



CHINA HAIDA LTD.

(Incorporated in Singapore on 18 August 2004) Company Registration No. 200410428C
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UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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The Board of Directors of China Haida Ltd. is pleased to announce the consolidated results of the Group for the year ended 31 December 2019.

Prelude

The global outbreak of the novel coronavirus (COVID-19) has caused unprecedented business, economic, financial and social disruptions to many entities and individuals around the world. To the best of its knowledge, the Company's wholly-owned subsidiary, Jiangyin Litai Ornamental Materials Co., Ltd ("Litai") has not fully resumed operations and work to date (in particular, its key management and finance personnel). The Chinese government has also recently implemented a travel ban on foreign travellers to China. Consequently, the Company has been unable to obtain all relevant and pertinent information, documents and/or explanations from Litai to accurately complete and finalise the financial statements of the Group for FY 2019 ("FY2019 Financial Results") in a timely manner despite its numerous attempts to do so via telecommuting or electronic communication means. The Company believes that it may not be prudent to release its Financial Results 2019 under such uncertain limitations and unsettled circumstances, and had thus made applications to the SGX-ST for an extension of time to release the same. The situation is regrettably and further compounded by the recent revelation about the freezing of certain bank accounts of Litai, as more fully announced by the Company on 8 April 2020. However, as announced on 10 April 2020, the Company's application for further extension of time to release the FY2019 Financial Results (by 31 May 2020) had been rejected by the SGX-ST, and the Company was directed to release the Financial Results by no later than 15 April 2020. Consequently, the Company is constrained to prepare and report the FY2019 Financial Results to the best of its knowledge and information (including estimating and making appropriate allowances and provisions on grounds of prudence) as of the date of this announcement (i.e. 15 April 2020).

Shareholders and potential investors are advised to read or use the FY2019 Financial Results with caution, especially having regard to the limitations and qualifications outlined above. The Company will make further announcements as and when any material information relating to the FY2019 Financial Results is subsequently available.

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 合并利润报表		THE GROUP		
		1 Jan 2019 to 31 Dec 2019 FY2019 RMB '000	1 Jan 2018 to 31 Dec 2018 FY2018 RMB '000	Variance Increase/ (Decrease) %
<i>(Amounts expressed in thousands of Chinese Renminbi ("RMB") currency)</i>				
Revenue	销售收入	207,783	228,880	(9.2)%
Cost of sales	销售成本	(189,037)	(223,413)	(15.4)%
Gross profit	毛利	18,746	5,467	242.9 %
Gross profit margin	毛利率	9.0%	2.4%	6.6 %
Other operating income	其他收入	1,350	2,815	(52.0)%
Selling and distribution expenses	营业费用	(2,802)	(3,482)	(19.5)%
Administrative expenses	管理费用	(19,643)	(22,128)	(11.2)%
Loss from operations	营运亏损	(2,349)	(17,328)	(86.4)%
Finance costs	财务费用	(1,044)	(1,046)	(0.2)%
Impairment loss on financial asset, net	金融资产损失减值	(48,279)	(2,716)	1,677.6 %
Loss before taxation	税前亏损	(51,672)	(21,090)	145.0 %
Taxation	所得税	(238)	(569)	(58.2)%
Loss after taxation	净亏损	(51,910)	(21,659)	139.7 %
Other comprehensive income :	其他收入:			
Currency translation differences	汇兑损益	137	177	(22.6)%
Total comprehensive loss attributable to equity holders of the company	股东应得总亏损	(51,773)	(21,482)	141.0 %

Explanatory Notes

A Loss before taxation

The following items have been included in arriving at a loss before taxation:

		THE GROUP	
		FY 2019	FY 2018
		RMB '000	RMB '000
	Note		
Other operating income:	其他收入:		
- Interest income on bank deposits	(1) 利息收入	59	156
- Sales of scraps and raw materials	(2) 废料及材料销售收入	498	1,013
- Government grant / incentive	(3) 政府津贴	425	962
- Foreign exchange gain, net	(4) 外汇盈利	323	670
- Others		45	14
		1,350	2,815
- Interest expenses	(5) 利息费用	(1,044)	(1,046)
- Impairment loss on financial asset, net	(6) 金融资产损失减值	(48,279)	(2,716)
- Amortisation of lease prepayments	分摊预付土地使用费	(301)	(302)
- Depreciation of PPE	(7) 固定资产折旧费	(4,830)	(6,133)

