FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Co. Reg. No: 38973)

FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Statement of Comprehensive Income for the year ended 31/12/2017. These figures have not been audited.

	Group			Group		
	3 months Ended 31/12/2017 Unaudited	3 months Ended 31/12/2016 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2017 Unaudited	Year Ended 31/12/2016 Audited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	255,138	234,621	9	921,754	832,346	11
Cost of sales	(237,222)	(222,411)	7	(863,533)	(783,531)	10
Gross profit	17,916	12,210	47	58,221	48,815	19
Other income/(expenses)	11,800	(30,468)	NM	21,474	(12,775)	NM
Selling and distribution expenses	(1,275)	(1,174)	9	(5,917)	(6,271)	(6)
General and administrative expenses	(11,043)	(52,634)	(79)	(33,671)	(94,215)	(64)
Profit/(Loss) from operating activities	17,398	(72,066)	NM	40,107	(64,446)	NM
Finance income	193	248	(22)	1,035	2,043	(49)
Finance expense	(5,572)	(3,655)	52	(15,704)	(14,176)	11
Profit/(Loss) before income tax	12,019	(75,473)	NM	25,438	(76,579)	NM
Income tax expense	(5,794)	8,551	NM	(9,224)	6,142	NM
Profit/(Loss) for the period attributable to the equity holders of the Company	6,225	(66,922)	NM	16,214	(70,437)	NM
Other comprehensive income/(loss) for the period						
Item that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations	1,614	(4,178)	NM	7,037	(7,127)	NM
Total comprehensive income/(loss) for the period attributable to shareholders	7,839	(71,100)	NM	23,251	(77,564)	NM

Note: The Group's profit/(loss)/before income tax is determined after charging/(crediting) the following items:

(Writeback of) /net allowance for doubtful trade receivables	(1,821)	(538)	238	(275)	13,216	NM
(Writeback of) /net allowance for doubtful other receivables	-	15,989	(100)	(15,989)	15,989	NM
Allowance for prepayments	1,649	93	1,673	(2,340)	1,184	NM
Amortisation of land use rights	226	226	-	905	937	(3)
Amortisation of intangible assets	-	-	-	-	5	(100)
Gain on disposal of subsidiary	-	-	-	-	12,788	(100)
Written off of property, plant and equipment	-	16,367	(100)	-	16,368	(100)
(Gain)/loss from fair valuation of investment property	(13,912)	37,033	NM	(13,912)	37,033	NM
Depreciation of property, plant and equipment	7,680	8,963	(14)	29,458	34,463	(14)
Provision for social security contribution	1,541	8	NM	1,904	(360)	NM
Foreign exchange (gain)/loss, net	2,922	(6,534)	NM	9,474	(10,930)	NM
Salaries and bonuses	17,562	15,572	13	64,012	61,962	3

NM: Not Meaningful

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2017 Unaudited	**31/12/2016 Audited**	**31/12/2017 Unaudited**	**31/12/2016 Audited**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
ASSETS				
Non-current assets				
Property, plant and equipment	262,571	241,313	-	-
Investment property	498,470	476,100	-	-
Land use rights	28,743	29,648	-	-
Intangible assets	-	-	-	-
Prepayments	1,144	429	-	-
Investment in subsidiaries	-	-	344,853	344,853
Total non-current assets	790,928	747,490	344,853	344,853
Current assets				
Inventories	56,495	57,732	-	-
Trade and other receivables	286,848	271,303	2	2
Prepayments to suppliers	92,623	73,737	-	-
Amount due from subsidiaries (non-trade)	-	-	390,698	399,869
Fixed deposits	31,500	39,900	-	-
Cash and bank balances	166,551	248,798	359	266
Total current assets	634,017	691,470	391,059	400,137
Total assets	1,424,945	1,438,960	735,912	744,990
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	7,482	8,640	-	-
Bills payable to banks	113,793	144,478	-	-
Other payables & accruals	271,453	253,024	1,725	2,291
Amount due to a director (non-trade)	10,891	7,544	9,250	7,980
Short-term bank loans	308,437	341,278	-	-
Bank overdrafts	18,236	19,571	-	-
Income tax payable	5,076	4,057	-	-
Total current liabilities	735,368	778,592	10,975	10,271
Non-current liability				
Deferred tax liabilities	28,400	22,442	-	-
Total non-current liability	28,400	22,442	-	-
Total liabilities	763,768	801,034	10,975	10,271
Equity attributable to equity holders of the Company				
Share capital	772,574	772,574	772,574	772,574
Treasury shares	(6,408)	(6,408)	(6,408)	(6,408)
Reserve fund	65,870	64,857	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	(4,168)	(11,205)	-	-
Accumulated losses	(88,386)	(103,587)	(80,802)	(71,020)
Total equity	661,177	637,926	724,937	734,719
Total equity and liabilities	1,424,945	1,438,960	735,912	744,990

