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

UNAUDITED FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019.

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 31/12/2019.

	Group			Group		
	3 months Ended 31/12/2019 Unaudited	3 months Ended 31/12/2018 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2019 Unaudited	Year Ended 31/12/2018 Audited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	197,149	227,181	(13)	740,704	900,948	(18)
Cost of sales	(186,969)	(215,944)	(13)	(700,580)	(851,553)	(18)
Gross profit	10,180	11,237	(9)	40,124	49,395	(19)
Other income/(expenses)	(34,453)	19,231	NM	(14,419)	33,345	NM
Selling and distribution expenses	(1,676)	(1,602)	5	(5,924)	(7,047)	(16)
General and administrative expenses	(6,927)	(12,066)	(43)	(51,315)	(46,785)	10
(Loss)/ Profit from operating activities	(32,876)	16,800	NM	(31,534)	28,908	NM
Finance income	46	58	(21)	656	692	(5)
Finance expense	(4,333)	(3,282)	32	(14,964)	(16,547)	(10)
(Loss)/ Profit before income tax	(37,163)	13,576	NM	(45,842)	13,053	NM
Income tax credit /(expense)	8,798	(3,949)	NM	6,983	(5,969)	NM
(Loss)/ Profit for the period	(28,365)	9,627	NM	(38,859)	7,084	NM
Statement of Comprehensive Income						
Net(loss)/profit for the period	(28,365)	9,627	NM	(38,859)	7,084	NM
Other comprehensive income/(loss) for the period						
Exchange differences on translating foreign operations	653	429	52	(2,070)	(4,480)	(54)
Total comprehensive (loss)/ income for the period	(27,712)	10,056	NM	(40,929)	2,604	NM
Net (loss)/profit attributable to:						
Equity holders of the Company	(28,481)	9,510	NM	(39,118)	6,991	NM
Non-controlling interests	116	117	(1)	259	93	178
Total comprehensive (loss)/ income attributable to:						
Equity holders of the Company	(27,828)	9,939	NM	(41,188)	2,511	NM
Non-controlling interests	116	117	(1)	259	93	178

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

	3 months Ended 31/12/2019 Unaudited RMB'000	3 months Ended 31/12/2018 Unaudited RMB'000	Increase/ (Decrease) %	Year Ended 31/12/2019 Unaudited RMB'000	Year Ended 31/12/2018 Audited RMB'000	Increase/ (Decrease) %
(Writeback of) /net allowance for doubtful trade receivables	(7,799)	(914)	753	5,627	485	1,060
(Writeback of) /net allowance for doubtful other receivables	-	950	(100)	-	950	(100)
Net allowance for advances to suppliers	230	2,561	(91)	316	6,032	(95)
Amortisation of land use rights	226	226	-	905	905	-
Written off of property, plant and equipment	2,154	391	451	2,154	391	451
Fair value loss / (gain) from valuation of investment property	37,600	(12,030)	NM	37,600	(12,030)	NM
Depreciation of property, plant and equipment	9,886	11,957	(17)	33,277	31,145	7
Foreign exchange (gain)/loss, net	1,233	940	31	(2,025)	(4,790)	(58)
Salaries and bonuses	15,308	16,432	(7)	60,400	68,517	(12)

