

NEWS RELEASE

Fuxing China registers 1Q2013 loss of RMB10.8 million on revenue of RMB141.3 million

- Revenue increased by 20% due mainly to the increase in sales of the Zipper Chains (RMB 8.1 million) and Zipper Sliders (RMB 1.2 million).
- Gross profit margin declined by 5.4 percentage points to 7.3%, mainly attributable to the lower average selling prices and the increases in direct labour cost and depreciation.

Financial Highlights

RMB('000)	1Q2013	1Q2012	% Change
Revenue	141,321	118,000	20
Gross profit	10,364	14,982	(31)
Gross profit margin	7.3%	12.7%	
Loss before taxation	(9,246)	(3,024)	206
Loss attributable to Equity holders	(10,849)	(6,054)	79
Loss per share* (cents)	(1.3)	(0.7)	86
	As at 31/03/2013	As at 31/12/2012	
NTA per share as at end of period**(RMB)	1.09	1.11	

Notes:

* Basic and diluted EPS based on weighted average number of shares in issue: 860,272,000 ordinary shares in 1Q2013 and 1Q2012.

** Based on issued share capital as at 31/03/2013 of 860,272,000 shares, NTA equivalent to SGD 21.5 cents using exchange rate of 5.0653 as at 31/03/13.

SINGAPORE, 30 April 2013 – Fuxing China Group Limited (“Fuxing China” or the “Group”), one of the leading vertically-integrated zipper manufacturers in the PRC has announced its financial results for the first quarter ended 31 March 2013 (“1Q2013”).

For 1Q2013, the Group’s revenue increased by RMB 23.3 million (or 20%) to RMB 141.3 million. The increase in revenue was due mainly to the increase in sales of the Zipper Chains (RMB 8.1 million) and Zipper Sliders (RMB 1.2 million) (collectively referred as the “Zippers segment”) and the Trading segment (RMB 14.3 million). This was partially offset by the decrease in revenue contributions from the processing segment (RMB 2.1 million). The increase in revenue from the Zippers Segment in 1Q2013 was attributable to the increase in quantity sold to both local customers and oversea customers as a result of lower selling prices.

Faced with the weak demand in 1Q2013, the Group had to lower its average selling price of its products to retain customer’s orders. Coupled with the increases in the wages and depreciation in the cost of sales, the Group’s gross profit decreased by RMB 4.6 million (or 31%) to RMB 10.4 million while the Group’s gross profit margin declined to 7.3% compared to 12.7% for 1Q2013.

On the expenses level, the Group’s administrative expenses rose by RMB1.1 million or 7% to RMB17.7 million. This was mainly due to the RMB 1.9 million increase in provision for social security contribution for 1Q2013. Selling and distribution expenses increased by RMB 0.2 million (or 12%) to RMB 1.9 million. This was mainly due to the increase in staff costs as basic salaries increased due to the statutory requirement in the PRC.

As a result of the above, the Group suffered a net loss of RMB10.8 million for 1Q2013. The Group’s loss per share was RMB 1.3 cents, compared to loss per share of 0.7 cents for 1Q2012. Net asset value per share decreased to RMB 1.09 as at 31 March 2013, from RMB 1.11 as at 31 December 2012.

Mr Hong Qingliang (洪清涼), Executive Chairman/CEO of Fuxing China commented,

“The zipper industry as a whole continues to face business pressures caused by higher labour costs, fluctuating raw material prices and intense competition. We have to adopt a flexible pricing policy to maintain our market position. We expect the market for zippers to continue to be highly challenging and competitive for the rest of the year. Meanwhile, we will continue to exercise tight control on our administrative expenses and strive to lower our production unit cost and inventory holding cost.”

Segmental Review

	Group		
	3 months Ended 31/3/2013 Unaudited	3 months Ended 31/3/2012 Unaudited	Increase/ (Decrease)
REVENUE	RMB'000	RMB'000	%
Zipper Chain	78,393	70,336	11
Zipper Slider	19,328	18,093	7
Trading	30,477	16,209	88
Processing	15,484	17,603	(12)
Inter-segment sales	(2,361)	(4,241)	(44)
Total Group Revenue	141,321	118,000	20

COST OF SALES

Zipper Chain	71,592	60,313	19
Zipper Slider	17,035	17,303	(2)
Trading	29,524	15,437	91
Processing	15,167	14,206	7
Inter-segment sales	(2,361)	(4,241)	(44)
Total Group Cost of Sales	130,957	103,018	27

GROSS PROFIT

Zipper Chain	6,801	10,023	(32)
Zipper Slider	2,293	790	190
Trading	953	772	23
Processing	317	3,397	(91)
Total Gross Profit	10,364	14,982	(31)

GROSS PROFIT MARGIN

	%	%	% pts
Zipper Chain	8.7	14.3	(5.6)
Zipper Slider	11.9	4.4	7.5
Trading	3.1	4.8	(1.6)
Processing	2.0	19.3	(17.3)
Average Gross Profit Margin	7.3	12.7	(5.4)
Zipper Segment- Gross Profit Margin	9.3	12.2	(2.9)

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About Fuxing China Group Limited

Based in Jinjiang City, Fujian Province, Fuxing China is one of the few vertically-integrated zipper manufacturers, with the ability to manufacture the entire zipper product from mould-making for the production of zipper sliders to manufacturing of fabric tape for zipper chains.

The Group's zipper products are sold mainly to manufacturers of apparel and footwear products, camping equipment, bags and luggages, upholstery and furnishings, trading companies as well as other zipper manufacturers in the PRC.

Fuxing China was awarded the ***PRC Top 10 Famous Zipper Brands*** and the ***Symbolic Brand of China*** award for its “3F” brand. The Group was listed on SGX-ST in September 2007.

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