FUXING CHINA GROUP LIMITED

(Incorporated in the Bermuda with limited liability)

(Company Registration Number: 38973)

Condensed Interim Financial Statements

For the six months and full year ended 31 December 2021

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	6 months ended 31/12/2021 (Unaudited) *RMB'000*	6 months ended 31/12/2020 (Unaudited) *RMB'000*	Year ended 31/12/2021 (Unaudited) *RMB'000*	Year ended 31/12/2020 (Audited) *RMB'000*
Revenue	*4*	425,123	360,680	766,351	697,908
Cost of sales		(382,794)	(355,304)	(695,666)	(679,510)
Gross profit		42,329	5,376	70,685	18,398
Other items of income					
Other income	*5*	53,097	-	56,760	6,503
Interest income	*6*	730	605	1,226	1,071
Other items of expenses					
Marketing and distribution costs		(4,092)	(4,048)	(8,276)	(6,274)
Administrative expenses		(31,936)	(58,478)	(47,568)	(77,485)
Other expenses	*7*	(2,634)	(77,175)	(4,365)	(71,902)
Finance costs	*6*	(4,545)	(5,539)	(9,118)	(12,825)
Profit / (loss) before tax	*8*	52,949	(139,259)	59,344	(142,514)
Income tax expenses	*10*	(994)	(4,581)	(1,608)	(5,307)
Profit / (loss) for the period		51,955	(143,840)	57,736	(147,821)
Other comprehensive income / (loss):					
Item that may be reclassified subsequently to profit or loss					
Exchange difference on consolidation/combination		2,182	11,660	3,736	9,833
Total comprehensive income / (loss) for the period		54,137	(132,180)	61,472	(137,988)
Profit / (loss) attributable to:					
Owners of the Company		51,908	(144,131)	57,854	(148,058)
Non-controlling interests		47	291	(118)	237
		51,955	(143,840)	57,736	(147,821)
Total comprehensive income / (loss) attributable to:					
Owners of the Company		54,090	(132,471)	61,590	(138,225)
Non-controlling interests		47	291	(118)	237
		54,137	(132,180)	61,472	(137,988)
Earnings/(Loss) per share attributable to owners of the Company (RMB per share)	*11*				
Basic and diluted		3.00	(8.38)	3.36	(8.61)

B. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	The Group		The Company	
		31/12/2021 (Unaudited)	31/12/2020 (Audited)	31/12/2021 (Unaudited)	31/12/2020 (Audited)
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*14*	317,772	211,073	-	-
Land use right		25,122	26,027	-	-
Investment in subsidiaries		-	-	344,853	344,853
		342,894	237,100	344,853	344,853
Current assets					
Inventories	*15*	52,291	36,157	-	-
Trade and other receivables	*16*	254,019	239,361	176,011	184,817
Prepayments	*17*	122,137	131,686	-	-
Cash and short-term deposits		168,370	197,272	1,623	175
Assets held for sale		38,600	40,370	-	-
		635,417	644,846	177,634	184,992
Total assets		978,311	881,946	522,487	529,845
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	*18*	772,574	772,574	772,574	772,574
Treasury shares	*18*	(6,408)	(6,408)	(6,408)	(6,408)
Reserve fund		67,008	66,557	-	-
Capital reserve		39,573	39,573	39,573	39,573
Restructuring reserve		(117,878)	(117,878)	-	-
Foreign currency translation reserve		2,726	(885)	-	-
Accumulated losses		(211,855)	(269,258)	(291,424)	(280,992)
Total equity attributable to owners of the Company		545,740	484,275	514,315	524,747
Non-controlling interests		331	449	-	-
Total equity		546,071	484,724	514,315	524,747
Current liabilities					
Trade and other payables	*19*	139,183	119,631	7,102	3,050
Other liabilities	*20*	112,518	105,503	1,070	2,048
Loans and borrowings	*21*	157,497	149,710	-	-
Income tax payable		4,325	4,086	-	-
		413,523	378,930	8,172	5,098
Non-current liabilities					
Deferred tax liabilities		18,717	18,292	-	-
Total liabilities		432,240	397,222	8,172	5,098
Total equity and liabilities		978,311	881,946	522,487	529,845

C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<----------Attributable to owners of the Company---------->								
Group	**Share capital RMB'000**	**Treasury shares RMB'000**	**Reserve fund RMB'000**	**Contributed surplus RMB'000**	**Restructuring reserve[1] RMB'000**	**Translation reserve RMB'000**	**Accumulated losses RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2020	772,574	(6,408)	66,457	39,573	(117,878)	(10,718)	(121,100)	392	622,892
Total comprehensive loss for the period	-	-	-	-	-	9,833	(148,058)	237	(137,988)
Appropriation to reserve fund			100				(100)		
Dividend paid to non-controlling interests								(180)	(180)
At 31 December 2020	772,574	(6,408)	66,557	39,573	(117,878)	(885)	(269,258)	449	484,724
At 1 January 2021	772,574	(6,408)	66,557	39,573	(117,878)	(885)	(269,258)	449	484,724
Total comprehensive income for the period	-	-	-	-	-	3,611	57,854	(118)	61,347
Appropriation to reserve fund			451				(451)		
At 31 December 2021	772,574	(6,408)	67,008	39,573	(117,878)	2,726	(211,855)	331	546,071

Company	**Share capital RMB'000**	**Treasury shares RMB'000**	**Contributed surplus RMB'000**	**Accumulated losses RMB'000**	**Total equity RMB'000**
At 1 January 2020	772,574	(6,408)	39,573	(131,307)	674,432
Total comprehensive loss for the period	-	-	-	(149,685)	(149,685)
At 31 December 2020	772,574	(6,408)	39,573	(280,992)	524,747
At 1 January 2021	772,574	(6,408)	39,573	(280,992)	524,747
Total comprehensive loss for the period	-	-	-	(10,432)	(10,432)
At 31 December 2021	772,574	(6,408)	39,573	(291,424)	514,315

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".

