

FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 38973)

QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010.**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 ended 30/09/2010. These figures have not been audited.

	Group			Group		
	3 months Ended 30/9/2010 Unaudited	3 months Ended 30/9/2009 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2010 Unaudited	9 months Ended 30/9/2009 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	149,966	127,833	17	462,363	329,169	40
Cost of sales	(108,254)	(111,125)	(3)	(360,690)	(276,391)	31
Gross profit	41,712	16,708	150	101,673	52,778	93
Other income and expenses	439	125	251	656	495	33
Selling and distribution expenses	(1,848)	(1,082)	71	(4,064)	(2,763)	47
General and administrative expenses	(5,435)	(1,382)	293	(19,838)	(14,294)	39
Profit from operating activities	34,868	14,369	143	78,427	36,216	117
Finance income	1,214	621	95	1,962	2,165	(9)
Finance expense	(1,055)	(757)	39	(2,807)	(5,368)	(48)
Profit before taxation	35,027	14,233	146	77,582	33,013	135
Tax expense	(12,338)	(4,318)	186	(29,066)	(12,638)	130
Net profit attributable to equity holders	22,689	9,915	129	48,516	20,375	138
Other comprehensive income for the period						
Exchange differences on translating foreign operations	(69)	-	NM	(133)	1	NM
Total comprehensive income for the period attributable to equity holders	22,620	9,915	128	48,383	20,376	137

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

Written back on allowance for doubtful trade receivables	(1,271)	(4,851)	(74)	(627)	(2,387)	(74)
Amortisation of land use rights	131	131	-	392	392	-
Amortisation of intangible assets	2	2	-	6	6	-
(Gain) / loss on disposal of property, plant and equipment	(13)	-	NM	31	-	NM
Depreciation of property, plant and equipment	5,793	6,255	(7)	17,435	16,408	6
Foreign exchange (gain)/loss, net	(115)	114	NM	549	(163)	NM
Salaries and bonuses	13,212	10,753	23	34,442	26,527	30

NM: Not Meaningful

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	
	30/9/2010 Unaudited	31/12/2009 Audited	30/9/2010 Unaudited	31/12/2009 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	197,173	188,402	-	-
Investment property	51,810	52,830	-	-
Land use rights	22,780	23,172	-	-
Intangible assets	20,494	20,500	-	-
Deferred tax assets	503	503	-	-
Investment in subsidiaries	-	-	344,853	344,853
	292,760	285,407	344,853	344,853
Current assets				
Inventories	56,574	41,508	-	-
Trade receivables, net	179,685	161,356	-	-
Bills receivables	-	200	-	-
Other receivables and prepayments	73,807	86,972	-	-
Amount due from subsidiaries (non-trade)	-	-	510,706	472,518
Fixed deposits	23,993	24,810	-	-
Cash and bank balances	692,427	685,024	17,876	20,156
	1,026,486	999,870	528,582	492,674
Total assets	1,319,246	1,285,277	873,435	837,527
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	30,655	7,085	-	-
Bills payable to banks	7,737	28,138	-	-
Other payables & accruals	30,253	36,121	1,838	2,159
Amount due to directors (non-trade)	2,075	2,208	1,998	1,412
Convertible notes	16,270	-	16,270	-
Term loan (current portion)	2,627	2,679	-	-
Short-term bank loans	43,309	13,000	-	-
Bank overdrafts	7,904	19,886	-	-
Income tax payable	12,885	7,869	-	-
Total current liabilities	153,715	116,986	20,106	3,571
Non-current liabilities				
Convertible notes	-	18,245	-	18,245
Term loan (non-current portion)	26,250	28,574	-	-
Deferred tax liabilities	33,307	26,651	-	-
	59,557	73,470	-	18,245
Total liabilities	213,272	190,456	20,106	21,816
Equity attributable to equity holders of the Company				
Share capital	756,224	756,224	756,224	756,224
Treasury shares	(6,408)	(2,307)	(6,408)	(2,307)
Reserve fund	42,550	42,550	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Restructuring reserve	(117,878)	(117,878)	-	-
Translation reserve	(144)	(11)	-	-
Equity reserve	970	1,040	970	1,040
Accumulated profits	391,087	375,630	62,970	21,181
Total equity	1,105,974	1,094,821	853,329	815,711
Total equity and liabilities	1,319,246	1,285,277	873,435	837,527

