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 2023

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended 31/12/20223 (Unaudited) RMB'000	6 months ended 31/12/2022 (Unaudited) RMB'000	Year ended 31/12/2023 (Unaudited) RMB'000	Year ended 31/12/2022 (Audited) RMB'000
Revenue	*4*	384,691	424,945	761,768	841,133
Cost of sales		(362,877)	(401,242)	(716,140)	(784,740)
Gross profit		21,814	23,703	45,628	56,393
Other items of income					
Other income	*5*	3,714	15,437	14,793	38,612
Other items of expenses					
Marketing and distribution expenses		(5,608)	(5,281)	(13,520)	(9,400)
Administrative expenses		(23,656)	(20,070)	(47,325)	(45,826)
Other expenses	*7*	(109)	(273)	(109)	(1,671)
Finance costs, net	*6*	(4,738)	(5,434)	(10,537)	(9,700)
(Loss) / Profit before tax	*8*	(8,583)	8,082	(11,070)	28,408
Income tax expense	*10*	(992)	(447)	(2,248)	(1,229)
(Loss) / Profit for the period/year		(9,575)	7,635	(13,318)	27,179
Other comprehensive (loss) / income:					
Item that may be reclassified subsequently to profit or loss					
Exchange difference on translating foreign subsidiaries		2,261	(5,837)	(1,529)	(11,281)
Total comprehensive (loss) / income for the period/year		(7,314)	1,798	(14,847)	15,898
(Loss) / Profit attributable to:					
Owners of the Company		(9,790)	7,347	(13,628)	26,623
Non-controlling interest		215	288	310	556
		(9,575)	7,635	(13,318)	27,179
Total comprehensive (loss) / income attributable to:					
Owners of the Company		(7,529)	1,510	(15,157)	15,342
Non-controlling interest		215	288	310	556
		(7,314)	1,798	(14,847)	15,898
(Loss)/ earnings per share attributable to owners of the Company (RMB per share)					
Basic and diluted	*11*	(0.57)	0.43	(0.79)	1.55

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		31/12/2023 (Unaudited) RMB'000	31/12/2022 (Audited) RMB'000	31/12/2023 (Unaudited) RMB'000	31/12/2022 (Audited) RMB'000
Non-current assets					
Property, plant and equipment	*14*	300,962	336,219	-	-
Investment property		38,600	38,600	-	-
Land use rights		23,312	24,217	-	-
Investment in subsidiaries		-	-	344,853	344,853
		362,874	399,036	344,853	344,853
Current assets					
Inventories	*15*	80,317	52,387	-	-
Trade and other receivables	*16*	241,995	286,530	245,973	253,102
Prepayments	*17*	89,377	74,146	-	-
Cash and short-term deposits		113,783	154,079	859	1,570
		525,472	567,142	246,832	254,672
Total assets		888,346	966,178	591,685	599,525
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	67,130	-	-
Capital reserve		39,573	39,573	39,573	39,573
Restructuring reserve		(117,878)	(117,878)	-	-
Foreign currency translation reserve		(9,959)	(8,430)	-	-
Accumulated losses		(174,349)	(160,721)	(218,337)	(209,820)
Total equity attributable to owners of the Company		570,683	585,840	587,402	595,919
Non-controlling interest		444	363	-	-
Total equity		571,127	586,203	587,402	595,919
Current liabilities					
Trade and other payables	*19*	136,305	138,761	2,343	2,466
Other liabilities	*20*	71,008	81,262	1,940	1,140
Loans and borrowings	*21*	87,300	136,800	-	-
Income tax payable		3,601	4,329	-	-
		298,214	361,152	4,283	3,606
Non-current liabilities					
Deferred tax liabilities		19,005	18,823	-	-
Total liabilities		317,219	379,975	4,283	3,606
Total equity and liabilities		888,346	966,178	591,685	599,525

