



# FUXING CHINA GROUP LTD

(FUXC SP/AWK.SI)

## 4th Largest Zipper Producer in the World

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- Fuxing China Group Ltd Site Visit.** Fuxing China Group hosted a site visit from 12–14 January 2026 at its primary zipper manufacturing base in Jinjiang, Quanzhou. The integrated campus encompasses dyeing, weaving, electroplating, and assembly operations, running at approximately 80% capacity utilization. The facility has undergone significant modernization – the workforce stands at about 1,100 full-time staff, down from ~3,000 in 2007 due to two decades of automation-driven efficiency gains.
- Company Background.** Fuxing China Group operates as a holding company. The Company, through its subsidiaries, engages in the production and sale of zipper sliders and chains, trading of textile raw and auxiliary materials used in zipper production, and provision of zipper processing services.
- Fuxing's Diversified End Customers.** Fuxing services over 1,600 customers across apparel, footwear, luggage, and camping gear, with no material customer concentration. Prominent clients include PEAK, ERKE, and SEPTWOLVES. Product offerings cover nylon, plastic, and metal zippers with substantial customization capacity, enabled by its proprietary "3F" brand platform and extensive in-house processing.
- Fuxing's Future Proofing Efforts.** Recent capex includes a RMB 10mn automated electroplating line (commissioning Feb 2026) and RMB 15.3mn in environmental upgrades. The company is ISO9001/14001/45001 certified and holds OEKO-TEX® and GRS certification. Environmental compliance is a high priority, particularly in the dyeing and plating units, where Fuxing benefits from high regulatory barriers to entry.

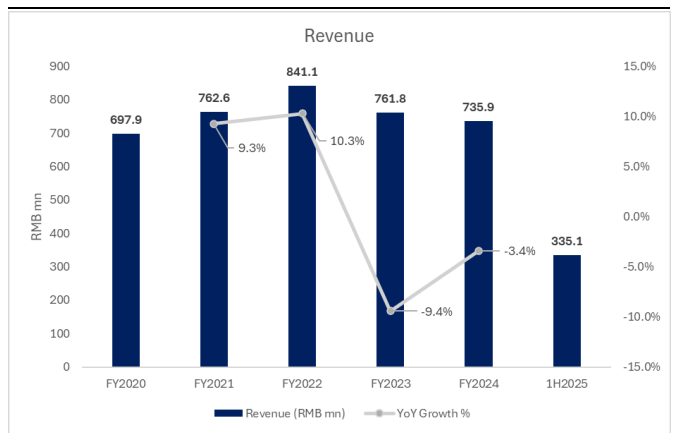
### Financials & Key Operating Statistics

YE Dec (RMB\$ 'mn)	FY21	FY22	FY23	FY24	1H25
Revenue	762.6	841.1	761.8	735.9	335.1
Gross profit	70.7	56.4	45.6	45.8	-9.5
Net Profit	55.3	27.2	-10.7	0.9	-0.56
EPS	3.25	1.62	-0.64	0.04	-0.03
Net Profit Margin (%)	7.3%	3.2%	-1.4%	0.1%	-0.2%
Debt	157.5	136.8	210.4	204.6	124.5
Equity	570.5	586.2	573.7	571.7	564.1
P/NAV	0.112	0.096	0.061	0.041	0.022

Source: Company data, KGI Research

- 1H25 Results and Key Takeaways.** In 1H25, Fuxing reported a net loss of RMB 9.5mn, weighed down by subdued demand and elevated administrative expenses. Revenue during the period was RMB 335.1mn, down 1.2% YoY, while gross profit fell to RMB 24.5mn, reflecting a blended gross margin of 7.3%. Notably, the zipper segment gross margin held at 9.9%, while the trading and processing segments remained thin margin at 2.5% and 3.7% respectively. Administrative expenses rose to RMB 26.1mn, partly due to environmental compliance projects and higher professional fees. No interim dividend was declared for the half year. Despite the weak start, management guided that FY25 may be profitable on the back of a one-off RMB 15mn gain related to the Nasdaq withdrawal and stronger 2H25 operational momentum.