Note

(1) Interest income for FY2019 was lower than the previous year. This was due mainly to lower bank balances in FY2019 as compared to FY2018. Similar to FY2018, the weighted average bank deposit rate for the current year was 0.3% per annum.

(2) Income from sales of scrap and raw materials was lower due to the lower volume of sales for the current year.

(3) This comprised of the following:

	FY2019	FY2018
	RMB	RMB
- Government grant to Jiangyin Litai by:		
PRC government	-	463,000
PRC government-5 years cumulative grant	-	300,000
Jiangyin City	425,000	196,000
- Employment credit incentive given by the Singapore government	-	3,000
Total:	<u>425,000</u>	<u>962,000</u>

For FY2019, Litai received grants of RMB425,000 from the treasury payment center/office of Jiangyin City of which RMB229,000 was for the purpose of promoting its businesses overseas (江阴市财政国库集中支付中心 - 国际贸易补贴款) and RMB196,000 was an incentive for supporting the local charitable organization (江阴市华士镇财政所 - 慈善返还款).

(4) Although the USD has strengthened against the RMB during the year, a lower net foreign exchange gain was recorded for FY2019 as compared to FY2018. This was mainly due to lower export sales which was denominated mainly in USD.

(5) Interest expenses were comparable to FY2018. Similar to FY2018, the weighted average interest rate for the current year was 3.99%.

- (6) For FY2019, there was a net impairment loss on financial assets of approximately RMB48.3 million (FY2018: RMB2.7 million).

An analysis of the allowance for impairment (including trade receivables, due from related parties (trade) and advance payments to a related party (trade)) as follows: (* see also note 1(b)(i)(3) to (5) on page 6 and 7)

	FY2019 RMB'000	FY2018 RMB'000
Balance at the beginning of the year	24,852	14,634
Effect of adopting SFRS(I) 9	-	7,502
Add: Allowances during the financial year:		
- Trade receivables (third parties)	8,396	4,333
- Due from related parties (trade)	13,818	173
- Advance payments to a related party (trade)	25,575	-
Allowance of impairment loss under ECL model	1,280	-
Less: Write back during the year	(790)	(468)
Reversal of impairment loss under ECL model	-	(1,322)
	<u>48,279</u>	<u>2,716</u>
Balance at the end of the year *	<u>73,131</u>	<u>24,852</u>

ECL: Expected Credit Loss

* - Comprised of:

Allowance for trade receivables	33,565	24,679
Allowance for related parties (trade)	13,991	173
Allowance for advance payments to a related party (trade)	<u>25,575</u>	-
	<u>73,131</u>	<u>24,852</u>

- (7) Lower depreciation was recorded in FY2019 and this was attributed mainly to certain assets which had been fully depreciated during the year under review.

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.

STATEMENTS OF FINANCIAL POSITION

(Amounts expressed in thousands of Chinese Renminbi ("RMB") currency).

