

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

**QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2011.**

**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 First Quarter ended 31/03/2011. These figures have not been audited.

	Group		
	3 months Ended 31/3/2011 Unaudited	3 months Ended 31/3/2010 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
<b>Revenue</b>			
Cost of sales	168,296 (124,432)	108,059 (84,665)	56 47
Gross profit	43,864	23,394	88
Other income and expenses	225	448	(50)
Selling and distribution expenses	(1,489)	(938)	59
General and administrative expenses	(12,917)	(4,946)	161
<b>Profit from operating activities</b>	29,683	17,958	65
Finance income	426	644	(34)
Finance expense	(729)	(909)	(20)
<b>Profit before taxation</b>	29,380 (11,720)	17,693 (6,731)	66 74
<b>Net profit attributable to shareholders</b>	17,660	10,962	61

**Statement of Comprehensive Income**

Net profit attributable to shareholders  
**Other comprehensive income for the period**  
 Exchange differences on translating foreign operations  
**Total comprehensive income for the period attributable to shareholders**

17,660	10,962	61
-	(10)	NM
17,660	10,952	61

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

(Write-back of allowance for)/allowance for doubtful trade receivables  
 Amortisation of land use rights  
 Amortisation of intangible assets  
 Depreciation of property, plant and equipment  
 Foreign exchange (gain)/loss, net  
 Salaries and bonuses

2,900	(817)	NM
52	131	(60)
1,644	2	NM
5,375	5,491	(2)
689	(20)	NM
10,175	8,111	25

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	
	31/3/2011 Unaudited	31/12/2010 Audited	31/3/2011 Unaudited	31/12/2010 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	199,126	203,502	-	-
Investment property	59,563	59,563	-	-
Land use rights	22,593	22,645	-	-
Intangible assets	64,300	60,944	-	-
Prepayment to suppliers	8,910	9,050	-	-
Investment in subsidiaries	-	-	344,853	344,853
	354,492	360,704	344,853	344,853
<b>Current assets</b>				
Inventories	77,791	53,175	-	-
Trade receivables, net	226,371	202,298	-	-
Bills and other receivables	43,902	39,893	-	-
Prepayments to suppliers	174,339	185,504	2	2
Amount due from subsidiaries (non-trade)	-	-	519,371	509,109
Fixed deposits	23,679	82,916	-	-
Cash and bank balances	482,274	410,678	1,887	17,803
	1,028,356	974,464	521,260	526,914
<b>Total assets</b>	<b>1,382,848</b>	<b>1,335,168</b>	<b>866,113</b>	<b>871,767</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	45,479	6,104	-	-
Bills payable to banks	11,066	11,042	-	-
Other payables & accruals	32,955	40,668	1,569	2,621
Amount due to directors (non-trade)	450	1,962	450	1,962
Short-term bank loans	70,144	70,736	-	-
Bank overdrafts	6,639	8,720	-	-
Income tax payable	12,229	12,401	-	-
<b>Total current liabilities</b>	<b>178,962</b>	<b>151,633</b>	<b>2,019</b>	<b>4,583</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	41,039	38,348	-	-
	41,039	38,348	-	-
<b>Total liabilities</b>	<b>220,001</b>	<b>189,981</b>	<b>2,019</b>	<b>4,583</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	772,574	772,574	772,574	772,574
Treasury shares	(6,408)	(6,408)	(6,408)	(6,408)
Reserve fund	52,002	52,002	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Restructuring reserve	(117,878)	(117,878)	-	-
Translation reserve	(413)	(413)	-	-
Accumulated profits	423,397	405,737	58,355	61,445
<b>Total equity</b>	<b>1,162,847</b>	<b>1,145,187</b>	<b>864,094</b>	<b>867,184</b>
<b>Total equity and liabilities</b>	<b>1,382,848</b>	<b>1,335,168</b>	<b>866,113</b>	<b>871,767</b>

**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 2011		As at 31 December 2010	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable to banks <sup>1</sup>	11,066	-	11,042	-
Short-term bank loans				
- Shanghai Rural Commercial Bank <sup>2</sup>	13,000	-	13,000	-
- East West Bank <sup>3</sup>	29,866	-	29,866	-
- Industrial and Commercial Bank of China <sup>4</sup>	27,278	-	27,870	-
Bank overdrafts <sup>5</sup>	6,639	-	8,720	-

**Notes:**

<sup>1</sup> RMB 11.0 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, bank deposits, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

<sup>2</sup> RMB 13.0 million is secured by certain buildings owned by Fuxing Textile (Shanghai) Co., Ltd.

<sup>3</sup> This loan is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from a related party (Hong Li Hong) and an independent third party (Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.

<sup>4</sup> This 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 guaranteed by Fuxing China Group Limited.

<sup>5</sup> RMB 3.5 million is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from a related party (Hong Li Hong) and an independent third party (Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.; and RMB 3.1 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.