Figure 1: Company's Revenue Performance



Source: Company Data

## Visit scope and itinerary

Fuxing China Group Ltd invited us to its Quanzhou manufacturing base for a site tour spanning four operational nodes.

- 1) Zipper manufacturing base, including tape and component production, automated assembly lines, and packing workflows.
- 2) Dyeing facility, including large batch dyeing vessels and related material handling areas.
- 3) Electroplating and surface treatment plants, including tank based processing lines, racking stations, and process handling.
- 4) Xiamen headquarters office building, which provided additional context on corporate functions and how the company organises customer engagement and rental income as a source of revenue diversification.

The visit also included a showroom and meeting areas under the 3F Zipper brand.

## Production footprint and observed operating cadence

Management indicated that the current utilisation rate across the manufacturing footprint is ~ 80%. During our walkthrough, multiple lines were running concurrently across tape preparation, component forming, assembly, and finishing.

We observed a factory layout designed around long line of sight production lanes, with repeated machine cells and standardised workstations. Material staging areas were positioned adjacent to lines, supporting short internal movement cycles for work in progress.

**Figure 2: Fuxing's large scale production hall layouts**



Source: KGI Research

## End to end workflow observed

Based on line observation and management walkthrough, the production chain we saw can be summarised in five broad stages.

### 1) Tape and yarn preparation

We observed long lines of tape related machinery with large spools staged alongside operating stations. The machine layout appeared optimised for continuous running, with multiple identical units arranged in parallel lanes.

**Figure 3: Fuxing's Tape and Yarn Preparation**



Source: KGI Research

### 2) Dyeing and colour processing

At the dyeing facility, we observed a row of large stainless dyeing vessels with visible steam release during operation. The set up suggests batch processing capability for colour runs, with multiple vessels operating in parallel and material containers staged nearby.

**Figure 4: Fuxing's Tape Dyeing Facility**

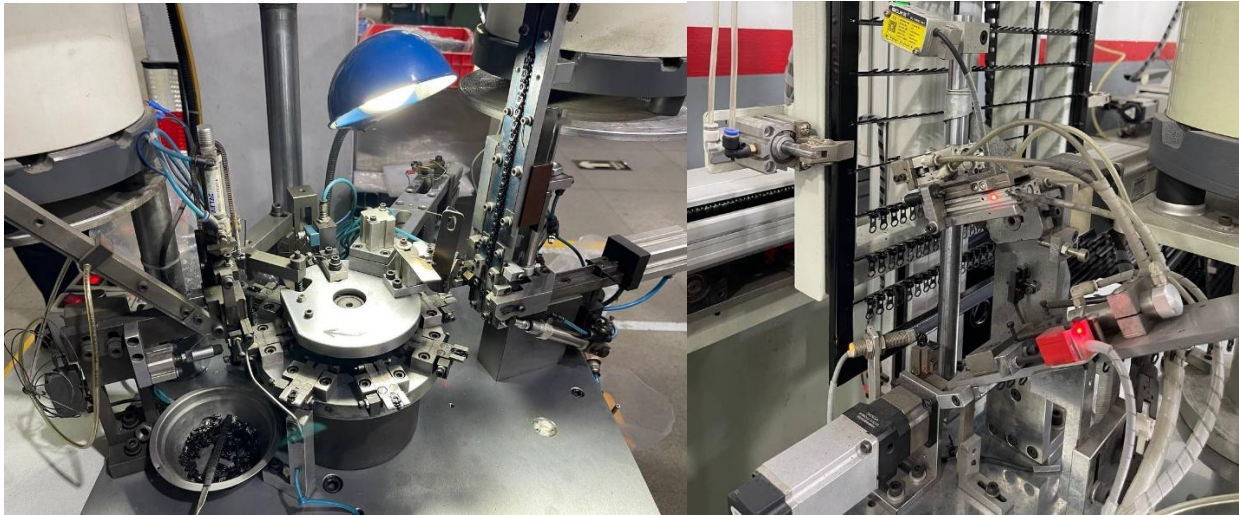


Source: KGI Research

### 3) Component forming and sub assembly (zip)

We observed a hall with repeated equipment stations consistent with component forming or processing. We also observed automated sub assembly equipment at the workcell level, including parts feeding via bowl systems and fixed tooling.

