FUXING CHINA GROUP LIMITED

(Incorporated in the Bermuda with limited liability)

(Company Registration Number: 38973)

Condensed Interim Financial Statements
For the half year ended 30 June 2022

TABLE OF CONTENTS **Page**

A.	Condensed Interim Consolidated Statement of profit or loss and other comprehensive income	2
B.	Condensed Interim Statement of Financial Position	3
C.	Condensed Interim Consolidated Statement of Changes in Equity	4
D.	Condensed Interim Consolidated Statement of Cash Flows	5
E.	Notes to the Condensed Interim Consolidated Financial Statements	7
F.	Other information required by Listing Rule Appendix 7.2	19

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

	Note	The Group	
		6 months ended 30 June 2022	6 months ended 30 June 2021
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Revenue	*4*	**416,188**	341,228
Cost of sales		**(383,498)**	(312,872)
Gross profit		**32,690**	28,356
Other items of income			
Other income	*5*	**13,025**	3,663
Interest income	*6*	**565**	496
Other items of expenses			
Marketing and distribution costs		**(4,119)**	(4,184)
Administrative expenses		**(15,605)**	(15,632)
Other expenses	*7*	**(1,398)**	(1,731)
Finance costs	*6*	**(4,831)**	(4,573)
Profit before tax	*8*	**20,327**	6,395
Income tax expenses	*10*	**(782)**	(614)
Profit for the period		**19,545**	5,781
Other comprehensive income / (loss):			
Item that may be reclassified subsequently to profit or loss			
Exchange difference on consolidation/combination		**(5,444)**	1,554
Total comprehensive income for the period		**14,101**	7,335
Profit / (loss) attributable to:			
Owners of the Company		**19,277**	5,946
Non-controlling interests		**268**	(165)
		19,545	5,781
Total comprehensive income / (loss) attributable to:			
Owners of the Company		**13,833**	7,500
Non-controlling interests		**268**	(165)
		14,101	7,335
		RMB	RMB
Earnings per share attributable to owners of the Company	*11*		
Basic and diluted		**1.12**	0.34

B. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		The Group		The Company	
		30 June 2022	31 December 2021	**30 June 2022**	31 December 2021
		(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	Note	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*14*	**344,095**	317,772	**-**	-
Land use right		**24,669**	25,122	**-**	-
Intangible assets		**-**	-	**-**	-
Investment in subsidiaries		**-**	-	**344,853**	344,853
		368,764	342,894	**344,853**	344,853
Current assets					
Inventories	*15*	**62,154**	52,291	**-**	-
Trade and other receivables	*16*	**276,013**	250,747	**248,679**	250,685
Prepayments	*17*	**81,754**	121,951	**-**	-
Cash and short-term deposits		**167,477**	168,370	**292**	1,623
Assets held for sale		**38,600**	38,600	**-**	-
		625,998	631,959	**248,971**	252,308
Total assets		**994,762**	974,853	**593,824**	597,161
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		**67,130**	67,008	**-**	-
Capital reserve		**39,573**	39,573	**39,573**	39,573
Restructuring reserve		**(117,878)**	(117,878)	**-**	-
Foreign currency translation reserve		**(2,593)**	2,851	**-**	-
Accumulated losses		**(194,807)**	(213,962)	**(214,538)**	(216,579)
Total equity attributable to owners of the Company		**557,591**	543,758	**591,201**	589,160
Non-controlling interests		**75**	26	**-**	-
Total equity		**557,666**	543,784	**591,201**	589,160
Current liabilities					
Trade and other payables	*19*	**137,150**	138,983	**2,053**	7,102
Other liabilities	*20*	**117,673**	112,046	**570**	899
Loans and borrowings	*21*	**159,466**	157,497	**-**	-
Income tax payable		**4,047**	3,826	**-**	-
		418,336	412,352	**2,623**	8,001
Non-current liabilities					
Deferred tax liabilities		**18,760**	18,717	**-**	-
Total liabilities		**437,096**	431,069	**2,623**	8,001
Total equity and liabilities		**994,762**	974,853	**593,824**	597,161