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 31/3/2011 Unaudited RMB'000	3 months Ended 31/3/2010 Unaudited RMB'000
<b>OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	29,381	17,693
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	5,375	5,895
Amortisation of land use rights	1,645	131
Amortisation of intangible assets	51	2
(Write-back of allowance for)/allowance for doubtful trade receivables	2,900	(817)
Interest expense	729	909
Interest income	(426)	(644)
Foreign currency loss / (gain)	155	(121)
Total adjustments	10,419	5,355
<b>Operating cash flows before changes in working capital</b>	<b>39,810</b>	<b>23,048</b>
<u>(Increase) Decrease in:</u>		
Inventories	(24,616)	(571)
Trade receivables	(26,973)	4,673
Bills receivable	341	200
Other receivables & prepayments	6,955	12,969
<u>Increase (Decrease) in:</u>		
Trade payables	39,374	8,630
Other payables & accruals	(7,712)	15,754
Due to directors	(1,512)	480
Total changes in working capital	(14,143)	42,135
<b>Cash flows generated from operations</b>	<b>25,667</b>	<b>65,183</b>
Interest expense paid	(729)	(776)
Interest income received	426	644
Income tax paid	(9,201)	(7,213)
<b>Net cash generated from operating activities</b>	<b>16,163</b>	<b>57,838</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(999)	(742)
<b>Net cash used in investing activities</b>	<b>(999)</b>	<b>(742)</b>
<b>FINANCING ACTIVITIES</b>		
Repayments of term loan	(592)	(604)
Proceeds from bills payable	7,856	-
Repayment of bills payable	(7,988)	(27,599)
(Increase) decrease in fixed deposits pledged to banks	(36)	267
<b>Net cash used in financing activities</b>	<b>(760)</b>	<b>(27,936)</b>
<b>NET INCREASE / DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>14,404</b>	<b>29,160</b>
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>461,231</b>	<b>665,138</b>
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>	<b>475,635</b>	<b>694,298</b>

**Notes to the combined statement of cash flows**

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

	<b>3 months Ended 31/3/2011 Unaudited</b>	<b>3 months Ended 31/3/2010 Unaudited</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Fixed deposits	23,679	24,543
Cash and bank balances	482,274	716,729
	<hr/>	<hr/>
Less: bank overdraft	505,953	741,272
fixed deposits (pledged)	(6,639)	(22,431)
	<hr/>	<hr/>
<b>Cash and cash equivalents</b>	(23,679)	(24,543)
	<hr/>	<hr/>
	475,635	694,298
	<hr/>	<hr/>

Fixed deposits amounting to RMB 23,679,000 (2010: 24,543,000) are 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.**

<b>Group</b>	<b>Share capital</b> <b>RMB'000</b>	<b>Treasury shares</b> <b>RMB'000</b>	<b>Reserve fund</b> <b>RMB'000</b>	<b>Contributed surplus</b> <b>RMB'000</b>	<b>Restructuring reserve<sup>1</sup></b> <b>RMB'000</b>	<b>Equity reserve<sup>2</sup></b> <b>RMB'000</b>	<b>Translation reserve</b> <b>RMB'000</b>	<b>Accumulated profits / (losses)</b> <b>RMB'000</b>	<b>Total equity</b> <b>RMB'000</b>
<b>At 1 January 2010</b>	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(11)	375,630	1,094,821
Total comprehensive income for the period	-	-	-	-	-	-	-	10,962	10,962
Currency translation difference	-	-	-	-	-	-	(10)	-	(10)
<b>Closing balance at 31 March 2010</b>	<b>756,224</b>	<b>(2,307)</b>	<b>42,550</b>	<b>39,573</b>	<b>(117,878)</b>	<b>1,040</b>	<b>(21)</b>	<b>386,592</b>	<b>1,105,773</b>
<b>At 1 January 2011</b>	<b>772,574</b>	<b>(6,408)</b>	<b>52,002</b>	<b>39,573</b>	<b>(117,878)</b>	<b>-</b>	<b>(413)</b>	<b>405,737</b>	<b>1,145,187</b>
Total comprehensive income for the period	-	-	-	-	-	-	-	17,660	17,660
<b>Closing balance at 31 March 2011</b>	<b>772,574</b>	<b>(6,408)</b>	<b>52,002</b>	<b>39,573</b>	<b>(117,878)</b>	<b>-</b>	<b>(413)</b>	<b>423,397</b>	<b>1,162,847</b>

**Company**

<b>At 1 January 2010</b>	756,224	(2,307)	-	39,573	-	1,040	-	21,181	815,711
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,771)	(1,771)
<b>At 31 March 2010</b>	<b>756,224</b>	<b>(2,307)</b>	<b>-</b>	<b>39,573</b>	<b>-</b>	<b>1,040</b>	<b>-</b>	<b>19,410</b>	<b>813,940</b>
<b>At 1 January 2011</b>	<b>772,574</b>	<b>(6,408)</b>	<b>-</b>	<b>39,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,445</b>	<b>815,711</b>
Total comprehensive income for the period	-	-	-	-	-	-	-	(3,090)	(1,771)
<b>At 31 March 2011</b>	<b>772,574</b>	<b>(6,408)</b>	<b>-</b>	<b>39,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,355</b>	<b>813,940</b>

**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 ended 31 March 2011, there was no share acquired. There were a total of 13,886,000 treasury shares acquired in FY2009 and FY2010.

