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 2024

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

		The Group	
		6 months ended 30 June 2024	6 months ended 30 June 2023
	Note	**(Unaudited) RMB'000**	(Unaudited) RMB'000
Revenue	*4*	**339,017**	377,077
Cost of sales		**(319,299)**	(353,263)
Gross profit		**19,718**	23,814
Other items of income			
Other income	*5*	**13,822**	12,524
Interest income	*6*	**265**	151
Other items of expenses			
Marketing and distribution costs		**(6,311)**	(7,912)
Administrative expenses		**(10,834)**	(25,114)
Other expenses	*7*	**(262)**	-
Finance costs	*6*	**(4,746)**	(5,950)
Profit/(Loss) before tax	*8*	**11,652**	(2,487)
Income tax expenses	*10*	**(1,312)**	(1,256)
Profit/(Loss) for the period		**10,340**	(3,743)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(934)**	(3,790)
Total comprehensive income/(loss) for the period		**9,406**	(7,533)
Profit/(Loss) attributable to:			
Owners of the Company		**10,266**	(3,838)
Non-controlling interests		**74**	95
		10,340	(3,743)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		**9,332**	**(7,628)**
Non-controlling interests		**74**	**95**
		9,406	**(7,533)**
		RMB	**RMB**
Earnings/(Loss) per share attributable to owners of the Company			
Basic and diluted	*11*	**0.60**	**(0.22)**

B. CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		The Group		The Company	
		30 June 2024	31 December 2023	**30 June 2024**	31 December 2023
		(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Non-current assets					
Property, plant and equipment	*14*	**285,746**	300,962	**-**	-
Investment properties		**42,060**	42,060	**-**	-
Land use right		**22,859**	23,312	**-**	-
Intangible assets		**2,804**	-	**-**	-
Investment in subsidiaries		**-**	-	**344,853**	344,853
		353,469	366,334	**344,853**	344,853
Current assets					
Inventories	*15*	**55,414**	80,317	**-**	-
Trade and other receivables	*16*	**226,527**	241,995	**241,714**	245,973
Prepayments	*17*	**105,566**	89,377	**-**	-
Cash and short-term deposits		**189,700**	113,783	**87**	859
		577,207	525,472	**241,801**	246,832
Total assets		**930,676**	891,806	**586,654**	591,685
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		**(10,893)**	(9,959)	**-**	-
Accumulated losses		**(161,488)**	(171,754)	**(224,864)**	(218,337)
Total equity attributable to owners of the Company		**582,610**	573,278	**580,875**	587,402
Non-controlling interests		**404**	444	**-**	-
Total equity		**583,014**	573,722	**580,875**	587,402
Current liabilities					
Trade and other payables	*19*	**137,923**	136,305	**3,080**	2,343
Other liabilities	*20*	**73,806**	71,008	**2,699**	1,940
Loans and borrowings	*21*	**111,700**	87,300	**-**	-
Income tax payable		**4,363**	3,601	**-**	-
		327,792	298,214	**5,779**	4,283
Non-current liabilities					
Deferred tax liabilities		**19,870**	19,870	**-**	-
Total liabilities		**347,662**	318,084	**5,779**	4,283
Total equity and liabilities		**930,676**	891,806	**586,654**	591,685

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 2023	772,574	(6,408)	67,130	39,573	(117,878)	(8,430)	(160,721)	363	586,203
Total comprehensive loss for the period	-	-	-	-	-	(3,790)	(3,743)	95	(7,438)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(228)	(228)
At 30 June 2023	772,574	(6,408)	67,130	39,573	(117,878)	(12,220)	(164,464)	230	578,537
At 1 January 2024	772,574	(6,408)	67,130	39,573	(117,878)	(9,959)	(171,754)	444	573,722
Total comprehensive income for the period	-	-	-	-	-	(934)	10,266	74	9,406
Dividend paid to non-controlling interests	-	-	-	-	-			(114)	(114)
At 30 June 2024	772,574	(6,408)	67,130	39,573	(117,878)	(10,893)	(161,488)	404	583,014