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 2021	772,574	(6,408)	66,557	39,573	(117,878)	(885)	(269,258)	449	484,724
Total comprehensive income for the period	-	-	-	-	-	1,554	5,946	(290)	7,210
At 30 June 2021	772,574	(6,408)	66,557	39,573	(117,878)	669	(263,312)	159	491,934
At 1 January 2022	772,574	(6,408)	67,008	39,573	(117,878)	2,851	(213,962)	26	543,784
Total comprehensive income for the period	-	-	-	-	-	(5,444)	19,277	268	14,101
Appropriation to reserve fund			122				(122)	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(219)	(219)
At 30 June 2022	772,574	(6,408)	67,130	39,573	(117,878)	(2,593)	(194,807)	75	557,666

Company	**Share capital** RMB'000	**Treasury shares** RMB'000	**Contributed surplus** RMB'000	**Accumulated losses** RMB'000	**Total equity** RMB'000
At 1 January 2021	772,574	(6,408)	39,573	(280,992)	524,747
Total comprehensive loss for the period	-	-	-	(5,360)	(5,360)
At 30 June 2021	772,574	(6,408)	39,573	(286,352)	519,387
At 1 January 2022	772,574	(6,408)	39,573	(216,579)	589,160
Total comprehensive income for the period	-	-	-	2,041	2,041
At 30 June 2022	772,574	(6,408)	39,573	(214,538)	591,201

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

	6 months Ended 30 June 2022 (Unaudited) RMB'000	6 months Ended 30 June 2021 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Profit before taxation	**20,327**	6,271
Adjustments for:		
Depreciation of property, plant and equipment	**19,332**	15,455
Amortisation of land use rights	**453**	453
(Written back)/Allowance for doubtful trade receivables	**(8,418)**	(5,195)
Written back for advances to suppliers	**(1,733)**	(1,074)
Loss on disposal of assets held for sale	**-**	181
Loss on disposal of property, plant and equipment	**1,393**	-
Interest expense	**4,831**	4,573
Interest income	**(565)**	(496)
Foreign currency difference	**(4,219)**	580
Total adjustments	**11,074**	14,477
Operating cash flows before changes in working capital	**31,401**	20,748
(Increase)/ Decrease in:		
Inventories	**(9,862)**	(17,322)
Trade and other receivables	**(16,903)**	16,972
Prepayments	**18,980**	26,096
Increase/ (Decrease) in:		
Trade payables	**6,482**	4,647
Other payables & accruals	**(3,513)**	1,996
Due to directors	**692**	(2,293)
Total changes in working capital	**(4,124)**	30,096
Cash flows generated from operations	**27,277**	50,844
Income tax paid	**(518)**	(867)
Net cash generated from operating activities	**26,759**	49,977
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(28,039)**	(32,678)
Deposits received from disposal of assets held for sale	**-**	-
Proceeds from disposal of property, plant and equipment	**4,127**	1,638
Interest income received	**565**	496
Net cash used in investing activities	**(23,347)**	(30,544)
FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	**(219)**	-
Proceeds from short-term borrowings	**124,074**	65,097
Repayments for short-term borrowings	**(128,160)**	(95,930)
(Increase) / Decrease in fixed deposits pledged to banks	**25,500**	(3,000)
Net cash generated from / (used in) financing activities	**21,195**	(33,833)
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENTS	**24,607**	(14,400)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**119,870**	160,772
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	**144,477**	146,372

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:

	6 months Ended 30 June 2022 Unaudited RMB'000	6 months Ended 30 June 2021 Unaudited RMB'000
Fixed deposits	**23,000**	39,500
Cash and bank balances	**144,477**	146,372
	167,477	185,872
Less: Fixed deposits (pledged)	**(23,000)**	(39,500)
Cash and cash equivalents	**144,477**	146,372

Fixed deposits amounting to RMB23,000,000 (2020: RMB39,500,000) 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	
			30 June 2022 %	31 December 2021 %
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 half year ended 30 June 2022 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**
The zippers segment represents manufactures and sells zipper sliders, zipper chain and finished zippers

(ii) **Processing**
The processing segment 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 segment 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		**Non-current assets**	
	30 June 2022 RMB'000	30 June 2021 RMB'000	**30 June 2022** RMB'000	31 December 2021 RMB'000
People's Republic of China	**271,970**	232,653	**368,750**	342,894
Hong Kong	**144,218**	108,575	**14**	-
Total	**416,188**	341,228	**368,764**	342,894

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 periods ended 30 June 2022 and 2021.

