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

UNAUDITED FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

Statement of Comprehensive Income for the financial year ended 31/12/2018.

	Group			Group		
	3 months Ended 31/12/2018 Unaudited	3 months Ended 31/12/2017 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2018 Unaudited	Year Ended 31/12/2017 Audited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	227,181	255,053	(11)	900,948	921,669	(2)
Cost of sales	(215,944)	(237,221)	(9)	(851,553)	(863,532)	(1)
Gross profit	11,237	17,832	(37)	49,395	58,137	(15)
Other income/(expenses)	19,231	10,486	83	33,345	20,160	65
Selling and distribution expenses	(1,602)	(1,275)	26	(7,047)	(5,917)	19
General and administrative expenses	(12,066)	(11,120)	9	(46,785)	(33,748)	39
Profit from operating activities	16,800	15,923	6	28,908	38,632	(25)
Finance income	58	193	(70)	692	1,035	(33)
Finance expense	(3,282)	(4,097)	(20)	(16,547)	(14,229)	16
Profit before income tax	13,576	12,019	13	13,053	25,438	(49)
Income tax expense	(3,949)	(5,794)	(32)	(5,969)	(9,224)	(35)
Profit for the period	9,627	6,225	55	7,084	16,214	(57)
Statement of Comprehensive Income						
Net profit for the period	9,627	6,225	55	7,084	16,214	(57)
Other comprehensive income/(loss) for the period						
Exchange differences on translating foreign operations	429	1,614	(73)	(4,480)	7,037	NM
Total comprehensive income for the period	10,056	7,839	28	2,604	23,251	(89)
Net profit attributable to:						
Equity holders of the Company	9,510	6,225	53	6,991	16,214	(57)
Non-controlling interests	117	-	100	93	-	100
Total comprehensive income attributable to:						
Equity holders of the Company	9,939	7,839	27	2,511	23,251	(89)
Non-controlling interests	117	-	100	93	-	100

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

	3 months Ended 31/12/2018 Unaudited RMB'000	3 months Ended 31/12/2017 Unaudited RMB'000	Increase/ (Decrease) %	Year Ended 31/12/2018 Unaudited RMB'000	Year Ended 31/12/2017 Audited RMB'000	Increase/ (Decrease) %
(Writeback of) /net allowance for doubtful trade receivables	(914)	(1,821)	(49)	485	(275)	NM
(Writeback of) /net allowance for doubtful other receivables	950	-	100	950	(15,989)	NM
Net allowance for advances to suppliers	2,561	1,649	55	6,032	-	100
Amortisation of land use rights	226	226	-	905	905	-
Rental and management fee income	(8,251)	(85)	NM	(16,194)	(85)	NM
Written off of property, plant and equipment	391	-	100	391	-	100
Gain from fair valuation of investment property	(12,030)	(13,912)	(14)	(12,030)	(13,912)	(14)
Depreciation of property, plant and equipment	11,957	7,680	56	31,145	29,458	6
Provision for social security contribution	(2,253)	1,541	NM	(1,188)	1,904	NM
Foreign exchange (gain)/loss, net	940	2,922	(68)	(4,790)	9,474	NM
Salaries and bonuses	16,432	17,562	(6)	68,518	64,012	7

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	
	31/12/2018 Unaudited	**31/12/2017 Audited**	**31/12/2018 Unaudited**	**31/12/2017 Audited**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
ASSETS				
Non-current assets				
Property, plant and equipment	265,324	262,571	-	-
Investment property	510,500	498,470	-	-
Land use rights	27,838	28,743	-	-
Intangible assets	-	-	-	-
Prepayments	-	1,144	-	-
Investment in subsidiaries	-	-	344,853	344,853
Total non-current assets	803,662	790,928	344,853	344,853
Current assets				
Inventories	70,190	56,495	-	-
Trade and other receivables	268,694	284,101	2	2
Prepayments to suppliers	84,642	92,623	-	-
Amount due from subsidiaries (non-trade)	-	-	380,958	390,698
Fixed deposits	40,000	31,500	-	-
Cash and bank balances	23,748	166,551	240	359
Total current assets	487,274	631,270	381,200	391,059
Total assets	1,290,936	1,422,198	726,053	735,912
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	4,991	7,482	-	-
Bills payable to banks	84,000	113,793	-	-
Other payables & accruals	224,680	268,706	1,870	1,725
Amount due to a director (non-trade)	56,678	10,891	680	9,250
Short-term bank loans	221,400	308,437	-	-
Bank overdrafts	-	18,236	-	-
Income tax payable	3,811	5,076	-	-
Total current liabilities	595,560	732,621	2,550	10,975
Non-current liability				
Deferred tax liabilities	31,555	28,400	-	-
Total non-current liability	31,555	28,400	-	-
Total liabilities	627,115	761,021	2,550	10,975
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	66,015	65,870	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Capital reserve	39,573	39,573	39,573	39,573
Translation reserve	(8,648)	(4,168)	-	-
Accumulated losses	(81,540)	(88,386)	(82,236)	(80,802)
Attributable to equity holders of the company	663,688	661,177	723,503	724,937
Non-controlling interests	133	-	-	-
Total equity	663,821	661,177	723,503	724,937
Total equity and liabilities	1,290,936	1,422,198	726,053	735,912