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	
	31/12/2019 Unaudited	**31/12/2018 Audited**	**31/12/2019 Unaudited**	**31/12/2018 Audited**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
ASSETS				
Non-current assets				
Property, plant and equipment	265,554	265,324	-	-
Investment property	472,900	510,500	-	-
Land use rights	26,932	27,838	-	-
Intangible assets	-	-	-	-
Prepayments	180	-	-	-
Investment in subsidiaries	-	-	344,853	344,853
Total non-current assets	765,566	803,662	344,853	344,853
Current assets				
Inventories	42,674	70,190	-	-
Trade and other receivables	262,443	268,694	2	2
Prepayments to suppliers	70,752	84,642	-	-
Amount due from subsidiaries (non-trade)	-	-	381,260	380,958
Fixed deposits	60,000	40,000	-	-
Cash and bank balances	27,512	23,748	378	240
Total current assets	463,381	487,274	381,640	381,200
Total assets	1,228,947	1,290,936	726,493	726,053
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	7,228	4,991	-	-
Bills payable to banks	127,951	84,000	-	-
Other payables & accruals	153,488	224,680	2,179	1,870
Amount due to a director (non-trade)	19,202	56,678	1,910	680
Short-term bank loans	271,186	221,400	-	-
Income tax payable	4,531	3,811	-	-
Total current liabilities	583,586	595,560	4,089	2,550
Non-current liability				
Deferred tax liabilities	22,469	31,555	-	-
Total non-current liability	22,469	31,555	-	-
Total liabilities	606,055	627,115	4,089	2,550
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	66,015	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Capital reserve	39,573	39,573	39,573	39,573
Translation reserve	(10,718)	(8,648)	-	-
Accumulated losses	(120,658)	(81,540)	(83,335)	(82,236)
Attributable to equity holders of the company	622,500	663,688	722,404	723,503
Non-controlling interests	392	133	-	-
Total equity	622,892	663,821	722,404	723,503
Total equity and liabilities	1,228,947	1,290,936	726,493	726,053

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 2019		As at 31 December 2018	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks				
- China CITIC Bank[1]	83,000	-	64,000	-
- China Construction Bank[2]	30,000	-	20,000	-
- Bank of China (Hong Kong)[4]	14,951	-	-	-
Short-term bank loans				
- China CITIC Bank[1]	102,500	-	112,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch [3]	75,000	-	7,900	-
- Bank of China (Hong Kong)[4]	19,686	-	-	-
- China Construction Bank Dongqu Branch[5]	55,000	-	82,500	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch [6]	19,000	-	19,000	-

Notes:

[1] The bills payable of RMB 83.0 million and short-term bank loan of RMB102.5 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 30.0 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 75 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 15.0 million, and the short-term loan of RMB 19.7 million were secured by a charge over investment property (Unit 13 on 5th Floor, Unit 15 on 16th Floor and Unit 15 on 25th 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).

Goldplan Corporation Limited is 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 31/12/2019 Unaudited RMB'000	3 months Ended 31/12/2018 Unaudited RMB'000	Year Ended 31/12/2019 Unaudited RMB'000	Year Ended 31/12/2018 Audited RMB'000
OPERATING ACTIVITIES				
(Loss) / Profit before income tax	**(37,163)**	**13,576**	**(45,842)**	**13,053**
Adjustments for:				
Depreciation of property, plant and equipment	9,886	11,957	33,277	31,145
Amortisation of land use rights	226	226	905	905
Written off of property, plant and equipment	2,154	391	2,154	391
Loss/(Gain) from fair valuation on investment property	37,600	(12,030)	37,600	(12,030)
Net (Write back of)/allowance for doubtful trade receivables	(7,799)	(914)	5,627	485
Net (Write back of)/allowance for doubtful other receivables	-	950	-	950
Net (Write back of)/allowance for advances to suppliers	229	2,561	316	6,032
Write back of provision for social security contribution	-	-	-	(1,188)
Interest expense	4,327	3,282	14,964	16,547
Interest income	(46)	(58)	(656)	(692)
Unrealised foreign currency differences	654	430	(2,071)	(2,297)
Total adjustments	47,231	4,542	92,116	40,248
Operating cash flows before changes in working capital	**10,068**	**18,118**	**46,274**	**53,301**
Decrease/(Increase) in:				
Inventories	38,696	39,170	27,516	(13,695)
Trade receivables	(21,831)	(1,727)	11,999	5,648
Bills and other receivable	(8,166)	8,759	(10,290)	8,325
Prepayment	8,282	(26,924)	13,575	1,948
Increase/(Decrease) in:				
Trade payables	1,117	(4,024)	2,236	(2,490)
Other payables & accruals	(32,658)	(7,224)	(71,191)	(42,839)
Bills payable	(18,816)	(5,000)	43,951	(29,793)
Due to directors	(16,885)	(39,308)	(37,476)	45,787
Total changes in working capital	(50,261)	(36,278)	(19,680)	(27,109)
Cash flows generated from/(used in) operations	**(40,193)**	**(18,160)**	**26,594**	**26,192**
Interest expense paid	(4,327)	(3,282)	(14,964)	(16,547)
Interest income received	46	58	656	692
Income tax paid	(162)	(1,683)	(2,470)	(4,079)
Net cash generated from/(used in)operating activities	**(44,636)**	**(23,067)**	**9,816**	**6,258**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,967)	(73)	(35,839)	(33,145)
Net cash used in investing activities	**(1,967)**	**(73)**	**(35,839)**	**(33,145)**
FINANCING ACTIVITIES				
Capital contribution by non-controlling interests	-	-	-	40
Proceeds from short-term borrowings	67,379	-	300,488	138,900
Repayments of short-term borrowings	(58,688)	-	(250,701)	(228,120)
(Decrease)/Increase in fixed deposits pledged to banks	8,500	7,500	(20,000)	(8,500)
Net cash generated from/(used in) financing activities	**17,191**	**7,500**	**29,787**	**(97,680)**
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	(29,412)	(15,640)	3,764	(124,567)
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD / YEAR	56,924	39,388	23,748	148,315
CASH & CASH EQUIVALENTS AT END OF PERIOD/YEAR (Note A)	27,512	23,748	27,512	23,748