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	<----------Attributable to owners of the Company---------->								
Group	**Share capital** RMB'000	**Treasury shares** RMB'000	**Reserve fund** RMB'000	**Capital reserve** RMB'000	**Restructuring reserve**[1] RMB'000	**Foreign currency translation reserve** RMB'000	**Accumulated losses** RMB'000	**Non-controlling interest** RMB'000	**Total equity** RMB'000
At 1 January 2022	772,574	(6,408)	67,008	39,573	(117,878)	2,851	(187,222)	26	570,524
Total comprehensive income for the year	-	-	-	-	-	(11,281)	26,623	556	15,898
Appropriation to reserve fund	-	-	122	-	-	-	(122)	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(219)	(219)
At 31 December 2022	772,574	(6,408)	67,130	39,573	(117,878)	(8,430)	(160,721)	363	586,203
At 1 January 2023	772,574	(6,408)	67,130	39,573	(117,878)	(8,430)	(160,721)	363	586,203
Total comprehensive loss for the year	-	-	-	-	-	(1,529)	(13,628)	310	(14,847)
Appropriation to reserve fund	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	(229)	(229)
At 31 December 2023	772,574	(6,408)	67,130	39,573	(117,878)	(9,959)	(174,349)	444	571,127

Company	**Share capital** RMB'000	**Treasury shares** RMB'000	**Capital reserve** RMB'000	**Accumulated losses** RMB'000	**Total equity** RMB'000
At 1 January 2022	772,574	(6,408)	39,573	(216,579)	589,160
Total comprehensive income for the year	-	-	-	6,759	6,759
At 31 December 2022	772,574	(6,408)	39,573	(209,820)	595,919
At 1 January 2023	772,574	(6,408)	39,573	(209,820)	595,919
Total comprehensive loss for the year	-	-	-	(8,517)	(8,517)
At 31 December 2023	772,574	(6,408)	39,573	(218,337)	587,402

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 31/12/2023 (Unaudited) RMB'000	Year Ended 31/12/2022 (Audited) RMB'000
OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(11,070)	28,408
Adjustments for:		
Depreciation of property, plant and equipment	41,663	40,835
Amortisation of land use rights	905	905
Write off of property, plant and equipment	-	214
Loss on disposal of property, plant and equipment	-	1,393
Net provision for / (reversal of) allowance for doubtful trade receivables	1,606	(7,828)
Net provision for / (reversal of) allowance for advances to suppliers	558	(1,548)
Net provision for allowance for inventories	-	1,861
Net reversal of provision for social security contribution	(7,094)	(4,487)
Finance costs, net	10,537	9,700
Foreign currency differences	(1,528)	(11,280)
Operating cash flows before changes in working capital	35,577	58,173
(Increase) / Decrease in:		
Inventories	(27,930)	(1,956)
Trade and other receivables	42,929	(27,954)
Prepayments	(13,249)	21,939
Increase / (Decrease) in:		
Trade and other payables	(3,900)	2,074
Other liabilities	(3,160)	443
Cash flows generated from operations	30,266	52,719
Income tax paid	(2,794)	(620)
Net cash generated from operating activities	27,472	52,099
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,947)	(37,603)
Proceeds from disposal of assets held for sale	-	4,127
Interest received	761	1,100
Net cash used in investing activities	(8,186)	(32,376)
FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(229)	(219)
Advances from / (Repayment of) amounts due to directors	1,445	(2,298)
Proceeds from short-term borrowings	95,969	247,636
Repayments for short-term borrowings	(156,767)	(279,133)
(Increase) / Decrease in fixed deposits pledged to banks	(5,000)	20,000
Net cash used in financing activities	(64,582)	(14,014)
NET (DECREASE) / INCREASE IN CASH & CASH EQUIVALENTS	(45,296)	5,709
CASH & CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	125,579	119,870
CASH & CASH EQUIVALENTS AT END OF FINANCIAL YEAR (Note A)	80,283	125,579

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 31/12/2023 Unaudited RMB'000	Year Ended 31/12/2022 Audited RMB'000
Fixed deposits	33,500	28,500
Cash and bank balances	80,283	125,579
	113,783	154,079
Less: Fixed deposits (pledged)	(33,500)	(28,500)
Cash and cash equivalents	80,283	125,579

Fixed deposits amounting to RMB33,500,000 (2022: RMB28,500,000) 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 condensed interim consolidated 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	
			31/12/2023 %	31/12/2022 %
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 consolidated financial statements for the six months and full year ended 31 December 2023 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 consolidated 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 performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The condensed interim consolidated 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 consolidated 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 in Note 2.2.

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 consolidated 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 annual financial statements as at and for the year ended 31 December 2022, including:

- Determination of functional currency
- Depreciation of property, plant and equipment
- Inventory valuation method
- Impairment of property, plant and equipment
- Estimated fair value of investment property
- Measurement of ECL of trade and other receivables
- Measurement of prepayments
- Impairment of investment in subsidiaries
- Provision for income taxes

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.