		THE GROUP		THE COMPANY	
		As at	As at	As at	As at
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Assets					
Property, plant and equipment	(1)	39,781	44,324	647	722
Investment in a subsidiary		-	-	122,500	119,342
Lease prepayments		9,910	10,211	-	-
Current Assets					
Lease prepayments		302	302	-	-
Inventories	(2)	35,013	51,574	-	-
Trade and bills receivables	(3)	86,556	105,688	-	-
Other receivables, deposits and prepayments		4,174	4,285	157	129
Advance payments to a related party (trade)	(4)	25,575	23,467	-	-
Due from related parties (trade)	(5)	14,027	17,261	-	-
Cash and bank balances	(6)	11,536	25,023	4,799	7,479
Total Current Assets		177,183	227,600	4,956	7,608
TOTAL ASSETS		226,874	282,135	128,103	127,672
Current Liabilities					
Trade payables		26,699	22,655	-	-
Contract liabilities	(7)	2,633	1,786	-	-
Other payables and accruals	(7)	10,917	11,239	1,554	1,153
Due to a subsidiary (non-trade)		-	-	2,250	2,261
Short-term bank loans	(8)	13,943	22,000	-	-
		54,192	57,680	3,804	3,414
Non-current liability					
Deferred Taxation	(9)	1,182	1,182	-	-
TOTAL LIABILITIES		55,374	58,862	3,804	3,414
NET ASSETS		171,500	223,273	124,299	124,258
SHAREHOLDERS' EQUITY					
Share capital		140,543	140,543	140,543	140,543
Statutory reserve fund		23,367	23,367	-	-
Capital reserve		47,946	47,946	-	-
Currency translation reserve		381	244	9,237	5,955
Retained earnings / (accumulated losses)		(40,737)	11,173	(25,481)	(22,240)
TOTAL EQUITY		171,500	223,273	124,299	124,258

- (1) During FY2019, there were additions to fixed assets for the Group of approximately RMB0.3 million, which comprised mainly of production machinery. As of the date of this announcement, while it is noted that there are some impairment indicators, the Company is unable to ascertain whether there is indeed an impairment on these assets, and if so, the appropriate quantum for such impairment given the limitations noted in the prelude to this announcement.
- (2) As at 31 December 2019, the inventory balance was lower as compared to the previous financial year due to lower sales orders expected in 2020. The business of the Group may have been adversely affected by initially stiff competition within the industry, followed by the US-China trade tension, and most recently by COVID-19. This would imply that the inventories

may not be subsequently realized at margins normally expected and may even be realized at negative margins, especially given the dire conditions brought about by COVID-19 globally. As such, the inventory balance as at 31 December 2019 may need to be written down to its estimated net realizable values. Nevertheless, given the limitations noted in the prelude to this announcement, the Company is unable to determine the quantum of such write-downs, if any, as of the date of this announcement.

- (3) Trade receivables as at 31 December 2019 was lower as compared to the balance as at 31 December 2018, attributed mainly to the lower sales during the year.

An analysis of trade receivables balances is as follows:

	As at 31.12.2019	As at 31.12.2018
	RMB'000	RMB'000
Trade receivables (Third parties)	119,806	125,215
Less: Allowance for impairment of trade receivables *	<u>(33,565)</u>	<u>(24,679)</u>
	86,241	100,536
Add: Bills receivables	<u>315</u>	<u>5,152</u>
Trade receivables at end of the year	<u>86,556</u>	<u>105,688</u>

*See Explanatory Notes A part (6) - Profit before taxation on page 4.

While the Company has made allowance for impairment on trade receivables totalling approximately RMB33.6 million based on the information available as of the date of this announcement, such an impairment allowance may be insufficient if the credit worthiness of the currently unimpaired customers were to adversely deteriorate as a result of COVID-19. The Company is unable to ascertain this in the light of the limitations stated above.

- (4) An analysis of the balance of advance payments to a related party (trade), Jiangyin Haida Caitu Co., Ltd. ('Jiangyin Caitu'), is as follows:

	As at 31.12.2019	As at 31.12.2018
	RMB'000	RMB'000
Advance payments to Jiangyin Caitu (trade)	51,150	23,467
Less: Allowance for impairment loss*	<u>(25,575)</u>	<u>-</u>
Net carrying amount due from Jiangyin Caitu	<u>25,575</u>	<u>23,467</u>

Jiangyin Caitu was able to buy in bulk the aluminium sheets/raw materials from the major suppliers within the PRC. However, Litai on its own standing was unable to do so and hence, had to buy via Jiangyin Caitu. In order to secure its orders, Litai would make advance payments to Jiangyin Caitu for the purchase of raw materials. The shareholders' mandate had been obtained annually to approve this interested person transaction ("IPT") and the latest being obtained at the last AGM of the Company held on 29 April 2019.