Note A:

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

	31/12/2019 Unaudited RMB'000	31/12/2018 Audited RMB'000
Fixed deposits	60,000	40,000
Cash and bank balances	27,512	23,748
	87,512	63,748
Less: Fixed deposits (pledged)	(60,000)	(40,000)
Cash and cash equivalents	27,512	23,748

Fixed deposits amounting to RMB 60,000,000 (2018: RMB 40,000,000) 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								
	Share capital	Treasury shares	Reserve fund	Capital reserve	Restructuring reserve[1]	Translation reserve	Accumulated losses	Non-controlling interests	Total equity
Group	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
At 1 January 2019	772,574	(6,408)	66,015	39,573	(117,878)	(8,648)	(81,540)	133	663,821
Total comprehensive loss for the year	-	-	-	-	-	(2,070)	(39,118)	259	(40,929)
Closing balance at 31 December 2019	772,574	(6,408)	66,015	39,573	(117,878)	(10,718)	(120,658)	392	622,892

	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total equity
Company	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
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
At 1 January 2019	772,574	(6,408)	39,573	(82,236)	723,503
Total comprehensive loss for the year	-	-	-	(1,099)	(1,099)
Closing balance at 31 December 2019	772,574	(6,408)	39,573	(83,335)	722,404

	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 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
At 1 October 2019	772,574	(6,408)	66,015	39,573	(117,878)	(11,370)	(92,177)	276	650,605
Total comprehensive loss for the period	-	-	-	-	-	652	(28,481)	116	(27,713)
Closing balance at 31 December 2019	772,574	(6,408)	66,015	39,573	(117,878)	(10,718)	(120,658)	392	622,892

Company	**Share capital** RMB'000	**Treasury shares** RMB'000	**Capital reserve** RMB'000	**Accumulated losses** RMB'000	**Total equity** RMB'000
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
At 1 October 2019	772,574	(6,408)	39,573	(80,787)	724,952
Total comprehensive loss for the period	-	-	-	(2,548)	(2,548)
Closing balance at 31 December 2019	772,574	(6,408)	39,573	(83,335)	722,404

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, subdivision, consolidation, 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.

(1) There was no change in the Company's share capital during the year ended 31 December 2019.

(2) There were no shares that may be issued on conversion of all the outstanding convertibles as at 31 December 2019 and 31 December 2018

(3) There were nil subsidiary holdings and a total of 277,720 treasury shares as at 31 December 2019 and 31 December 2018.

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 immediately preceding year.

	31 December 2019	**31 December 2018**
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 2019 and 31 December 2018.

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 2019	277,720
Purchases of shares during the year	-
Total number of shares as at 31 December 2019	277,720

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2019.