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.

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 condensed interim 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 31/12/2023 RMB'000	**6 months ended 31/12/2022 RMB'000**	**Year ended 31/12/2023 RMB'000**	**Year ended 31/12/2022 RMB'000**
People's Republic of China ("PRC")	235,717	259,321	454,349	531,291
Hong Kong	148,974	165,624	307,419	309,842
Total	384,691	424,945	761,768	841,133

	Non-current assets	
	31/12/2023 RMB'000	**31/12/2022 RMB'000**
PRC	362,864	399,023
Hong Kong	10	13
Total	362,874	399,036

Non-current assets information presented above consist of property, plant and equipment, investment property and land use rights as presented in the condensed interim consolidated 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 2023 and 31 December 2022.

Group 2023	Zipper RMB'000	Trading RMB'000	Processing RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Year ended 31 December 2023						
Revenue:						
Sales to external customers	393,769	307,419	60,580	-	-	761,768
Inter-segment sales	-	-	23,579	-	(23,579)	-
Total revenue	393,769	307,419	84,159	-	(23,579)	761,768
Results:						
Segment gross profit	30,270	7,139	8,219	-	-	45,628
Segment results	(2,674)	5,009	4,215	(7,083)	-	(533)
Finance costs, net	(5,884)	(3,882)	(789)	18	-	(10,537)
Loss before tax						(11,070)
Income tax expenses						(2,248)
Net loss attributable to shareholders						(13,318)
Other segment information:						
Depreciation and amortisation	(28,183)	(2)	(13,389)	(994)	-	(42,568)
Net reversal of provision for social security contribution	3,527	-	3,566	-	-	7,093
Net (provision for) / reversal of allowance for doubtful trade receivables	(103)	-	(1,529)	26	-	(1,606)
Net provision for allowance for advances to suppliers	(541)	(17)	-	-	-	(558)
Capital expenditure	5,291	-	1,117	-	-	6,408
Total assets	600,335	85,506	149,416	53,089	-	888,346
Total liabilities	(214,114)	(56,225)	(41,053)	(5,827)	-	(317,219)

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Business segments (Continued)

Group 2022	Zipper RMB'000	Trading RMB'000	Processing RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Year ended 31 December 2022						
Revenue:						
Sales to external customers	473,754	309,842	57,537	-	-	841,133
Inter-segment sales	-	-	29,568	-	(29,568)	-
Total revenue	473,754	309,842	87,105	-	(29,568)	841,133
Results:						
Segment gross profit	41,052	6,773	8,568	-	-	56,393
Segment results	19,724	4,648	3,491	10,245	-	38,108
Finance costs, net	(6,236)	(2,090)	(1,405)	31	-	(9,700)
Profit before tax						28,408
Income tax expenses						(1,229)
Net profit attributable to shareholders						27,179
Other segment information:						
Loss on disposal of property, plant and equipment	(1,393)	-	-	-	-	(1,393)
Depreciation and amortisation	(27,998)	(4)	(12,722)	(1,016)	-	(41,740)
Net reversal of provision for social security contribution	2,958	-	1,529	-	-	4,487
Net reversal of / (provision for) allowance for doubtful trade receivables	7,595	-	(46)	279	-	7,828
Net reversal of / (provision for) allowance for advances to suppliers	260	418	870	-	-	1,548
Capital expenditure	57,859	17	7,139	-	-	65,015
Total assets	647,567	96,188	165,518	56,905	-	966,178
Total liabilities	(247,188)	(59,000)	(70,245)	(3,542)	-	(379,975)

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

5. OTHER INCOME

	6 months ended 31/12/2023 *RMB'000*	6 months ended 31/12/2022 *RMB'000*	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Net (provision for) / reversal of allowance for doubtful trade receivables	299	(590)	(1,606)	7,828
Foreign exchange gain/(loss), net	(3,292)	7,689	795	13,959
Rental and management income	6,544	7,384	14,846	13,219
(Government grants	1,052	728	1,170	1,350
Net (provision for) / reversal of allowance for advances to suppliers	(889)	(185)	(558)	1,548
Others		411	146	708
	3,714	15,437	14,793	38,612

