

FUXING CHINA GROUP LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 38973)

FULL YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015.

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

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

Group Statement of Comprehensive Income for the year ended 31/12/2015. These figures have not been audited.

	Group			Group		
	3 months Ended 31/12/2015 Unaudited	3 months Ended 31/12/2014 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2015 Unaudited	Year Ended 31/12/2014 Audited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	205,174	216,828	(5)	702,093	649,088	8
Cost of sales	(192,034)	(205,985)	(7)	(653,969)	(598,364)	9
Gross profit	13,140	10,843	21	48,124	50,724	(5)
Other income and expenses	10,407	21,082	(51)	16,867	33,435	(50)
Selling and distribution expenses	(2,084)	(1,768)	18	(7,280)	(6,921)	5
General and administrative expenses	(24,264)	(7,693)	215	(59,171)	(46,457)	27
(Loss)/Profit from operating activities	(2,801)	22,464	NM	(1,460)	30,781	NM
Finance income	329	553	(41)	1,765	2,075	(15)
Finance expense	(4,999)	(6,380)	(22)	(13,863)	(11,935)	16
(Loss)/Profit before income tax	(7,471)	16,637	NM	(13,558)	20,921	NM
Income tax expense	(2,200)	(5,196)	(58)	(3,667)	(10,782)	(66)
(Loss)/Profit for the period attributable to the equity holders of the Company	(9,671)	11,441	NM	(17,225)	10,139	NM
Other comprehensive (loss)/income for the period						
<i>Item that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating foreign operations	(2,203)	481	NM	(6,402)	(1,064)	NM
Total comprehensive (loss)/income for the period attributable to shareholders	(11,874)	11,922	NM	(23,627)	9,075	NM

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

Net of allowance for/(Writeback of) doubtful trade receivables	1,516	(4,866)	NM	5,845	5,751	2
Write off of advances to suppliers	5,094	-	100	5,094	-	100
Allowance for inventory written down	1,956	-	100	1,956	-	100
Amortisation of land use rights	242	263	(8)	969	969	-
Amortisation of intangible assets	2	(10)	NM	9	117	(92)
Loss on disposal of property, plant and equipment	-	-	-	-	67	(100)
Written off of property, plant and equipment	5,271	-	100	5,271	-	100
Gain from fair valuation of investment property	(7,021)	(19,687)	(64)	(7,021)	(19,687)	(56)
Depreciation of property, plant and equipment	6,828	9,474	(28)	37,956	37,853	0
Provision for social security contribution	(588)	1,464	NM	423	1,464	(71)
Foreign exchange (gain)/loss, net	(3,051)	385	NM	(8,703)	(846)	NM
Salaries and bonuses	15,005	18,825	(20)	66,319	71,395	(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	
	31/12/2015 Unaudited	31/12/2014 Audited	31/12/2015 Unaudited	31/12/2014 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	285,159	323,935	-	-
Investment property	376,620	297,860	-	-
Land use rights	32,961	33,930	-	-
Intangible assets	5	14	-	-
Prepayments	401	53	-	-
Investment in subsidiaries	-	-	344,853	344,853
Total non-current assets	695,146	655,792	344,853	344,853
Current assets				
Inventories	57,910	67,814	-	-
Trade and other receivables	280,486	269,618	2	2
Prepayments to suppliers	65,086	90,997	-	-
Amount due from subsidiaries (non-trade)	-	-	488,744	483,419
Fixed deposits	40,750	58,318	-	-
Cash and bank balances	328,639	285,658	275	295
Total current assets	772,871	772,405	489,021	483,716
Total assets	1,468,017	1,428,197	833,874	828,569
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	9,718	5,830	-	-
Bills payable to banks	132,841	133,827	-	-
Other payables & accruals	225,861	204,189	1,421	1,894
Amount due to a director (non-trade)	7,016	27,173	6,720	5,398
Amount due to related companies (non-trade)	-	-	-	-
Short-term bank loans	293,188	237,189	-	-
Bank overdrafts	18,567	17,102	-	-
Income tax payable	4,305	4,012	-	-
Total current liabilities	691,496	629,322	8,141	7,292
Non-current liability				
Deferred tax liabilities	61,031	59,758	-	-
Total non-current liability	61,031	59,758	-	-
Total liabilities	752,527	689,080	8,141	7,292
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	64,590	64,359	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	(4,078)	2,324	-	-
Accumulated profits/(losses)	(32,883)	(15,427)	19,994	15,538
Total equity	715,490	739,117	825,733	821,277
Total equity and liabilities	1,468,017	1,428,197	833,874	828,569