During the year under review, Jiangyin Caitu had been slow in fulfilling the orders from Litai and there were delays especially in the second half of the year. Despite numerous follow-ups by Litai, the expected deliveries had not been fulfilled to date. Litai had been monitoring the situation closely and had proposed to demand for the refund of the advances. In view of the limitations noted at the prelude to this announcement and on the grounds of prudence, an allowance for impairment (based on 50% of the outstanding balance) had been provided on the outstanding balance of RMB51.5 million as at 31 December 2019.

*See Explanatory Notes A part (6) - Profit before taxation on page 4.

- (5) As at 31 December 2019, there was an outstanding amount of approximately RMB28.0 million mainly due from another related party, Jiangyin East-China Aluminium Technology Co., Ltd ("Jiangyin East-China"), attributed primarily to the provision of spray-painting services and sales of aluminium panels by Litai.

As at 31 December 2018, the total amount due from related parties of RMB17.4 million comprises an amount due from Jiangyin East-China of RMB15.9 million and Jiangyin Comat Metal Products Co., Ltd. of RMB1.4 million.

An analysis of due from related parties (trade) was as follows:

	As at 31.12.2019 RMB'000	As at 31.12.2018 RMB'000
Due from related parties (trade)	28,018	17,434
Less: Allowance for impairment loss *	<u>(13,991)</u>	<u>(173)</u>
Net carrying amount due from related parties (trade)	<u>14,027</u>	<u>17,261</u>

Despite numerous attempts by Litai to chase for payments, Jiangyin East-China has been slow in repayment. The Company is considering to seek legal and professional advice to recover the outstanding sums. In view of the limitations noted at the prelude to this announcement and on grounds of prudence, an allowance for impairment (based on approximately 50% of the outstanding balance) had been provided against the amount due from related parties (trade) as at 31 December 2019.

*See Explanatory Notes A part (6) - Profit before taxation on page 4.

- (6) There was a decrease in cash and bank balances of approximately RMB13.5 million in FY2019. This was due mainly to net cash used in operating activities of approximately RMB5.3 million and cash used in the repayment of short-term bank loans of approximately RMB8.1 million.

Please see cashflow statement for more details.

As per our announcement dated 8th April 2020, certain bank accounts of Litai, had been frozen. The Company would provide further updates of the above matter as soon as any material information is or has become available.

- (7) The following comparative figures have been reclassified to conform with current year's presentation:

	Previously Reported As at 31.12.2018 RMB'000	Restated As at 31.12.2018 RMB'000
Contract liabilities	<u>-</u>	<u>1,786</u>
	Previously Reported As at 31.12.2018 RMB'000	Restated As at 31.12.2018 RMB'000
Other liabilities and accruals	<u>13,025</u>	<u>11,239</u>

- (8) There was a decrease in short-term bank loan by approximately RMB8.1 million from RMB22.0 million as at 31 December 2018 to RMB13.9 million as at 31 December 2019. This was mainly due to the repayment of short-term bank loan. Please refer to Note 1(b)(ii) below for further information.
- (9) This was related to undistributed earnings of Litai.

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

THE GROUP	
As at 31 Dec 2019	As at 31 Dec 2018
Secured	Secured
RMB '000	RMB '000
Amount repayable in one year or less, or on demand 13,943	22,000

Details of any collateral

As at 31 December 2019, bank loans totaling RMB13.9 million were secured by leasehold building and land use rights with net carrying amounts of approximately RMB2.58 million and RMB1.10 million respectively (net carrying amounts as at December 2018 were RMB2.88 million and RMB1.13 million respectively). The bank loans were also secured by the personal guarantee of the Chief Executive Officer and an unrelated business associate. However, such personal guarantees had expired in September 2019. It is uncertain, as of the date of this announcement, whether the guarantees were renewed or extended. Interests on these bank loans was charged at interest rate of 3.99% per annum. (FY2018: 3.99% per annum).