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 2018		As at 31 December 2017	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- China CITIC Bank[1]	64,000	-	51,000	-
- China Construction Bank[2]	20,000	-	15,000	-
- Hang Seng Bank[4]	-	-	47,793	-
Short-term bank loans				
- China CITIC Bank[1]	112,000	-	129,060	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch [3]	7,900	-	9,000	-
- Hang Seng Bank[4]	-	-	41,377	-
- China Construction Bank Dongqu Branch[5]	82,500	-	110,000	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch [6]	19,000	-	19,000	-
Bank overdrafts				
- Hang Seng Bank[4]	-	-	18,236	-

Notes:

[1] The bills payable of RMB 64.0 million and short-term bank loan of RMB112.0 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 20.0 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 7.9 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 banking facilities from Hand Seng Bank had lapsed in 3Q2018. The Group has obtained new banking facilities from Bank of China (Hong Kong) Limited in financing the trading activities of its Hong Kong trading company. Please refer to the "General Announcement" on 13 November 2018.

[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 31/12/2018 Unaudited RMB'000	3 months Ended 31/12/2017 Unaudited RMB'000	Year Ended 31/12/2018 Unaudited RMB'000	Year Ended 31/12/2017 Audited RMB'000
OPERATING ACTIVITIES				
Profit before income tax	**13,576**	**12,019**	**13,053**	**25,438**
Adjustments for:				
Depreciation of property, plant and equipment	11,957	7,680	31,145	29,458
Amortisation of land use rights	226	226	905	905
Written off of property, plant and equipment	391	-	391	-
Impairment loss/(Gain) from fair valuation on investment property	(12,030)	(13,912)	(12,030)	(13,912)
Net (Write back of)/allowance for doubtful trade receivables	(914)	(1,821)	485	(275)
Net (Write back of)/allowance for doubtful other receivables	950	-	950	(15,989)
Net (Write back of)/allowance for advances to suppliers	2,561	1,649	6,032	-
Provision for social security contribution	(2,253)	1,541	(1,188)	1,904
Interest expense	3,282	5,572	16,547	14,229
Interest income	(58)	(193)	(692)	(1,035)
Unrealised foreign currency differences	430	930	(2,297)	4,136
Total adjustments	4,542	1,672	40,248	19,421
Operating cash flows before changes in working capital	**18,118**	**13,691**	**53,301**	**44,859**
Decrease/(Increase) in:				
Inventories	39,170	29,992	(13,695)	1,237
Trade receivables	(1,727)	6,533	5,648	6,391
Bills and other receivable	8,759	(29,815)	12,073	(18,914)
Prepayment	(26,924)	(9,222)	1,948	(18,886)
Increase/(Decrease) in:				
Trade payables	(4,024)	(5,570)	(2,490)	(1,159)
Other payables & accruals	(7,224)	19,205	(45,586)	13,778
Bills payable	(5,000)	(5,024)	(29,793)	(30,685)
Due to directors	(39,308)	(15,526)	45,787	3,348
Total changes in working capital	(36,278)	(9,427)	(26,108)	(44,890)
Cash flows generated from/(used in) operations	**(18,160)**	**4,264**	**27,193**	**(31)**
Interest expense paid	(3,282)	(5,572)	(16,547)	(14,229)
Interest income received	58	193	692	1,035
Income tax paid	(1,683)	243	(5,080)	(2,247)
Net cash generated from/(used in)operating activities	**(23,067)**	**(872)**	**6,258**	**(15,472)**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(73)	(3,468)	(33,145)	(14,901)
Construction of investment property	-	(44,926)	-	(44,988)
Proceeds from doubtful debts recovered	-	-	-	15,989
Net cash used in investing activities	**(73)**	**(48,394)**	**(33,145)**	**(43,900)**
FINANCING ACTIVITIES				
Capital contribution by non-controlling interests	-	-	40	-
Proceeds from short-term borrowings	-	-	138,900	157,060
Repayments of short-term borrowings	-	-	(228,120)	(187,000)
(Decrease)/Increase in fixed deposits pledged to banks	7,500	1,500	(8,500)	8,400
Net cash (used in) / generated from financing activities	**7,500**	**1,500**	**(97,680)**	**(21,540)**
NET DECREASE IN CASH & CASH EQUIVALENTS	(15,640)	(47,766)	(124,567)	(80,912)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD / YEAR	39,388	196,081	148,315	229,227
CASH & CASH EQUIVALENTS AT END OF PERIOD/YEAR (Note A)	23,748	148,315	23,748	148,315