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 2015		As at 31 December 2014	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable to banks				
- China CITIC Bank ¹	53,500	-	75,700	-
- China Construction Bank ²	35,000	-	32,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch ³	-	-	-	-
- Hang Seng Bank ⁴	44,341	-	26,127	-
Short-term bank loans				
- China CITIC Bank ¹	120,000	-	70,000	-
- Industrial and Commercial Bank of China – Longhu Jinjiang Branch ³	9,000	-	9,000	-
- Hang Seng Bank ⁴	35,188	-	29,189	-
- China Construction Bank Dongqu Branch ⁵	110,000	-	110,000	-
- Fujian Jinjiang Agricultural Bank – Longhu Branch ⁶	19,000	-	19,000	-
Bank overdrafts				
- Hang Seng Bank ⁴	18,567	-	17,102	-

Notes:

- ¹ The bills payable of RMB 53.5 million and short-term bank loan of RMB120.0 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 35 million bills payable was secured by bank deposits of Jinjiang Fuxing Dress Co. Ltd., and certain land and buildings owned by Fulong Zipper and Weaving Co., Ltd., located at Donghaian Comprehensive Development Zone, Shenhu Town, Jinjiang City, Fujian Province, PRC., and personal guarantee from related parties - Mr. Hong Qing Liang (Executive Chairman and CEO), and Ms Shi MeiMei (spouse of Mr. Hong Qing Liang)
- ³ The short-term bank loan of RMB 9.0 million was secured by certain land and buildings owned by Jinjiang Fookhing Zipper Co. Ltd., located at Hangbian Industrial Area, Longhu Town, Jinjiang City, Fujian Province, the PRC, a personal guarantee from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), corporate guarantees from a subsidiary - Jinjiang Fuxing Dress Co. Ltd., and an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.
- ⁴ The bills payable of RMB 44.3 million, short-term loan of RMB 35.2 million and bank overdraft of RMB 18.6 million were secured by a charge over investment property (13th floor which is the top floor) owned by Pretty Limited and part of the 12th floor, the Staircase of Tower A, Mandarin Plaza, No 14 Science Museum Road, Kowloon, rental receipt arising from the mortgaged property, charge over investment property (Unit 13 on 5th Floor, 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).
- Pretty Limited and Goldplan Corporation Limited are wholly-owned by Mr. Hong Qing Liang (Executive Chairman and CEO).
- ⁵ This loan was secured by a land parcel owned by Xiamen Fuxing Industrial Co., Ltd., located at northeast to the junction of Tai Dong Road and Tai Nan Road, 03-07 Guanyin Shan, Siming District, Xiamen, PRC.
- ⁶ This loan was guaranteed by personal guarantees from a related party - Mr. Hong Qing Liang (Executive Chairman and CEO), an independent third party – Mr. Wu Yuan Yang and a corporate guarantee from an independent third party - Jinjiang Yuanda Garment Weaving Co. Ltd.

