,212</u>	<u>-</u>
Gain on disposal of subsidiary	<u><u>12,788</u></u>	<u><u>-</u></u>	<u><u>12,788</u></u>	<u><u>-</u></u>

Net cash inflow arising on disposal

	3 months Ended 30/9/2016 Unaudited RMB'000	3 months Ended 30/9/2015 Unaudited RMB'000	9 months Ended 30/9/2016 Unaudited RMB'000	9 months Ended 30/9/2015 Unaudited RMB'000
Cash consideration received	21,000	-	21,000	-
Cash and cash equivalents disposed off	(2,315)	-	(2,315)	-
Disposal of subsidiary, net of cash disposed	<u><u>18,685</u></u>	<u><u>-</u></u>	<u><u>18,685</u></u>	<u><u>-</u></u>

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 reserve¹ RMB'000	Translation reserve RMB'000	Accumulated profits / (losses) RMB'000	Total equity 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	-	-	-	-	-	(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
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	-	-	-	-	-	(2,949)	(3,515)	(6,464)
At 30 September 2016	772,574	(6,408)	64,590	39,573	(117,878)	(7,027)	(36,398)	709,026
Company								
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
At 1 January 2016	772,574	(6,408)	-	39,573	-	-	19,994	825,733
Total comprehensive income for the period	-	-	-	-	-	-	492	492
At 30 September 2016	772,574	(6,408)	-	39,573	-	-	20,486	826,225

<u>Group</u>	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve ¹	Translation reserve	Accumulated profits / (losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2015	772,574	(6,408)	64,359	39,573	(117,878)	2,362	(26,487)	728,095
Total comprehensive loss 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
At 1 July 2016	772,574	(6,408)	64,590	39,573	(117,878)	(6,235)	(45,010)	701,206
Total comprehensive income for the period	-	-	-	-	-	(792)	8,612	7,820
At 30 September 2016	772,574	(6,408)	64,590	39,573	(117,878)	(7,027)	(36,398)	709,026
Company								
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
At 1 July 2016	772,574	(6,408)	-	39,573	-	-	20,875	826,614
Total comprehensive loss for the period	-	-	-	-	-	-	(389)	(389)
At 30 September 2016	772,574	(6,408)	-	39,573	-	-	20,486	826,225

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 nine months ended 30 September 2016, there were no shares acquired.

Convertibles

For the nine months ended 30 September 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 September 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 September 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 September 2016	277,720

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 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 nine months ended 30 September 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 nine months ended 30 September 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.**

Profit/(Loss) per ordinary share of the group, after deducting any provision for preference dividends (in cents):	Group		Group	
	3 months ended 30/9/2016	3 months ended 30/9/2015	9 months ended 30/9/2016	9 months ended 30/9/2015
(a) Basic and	50.6	20.4	(20.4)	(43.9)
(b) On a fully diluted basis	50.6	20.4	(20.4)	(43.9)

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

For the nine months ended 30 September 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 September 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	
	30/9/2016	31/12/2015	30/9/2016	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 30/9/2016: 17,205,438 shares (as at 31/12/2015: 17,205,438 shares)	41.2	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 30/9/2016 Unaudited	3 months Ended 30/9/2015 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2016 Unaudited	9 months Ended 30/9/2015 Unaudited	Increase/ (Decrease)
REVENUE	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Zipper Chain	65,001	75,257	(14)	191,159	219,893	(13)
Zipper Slider	22,478	20,221	11	65,856	61,699	7
Trading	123,527	76,831	61	311,649	185,065	68
Processing	15,721	15,689	-	42,606	46,930	(9)
Inter-segment sales	(5,771)	(6,065)	(5)	(13,545)	(16,668)	(19)
Total Group Revenue	220,956	181,933	21	597,725	496,919	20