Note A:

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

		31/12/2018 Unaudited RMB'000	31/12/2017 Audited RMB'000
Fixed deposits		40,000	31,500
Cash and bank balances		23,748	166,551
		63,748	198,051
Less:	Bank overdraft	-	(18,236)
	Fixed deposits (pledged)	(40,000)	(31,500)
Cash and cash equivalents		23,748	148,315

Fixed deposits amounting to RMB 40,000,000 (2017: RMB 31,500,000) are pledged to banks for the Group's bills payable to banks and bank overdrafts.

a) 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.

	Attributable to owners of the Company								
Group	**Share capital** RMB'000	**Treasury shares** RMB'000	**Reserve fund** RMB'000	**Capital reserve** RMB'000	**Restructuring reserve**[1] RMB'000	**Translation reserve** RMB'000	**Accumulated losses** RMB'000	**Non-controlling interests** RMB'000	**Total equity** RMB'000
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
At 1 January 2018	772,574	(6,408)	65,870	39,573	(117,878)	(4,168)	(88,386)	-	661,177
Total comprehensive income for the year	-	-	-	-	-	(4,480)	6,991	93	2,604
Capital contribution by Non-controlling interests	-	-	-	-	-	-	-	40	40
Transferred to reserve fund	-	-	145	-	-	-	(145)	-	-
Closing balance at 31 December 2018	772,574	(6,408)	66,015	39,573	(117,878)	(8,648)	(81,540)	133	663,821

Company	**Share capital** RMB'000	**Treasury shares** RMB'000	**Capital reserve** RMB'000	**Accumulated losses** RMB'000	**Total equity** RMB'000
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
At 1 January 2018	772,574	(6,408)	39,573	(80,802)	724,937
Total comprehensive loss for the year	-	-	-	(1,434)	(1,434)
Closing balance at 31 December 2018	772,574	(6,408)	39,573	(82,236)	723,503

	Attributable to owners of the Company								
Group	**Share capital** RMB'000	**Treasury shares** RMB'000	**Capital reserve** 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 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
At 1 October 2018	772,574	(6,408)	65,870	39,573	(117,878)	(9,077)	(90,905)	16	653,765
Total comprehensive income for the period	-	-	-	-	-	429	9,510	117	10,056
Transferred to reserve fund	-	-	145	-	-	-	(145)	-	-
Closing balance at 31 December 2018	772,574	(6,408)	66,015	39,573	(117,878)	(8,648)	(81,540)	133	663,821

Company	**Share capital** RMB'000	**Treasury shares** RMB'000	**Capital reserve** RMB'000	**Accumulated losses** RMB'000	**Total equity** RMB'000
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
At 1 October 2018	772,574	(6,408)	39,573	(75,822)	729,917
Total comprehensive loss for the period	-	-	-	(6,414)	(6,414)
Closing balance at 31 December 2018	772,574	(6,408)	39,573	(82,236)	723,503

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 2018, there was no shares acquired.