Company	**Share capital** RMB'000	**Treasury shares** RMB'000	**Contributed surplus** RMB'000	**Accumulated losses** RMB'000	**Total equity** RMB'000
At 1 January 2023	772,574	(6,408)	39,573	(209,820)	595,919
Total comprehensive loss for the period	-	-	-	(143)	(143)
At 30 June 2023	772,574	(6,408)	39,573	(209,963)	595,776
At 1 January 2024	772,574	(6,408)	39,573	(218,337)	587,402
Total comprehensive loss for the period	-	-	-	(6,527)	(6,527)
At 30 June 2024	772,574	(6,408)	39,573	(224,864)	580,875

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 2024 (Unaudited) RMB'000	6 months ended 30 June 2023 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Profit/(Loss) before taxation	**11,652**	(3,062)
Adjustments for:		
Depreciation of property, plant and equipment	**20,035**	19,511
Written off of property, plant and equipment	**207**	-
Gain on disposal of property, plant and equipment	**(7,330)**	-
Amortisation of land use rights	**453**	453
Amortisation of intangible assets	**200**	-
Net (reversal of)/provision for allowance for trade receivables	**(8,677)**	1,905
Net reversal of allowance for advances to suppliers	**(2,761)**	(331)
Net reversal of provision for social security contribution	**(2,883)**	(664)
Interest expense	**4,746**	5,942
Interest income	**(265)**	(143)
Foreign currency differences	**(931)**	(3,789)
Total adjustments	**2,794**	22,883
Operating cash flows before changes in working capital	**14,446**	19,821
(Increase)/ Decrease in:		
Inventories	**24,903**	(11,847)
Trade and other receivables	**24,145**	22,550
Prepayments	**(13,428)**	(10,986)
Increase/ (Decrease) in:		
Trade payables	**7,023**	15,110
Other payables & accruals	**(8,191)**	4,200
Due to directors	**8,466**	743
Total changes in working capital	**42,918**	19,770
Cash flows generated from operations	**57,364**	39,591
Income tax paid	**(551)**	(1,314)
Net cash generated from operating activities	**56,813**	38,277
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(7,961)**	(3,824)
Purchase of intangible assets	**(3,004)**	-
Proceeds from disposal of property, plant and equipment	**10,265**	-
Interest income received	**265**	143
Net cash used in investing activities	**(435)**	(3,681)
FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	**(115)**	(228)
Proceeds from short-term borrowings	**54,500**	38,796
Repayments for short-term borrowings	**(34,846)**	(41,342)
(Increase) / Decrease in fixed deposits pledged to banks	**2,500**	(5,000)
Net cash generated from/(used in) financing activities	**22,039**	(7,774)
NET INCREASE IN CASH & CASH EQUIVALENTS	**78,417**	26,822
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**80,283**	125,579
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	**158,700**	152,401

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 2024 Unaudited RMB'000	6 months ended 30 June 2023 Unaudited RMB'000
Fixed deposits	**31,000**	33,500
Cash and bank balances	**158,700**	152,401
	189,700	185,901
Less: Fixed deposits (pledged)	**(31,000)**	(33,500)
Cash and cash equivalents	**158,700**	152,401