COST OF SALES

Zipper Chain	57,431	66,795	(14)	170,423	194,593	(12)
Zipper Slider	20,283	18,480	10	58,575	56,260	4
Trading	120,941	74,969	61	304,648	180,565	68
Processing	14,496	15,602	(7)	41,019	47,185	(13)
Inter-segment sales	(5,771)	(6,065)	(5)	(13,545)	(16,668)	(19)
Total Group Cost of Sales	207,380	169,781	22	561,120	461,935	21

GROSS PROFIT

Zipper Chain	7,570	8,462	(11)	20,736	25,300	(18)
Zipper Slider	2,195	1,741	26	7,281	5,439	34
Trading	2,586	1,862	39	7,001	4,500	56
Processing	1,225	87	1308	1,587	(255)	NM
Total Gross Profit	13,576	12,152	12	36,605	34,984	5

GROSS PROFIT MARGIN

	%	%	% pts	%	%	% pts
Zipper Chain	11.6	11.2	0.4	10.8	11.5	(0.7)
Zipper Slider	9.8	8.6	1.2	11.1	8.8	2.3
Trading	2.1	2.4	(0.3)	2.2	2.4	(0.2)
Processing	7.8	0.6	7.2	3.7	(0.5)	4.2
Average Gross Profit Margin	6.1	6.7	(0.6)	6.1	7.0	(0.9)
Zipper Segment Gross Profit Margin	11.2	10.7	0.5	10.9	10.9	-

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.

9M2016 vs. 9M2015

Revenue

The Group's revenue increased by RMB 100.8 million (or 20%) to RMB 597.7 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 126.6 million) and the Zipper Slider segment (RMB 4.2 million). This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 28.7 million) and the Processing segment (RMB 4.3 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 9M2016 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 9M2016.

The customer base for the Group's Trading segment are mainly trading companies in the textile knitting industry in Hong Kong while the customers base for the Group's Zipper segment are mainly PRC manufacturers dealing in apparel and footwear products, camping equipment, bags, upholstery furnishings and other zipper manufacturers as well as trading export companies.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 1.6 million (or 5%) to RMB 36.6 million. The increase in gross profit was due mainly to the increase in revenue from the Trading segment.

Average gross profit margin decreased by 0.9 percentage point to 6.1% due to the decrease in gross profit margin from the Zipper Chain segment in 9M2016 arising from the decrease in sales order from customers and higher production costs due mainly to higher raw materials cost.

Other income and other expenses

Other income comprises gain on disposal of a subsidiary, 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 gain on disposal of a subsidiary – Qingdao Hong Shi High Technology Co. Ltd. (RMB 12.8 million), and 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 0.1 million (or 2%) to RMB 5.1 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 6.6 million (or 19%) to RMB 41.6 million. This was mainly due to the RMB9.4 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 1.7 million (or 19%) to RMB 10.5 million. This was attributable to the increase in short-term bank loans. Finance income increased by RMB 0.4 million (or 25%) to RMB 1.8 million was due mainly to the increase in cash and bank balance.

Tax expense

	Group		
	9 months Ended 30/9/2016 Unaudited	9 months Ended 30/9/2015 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Current tax ¹	2,184	1,276	71
Deferred tax ²	225	191	18
Tax expense	2,409	1,467	64

Notes :

¹ Current tax increased by RMB 0.9 million or 71% was in line with the increase in taxable profit in 9M2016.

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%.

3Q2016 vs. 3Q2015 (3 months)

Revenue

The Group's revenue increased by RMB 39.0 million (or 21%) to RMB 221.0 million. The increase was due mainly to the increase in revenue of the Trading segment (RMB 46.7 million), and the Zipper Slider segment (RMB 2.3 million). This was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 10.3 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 3Q2016 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 3Q2016.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB1.4 million (or 12%) to RMB 13.6 million. The increase in gross profit was due mainly to the increase in revenue from the Trading segment.