**Figure 5: Fuxing's Zip Assembly Line**



Source: KGI Research

### 4) Surface treatment, dyeing and electroplating

At the electroplating and surface treatment plant, we observed a multi tank line with overhead handling infrastructure for moving racks through processing baths. We also observed manual racking and de racking activities, and a spray colouring booth with operators in protective gear.

**Figure 6: Fuxing's Dyeing and Electroplating Line**



Source: KGI Research

## 5) Final assembly and packing

In final assembly areas, we observed staffed workstations with repetitive manual steps, alongside mechanised handling. We also observed a quality control system in place to ensure imprints on zippers are up to standards.

**Figure 7: Fuxing's Final Assembly and Packing**



Source: KGI Research

### Automation intensity and labour content

Management framed the current operating model as increasingly automated, supported by a long-term reduction in headcount from ~3,000 employees in 2007 to ~1,100 employees today. Based on what we observed, automation is most visible where processes are repetitive and suitable for machine pacing.

What appeared more automated during the walkthrough

- Long line machine layouts for tape related production and other continuous processing steps
- Automated stations for selected component handling and sub assembly
- Mechanised handling within the electroplating line infrastructure, via overhead movement systems

What appeared to remain labour intensive

- Manual sorting and inspection of small parts, observed at table-based stations
- Manual racking and handling in surface treatment, including loading parts onto racks and monitoring pretreatment steps
- Certain assembly steps that require human dexterity, including station level handling and packing preparation

## Capex items highlighted during the visit

Mr Hong Shaolin, CEO, highlighted recent capex deployed toward surface treatment and electroplating. Management pointed to a RMB10mn automated machine, described as intended to support surface treatment and electroplating processes, and stated that it is expected to begin contributing from February 2026. We observed electroplating infrastructure consistent with this focus area, including high density tank lines and racking stations.

**Figure 8: Fuxing's Latest Capex Item**



Source: KGI Research

## Xiamen headquarters office

In addition to the manufacturing and plant tours, we visited the group's Xiamen headquarters office building. Management highlighted that the property includes leased office space spanning three floors, with current occupancy at 100% and an estimated weighted average lease expiry of around two years. From a positioning perspective, the HQ stop provided context on the company's corporate and commercial functions, with management walking through customer engagement workflows and product presentation. Relative to the factory floors, the HQ environment appeared oriented toward meetings, internal coordination, and showcasing product variants and applications, which complemented the onsite observations of an in-house manufacturing chain.

**Figure 9: Fuxing's Headquarters Office Lobby and Skyline View**



Source: KGI Research

### Product portfolio and application showcase

We reviewed a product display covering multiple zipper formats and specifications, with variations shown across colour, tape types, and component finishes. The showroom and display areas also featured application examples in apparel and outdoor categories, illustrating end market breadth and potential customisation points.

Management referenced a broad catalogue of zipper variations under the 3F Zipper brand. The visit did not focus on commercial terms for any single product line, but the breadth of samples suggests a product strategy that spans standardised offerings and configurable specifications.

Figure 10: Fuxing's Showroom



Source: KGI Research

### Customer base and concentration

Management indicated the Group has over 1,600 strategic partners in China and does not view itself as exposed to single customer concentration risk. Examples referenced during discussion included PEAK, ERKE, and SEPTWOLVES.