The short-term bank loans of RMB6.9 million and RMB7.0 were also due for repayment and renewal on 26th November 2019 and 29th January 2020 respectively. As at the date of this announcement, to the best of our knowledge and information, Litai has neither repaid nor renewed both bank loans since their maturity dates. The Company is also unable to estimate the attendant costs (such as late payment charges, overdue interest, penalties, etc) arising from the non-repayment or non-renewal of the loans. The Company would provide further updates on the repayment and renewal of such loans and guarantees once the relevant information is available.

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

CONSOLIDATED CASH FLOW STATEMENT

合并现金流量报表

(Amounts expressed in thousands of Chinese Renminbi ("RMB")
Currency)

Cash flows from operating activities

Loss before taxation	
Adjustments for:	
Impairment loss on financial asset, net	
Amortisation of lease prepayment	
Depreciation of PPE	
Gain on disposal of PPE	
Write off of PPE	
Interest expense	
Interest income	
Unrealised translation loss	
Operating loss before working capital changes	
Inventories	
Trade and bills receivables	
Other receivables, deposits and prepayments	
Trade payables, contract liabilities and other payables	
Due from related parties (trade)	
Advance payments to a related party (trade)	
Cash used in operations	
Interest paid	
Interest received	
Income tax paid	
Net cash used in operating activities	

Cash flows from investing activities

Purchase of property, plant and equipment	
Proceed from disposal of property, plant and equipment	
Net cash used in investing activities	

Cash flows from financing activities

Proceeds from short-term bank loans	
Repayment of short-term bank loans	
Net cash from financing activities	

Net decrease in cash and cash equivalents

Cash and cash equivalents at beginning of year	
Effect of exchange rate changes in cash and cash equivalents	

Cash and cash equivalents at end of year

THE GROUP	
FY2019	FY2018
RMB'000	RMB'000
(51,672)	(21,090)
48,279	2,716
301	302
4,830	6,133
-	(18)
22	-
1,044	1,046
(59)	(156)
(16)	(263)
2,729	(11,330)
16,561	3,374
10,245	3,782
111	(843)
4,570	4,042
(10,584)	(15,350)
(27,683)	(9,256)
(4,051)	(25,581)
(1,044)	(1,046)
59	156
(238)	(569)
(5,274)	(27,040)
(293)	(581)
-	35
(293)	(546)
7,000	22,000
(15,057)	(22,000)
(8,057)	-
(13,624)	(27,586)
25,023	52,193
137	416
11,536	25,023

STATEMENTS OF CHANGES IN EQUITY
(Amount expressed in thousands of Chinese Renminbi ("RMB") currency).

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.

Group	<u>Attributable to equity holders of the Company</u>					
	Share Capital	Statutory Reserve Fund	Capital Reserve	Currency		Total Equity
				Translation Reserve	Retained Earnings	
				RMB'000	RMB'000	
Balance as at 1.1.2018	140,543	23,367	47,946	(776)	41,177	252,257
Cumulative effect of adopting SFRS(I)	-	-	-	843	(8,345)	(7,502)
Total comprehensive income/(loss) for the year	-	-	-	177	(21,659)	(21,482)
Balance as at 31.12.2018	140,543	23,367	47,946	244	11,173	223,273
Balance as at 1.1.2019	140,543	23,367	47,946	244	11,173	223,273
Total comprehensive income/(loss) for the year	-	-	-	137	(51,910)	(51,773)
Balance as at 31.12.2019	140,543	23,367	47,946	381	(40,737)	171,500

Company	Currency					
	Share Capital	Translation Reserve	Accumulated Losses	Total Equity		
					RMB'000	RMB'000
Balance as at 1.1.2018	140,543	1,631	(22,124)	120,050		
Total comprehensive income/(loss) for the year	-	4,324	(116)	4,208		
Balance as at 31.12.2018	140,543	5,955	(22,240)	124,258		
Balance as at 1.1.2019	140,543	5,955	(22,240)	124,258		
Total comprehensive income/(loss) for the year	-	3,282	(3,241)	41		
Balance as at 31.12.2019	140,543	9,237	(25,481)	124,299		

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 financial year.