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31 December 2017		As at 31 December 2016	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- China CITIC Bank[1]	51,000	-	54,000	-
- China Construction Bank[2]	15,000	-	30,000	-
- Hang Seng Bank[4]	47,793	-	60,478	-
Short-term bank loans				
- China CITIC Bank[1]	129,060	-	159,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch [3]	9,000	-	9,000	-
- Hang Seng Bank[4]	41,377	-	44,278	-
- China Construction Bank Dongqu Branch[5]	110,000	-	110,000	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch [6]	19,000	-	19,000	-
Bank overdrafts				
- Hang Seng Bank[4]	18,236	-	19,571	-

Notes:

[1] The bills payable of RMB 51.0 million and short-term bank loan of RMB129.0 million were secured by bank deposits of Jinjiang Fookhing Zipper Co. Ltd., and certain land and buildings owned by Jinjiang Jianxin Weaving Co. Ltd., located at Donghaian Development Zone, Shenhu Town, Jinjiang City, Fujian Province, the People's Republic of China ("The PRC"), and a personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), and corporate guarantees from a subsidiary, Jinjiang Fuxing Dress Co. Ltd. and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

[2] RMB 15.0 million bills payable was secured by bank deposits of Jinjiang Fuxing Dress Co. Ltd., and certain land and buildings owned by Fulong Zipper and Weaving Co., Ltd., located at Donghaian Comprehensive Development Zone, Shenhu Town, Jinjiang City, Fujian Province, PRC., and personal guarantee from related parties - Mr. Hong Qing Liang (Executive Chairman and CEO), and Ms Shi MeiMei (spouse of Mr. Hong Qing Liang)

[3] The short-term bank loan of RMB 9.0 million was secured by certain land and buildings owned by Jinjiang Fookhing Zipper Co. Ltd., located at Hangbian Industrial Area, Longhu Town, Jinjiang City, Fujian Province, the PRC, a personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), corporate guarantees from a subsidiary - Jinjiang Fuxing Dress Co. Ltd., and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

[4] The bills payable of RMB 47.8 million, short-term loan of RMB 41.4 million and bank overdraft of RMB 18.2 million were secured by a charge over investment property (13th floor which is the top floor) owned by Pretty Limited and part of the 12th floor, the Staircase of Tower A, Mandarin Plaza, No 14 Science Museum Road, Kowloon, rental receipt arising from the mortgaged property, charge over investment property (Unit 13 on 5th Floor, Seapower Tower Concordia Plaza, No.1 Science Museum Road, Kowloon owned by Goldplan Corporation Limited, a corporate guarantee from Fuxing China Group Limited, and a personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO).

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

[5] This loan was secured by a land parcel owned by Xiamen Fuxing Industrial Co., Ltd., located at northeast to the junction of Tai Dong Road and Tai Nan Road, 03-07 Guanyin Shan, Siming District, Xiamen, PRC.