Average gross profit margin decreased by 0.5 percentage point to 6.1% due to the decrease in gross profit margin from the Trading segment in 3Q2016

Other income and other expenses

Other income comprises, gain on disposal of a subsidiary, 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 gain on disposal of subsidiary – Qingdao Hong Shi High Technology Co. Ltd. (RMB 12.8 million), and 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 0.5 million (or 22%) to RMB 1.7 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 3.9 million (or 40%) to RMB 13.7 million. This was mainly due to the RMB 3.7 million of 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 1.3 million (or 57%) to RMB 3.6 million. This was attributable to the increase in short-term bank loans. Finance income increased by RMB 0.1 million (or 19%) to RMB 0.4 million was due mainly to the increase in fixed deposits.

Tax expense

	Group		
	3 months Ended 30/9/2016 Unaudited	3 months Ended 30/9/2015 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Current tax ¹	800	888	(10)
Deferred tax ²	62	158	(61)
Tax expense	862	1,046	(18)

Notes:

¹ Current tax decreased by RMB 0.09 million or 10% was in line with the decrease in profit before taxation in 3Q2016.

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 POSITION

Non-current assets

As at 30 September 2016, non-current assets amounted to RMB 788.6 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 265.5 million, a decrease of 7% (or RMB 19.6 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 9M2016.

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

Current assets

As at 30 September 2016, current assets amounted to RMB 670.4 million, a decrease of 13% (or RMB 102.4 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, cash and bank balances, which were offset by the increase in inventories.

Inventories increased by RMB 14.5 million (or 25%) to RMB 72.4 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 256.3 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 decreased by RMB 71.8 million (or 22%) to RMB 256.9 million due mainly to the payment for the costs of construction of the HQ Project.

Current liabilities

As at 30 September 2016, total current liabilities were RMB 718.3 million, an increase of 4% (or RMB 26.8 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, 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 29.9 million (or 23%) to RMB 102.9 million due to settlement of some trade and bills payables during 9M2016.

Other payables and accruals increased by RMB 17.2 million (or 8%) to RMB 243.1 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 advances from Mr Hong Qing Liang for the HQ

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 notes for tax expense.

CASH FLOW

Operating activities

Net cash flows used in operating activities for 9M2016 amounted to RMB 11.1 million compared to RMB 24.4 million for 9M2015. This was due mainly to the settlement of deferred tax liabilities in 2Q2016. Net cash flows generated from operating activities for 3Q2016 amounted to RMB 4.5 million compared to RMB 44.9 million for 3Q2015. This was due mainly to the RMB39.7 million decrease in trade and other receivables in 3Q2015.

Investing activities

Net cash flows used in investing activities for 9M2016 amounted to RMB 114.4 million compared to RMB 44.2 million for 9M2015, and for 3Q2016, the amount increased to RMB 83.4 million compared to RMB 27.4 million for 3Q2015. The increases were due mainly to the purchase of property, plant and equipment and construction of the HQ Project in 3Q2016 and 9M2016.

Financing activities

Net cash flows generated from financing activities for 9M2016 amounted to RMB 53.2 million compared to RMB 49.6 million for 9M2015, and for 3Q2016, the amount was RMB 2.5 million while net cash flows used in financing activities in 3Q2015 amounted to RMB 48.1 million. The increases were due mainly to new bank loans obtained in 3Q2016 and 9M2016.

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 3Q2016 and 9M2016 is in line with the commentary made in item 10 of the Company's results announcement dated 11 August 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 costs will 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 Construction progress of the HQ Project

As of to-date, the HQ Project is approximately 97% completed. As announced on 28 September 2016, the "Meranti Super Typhoon" in the southern region of China had caused damages to certain interior

furnishings and glass curtain walls of the HQ Project. Repair works will be carried out and this will result in the delay of the completion of the construction of the HQ Project to second quarter of 2017 instead of end of 2016. Upon completion, 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

10 November 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 third quarter and nine months ended 30 September 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: 10 November 2016