There was no change in the issued and paid-up share capital of the Company since the previous financial year. The total number of issued shares excluding treasury shares and subsidiary holdings of the Company was RMB140,543,000 comprising 254,880,660 ordinary shares as at 31 December 2019 and 31 December 2018 respectively. The Company has no outstanding convertibles, no treasury shares and no subsidiary holdings 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.

	THE GROUP	
	As at 31 Dec 2019	As at 31 Dec 2018
Total number of issued shares	254,880,660	254,880,660
Less: Treasury shares	-	-
Total number of shares excluding treasury shares	254,880,660	254,880,660

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.

Not applicable.

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

Not applicable. The Company has no subsidiary holdings.

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

The figures have not been audited nor 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.

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

(a) Updates on the effort 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 audited financial statements for the year ended 31 December 2018 (being the latest audited financial statements) were not subject to any audit qualification.

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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the latest annual audited financial statements for the financial year ended 31 December 2018 except as described in section 5 below.

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 Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for the annual periods beginning on or after 1 January 2019 and are relevant to its operations. The new or revised accounting standards and interpretations (such as SFRS(I) 16 Leases) that were effective or applicable for annual reporting period beginning on 1 January 2019 have no significant impact on the Group's financial statements.

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.**

	THE GROUP	
	1 Jan 2019 to 31 Dec 2019	1 Jan 2018 to 31 Dec 2018
Loss after taxation (RMB '000) / 税后净亏损	(59,910)	(21,659)
Weighted average number of ordinary shares in issue applicable to earnings / 普通股总计	254,880,660	254,880,660
Loss per ordinary share (RMB cents) / 每股亏损 - Basic and diluted / 基本和稀释亏损	(23.5)	(8.5)

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.**

	THE GROUP		THE COMPANY	
	As at 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
Net Assets (RMB'000) / 净资产	171,500	223,273	124,299	124,258
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the respective years (RMB cents) 净资产值:	67.3	87.6	48.8	48.8

Net asset value per ordinary share was calculated based on 254,880,660 issued ordinary shares excluding treasury shares as at 31 December 2019 and 31 December 2018 respectively.

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.**

REVIEW OF PERFORMANCE

A A Consolidated Comprehensive Income Statement (FY2019 versus FY2018)

(i) Revenue

Compared to FY2018, the Group's total revenue fell 9.2% or approximately RMB21.1 million, from RMB228.9 million to RM207.8 million, due mainly to lower export sales.

Total revenue comprised domestic sales of approximately RMB158.1 million or 76.1% and export sales of approximately RM49.7 million or 23.9%. (FY2018: domestic sales RMB157.2 million or 68.7% and export sales RMB71.7 million or 31.3%).

The domestic sales in FY2019 remained similar to FY2018. Domestic sales in FY2019 was attributed primarily to the sales of ASP (Aluminium Single Panels) and fire proof ACP (Aluminium Composite Panels) used mainly in the private housing projects within the PRC.

The intense competition and falling selling prices within a shrinking market in both the public and private sectors had not shown signs of improvement. In addition, the stringent governmental control over the large building projects remained unchanged which had adversely affected the demand of our aluminium panels. The auxiliary revenue from the provision of spray-painting services had similarly declined by approximately RMB0.9 million or 3.6% to RMB23.4 million as compared to the previous financial year.

Export sales of ACP declined by approximately RMB21.1 million or 29.4% as compared to FY2018, the demand of our ACP was adversely affected by the ongoing trade tension and tariffs between China and the United States of America, the uncertainty and the slowdown in the global markets.

(ii) Gross Profit

Gross profit increased by approximately RM13.2 million or 242.9%, from RMB5.5 million to RMB18.7 million as compared to FY2018. Gross profit margin had also increased from 2.4% to 9.0% in FY2019 due mainly to the higher margins from the sale of the fireproof ACP.

(iii) Operating Expenses

Total operating expenses decreased RMB3.2 million or 12.5%, from RMB25.6 million in FY2018 to RMB22.4 million in FY2019, attributed to the decrease in selling and distribution expenses and administrative expenses.