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

1(c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months/ Ended 31/12/2017 Unaudited RMB'000	3 months/ Ended 31/12/2016 Unaudited RMB'000	Year Ended 31/12/2017 Unaudited RMB'000	Year Ended 31/12/2016 Audited RMB'000
OPERATING ACTIVITIES				
Profit/(Loss) before income tax	**12,019**	**(75,473)**	**25,438**	**(76,579)**
Adjustments for:				
Depreciation of property, plant and equipment	7,680	8,963	29,458	34,463
Amortisation of land use rights	226	226	905	937
Amortisation of intangible assets	-	-	-	5
Written off of property, plant and equipment	-	16,367	-	16,368
Gain on disposal of subsidiary <Note B>	-	-	-	(12,788)
Impairment loss/(Gain) from fair valuation on investment property	(13,912)	37,033	(13,912)	37,033
Net allowance for/(reversal of) doubtful trade receivables	(1,821)	(538)	(275)	13,216
Net allowance for doubtful other receivables	-	15,989	-	15,989
Net allowance for/(reversal of) advances to suppliers	1,649	93	(2,340)	1,184
Inventory written down	-	600	-	1,086
Provision for social security contribution	1,541	8	1,904	(360)
Interest expense	5,572	3,655	15,704	14,176
Interest income	(193)	(248)	(1,035)	(2,043)
Unrealised foreign currency differences	930	3,938	4,135	1,961
Total adjustments	1,672	86,086	34,544	121,227
Operating cash flows before changes in working capital	**13,691**	**10,613**	**59,982**	**44,648**
Decrease/(Increase) in:				
Inventories	29,992	14,092	1,238	(6,795)
Trade receivables	6,533	(10,886)	6,391	(11,194)
Bills and other receivable	(29,815)	(20,310)	(21,003)	(12,801)
Prepayment	(9,222)	(15,596)	(16,545)	(10,518)
Increase/(Decrease) in:				
Trade payables	(5,570)	1,049	(1,159)	13,174
Other payables & accruals	19,205	9,910	16,525	30,145
Bills payable	(5,024)	41,552	(30,685)	11,637
Due to directors	(15,526)	(982)	3,347	528
Total changes in working capital	(9,427)	18,923	(41,891)	14,176
Cash flows generated from operations	**4,264**	**29,536**	**18,091**	**58,824**
Interest expense paid	(5,572)	(3,655)	(15,704)	(14,176)
Interest income received	193	248	1,035	2,043
Income tax paid	243	192	(2,904)	(31,507)
Net cash generated from/(used in)operating activities	**(872)**	**26,321**	**518**	**15,184**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,468)	(1,269)	(14,902)	(18,051)
Construction of investment property	(44,926)	(20,247)	(44,988)	(136,513)
Disposal of subsidiary, net of cash disposed <Note B>	-	-	-	18,685
Net cash used in investing activities	**(48,394)**	**(21,516)**	**(59,890)**	**(135,879)**
FINANCING ACTIVITIES				
Proceeds from short-term borrowings	-	9,000	157,060	178,000
Repayments of short-term borrowings	-	(9,000)	(187,000)	(139,000)
(Decrease)/Increase in fixed deposits pledged to banks	1,500	(13,250)	8,400	850
Net cash (used in) / generated from financing activities	**1,500**	**(13,350)**	**(21,540)**	**39,850**
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	(47,766)	(8,545)	(80,912)	(80,845)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD / YEAR	196,081	237,772	229,227	310,072
CASH & CASH EQUIVALENTS AT END OF PERIOD/YEAR (Note A)	148,315	229,227	148,315	229,227

Note A:

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

		31/12/2017 Unaudited RMB'000	31/12/2016 Audited RMB'000
Fixed deposits		31,500	39,900
Cash and bank balances		166,551	248,798
		198,051	288,698
Less:	Bank overdraft	(18,236)	(19,571)
	Fixed deposits (pledged)	(31,500)	(39,900)
Cash and cash equivalents		148,315	229,227

Fixed deposits amounting to RMB 31,500,000 (2016: RMB 39,900,000) are pledged to banks for the Group's bills payable to banks and bank overdrafts.

Note B:

Disposal of subsidiary

On 26 July 2016, Jade Star Group Holding Limited, a wholly owned subsidiary of the Company disposed of its entire interest in Qingdao Hong Shi High Technological Co., Ltd. ("Qingdao HS") for a cash consideration of RMB 21,000,000.

	3 months Ended 31/12/2017 Unaudited RMB'000	3 months Ended 31/12/2016 Unaudited RMB'000	Year Ended 31/12/2017 Unaudited RMB'000	Year Ended 31/12/2016 Audited RMB'000
Consideration received	-	-	-	21,000
Non-current assets	-	-	-	13,416
Current assets	-	-	-	14,732
Non-current liability	-	-	-	(530)
Current liabilities	-	-	-	(19,406)
Net liabilities disposed off	-	-	-	8,212
Gain on disposal of subsidiary	-	-	-	12,788

Net cash outflow arising on disposal

	3 months Ended 31/12/2017 Unaudited RMB'000	3 months Ended 31/12/2016 Unaudited RMB'000	Year Ended 31/12/2017 Unaudited RMB'000	Year Ended 31/12/2016 Audited RMB'000
Cash consideration received	-	-	-	21,000
Cash and cash equivalents disposed off	-	-	-	(2,315)
Disposal of subsidiary, net of cash disposed	-	-	-	18,685

a) The Company had obtained from its shareholders for disposal of Qingdao HS at a Special General Meeting held on 28 April 2016.