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended 31/12/2021 (Unaudited) RMB'000	Year Ended 31/12/2020 (Audited) RMB'000
OPERATING ACTIVITIES		
Profit / (Loss) before taxation	59,344	(142,514)
Adjustments for:		
Depreciation of property, plant and equipment	34,416	33,688
Amortisation of land use rights	905	906
Written off of property, plant and equipment	2,484	86
Impairment loss on property, plant and equipment	-	3,215
Fair value loss on investment property	-	34,982
Fair value loss on assets held for sale	-	3,396
Loss on disposal of assets held for sale	232	19,441
Net (reversal)/allowance for doubtful trade receivables	(36,326)	28,584
Net reversal of allowance for advances to suppliers	(537)	(1,226)
Allowance for other receivables	350	-
Net allowance for obsolescence and slow-moving stocks	578	410
Net (written back)/provision of social security contribution	(1,563)	1,830
Interest expense	9,118	12,825
Interest income	(1,226)	(1,071)
Foreign currency difference	3,422	9,315
Total adjustments	11,853	146,381
Operating cash flows before changes in working capital	71,197	3,867
(Increase)/ Decrease in:		
Inventories	(16,712)	6,107
Trade and other receivables	22,318	(12,867)
Prepayments	10,086	(17,788)
Increase/ (Decrease) in:		
Trade and other payables	19,863	(18,304)
Other liabilities	8,578	(42,450)
Total changes in working capital	43,133	(85,302)
Cash flows generated from/(used in) operations	114,330	(81,435)
Income tax paid	(944)	(9,929)
Net cash generated from/(used in)operating activities	113,386	(91,364)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(143,698)	(48,949)
Proceeds from disposal of assets held for sale	1,638	399,411
Interest income received	1,226	1,071
Net cash (used in)/generated from investing activities	(140,834)	351,533
FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	-	(180)
Repayment of director's loan	(311)	(16,446)
Proceeds from short-term borrowings	153,966	246,118
Repayments for short-term borrowings	(155,109)	(379,901)
(Increase) / Decrease in fixed deposits pledged to banks	(12,000)	23,500
Net cash used in financing activities	(13,454)	(126,909)
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	(40,902)	133,260
CASH & CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	160,772	27,512
CASH & CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note A)	119,870	160,772

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Note A:

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

	Year Ended 31/12/2021 Unaudited RMB'000	Year Ended 31/12/2020 Audited RMB'000
Fixed deposits	48,500	36,500
Cash and bank balances	119,870	160,772
	168,370	197,272
Less: Fixed deposits (pledged)	(48,500)	(36,500)
Cash and cash equivalents	119,870	160,772

Fixed deposits amounting to RMB48,500,000 (2020: RMB36,500,000) were pledged to banks for the Group's bills payable to banks, short-term bank loans and bank overdrafts.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

1. GENERAL INFORMATION

1.1 General information

Fuxing China Group Limited (the "Company") was incorporated and domiciled as an exempt company with limited liability in Bermuda and is listed on the mainboard in Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 1.2 to the financial statements.

The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Group is located at Hangbian Industry Area, Longhu Town, Jinjiang City, Fujian Province, People's Republic of China (the "PRC").

1.2 Group structure

Details of the subsidiaries of the Company at the end of the reporting period are set out below:

Name	Country of incorporation	Principal activities	Effective equity held by the Company	
			31/12/2021 %	31/12/2020 %
Held by the Company				
Jade Star Group Holdings Limited ("Jade Star") [1]	British Virgin Islands	Investment holding	100	100
Fuxing China Group Limited (HK) ("FCG") [1]	Hong Kong	Investment holding, to facilitate the application of the State-owned Land Use Right Certificate in respect of the Land Parcel	100	100
Held through Jade Star				
Jinjiang Fookhing Zipper Co., Ltd ("Fookhing Zipper") [2]	People's Republic of China	Production and sale of finished zippers and zipper chains	100	100
Jinjiang Fuxing Dress Co., Ltd ("Fuxing Dress") [2]	People's Republic of China	Production and sale of zipper sliders	100	100
Fookhing Group Trading Co., Ltd ("Fuxing HK") [2]	Hong Kong	Trading of raw materials for textile sector	100	100
Fulong Zipper and Weaving Co., Ltd ("Fulong") [1]	People's Republic of China	Colour dyeing of fabric tapes for zippers	100	100
Jinjiang Jianxin Weaving Co., Ltd ("Jianxin") [1]	People's Republic of China	Manufacturing and sales of dyed yarn	100	100
Jinjiang Fuxin Electroplating Co., Ltd ("Fuxin") [1]	People's Republic of China	Provision of electroplating services for zipper sliders	100	100
Held through FCG				
Xiamen Fuxing Industrial Co., Ltd. ("Xiamen Fuxing") [2]	People's Republic of China	Real estate development	100	100
Held through Xiamen Fuxing				
Xiamen Xinfuxing Property Management Co., Ltd ("Xiamen Property") [3]	People's Republic of China	To handle property management and realtor services for the Group's Xiamen headquarters	80	80

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and the Group's performance since the last audited annual financial statements for the year ended 31 December 2021.