Convertibles
For the year ended 31 December 2018, there was no outstanding convertibles.

Subsidiary Holdings
For the year ended 31 December 2018, 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 2018	**31 December 2017**
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 2018 and 31 December 2017.

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 2018	277,720
Purchases of shares during the year	-
Total number of shares as at 31 December 2018	277,720

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2018.

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 2017 have been applied in the preparation for the financial statements for the year ended 31 December 2018.

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.

Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):	Group		Group	
	3 months ended 31/12/2018	**3 months ended 31/12/2017**	**Year ended 31/12/2018**	**Year ended 31/12/2017**
(a) Basic and	0.56	0.36	0.41	0.94
(b) On a fully diluted basis	0.56	0.36	0.41	0.94

Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2018:17,205,438 ordinary shares (2017: 17,205,438).

For the fourth quarter and full year ended 31 December 2018 and 2017, 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 2018 and 2017.

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	
	31/12/2018	**31/12/2017**	**31/12/2018**	**31/12/2017**
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 31/12/2018: 17,205,438 (as at 31/12/2017: 17,205,438)	38.6	38.4	42.1	42.1

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 31/12/2018 Unaudited	**3 months Ended 31/12/2017 Unaudited**	**Increase/ (Decrease)**	**Year Ended 31/12/2018 Unaudited**	**Year Ended 31/12/2017 Audited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper	102,262	122,276	(16)	388,334	407,885	(5)
Trading	105,493	118,136	(11)	447,051	464,860	(4)
Processing	24,145	19,587	23	86,097	67,740	27
Inter-segment sales	(4,719)	(4,946)	(5)	(20,534)	(18,816)	9
Total Group Revenue	227,181	255,053	(11)	900,948	921,669	(2)
COST OF SALES						
Zipper	95,536	107,180	(11)	356,349	360,456	(1)
Trading	102,631	115,204	(11)	434,867	454,298	(4)
Processing	22,496	19,783	14	80,871	67,594	20
Inter-segment sales	(4,719)	(4,946)	(5)	(20,534)	(18,816)	9
Total Group Cost of Sales	215,944	237,221	(9)	851,553	863,532	(1)
GROSS PROFIT						
Zipper	6,726	15,096	(55)	31,985	47,429	(33)
Trading	2,862	2,932	(2)	12,184	10,562	15
Processing	1,649	(196)	NM	5,226	146	NM
Total Gross Profit	11,237	17,832	(37)	49,395	58,137	(15)
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper	6.6	12.3	(5.7)	8.2	11.6	(3.4)
Trading	2.7	2.5	0.2	2.7	2.3	0.4
Processing	6.8	(1.0)	7.8	6.1	0.2	5.9
Average Gross Profit Margin	4.9	7.0	(2.1)	5.5	6.3	(0.8)

NM: Not Meaningful

FY2018 vs. FY2017

Revenue

The Group's revenue decreased by RMB 20.7 million (or 2%) to RMB 900.9 million. This was mainly due to the decrease in the sales of the Zipper segment (RMB 19.6 million), and the Trading segment (RMB 17.8 million). The decrease was partially offset by the revenue contributions from the Processing segment (RMB 18.4 million).

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

The decrease in revenue for the Zipper segment was attributable to a deteriorating market for the zipper 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 in the Processing segment was mainly due to the increase in sales volume arising from a stable quality of its zippers achieved following the partial automation of the Group's 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 decrease in revenue from the Trading segment was mainly due to the decrease in sales volume from customers during FY2018 arising from the upward adjustment of the pricing strategy. This however resulted in higher gross profit on lower sales.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 8.7 million (or 15%) to RMB 49.4 million. The decrease was due mainly to the decreases in revenue from the Zipper segment.

Average gross profit margin decreased by 0.8 percentage point to 5.5% due to the decrease in gross profit margin from the Zipper segment in FY2018. This was due to higher production costs, e.g., wages and cost of raw materials.

Other income and other expenses

Other income mainly comprises government subsidies, valuation gain on investment properties, rental and management fee income from after completion of the construction of the Group's Xiamen Headquarters ("Xiamen HQ"). The net income increase was mainly due to the rental (RMB12.9 million) and management fee income (RMB3.3 million).

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

Selling and distribution expenses

Selling and distribution expenses increased by RMB 1.1 million (or 19%) to RMB 7.0 million as a result of increase in promotional expenses from roadshows conducted.