1(d)(i) A statement for the issuer and group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve[1]	Translation reserve	Accumulated profits / (losses)	Total equity
Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January 2016	772,574	(6,408)	64,590	39,573	(117,878)	(4,078)	(32,883)	715,490
Total comprehensive loss for the year	-	-	-	-	-	(7,127)	(70,437)	(77,564)
Transferred to reserve fund	-	-	267	-	-	-	(267)	-
Closing balance at 31 December 2016	772,574	(6,408)	64,857	39,573	(117,878)	(11,205)	(103,587)	637,926
At 1 January 2017	772,574	(6,408)	64,857	39,573	(117,878)	(11,205)	(103,587)	637,926
Total comprehensive income for the year	-	-	-	-	-	7,037	16,214	23,251
Transferred to reserve fund	-	-	1,013	-	-	-	(1,013)	-
Closing balance at 31 December 2017	772,574	(6,408)	65,870	39,573	(117,878)	(4,168)	(88,386)	661,177
Company								
At 1 January 2016	772,574	(6,408)	-	39,573	-	-	19,994	825,733
Total comprehensive loss for the year	-	-	-	-	-	-	(91,014)	(91,014)
Closing balance at 31 December 2016	772,574	(6,408)	-	39,573	-	-	(71,020)	734,719
At 1 January 2017	772,574	(6,408)	-	39,573	-	-	(71,020)	734,719
Total comprehensive loss for the year	-	-	-	-	-	-	(9,782)	(9,782)
Closing balance at 31 December 2017	772,574	(6,408)	-	39,573	-	-	(80,802)	724,937

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 profits / (losses)** RMB'000	**Total equity** RMB'000
At 1 October 2016	772,574	(6,408)	64,590	39,573	(117,878)	(7,027)	(36,398)	709,026
Total comprehensive loss for the period	-	-	-	-	-	(4,178)	(66,922)	(71,100)
Transferred to reserve fund	-	-	267	-	-	-	(267)	-
Closing balance at 31 December 2016	772,574	(6,408)	64,857	39,573	(117,878)	(11,205)	(103,587)	637,926
At 1 October 2017	772,574	(6,408)	64,857	39,573	(117,878)	(5,782)	(93,598)	653,338
Total comprehensive income for the period	-	-	-	-	-	1,614	6,225	7,839
Transferred to reserve fund	-	-	1,013	-	-	-	(1,013)	-
Closing balance at 31 December 2017	772,574	(6,408)	65,870	39,573	(117,878)	(4,168)	(88,386)	661,177
Company								
At 1 October 2016	772,574	(6,408)	-	39,573	-	-	20,486	826,225
Total comprehensive loss for the period	-	-	-	-	-	-	(91,506)	(91,506)
Closing balance at 31 December 2016	772,574	(6,408)	-	39,573	-	-	(71,020)	734,719
At 1 October 2017	772,574	(6,408)	-	39,573	-	-	(83,105)	722,634
Total comprehensive income for the period	-	-	-	-	-	-	2,303	2,303
Closing balance at 31 December 2017	772,574	(6,408)	-	39,573	-	-	(80,802)	724,937

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".

1(d)(ii) **Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues 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 the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding year.

Share Buy-back
During the year ended 31 December 2017, there was no shares acquired.

Convertibles
For the year ended 31 December 2017, there was no outstanding convertibles.

Subsidiary Holdings
For the year ended 31 December 2017, there was no subsidiary holdings.

1(d)(iii) 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 immediate preceding year.

	31 December 2017	**31 December 2016**
Total number of issued shares excluding treasury shares	17,205,438	17,205,438

There were a total of 277,720 treasury shares as at 31 December 2017 and 31 December 2016.

Percentage of treasury shares held against total number of issued shares (excluding treasury shares): 1.61%.

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

	Treasury shares
Total number of shares as at 1 January 2017	277,720
Purchases of shares during the period	-
Total number of shares as at 31 December 2017	277,720

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2017.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings at the end of the current financial period reported on.

There were no subsidiary holdings as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

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

The same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2016 have been applied in the preparation for the financial statements for the year ended 31 December 2017.

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.

The adoption of the new and revised FRS and INT FRS does not have any material financial impact on the Group's and Company's financial statements for the current year.

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.

Profit/(Loss) per ordinary share of the group, after deducting any provision for preference dividends (in RMB):	Group		Group	
	3 months ended 31/12/2017	**3 months ended 31/12/2016**	**Year ended 31/12/2017**	**Year ended 31/12/2016**
(a) Basic and	0.36	(3.89)	0.94	(4.09)
(b) On a fully diluted basis	0.36	(3.89)	0.94	(4.09)

Note: Basic loss per share is computed based on weighted average number of shares in issue in 2017:17,205,438 ordinary shares (2016: 17,205,438).

For the fourth quarter and full year ended 31 December 2017 and 2016, the basic and diluted earnings per share of the Group are the same as there were no potential diluting ordinary shares outstanding as at 31 December 2017 and 2016.