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

	3 months Ended 31/12/2015 Unaudited RMB'000	3 months Ended 31/12/2014 Unaudited RMB'000	Year Ended 31/12/2015 Unaudited RMB'000	Year Ended 31/12/2014 Audited RMB'000
OPERATING ACTIVITIES				
(Loss)/Profit before income tax	(7,471)	16,637	(13,558)	20,921
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	6,828	9,474	37,956	37,853
Amortisation of land use rights	242	263	969	969
Amortisation of intangible assets	2	(10)	9	117
Written off of property, plant and equipment	5,271	-	5,271	-
Loss on disposal of property, plant and equipment	-	-	-	67
Gain from fair valuation on investment property	(7,021)	(19,687)	(7,021)	(19,687)
Net allowance for/(Writeback on allowance for) doubtful trade receivables	1,516	(4,866)	5,845	5,751
Write off of advances to suppliers	5,094	-	5,094	-
Inventory written down	1,956	-	1,956	-
Provision for social security contribution	(588)	1,464	423	1,464
Interest expense	4,999	6,380	13,863	11,935
Interest income	(329)	(553)	(1,765)	(2,075)
Unrealised foreign currency differences	(1,408)	408	(4,427)	(2,439)
Total adjustments	16,562	(7,127)	58,173	33,955
Operating cash flows before changes in working capital	9,091	9,510	44,615	54,876
Decrease/(Increase) in:				
Inventories	40,076	15,848	7,948	(2,926)
Trade receivables	(20,903)	(57,617)	(11,566)	(56,102)
Bills and other receivable	(7,106)	(2,387)	(7,681)	(3,773)
Prepayment	(228)	(3,618)	20,817	(13,154)
<u>Increase/(Decrease) in:</u>				
Trade payables	288	(8,448)	3,888	(2,813)
Other payables & accruals	32,768	56,714	23,781	24,315
Bills payable	16,227	16,160	(986)	(15,918)
Due to directors	5,767	22,199	(20,157)	21,469
Total changes in working capital	66,889	38,851	16,044	(48,902)
Cash flows generated from operations	75,980	48,361	60,659	5,974
Interest expense paid	(4,999)	(6,380)	(13,863)	(11,935)
Interest income received	329	553	1,765	2,075
Income tax paid	(463)	(1,938)	(2,100)	(5,392)
Net cash generated from/(used in) operating activities	70,847	40,596	46,461	(9,278)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	1,950	(30,184)	(4,799)	(34,528)
Construction of investment properties	(34,312)	(19,901)	(71,739)	(43,283)
Net cash used in investing activities	(32,362)	(50,085)	(76,538)	(77,811)
FINANCING ACTIVITIES				
Proceeds from short-term borrowings	53,725	33,449	152,025	171,465
Repayments of short-term borrowings	(29,700)	(8,000)	(98,000)	(77,000)
(Decrease)/Increase in fixed deposits pledged to banks	(2,000)	(17,108)	17,568	8,164
Net cash generated from financing activities	22,025	8,341	71,593	102,629
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	60,510	(1,148)	41,516	15,540
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD / YEAR	249,562	269,704	268,556	253,016
CASH & CASH EQUIVALENTS AT END OF PERIOD/YEAR (Note A)	310,072	268,556	310,072	268,556

Note A:

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

	31/12/2015	31/12/2014
	Unaudited	Audited
	RMB'000	RMB'000
Fixed deposits	40,750	58,318
Cash and bank balances	328,639	285,658
	<u>369,389</u>	<u>343,976</u>
Less: Bank overdraft	(18,567)	(17,102)
Fixed deposits (pledged)	(40,750)	(58,318)
	<u>310,072</u>	<u>268,556</u>
<u>Cash and cash equivalents</u>		

Fixed deposits amounting to RMB 40,750,000 (2014: RMB 58,318,000) are pledged to banks for the Group's bills payable to banks and bank overdrafts.

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	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve¹	Translation reserve	Accumulated profits / (losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	772,574	(6,408)	63,502	39,573	(117,878)	3,388	(24,709)	730,042
Total comprehensive income for the year	-	-	-	-	-	(1,064)	10,139	9,075
Transferred to reserve fund	-	-	857	-	-	-	(857)	-
Closing balance at 31 December 2014	772,574	(6,408)	64,359	39,573	(117,878)	2,324	(15,427)	739,117
At 1 January 2015	772,574	(6,408)	64,359	39,573	(117,878)	2,324	(15,427)	739,117
Total comprehensive loss for the year	-	-	-	-	-	(6,402)	(17,225)	(23,627)
Transferred to reserve fund	-	-	231	-	-	-	(231)	-
Closing balance at 31 December 2015	772,574	(6,408)	64,590	39,573	(117,878)	(4,078)	(32,883)	715,490
Company								
At 1 January 2014	772,574	(6,408)	-	39,573	-	-	303	806,042
Total comprehensive income for the year	-	-	-	-	-	-	15,235	15,235
Closing balance at 31 December 2014	772,574	(6,408)	-	39,573	-	-	15,538	821,277
At 1 January 2015	772,574	(6,408)	-	39,573	-	-	15,538	821,277
Total comprehensive income for the year	-	-	-	-	-	-	4,456	4,456
Closing balance at 31 December 2015	772,574	(6,408)	-	39,573	-	-	19,994	825,733