Fixed deposits for the six months ended 30 June 2024 amounting to RMB31,000,000 (30 June 2023: RMB33,500,000) 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 2024 %	31 December 2023 %
Held by the Company				
Jade Star Group Holdings Limited ("Jade Star")	British Virgin Islands	Investment holding	100	100
Fuxing China Group Limited (HK) ("FCG")	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")	People's Republic of China	Production and sale of finished zippers and zipper chains	100	100
Jinjiang Fuxing Dress Co., Ltd ("Fuxing Dress")	People's Republic of China	Production and sale of zipper sliders	100	100
Fookhing Group Trading Co., Ltd ("Fuxing HK")	Hong Kong	Trading of raw materials for textile sector	100	100
Fulong Zipper and Weaving Co., Ltd ("Fulong")	People's Republic of China	Colour dyeing of fabric tapes for zippers	100	100
Jinjiang Jianxin Weaving Co., Ltd ("Jianxin")	People's Republic of China	Manufacturing and sales of dyed yarn	100	100
Jinjiang Fuxin Electroplating Co., Ltd ("Fuxin")	People's Republic of China	Provision of electroplating services for zipper sliders	100	100
Held through FCG				
Xiamen Fuxing Industrial Co., Ltd. ("Xiamen Fuxing")	People's Republic of China	Real estate development	100	100
Held through Xiamen Fuxing				
Xiamen Xinfuxing Property Management Co., Ltd ("Xiamen Property")	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 MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2024 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 2023.

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 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 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 2023.

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 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		**Non-current assets**	
	30 June 2024	30 June 2023	**30 June 2024**	31 December 2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
People's Republic of China	**228,779**	218,632	**353,461**	366,324
Hong Kong	**110,238**	158,445	**8**	10
Total	**339,017**	377,077	**353,469**	366,334

Non-current assets information presented above comprised 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 2024 and 30 June 2023.

Group 30 June 2024	Zipper RMB'000	Trading RMB'000	Processing RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Revenue:						
Sales to external customers	201,671	110,238	27,108	-	-	339,017
Inter-segment sales	12,861	-	13,316	-	(26,177)	-
Total revenue	214,532	110,238	40,424	-	(26,177)	339,017
Results:						
Segment gross profit	13,522	3,219	2,977	-	-	19,718
Segment results	6,597	2,430	10,642	(3,536)	-	16,133
Interest income	260	1	3	1	-	265
Financial costs	(3,053)	(1,693)	-	-	-	(4,746)
Profit before income tax						11,652
Income tax expenses						(1,312)
Profit attributable to shareholders						10,340
Other segment information						
Depreciation and amortisation	14,060	2	6,438	188	-	20,688
Reversal of allowance for trade and other receivables	(5,267)	-	(3,410)	-	-	(8,677)
Reversal of allowance for advances to suppliers	(64)	-	(2,697)	-	-	(2,761)
Total assets	**652,412**	**75,595**	**146,356**	**56,313**	-	**930,676**
Total assets include:						
Capital expenditure for property, plant and equipment	4,623	-	3,338	-	-	7,961
Total liabilities	**(245,485)**	**(49,777)**	**(44,052)**	**(8,348)**	-	**(347,662)**

4. SEGMENT INFORMATION AND REVENUE (CONTINUED)

Business segments (Continued)

Group 30 June 2023	Zipper RMB'000	Trading RMB'000	Processing RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Revenue:						
Sales to external customers	187,005	158,445	31,627	-	-	377,077
Inter-segment sales	12,487	-	10,625	-	(23,112)	-
Total revenue	199,492	158,445	42,252	-	(23,112)	377,077
Results:						
Segment gross profit	15,770	3,495	4,549	-	-	23,814
Segment results	(3,796)	2,396	1,980	2,732	-	3,312
Interest income	144	2	3	2	-	151
Financial costs	(3,460)	(1,783)	(707)	-	-	(5,950)
Profit before income tax						(2,487)
Income tax expenses						(1,256)
Net profit attributable to shareholders						(3,743)
Other segment information						
Depreciation and amortisation	13,242	2	5,770	497	-	19,511
Net provision for/(reversal of) allowance for trade receivables	1,752	-	179	(26)	-	1,905
Net provision for/(reversal of) allowance for advances to suppliers	334	-	206	(871)	-	(331)
Total assets	**672,037**	**94,769**	**160,057**	**53,705**	-	**980,568**
Total assets include:						
Capital expenditure for property, plant and equipment	3,305	-	519	-	-	3,824
Total liabilities	**(281,087)**	**(59,903)**	**(56,480)**	**(4,561)**	-	**(402,031)**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