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 modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest audited financial statements of the Company for the financial year ended 31 December 2018 did not have any adverse opinion, qualified opinion or disclaimer of opinion.

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 2018 have been applied in the preparation for the financial statements for the year ended 31 December 2019.

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 31/12/2019	**3 months ended 31/12/2018**	**Year ended 31/12/2019**	**Year ended 31/12/2018**
(a) Basic and	(1.66)	0.56	(2.27)	0.41
(b) On a fully diluted basis	(1.66)	0.56	(2.27)	0.41

Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2019:17,205,438 ordinary shares (2018: 17,205,438).

For the fourth quarter and full year ended 31 December 2019 and 2018, 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 2019 and 2018.

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	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
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 31/12/2019: 17,205,438 (as at 31/12/2018: 17,205,438)	36.2	38.6	42.0	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 31/12/2019 Unaudited	**3 months Ended 31/12/2018 Unaudited**	**Increase/ (Decrease)**	**Year Ended 31/12/2019 Unaudited**	**Year Ended 31/12/2018 Audited**	**Increase/ (Decrease)**
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Zipper	115,741	102,262	13	411,477	388,334	6
Trading	66,621	105,493	(37)	271,987	447,051	(39)
Processing	20,973	24,145	(13)	76,914	86,097	(11)
Inter-segment sales	(6,186)	(4,719)	31	(19,674)	(20,534)	(4)
Total Group Revenue	197,149	227,181	(13)	740,704	900,948	(18)
COST OF SALES						
Zipper	107,849	95,536	13	381,979	356,349	7
Trading	64,785	102,631	(37)	264,441	434,867	(39)
Processing	20,521	22,496	(9)	73,834	80,871	(9)
Inter-segment sales	(6,186)	(4,719)	31	(19,674)	(20,534)	(4)
Total Group Cost of Sales	186,969	215,944	(13)	700,580	851,553	(18)
GROSS PROFIT						
Zipper	7,892	6,726	17	29,498	31,985	(8)
Trading	1,836	2,862	(36)	7,546	12,184	(38)
Processing	452	1,649	(73)	3,080	5,226	(41)
Total Gross Profit	10,180	11,237	(9)	40,124	49,395	(19)
GROSS PROFIT MARGIN						
	%	**%**	**% pts**	**%**	**%**	**% pts**
Zipper	6.8	6.6	0.2	7.2	8.2	(1.0)
Trading	2.8	2.7	0.1	2.8	2.7	0.1
Processing	2.2	6.8	(4.6)	4.0	6.1	(2.1)
Average Gross Profit Margin	5.2	4.9	0.3	5.4	5.5	(0.1)

NM: Not Meaningful

FY2019 vs. FY2018

Revenue

The Group's revenue decreased by RMB 160.2 million (or 18%) to RMB 740.7 million. This was mainly due to the decrease in the sales of the Trading segment (RMB 175.1 million) and the Processing segment (RMB 9.2 million). The decrease was partially offset by the increase in revenue contributions from the Zipper segment (RMB 23.1 million).

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

The increase in revenue in the Zipper segment was mainly due to the increase in sales volume arising from a stable quality of zippers achieved following the partial automation of the Group's production process.

The decrease in revenue from the Processing segment was attributable to a deteriorating market in 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 Group's Trading segment relates to the sourcing and buying of certain raw materials (such as rubber thread, nylon fabric and nylon yard) in accordance 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 FY2019 arising from the upward adjustment of the pricing strategy. The latter had also resulted in cessation of trading activities with certain major customers as disclosed in the Company's announcement on 22 August 2019. The change in pricing strategy had however resulted in higher gross profit on lower sales.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 9.3 million (or 19%) to RMB 40.1 million. The decrease was due mainly to the decrease in revenue from the Trading and processing segment.

