

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

CHINA HAIDA LTD.

Securities

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Unaudited Full Year Financial Statements and Dividend Announcement for the year ended 31 December 2018.

Additional Details

For Financial Period Ended

31/12/2018

Attachments

[China Haida-Full Year Results for FY2018.pdf](#)

Total size =226K MB

The Board of Directors of China Haida Ltd. is pleased to announce the consolidated results of the Group for the year ended 31 December 2018.

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 2018 to 31 Dec 2018 FY2018 RMB '000	1 Jan 2017 to 31 Dec 2017 Restated ⁽¹⁾ FY2017 RMB '000	Variance Increase/ (Decrease) %
<i>(Amounts expressed in thousands of Chinese Renminbi ("RMB") currency)</i>				
Revenue	销售收入	228,880	238,183	(3.9)%
Cost of sales	销售成本	(223,413)	(229,575)	(2.7)%
Gross profit	毛利	5,467	8,608	(36.5)%
Gross profit margin	毛利率	2.4%	3.6%	(1.2)%
Other operating income	其他收入	2,815	2,431	15.8 %
Selling and distribution expenses	营业费用	(3,482)	(2,605)	33.7 %
Administrative expenses	管理费用	(22,128)	(21,542)	2.7 %
Other operating expenses	其他营运费用	-	(8,781)	(100.0)%
Loss from operations	营运亏损	(17,328)	(21,889)	(20.8)%
Finance costs	财务费用	(1,046)	(1,060)	(1.3)%
Impairment loss on financial asset, net	金融资产损失减值	(2,716)	(3,765)	(27.9)%
Loss before taxation	税前亏损	(21,090)	(26,714)	(21.1)%
Taxation	所得税	(569)	(227)	150.7 %
Loss after taxation	净亏损	(21,659)	(26,941)	(19.6)%
Other comprehensive income :	其他收入:			
Currency translation differences	汇兑损益	177	67	164.2 %
Total comprehensive loss attributable to equity holders of the company	股东应得总亏损	(21,482)	(26,874)	(20.1)%

⁽¹⁾ The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)") which is mandatory for application for annual period beginning on or after 1 January 2018 and has applied them retrospectively. Accordingly, comparatives have been restated to take into account of adjustments relating to SFRS(I) 1 First-time adoption of SFRS(I) and SFRS(I) 15 Revenue from Contracts with Customers.

Explanatory Notes
A Loss before taxation

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

		THE GROUP	
		FY 2018	FY 2017
		RMB '000	RMB '000
	Note		
Other operating income:	其他收入：		
- Interest income on bank deposits	(1) 利息收入	156	187
- Sales of scraps and raw materials	(2) 废料及材料销售收入	1,013	1,575
- Government grant / incentive	(3) 政府津贴	962	669
- Foreign exchange gain, net	(4) 外汇盈利	684	-
		2,815	2,431
- Foreign exchange loss, net	(4) 外汇亏损	-	(1,638)
- Interest expenses	(5) 利息费用	(1,046)	(1,060)
- Impairment loss on financial asset, net	(6) 金融资产损失减值	(2,716)	(3,765)
- Amortisation of lease prepayments	分摊预付土地使用费	(302)	(302)
- Depreciation of PPE	(7) 固定资产折旧费	(6,133)	(6,567)
- write-off of PPE	(8) 固定资产处理净损失	-	(7,143)

Note

(1) Interest income for FY2018 was lower than the previous year. The weighted average bank deposit rate for the current year was 0.3% per annum which was slightly lower than the weighted average bank interest rate for FY2017 of 0.5% 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:

	FY2018	FY2017
	RMB	RMB
- Government incentive grant to the wholly-owned subsidiary, Jiangyin Litai Ornamental Materials Co., Ltd. ('Litai') (formerly known as Litai Decorative Material Co., Ltd.) by:		
PRC government	463,000	462,000
PRC government-5 years cumulative grant	300,000	-
Jiangsu Province	196,000	196,000
Employment credit incentive given by the Singapore government	<u>3,000</u>	<u>11,000</u>
Total:	<u>962,000</u>	<u>669,000</u>

(4) For FY2018, a net foreign exchange gain was recorded as compared to a foreign exchange loss in FY2017. This was a result of the strengthening of the USD against the RMB during the year.