Group	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve¹	Translation reserve	Accumulated profits / (losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 October 2014	772,574	(6,408)	63,502	39,573	(117,878)	1,843	(26,011)	727,195
Total comprehensive income for the period	-	-	-	-	-	481	11,441	11,922
Transferred to reserve fund	-	-	857	-	-	-	(857)	-
Closing balance at 31 December 2014	772,574	(6,408)	64,359	39,573	(117,878)	2,324	(15,427)	739,117
At 1 October 2015	772,574	(6,408)	64,359	39,573	(117,878)	(1,875)	(22,981)	727,364
Total comprehensive loss for the period	-	-	-	-	-	(2,203)	(9,671)	(11,874)
Transferred to reserve fund	-	-	231	-	-	-	(231)	-
Closing balance at 31 December 2015	772,574	(6,408)	64,590	39,573	(117,878)	(4,078)	(32,883)	715,490
Company								
At 1 October 2014	772,574	(6,408)	-	39,573	-	-	17,555	823,294
Total comprehensive income for the period	-	-	-	-	-	-	(2,017)	(2,017)
Closing balance at 31 December 2014	772,574	(6,408)	-	39,573	-	-	15,538	821,277
At 1 October 2015	772,574	(6,408)	-	39,573	-	-	17,905	823,644
Total comprehensive income for the period	-	-	-	-	-	-	2,089	2,089
Closing balance at 31 December 2015	772,574	(6,408)	-	39,573	-	-	19,994	825,733

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Share Buy-back

During the year ended 31 December 2015, there was no shares acquired.

Convertibles

For the year ended 31 December 2015, there was no outstanding convertibles.

On 11 May 2015, the Company completed a share consolidation of 50 existing issued ordinary shares into 1 ordinary share. Accordingly, adjustments have been made to the number of shares. Fractional entitlements are disregarded.

- 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 2015	31 December 2014
Total number of issued shares excluding treasury shares	17,205,438*	860,272,000

*After the completion of share consolidation on 11 May 2015.

There were a total of 277,720 treasury shares as at 31 December 2015.

- 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 2015	13,886,000
Purchases of shares during the period	-
Total number of shares as at 31 December 2015	*277,720

*After the completion of share consolidation on 11 May 2015.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2015.

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 2014 have been applied in the preparation for the financial statements for the year ended 31 December 2015.

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.

(Loss)/Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):	Group		Group	
	3 months ended 31/12/2015	3 months ended 31/12/2014	Year ended 31/12/2015	Year ended 31/12/2014
(a) Basic and	(0.56)	(Restated)* 0.67	(1.00)	(Restated)* 0.59
(b) On a fully diluted basis	(0.56)	0.67	(1.00)	0.59

*Note: Basic (loss)/earnings per share is computed based on weighted average number of shares in issue in 2015: *17,205,438 ordinary shares (2014: 860,272,000).*

*After the completion of share consolidation on 11 May 2015. The basic and diluted loss per share for the corresponding period has been restated on the basis of the Company's share consolidation.

For the fourth quarter and full year ended 31 December 2015 and 2014, 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 2015 and 31 December 2014.

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value per ordinary share based on issued share capital at the end of the year (in RMB):	41.6	(Restated)* 43.0	47.9	(Restated)* 47.7
(Number of ordinary shares in issue as at 31/12/2015: *17,205,438 (as at 31/12/2014: 860,272,000))				

*After the completion of share consolidation on 11 May 2015. The net asset value per share of the Group and the Company at the end of the immediately preceding financial year has been restated on the basis of the Company's share consolidation.

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 31/12/2015 Unaudited	3 months Ended 31/12/2014 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2015 Unaudited	Year Ended 31/12/2014 Unaudited	Increase/ (Decrease)
REVENUE	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Zipper Chain ⁽¹⁾	77,326	86,767	(11)	297,219	320,206	(7)
Zipper Slider ⁽¹⁾	23,117	23,831	(3)	84,876	92,843	(9)
Trading	91,242	92,939	(2)	276,307	183,745	50
Processing	20,768	22,762	(9)	67,698	75,623	(10)
Inter-segment sales	(7,339)	(9,471)	(23)	(24,007)	(23,329)	3
Total Group Revenue	205,114	216,828	(5)	702,093	649,088	8

COST OF SALES

Zipper Chain ⁽¹⁾	69,514	79,987	(13)	264,107	286,221	(7)
Zipper Slider ⁽¹⁾	20,505	22,688	(10)	76,765	83,236	(8)
Trading	89,038	90,917	(2)	269,603	179,824	50
Processing	20,316	21,864	(7)	67,501	72,412	(7)
Inter-segment sales	(7,339)	(9,471)	(23)	(24,007)	(23,329)	3
Total Group Cost of Sales	192,034	205,985	(7)	653,969	598,364	9