Group 30 June 2022	Zipper RMB'000	Trading RMB'000	Processing RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Revenue:						
Sales to external customers	244,285	144,218	27,685	-	-	416,188
Inter-segment sales	8,461	-	13,130	-	(21,591)	-
Total revenue	252,746	144,218	40,815	-	(21,591)	416,188
Results:						
Segment gross profit	26,126	3,153	3,411	-	-	32,690
Segment results	18,432	2,388	556	3,217	-	24,593
Interest income	544	-	4	17	-	565
Financial costs	(3,444)	(681)	(706)	-		(4,831)
Profit before income tax						20,327
Income tax expenses						(782)
Net profit attributable to shareholders						19,545
Other segment information						
Loss on disposal of fixed assets	1,393	-	-	-	-	1,393
Depreciation and amortisation	13,548	2	6,221	14	-	19,785
Allowance / (Write back) of doubtful trade and other receivables	(8,287)	-	141	(272)	-	(8,418)
(Write back) / Allowance of doubtful advance to suppliers	(422)	-	(441)	(870)-	-	(1,733)
Total assets	679,134	97,613	166,077	51,938	-	994,762
Total assets include:						
Capital expenditure for property, plant and equipment	46,611	15	4,549	-	-	51,175
Total liabilities	(304,265)	(58,512)	(72,361)	(1,959)	-	(437,097)

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Business segments (Continued)

Group 30 June 2021	**Zipper** **RMB'000**	**Trading** **RMB'000**	**Processing** **RMB'000**	**Corporate** **RMB'000**	**Elimination** **RMB'000**	**Total** **RMB'000**
Revenue:						
Sales to external customers	203,538	108,574	29,116	-	-	341,228
Inter-segment sales	4,559	-	13,024	-	(17,583)	-
Total revenue	208,097	108,574	42,140	-	(17,583)	341,228
Results:						
Segment gross profit	21,086	2,272	4,998	-	-	28,356
Segment results	8,620	9,289	(2,387)	(5,050)	-	10,472
Interest income	453	-	6	37	-	496
Financial costs	(3,436)	(427)	(710)	-		(4,573)
Profit before income tax						6,395
Income tax expenses						(614)
Net profit attributable to shareholders						5,781
Other segment information						
Loss on disposal of fixed assets	-	-	-	181	-	181
Depreciation and amortisation	9,669	1	6,226	13	-	15,908
Allowance / (Write back) of doubtful trade and other receivables	44	(6,942)	1,230	473	-	(5,195)
(Write back) / Allowance of doubtful advance to suppliers	(1,354)	-	280	-	-	(1,074)
Write off of property, plant and equipment	-	-	86	-	-	86
Total assets	611,511	75,036	130,123	49,350	-	866,020
Total assets include:						
Capital expenditure for property, plant and equipment	31,924	-	754	-	-	32,678
Total liabilities	(259,890)	(41,853)	(68,962)	(3,381)	-	(374,086)

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

5. OTHER INCOME

	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	*RMB'000*
Government grants	**622**	25
Foreign exchange gain, net	**6,270**	-
Rental and management income	**5,835**	3,628
Others	**298**	10
	13,025	3,663

6. INTEREST INCOME AND FINANCIAL COSTS

	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	*RMB'000*
Interest income from:		
- Bank deposits	**565**	496
Interest expense on:		
- Bank loans	**4,831**	4,573

7. OTHER EXPENSES

	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	*RMB'000*
Loss on disposal of assets held for sale	**1,393**	181
Foreign exchange loss, net	**-**	1,550
Others	**5**	-
	1,398	1,731