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 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable to banks ¹	7,737	-	28,138	-
Short-term bank loans ²	43,309	-	13,000	-
Term loan ³	2,627	-	2,679	-
Bank overdrafts ⁴	7,904	-	19,886	-
Convertible notes ⁵	16,270	-	-	-

Amount repayable after one year

	As at 30 September 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable to banks	-	-	-	-
Short-term bank loans	-	-	-	-
Term loan ³	26,250	-	28,574	-
Bank overdrafts ⁴	-	-	-	-
Convertible notes ⁵	-	-	18,245	-

Notes :

¹ RMB 7.7 million is secured by a charge over investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

² RMB 13.0 million is secured by certain buildings owned by Fuxing Textile (Shanghai) Co., Ltd.; and RMB 30.3 million is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from independent third parties, (Hong Li Hong and Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.

³ Term loan is secured by a charge over investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

⁴ RMB 5.4 million is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from independent third parties, (Hong Li Hong and Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.; and RMB 2.5 million is secured by a charge over investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

⁵ Convertible notes are related to the issuance of 34,554,000 conversion shares at S\$0.101 per share, due September 2011 with a principal amount of RMB 16,710,249 (S\$3,489,954).

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 30/9/2010 Unaudited RMB'000	3 months Ended 30/9/2009 Unaudited RMB'000	9 months Ended 30/9/2010 Unaudited RMB'000	9 months Ended 30/9/2009 Unaudited RMB'000
OPERATING ACTIVITIES				
Profit before taxation	35,027	14,233	77,582	33,013
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	5,793	6,255	17,435	16,408
Amortisation of land use rights	131	131	392	392
Amortisation of intangible assets	2	2	6	6
(Gain) / loss on disposal of property, plant and equipment	(13)	-	31	-
Written back on allowance for doubtful trade receivables	(1,271)	(4,851)	(627)	(2,387)
Interest expense	1,055	757	2,807	5,368
Interest income	(1,214)	(621)	(1,962)	(2,165)
Foreign currency gain	(125)	(61)	(29)	(29)
Total adjustments	4,358	1,612	18,054	17,593
Operating cash flows before changes in working capital	39,385	15,845	95,636	50,606
<u>(Increase)/Decrease in:</u>				
Inventories	(3,150)	30,602	(15,066)	(12,352)
Trade receivables	46,229	21,650	(17,702)	120,866
Bills receivable	-	-	200	-
Other receivables & prepayments	(18,070)	34,365	13,165	362,936
<u>Increase/(Decrease) in:</u>				
Trade payables	(15)	(3,242)	23,570	(26,525)
Other payables & accruals	(14,166)	31,043	(5,868)	16,868
Due to directors	(8,171)	(4,727)	(133)	(5,931)
Total changes in working capital	2,657	109,691	(1,834)	455,862
Cash flows generated from operations	42,042	125,536	93,802	506,468
Interest expense paid	(928)	(757)	(2,412)	(5,368)
Interest income received	1,214	621	1,962	2,166
Income tax paid	(7,758)	(5,408)	(17,394)	(15,719)
Net cash generated from operating activities	34,570	119,992	75,958	487,547
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(22,670)	(1,772)	(27,747)	(37,545)
Purchase of investment property	-	(47,555)	-	(47,555)
Proceeds from disposal of property, plant and equipment	148	-	1,510	-
Net cash used in investing activities	(22,522)	(49,327)	(26,237)	(85,100)
FINANCING ACTIVITIES				
Issuance of new ordinary shares pursuant to the Placement	-	18,504	-	18,504
Purchase of treasury shares	(557)	-	(4,101)	(2,307)
Redemption of convertible notes	(2,560)	-	(2,560)	-
Proceeds from term loan	-	32,072	-	32,072
Repayments of term loan	(575)	(199)	(1,772)	(199)
Proceeds from short-term bank borrowings	-	-	30,621	11,000
Repayments of short-term bank borrowings	-	(2,500)	-	(109,500)
Proceeds from bills payable	-	38,599	7,817	84,135
Repayment of bills payable	-	(39,389)	(28,099)	(109,157)
Dividend paid	-	-	(33,059)	(7,919)
(Increase)/decrease in fixed deposits pledged to banks	211	(48)	817	(2,967)
Net cash generated from/(used in) financing activities	(3,481)	47,039	(30,336)	(86,338)
NET INCREASE IN CASH & CASH EQUIVALENTS	8,567	117,704	19,385	316,109
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	675,956	517,177	665,138	318,772
CASH & CASH EQUIVALENTS AT END OF PERIOD	684,523	634,881	684,523	634,881