GROSS PROFIT

Zipper Chain ⁽¹⁾	7,812	6,780	15	33,112	33,985	(2)
Zipper Slider ⁽¹⁾	2,612	1,143	128	8,111	9,607	(16)
Trading	2,204	2,022	9	6,704	3,921	71
Processing	452	898	(50)	197	3,211	(94)
Total Gross Profit	13,080	10,843	21	48,124	50,724	(5)

GROSS PROFIT MARGIN

	%	%	% pts	%	%	% pts
Zipper Chain	10.1	7.8	2.3	11.1	10.6	0.5
Zipper Slider	11.6	4.8	6.7	9.6	10.4	(0.8)
Trading	2.4	2.2	0.2	2.4	2.1	0.3
Processing	2.2	3.9	(1.7)	0.3	4.2	(3.9)
Average Gross Profit Margin	6.4	5.0	1.4	6.9	7.8	(0.9)
Zipper Segment Gross Profit Margin	10.4	7.2	3.2	10.8	10.6	0.2

NM: Not Meaningful

- (1) The Zipper Chain segment and the Zipper Slider segment are sub-segments of the Zipper segment. Both the sub-segments are considered as one segment. Hence, the amount in the table is net of inter-sub-segment sales.

FY2015 vs. FY2014

Revenue

The Group's revenue increased by RMB 53.0 million (or 8%) to RMB 702.1 million. This was mainly due to the increase in the sales of the Trading segment (RMB 92.6 million). The increase was partially offset by the decrease in revenue contributions from the Zipper Chain segment (RMB 23.0 million), the Zipper Slider segment (RMB 8.0 million) (collectively referred as the "Zippers segment"), and the Processing segment (RMB 7.9 million).

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

The decrease in revenue from the Zipper segment and the Processing segment were 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 Group's Trading segment relates to the sourcing and buying of certain raw materials in accordance to customers' requirements. The profit margin and all purchases were based on confirmed sales. As such, the volume of trading depends on the opportunities available so as the profitability and price movements which are dependent on customers' demand for raw materials. The increase in revenue from the Trading segment was due to an increase in sales orders from customers during FY2015.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 2.6 million (or 5%) to RMB 48.1 million. The decrease was due mainly to the decreases in profit margin from the Processing segment.

Average gross profit margin decreased by 0.9 percentage points to 6.9% due to the decrease in gross profit margin from the Processing segment in FY2015. This was attributable to the decrease in sales orders.

Other income and other expenses

Other income mainly comprises gain on fair valuation from investment properties, government subsidies, and foreign exchange gains. The net income represented the decrease in gain on fair valuation from investment properties (RMB 12.7 million). The foreign exchange gain arises 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 0.4 million (or 5%) to RMB 7.3 million. The increase was due mainly to the new promotional activities that had commenced in 3Q2015.

General and administrative expenses

General and administrative expenses increased by RMB 12.7 million (or 27%) to RMB 59.2 million. This was mainly due to the allowance for inventory written down of RMB 2.0 million, allowance for doubtful prepayment written off of RMB 5.1 million, and written off of property, plant and equipment of RMB 5.3 million.

The Company written off the spare plant and machineries, after successfully installation of the automation machineries in FY2015.

The Company written off the long-term prepayment more than one year with certain suppliers as the Company had lost contact with the suppliers.

The written down of inventory value represented the decrease in raw materials price.

Finance income and expenses

Finance expenses increased by RMB 1.9 million (or 16%) to RMB 13.9 million. This was attributable to the increase in short-term loans and bills transactions with banks. Finance income decreased by RMB 0.3 million (or 15%) to RMB 1.8 million due mainly to the decrease in interest rate.

Tax expense

	Group		
	Year Ended 31/12/2015 Unaudited	Year Ended 31/12/2014 Audited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Current tax ¹	2,181	3,700	(41)
Deferred tax ²	231	802	(71)
Deferred tax ³	1,255	6,280	(80)
Tax expense	3,667	10,782	(66)

NM: Not Meaningful

Notes:

¹ Current tax decreased by RMB 1.5 million or 41% due to a decrease in taxable profit before taxation in FY2015.

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.