8. PROFIT BEFORE INCOME TAX

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

	6 months ended 30 June 2022	6 months ended 30 June 2021
	RMB'000	*RMB'000*
Personnel expenses	**35,052**	38,031
Loss on disposal of assets held for sale	**-**	181
Loss on disposal of property, plant and equipment	**1,393**	-
Net (reversal)/allowance for doubtful trade receivables	**(8,418)**	(5,195)
Net reversal for advance to suppliers	**(1,733)**	(1,074)

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

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 30 June 2022 *RMB'000*	6 months ended 30 June 2021 *RMB'000*
Current income tax expenses	**679**	520
Deferred income tax expenses relating to origination and reversal of temporary differences[1]	**103**	94
Income tax expenses for the period	**782**	614

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 (2021: 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:

	Group	
	30 June 2022 RMB'000	30 June 2021 RMB'000
Profit for the period attributable to owners of the Company	**19,277**	5,946
	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

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

11. EARNINGS / (LOSS) PER SHARE (CONTINUED)

	Group	
	30 June 2022	30 June 2021
Basic and diluted earnings per share (RMB per share)	**1.12**	0.34

12. NET ASSET VALUE PER SHARE

	Group		Company	
	30 June 2022	31 December 2021	**30 June 2022**	31 December 2021
Net asset value per share based on issued share capital at the end of the period (in RMB)	**32.4**	31.6	**34.4**	34.2

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

13. DIVDENDS

No interim dividend for the half year ended 30 June 2022 (30 June 2021: Nil) is recommended as the Group intends to conserve cash for its operational needs.

14. PROPERTY, PLANT AND EQUIPMENT

During the half year ended 30 June 2022, the Group acquired assets amounting to RMB51.2 million (30 June 2021: RMB 32.7 million).

15. INVENTORIES

	Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Raw materials	**16,245**	17,715
Work-in-progress	**18,947**	10,293
Finished goods	**26,962**	24,283
	62,154	52,291

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 June 2022 RMB'000	31 December 2021 RMB'000	**30 June 2022 RMB'000**	31 December 2021 RMB'000
Trade receivables	**298,227**	294,976	**-**	-
Less: loss allowance	**(50,107)**	(58,525)	**-**	-
	248,120	236,451	-	-
Bills receivables	**8,010**	7,349	-	-
Other receivables	**19,883**	6,947	**2**	2
Amount due from subsidiaries (non-trade)	**-**	-	**248,677**	250,683
Total trade and other receivables	**276,013**	250,747	**248,679**	250,685

Loss allowance

	30 June 2022 ***RMB'000***	31 December 2021 *RMB'000*
At 1 January	**58,525**	95,029
Net (Reversal)/Charge for the financial period	**(8,418)**	(36,326)
Foreign exchange difference	**-**	(178)
	50,107	58,525

16. PREPAYMENTS

	30 June 2022 ***RMB'000***	31 December 2021 *RMB'000*
Advances to suppliers	**70,258**	86,143
Prepayment for property, plant and equipment	**8,968**	30,624
Prepaid operating expenses	**2,528**	5,184
	81,754	121,951

17. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2022		**2021**	
	No. of shares '000	**Value** RMB'000	**No. of shares** '000	**Value** RMB'000
At 30 June/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			
	2022		2021	
	No. of shares '000	**Value** RMB'000	**No. of shares** '000	**Value** RMB'000
At 30 June/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	
	30 June 2022 RMB'000	31 December 2021 RMB'000	30 June 2022 RMB'000	31 December 2021 RMB'000
Trade payables	**21,972**	15,290	-	-
Bills payables to banks	**112,041**	121,248	-	-
Amounts due to directors (non-trade)	**3,137**	2,445	**570**	7,102
Total trade and other payables	**137,150**	138,983	**570**	7,102

20. OTHER LIABILITIES

	Group		Company	
	30 June 2022 RMB'000	31 December 2021 RMB'000	**30 June 2022** RMB'000	31 December 2021 RMB'000
Contract liabilities – advances from customers	**59,303**	60,584	**-**	-
Accrued salary and bonuses	**33,723**	36,936	**-**	-
Other accruals	**24,647**	14,526	**2,053**	1,070
Total trade and other payables	**117,673**	112,046	**2,053**	1,070