(5) Interest expenses were marginally lower in FY2018 which was attributed to the lower weighted average interest rate of 3.99% per annum as compared to the weighted average interest rate of 4.39% per annum in FY2017.

- (6) For FY2018, there was a net impairment loss on financial asset of approximately RMB2.7 million, which comprised of an allowance for doubtful debts of approximately RMB4.5 million, a writeback of doubtful debts approximately RMB0.5 million, and reversal of impairment loss under expected credit loss model (“ECL”) RMB1.3 million, as compared to a net allowance of doubtful debts of approximately RMB3.8 million in FY2017.

An analysis of the allowance for impairment of trade receivables (including trade receivables from related parties (trade)) was as follows: (* see also note 1(b)(i)(3) on page 5)

	FY2018		FY2017
	RMB'000		RMB'000
Balance at the beginning of the year	14,634		10,869
Effect of adopting SFRS(I) 9	7,502		-
Add: Allowance during the financial year	4,506		6,661
Less: Write back during the year	(468)		(2,896)
Reversal of impairment loss under ECL	<u>(1,322)</u>	<u>2,716</u>	<u>-</u>
			<u>3,765</u>
Balance at the end of the year *	<u>24,852</u>		<u>14,634</u>
Comprised of allowance for trade receivables	24,679		14,634
Allowance for related parties (trade)	173		-

- (7) Lower depreciation was recorded in FY2018 and this was attributed mainly to certain assets which had been fully depreciated during the year under review.
- (8) There was no PPE write off during FY2018. (FY2017: RMB7.1 million write off on hostel accommodation for the production workers)

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 31-Dec-18	As at 31-Dec-17	As at 31-Dec-18	As at 31-Dec-17
		RMB'000	RMB'000	RMB'000	RMB'000
Non-Current Assets					
Property, plant and equipment	(1)	44,324	49,870	722	760
Investment in a subsidiary		-	-	119,342	115,194
Lease prepayments		10,211	10,513	-	-
Current Assets					
Lease prepayments		302	302	-	-
Inventories	(2)	51,574	54,948	-	-
Trade and bills receivables	(3)	105,688	119,537	-	-
Other receivables, deposits and prepayments		4,285	3,442	129	117
Advance payments to a related party (trade)	(4)	23,467	14,211	-	-
Due from related parties (trade)	(5)	17,261	2,063	-	-
Income tax recoverable		-	-	-	-
Cash and bank balances	(6)	25,023	52,193	7,479	7,276
Total Current Assets		227,600	246,696	7,608	7,393
TOTAL ASSETS		282,135	307,079	127,672	123,347
Current Liabilities					
Trade payables		22,655	17,664	-	-
Other payables and accruals		13,025	13,976	1,153	1,023
Due to a subsidiary (non-trade)		-	-	2,261	2,274
Short-term bank loans	(7)	22,000	22,000	-	-
		57,680	53,640	3,414	3,297
Non-current liability					
Deferred Taxation	(8)	1,182	1,182	-	-
TOTAL LIABILITIES		58,862	54,822	3,414	3,297
NET ASSETS		223,273	252,257	124,258	120,050
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		244	(776)	1,189	(3,135)
Retained earnings / (accumulated losses)		11,173	41,177	(17,474)	(17,358)
TOTAL EQUITY		223,273	252,257	124,258	120,050

- (1) During the year, there was an addition to fixed assets for the Group of approximately RMB0.6 million, which comprised of production machinery of approximately RMB0.5 million and office equipment of approximately RMB0.1 million. However, lower fixed assets were recorded in FY2018, attributed to certain assets which had been fully depreciated during the year under review.
- (2) As at 31 December 2018, the inventory balance was marginally lower as compared to the previous financial year due to overall better control and management of inventory.

- (3) Trade receivables as at 31 December 2018 was lower as compared to the balance as at 31 December 2017, attributed mainly to the lower sales during the year.