6. FINANCIAL COSTS, NET

	6 months ended 31/12/2023 *RMB'000*	6 months ended 31/12/2022 *RMB'000*	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Interest income from:				
Bank deposits	610	535	761	1,100
Interest expense on:				
Bank loans	(5,348)	(5,969)	(11,298)	(10,800)
	(4,738)	(5,434)	(10,537)	(9,700)

7. OTHER EXPENSES

	6 months ended 31/12/2023 *RMB'000*	6 months ended 31/12/2022 *RMB'000*	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Loss on disposal of property, plant and equipment	-	-	-	1,393
Write off of property, plant and equipment	-	214	-	214
Others	109	59	109	64
	109	273	109	1,671

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

8. PROFIT BEFORE INCOME TAX

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

	6 months ended 31/12/2023 *RMB'000*	6 months ended 31/12/2022 *RMB'000*	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Personnel expenses	34,465	34,874	71,083	69,926
Depreciation and amortisation	23,057	21,955	42,568	41,740
Net provision for / (reversal of) allowance for doubtful trade receivables	(299)	590	1,606	(7,828)
Net (reversal of) / provision for allowance for advances to suppliers	889	185	558	(1,548)
Net provision for allowance for inventories	-	-	-	1,861
Net reversal of provision for social security contribution	(7,094)	(2,908)	(7,094)	(4,487)

9. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the condensed interim consolidated financial statements, the Group had the following transactions with related parties:

9(a) Amounts due to directors

These amounts are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

9(b) Compensation of directors and key management personnel

	Group		Company	
	31/12/2023 RMB'000	31/12/2022 RMB'000	31/12/2023 RMB'000	31/12/2022 RMB'000
Total compensation to directors and key management personnel – salaries, bonuses and fees (Included in personnel expenses in Note 8)	3,790	2,813	1,452	1,304
Comprises amounts paid to:				
- Directors	1,098	1,678	620	1,304
- Other key management personnel	2,692	1,135	832	-
	3,790	2,813	1,452	1,304

No defined contribution plan was paid to key management personnel.

10. TAXATION

	6 months ended 31/12/2023 *RMB'000*	6 months ended 31/12/2022 *RMB'000*	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
Current Income tax				
- Current financial year	810	384	2,066	1,063
Deferred income tax expenses relating to origination and reversal of temporary differences[1]	182	63	182	166
Income tax expenses	992	447	2,248	1,229

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. (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share is calculated by dividing the (loss) / earnings 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 (2022: 17,205,438).

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

	6 months ended 31/12/2023 *RMB'000*	6 months ended 31/12/2022 *RMB'000*	Year ended 31/12/2023 *RMB'000*	Year ended 31/12/2022 *RMB'000*
(Loss) / profit for the period/year attributable to owners of the Company	(9,790)	7,347	(13,628)	26,623
	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 (loss) / earnings per share computation	17,205	17,205	17,205	17,205

Note: Basic (loss) / earnings per share is computed based on weighted average number of shares in issue in 17,205,438 ordinary shares (2022: 17,205,438).

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

	6 months ended 31/12/2023 *RMB*	6 months ended 31/12/2022 *RMB*	Year ended 31/12/2023 *RMB*	Year ended 31/12/2022 *RMB*
Basic and diluted (loss) / earnings per share (RMB per share)	(0.57)	0.43	(0.79)	1.55

12. NET ASSET VALUE PER SHARE

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Net asset value per share based on issued share capital at the end of the period (in RMB)	33.2	34.1	34.1	34.6

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 financial year ended 31 December 2023 (2022: 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 property, plant and equipment amounting to RMB6.4 million (2022: RMB65.0 million).

15. INVENTORIES

	31/12/2023 RMB'000	31/12/2022 RMB'000
Raw materials	44,169	13,897
Work-in-progress	9,308	9,033
Finished goods	26,840	29,457
	80,317	52,387

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31/12/2023 RMB'000	31/12/2022 RMB'000	31/12/2023 RMB'000	31/12/2022 RMB'000
Trade receivables	260,048	306,605	-	-
Less: loss allowance	(52,303)	(50,697)	-	-
	207,745	255,908	-	-
Bills receivables	3,475	5,779	-	-
Other receivables	30,775	24,843	2	2
Amount due from subsidiaries (non-trade)	-	-	245,971	253,100
	241,995	286,530	245,973	253,102

Loss allowance

	31/12/2023 *RMB'000*	31/12/2022 *RMB'000*
At 1 January	50,697	58,525
Net provision for/(reversal of) allowance for the financial year	1,606	(7,828)
	52,303	50,697

17. PREPAYMENTS

	31/12/2023 *RMB'000*	31/12/2022 *RMB'000*
Advances to suppliers	78,900	67,146
Prepayment for property, plant and equipment	5,570	3,210
Prepaid operating expenses	4,907	3,790
	89,377	74,146

18. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2023		2022	
	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 SGD5 each.