Average gross profit margin decreased by 0.1 percentage point to 5.4% due to the decrease in gross profit margin from the Zipper segment and the Processing segment in FY2019. 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, rental and management fee income (RMB19.9 million) from the Group's Xiamen headquarters ("Xiamen HQ") and foreign exchange gain (RMB2.0 million). Other expenses mainly comprised fair value loss on investment property. The net expenses increased was due mainly to the fair value loss of investment property of the Xiamen HQ in FY2019 compared to fair value gain in FY2018. The fair value loss of RMB37.6 million (2018: fair value gain of RMB12.0 million) of the investment property was based on the valuation performed by the same independent professional valuer in FY2019 and FY2018.

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

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 1.1 million (or 16%) to RMB 5.9 million due to the decrease in sales personnel as a result of the restructuring of the sales department in FY2019.

General and administrative expenses

General and administrative expenses increased by RMB 4.5 million (or 10%) to RMB 51.3 million. This was mainly due to increase in allowance of doubtful trade receivables of RMB 5.1 million in FY2019.

The allowance for doubtful trade receivables amounted to RMB 5.6 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.

The allowance for advances to suppliers amounted to 0.3 million was more than 6 months and for services/materials not yet delivered. In accordance with the Group's accounting policy, allowance was made for advances to suppliers that were more than 6 months old.

Finance income and expenses

Finance expenses decreased by RMB 1.6 million (or 10%) to RMB 15.0 million. This was attributable to the decrease in mortgage loan for Xiamen HQ after repayment.

Finance income decreased by RMB 0.1 million (or 5%) to RMB 0.7 million was due mainly to the decrease in cash and bank balance.

Tax expense

	Group		
	Year Ended 31/12/2019 Unaudited	**Year Ended 31/12/2018 Audited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	2,112	2,814	(25)
Deferred tax[2]	305	147	107
Deferred tax[3]	(9,400)	3,008	NM
Tax (credit)/expense	(6,983)	5,969	NM

NM: Not Meaningful

Notes:

[1] Current tax decreased by RMB 0.7 million or 25% due to decrease in taxable profit before taxation in FY2019.

[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 arose from the temporary differences in fair value of investment property and depreciation of property, plant and equipment.

4Q2019 vs. 4Q2018 (3 months)

Revenue

The Group's revenue decreased by RMB 30.0 million (or 13%) to RMB 197.1 million. The decrease was due mainly to the decrease in sales of the Trading segment (RMB 38.9 million) and the Processing segment (RMB 3.2 million). The decrease was partially offset by the increase in revenue contributions from the Zipper segment (RMB 13.5 million).

The increase in revenue in the Zipper segment was mainly due to the increase in sales volume arising from a stable quality of zippers achieved following the partial automation of the Group's production process.

The decrease in revenue from the Processing segment was attributable to a deteriorating market in 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 decrease in revenue from the Trading segment was mainly due to the decrease in sales volume from customers during 4Q2019 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 1.1 million (or 9%) to RMB 10.2 million. The decrease was due mainly to the decrease in revenue from the Trading and processing segment.

Average gross profit margin increased by 0.3 percentage point to 5.2% due to the increase in gross profit margin from the Zipper and trading segment in 4Q2019.

Other income and other expenses

Other income mainly comprises government subsidies, rental and management fee income (RMB3.9 million) from the Xiamen HQ. Other expenses mainly comprised fair value loss on investment property and foreign exchange loss. The net expenses increased was due mainly to the fair value loss of investment property of the Xiamen HQ in FY2019 as compared to fair value gain in FY2018. The fair value loss of RMB37.6 million (2018: fair value gain of RMB12.0 million) of the investment property was based on the valuation performed by an independent professional valuer in FY2019 and FY2018.

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 5%) to RMB 1.7 million as a result of increase in promotion activities in 4Q2019.

General and administrative expenses

General and administrative expenses decreased by RMB 5.1 million (or 43%) to RMB 6.9 million. This was mainly due to written back of doubtful trade receivables of RMB 7.8 million.

Finance income and expenses

Finance expenses increased by RMB 1.1 million (or 32%) to RMB 4.3 million. This was attributable to the increase in short-term bank loans in 4Q2019. Finance income decreased by RMB12,000 to RMB46,000 as a result of the decrease in cash and bank balance.