An analysis of trade receivables balances was as follows:

	FY2018	FY2017
	RMB'000	RMB'000
Trade receivables (Third party)	125,215	132,728
Less: Allowance for impairment of trade receivables *	<u>(24,679)</u>	<u>(14,634)</u>
	100,536	118,094
Add: Bills receivables	<u>5,152</u>	<u>1,443</u>
Trade receivables at end of the year	<u>105,688</u>	<u>119,537</u>

*See Explanatory Notes A part (6) - Profit before taxation on page 3.

- (4) As at 31 December 2018, there was an advance payment to a related party, Jiangyin Haida Caitu Co., Ltd. of approximately RMB23.5 million for the purchase of raw materials to fulfill anticipated orders for period between January to May 2019. (31 December 2017: RMB14.2 million).
- (5) As at 31 December 2018, there was an outstanding amount of approximately RMB17.3 million mainly due from 2 related parties, Jiangyin East-China Aluminium Technology Co., Ltd of approximately RMB15.9 million (FY2017: RMB0.5 million) and Jiangyin Comat Metal Products Co., Ltd of approximately RMB1.4 million (FY2017: RMB1.6 million), attributed to the sales of spray-painting services and sales of aluminium panels by Litai respectively.

Of the amount owing by Jiangyin East-China Aluminium Technology Co., Ltd, RMB0.9 million was received in January 2019, the management is expecting repayment of the outstanding balance in first half 2019.

The outstanding balance of RMB1.5 million from Jiangyin Comat Metals Products Co., Ltd is expected to be repaid by March 2019.

The shareholders' general mandate pursuant to Rule 920(1)(a)(ii) of the Listing Manual has been obtained at the AGM held on 27 April 2018 for the above related parties transactions stated in notes (4) and (5).

- (6) There was a decrease in cash and bank balances of approximately RMB27.2 million in FY2018. This was due mainly to cash used in operating activities of approximately RMB27.0 million and purchase of PPE of approximately RMB0.6 million. Please see page 6 for details of cashflow statement.
- (7) As at 31 December 2018, the short-term bank loan was unchanged at RMB22.0 million. (FY2017: RMB 22.0 million)
- (8) 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 2018	As at 31 Dec 2017
Secured	Secured
RMB '000	RMB '000
22,000	22,000

Amount repayable in one year or less, or on demand

Details of any collateral

As at 31 December 2018, bank loans totaling RMB22.0 million were secured by leasehold building and land use rights with net book values of approximately RMB2.88 million and RMB1.13 million respectively (net carrying values as at December 2017 were RMB3.39 million and RMB1.17 million respectively). In addition, bank loan was also secured by the personal guarantee of the Chief Executive Officer and an unrelated business associate. Interests on these bank loans was charged at interest rate of 3.99% per annum. (FY2017: 4.39% per annum).

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
合并流动资金报表
(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

Deposit written off

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 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

Deposit released

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	
FY2018	FY2017
RMB'000	RMB'000
(21,090)	(26,714)
2,716	3,765
302	302
6,133	6,567
-	216
(16)	(149)
-	7,143
1,046	1,060
(156)	(187)
(265)	300
(11,330)	(7,697)
3,374	(1,893)
3,782	(475)
(843)	(339)
4,042	(3,408)
(15,350)	9,063
(9,256)	(2,261)
(25,581)	(7,010)
(1,046)	(1,060)
156	187
(569)	(1,001)
(27,040)	(8,884)
(581)	(12,362)
35	149
(546)	(12,213)
22,000	22,000
(22,000)	(22,000)
-	1,849
-	1,849
(27,586)	(19,248)
52,193	71,674
416	(233)
25,023	52,193

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	Attributable to equity holders of the Company					
	Share Capital RMB'000	Statutory		Currency		Total Equity RMB'000
		Reserve	Capital	Translation	Retained	
		Fund	Reserve	Deficit	Earnings	
Balance as at 1.1.2017	140,543	23,367	47,946	(843)	68,118	279,131
Total comprehensive income/(loss) for the year	-	-	-	67	(26,941)	(26,874)
Balance as at 31.12.2017	140,543	23,367	47,946	(776)	41,177	252,257
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