The condensed interim financial statements are presented in Renminbi ("RMB") and all amounts have been rounded to the nearest thousand ("RMB'000"), unless otherwise stated.

The accounting policies and method of computations used in the condensed interim financial statements are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out as below:

2.2 New and amended Standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 Use of judgment and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements that have a significant effect on the amounts recognised in the financial statements.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

3 SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 SEGMENT INFORMATION AND REVENUE

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(i) Zippers

This operating segment is further sub-divided into 2 sub-segments as follows:

(a) Zipper Chains

The zipper chain consists of 2 strips of fabric tapes, with parallel rows of specially shaped nylon, metal or plastic teeth, as the case may be, either weaved on or punched onto adjacent edges of a fabric tape, thereby interlocking with each other to provide a firm grip and resulting in a zipper chain.

(b) Zipper Sliders

The zipper slider consists of a zinc zipper head and zipper pull tab which is subsequently affixed on the zipper chain, such that it moves along the rows of teeth, allowing the teeth to be fastened or separated, depending on the direction of the movement.

(ii) Processing

Processing represents colour dyeing of fabric tapes for zippers, electroplating services for zipper sliders and manufacturing and sales of dyed yarn.

(iii) Trading

The trading segment represents trading of raw materials, including rubber thread, nylon fabric and nylon yarn.

(iv) Corporate

The corporate segment is involved in Group-level corporate services and treasury functions.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets and liabilities are not disclosed as such separate financial information is not available but is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources to the operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Geographical information

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue			
	6 months ended 31/12/2021 RMB'000	**6 months ended 31/12/2020 RMB'000**	**Year ended 31/12/2021 RMB'000**	**Year ended 31/12/2020 RMB'000**
People's Republic of China	290,135	244,358	522,788	448,604
Hong Kong	134,988	116,322	243,563	249,304
Total	425,123	360,680	766,351	697,908

	Non-current assets	
	31/12/2021 RMB'000	**31/12/2020 RMB'000**
People's Republic of China	342,893	237,099
Hong Kong	1	1
Total	342,894	237,100

Non-current assets information presented above consist of property, plant and equipment, investment property, land use rights, intangible assets and prepayments as presented in the statement of financial position.

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Business segments

The following table presents revenue, results and other information regarding the Group's business segments for the year ended 31 December 2021 and 31 December 2020.

Group 2021	Zipper RMB'000	Trading RMB'000	Processing RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
6 months ended 31 December 2021						
Revenue:						
Sales to external customers	258,428	134,988	31,707	-	-	425,123
Inter-segment sales	-	-	13,439	-	(13,439)	-
Total revenue	258,428	134,988	45,146	-	(13,439)	425,123
Results:						
Segment gross profit	35,342	2,986	4,001	-	-	42,329
Segment results	42,849	8,760	1,424	3,731	-	56,764
Finance income	531	-	4	194	-	730
Finance expense	(3,406)	(427)	(712)	-	-	(4,545)
Profit before income tax						52,949
Tax expenses						(994)
Net profit attributable to shareholders						51,955
Year ended 31 December 2021						
Revenue:						
Sales to external customers	461,966	243,562	60,823	-	-	766,351
Inter-segment sales	-	-	26,463	-	(26,463)	-
Total revenue	461,966	243,562	87,286	-	(26,463)	766,351
Results:						
Segment gross profit	56,428	5,258	8,999	-	-	70,685
Segment results	51,469	18,049	(963)	(1,319)	-	67,236
Finance income	984	-	10	232	-	1,226
Finance expense	(6,842)	(854)	(1,422)	-	-	(9,118)
Profit before income tax						59,344
Tax expenses						(1,608)
Net profit attributable to shareholders						57,736
Other segment information						
Loss on disposal of assets held for sale				232		232
Net reversal of allowance for doubtful trade receivables	23,948	12,978	(632)	32		36,326
Depreciation and amortization	21,947	1	12,380	993	-	35,321
Total assets	**579,310**	**94,283**	**250,894**	**53,824**	**-**	**978,311**
Capital expenditure for property, plant and equipment	115,336	-	28,263	99-	-	143,698
Total liabilities	**(245,146)**	**(56,533)**	**(70,867)**	**(59,694)**	**-**	**(432,240)**

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Business segments (Continued)