**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 2011	31 December 2010
Total number of issued shares excluding treasury shares	860,272,000	860,272,000

There were a total of 13,886,000 treasury shares as 31 March 2011.

**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 2011	13,886,000
Purchases of shares during the period	-
Total number of shares as at 31 March 2011	13,886,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2011.

**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 first quarter of 2011 with those of the audited financial statements as at 31 December 2010.

**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	
	3 months Ended 31/3/2011	3 months Ended 31/3/2010
(a) Basic and	0.02	0.01
(b) On a fully diluted basis	0.02	0.01

*Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2011: 860,272,000 ordinary shares (2010: 831,480,000).*

*Diluted earnings per share is computed based on weighted average number of ordinary shares in issue in 2011: 860,272,000 ordinary shares (2010: 858,407,184), adjusted for the deemed conversion of the convertible note 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	
	31/3/2011	31/12/2010	31/3/2011	31/12/2010
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 31/3/2011 : 860,272,000 (31/3/2010 : 831,480,000 shares)	1.35	1.33	1.00	1.01

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 31/3/2011 Unaudited	3 months Ended 31/3/2010 Unaudited	Increase/ (Decrease)
REVENUE	RMB'000	RMB'000	%
Finished zipper	24,191	11,969	102
Zipper Chain	77,519	52,828	47
Zipper Slider	37,767	23,741	59
Knitting Wool	-	927	NM
Trading	28,819	18,594	55
Total	168,296	108,059	56

#### COST OF SALES

Finished zipper	17,149	8,565	100
Zipper Chain	54,135	38,113	42
Zipper Slider	24,896	18,932	32
Knitting Wool	-	757	NM
Trading	28,253	18,298	54
Total	124,432	84,665	47

#### GROSS PROFIT

Finished zipper	7,042	3,404	107
Zipper Chain	23,384	14,715	59
Zipper Slider	12,871	4,809	168
Knitting Wool	-	170	NM
Trading	567	296	92
Total	43,864	23,394	88

#### GROSS PROFIT MARGIN (GPM)

	%	%	%
Finished zipper	29.1	28.4	0.7
Zipper Chain	30.2	27.9	2.3
Zipper Slider	34.1	20.3	13.8
Knitting Wool	-	18.3	NM
Trading	2.0	1.6	0.4
Average GPM	26.1	21.7	4.4
GPM – Zipper segments	31.0	25.9	5.1

## 1Q11 vs. 1Q10

### **Revenue**

The Group's revenue increased by RMB 60.2 million (or 56%) to RMB 168.3 million. The increase in revenue was due mainly to the increase in sales of the Finished Zippers (RMB 12.2 million), Zipper Chains (RMB 24.7 million) and Zipper Sliders segment (RMB 14.0 million) (collectively referred as the "Zippers Segment") as well as the Trading segment (RMB 10.2 million).

The increase in revenue from the Zippers segment was attributable to the increase in both quantity and selling prices to both local customers and overseas customers due to continued economic growth in the PRC and overseas markets.

### **Gross Profit and Gross Profit Margin ("GPM")**

The Group's gross profit increased by RMB 20.5 million (or 88%) to RMB 43.9 million. The increase in gross profit was due mainly to the increase in revenue as well as gross margins for the Zipper Segment.

The Group's average gross profit margin increased by 4.4% points to 26.1% due to increased demand from its zipper customers that resulted in its GPM of 31.0% for current quarter.

### **Other income and other expenses**

Other income comprises rental income while other expenses consist mainly of foreign exchange loss as a result of the depreciation of HK Dollar, US Dollar and JP Yen against the RMB.

### **Selling and distribution expenses**

Selling and distribution expenses increased by RMB 0.5 million (or 59%) to RMB 1.5 million. The increase was due mainly to an increase in advertising expenses incurred for the sales promotion of the Group's products and delivery charges in line with the higher sales volume.

### **General and administrative expenses**

General and administrative expenses increased by RMB 8.0 million (or 161%) to RMB12.9 million. This was attributable to the allowance for doubtful debts amounting to RMB2.9 million in 1Q11 compared to a writeback of RMB 0.8 million in the previous corresponding period, amortization of the patent of RMB 1.9 million and general increase in staff costs in the current quarter compared to the previous corresponding period.