Figure 11: Fuxing's Strategic Partners



Source: Company Data

## 1H25 financial results and shareholder return framework

As discussed during management meetings on site, Fuxing's financial performance has been on a path to recovery. After several challenging years, Fuxing managed to post a small profit of RMB0.9mn in FY2024, and that FY2025 is expected to return to profitability despite a weaker 1H25. This anticipated FY2025 result (versus a RMB 10.7mn net loss in FY2023) is partly driven by operational improvements and partly by non-recurring gains. Notably, the company withdrew a planned Nasdaq listing in late 2025, and as a result, approximately RMB15mn of previously incurred listing-related expenses will be written back or otherwise recognized as a one-off gain in 2H25 (boosting the year's bottom line). Excluding that, we also expect core operations in 2H25 to improve on higher gross profit and cost controls.

On the balance sheet, Fuxing's financial position appears stable. The company has been deleveraging. As of mid-2025, short-term bank loans had been pared down by RMB80mn (39% reduction) to about RMB124.5mn, from RMB204.6mn at end 2024. This was achieved using operational cash flows, as reflected in a RMB 31mn drop in cash balances over the same period due to loan repayments. The net gearing level is modest, and the company's working capital appears well-managed; for instance, inventory levels have been kept reasonable (about 3 months' raw material buffer) and trade receivables saw improved collections in 1H2025. Fuxing's net asset value (NAV) per share is substantial – around RMB 33.8 per share as of Dec 2024, equivalent to ~S\$6.0. This NAV reflects a solid equity base built over years (book value equity ~RMB571mn). We note that the company had no interim dividend in 1H2025 due to the first-half loss, however, historically Fuxing has paid out dividends when profitable. Thus, if FY2025 achieves profitability, a dividend will likely be on the cards, which would be the first payout since the pandemic years. Overall, management's tone during the visit was cautiously optimistic – the company has right-sized its costs and is seeing gradual recovery in orders, while maintaining discipline in capital allocation and compliance.

## Shareholding Structure and Market Dynamics

Fuxing's ownership structure features a dominant insider holding and consequently a small public float. The founding Chairman and CEO, Mr. Hong Qingliang, controls approximately 58.5% of the company's shares. The next largest block (~17.4%) is held via an institutional nominee (associated with an investment fund, Santa Lucia Asset Management). As a result, only about 24% of shares (roughly 4.2mn out of 17.2mn issued shares) are in the hands of public minority shareholders. This implies a limited free float – effectively ~ 7.8mn tradable shares if we include some institutional stakes – which can lead to low trading liquidity in Fuxing's stock. Indeed, we do observe that the free float is relatively small, and the stock's daily trading volume on the SGX has been modest. The company completed a capital reorganization in late 2024, reducing the par value of shares from S\$5 to S\$0.02 to eliminate past accumulated losses, but this did not change the number of shares. Consequently, NAV per share remains high (~S\$6) relative to the current market price, which in turn is partly a function of the illiquidity and limited analyst coverage.

In terms of market dynamics, Fuxing operates in a global zipper industry dominated by a few large players. The clear market leader is YKK of Japan, followed by other sizable firms (e.g. SBS Zipper in China, RIRI in Europe for luxury segments). Fuxing positions itself as a volume player in the mid-range segment, being among China's top zipper exporters. It leverages its cost-efficient manufacturing base and one-stop service (integrated dyeing/plating) to win orders, often competing in price and reliable delivery. However, being a smaller listed entity, Fuxing's stock has not reflected its asset value, partly due to its small float and low coverage, and partly due to historically thin profit margins (addressed below). The company's withdrawal of its U.S. Nasdaq listing plan in late 2025 suggests it will continue focusing on its Singapore listing and core operations. Management indicated that the Nasdaq plan was shelved due to market conditions, and the focus is now on organic growth. Lastly, we note that the shareholding register includes a few other individual investors and nominees (the top 20 shareholders account for ~88.6% of shares), so actual public trading stock is scarce. This tight float can lead to volatility if any substantial

shareholder were to buy or sell. From a corporate governance angle, the presence of Santa Lucia (an institutional investor with ~13.9% deemed interest) provides some minority representation, though Mr. Hong's majority stake means he effectively has control. In summary, Fuxing's market profile is that of a small-cap with a solid asset base and improving earnings, but with liquidity constraints that could be limiting its market valuation relative to book value.