Group	Zipper	Trading	Processing	Corporate	Elimination	Total
2020	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
6 months ended 31 December 2020						
Revenue:						
Sales to external customers	217,557	116,322	26,801	-	-	360,680
Inter-segment sales	-	-	16,442	-	(16,442)	-
Total revenue	217,557	116,322	43,243	-	(16,442)	360,680
Results:						
Segment gross profit	2,858	2,284	234	-	-	5,376
Segment results	(37,079)	(11,306)	(4,387)	(81,553)	-	(134,325)
Finance income	575	-	9	21	-	605
Finance expense	(4,333)	(491)	(715)	-	-	(5,539)
Loss before income tax						(139,259)
Tax expenses						(4,581)
Net loss attributable to shareholders						(143,840)
Year ended 31 December 2020						
Revenue:						
Sales to external customers	399,329	249,304	49,275	-	-	697,908
Inter-segment sales	-	-	23,748	-	(23,748)	-
Total revenue	399,329	249,304	73,023	-	(23,748)	697,908
Results:						
Segment gross profit	13,851	5,163	(616)	-	-	18,398
Segment results	(34,249)	(8,550)	(10,465)	(77,496)	-	(130,760)
Finance income	1,035	-	12	24	-	1,071
Finance expense	(9,401)	(1,118)	(1,429)	(877)	-	(12,825)
Loss before income tax						(142,514)
Tax expenses						(5,307)
Net loss attributable to shareholders						(147,821)
Other segment information						
Fair value loss on investment property	-	-	-	34,982	-	34,982
Fair value loss on assets held for sale				3,396		3,396
Fair value loss from valuation on property, plant and equipment				3,215		3,215
Loss on disposal of assets held for sale				19,441		19,441
Depreciation and amortization	20,523	1	12,120	1,950	-	34,594
Total assets	**517,559**	**68,911**	**227,892**	**67,584**	**-**	**881,946**
Capital expenditure for property, plant and equipment	5,500	-	1,709	-	-	7,209
Total liabilities	**(289,986)**	**(42,720)**	**(63,448)**	**(1,068)**	**-**	**(397,222)**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

5. OTHER INCOME

	6 months ended 31/12/2021 *RMB'000*	6 months ended 31/12/2020 *RMB'000*	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Net reversal for doubtful trade receivables	36,326	-	36,326	-
Rental and management income	6,225	-	9,853	5,434
Refund of property tax	7,449	-	7,449	-
Government grants	981	-	1,006	590
Sales of pollution right	804	-	804	-
Sales of scrap materials	766	-	766	-
Net reversal for advance to suppliers	537	-	537	-
Others	9	-	19	479
	53,097	-	56,760	6,503

6. INTEREST INCOME AND FINANCIAL COSTS

	6 months ended 31/12/2021 *RMB'000*	6 months ended 31/12/20 *RMB'000*	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Interest income from:				
Bank deposits	730	605	1,226	1,071
Interest expense on:				
Bank loans	4,545	5,539	9,118	12,825

7. OTHER EXPENSES

	6 months ended 31/12/2021 *RMB'000*	6 months ended 31/12/2020 *RMB'000*	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Foreign exchange loss, net	2,577	13,697	4,127	10,782
Loss on disposal of assets held for sale	51	19,441	232	19,441
Fair value loss on investment property	-	34,982	-	34,982
Fair value loss on assets held for sale	-	3,396	-	3,396
Impairment loss on property, plant and equipment	-	3,215	-	3,215
Adjustment for rent free period	-	2,358	-	-
Others	6	86	6	86
	2,634	77,175	4,365	71,902

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

8. PROFIT / LOSS BEFORE INCOME TAX

The following charges/(credits) were included in determination of profit / loss before income tax:

	6 months ended 31/12/2021 *RMB'000*	6 months ended 31/12/2020 *RMB'000*	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Personnel expenses	35,692	36,492	73,723	63,777
Loss on disposal of assets held for sale	51	19,441	232	19,441
Fair value loss on investment property	-	34,982	-	34,982
Fair value loss on assets held for sale	-	3,396	-	3,396
Impairment loss on property, plant and equipment	-	3,215	-	3,215
Net (reversal)/allowance for doubtful trade receivables	(31,131)	28,049	(36,326)	28,584
Net (reversal)/provision of allowance for advances to suppliers	537	(174)	(537)	(1,226)
Allowance for other receivables	350	-	350	-
Net allowance for obsolescence and slow-moving stocks	578	410	578	410
Net (written back)/provision of social security contribution	(1,563)	1,830	(1,563)	1,830

9. RELATED PARTY TRANSACTIONS

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

10. TAXATION

	6 months ended 31/12/2021 *RMB'000*	6 months ended 31/12/2020 *RMB'000*	Year ended 31/12/2021 *RMB'000*	Year ended 31/12/2020 *RMB'000*
Current Income tax				
- Current financial year	663	584	1,183	1,285
- Land appreciation tax		8,199		8,199
Deferred income tax expenses relating to origination and reversal of temporary differences[1]	331	(4,202)	425	(4,177)
Income tax expenses for the period	994	4,581	1,608	5,307

10. TAXATION (CONTINUED)

Note:

1 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%.

11. EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share is calculated by dividing the earnings / loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period amounting to 17,205,438 ordinary shares (2020: 17,205,438).

The following tables reflect the earnings / (loss) and share data used in the computation of basic and diluted earnings / (loss) per share for the periods ended:

	6 months ended 31/12/2021 ***RMB'000***	**6 months ended 31/12/2020** ***RMB'000***	**Year ended 31/12/2021** ***RMB'000***	**Year ended 31/12/2020** ***RMB'000***
Profit/(Loss) for the year attributable to owners of the Company	51,908	(144,131)	57,854	(148,058)
	No. of shares '000	**No. of shares '000**	**No. of shares '000**	**No. of shares '000**
Weighted average number of ordinary shares for basic and diluted earnings/ (loss) per share computation	17,205	17,205	17,205	17,205

Note: Basic earnings / (loss) per share is computed based on weighted average number of shares in issue in 17,205,438 ordinary shares (2020: 17,205,438).

	6 months ended 31/12/2021 ***RMB***	**6 months ended 31/12/2020** ***RMB***	**Year ended 31/12/2021** ***RMB***	**Year ended 31/12/2020** ***RMB***
Basic and diluted earnings / (loss) per share (RMB cents per share)	3.00	(8.38)	3.36	(8.61)

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

12. NET ASSET VALUE PER SHARE

	Group		Company	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Net asset value per share based on issued share capital at the end of the period (in RMB)	31.7	28.1	29.9	30.5

Net asset value per share for both periods is computed based on the number of shares in issue of 17,205,438.