General and administrative expenses

General and administrative expenses increased by RMB 13.3 million (or 39%) to RMB 46.8 million. This was mainly due to allowance of doubtful trade receivables of RMB 0.5 million, allowance for doubtful other receivables of RMB 1.0 million and allowance for advances to suppliers of RMB 6.0 million in FY2018 while all of the above expenses were written back in FY2017. In addition, in line with the higher rental and management fee income, property and property management expenses incurred on the Xiamen HQ increased from RMB0.5 million in FY2017 to RMB6.7 million inFY2018.

The allowance for doubtful trade receivables amounted to RMB 0.5 million arose from longer credit period requests from some customers. Due to the challenging business environment facing some of the Group's customers in the PRC, the Group had obliged to these customers' request for longer credit terms in order to retain these customers. According to the Group's accounting policy, the extended credit period will be accounted for as allowance for doubtful debts on a prudent basis.

These customers are solvent and continue to trade with the Group on a regular basis. Management is closely monitoring the collections of these customers and for cases of long outstanding debts, the Group's sale representatives would collect the outstanding balances from them in person. So far, there has been no collection issue.

The allowance for doubtful other receivables amounted RMB 1.0 million represented the consultation services for property management in the Xiamen HQ. In accordance with the Group's accounting policy, allowance was made for other receivables that were more than 6 months old.

The allowance for advances to suppliers amounted to 6.0 million were more than 6 months and for services/materials not yet delivered. The increase in allowance for advances to suppliers was mainly due to the change in accounting policy to be in line with that of trade and other receivables. In the previous year, allowance was made for advances to suppliers that were outstanding for more than one year. This year, allowance was made for advances to suppliers that were outstanding for more than 6 months.

Finance income and expenses

Finance expenses increased by RMB 2.3 million (or 16%) to RMB 16.5 million. This was attributable to the increase in interest expenses after the completion of Xiamen HQ as these interest expenses cannot be capitalized.

Finance income decreased by RMB 0.3 million (or 33%) to RMB 0.7 million was due mainly to the decrease in cash and bank balance.

Tax expense

	Group		
	Year Ended 31/12/2018 Unaudited	**Year Ended 31/12/2017 Audited**	**Decrease**
	RMB'000	**RMB'000**	**%**
Current tax[1]	2,814	3,266	(14)
Deferred tax[2]	147	2,480	(94)
Deferred tax[3]	3,008	3,478	(14)
Tax expense	5,969	9,224	(35)

NM: Not Meaningful

Notes:

[1] Current tax decreased by RMB 0.5 million or 14% due to decrease in taxable profit before taxation in FY2018.

[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.

4Q2018 vs. 4Q2017 (3 months)

Revenue

The Group's revenue decreased by RMB 27.9 million (or 11%) to RMB 227.2 million. The decrease was due mainly to the decrease in sales of the Zipper segment (RMB 20.0 million), and the Trading segment (RMB 12.6 million). The decrease was partially offset by the increase in revenue contributions from the Processing segment (RMB 4.6 million).

The decrease in revenue for the Zipper segment was attributable to a deteriorating market for the zipper 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 in the Processing segment was mainly due to the increase in sales volume arising from a stable quality of its zippers achieved following the partial automation of the Group's production processes.

The decrease in revenue from the Trading segment was mainly due to the decrease in sales volume from customers during 4Q2018 arising from the upward adjustment of the pricing strategy. This however resulted in higher gross profit on lower sales.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 6.6 million (or 37%) to RMB 11.2 million. The decrease was due mainly to the decrease in revenue from the Zipper segment.

Average gross profit margin decreased by 2.1 percentage point to 4.9% due to the decrease in gross profit margin from the Zipper segment in 4Q2018. This was due to higher production costs, e.g., wages and cost of raw materials.

Other income and other expenses

Other income mainly comprises government subsidies, valuation gain on investment properties, rental and management fee income from Xiamen HQ. Other expenses mainly represented foreign exchange loss. The net income increase was mainly due to the rental and management fee income (RMB 8.3 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 0.3 million (or 26%) to RMB 1.6 million as a result of increase in promotion activities in 4Q2018.