Notes to the combined statement of cash flows

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

	3 months Ended 30/9/2010 Unaudited	3 months Ended 30/9/2009 Unaudited	9 months Ended 30/9/2010 Unaudited	9 months Ended 30/9/2009 Unaudited
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed deposits	23,993	25,097	23,993	25,097
Cash and bank balances	692,427	654,177	692,427	654,177
	716,420	679,274	716,420	679,274
Less: Bank overdrafts	(7,904)	(19,296)	(7,904)	(19,296)
Pledged fixed deposits	(23,993)	(25,097)	(23,993)	(25,097)
Cash and cash equivalents	684,523	634,881	684,523	634,881

For 9 months ended 30 September 2010, fixed deposits amounting to RMB 23,993,000 (9M09: RMB 25,097,000) were pledged to bank for the Group's short-term bank 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	Equity reserve ² RMB'000	Translation reserve RMB'000	Accumulated profits / (losses) RMB'000	Total equity RMB'000
At 1 January 2009	738,707	-	37,825	39,573	(117,878)	-	-	357,560	1,055,787
Total comprehensive income for the year	-	-	-	-	-	-	1	20,375	20,376
Repurchase of shares	-	(2,307)	-	-	-	-	-	-	(2,307)
Issuance of new ordinary shares pursuant to the placement	19,293								19,293
Share issue expenses	(789)								(789)
Dividend paid	-	-	-	-	-	-	-	(7,919)	(7,919)
Closing balance at 30 September 2009	757,211	(2,307)	37,825	39,573	(117,878)	-	1	370,016	1,084,441
At 1 January 2010	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(11)	375,630	1,094,821
Total comprehensive income for the year	-	-	-	-	-	-	(133)	48,516	48,383
Repurchase of shares	-	(4,101)	-	-	-	-	-	-	(4,101)
Redemption of convertible notes						(70)			(70)
Dividend paid								(33,059)	(33,059)
Closing balance at 30 September 2010	756,224	(6,408)	42,550	39,573	(117,878)	970	(144)	391,087	1,105,974
Company									
At 1 January 2009	738,707	-	-	39,573	-	-	-	(5,143)	773,137
Total comprehensive income for the period	-	-	-	-	-	-	-	36,472	36,472
Repurchase of shares	-	(2,307)	-	-	-	-	-	-	(2,307)
Issuance of new ordinary shares pursuant to the placement	19,293								19,293
Share issue expenses	(789)								(789)
Dividend paid	-	-	-	-	-	-	-	(7,919)	(7,919)
At 30 September 2009	757,211	(2,307)	-	39,573	-	-	-	23,410	817,887
At 1 January 2010	756,224	(2,307)	-	39,573	-	1,040	-	21,181	815,711
Total comprehensive income for the period	-	-	-	-	-	-	-	74,848	74,848
Repurchase of shares	-	(4,101)	-	-	-	-	-	-	(4,101)
Redemption of convertible notes						(70)			(70)
Dividend paid	-	-	-	-	-	-	-	(33,059)	(33,059)
At 30 September 2010	756,224	(6,408)	-	39,573	-	970	-	62,970	853,329