13. DIVDEND

No dividend for the period ended 31 December 2021 (2020: Nil) is recommended as the Group and the Company are in accumulated losses positions and the Management intends to conserve cash for its operational needs.

14. PROPERTY, PLANT AND EQUIPMENT

During the current financial year, the Group acquired assets amounting to RMB143.6 million (2020: RMB 35.7 million).

15. INVENTORIES

	31/12/2021 RMB'000	31/12/2020 RMB'000
Raw materials	17,715	10,167
Work-in-progress	10,293	8,206
Finished goods	24,283	17,784
	52,291	36,157

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/2021 RMB'000	31/12/2020 RMB'000	31/12/2021 RMB'000	31/12/2020 RMB'000
Trade receivables	296,838	312,882	-	-
Less: loss allowance	(58,525)	(95,029)	-	-
	238,313	217,853	-	-
Bills receivables	7,349	15,387	-	-
Other receivables	8,357	6,121	2	2
Amount due from subsidiaries (non-trade)	-	-	176,009	184,815
Total trade and other receivables	254,019	239,361	176,011	184,817

Loss allowance

	31/12/2021 *RMB'000*	31/12/2020 *RMB'000*
At 1 January	95,029	66,445
Net (Reversal)/Charge for the financial year	(36,326)	28,584
Foreign exchange difference	(178)	-
	58,525	95,029

17. PREPAYMENTS

	31/12/2021 *RMB'000*	31/12/2020 *RMB'000*
Advances to suppliers	86,143	86,515
Prepayment for property, plant and equipment	30,624	41,920
Prepaid operating expenses	5,370	3,251
	122,137	131,686

18. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2021		2020	
	No. of shares '000	Value RMB'000	No. of shares '000	Value RMB'000
At 31 December	17,205	772,574	17,205	772,574

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have par value of SGD 5 each.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

18. SHARE CAPITAL AND TREASURY SHARES

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares '000	Value RMB'000	No. of shares '000	Value RMB'000
At 31 December	277	6,408	277	6,408

Treasury shares relate to ordinary shares of the Company that are held by the Company.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	31/12/2021 RMB'000	31/12/2020 RMB'000	31/12/2021 RMB'000	31/12/2020 RMB'000
Trade payables	15,490	8,426	-	-
Bills payables to banks	121,248	108,449	-	-
Amounts due to directors (non-trade)	2,445	2,756	7,102	3,050
Total trade and other payables	139,183	119,631	7,102	3,050

20. OTHER LIABILITIES

	Group		Company	
	31/12/2021 RMB'000	31/12/2020 RMB'000	31/12/2021 RMB'000	31/12/2020 RMB'000
Contract liabilities – advances from customers	60,584	54,590	-	-
Accrued salary and bonuses	36,936	36,005	-	548
Other accruals	14,998	14,908	1,070	1,500
Total trade and other payables	112,518	105,503	1,070	2,048

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

21. LOANS AND BORROWINGS

	Group	
	31/12/2021 RMB'000	31/12/2020 RMB'000
Short-term bank loans:		
Loan 1	102,500	102,500
Loan 2	9,500	9,600
Loan 3	26,597	6,610
Loan 4	18,900	19,000
Loan 5	-	12,000
Total loans and borrowings	157,497	149,710

1 This short-term bank loan is secured by bank deposits of Jinjiang Fookhing Zipper Co., Ltd, and certain land use rights and buildings owned by Jinjiang Jianxin Weaving Co., Ltd, located at Donghaian Development Zone, Shenhu Town, Jinjiang City, Fujian Province, the PRC and personal guarantee from related party – Mr. Hong Qing Liang (Executive Chairman and CEO), and corporate guarantee from related party Jinjiang Fuxing Dress Co., Ltd and independent third party – Jinjiang Yuanda Garment Weaving Co., Ltd.

2 This short-term bank loan is secured by certain land use rights and buildings owned by Jinjiang Fookhing Zipper Co., Ltd, located at Hangbian Industrial Area, Longhu Town, Jinjiang City, Fujian Province, the PRC and personal guarantee from related party – Mr. Hong Qing Liang (Executive Chairman and CEO), and corporate guarantee from a related party – Jinjiang Fuxing Dress Co., Ltd, and independent third party – Jinjiang Yuanda Garment Weaving Co., Ltd.

3 This short-term bank loans is secured by a charge over property (Unit 13 on 5th Floor) located at 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).

Goldplan Corporation Limited is wholly-owned by Mr. Hong Qing Liang (Executive Chairman and CEO).

4 This loan is guaranteed by personal guarantee from a related party – Mr. Hong Qing Liang (Executive Chairman and CEO), an independent third party – Mr. Wu Yuan Yang and corporate guarantee from an independent third party – Jinjiang Yuanda Garment Weaving Co., Ltd.

5 This loan is secured by charge over property jointly owned by related parties Mr. Hong Qing Liang (Executive Chairman and CEO), Mr. Hong Peng You (Executive Director), Mr. Hong Shui Ku (Executive Director of Jinjiang Fookhing Zipper Co., Ltd), independent third party – Hong Qing Ke and Wu Jin Fan and bears an effective interest rate of 2.05% (31 December 2020: 2.05%) and has been fully repaid during 31 December 2021.