Selling and distribution expenses

For FY2019, there was a decrease in expenses of approximately RMB0.7 million or 19.5% as compared to FY2018. The decrease was mainly due to decrease in expenditure to certify and test the newly launched fireproof ACP.

Administrative expenses

Administrative expenses were lower by RMB2.5 million or 11.2% as compared to FY2018 attributed mainly to lower repair costs, social insurance, staff welfare and depreciation expenses offset by marginal increases in salary costs and other expenses.

(iv) Other operating income

Please see explanatory note A parts (1) to (5) on page 3 and page 4.

(v) Finance Cost

Interest expenses were comparable to FY2018. Similar to FY2018, bank interest rate for FY2019 remained at 3.99% per annum.

(vi) Impairment loss on financial assets, net

Please see explanatory note A part (6) on page 4.

(vii) Income Tax

This was related to income tax expense of Litai.

(viii) Loss after taxation

With lower revenue and higher net allowance for impairment loss on financial assets, the Group registered a net loss after taxation of approximately RMB51.9 million, as compared to a net loss after taxation of RMB21.7 million in FY2018.

B Consolidated Balance Sheet (31 December 2019 versus 31 December 2018)

Total current assets decreased 22.1% or approximately RMB50.4 million, from RMB227.6 million as at 31 December 2018 to RMB177.2 million as at 31 December 2019. This was primarily due to the following factors:

- i) Decrease in trade and bills receivables RMB19.1 million due to lower sales and additional impairment loss.
- ii) Decrease in cash and cash equivalents RMB13.5 million.
- iii) Decrease in inventories approximately RMB16.6 million.
- iv) Decrease in other receivables and prepayments RMB0.1 million.
- v) Increase in advance payments of approximately RMB2.1 million to a related party for the purchase of raw materials due mainly to increase in net advance payments of RMB27.7 million being offset by allowance for impairment of RMB25.6 million.
- vi) Decrease in amounts due from related parties (trade) of RMB3.2 million due mainly to credit sales to the related party being offset by allowance for impairment of RMB13.8 million.

Total current liabilities amounted to approximately RMB54.2 million as at 31 December 2019, representing a decrease of 6.0% or approximately RMB3.5 million as compared to RMB57.7 million as at 31 December 2018. This was due mainly to a repayment of short-term bank loans of approximately RMB8.1 million, off-set by the increase in trade payables of approximately RMB4.0 million.

C Consolidated Cash Flow Statement

Cash and cash equivalents as at 31 December 2019 decreased by approximately RMB13.5 million to RMB11.5 million as compared to RMB25.0 million as at 31 December 2018. The decrease was due mainly to cash used in operating activities of RMB5.3 million, purchase of property, plant and equipment of RMB0.3 million and the repayment of short-term bank loan of RMB8.1 million.

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

Our current result is in line with our statement made under paragraph 10 in our financial results announcement for the half year ended 30 June 2019 released on 2 August 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.

In addition to the slowdown and uncertainty in both the domestic and global markets due to the ongoing trade tension and tax tariffs between China and the United States, the current pandemic caused by COVID-19 has serious economic repercussions in the PRC and the global markets worldwide. This has adversely affected the performance of the Group and since late January 2020, Litai has stopped operations due to the lockdown implemented by the PRC government. Although the lockdown has somewhat been lifted and travelling within the PRC is a little less restricted, Litai has not resumed full operations till to date.

As per our announcement dated 8th April 2020, certain bank accounts of Litai had been frozen. The Company would be seeking legal advice to obtain a better understanding of the nature of the transactions and legal disputes that had led to the freezing of the bank accounts. In this regard, neither is the Company able to determine whether the Group had any contingent liabilities as of 31 December 2019 and if so, the extent of such liabilities. The Company would provide further updates as soon as any material information is or becomes available.

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 has been declared or recommended for the financial year ended 31 December 2019 due to the net loss for the financial year and also to enable the Group to conserve cash for working capital purposes.

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.