Group	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve ¹	Equity reserve ²	Translation reserve	Accumulated profits / (losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2009	738,707	(2,307)	37,825	39,573	(117,878)	-	1	360,101	1,056,022
Total comprehensive income for the year	-	-	-	-	-	-	-	9,915	9,915
Issuance of new ordinary shares pursuant to the placement	19,293								19,293
Share issue expenses	(789)								(789)
Closing balance at 30 September 2009	757,211	(2,307)	37,825	39,573	(117,878)	-	1	370,016	1,084,441
At 1 July 2010	756,224	(5,851)	42,550	39,573	(117,878)	1,040	(75)	368,398	1,083,981
Total comprehensive income for the year	-	-	-	-	-	-	(69)	22,689	22,620
Repurchase of shares	-	(557)	-	-	-	-	-	-	(557)
Redemption of convertible notes						(70)			(70)
Closing balance at 30 September 2010	756,224	(6,408)	42,550	39,573	(117,878)	970	(144)	391,087	1,105,974
Company									
At 1 July 2009	738,707	(2,307)	-	39,573	-	-	-	24,412	800,385
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,002)	(1,002)
Issuance of new ordinary shares pursuant to the placement	19,293								19,293
Share issue expenses	(789)								(789)
At 30 September 2009	757,211	(2,307)	-	39,573	-	-	-	23,410	817,887
At 1 July 2010	756,224	(5,851)	-	39,573	-	1,040	-	(15,322)	775,664
Total comprehensive income for the period	-	-	-	-	-	-	-	78,292	78,292
Repurchase of shares	-	(557)	-	-	-	-	-	-	(557)
Redemption of convertible notes						(70)			(70)
At 30 September 2010	756,224	(6,408)	-	39,573	-	970	-	62,970	853,329

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".

²

Equity reserve:

This reserve represents the value of the unexercised equity component of convertible notes issued by the Group in 2009.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Buy-back

During the period from 12 April 2010 to 23 July 2010, the Company purchased 5,762,000 of its ordinary shares pursuant to the share buy-back mandate approved by shareholders on 29 April 2010. These shares were acquired by way of market acquisitions for a total consideration of S\$814,522 and are held as treasury shares by the Company. There were a total of 8,124,000 treasury shares acquired during the 9 months ended 30 September 2009.

Convertible Notes

On 30 August 2010, the Company redeemed and cancelled a total number of 5,050,000 of Convertible Notes with an aggregate amount of RMB 2,559,839 or S\$510,050. As at 30 September 2010, there were 34,554,000 (30 September 2009: 39,604,000) conversion notes which are convertible to shares at S\$0.101 per share.

- 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.**

	30 September 2010	31 December 2009
Total number of issued shares excluding treasury shares	825,718,000	831,480,000

There were a total of 13,886,000 treasury shares as at 30 September 2010.

- 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 2010	8,124,000
Purchases of shares during the period	5,762,000
Total number of shares as at 30 September 2010	13,886,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2010.

- 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 Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the third quarter of 2010 with those of the audited financial statements as at 31 December 2009.

- 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.**

Not applicable.

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.

Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):	Group		Group	
	3 months ended 30/9/2010	3 months ended 30/9/2009	9 months ended 30/9/2010	9 months ended 30/9/2009
(a) Basic and	0.03	0.01	0.06	0.03
(b) On a fully diluted basis	0.03	0.01	0.06	0.03

Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2010: 828,997,595 ordinary shares (2009: 794,342,377).

Diluted earnings per share is computed based on weighted average number of ordinary shares in issue in 2010: 863,551,595 ordinary shares (2009: 794,342,377), adjusted for the deemed conversion of the convertible notes since the date of issue.

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	
	30/9/2010	31/12/2009	30/9/2010	31/12/2009
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 30/9/2010 : 825,718,000 (31/12/2009: 831,480,000 shares)	1.34	1.32	1.03	0.98

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 30/9/2010 Unaudited	3 months Ended 30/9/2009 Unaudited	Increase/ (Decrease)	9 months Ended 30/9/2010 Unaudited	9 months Ended 30/9/2009 Unaudited	Increase/ (Decrease)
REVENUE	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Finished zipper	36,615	14,641	150	67,634	43,275	56
Zipper Chain	60,970	42,751	43	180,259	106,853	69
Zipper Slider	44,481	25,936	72	109,767	67,396	63
Knitting Wool	-	5,379	NM	1,202	12,067	(90)
Trading	7,900	39,126	(80)	103,501	99,578	4
Total Group Revenue	149,966	127,833	17	462,363	329,169	40