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	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Net asset value per ordinary share based on issued share capital at the end of the year (in RMB): (Number of ordinary shares in issue as at 31/12/2017: 17,205,438 (as at 31/12/2016: 17,205,438))	38.4	37.1	42.1	42.7

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		
	3 months Ended 31/12/2017 Unaudited	**3 months Ended 31/12/2016 Unaudited**	**Increase/ (Decrease)**	**Year Ended 31/12/2017 Unaudited**	**Year Ended 31/12/2016 Audited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper	122,276	102,405	19	407,885	359,420	13
Trading	118,136	116,820	1	464,860	428,469	8
Rental income	85	-	NM	85	-	NM
Processing	19,587	21,979	(11)	67,740	64,585	5
Inter-segment sales	(4,946)	(6,583)	(25)	(18,816)	(20,128)	(7)
Total Group Revenue	255,138	234,621	9	921,754	832,346	11
COST OF SALES						
Zipper	107,180	91,726	17	360,456	320,724	12
Trading	115,204	114,534	1	454,298	419,182	8
Rental income	1	-	NM	1	-	NM
Processing	19,783	22,734	(13)	67,594	63,753	6
Inter-segment sales	(4,946)	(6,583)	(25)	(18,816)	(20,128)	(7)
Total Group Cost of Sales	237,222	222,411	7	863,533	783,531	10
GROSS PROFIT						
Zipper	15,096	10,679	41	47,429	38,696	23
Trading	2,932	2,286	28	10,562	9,287	14
Rental income	84	-	NM	84	-	NM
Processing	(196)	(755)	(74)	146	832	(82)
Total Gross Profit	17,916	12,210	47	58,221	48,815	19
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper	12.3	10.4	1.9	11.6	10.8	0.8
Trading	2.5	2.0	0.5	2.3	2.2	0.1
Rental income	98.8	-	NM	98.8	-	NM
Processing	(1.0)	(3.4)	2.4	0.2	1.3	(1.1)
Average Gross Profit Margin	7.0	5.2	1.8	6.3	5.9	0.4

NM: Not Meaningful

FY2017 vs. FY2016

Revenue

The Group's revenue increased by RMB 89.4 million (or 11%) to RMB 921.8 million. This was mainly due to the increase in the sales of the Zipper segment (RMB 48.5 million), the Trading segment (RMB 36.4 million), and the Processing segment (RMB 3.2 million). RMB 0.1 million was recorded under "rental income", a new business segment, following the completion of the construction of the Group's Xiamen Headquarters.

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

The increase in revenue for the Zipper segment and the Processing segment in FY2017 was mainly due to the increase in sales volume as a result of better quality achieved following the partial automation of the Group's plant and machinery in the production processes.

The Group's Trading segment relates to the sourcing and buying of certain raw materials in accordance to customers' requirements. The profit margin and all purchases were based on confirmed sales. As such, the volume of trading depends on the opportunities available so as the profitability and price movements which are dependent on customers' demand for raw materials. The increase in revenue from the Trading segment was due to an increase in sales orders from customers during FY2017 as a result of effective pricing strategy.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 9.4 million (or 19%) to RMB 58.2 million. The increase was due mainly to the increases in revenue from the Zipper segment and the Trading segment.

Average gross profit margin increased by 0.4 percentage point to 6.3% due to the increase in gross profit margin from the Zipper segment in FY2017. This was due to lower production costs following the partial automation of the Group's plant and machinery.

Other income and other expenses

Other income mainly comprises government subsidies, refund of unclaimed cash dividend distribution, valuation gain on investment properties, written back of trade and other receivables while other expenses represented foreign exchange loss. The net income increase was due to the valuation gain on investment properties (RMB 13.9 million) and also the written back of other receivables (RMB16.0 million).

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 decreased by RMB 0.4 million (or 6%) to RMB 5.9 million as a result of decrease in staff costs due to a leaner sales force.

General and administrative expenses

General and administrative expenses decreased by RMB 60.7 million (or 64%) to RMB 33.5 million. This was mainly due to written back of doubtful trade receivables of RMB 0.3 million in FY2017 as a result of settlement of outstanding balance by customers while allowance for doubtful trade receivables amounted to RMB 13.2 million was provided in FY2016. In addition, RMB16.4

million of the Group's spare plant and machineries was written off after the successful installation of its automation machineries in FY2016 while there was no such written off in FY2017. Furthermore, allowance for doubtful other receivables of Qingdao Hong Shi High Technological Co. Ltd ("Qingdao HS") which amounted to RMB16.0 million was provided in FY2016. The amount was subsequently received in 2Q2017 and the allowance was written back in the same period.

The written back of prepayments (RMB 2.3 million) following receipt of raw materials orders also reduced the general and administration expenses.

Finance income and expenses

Finance expenses increased by RMB 1.5 million (or 11%) to RMB 15.7 million. This was attributable to the increase in short-term loans and bills transactions with banks. Finance income decreased by RMB 1.0 million (or 49%) to RMB 1.0 million due mainly to the decrease in bank balance during FY2017.