### **Finance income and expenses**

Finance expenses decreased by RMB 0.2 million (or 20%) to RMB 0.7 million. This was attributable to the decrease in bank overdraft balances compared to the previous corresponding period. Finance income decreased by RMB 0.2 million to RMB 0.4 million due mainly to a decrease in bank deposit balances.

### **Income tax expense**

	Group		
	3 months Ended 31/3/2011 Unaudited	3 months Ended 31/3/2010 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Current tax <sup>1</sup>	9,029	5,142	76
Deferred tax <sup>2</sup>	2,691	1,589	69
Income tax expense	11,720	6,731	74

NM: Not Meaningful

### **Notes**

<sup>1</sup> Current tax increased by RMB 3.9 million or 76% due to an increase in profit before taxation in 1Q11.

<sup>2</sup> On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that the 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'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 31 March 2011, non-current assets amounted to RMB 354.5 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 199.1 million, a decrease of 2% (or RMB 4.4 million) compared to FY10. The decrease was due mainly to depreciation charges.

### **Current assets**

Current assets increased by RMB 53.9 million (or 6%) as at 31 March 2011. This was largely due to an increase in inventory, trade receivables and cash and bank balances which was offset by the decrease in bills receivables, other receivables and prepayments.

Inventory increased RMB 24.6 million due to the stocking up of inventory to fulfill the sales orders in the coming quarter. Trade receivables increased by RMB 24.1 million due to a timing issue as customers took a longer time to arrange payment due to the Lunar New Year during the quarter.

Bills and other receivables increased slightly by RMB4 million to RMB 43.9 million due to a timing issue, while Prepayment to suppliers decreased by RMB 11.2 million as some purchases were offset against the prepayment balances with suppliers.

### **Current liabilities**

Current liabilities increased by RMB 27.3 million (or 18%) as at 31 March 2011. This was attributable to the increase in trade payables, and amount due to directors which was offset by the decrease in other payables and accruals.

The increase in trade payables was due to a timing issue, as longer time was spent in processing invoices to suppliers. Other payables & accruals decreased due to lower advances received from customers.

### **Non-current liabilities**

Non-current liabilities comprise deferred tax liabilities. The increase in deferred tax liabilities was due mainly to the increase in withholding tax as explained under the note for income tax expense.

### **Cash Flow**

Net cash flows generated from operating activities amounted to RMB 16.2 million compared to RMB 57.8 million for prior year as net cashflows were utilized in the higher inventories to prepare for higher production and sales for the next quarter, and trade receivables in current quarter compared to the previous corresponding period.

Net cash flows used in investing activities amounted to RMB1.0 million, primarily, due to purchase of machineries and some construction work-in-progress. This was quite similar to the previous corresponding period of RMB 0.7 million, as investing activities were usually down in Q1 due to the Lunar New Year holidays.

Net cash flows used in financing activities amounted to RMB 0.8 million. This was due mainly to proceeds from bills payables amounting to RMB 7.9 million, off-set payment outstanding bills payables amounting to 8.0 million.

### **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. In the previous announcement, the Group had indicated that its FY2011 results would grow due to improved demand from customers.

**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 noted that the PRC's GDP has grown 9.7% in the first quarter, and the PRC government is expecting 9.8% for full year 2011. This bodes well as the Group is planning to continue to grow its production capacity and output. The Group is currently working on the following projects:

Projects	Budgets
- Worker's dormitory (2 blocks, 8F (3Q2011) and 14F (1H2012)	RMB 25m
- SDZ machineries (100 sets acquired and additional 100 sets to be acquired by end 2011)	20m
- Zipper machineries (includes new Y-teeth metal zipper machineries (50 sets to be acquired by end 2011)	10-15m
- Production area expansion (additional 4 production floors (total 30,000 sqm) and a storage area to be completed by end 3Q2011)	20m

**Update on Proposed Acquisition**

Further to the Proposed Acquisition of three companies dealing with colour dyeing, yarn and electroplating businesses ("The Acquisition") which had been approved at a Special General Meeting on 4 March 2011, the Group had received confirmation letters from the respective Vendors that they have procured the valid and legal appointment of the Company's nominees to the board of directors of the respective Target Companies and as legal representative(s), general manager(s) and supervisor(s) of each of the Target Companies as at 1 April 2011.

**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?

Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount Per Share (in RMB)	0.02
Tax Rate	Not Applicable

**(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 31 March 2011.

**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 land use right and building ownership certificates have 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 sending to Jinjiang State Owned Land Resource Bureau for final processing.

BY ORDER OF THE BOARD

Hong Qing Liang  
Executive Director & CEO

3 May 2011

**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 1st quarter ended 31 March 2011 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: 3 May 2011