Pursuant to Rule 920(1)(a)(ii) of the Listing Manual, the details of the aggregate value of interested person transactions

For FY2019 conducted pursuant to a shareholders' general mandate obtained at the AGM held on 29 April 2019, are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) for the financial year ended 31 December 2019
	RMB'000	RMB'000
Jiangyin Haida Caitu Co., Ltd.		
-Reimbursement of utility expenses	-	1,116
-Advances paid for purchase of raw materials *	-	(74,559)
-Purchase of raw materials	-	(41,025)
-Sales of paint	-	3,799
Jiangyin East-China Aluminium Technology Co., Ltd.		
-Spray-painting income	-	18,027
-Sales of aluminium panels	-	338
-Purchase of raw materials	-	(1,503)
- Sales of paint	-	1,321

*Jiangyin Caitu requires the Group to provide advances for purchases of raw materials. Such advances would then be reduced by or offset by the value of raw materials supplied by Jiangyin Caitu. Please refer to Page 6 note 4 for details.

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

14. 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.

Our revenue is primarily derived from the manufacture and sale of aluminium composite panels, including interior and exterior composite panels (ACP) and aluminium single panels (ASP). Accordingly, no segmental analysis is provided.

The following table shows the distribution of the Group's revenue by geographical location of customers, whereas all of the Group's segment assets are based on the location of the assets:

BY GEOGRAPHICAL SEGMENTS

The Group's geographical segmentation is based on the country of origin of our customers and not the destination of shipments.

	THE GROUP	
	1 Jan 2019 to 31 Dec 2019 FY2019	1 Jan 2018 to 31 Dec 2018 FY2018
	RMB'000	RMB'000
<u>Revenue</u>		
PRC	158,103	157,161
Overseas	49,680	71,719
Total	207,783	228,880
<u>Assets</u>		
PRC	223,643	276,179
Singapore	128,103	127,672
Less: Inter-segment elimination	(124,872)	(121,716)
Total	226,874	282,135

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

Economic slowdown within the PRC and the global markets had continued in FY2019 and, coupled with trade tensions and tax tariffs between China and the United States of America, this had affected the demand of our aluminium panels

We were constantly faced with keen competition and falling selling prices in the overseas and domestic markets. The tight control and prudent expenditure on large infrastructure projects by both the public and private sectors in the domestic market had prevailed and would continue to affect the sales of our aluminium panels.

Compared to FY2018, we saw a decrease in total revenue of approximately RMB21.1 million or 9.2%, which was attributed mainly to the decrease in export sales of ACP. The auxiliary revenue from the provision of spray-painting services provided by Lital within the PRC had also decreased marginally by approximately RMB0.9 million or 3.6% to RMB23.4 million in FY2019.

Although revenue had decreased, gross profit had increased by approximately RMB13.3 million or 242.9% to RMB18.7 million in FY2019. Gross profit margin had also increased from 2.4% in FY2018 to 9.0% in FY2019, due mainly to higher gross margin from the sales of the fire proof ACP. A net loss after taxation of RMB51.9 million was recorded for FY2019 as compared to a net loss after taxation of RMB21.7 million in FY2018.

16. A breakdown of sales.

THE GROUP			
FY2019	FY2018	Increase / (decrease)	
RMB'000	RMB'000	%	
Unaudited	Restated Audited		
(a) Sales reported for first half year	96,741	100,726	(4.0)%
(b) Operating loss after tax before deducting minority interests reported for the first half year	(931)	(9,328)	(90.0)%
(c) Sales reported for second half year	111,042	128,154	(13.4)%
(d) Operating loss after tax before deducting minority interests reported for second half year	(50,979)	(12,331)	313.4 %

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

THE GROUP	
FY2019	FY2018
RMB'000	RMB'000
Dividends paid:	
- interim dividend	-
- final dividend in relation to previous financial year	-

18. 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.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there are no persons occupying managerial positions who are relatives of a director or chief executive officer or substantial shareholder of the Company.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company hereby confirms that it has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

By Order of the Board

Soh Beng Keng
Lead Independent Director
15 April 2020