COST OF SALES

Finished zipper	21,835	11,149	96	43,821	32,589	34
Zipper Chain	46,869	33,819	39	132,198	79,862	66
Zipper Slider	31,883	22,582	41	81,923	55,072	49
Knitting Wool	-	5,839	NM	1,071	12,600	(92)
Trading	7,667	37,736	(80)	101,677	96,268	6
Total Group Cost of Sales	108,254	111,125	(3)	360,690	276,391	31

GROSS PROFIT/(LOSS)

Finished zipper	14,780	3,492	323	23,813	10,686	123
Zipper Chain	14,101	8,932	58	48,061	26,991	78
Zipper Slider	12,598	3,354	276	27,844	12,324	126
Knitting Wool	-	(460)	NM	131	(533)	NM
Trading	233	1,390	(83)	1,823	3,310	(45)
Total Gross Profit	41,712	16,708	150	101,673	52,778	93

GROSS PROFIT/(LOSS) MARGIN

	%	%	%	%	%	%
Finished zipper	40.4	23.9	16.5	35.2	24.7	10.5
Zipper Chain	23.1	20.9	2.2	26.7	25.3	1.4
Zipper Slider	28.3	12.9	15.4	25.4	18.3	7.1
Knitting Wool	-	(9.6)	NM	10.9	(4.4)	15.3
Trading	2.9	3.6	(0.7)	1.8	3.3	(1.5)
Total Gross Profit/(Loss) Margin	27.8	13.1	14.7	22.0	16.0	6.0

9M10 vs. 9M09 (9 months)

Revenue

The Group's revenue increased by RMB 133.2 million (or 40%) to RMB 462.4 million. The increase in revenue was due mainly to the increase in sale of the Finished Zippers (RMB 24.4 million), Zipper Chains (RMB 73.4 million) and Zipper Sliders segments (RMB 42.4 million) (collectively referred as the "Zipper Segment") as well as the Trading segment (RMB 3.9 million). This was partially offset by the decrease in revenue derived from the Knitting Wool segment (RMB 10.9 million).

The increase in revenue from the Zipper Segment was attributable to the increase in selling price and quantity sold to both local garment factories and export oriented garment factories as a result of the recovering economy.

The decrease in revenue for the Knitting Wool segment was due mainly to this segment's operation being discontinued in April 2010.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 48.9 million (or 93%) to RMB 101.7 million. The increase in gross profit from the Zipper Segment was due mainly to the increase in revenue from both local and export business as a result of the recovering economy.

Overall, gross profit margin increased by 6.0% to 22.0% attributable to an increase in the gross profit margin of the Zipper Segment. The increase was a result of the slight increase in selling price over the cost of sales.

Other income and other expenses

Other income comprises rental income and government subsidies while other expenses consist mainly of foreign exchange loss. The net increase was due mainly to increase in rental income from the Group's investment property in Hong Kong.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 1.3 million (or 47%) to RMB 4.1 million. The increase was due mainly to an increase in advertising expenses incurred for the sales promotion of the Group's products.

General and administrative expenses

General and administrative expenses increased by RMB 5.5 million (or 39%) to RMB 19.8 million. Excluding the write-back of provision for doubtful debts, general and administrative expenses increased by RMB 3.8 million (or 23%) due mainly to increase in staff costs.

Finance income and expenses

Finance expenses decreased by RMB 2.6 million (or 48%) to RMB 2.8 million. This was attributable to the decrease in bills payable to banks as most of them had been repaid in June 2010. The decrease was partly off-set by the interest incurred from the new short-term loan drawn down during the period.

The decrease in finance income was due mainly to the decrease in foreign currency denominated fixed deposit in 2010.

Income tax expense

	Group		
	9 months Ended 30/9/2010 Unaudited	9 months Ended 30/9/2009 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Current tax ¹	22,392	9,276	141
Deferred tax ²	6,674	3,362	99
Income tax expense	29,066	12,638	130

Notes

¹ Current tax increased by RMB 13.1 million or 141% due to an increase in profit before taxation in 9M10.