Tax expense

	Group		
	Year Ended 31/12/2017 Unaudited	**Year Ended 31/12/2016 Audited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	4,741	2,841	66
Deferred tax[2]	1,013	267	279
Deferred tax[3]	3,470	(9,250)	NM
Tax expense	9,224	(6,142)	NM

NM: Not Meaningful

Notes:

[1] Current tax increased by RMB 1.9 million or 66% due to increase in taxable profit before taxation in FY2017.

[2] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008, shall be subject to withholding tax on distribution to foreign investors. Accordingly, the Group has 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%.

[3] Deferred tax arise from the temporary differences in fair value of investment property and depreciation of property, plant and equipment.

4Q2017 vs. 4Q2016 (3 months)

Revenue

The Group's revenue increased by RMB 20.5 million (or 9%) to RMB 255.1 million. The increase was due mainly to the increase in sales of the Zipper segment (RMB 19.9 million), and the Trading segment (RMB 1.3 million). The increase was partially offset by the decrease in revenue contributions from the Processing segment (RMB 2.4 million). RMB 0.1 million was recorded under "rental income", a new business segment, following the completion of the construction of the Group's Xiamen Headquarters.

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

The increase in revenue for the Zipper segment was mainly due to the increase in sales volume arising from the stable quality achieved following the partial automation of plant and machinery in the production of zipper sliders.

The decrease in revenue from the Processing segment were attributable to a deteriorating market for the processing industry in the PRC which was adversely affected by the general slowdown in the global economy. This had resulted in the decrease in sales order from customers.

The increase in revenue from the Trading segment was due to an increase in sales orders from customers during 4Q2017.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 5.7 million (or 47%) to RMB 17.9 million. The increase in gross profit was due mainly to the increases in revenue from the Zipper segment and the Trading segment.

Average gross profit margin increased by 1.8 percentage points to 7.0% due to the increase in gross profit margin from the Zipper segment in FY2017. This was due to lower production costs following the partial automation of the Group's plant and machinery.

Other income and other expenses

Other income mainly comprises government subsidies, refund of unclaimed cash dividend distribution, valuation gain on investment properties, written back of trade and other receivables while other expenses represented foreign exchange loss. The net income increase was due to the valuation gain on investment properties (RMB 13.9 million) and also the written back of other receivables (RMB16.0 million).

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 RMB 0.1 million (or 9%) to RMB 1.3 million as a result of increase in promotion activities in 4Q2017.

General and administrative expenses

General and administrative expenses decreased by RMB 41.8 million (or 79%) to RMB 10.8 million. This was mainly due to written back of doubtful trade receivables of RMB 1.8 million as a result of settlement of outstanding balance by customers.

In 4Q2016, RMB16.4 million of the Group's spare plant and machineries was written off after the successful installation of its automation machineries. The provision for doubtful other receivables of Qingdao HS which amounted to RMB16.0 million was received in 2Q2017, while no such provision was made in 4Q2017.

Finance income and expenses

Finance expenses increased by RMB 1.9 million (or 52%) to RMB 5.6 million. This was attributable to the increase in interest rate. Finance income decreased by RMB 0.1 million to RMB 0.2 million as a result of decrease in bank balance.

Tax expense

	Group		
	3 months Ended 31/12/2017 Unaudited	**3 months Ended 31/12/2016 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	1,887	657	187
Deferred tax[2]	437	42	940
Deferred tax[3]	3,470	(9,250)	NM
Tax expense	5,794	(8,551)	NM

Notes:

[1] Current tax increased by RMB 1.2 million or 187% due to a increase in taxable profit before taxation in 4Q2017.

[2] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008, shall be subject to withholding tax on distribution to foreign investors. Accordingly, the Group has 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%.

[3] Deferred tax arise from temporary differences in fair value of investment property and depreciation of property, plant and equipment.

FINANCIAL POSITION

Non-current assets

As at 31 December 2017, non-current assets amounted to RMB 790.9 million comprising property, plant and equipment, investment property, land use rights, and prepayment.

The Group's property, plant and equipment amounted to RMB 262.6 million, an increase of RMB 21.3 million compared to RMB 241.3 million as at 31 December 2016. The increase was due mainly to transfer of 24/F and 25/F of the Group's Xiamen headquarters ("HQ Project") to property, plant and equipment as after the completion of construction in 4Q2017.