4Q2015 vs. 4Q2014 (3 months)

Revenue

The Group's revenue decreased by RMB 11.7 million (or 5%) to RMB 205.2 million. The decrease was due mainly to the decrease in sales of the Zipper Slider segment (RMB 0.7 million), and the Zipper Chain segment (RMB 9.4 million) (collectively referred as the "Zippers segment"), the Trading segment (RMB 1.7 million), and the Processing segment (RMB 2.0 million).

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

The decrease in revenue from the Zippers segment and the Processing segment were 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.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 2.3 million (or 21%) to RMB 13.1 million. The increase in gross profit was due mainly to the decrease in overhead after partial automation of the production process in the Zipper segment.

Average gross profit margin increased by 1.4 percentage points to 6.4% due to the increase in gross profit margin from the Zippers segment in 4Q2015 arising from lower overhead cost after partial automation of the production process.

Other income and other expenses

Other income mainly comprises gain on fair valuation from investment properties, government subsidies, and foreign exchange gains. The net income represented the decrease in gain on fair valuation from investment properties (RMB 12.7 million). The foreign exchange gain arises 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 0.3 million (or 18%) to RMB 2.1 million. The increase was due mainly to the new promotional activities that had commenced in 3Q2015.

General and administrative expenses

General and administrative expenses increased by RMB 16.6 million (or 215%) to RMB 24.3 million. This was mainly due to the allowance for inventory written down of RMB 2.0 million, allowance for doubtful prepayment written off of RMB 5.1 million, and written off of property, plant and equipment of RMB 5.3 million.

The Company written off the spare plant and machineries, after successfully installation of the automation machineries in FY2015.

The Company written off the long-term prepayment more than one year with certain suppliers as the Company had lost contact with the suppliers.

Finance income and expenses

Finance expenses decreased by RMB 1.4 million (or 22%) to RMB 5.0 million. This was attributable to the decrease in interest rate. Finance income decreased by RMB 0.2 million to RMB 0.3 million as a result of decrease in interest rate.

Tax expense

	Group		
	3 months Ended 31/12/2015 Unaudited	3 months Ended 31/12/2014 Unaudited	Increase/ (Decrease)
	RMB'000	RMB'000	%
Current tax ¹	905	1,175	(23)
Deferred tax ²	40	74	(46)
Deferred tax ³	1,255	3,947	(68)
Tax expense	2,200	5,196	(58)

Notes:

¹ Current tax decreased by RMB 0.3 million or 23% due to a decrease in taxable profit before taxation in 4Q2015.

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 2015, non-current assets amounted to RMB 695.1 million comprising property, plant and equipment, investment property, land use rights, prepayment and intangible assets.

The Group's property, plant and equipment amounted to RMB 285.2 million, a decrease of RMB 38.8 million compared to RMB 323.9 million as at 31 December 2014. The decrease was due mainly to depreciation expenses.

As at 31 December 2015, the investment properties represented the recognition of the construction cost of the Group's Xiamen Headquarters project ("HQ Project") under FRS40 - "Investment property is property held to earn rentals or for capital appreciation or both." According to the Group's construction plan, the HQ Project will have 25 floors, and most of the office units will be leased out to earn rental income. Therefore, this property including the land use right was classified as investment properties under FRS40.

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

The prepayment balance in FY2015 represented the deposits paid for purchases of machinery.

Current assets

As at 31 December 2015, current assets amounted to RMB 775.4 million, an increase of 0.4% (RMB 3.0 million) compared to RMB 772.4 million as at 31 December 2014. This was due largely to the increase in cash and bank balances, trade and other receivables.

Inventories decreased by RMB 9.9 million as a result of the decrease in raw materials price.

Trade and other receivables increased by RMB 13.4 million from RMB 269.6 million to RMB 283.0 million due to an extension of credit period granted to some long time customers so as to retain their orders.

The decrease in prepayments to suppliers by RMB 25.9 million (or 28%) to RMB 65.1 million was due mainly to the decrease in advances made to certain suppliers. For advances to suppliers, the Group will secure signed supply agreements with its various suppliers. The advance payments in the supply agreements are calculated based on a certain percentage of the total contract price.

Cash and bank balances increased from RMB 285.7 million to RMB 328.6 million due mainly to the increase in short-term bank loans.

Current liabilities

As at 31 December 2015, total current liabilities were RMB 694.0 million, an increase of 10% (or

RMB 64.7 million) compared to RMB 629.3 million as at 31 December 2014. This was mainly attributable to the increase in trade payables, other payables and accruals, short-term bank loans, and bank overdrafts, which was offset by the decrease in amounts due to a Director, and bills payable to banks.