21. LOANS AND BORROWINGS

	Group	
	30 June 2022 RMB'000	31 December 2021 RMB'000
Short-term bank loans:		
Loan 1	**108,500**	102,500
Loan 2	**9,400**	9,500
Loan 3	**13,266**	26,597
Loan 4	**18,900**	18,900
Loan 5	**9,400**	-
Total loans and borrowings	**159,466**	157,497

21. LOANS AND BORROWINGS (CONTINUED)

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 loan 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 short-term bank loan is secured by bank deposits of Jinjiang Fuxing Dress Co., Ltd, and certain land use rights and buildings owned by Fulong Zipper and Weaving Co., Ltd, located at Donghaian Comprehensive Development Zone, Shenhu Town, Jinjiang City, Fujian Province, the PRC. and personal guarantee from related parties – Mr. Hong Qing Liang (Executive Chairman and CEO) and Ms. Shi MeiMei.

All loans and borrowings are denominated in the functional currencies of the respective entities as at 30 June 2022 and 31 December 2021. The short-term loans bear interest ranging from 2.1% to 7.4% (31 December 2021: 2.1% to 7.4%) and are repayable within 12 months.

22. CAPITAL COMMITMENTS

	Group	
	30 June 2021	31 December 2021
	RMB'000	RMB'000
Commitments for the acquisition of property, plant and equipment	**-**	18,387
Prepayment (excluding value added tax)	**8,968**	55,006
Total cost of property, plant and equipment	**8,968**	73,393

23. SUBSEQUENT EVENTS

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

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The consolidated statement of the financial position of Fuxing China Group Limited and its subsidiaries as at 30 June 2022 and the related consolidated profit or loss and other comprehensive income consolidated statement of changes in equity and consolidated statement of cash flows for the half year then ended and certain explanatory notes have not been audited or reviewed

2. Review of performance of the Group

Revenue

The Group's revenue increased by RMB75.0 million (or 22%) to RMB416.2 million. This was mainly due to the increase in the sales of the Zipper segment (RMB40.8 million) and Trading segment (RM35.6 million). The increase was partially offset by the decrease in the Processing segment (RMB1.4 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 1H2022 was mainly attributable to the effort of the sales department which has successfully increased the customer base, and the improvement of product quality after automation.

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 the customers' requirements. The profit margin and all purchases were based on confirmed sales. As such, the sales volume and profit margin are dependent on the customers' demand. The increase in revenue from the Trading segment was mainly due to the increase in sales volume during 1H2022 as the result of increased demand.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB4.3 million (or 15%) to RMB32.7 million, mainly due to the increase in gross profit from the Zipper segment.

Average gross profit margin decreased by 0.45 percentage points to 7.9% mainly due to the decrease in gross profit margin from the Processing segment as the result of the increased production costs eg. environmental protection costs in compliance with the tougher environmental laws.

Other income and expenses

Other income comprises government subsidies, sales of scrap materials, net foreign exchange gain, rental and management fee income. Other expenses comprised loss on disposal of property, plant and equipment.

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

Selling and distribution expenses

Selling and distribution expenses decreased by RMB0.1 million (or 2%) to RMB4.1 million

mainly due to the decrease in salaries as the result of restructuring of the sales department.

General and administrative expenses

General and administrative expenses remained flat as compared to 1H2021 mainly attributable to effective cost control measures.

The reversal of allowance for doubtful trade receivables amounted to RMB8.4 million arose from the settlement of long outstanding balances by customers.

The written back of allowance for advances to suppliers amounted to RMB1.7 million following the receipt of raw materials in 1H2022.

Finance income and expenses

Finance expenses increased by RMB0.3 million to RMB4.8 million. This was mainly due to the new short-term bank loans obtained in 1H2022.

Finance income increased by RMB69 thousand (or 14%) to RMB0.6 million, mainly due to the increase in cash and bank balances on the back of improvement in collection of trade receivables.

FINANCIAL POSITIION

Non-current assets

As at 30 June 2022, non-current assets amounted to RMB368.8 million comprising property, plant and equipment and land use rights.