General and administrative expenses

General and administrative expenses increased by RMB 0.9 million (or 9%) to RMB 12.1 million. This was mainly due to allowance for doubtful other receivables of RMB 1.0 million .

The allowance for doubtful other receivables amounted RMB 1.0 million represented the consultation services for property management in the Xiamen HQ.

Finance income and expenses

Finance expenses decreased by RMB 0.8 million (or 20%) to RMB 3.3 million. This was attributable to the decrease in short-term bank loans in 4Q2018. Finance income decreased by RMB135,000 to RMB58,000 as a result of decrease in cash and bank balance.

Tax expense

	Group		
	3 months Ended 31/12/2018 Unaudited	**3 months Ended 31/12/2017 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	884	412	114
Deferred tax[2]	57	1,904	(97)
Deferred tax[3]	3,008	3,478	(14)
Tax expense	3,949	5,794	(32)

Notes:

[1] Current tax increased by RMB 0.5 million or 114% due to the increase in taxable profit before taxation in 4Q2018.

[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 2018, non-current assets amounted to RMB 803.7 million comprising property, plant and equipment, investment property, and land use rights.

The Group's property, plant and equipment amounted to RMB 265.3 million, an increase of RMB 2.7 million compared to RMB 262.6 million as at 31 December 2017. The increase was due mainly to the purchase of plant and machinery during FY2018 but partially offset by the depreciation expenses.

The increase in investment property was due to valuation gain on investment properties of RMB 12.0 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.

Current assets

As at 31 December 2018, current assets amounted to RMB 487.3 million, a decrease of 23% (RMB 144.0 million) compared to RMB 631.3 million as at 31 December 2017. 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 1Q2019.

Trade and other receivables decreased by RMB 15.4 million from RMB 284.1 million to RMB 268.7 million due to decrease in trade receivables in tandem with the decrease in revenue of the Zipper segment in 4Q2018.

The decrease in prepayments to suppliers was due mainly to the utilization and conversion of the prepayments into raw materials purchase and also the increase in allowance made for advances to suppliers.

For advances to suppliers, the Group will secure supply agreements with its various suppliers. The prepayments to suppliers were to secure raw materials at competitive prices for the year, at about 2% to 3% discount of the total contracted value. The Group will make the advance payment upon the signing of the purchase agreements. After the receipt of the advance payments, the suppliers will take approximately 1 to 2 months to make full delivery of the raw materials to the Group's warehouse.

Cash and bank balances decreased from RMB 166.6 million to RMB 23.7 million due mainly to the purchase of plant and machineries, the repayment of short-term bank loan and bank overdrafts in FY2018.

Current liabilities

As at 31 December 2018, total current liabilities were RMB 595.6 million, a decrease of 19% (or RMB 137.0 million) compared to RMB 732.6 million as at 31 December 2017. This was mainly attributable to the decrease in trade payables, bills payables, short-term bank loans, bank overdrafts, other payables and accruals which was partially offset by the increase in amount due to a director.

Trade and bills payables decreased by RMB 2.5 million and RMB 29.8 million respectively mainly due to decrease in purchases of raw materials in 4Q2018.

The decrease in other payables and accruals was due mainly to the settlement of the construction costs of investment property.

The decrease in short-term bank loans and bank overdrafts was due mainly to repayment of bank loans in FY2018.

The amount due to a director was due to funds remitted from Mr Hong Qing Liang for the repayment of short-term bank loans and bank overdrafts. There is no fixed payment schedule for the personal loan from Mr. Hong Qing Liang who agreed that the personal loan granted shall be interest free.

Non-current liabilities

Non-current liabilities comprise deferred tax liabilities. The increase in deferred tax liabilities was due mainly to the temporary differences in the fair value of investment property and the provision of withholding tax expense in FY2018 as explained above under the notes for tax expense.

CASH FLOW

Operating activities
Net cash flows generated from operating activities in FY2018 amounted to RMB 6.3 million while net cash used in FY2017 amounted to RMB15.5 million. This was due mainly to the decrease in bills receivables in FY2018 as compared to increase in FY2017.

Net cash flows used in operating activities in 4Q2018 amounted to RMB 23.1 million compared to RMB 0.9 million in 4Q2017 was due mainly to the decrease in amount due to a director.