Trade payables increased by RMB 3.9 million due mainly to the full utilization of the credit period.

The other payables and accruals increased by RMB 24.2 million to RMB 228.3 million was due mainly to the accrual of the construction costs for the building of the Group's Xiamen Headquarters.

Short-term bank loans increased by RMB 56 million (or 24%) to RMB293.2 million due to proceeds from new banking for working capital, please refer to page 4 for further information.

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

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

Non-current liabilities

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

CASH FLOW

Operating activities

Net cash flows generated from operating activities in FY2015 amounted to RMB 46.5 million while net cash flows used in operating activities in FY2014 amounted to RMB 9.3 million. This was due mainly to the decrease in prepayments, the increase in trade and other payables.

Net cash flows generated from operating activities in 4Q2015 amounted to RMB 70.8 million compared to RMB 44.5 million in 4Q2014. This was due mainly to the decrease in inventories, increase in trade and other receivables.

Investing activities

Net cash flows used in investing activities in FY2015 amounted to RMB 76.5 million compared to RMB 77.8 million in FY2014; and net cash flows used in investing activities in 4Q2015 amounted to RMB 32.4 million compared to RMB 54.0 million in 4Q2014. This was mainly due to the construction cost of investment properties.

Financing activities

Net cash flows generated from financing activities in FY2015 amounted to RMB 71.6 million compared to RMB 102.6 million in FY2014; and net cash flows generated from financing activities in 4Q2015 amounted to RMB 22.0 million compared to RMB 8.3 million in 4Q2014. This was due mainly to new short-term bank loans and banking facilities obtained, please refer to page 3 for further information.

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 4Q2015 and FY2015 is line with the commentary made in item 10 of the Company's results announcement dated 11 November 2015.

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.

For the year ended 31 December 2015, the Group recorded a loss of RMB17.2 million after tax. The past year has been a challenging and tough year for the Group as it continued to operate under a highly competitive environment as the zipper industry in the PRC faces intense competition with razor thin profit margins.

The Group expects the zipper industry to remain highly challenging and competitive. 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. These factors will still adversely impact on the Group's operating outlook for the next twelve months.

The Group expects its current automation of its plant and machineries to yield some cost savings in its overheads so as to mitigate some of the rising cost pressures. The Group will also step up its promotional activities to increase its sales orders and continue to exercise tight control on the administrative expenses.

Update on construction progress of the Company's Xiamen Headquarters

As of to-date, the HQ Project is approximately 85% completed. The Group will strive to complete the construction of the building in the coming months. Upon completion of the construction, the Group will lease out part of the office building for rental income. The Group had obtained shareholders' approval on 28 April 2015 to dispose part of the office building of the HQ Project when opportunity arises which will strengthen its financial position.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

12. If no dividend has been declared/recommended, a statement to that effect.

Not Applicable.

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

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

Other segment information

Fair value gains on investment properties	-	-	-	-	19,687	-	19,687
Depreciation and amortization	21,346	4,467	2	13,116	8	-	38,939
Provision for social security contribution	(208)	120	-	1,552	-	-	1,464
Loss on disposal	-	-	-	67	-	-	67
Total assets	646,503	102,034	109,435	195,644	374,581	-	1,428,197
Capital expenditure for property, plant and equipment	3,576	8,643	-	24,772	14	-	37,005
Total liabilities	(228,468)	(64,173)	(72,447)	(108,711)	(215,281)	-	(689,080)

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	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
People's Republic of China	425,786	465,264	695,141	655,789
Hong Kong	276,307	183,824	5	3
	<u>702,093</u>	<u>649,088</u>	<u>695,146</u>	<u>655,792</u>

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.

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.

Please refer to paragraph 8.

16. A breakdown of sales.

	Group		
	FY2015	FY2014	Increase/ (decrease)
	RMB'000	RMB'000	%
(a) Sales reported for first half year	314,986	267,268	18
(b) Operating loss after tax before deducting minority interests reported for first half year	(11,060)	(8,286)	33
(c) Sales reported for second half year	387,107	381,820	1
(d) Operating profit / (loss) after tax before deducting minority interests reported for second half year	(6,165)	18,425	NM

NM: Not Meaningful

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

	31 December 2015	31 December 2014
Ordinary	-	-
Preference	-	-
Total:	-	-

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.

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	27	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

24 February 2016