All loans and borrowings are denominated in the functional currencies of the respective entities as at 31 December 2021 and 31 December 2020. The short-term loans bear interest ranging from 4.5% to 7.4% (31 December 2020: 2.1% to 7.4%) and are repayable within 12 months.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

22. CAPITAL COMMITMENTS

	Group	
	31/12/2021 RMB'000	**31/12/2020 RMB'000**
Commitments for the acquisition of property, plant and equipment	21,854	82,498
Prepayment (excluding value added tax)	26,174	35,356
Total cost of property, plant and equipment	48,028	117,854

23. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

1(i) **Details of any changes in the Company's share capital and arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other shares 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 at the end of the current financial period reported on and as at the end of corresponding period of the immediately preceding financial year**

	No. of shares	
	31/12/2021	**31/12/2020**
Total number of issued shares	17,483,158	17,483,158
Less: number of treasury shares	(277,720)	(277,720)
Total number of issued shares excluding treasury shares	17,205,438	17,205,438

1(ii) 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.

	No. of shares	
	31/12/2021	**31/12/2020**
Total number of issued shares excluding treasury shares	17,205,438	17,205,438

1(iii) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

	No. of shares	
	31/12/2021	**31/12/2020**
Number of treasury shares at beginning and end of the financial period	(277,720)	(277,720)

1(iv) A statement showing all sales, transfer, cancellation and/or use of subsidiaries holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and if so which auditing standard or practice has been followed

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any modification or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

Refer to note 2 - basis of preparation of the condensed interim consolidated financial statement.

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

Refer to note 2 - basis of preparation of the condensed interim consolidated financial statement.

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.

	6 months ended 31/12/2021	6 months ended 31/12/2020	Year ended 31/12/2021	Year ended 31/12/2020
	RMB	RMB	RMB	RMB
(a) Basic and	3.00	(8.38)	3.35	(8.61)
(b) On a fully diluted basis	3.00	(8.38)	3.35	(8.61)

Note: Basic earnings / (loss) per share is computed based on weighted average number of shares in issue as at 31 December 2021: 17,205,438 ordinary shares (2020: 17,205,438).

For the year ended 31 December 2021 and 2020, the basic and diluted loss per share of the Group are the same as there were no potential diluting ordinary shares outstanding as at 31 December 2021 and 2020.

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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
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 31/12/2021 : 17,205,438 (as at 31/12/2020 : 17,205,438 shares)	31.7	28.1	29.9	30.5

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		
	6 months Ended 31/12/2021 Unaudited	6 months Ended 31/12/2020 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2021 Unaudited	Year Ended 31/12/2020 Audited	Increase/ (Decrease)
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper	258,313	217,424	19	461,739	399,196	16
Trading	134,988	116,322	16	243,563	249,304	(2)
Processing	45,147	43,376	4	87,286	73,156	19
Inter-segment sales	(13,325)	(16,442)	(19)	(26,237)	(23,748)	10
Group Revenue	425,123	360,680	18	766,351	697,908	10
COST OF SALES						
Zipper	222,972	214,566	4	405,312	385,345	5
Trading	132,001	114,038	16	238,304	244,141	(2)
Processing	41,146	43,142	(5)	78,287	73,772	6
Inter-segment sales	(13,325)	(16,442)	(19)	(26,237)	(23,748)	10
Group Cost of Sales	382,794	355,304	8	695,666	679,510	2
GROSS PROFIT						
Zipper	35,341	2,858	1137	56,427	13,851	307
Trading	2,987	2,284	31	5,259	5,163	2
Processing	4,001	234	1610	8,999	(616)	NM
Group Gross Profit	42,329	5,376	687	70,685	18,398	284
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper	13.7	1.3	12.4	12.2	3.5	8.8
Trading	2.2	2.0	0.2	2.2	2.1	0.1
Processing	8.9	0.5	8.3	10.3	(0.8)	11.2
Average Gross Profit Margin	10.0	1.5	8.5	9.2	2.6	6.6

NM: Not Meaningful

FY2021 vs. FY2020

Revenue

The Group's revenue increased by RMB68.4 million (or 10%) to RMB766.4 million. This was mainly due to the increase in the sales of the Zipper segment (RMB62.5 million) and Processing segment (RMB14.1 million). The increase was partially offset by the decrease in the Trading segment (RMB5.7 million).

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

The increase in revenue from Zipper segment for FY2021 was mainly due to the increase in demand from the customers who had previously purchased from Vietnam and India. As a result of dire COVID-19 situation in Vietnam and India, these customers had diverted their orders to China.

The Group's Trading segment relates to the sourcing and buying of certain raw materials (such as rubber thread, nylon fabric and nylon yard) in accordance with customers' requirements. The profit margin and all purchases were based on confirmed sales. As such, the sales volume and profit margin are dependent on customers' demand. The decrease in revenue from the Trading segment was mainly due to the decrease in sales volume during FY2021 as a result of reduced demand.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB52.3 million (or 284%) to RMB70.7 million, mainly due to increase in gross profit from the Zipper segment and Processing segment.

Average gross profit margin increased by 6.6 percentage points to 9.2% mainly due to the increase in gross profit margin from the Zipper segment and the Processing segment, arising from the increased selling prices.

Other income and expenses

Other income comprises government subsidies, sales of scrap materials, net reversal of allowance for doubtful trade receivables, refund of property tax, rental and management fee income. Other expenses comprised net foreign exchange loss and loss on disposal of assets held for sale.