Investing activities
Net cash flows used in investing activities in FY2018 amounted to RMB 33.1 million compared to RMB 43.9 million in FY2017; and in 4Q2018 amounted to RMB 0.1 million compared to RMB 48.4 million in 4Q2017, due mainly to the higher purchase of property, plant and equipment In FY2017 and 4Q2017.

Financing activities
Net cash flows used in financing activities in FY2018 amounted to RMB 97.7 million compared to RMB 21.5 million in FY2017. This was due mainly to higher repayment of short-term bank loans in FY2018 as compared to FY2017.

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 4Q2018 and FY2018 is line with the commentary made in item 10 of the Company's results announcement dated 13 November 2018.

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 challenging and competitive environment as the zipper industry in the People's Republic China ("PRC") faces intense competition with razor thin profit margins.

The Group expects the continuation of the slowing economic growth in the PRC, uncertainties for export sales, as well as cost pressures arising from rising production and labour costs to prevail and affect the Group's operating outlook for the next twelve months.

In view of the challenging business environment, the Group will strive to keep a tight rein over its operating costs and monitor its receivables and collections closely.

Update on the Company's Xiamen HQ

As at 31 December 2018, the Group had leased out all the office area of its Xiamen HQ except 24/F and 25/F which are meant for use as the Group's corporate office. The rental income received will bolster the Group's income streams.

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 and the reason(s) for the decision.

No dividend declared as cash needs to be set aside for the Group's operational needs.

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 2018	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Revenue:						
Sales to external customers	388,334	447,051	65,563	-	-	900,948
Inter-segment sales	-	-	20,534	-	(20,534)	-
Total revenue	388,334	447,051	86,097	-	(20,534)	900,948
Results:						
Segment gross profit	31,985	12,184	5,226	-	-	49,395
Segment results	4,608	9,967	(8,756)	23,089	-	28,908
Finance income	683	-	6	3	-	692
Finance expense	(7,574)	(2,870)	(1,344)	(4,759)	-	(16,547)
Profit before income tax						13,053
Tax expenses						(5,969)
Net profit attributable to shareholders						7,084
Other segment information						
Gain from valuation on investment properties	-	-	-	(12,030)	-	(12,030)
Depreciation and amortization	19,539	1	11,647	863	-	32,050
Provision for social security contribution	(1,176)	-	(12)	-	-	(1,188)
Total assets	**433,798**	**144,705**	**144,632**	**567,801**	**-**	**1,290,936**
Capital expenditure for property, plant and equipment	12,679	2	10,324	11,285	-	34,290
Total liabilities	**(299,869)**	**(104,008)**	**(60,702)**	**(162,536)**	**-**	**(627,115)**

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
Inter-segment sales	-	-	18,816	-	(18,816)	-
Total revenue	407,885	464,860	67,740	-	(18,816)	921,669
Results:						
Segment gross profit	47,429	10,562	146	-	-	58,137
Segment results	38,382	10,697	(5,758)	(4,689)	-	38,632
Finance income	1,000	-	8	27		1,035
Finance expense	(8,319)	(3,335)	(1,616)	(959)	-	(14,229)
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	18,949	2	11,271	141	-	30,363
Provision for social security contribution	1,356	-	548	-	-	1,904
Total assets	**587,172**	**144,241**	**153,085**	**537,700**	**-**	**1,422,198**
Capital expenditure for property, plant and equipment	11,019	-	2,784	383	-	14,186
Total liabilities	**(302,079)**	**(107,600)**	**(135,515)**	**(215,827)**	**-**	**(761,021)**

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	
	2018	**2017**	**2018**	**2017**
	RMB'000	RMB'000	RMB'000	RMB'000
People's Republic of China	453,897	403,792	803,659	790,926
Hong Kong	447,051	517,877	3	2
	900,948	921,669	803,662	790,928

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		
	FY2018	**FY2017**	**Increase/ (decrease)**
	RMB'000	**RMB'000**	**%**
(a) Sales reported for first half year	434,916	449,920	(3)
(b) Operating Profit/(loss) after tax before deducting minority interests reported for first half year	(19,325)	8,570	NM
(c) Sales reported for second half year	466,032	471,749	(1)
(d) Operating profit after tax before deducting minority interests reported for second half year	26,409	7,644	2,454

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 2018	**31 December 2017**
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	29	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

28 February 2019