Tax expense

	Group		
	3 months Ended 31/12/2019 Unaudited	**3 months Ended 31/12/2018 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	503	884	(43)
Deferred tax[2]	99	57	74
Deferred tax[3]	(9,400)	3,008	NM
Tax (credit)/expense	(8,798)	3,949	NM

Notes:

[1] Current tax decreased by RMB 0.3 million or 43% due to the decrease in taxable profit before taxation in 4Q2019.

[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 arose 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 2019, non-current assets amounted to RMB 765.6 million comprising property, plant and equipment, investment property, and land use rights.

The Group's property, plant and equipment amounted to RMB 265.6 million, an increase of RMB 0.3 million compared to RMB 265.3 million as at 31 December 2018. The increase was due mainly to the purchase of plant and machinery during FY2019 but partially offset by the depreciation expenses.

The decrease in investment property was due to impairment loss on investment properties of RMB 37.6 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 2019, current assets amounted to RMB 463.4 million, a decrease of 5% (RMB 23.9 million) compared to RMB 487.3 million as at 31 December 2018. This was due largely to the decrease in inventories.

The Group retained inventories of 2 months' raw materials to satisfy the production requirement for 1Q2020.

Trade and other receivables decreased by RMB 6.3 million from RMB 268.7 million to RMB 262.4 million due to the decrease in trade receivables arising mainly from the decrease in revenue of the trading segment in 4Q2019.

The decrease in prepayments to suppliers was due mainly to the utilization and conversion of the prepayments into raw materials purchase and also the optimization of the full credit periods from its 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 increased from RMB 23.7 million to RMB 27.5 million were due mainly to the new short-term bank loans obtained.

Current liabilities

As at 31 December 2019, total current liabilities were RMB 583.6 million, a decrease of 2% (or RMB 12.0 million) compared to RMB 595.6 million as at 31 December 2018. This was mainly attributable to the decrease in amount due to a director, other payables and accruals which was partially offset by the increase in trade and bills payable to banks, short-term bank loan and income tax payable.

Trade and bills payables increased by RMB 2.2 million and RMB 44.0 million respectively mainly due to the optimization of the full credit periods from its suppliers including using of bills payable to settle the trade payable.

The decrease in other payables and accruals was due mainly to the settlement of provision for minimum tax contribution in FY2019.

The increase in short-term bank loans was due mainly to new bank loans obtained in FY2019.

The amount due to a director was due to funds remitted from Mr Hong Qing Liang for the settlement of provision for minimum tax contribution in 9M2019. 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.

Provision for minimum tax contribution represented the unavoidable costs in operating of business in Xiamen Island. Under FRS 37 "Provisions, Contingent Liabilities and Contingent Assets" – Onerous contracts and pursuant to the contract signed with the PRC government in relation to the acquisition of the parcel of commercial land in Xiamen Island, the Group is required to pay tax (including valued-add tax, sales tax, and income tax) not less than RMB 10 million in the first 2 years and RMB 15 million in the coming 5 years following the registration of a subsidiary, Xiamen Fuxing Industrial Co. Ltd., in the PRC to hold the said land use right.

Non-current liabilities

Non-current liabilities comprised deferred tax liabilities. The decrease in deferred tax liabilities was due to the deferred tax credit of RMB9.1 million in FY2019 as explained above under the notes for tax expense.

CASH FLOW

Operating activities
Net cash flows generated from operating activities in FY2019 amounted to RMB 9.8 million compared to RMB6.3 million in FY2018. This was due mainly to the decrease in inventories in FY2019 compared to increase in FY2018.

Net cash flows used in operating activities in 4Q2019 amounted to RMB 44.6 million compared to RMB 23.1 million in 4Q2018 was due mainly to the decrease in bills payable, other payables and accruals.

Investing activities
Net cash flows used in investing activities amounted to RMB 35.8 million and RMB 33.1 million in FY2019 and FY2018 respectively and amounted to RMB 2.0 million and RMB 0.1 million in 4Q2019 and 4Q2018 respectively. The higher cash outflow in FY2019 and 4Q2019 was due to the higher purchase of property, plant and equipment in FY2019 and 4Q2019 compared to FY2018 and 4Q2018.