Company	Currency																																	
	Share Capital RMB'000	Translation Deficit RMB'000	Accumulated Losses RMB'000	Total Equity RMB'000																														
					Balance as at 1.1.2017	140,543	(4,766)	(17,338)	118,439	Total comprehensive income/(loss) for the year	-	1,631	(20)	1,611	Balance as at 31.12.2017	140,543	(3,135)	(17,358)	120,050	Balance as at 1.1.2018	140,543	(3,135)	(17,358)	120,050	Total comprehensive income/(loss) for the year	-	4,324	(116)	4,208	Balance as at 31.12.2018	140,543	1,189	(17,474)	124,258
					Balance as at 1.1.2017	140,543	(4,766)	(17,338)	118,439	Total comprehensive income/(loss) for the year	-	1,631	(20)	1,611	Balance as at 31.12.2017	140,543	(3,135)	(17,358)	120,050	Balance as at 1.1.2018	140,543	(3,135)	(17,358)	120,050	Total comprehensive income/(loss) for the year	-	4,324	(116)	4,208	Balance as at 31.12.2018	140,543	1,189	(17,474)	124,258
Balance as at 1.1.2017	140,543	(4,766)	(17,338)	118,439																														
Total comprehensive income/(loss) for the year	-	1,631	(20)	1,611																														
Balance as at 31.12.2017	140,543	(3,135)	(17,358)	120,050																														
Balance as at 1.1.2018	140,543	(3,135)	(17,358)	120,050																														
Total comprehensive income/(loss) for the year	-	4,324	(116)	4,208																														
Balance as at 31.12.2018	140,543	1,189	(17,474)	124,258																														

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 2018 and 31 December 2017 respectively. The Company has no outstanding convertibles, no treasury shares and no subsidiary holdings as at 31 December 2018 and 31 December 2017.

- 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 2018	As at 31 Dec 2017
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.

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 last audited financial statements for the year ended 31 December 2017 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 all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") including related interpretations ("INT FRS") which became effective for the financial statements of the Group and of the Company for the financial year ended 31 December 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

- a) Application of SFRS(I) 1

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. As a result, cumulative translation losses of RMB0.8 million was reclassified from Currency Translation Deficit to Retained Earnings as at 1 January 2017. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

b) Adoption of SFRS(I)s

The following SFRS(I)s, and amendments and interpretations of SFRS(I)s that are relevant to the Group and the Company are effective on or after the same date.

- . SFRS(I) 15 Revenue from Contracts and Customers
- . SFRS(I) 9 Financial Instruments

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

i) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group has adopted SFRS(I) 15 retrospectively. SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, ie when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

ii) Adoption of SFRS(I) 9

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1, which exempt the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of SFRS(I) 9 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017. SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. SFRS(I) 9 also introduces expanded disclosure requirements and changes in presentation.

1) Classification and measurement

The Group has assessed the business models for managing the financial assets and the contractual cash flow characteristics of the financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

2) Impairment of financial assets

Financial assets are subject to expected credit loss impairment model under SFRS(I) 9. As a result, trade receivables, amount due from related parties and retained earnings reserves as at 1 January 2018 were adjusted.

The financial effect of adopting SFRS(I)s for the Group for FY2017 is as follows:

	Group (RMB)		
	As previously reported	SFRS(I) adjustments	As restated
Group Profit and Loss Account			
Revenue	242,545	(4,362)	238,183
Selling and distribution expenses	(6,967)	4,362	(2,605)

	Group (RMB)		
	As previously reported 31.12.2017	SFRS(I) adjustments	As at 01.01.2018
Group Statement of financial position			
Current assets			
Trade and bill receivables	119,537	(7,482)	112,055
Due from related parties	2,063	(20)	2,043
Currency translation deficit	(776)	843	67
Retained earnings	41,177	(8,345)	32,832

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 2018 to 31 Dec 2018	1 Jan 2017 to 31 Dec 2017
Loss after taxation (RMB '000) / 税后净亏损	(21,659)	(26,941)
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	(8.5)	(10.6)

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 2018	As at 31 Dec 2017	As at 31 Dec 2018	As at 31 Dec 2017
Net Assets (RMB'000) / 净资产	223,273	252,257	124,258	120,050
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:	87.6	99.0	48.8	47.1

Net asset value per ordinary share was calculated based on 254,880,660 issued ordinary shares excluding treasury shares as at 31 December 2018 and 31 December 2017 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 (FY2018 versus FY2017)

(i) Revenue

Compared to FY2017, the Group's total revenue fell 3.9% or approximately RMB9.3 million, from RMB238.2 million to RM228.9 million, due mainly to lower export sales.