The reversal of allowance for doubtful trade receivables amounted to RMB36.3 million arose from settlement of long outstanding balances by customers.

The reversal of allowance for advances to suppliers amounted to RMB0.5 million following the receipt of raw materials in FY2021.

The loss on disposal of assets held for sale (RMB0.2 million) was recognized upon the disposal of the units of car parks at Group's Investment Property in Xiamen ("Xiamen HQ").

The foreign exchange loss arose from the appreciation of RMB against USD and SGD in the Group's foreign currencies denominated bank balances and from the translation of HK dollar denominated balances owing from subsidiaries in the Company's book due to appreciation of RMB against HK dollar.

Selling and distribution expenses

Selling and distribution expenses increased by RMB2.0 million (or 32%) to RMB8.3 million mainly due to the
increase in transportation costs incurred for shipments of the goods. As a result of the COVID-19 outbreak, additional costs were incurred on rental of new shipping containers to ship out the goods arising from the global shortage of shipping containers.

General and administrative expenses

General and administrative expenses decreased by RMB29.9 million (or 39%) to RMB47.6 million. This was mainly due to the reversal of allowance for doubtful trade receivables of RMB36.6 million and allowance for advances to suppliers of RMB0.5 million included under other income in FY2021 as compared to the charge for allowance for doubtful trade receivables of RMB28.6 million provided in FY2020.

Finance income and expenses

Finance expenses decreased by RMB3.7 million to RMB9.1 million. This was mainly due to the repayment of short-term bank loans in FY2021.

Finance income increased by RMB0.2 million (or 14%) to RMB1.2 million was mainly due to the increase in cash and bank balances after the receipt of the sale proceeds from disposal of Xiamen HQ.

2H2021 vs. 2H2020

Revenue

The Group's revenue for 2H2021 as compared to 2H2020 increased by RMB64.4 million (or 18%) to RMB425.1 million. This was mainly due to the increase in the sales of the Zipper segment (RMB40.9 million), the Trading segment (RMB18.7 million) and the Processing segment (RMB1.8 million).

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

The increase in revenue from Zipper segment for 2H2021 was mainly due to the increase in demand from the customers who had previously purchased from Vietnam and India. As a result of dire COVID-19 situation in Vietnam and India, these customers had diverted their orders to China.

The Group's Trading segment relates to the sourcing and buying of certain raw materials (such as rubber thread, nylon fabric and nylon yard) in accordance with customers' requirements. The profit margin and all purchases were based on confirmed sales. As such, the sales volume and profit margin are dependent on customers' demand. The increase in revenue from the Trading segment was mainly due to the increase in sales volume during 2H2021 as a result of reduced demand.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB37.0 million (or 687%) to RMB42.3 million, mainly due to increase in gross profit from the Zipper segment and Processing segment.

Average gross profit margin increased by 8.5 percentage points to 10.0% mainly due to the increase in gross profit margin from the Zipper segment and the Processing segment, arising

from the increase in selling prices.

Other income and expenses

Other income comprises government subsidies, sales of scrap materials, net reversal of allowance for doubtful trade receivables, refund of property tax, rental and management fee income. Other expenses comprised net foreign exchange loss and loss on disposal of assets held for sale.

The reversal of allowance for doubtful trade receivables amounted to RMB36.3 million arose from settlement of long outstanding balances by customers.

The reversal of allowance for advances to suppliers amounted to RMB0.5 million following the receipt of raw materials in 2H2021.

The loss on disposal of assets held for sale (RMB53 thousand) was recognised upon the disposal of the units of car parks at Xiamen HQ.

The foreign exchange loss arose from the appreciation of RMB against USD and SGD in the Group's foreign currencies denominated bank balances and from the translation of HK dollar denominated balances owing from subsidiaries in the Company's book due to appreciation of RMB against HK dollar.

Selling and distribution expenses

Selling and distribution expenses increased by RMB0.1 million (or 1%) to RMB4.1 million mainly due to increase in transportation costs incurred for shipments of the goods. As a result of the COVID-19 situation, additional costs were incurred on rental of new shipping containers to ship out the goods arising from the global shortage of shipping containers.

General and administrative expenses

General and administrative expenses decreased by RMB26.5 million (or 45%) to RMB31.9 million. This was mainly due to the reversal of allowance for doubtful trade receivables of RMB36.6 million and allowance for advances to suppliers of RMB0.5 million included under other income in 2H2021 as compared to the charge for allowance for doubtful trade receivables of RMB28.1 million provided in 2H020.

Finance income and expenses

Finance expenses decreased by RMB1.0 million to RMB4.5 million. This was mainly due to the repayment of short-term bank loans in FY2021.

Finance income increased by RMB0.1 million (or 21%) to RMB0.7 million was mainly due to the increase in cash and bank balances after the receipt of the sale proceeds from disposal of Xiamen HQ.

FINANCIAL POSITIION

Non-current assets

As at 31 December 2021, non-current assets amounted to RMB342.9 million comprising property, plant and equipment and land use rights.

The Group's property, plant and equipment amounted to RMB317.8 million, an increase of 51% (or RMB106.7 million) compared to RMB211.1 million as at 31 December 2020. The increase was mainly due to the enhancement done in FY2021 on the voltage network for higher electricity capacity and acquisition of automatic plant and machineries in FY2021.

Current assets

As at 31 December 2021, current assets amounted to RMB635.4 million, decreased by 1.5% (or RMB9.4 million) compared to RMB644.8 million as at 31 December 2020. This was largely due to the decrease in cash and bank balances and prepayments.