The Group's property, plant and equipment amounted to RMB344.1 million, an increase of 8% (or RMB26.3 million) compared to RMB317.8 million as at 31 December 2021. The increase was mainly due to the acquisition of automatic plant and machineries during 1H2022.

Current assets

As at 30 June 2022, current assets amounted to RMB626.0 million, decreased by 1% (or RMB6.0 million) compared to RMB632.0 million as at 31 December 2021. This was largely due to a decrease in prepayments following the utilization of raw materials and recognition of prepayment for the purchase of fixed assets to property, plant and equipment during 1H2022.

Inventories increased by RMB9.9 million (or 19%) to RMB62.2 million as the Group changed its holding of raw materials production requirement from 2 months as at 31 December 2021 to 3 months after factoring in the anticipated sales and production levels for the next few months.

Assets held for sale represented the remaining office units on levels 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 prepayment upon the signing of the purchase agreement. Upon receipt of 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 RMB168.4 million to RMB167.5 million, mainly due to the payment for acquisition of automatic plant and machineries during 1H2022.

Current liabilities

As at 30 June 2022, total current liabilities were RMB418.3 million, an increase of 1% (or RMB6.0 million) compared to RMB412.3 million as at 31 December 2021. This was mainly attributable to the increase in short-term bank loans and other liabilities.

The short-term bank loan increased by RMB2.0 million (or 1%) to RMB159.5 million as at 30 June 2022 compared to RMB157.5 million as at 31 December 2021. This was mainly due to the new short-term bank loans obtained during the 1H2022.

The amount due to a director was payment made by Mr Hong Qing Liang on behalf of the Company for professional fees and expenses, eg. audit fee, listing expenses for the secondary listing, etc incurred by the Company. There is no fixed payment schedule for the personal loans from Mr. Hong Qing Liang who had agreed that all his personal loans granted shall be interest free.

Non-current liabilities

Non-current liabilities comprised of deferred tax liabilities. The decrease in deferred tax liabilities was mainly due to the deferred tax charge in 1H2022 as explained above under the note (10) for income tax expense.

CASH FLOW

Operating activities

Net cash flows generated from operating activities in 1H2022 amounted to RMB26.8 million compared to amounted RMB50.0 million in 1H2021. This was mainly due to the increase in trade and other receivables.

Investing activities

Net cash flows used in investing activities in 1H2022 amounted to RMB23.3 million compared to RMB30.5 million in 1H2021. This was mainly due to the decrease in purchase of plant and machineries and increase in proceeds received from the disposal of property, plant and equipment during 1H2022.

Financing activities

Net cash flows generated from financing activities in 1H2022 amounted to RMB21.2 million compared to RMB33.8 million used in 1H2021. This was mainly due to the reduction of fixed deposits pledged as at 30 June 2022.

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

The performance for 1H2022 is in line with the Company's commentary under paragraph 10 on page 28 of its results announcement released to SGX-ST on 28 February 2022.

4. 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 improvements in sales and gross profit in 1H2022 compared to the corresponding period last year. Despite the recent COVID-19 resurgence in the PRC, the Group is cautiously optimistic that the improvement in sales in 1H2022 would continue in the second half of 2022. For the next 12 months, the Group expects cost pressure arising from the increased production costs in current inflationary environment to continue to exert pressure on its gross profit margin. As such, the Group is currently automating its manufacturing process progressively to mitigate the above mentioned cost pressure. 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 customer segment. In addition, the Group will be keeping a tight rein over its operating cost and monitoring its receivables and collections closely.

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

PRC saw rises 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	110.000	-
Working capital	71,731	71,731	-
Repayment of director's loans	23,000	19,300	3,700[(1)]
Total	374,731	371,031	3,700

Note:

1. The Company has confirmed with Mr Hong Qing Liang that the residual balance of RMB3.7 million due to him will be allotted to the purchase of machineries.

5. 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

6. Interested person transactions

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

7. 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.

FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)

Confirmation By Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half year ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the
Board of Directors of
Fuxing China Group Limited

.....
Hong Qing Liang
Director

.....
Hong Peng You
Director

Date: 12 August 2022