### Observed Reasons for Margin Disparity vs Peers

One of our key observations is that Fuxing's profit margins are structurally lower than those of major zipper peers. During the visit, this topic was addressed factually by reviewing the company's cost structure and business model.

### Scale and Pricing Power

Fuxing, while one of China's larger zipper makers, is still much smaller than the global leader YKK. It operates in a very price-competitive segment of the market, supplying largely to value and mid-tier brands where ASPs are lower. As a result, gross profit margins have historically been only in the mid-single digits – ~6.2% gross margin in FY2024. This is in stark contrast to premium players that might earn double-digit margins. With a revenue base of ~RMB 700–800 mn, Fuxing does not enjoy the same economies of scale in overhead absorption as its largest peers, pressuring margins.

### High Overhead and Legacy Costs

Fuxing's integrated model means it bears substantial fixed costs (staff, depreciation, utilities for running dyeing and plating facilities) that weigh on profitability. In FY2024, selling and admin expenses were ~RMB72.5mn, which exceeded the gross profit of RMB45.8mn. Even after excluding one-off environmental costs, the core administrative overhead (factory staff, maintenance, R&D, etc.) is significant relative to gross profit. Furthermore, Fuxing has legacy depreciation costs from prior expansions – for instance, depreciation was ~RMB 33mn in 2020 and remains a hefty non-cash expense each year, reflecting past capex that current revenue must absorb. These overhead burdens mean Fuxing's EBITDA margins and net margins stay very thin or negative in weak years. By contrast, a competitor like SBS or YKK with higher sales can spread similar fixed costs over a larger base, yielding better margins.

### Value Chain Positioning and Product Mix

Fuxing's business includes segments that inherently carry lower margins. Notably, Fuxing engages in trading raw materials (rubber thread, nylon yarn, etc. for its customers) and processing services (dyeing, electroplating for third parties). These segments are almost pass-through in nature. In 1H2025, the trading segment gross margin was only ~2.5%, and the processing segment gross margin ~3.7%. Such low-margin activities drag down the consolidated average margin. Even the core zipper manufacturing segment itself operates ~9.5% gross margin in recent periods, which is modest. Peers that focus solely on higher value-added products (for instance, specialized zippers for luxury goods, or branded zipper lines with pricing power) enjoy richer margins. Fuxing's strategy of being a one-stop supplier means it competes in commoditized areas as well. It supplies semi-finished chains to other assemblers and basic zippers to mass-market apparel, where pricing is very competitive.

## Customer Profile and Order Size

Unlike YKK, which can command a premium as a globally renowned brand, Fuxing often wins business on cost competitiveness and flexibility. Many of its orders are from local Chinese manufacturers or via trading firms that themselves have thin margins, so input costs (zippers) are tightly negotiated. There is little brand premium on “3F” zippers except in certain domestic niches. This dynamic keeps Fuxing’s gross margin low. Additionally, smaller order lots from diverse customers can raise handling costs. However, we did note that Fuxing has over 1,600 customers and no heavy reliance, which in turn means it cannot easily push through price increases as it must stay in line with market pricing to retain broad business.