Total revenue comprised domestic sales of approximately RMB157.2 million or 68.7% and export sales of approximately RM71.7 million or 31.3%. (FY2017: domestic sales RMB143.4 million or 60.2% and export sales RMB94.8 million or 39.8%).

The increase in domestic sales of approximately RMB13.8 million or 9.6%, was attributed primarily to the higher sales of ASP (Aluminium Single Panels) which was 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 sales of spray-painting services had similarly declined by approximately RMB2.8 million or 10.3% to RMB24.3 million as compared to the previous financial year.

Export sales of ACP declined by approximately RMB23.1 million or 24.3% as compared to FY2017. In late 2017, the Group launched a new fireproof ACP which had been tested and certified for its quality safety standards by reputable quality assurance authorities, both local and overseas. There was potential and interest for this new product, unfortunately, 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

As a result of the lower revenue in FY2018, gross profit decreased approximately RM3.1 million or 36.5%, from RMB8.6 million to RMB5.5 million as compared to FY2017. Gross profit margin had also decreased from 3.6% to 2.4% in FY2018 due to the lower sales and no change in fixed overheads as a result of the lower volume of production.

(iii) Operating Expenses

Total operating expenses decreased RMB7.3 million or 22%, from RMB32.9 million in FY2017 to RMB25.6 million in FY2018, attributed to nil other operating expenses offset by higher selling and distribution expenses and Administrative expenses.

Selling and distribution expenses

For FY2018, there was an increase in expenses of approximately RMB0.9 million or 33.7% as compared to FY2017. The increase was mainly due to increase in expenditure to certify and test the newly launched fireproof ACP.

Administrative expenses

Administrative expenses were marginally higher by RMB0.6 million as compared to FY2017 attributed mainly to higher repair costs, social insurance and depreciation expenses offset by decreases in salary, entertainment and other expenses.

Other operating expenses

For FY2018, there was nil balance in other operating expenses as there was no write-off of PPE as compared to the write-off of the hostel accommodation for production workers of approximately RMB7.1 million in FY2017. The exchange gain in FY2018 of approximately RMB0.68 million was reported under other operating income as compared to an exchange loss of approximately RMB1.6 million in FY2017, reported in other operating expenses.

(iv) Other operating income

Please see explanatory note A parts (1) to (5) on page 2 and page 3.

(v) Finance Cost

Interest expenses were comparable to FY2017, attributed mainly to the comparable bank interest rate of 3.99% per annum as compared to 4.39% per annum in FY2017.

(vi) Impairment loss on financial assets, net

For FY2018, the Group has adopted SFRS(I) 9 on impairment of financial assets.
Please see explanatory note A part (6) on page 3

(vii) Income Tax

This was related to withholding tax on remittance of dividend from Litai.

(viii) Loss after taxation

With lower revenue and lower gross profit, the Group registered a net loss after taxation of approximately RMB21.7 million, as compared to a net loss after taxation of RMB26.9 million in FY2017.

B Consolidated Balance Sheet (31 December 2018 versus 31 December 2017)

Total current assets decreased 7.7% or approximately RMB19.1 million, from RMB246.7 million as at 31 December 2017 to RMB227.6 million as at 31 December 2018. This was primarily due to the following factors:

- i) Decrease in trade and bills receivables RMB13.8 million due to lower sales and higher impairment loss.
- ii) Decrease in cash and cash equivalents RMB27.2 million.
- iii) Decrease in inventories approximately RMB3.4 million.
- iv) Increase in other receivables and prepayments RMB0.8 million.
- v) Increase in advance payments of approximately RMB9.3million to a related party for the purchase of raw materials.
- vi) Increase in amounts due from related parties (trade) of RMB15.2 million.

Total current liabilities amounted to approximately RMB57.7 million as at 31 December 2018, representing an increase of 7.5% or approximately RMB4.0 million as compared to RMB53.6 million as at 31 December 2017. This was due mainly to an increase in trade payables of approximately RMB5.0 million, off-set by the decrease in other payables and accruals of approximately RMB1.0 million.