18. SHARE CAPITAL AND TREASURY SHARES (CONTINUED)

(b) Treasury shares

	Group and Company			
	2023		2022	
	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	
	31/12/2023 RMB'000	31/12/2022 RMB'000	31/12/2023 RMB'000	31/12/2022 RMB'000
Trade payables	11,602	22,908	-	-
Bills payables to banks	123,111	115,706	-	-
Amounts due to directors (non-trade)	1,592	147	2,342	2,466
	136,305	138,761	2,342	2,466

20. OTHER LIABILITIES

	Group		Company	
	31/12/2023 RMB'000	31/12/2022 RMB'000	31/12/2023 RMB'000	31/12/2022 RMB'000
Contract liabilities – advances from customers	27,099	23,735	-	-
Accrued salary and bonuses	28,289	33,700	-	-
Other accruals	15,620	23,827	1,940	1,140
	71,008	81,262	1,940	1,140

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

21. LOANS AND BORROWINGS

	Group	
	31/12/2023 RMB'000	31/12/2022 RMB'000
Short-term bank loans:		
Loan 1	71,300	106,500
Loan 2	6,800	2,100
Loan 3	-	18,900
Loan 4	9,200	9,300
Total loans and borrowings	87,300	136,800

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 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 corporate guarantee from a related party – Jinjiang Fuxing Dress Co., Ltd, and independent third party – Jinjiang Yuanda Garment Weaving Co., Ltd.

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

4 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 Ms. Shi MeiMei.

All loans and borrowings are denominated in the functional currencies of the respective entities as at 31 December 2023 and 31 December 2022. The short-term loans bear interest ranging from 4.4% to 6.1% (31 December 2022: 4.4% to 5.8%) and are repayable within 12 months.

22. SUBSEQUENT EVENTS

There are no subsequent events to be disclosed or which would have led to adjustments to this set of the condensed interim consolidated financial statements.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

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	
	31/12/2023	**31/12/2022**
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	
	31/12/2023	**31/12/2022**
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	
	31/12/2023	**31/12/2022**
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 31/12/2023	6 months ended 31/12/2022	Year ended 31/12/2023	Year ended 31/12/2022
	RMB	RMB	RMB	RMB
(a) Basic and	(0.57)	0.43	(0.79)	1.55
(b) On a fully diluted basis	(0.57)	0.43	(0.79)	1.55

Note: Basic (loss) / earnings per share is computed based on weighted average number of shares in issue as at 31 December 2023: 17,205,438 ordinary shares (2022: 17,205,438).

For the year ended 31 December 2023 and 2022, the basic and diluted (loss) / earnings per share of the Group are the same as there were no potential diluting ordinary shares outstanding as at 31 December 2023 and 2022.

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	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
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 31/12/2023: 17,205,438 (as at 31/12/2022: 17,205,438 shares)	33.2	34.1	34.1	34.6

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 31/12/2023 Unaudited	6 months Ended 31/12/2022 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2023 Unaudited	Year Ended 31/12/2022 Audited	Increase/ (Decrease)
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper	206,764	229,470	(10)	393,769	473,754	(17)
Trading	148,974	165,624	(10)	307,419	309,842	(1)
Processing	41,907	49,238	(15)	84,159	87,105	(3)
Inter-segment sales	(12,954)	(19,387)	(33)	(23,579)	(29,568)	(20)
Group Revenue	384,691	424,945	(9)	761,768	841,133	(9)
COST OF SALES						
Zipper	192,264	214,543	(10)	363,499	432,702	(16)
Trading	145,330	162,004	(10)	300,280	303,069	(1)
Processing	38,237	44,082	(13)	75,940	78,537	(3)
Inter-segment sales	(12,954)	(19,387)	(33)	(23,579)	(29,568)	(20)
Group Cost of Sales	362,877	401,242	(10)	716,140	784,740	(9)
GROSS PROFIT						
Zipper	14,500	14,927	(3)	30,270	41,052	(26)
Trading	3,644	3,620	1	7,139	6,773	5
Processing	3,670	5,156	(29)	8,219	8,568	(4)
Group Gross Profit	21,814	23,703	(8)	45,628	56,393	(19)
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper	7.0	6.5	0.5	7.7	8.7	(1.0)
Trading	2.4	2.2	0.2	2.3	2.2	0.1
Processing	8.8	10.5	(1.7)	9.8	9.8	-
Average Gross Profit Margin	5.7	5.6	0.1	6.0	6.7	(0.7)