² On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008 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 onwards. As Jade Star (the PRC's subsidiaries' immediate holding Company) was incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

3Q10 vs. 3Q09 (3 months)

Revenue

The Group's revenue increased by RMB 22.1 million (or 17%) to RMB 150.0 million. The increase in revenue was due mainly to the increase in sale of Finished Zippers (RMB 22.0 million), Zipper Chains (RMB 18.2 million) and Zipper Sliders segments (RMB 18.5 million) (collectively referred as the "Zippers Segment"). This was partially offset by the decrease in revenue derived from the Knitting Wool segment (RMB 5.4 million) and Trading segment (RMB31.2 million).

The increase in revenue from the Zipper Segment was attributable to the increase in selling price and quantity sold to both local garment factories and export oriented garment factories as a result of the recovering economy.

The decrease in revenue for the Knitting Wool segment was due mainly to this segment's operation being discontinued in April 2010. The decrease in revenue from the Trading segment was due to the decrease in sales orders from customers during 3Q10.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 25.0 million (or 150%) to RMB 41.7 million. The increase in gross profit from the Zippers Segment was due mainly to the increase in revenue from both local and export business as a result of the recovering economy.

Overall, gross profit margin increased by 14.7% to 27.8 % due to an increase in the gross profit margin of the Zippers Segment. The increase in gross profit margin of the Zipper segment was a result of the slight increase in selling price over the cost of sales.

Other income and other expenses

Other income comprises rental income, government subsidies and foreign exchange gain. The net increase was due mainly to the increase in rental income and the increase in foreign exchange gain in 3Q10 as a result of appreciation of SGD against RMB arising from its bank balance.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 0.8 million (or 71%) to RMB 1.8 million. The increase was due mainly to an increase in advertising expenses incurred for the sales promotion of the Group's products.

General and administrative expenses

General and administrative expenses increased by RMB 4.1 million (or 293%) to RMB 5.4 million. The increase was due mainly to the write-back in allowance for doubtful debts in current and prior period. Excluding the said write-back, general and administrative expenses increased by about RMB 0.5 million (or 8%) over the previous corresponding period due to increase in staff costs.

Finance income and expenses

Finance expenses increased by RMB 0.3 million (or 39%) to RMB 1.1 million. This was attributable to the increase in the short-term loan drawn down in 2Q10. The increase in finance income was due to the interest income earned in 2Q which was not previously recorded.

Income tax expense

	Group		
	3 months Ended 30/9/2010 Unaudited	3 months Ended 30/9/2009 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Current tax ¹	9,331	2,821	231
Deferred tax ²	3,007	1,497	101
Income tax expense	12,338	4,318	186

Notes

¹ Current tax increased by RMB 6.5 million or 231% due to an increase in profit before taxation in 3Q10.

² On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008 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 onwards. As Jade Star (the PRC's 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 30 September 2010, non-current assets amounted to RMB 292.8 million comprising property, plant and equipment, investment property, land use rights, intangible assets and deferred tax assets.

The Group's property, plant and equipment as at 30 September 2010 amounted to RMB 197.2 million, an increase of 5% (or RMB 8.8 million) compared to that as at 31 December 2009. The increase was due mainly to acquisition of machineries and equipment for production of new product - Super Durable Zipper.

Current assets

Current assets increased by RMB 26.6 million (or 3%) to RMB 1.0 billion as at 30 September 2010. This was largely due to an increase in inventories, trade receivable, cash and bank balances which was offset by the decrease in other receivables and prepayments.

Inventory increased by RMB 15.1 million due to increase in inventory level to fulfill the sales orders in the coming quarter. Trade receivables increased by RMB 18.3 million in line with the increase in revenue in 3Q10.

The decrease in other receivables and prepayments by RMB 13.2 million was attributable to a decrease in advances made to suppliers due to timing differences when placing orders. Bills receivables had been duly settled in 1Q10.

Current liabilities

Current liabilities increased by RMB 36.7 million (or 31%) to RMB 153.7 million as at 30 September 2010. This was attributable to the increase in trade payables, short-term bank loans and classification of convertible notes to current liabilities as they are due in September 2011 which was offset by the decrease in bills payable, bank overdrafts, other payables and accruals.