As at 31 December 2017, the investment property represented the recognition of the construction cost of the HQ Project under FRS40 - "Investment property is property held to earn rentals or for capital appreciation or both." According to the Group's construction plan, the HQ Project will have 25 floors, and most of the office units will be leased out for rental income. Therefore, this property including the land use right was classified as investment properties under FRS40. The increase in investment property was due to the recognition of the construction costs incurred with valuation gain on investment properties of RMB 13.9 million arising from an independent valuation of the investment properties.

The decrease in land use rights and intangible assets was due mainly to the amortization expenses.

The prepayment balance in FY2017 represented the deposits paid for purchases of machinery.

Current assets

As at 31 December 2017, current assets amounted to RMB 634.0 million, a decrease of 8.3% (RMB 57.4 million) compared to RMB 691.5 million as at 31 December 2016. This was due largely to the decrease in cash and bank balances.

The Group retained inventories of 2 months' raw materials to satisfy the production requirement for 1Q2018.

Trade and other receivables increased by RMB 15.5 million from RMB 271.3 million to RMB 286.8 million due to increase in trade receivables in tandem with the increase in revenue of the Zipper segment in 4Q2017.

The increase in prepayments to suppliers by RMB 18.9 million (or 26%) to RMB 92.6 million was due mainly to the increase in advances made to certain suppliers. For advances to suppliers, the Group will secure signed supply agreements with its various suppliers. The advance payments in the supply agreements are calculated based on a certain percentage of the total contract price.

Cash and bank balances decreased from RMB 248.8 million to RMB 166.6 million due mainly to the settlement of construction cost of investment property in FY2017.

Current liabilities

As at 31 December 2017, total current liabilities were RMB 735.4 million, a decrease of 6% (or RMB 43.2 million) compared to RMB 778.6 million as at 31 December 2016. This was mainly attributable to the decrease in trade payables, bills payables and short-term bank loans which was partially offset by the increase in amount due to directors, income tax payables, other payables and accruals.

Trade and bills payables decreased by RMB 1.2 million and RMB 30.7 million due mainly to the usage of the prepayment to suppliers in netting off the purchases of raw materials. .

The other payables and accruals increased by RMB 18.4 million to RMB 271.5 million was due mainly to the accrual of the construction costs for the building of the HQ Project.

Short-term bank loans decreased by RMB 32.8 million (or 10%) to RMB308.4 million due to repayment of short-term bank loans in FY2017, please refer to page 4 for further information.

Bank overdrafts represented the drawdown of the banking facilities from Hang Seng Bank.

The amount due to a Director was due to funds contributed by Mr Hong Qing Liang for the HQ Project . The construction costs were paid by Mr Hong from his personal bank account in Hong Kong first and reimbursed by the Company. This arrangement was undertaken as the local government of Xiamen Island will impose an interest tax on all monies transferred from other locations within the PRC. Remittances from Hong Kong and foreign countries are exempted from such tax.

Non-current liabilities

Non-current liabilities comprise deferred tax liabilities. The decrease in deferred tax liabilities was due mainly to the settlement of withholding tax as explained above under the note for tax expense.

CASH FLOW

Operating activities
Net cash flows generated from operating activities in FY2017 amounted to RMB 0.5 million compared to RMB 15.2 million in FY2016. Net cash flows used in operating activities in 4Q2017 amounted to RMB 0.9 million while net cash flows generated from operating activities in 4Q2016 amounted to RMB 26.3 million. This was due mainly to the decrease in bills payables
.
Investing activities
Net cash flows used in investing activities in FY2017 amounted to RMB 59.9 million compared to RMB 135.9 million in FY2016; and in 4Q2017 amounted to RMB 48.4 million compared to RMB 21.5 million in 4Q2016, due mainly to the purchase of property, plant and equipment and

construction of the HQ Project in FY2017 and 4Q2017.

Financing activities
Net cash flows used in financing activities in FY2017 amounted to RMB 21.5 million while net cash flows generated from FY2016 amounted to RMB 39.9 million, This was due mainly to higher repayment of short-term bank loans in FY2017 as compared to FY2016.

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

The performance for 4Q2017 and FY2017 is line with the commentary made in item 10 of the Company's results announcement dated 14 November 2017.

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 reporting period and the next 12 months.

The Group continues to operate under a highly competitive environment as the zipper industry in the People's Republic China ("PRC") faces intense competition with razor thin profit margins in both the domestic and overseas markets.

In addition, cost pressures arising from rising factory overheads and labour costs will affect the Group's operating outlook for the next twelve months.

In view of the challenging business environment, the Group will continue to keep a tight rein over its operating costs and monitor its receivables and collections closely. For 4Q2017, the Group had rented out a few office units of its HQ Project and recorded a rental income of RMB85,000. Going forward, the Group will step up its leasing efforts to achieve higher rental income.