Financing activities
Net cash flows generated from financing activities in FY2019 amounted to RMB 29.8 million, while cash flows used in financing activities in FY2018 amounted to RMB 97.7 million. Net cash flows generated from financing activities in 4Q2019 amounted to RMB17.2 million compared to RMB7.5 million in 4Q2018. This was due mainly to higher short term bank loans obtained in FY2019 and 4Q2019.

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 4Q2019 and FY2019 was line with the commentary made in item 10 of the Company's results announcement dated 12 November 2019.

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 uncertainties from the current trade war tension between the United States and PRC to have a negative impact on the revenue of the Group going forward. Cost pressures arising from rising production and labour costs will also 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 business impact of Convid-19 outbreak on the Group's Operations in China

After the break from Chinese New Year, the Group experienced some delays in the commencement of full scale production as the workers staggered to return to work due to concerns over the Convid-19 outbreak. As of now, Management is cautiously optimistic that the Group would still able to fulfill the customers' orders on time and the production of the Group would not be adversely affected barring unforeseen circumstances. In view of the challenging situation arising from the Convid-19 outbreak, the Group expects the sales to be negatively affected and slower collections from the trade receivables. The Group will continue to monitor the situation closely and update shareholders on any material business impact on the Group's operations.

Update on the Company's Xiamen HQ

On 2 October 2019, the Company announced to SGX-ST via SGXNet that the Company intended to dispose of its investment property – Xiamen HQ. As of to-date, the Company is still awaiting the pre-sale approval from the local authorities. The Company will keep shareholders updated of any material developments and progress.

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) Record 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 the Company is in a loss position.

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 2019	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Revenue:						
Sales to external customers	411,477	271,987	57,240	-	-	740,704
Inter-segment sales	-	-	19,674	-	(19,674)	-
Total revenue	411,477	271,987	76,914	-	(19,674)	740,704
Results:						
Segment gross profit	29,498	7,546	3,080	-	-	40,124
Segment results	4,761	5,892	(9,050)	(33,137)	-	(31,534)
Finance income	639	-	13	4	-	656
Finance expense	(9,049)	(1,193)	(1,399)	(3,323)	-	(14,964)
Loss before income tax						(45,842)
Tax expenses						6,983
Net loss attributable to shareholders						(38,859)
Other segment information						
Fair value loss from valuation on investment property	-	-	-	37,600	-	37,600
Depreciation and amortization	20,055	2	11,713	2,413	-	34,182
Total assets	**484,049**	**77,615**	**138,811**	**528,472**	**-**	**1,288,947**
Capital expenditure for property, plant and equipment	21,892	-	13,728	39	-	35,659
Total liabilities	**(364,418)**	**(35,429)**	**(73,473)**	**(132,735)**	**-**	**(606,055)**

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						
Fair value gain from valuation on investment property	-	-	-	(12,030)	-	(12,030)
Depreciation and amortization	19,539	1	11,647	863	-	32,050
Total assets	**433,798**	**144,705**	**144,632**	**567,801**	**-**	**1,290,936**
Capital expenditure for property, plant and equipment	12,679	2	10,323	11,285	-	34,289
Total liabilities	**(299,869)**	**(104,008)**	**(60,702)**	**(162,536)**	**-**	**(627,115)**

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	
	2019	**2018**	**2019**	**2018**
	RMB'000	RMB'000	RMB'000	RMB'000
People's Republic of China	468,717	453,897	765,565	803,659
Hong Kong	271,987	447,051	1	3
Total	740,704	900,948	765,566	803,662

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		
	FY2019	**FY2018**	**Increase/ (decrease)**
	RMB'000	**RMB'000**	**%**
(a) Sales reported for first half year	370,952	434,916	(15)
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(1,936)	(19,325)	NM
(c) Sales reported for second half year	369,752	466,032	(21)
(d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year	(36,923)	26,409	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 2019	**31 December 2018**
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	30	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 2020