FY2023 vs. FY2022

Revenue

The Group's revenue decreased by RMB79.4 million (or 9%) to RMB761.8 million. This was mainly due to the decrease in the sales of the Zipper segment (RMB80.0 million), the Trading segment (RMB2.4 million). The decrease was partially offset by the increase in Processing segment (RMB3.0 million).

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

The decrease in revenue from the Zipper segment for FY2023 was mainly attributable to the deterioration in the market for the zipper industry which was adversely affected by the economy slowdown in the PRC. This had resulted in the decrease in sales orders from customers.

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 FY2023 as a result of reduced demand.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB10.8 million (or 19%) to RMB45.6 million, mainly due to decrease in gross profit from the Zipper segment and Processing segment.

Average gross profit margin decreased by 0.7 percentage points to 6.0% mainly due to the decrease in gross profit margin from the Zipper segment arising from the increased production costs, e.g. wages and depreciation.

Other income and expenses

Other income comprises government subsidies, the reversal of allowance on advance to suppliers, net foreign exchange gain, rental and management fee income. Other expenses comprised consultancy fee, etc.

The net allowance for doubtful trade receivables for FY2023 arose from the longer credit periods extended to some customers. Due to the economy slowdown in the PRC, the Group's customers had requested for longer credit terms. The Group had obliged to its customers' request for longer credit terms in order to retain the customers. According to the Group's accounting policy, the extended credit period will be accounted for as allowance for doubtful debts on a prudent basis.

These customers are solvent and continue to trade with the Group on a regular basis. Management is closely monitoring the collections of these customers and for the cases of long outstanding debts, the sale representatives would collect the outstanding balances from them in person. So far, there are no cases of non-payment from these customers and accordingly, no legal actions are required.

The net allowance for advances to suppliers amounted to RMB0.6 million due to the increase in prepayment for purchase of raw materials to satisfy the production requirement in 1Q2024.

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 increased by RMB4.1 million (or 44%) to RMB13.5 million mainly due to the increase in the marketing staff salaries and promotional expenses from roadshows conducted.

General and administrative expenses

General and administrative expenses increased by RMB1.5 million (or 3%) to RMB47.3 million. This was mainly due to the increase in staff salaries and legal and professional fees arising from corporate actions undertaken i.e. amendment of the Company's bye laws.

Finance income and expenses

Finance expenses increased by RMB0.5 million to RMB11.3 million. This was mainly due to the increase in the interest rate on the bank loans in FY2023.

Finance income decreased by RMB0.3 million (or 31%) to RMB0.8 million. This was mainly due to the decrease in cash and bank balances.

2H2023 vs. 2H2022

Revenue

The Group's revenue for 2H2023 as compared to 2H2022 decreased by RMB40.3 million (or 9%) to RMB384.7 million. This was mainly due to the decrease in the sales of the Zipper segment (RMB22.7 million), the Trading segment (RMB16.7 million), and the Processing segment (RMB0.9 million).

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

The decrease in revenue from Zipper segment for 2H2023 was mainly attributable to the deterioration in the market for the zipper industry which was adversely affected by the economy slowdown in the PRC. This had resulted in the decrease in sales orders from customers.

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 2H2023 as a result of reduced demand.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB1.9 million (or 8%) to RMB21.8 million, mainly due to decrease in gross profit from the Zipper segment and the Processing segment.

Average gross profit margin slightly increased by 0.1 percentage point at 5.7% mainly due to the increase in gross profit margin from the Zipper segment arising from lower production costs following the decrease in market price of raw materials.

Other income and expenses

Other income comprises government subsidies, net reversal of allowance for advance to suppliers, rental and management fee income. Other expenses comprised net foreign exchange loss

The allowance for advances to suppliers amounted to RMB0.9 million due to the increase in prepayment for purchase of raw materials to satisfy the production requirement in 1Q2024.