Update on the Company's Xiamen Headquarters

As last reported, to comply with the local government's regulatory requirements, rectification costs were expected to be incurred on the additions and alternation works to the building. In 4Q2017, rectification costs amounting to RMB38 million were incurred for the purpose stated above. As at 31 December 2017, the total costs incurred on the HQ Project amounted to RMB494 million. The 24th and 25th floors of the HQ Project are currently undergoing renovations for the Group's corporate office. In the meantime, the Group will focus on renting out the office units to generate recurring rental income.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared 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.

Not Applicable.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company is not required to have a general mandate from shareholders for IPTs.

14. Confirmation that the issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7)

The Company hereby confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1) of the Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Group	**Zipper**	**Trading**	**Processing**	**Corporate**	**Elimination**	**Total**
31 December 2017	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Revenue:						
Sales to external customers	407,885	464,860	48,924	-	-	921,669
Rental income	-	-	-	85	-	85
Inter-segment sales	9,269	-	18,816	-	(28,085)	-
Total revenue	417,154	464,860	67,740	85	(28,085)	921,754
Results:						
Segment gross profit	47,428	10,562	146	85	-	58,221
Segment results	38,382	10,697	(7,609)	(1,363)	-	40,107
Finance income	1,000	-	8	27	-	1,035
Finance expense	(8,319)	(3,335)	(1,616)	(2,434)	-	(15,704)
Profit before income tax						25,438
Tax expenses						(9,224)
Net profit attributable to shareholders						16,214
Other segment information						
Gain from valuation on investment properties	-	-	-	(13,912)	-	(13,912)
Depreciation and amortization	18,950	2	11,271	141	-	30,364
Provision for social security contribution	1,356	-	548	-	-	1,904
Total assets	**589,919**	**144,241**	**153,085**	**537,700**	**-**	**1,424,945**
Capital expenditure for property, plant and equipment	11,019	-	2,784	36,912	-	50,715
Total liabilities	**(304,826)**	**(107,600)**	**(135,515)**	**(215,827)**	**-**	**(763,768)**
31 December 2016	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Revenue:						
Sales to external customers	359,419	428,469	44,458	-	-	832,346
Inter-segment sales	10,207	-	20,127	-	(30,334)	-
Total revenue	369,626	428,469	64,585	-	(30,334)	832,346
Results:						
Segment gross profit	38,196	9,287	1,332	-	-	48,815
Segment results	(31,323)	9,775	(15,901)	(26,997)	-	(64,446)
Finance income	2,031	-	8	4	-	2,043
Finance expense	(8,879)	(3,560)	(1,737)	-	-	(14,176)
Loss before income tax						(76,579)

Tax expenses						(6,142)
Net loss attributable to shareholders						(70,437)
Other segment information						
Impairment loss on investment properties	-	-	-	37,033	-	37,033
Depreciation and amortization	23,102	3	12,298	2	-	35,405
Provision for social security contribution	455	-	(815)	-	-	(360)
Written off of PPE	11,433	-	4,935	-	-	16,368
Total assets	**641,017**	**161,634**	**156,727**	**479,582**	**-**	**1,438,960**
Capital expenditure for property, plant and equipment	1,058	2	16,963	-	-	18,023
Total liabilities	**(333,611)**	**(124,776)**	**(133,570)**	**(209,077)**	**-**	**(801,034)**

Note: Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision maker.

Geographical information

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

	Revenue		Non-current assets	
	2017	**2016**	**2017**	**2016**
	RMB'000	RMB'000	RMB'000	RMB'000
People's Republic of China	403,877	403,877	790,926	747,486
Hong Kong	517,877	428,469	2	4
	921,754	832,346	790,928	747,490

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

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

17. A breakdown of sales.

	Group		
	FY2017	**FY2016**	**Increase/ (decrease)**
	RMB'000	**RMB'000**	**%**
(a) Sales reported for first half year	449,920	376,769	10
(b) Operating Profit/(loss) after tax before deducting minority interests reported for first half year	8,570	(12,127)	NM
(c) Sales reported for second half year	471,834	455,577	4
(d) Operating profit / (loss) after tax before deducting minority interests reported for second half year	7,644	(58,310)	NM

NM: Not Meaningful

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	31 December 2017	**31 December 2016**
Ordinary	-	-
Preference	-	-
Total:	-	-

19. 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	28	Son of Mr Hong Qing Liang – Executive Chairman, Chief Executive Officer and Substantial Shareholder	General Manager of Jinjiang Fookhing Zipper Co. Ltd ("Jinjiang FZ"), a subsidiary of the Company, since April 2013. Overseeing the operations of Jinjiang FZ.	No change

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman & CEO

27 February 2018