In conclusion, the site visit clarified that Fuxing’s structurally lower margins among peers are not due to operational inefficiency per se (the factories are reasonably well-run and modernized) but rather due to its business model and scale. The company chooses to compete across the value chain (trading and processing segments suppress overall margins) and has yet to achieve the volume or brand premium to lift gross margins substantially. Encouragingly, there are signs of improvement. We observe lower raw material costs in late 2024 helped tick gross margin up slightly, and automation is gradually reducing unit labor costs. But unless Fuxing either grows significantly in scale or shifts toward higher-margin niche products, its margins will likely remain below those of the top-tier players. Management is aware of this reality and has focused on improving internal cost efficiency to at least ensure that even at low gross margins, the business can be marginally profitable (as seen in FY2024). The strategic trade-off is that by operating at lower margin, Fuxing can offer competitive pricing and maintain high utilization – a strategy that has kept its large factory running at ~80% capacity with a wide customer base. This approach may continue to yield modest profits, but it also explains why Fuxing’s margins structurally lag peers who either enjoy greater scale economies or focus on premium segments. The company’s ongoing efforts in automation, cost control, and value-added product development (e.g. new zipper designs, recycled material zippers, etc.) will be key to closing some of this margin gap over time, within the constraints of its current market positioning.

**Figure 12: Zippers & Fastening Comps Sheet**

Bloomberg Ticker	Company Name	Last Price (local \$)	Currency Adj. Market Cap (SGD\$m)	Dividend Yield (%)		Net Gearing (%)*	P/E (x)		P/B (x)		Operating Margins		YTD Price Performance (%)	1YR Price Performance (%)	1YR Total Returns (%)
				FY24	FY25F		12M	Forward	Historical	Forward	12M	Forward			
FUXC SP	FUXING CHINA GROUP LTD	SGD 0.62	24	0.0	-	6.1	N/A	N/A	0.0x	-	-1.29%	1.58%	16.0	209.0	209.0
<b>Zipper &amp; Fastening Components</b>															
002098 CH	FUJIAN SBS ZIPPER SCIENCE -A	USD 10.31	670	1.3	-	-7.1	18.7	16.9	2.2	2.4	8.33%	9.32%	6.4	21.9	23.3
002003 CH	ZHEJIANG WEIXING INDUSTRI-A	SEK 10.28	2,218	3.5	4.3	-5.6	18.1	17.8	3.8	2.6	17.78%	17.95%	-3.4	-28.8	-26.2
8932 TT	WISELINK CO LTD/TW	USD 209.00	1,507	0.3	0.4	-20.0	56.3	47.9	10.2	15.7	47.09%	34.48%	21.8	132.3	132.5
2011 HK	GILSTON GROUP LTD	SEK 1.48	137	0.0	-	33.6	18.0	N/A	4.2	-	20.01%	19.73%	-0.7	6.5	6.5
COALN	COATS GROUP PLC	EUR 86.80	2,893	1.9	2.8	140.6	24.3	13.3	5.5	2.9	14.34%	13.31%	2.5	-6.0	-2.8
9837 JP	MORITO CO LTD	INR 1760.00	389	4.3	4.0	-16.8	15.8	16.6	1.1	-	-	-	3.3	10.4	15.5
7988 JP	NIFCO INC	USD 4764.00	3,942	2.1	2.1	-39.0	9.5	12.5	1.2	1.5	14.06%	13.94%	-	-	-
SIHORA IN	SIHORA INDUSTRIES LTD	INR 54.45	4	-	-	97.0	N/A	N/A	-	-	N/A	16.63%	0.7	80.6	33.2
<b>Average</b>			<b>1,470</b>	<b>1.90</b>	<b>2.72</b>	<b>22.8</b>	<b>22.9</b>	<b>20.8</b>	<b>4.02</b>	<b>5.04</b>	<b>20.27%</b>	<b>17.91%</b>	<b>4.4</b>	<b>23.8</b>	<b>26.0</b>
<b>Median</b>			<b>1,088</b>	<b>2</b>	<b>3</b>	<b>(6.3)</b>	<b>18.1</b>	<b>16.8</b>	<b>3.80</b>	<b>2.62</b>	<b>16.06%</b>	<b>16.63%</b>	<b>2.5</b>	<b>10.4</b>	<b>15.5</b>

\*Negative Net Gearing = net cash position

Source: Bloomberg Estimates, KGI Research

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