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 RMB0.3 million (or 6%) to RMB5.6 million mainly due to the increase in the marketing staff salaries and promotional expenses from roadshows conducted.

General and administrative expenses

General and administrative expenses increased by RMB3.6 million (or 18%) to RMB23.6 million. This was mainly due to the increase in staff salaries and legal and professional fees arising from corporate actions undertaken i.e. amendment of the Company's bye laws.

Finance income and expenses

Finance expenses decreased by RMB0.6 million to RMB5.3 million. This was mainly due to the decrease in short term bank loans in 2H2023.

Finance income increased by RMB0.1 million (or 14%) to RMB0.1 million was mainly due to the increase in fixed deposit in 2H2023.

FINANCIAL POSITIION

Non-current assets

As at 31 December 2023, non-current assets amounted to RMB362.9. million comprising property, plant and equipment, investment property, and land use rights.

The Group's property, plant and equipment amounted to RMB301.0 million, a decrease of 10% (or RMB35.3 million) compared to RMB336.2 million as at 31 December 2022. The decrease was mainly due to the depreciation expenses in FY2023.

Current assets

As at 31 December 2023, current assets amounted to RMB525.5 million, decreased by 13.6% (or RMB41.7 million) compared to RMB567.1 million as at 31 December 2022. This was largely due to the decrease in cash and bank balances.

Inventories increased by RMB27.9 million to RMB80.3 million mainly due to the RMB30.3 million increase in the raw materials inventory as at 31 December 2023 as compared to 31 December 2022, so as to fulfill 3-months production requirements arising from the anticipated increase in the production requirements in the first quarter of 2024.

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 RMB154.1 million to RMB113.8 million mainly due to the repayment of short-term bank loans in FY2023.

Current liabilities

As at 31 December 2023, total current liabilities were RMB298.2 million, a decrease of 17% (or RMB62.9 million) compared to RMB361.2 million as at 31 December 2022. This was mainly attributable to the decrease in short-term bank loan.

The short-term bank loan decreased by RMB49.5 million (or 36%) to RMB87.3 million as at 31 December 2023 compared to RMB136.8 million as at 31 December 2022. This was mainly due to the repayment of bank loans in FY2023.

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, legal fee, etc incurred by the Company. There is no fixed payment schedule for the advances from Mr. Hong Qing Liang who had agreed that all the advances granted shall be interest free.

Non-current liabilities

Non-current liabilities comprised of deferred tax liabilities. The increase in deferred tax liabilities was mainly due to the deferred income tax expense in FY2023 as explained above under the note 10 for income tax expense.

CASH FLOW

Operating activities

Net cash flows generated from operating activities in FY2023 amounted to RMB27.5 million compared to RMB52.1 million in FY2022. The decrease was mainly due to the increase in inventories in FY2023.

Investing activities

Net cash flows used in investing activities in FY2023 amounted to RMB8.2 million compared to RMB32.4 million in FY2022. The decrease was mainly due to the decrease in purchase of plant and machineries in FY2023 as compared to FY2022.

Financing activities

Net cash flows used in financing activities in FY2023 amounted to RMB64.6 million compared to RMB14.0 million used in FY2022. This was mainly due to the higher repayments of short-term bank loans in FY2023 as compared to FY2022.

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

The performance for FY2023 is in line with the Company's profit guidance statement released to SGX-ST via SGXNET on 8 February 2024.

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

For the next 12 months, the Group expects cost pressures arising from the increased production costs in the current inflationary environment to continue to exert pressures on its gross margin. The Group's operating results will continue to be affected by high production costs, razor thin gross margin and uncertain customers' demand amidst challenging China's economic growth outlook.

In efforts to navigate through the challenging business environment, the Group will continue to expend marketing efforts in its sales outreach to more customers to improve its sales. In addition, the Group will be vigilant in managing its expenses and monitor its receivables and collections closely to minimize bad debts.

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	34	Son of Mr Hong Qing Liang – Executive Chairman and Substantial Shareholder.	On 1 January 2023, he was appointed as Chief Executive Officer of the Company.	No changes to duties and position held during the year.

FOR AND ON BEHALF OF THE BOARD

Hong Qing Liang
Executive Chairman

29 February 2024