C Consolidated Cash Flow Statement

Cash and cash equivalents as at 31 December 2018 decreased by approximately RMB27.2 million to RMB25.0 million as compared to RMB52.2 million as at 31 December 2017. The decrease was due mainly to cash used in operating activities RMB27.0 million and purchase of production machinery RMB0.5 million and office equipment of approximately RMB0.1million.

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 2018 released on 2 August 2018.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In addition to the slowdown and uncertainty in both the domestic and global markets, the ongoing trade tension and tax tariffs between China and the United States will continue to adversely affect the demand of our aluminium panels.

Stringent control by the Chinese government and prudent expenditure on building infrastructure projects in both the public and private sectors within China will remain unchanged and the intense competition and falling selling prices of panels will prevail.

To remain competitive, Management will continue to focus on enhancing productivity growth, improving the quality of our panels, innovate and introduce new designs such as the fireproof aluminium composite panels to meet with the changing demands of our customers. We will remain vigilant on internal cost control, cash management and continue to safeguard the assets of the Group.

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 2018 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 conducted pursuant to a shareholders' general mandate obtained at the AGM held on 27 April 2018, 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 2018
	RMB'000	RMB'000
Jiangyin Haida Caitu Co., Ltd.		
-Reimbursement of utility expenses	-	1,304
-Advances paid for purchase of raw materials *	-	(135,321)
-Purchase of raw materials	-	(108,074)
-Sales of paint	-	968
Jiangyin East-China Aluminium Technology Co., Ltd.		
-Spray-painting income	-	20,623
-Sales of aluminium panels	-	853
-Sales of paint	-	751
-Purchase of raw materials	-	(2,819)
Jiangyin Comat Metal products Co., Ltd.		
-Sales of aluminium panels	-	1,669

Save as disclosed above, there were no other interested persons transactions conducted for the financial year ended 31 December 2018.

*Jiangyin Haida Caitu Co., Ltd. requires the Group to provide advances for purchases of raw materials. Such advances would be used to reduce payable for purchase transactions. The advance to Jiangyin Haida Caitu Co., Ltd. as at 31 December 2018 was approximately RMB23.5 million (31 December 2017: RMB14.2 million).

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 2018 to 31 Dec 2018 FY2018	1 Jan 2017 to 31 Dec 2017 FY2017
	RMB'000	RMB'000 Restated
<u>Revenue</u>		
PRC	157,161	143,360
Overseas	71,719	94,823
Total	228,880	238,183
<u>Assets</u>		
PRC	276,179	301,290
Singapore	127,672	123,347
Less: Inter-segment elimination	(121,716)	(117,558)
Total	282,135	307,079

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 FY2018 and this had affected the demand of our aluminium panels. In addition, the ongoing trade tensions and tax tariffs between China and the United States of America had adversely affected the demand of our aluminium panels especially our export sales.

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 FY2017, we saw a decrease in total revenue of approximately RMB9.3 million or 3.9%, which was attributed mainly to the decrease in export sales of ACP. The auxiliary sales of spray-painting services provided by Litai within the PRC had also decreased by approximately RMB2.8 million.

With lower revenue, gross profit decreased approximately 36.5% or RMB3.1 million to RMB5.5 million in FY2018. Gross profit margin had also decreased from 3.6.% in FY2017 to 2.4% in FY2018, due mainly to lower volume of production. A net loss after taxation of RMB21.7 million was recorded for FY2018.

16. A breakdown of sales.

THE GROUP			
FY2018	FY2017	Increase / (decrease)	
RMB'000	RMB'000	%	
Unaudited	Restated Audited		
(a) Sales reported for first half year	100,726	103,405	(2.6)%
(b) Operating loss after tax before deducting minority interests reported for the first half year	(9,328)	(5,663)	64.7 %
(c) Sales reported for second half year	128,154	134,778	(4.9)%
(d) Operating loss after tax before deducting minority interests reported for second half year	(12,331)	(21,278)	(42.0)%

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

	FY2018	FY2017
	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

Xu Youcai
Chief Executive Officer
28 February 2019