The increase in trade payables by RMB 23.6 million was due to an increase in purchase of raw materials in line with the increase in production volume in 9M10. The increase in short-term bank loans was due mainly to an additional banking facility obtained from bank in 2Q10, which was mainly used for trading operation in Hong Kong.

The convertible notes were issued in September 2009 and are due in September 2011. On 30 August 2010, the company redeemed and cancelled its convertible notes with an aggregate amount of RMB 2,559,839 or S\$510,050.

Most of the bills payables had been repaid in 2Q10 and bank overdrafts partly repaid in 3Q10. The decrease in other payables and accruals was due mainly to the decrease in deposits from customers.

Non-current liabilities

Non-current liabilities, which comprise convertible notes, term loan and deferred tax liabilities, decreased by RMB 13.9 million (or 19%) to RMB 59.6 million as at 30 September 2010. As mentioned above, the convertible notes which are due in September 2011 have been classified under "Current liabilities", resulting in the significant decrease. The increase in deferred tax liabilities was due mainly to the increase in withholding tax as explained above under the note for tax expense.

CASHFLOW

9M10

Net cash flows generated from operating activities amounted to a healthy RMB76.0 million, as operating profit amounted to RMB 77.6 million.

Net cash flows used in investing activities amounted to RMB 26.2 million, primarily, due to purchase of machineries and equipment in 9M10.

Net cash flows used in financing activities amounted to RMB 30.3 million. This was due mainly to payment of outstanding bills payables amounting to RMB 28.1 million and dividend paid out amounting to RMB 33.1 million, off-set by proceeds from short term loans drawn down amounting to RMB 30.6 million.

3Q10

Net cash flows generated from operating activities amounted to RMB 34.6 million, operating profit recorded at RMB 35.0 million.

Net cash flows used in investing activities amounted to RMB 22.5 million due to purchase of machineries and equipment in 3Q10.

Net cash flows used in financing activities amounted to RMB 3.5 million due mainly to redemption of convertible notes on 30 August 2010.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been disclosed to shareholders previously.

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 recovery of the PRC and global economy has benefited the Group for the 9M2010. The Group is confident that the positive effect from the PRC and global economy recovery for the next 12 months will continue, although labour cost is expected to increase due to the tightening of labour supply.

The Group is currently in negotiation with 3 privately owned companies based in Jinjiang City with a view to acquire them. The 3 companies are involved in the electroplating services, zipper-dyeing services, and dyed yarn supplying business respectively. No definitive agreement has been signed yet. If materialize, the transaction would require shareholders' approval in a general meeting. The Group believes that acquisition of such zipper-related business is in line with the Group's strategy of enhancing its core competencies to provide a wider range of services to its customers. The acquisition plan also allows better utilization of the Group's cash resources, and improves its return on equity. The Group will make timely announcement when appropriate.

To improve the working environment for the Group's employees, the Group has set aside RMB 25 million for the construction of 2 blocks of workers' dormitory with an estimated of 500-600 rooms.

The Group will continue to improve its operational efficiencies by increasing process automation on the production floor. The Group also plans to install 100 sets of zipper machinery for the production of its patented Super Durable Zippers, the production of which had commenced in 3Q2010.

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.

No dividend has been declared or recommended for the period ended 30 September 2010.

13. Status of applications for the Land Use Rights and building ownership certificates relating to the new site to be used for the setting up of the Group's head office in Jinjiang City

The application for the land use right and building ownership certificates had been submitted to the Jinjiang City Government upon the Group's payment for the 30% deposit in March 2007. The application is still pending approval by the Fujian Provincial Government before it could be processed by the Jinjiang State Owned Land Resource Bureau. The setting up of a Head Office in Jinjiang City was a project initiated by the local government in 2007 which designated a new Economic zone (for international branding) to house the biggest and reputable companies of Jinjiang City. Fuxing China was invited to set up office there. However with the 2008 global crisis, the project was delayed and the local government has not updated the enterprises on the project.

14. Use of placement proceeds

As at the date of this announcement, no placement proceeds have been used.

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

9 November 2010

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)

Confirmation By Directors Pursuant to Clause 705(5) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Fuxing China Group Limited which may render these interim financial statements for the 3rd quarter ended 30 September 2010 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: 9 November 2010