5. OTHER INCOME

	6 months ended 30 June 2024 RMB'000	6 months ended 30 June 2023 RMB'000
Government grants	**210**	118
Foreign exchange gain, net	**1,031**	4,087
Rental and management income	**4,762**	8,302
Gain on disposal of property, plant and equipment	**7,330**	-
Others	**489**	17
	13,822	12,524

6. INTEREST INCOME AND FINANCIAL COSTS

	6 months ended 30 June 2024 RMB'000	6 months ended 30 June 2023 RMB'000
Interest income from:		
- Bank deposits	**265**	151
Interest expense on:		
- Bank loans	**4,746**	5,950

7. OTHER EXPENSES

	6 months ended 30 June 2024 RMB'000	6 months ended 30 June 2023 RMB'000
Written off of property, plant and equipment	**207**	**-**
Others	**55**	**-**
	262	**-**

8. PROFIT/(LOSS) BEFORE INCOME TAX

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

	6 months ended 30 June 2024 RMB'000	6 months ended 30 June 2023 RMB'000
Personnel expenses	**37,174**	36,618
Gain on disposal of property, plant and equipment	**(7,330)**	-
Written off of property, plant and equipment	**207**	-
Net (reversal of)/provision for allowance for trade receivables	**(8,677)**	1,905
Net reversal of allowance for advances to suppliers	**(2,761)**	(331)

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 2024 RMB'000	6 months ended 30 June 2023 RMB'000
Current income tax expenses	**1,312**	1,256
Income tax expenses for the period	**1,312**	1,256

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 (2023: 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 2024 RMB'000	30 June 2023 RMB'000
Profit/(Loss) for the period attributable to owners of the Company	**10,266**	(3,838)
	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 (2023: 17,205,438).

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

	Group	
	30 June 2024	30 June 2023
Basic and diluted earnings/(loss) per share (RMB per share)	**0.60**	(0.22)

12. NET ASSET VALUE PER SHARE

	Group		Company	
	30 June 2024	31 December 2023	**30 June 2024**	31 December 2023
Net asset value per share based on issued share capital at the end of the period (in RMB)	33.9	33.3	33.8	34.1

Net asset value per share for both periods was 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 2024 (30 June 2023: Nil) was recommended as the Group intends to conserve cash for its operational needs.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets amounting to RMB8.0 million (30 June 2023: RMB 51.2 million).

15. INVENTORIES

	Group	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Raw materials	**21,263**	44,169
Work-in-progress	**13,710**	9,308
Finished goods	**20,441**	26,840
	55,414	80,317

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANICAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	30 June 2024 RMB'000	31 December 2023 RMB'000	**30 June 2024 RMB'000**	31 December 2023 RMB'000
Trade receivables	**233,679**	260,048	**-**	-
Less: loss allowance	**(43,626)**	(52,303)	**-**	-
	190,053	207,745	-	-
Bills receivables	**200**	3,475	-	-
Other receivables	**36,274**	30,775	**2**	2
Amount due from subsidiaries (non-trade)	**-**	-	**241,713**	245,971
Total trade and other receivables	**226,527**	241,995	**241,715**	245,973

Loss allowance

	30 June 2024 RMB'000	31 December 2023 RMB'000
At 1 January	**52,303**	50,697
Net (Reversal)/Charge for the financial period/year	**(8,677)**	1,606
	43,626	52,303

17. PREPAYMENTS

	30 June 2024 RMB'000	31 December 2023 RMB'000
Advances to suppliers	**97,291**	78,900
Prepayment for property, plant and equipment	**5,364**	5,751
Prepaid operating expenses	**2,911**	4,726
	105,566	89,377

18. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2024		**2023**	
	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			
	2024		2023	
	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 2024 RMB'000	31 December 2023 RMB'000	**30 June 2024 RMB'000**	31 December 2023 RMB'000
Trade payables	**18,625**	11,602	**-**	-
Bills payables to banks	**109,240**	123,111	**-**	-
Amounts due to directors (non-trade)	**10,058**	1,592	**3,080**	2,343
Total trade and other payables	**137,923**	136,305	**3,080**	2,343

20. OTHER LIABILITIES

	Group		Company	
	30 June 2024 RMB'000	31 December 2023 RMB'000	**30 June 2024 RMB'000**	31 December 2023 RMB'000
Contract liabilities – advances from customers	**31,847**	27,099	**-**	-
Accrued salary and bonuses	**20,733**	28,289	**-**	-
Other accruals	**21,226**	15,620	**2,699**	1,940
Total other liabilities	**73,806**	71,008	**2,699**	1,940

21. LOANS AND BORROWINGS

	Group	
	30 June 2024 RMB'000	31 December 2023 RMB'000
Short-term bank loans:		
Loan 1	**92,500**	71,300
Loan 2	**10,000**	6,800
Loan 3	**9,200**	9,200
Total loans and borrowings	**111,700**	87,300

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 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 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 30 June 2024 and 31 December 2023. The short-term loans bear interest ranging from 2.1% to 7.4% (31 December 2023: 4.35% to 7.4%) and are repayable within 12 months.

22. CAPITAL COMMITMENTS

The Group had no material capital commitments for the half year ended 30 June 2024.

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 2024 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.
This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest audited financial statements of the Group for the financial year ended 31 December 2023 was not subject to any adverse opinion, qualified opinion, or disclaimer of opinion.

3. Review of performance of the Group

	Group		
	6 months Ended 30/6/2024 Unaudited	**6 months Ended 30/6/2023 Unaudited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**
Zipper	201,671	187,005	8
Trading	110,238	158,445	(30)
Processing	40,424	42,252	(4)
Inter-segment sales	(13,316)	(10,625)	25
Total Group Revenue	**339,017**	**377,077**	(10)
COST OF SALES			
Zipper	188,149	171,235	10
Trading	107,018	154,950	(31)
Processing	37,448	37,703	(1)
Inter-segment sales	(13,316)	(10,625)	25
Total Group Cost of Sales	**319,299**	**353,263**	(10)
GROSS PROFIT			
Zipper	13,522	15,770	(14)
Trading	3,220	3,495	(8)
Processing	2,976	4,549	(35)
Total Gross Profit	**19,718**	**23,814**	(17)
GROSS PROFIT MARGIN			
	%	**%**	**% pts**
Zipper	6.7	8.4	(1.7)
Trading	2.9	2.2	0.7
Processing	7.4	10.8	(3.4)
Average Gross Profit Margin	**5.8**	**6.3**	(0.5)

Revenue

The Group's revenue decreased by RMB38.0 million (or 10%) to RMB339.0 million. This was mainly due to the decrease in the sales of the Trading segment (RMB48.2 million) and the Processing segment (RMB4.5 million). The decrease was partially offset by the increase in the sales of the Zipper segment (RMB14.7 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 1H2024 was mainly due to the increase in sales orders for finished zippers from customers arising from the increased marketing of finished zippers by sales department.

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, 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 1H2024 as a result of decreased demand.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB4.1 million (or 17%) to RMB19.7 million, mainly due to decrease in gross profit from the Zipper segment and the Processing segment.

Average gross profit margin decreased by 0.5 percentage points to 5.8% mainly due to the decrease in gross profit margin from the Zipper segment as a result of the increase in the cost of productions.

Other income and expenses

Other income comprised government grants, gain on disposal of property, plant and equipment, net foreign exchange gain, rental and management fee income. Other expenses comprised written off of property, plant and equipment.

The gain on disposal of plant and machinery of RMB7.3 million arose from the sale proceeds received from the disposal of old and obsolete plant and machinery whereby they have been substantially depreciated from their years of usage in production.