Inventories increased by RMB16.1 million (or 45%) to RMB52.3 million due to a built-up of inventories as the Group held a 3-months raw materials production requirement for the production orders to be fulfilled in the 1st quarter of 2022 as compared to a 2-months raw materials production requirement as at 31 December 2020.

Assets held for sale represented the remaining office units on the lower floors at level 2 to 4 and car parks at Xiamen HQ. Under SFRS5, "Non-current Assets Held for Sale and Discontinued Operations", the remaining office units and car parks at Xiamen HQ are available for sale upon receipt of buyers' offers.

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

Cash and bank balances decreased from RMB197.3 million to RMB168.4 million mainly due to the purchase of acquisition of automatic plant and machineries in FY2021.

Current liabilities

As at 30 June 2021, total current liabilities were RMB413.5 million, an increase of 9% (or RMB34.6 million) compared to RMB378.9 million as at 31 December 2020. This was mainly attributable to the increase in trade and other payables.

The short-term bank loan increased by RMB7.8 million (or 5%) to RMB157.5 million as at 31 December 2021 compared to RMB149.7 million as at 31 December 2020. This was mainly due to the financing of the acquisition of the automatic plant and machineries.

The amount due to a director was funds remitted from Mr Hong Qing Liang for the payment of the professional fees and expenses incurred by the Company. There is no fixed payment schedule for the personal loan from Mr Hong Qing Liang who had also agreed that all his personal loans granted shall be interest free. The decrease in amount due to Mr Hong Qing Liang was due to the repayments made to him in FY2021.

Non-current liabilities

Non-current liabilities comprised of deferred tax liabilities. The decrease in deferred tax liabilities was mainly due to the deferred income tax expense in FY2021 as explained above under the note (10) for income tax expense.

CASH FLOW

Operating activities

Net cash flows generated from operating activities in FY2021 amounted to RMB113.4 million while net cash flows used in operating activities in FY2020 amounted to RMB91.4 million. This was mainly due to the decrease in prepayment, trade and other receivables, and the increase in other liabilities, trade and other payables.

Investing activities

Net cash flows used in investing activities in FY2021 amounted to RMB140.8 million while net cash flows generated from investing activities in FY2021 amounted to RMB351.5 million. This was mainly due to the purchase of automatic plant and machineries of RMB143.7 million in FY2021 while in FY2020 there was receipt of sale proceeds of RMB399.4 million from the purchasers for the disposal of office building at Xiamen HQ during FY2020.

Financing activities

Net cash flows used in financing activities in FY2021 amounted to RMB13.5 million compared to RMB126.9 million used in FY2020. This was mainly due to the higher repayments of short-term bank loans in FY2020.

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

The performance for FY2021 is in line with the Company's commentary in paragraph 3 of its results announcement released to SGX-ST via SGXNET on 13 August 2021.

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 operating period and the next 12 months

The Group recorded substantial improvements in sales and gross profit margin in FY2021 as compared to FY2020. Despite the recent COVID-19 resurgence in the PRC, the Group is cautiously optimistic that the improvement in sales and gross profit margin in FY2021 would continue into FY2022. Nevertheless, for the next 12 months, the Group expects cost pressures arising from the increased production and labour costs will still prevail to affect its operating outlook. As such, the Group is currently automating its manufacturing process progressively to mitigate the above mentioned cost pressures. The Group aims to improve the quality of its zippers through the automation process which would eventually translate to higher margin sales orders from new customers segment. In addition, the Group will be keeping a tight rein over its operating costs and monitoring its receivables and collections closely.

Update on impact of COVID-19 pandemic on the Group's operations in PRC

PRC saw a rise in COVID-19 cases in certain cities due to the spread of the Omicron variant. To-date, the COVID-19 situation in Jinjiang City, Fujian Province is under control. The Group is currently operating at normalcy without any disruption in production and operations.

Update on utilisation of proceeds from the Disposal of Xiamen HQ

As announced on 16 June 2021, the Group has completed the disposal of all units of the Disposal of Xiamen HQ (the "Disposal").

As at the date of this announcement, the net proceeds raised from the Disposal, after deducting the related costs and expenses, as set out in the circular to the Company's shareholders dated 2 November 2020 (the "Circular"), amounted to approximately RMB374.73 million. The updates on the utilisation of the net proceeds from the Disposal as disclosed in the Circular are as follows:

Intended use of net proceeds as disclosed in the Circular (In RMB'000)	Amount allocated	Amount utilised	Balance to be utilised
Repayment of bank borrowings including the mortgage loan for the office building	170,000	170,000	-
Automation plan to upgrade and replace its machineries	110,000	96,000	14,000
Working capital	71,731	71,731	-
Repayment of director's loans	23,000	19,300	3,700
Total	374,731	357,031	17,700

11. Dividend information

(a) Current Financial Period Reported On

Any dividend recommended 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 and the reason(s) for the decision.

Not Applicable.

13. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

15. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family Relationship with any Director and/or Chief Executive Officer and/or Substantial Shareholder	Current position and duties, and the year position was first held	Details of changes to duties and position held, if any, during the year
Hong Shao Lin	32	Son of Mr Hong Qing Liang – Executive Chairman, Chief Executive Officer and Substantial Shareholder.	General Manager of Jinjiang Fookhing Zipper Co. Ltd ("Jinjiang FZ"), a subsidiary of the Company, since April 2013. Overseeing the operations of Jinjiang FZ.	No change.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman & CEO

28 February 2022