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 RMB1.6 million (or 20%) to RMB6.3 million mainly due to decrease in business trips and entertainment as a result of decrease in promotional activities, eg. roadshows, exhibitions, etc.

General and administrative expenses

General and administrative expenses decreased by RMB14.3 million (or 57%) to RMB10.8 million mainly due to the net reversal of allowance for trade receivables amounted to RMB8.7 million in 1H2024 and net reversal of allowance for advances to suppliers amounted to RMB2.8 million.

Finance income and expenses

Finance expenses decreased by RMB1.2 million to RMB4.7 million. This was mainly due to the decrease in the interest rate on the short-term bank loans in 1H2024 compared to 1H2023.

Finance income increased by RMB0.1 million (or 75%) to RMB0.3 million was mainly due to the increase in cash at bank.

FINANCIAL POSITIION

Non-current assets

As at 30 June 2024, non-current assets amounted to RMB353.5 million comprising of property, plant and equipment, investment properties, intangible assets and land use rights.

The Group's property, plant and equipment amounted to RMB285.7 million, an decrease of 5% (or RMB15.2 million) compared to RMB301.0 million as at 31 December 2023. The decrease was mainly due to the depreciation expenses.

Intangible assets represented the acquisition of new operation system for factory used in 1H2024.

Current assets

As at 30 June 2024, current assets amounted to RMB577.2 million, increased by 10% (or RMB51.7 million) compared to RMB525.5 million as at 31 December 2023. This was largely due to the increase in cash and bank balance arising from the improvement of collections from trade receivables for 1H2024.

Inventories decreased by RMB24.9 million (or 31%) to RMB55.4 million mainly due to the increase in sale orders in the second quarter of 2024 resulting in the reduction of raw materials and finished goods by RMB22.9 million and RMB6.4 million respectively as at 30 June 2024 as compared to 31 December 2023. The decrease was partially offset by the increase in work in progress of RM4.4 million.

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 increased from RMB80.3 million to RMB158.7 million mainly due to the improvement of collections from trade receivables for 1H2024.

Current liabilities

As at 30 June 2024, total current liabilities were RMB327.8 million, increased by 10% (or RMB29.6 million) compared to RMB298.2 million as at 31 December 2023. This was mainly attributable to the increase in trade payables due to the full utilization of the credit period from suppliers and the increase in short-term bank loans.

The short-term bank loans increased by RMB24.4 million (or 28%) to RMB111.7 million as at 30 June 2024 compared to RMB87.3 million as at 31 December 2023. This was mainly due to the new short-term bank loans obtained during 1H2024.

The amount due to a director was funds remitted from Mr Hong Qing Liang for the payment of the legal and professional fees and expenses incurred by the Company. There is no fixed payment schedule for the advances from Mr. Hong Qing Liang who had also agreed that all the advances granted shall be interest free.

Non-current liabilities

Non-current liabilities comprised of deferred tax liabilities.

CASH FLOW

Operating activities

Net cash flows generated from operating activities in 1H2024 amounted to RMB56.8 million compared to RMB38.3 million in 1H2023. This was mainly due to the decrease in trade receivables and inventories.

Investing activities

Net cash flows used in investing activities in 1H2024 amounted to RMB0.4 million compared to RMB3.7 million in 1H2023. This was mainly due to the sale proceeds from the disposal of old and obsolete plant and equipment during 1H2024.

Financing activities

Net cash flows generated from financing activities in 1H2024 amounted to RMB22.0 million while net cash flows used in financing activities in 1H2023 amounted to RMB7.8 million. This was mainly due to the increase in the short-term bank loans in 1H2024.

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

No forecast or prospect statement has been previously disclosed to shareholders.

5. 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. In addition, geopolitical tensions arising from the ongoing Russia-Ukraine war and the recent conflict in the Middle East could result in disruptions to the supply chain, longer shipping lead times and higher costs of raw materials

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 an effort 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.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

6. 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

7. Interested person transactions

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

8. 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 2024 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: 13 August 2024