江晨國際控股有限公司
Jiangchen International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(stock code: 08305)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Jiangchen International Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS

- The shares of the Company were listed on GEM on 8 October 2009.

- Revenue of the Group for the year ended 31 December 2009 amounting to RMB146.0 million (2008: RMB144.2 million), representing an increase of 1.2% as compared with corresponding periods in 2008.

- Profits attributable to owners of the Company for the year ended 31 December 2009 amounted to RMB15.7 million (2008: RMB17.4 million), representing a decrease of 9.8% as compared with corresponding periods in 2008.

- Basic earnings per share for the year ended 31 December 2009 amounted to RMB0.042 (2008: RMB0.047).

- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009.

FINAL RESULTS

The board (the "Board") of directors (the "Directors") of Jiangchen International Holdings Limited ("the Company") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009 together with comparative audited figures for 2008, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	**2009**	2008
		RMB'000	RMB'000
Turnover	4	**146,003**	144,164
Cost of sales		**(125,838)**	(125,331)
Gross profit		**20,165**	18,833
Other operating income	6	**416**	56
Selling and distribution costs		**(666)**	(359)
Administrative expenses		**(3,971)**	(1,059)
Finance costs	7	**(246)**	(78)
Profit before tax	8	**15,698**	17,393
Income tax expense	9	**–**	–
Profit and total comprehensive income for the year		**15,698**	17,393
Profit and total comprehensive income attributable to:			
Owners of the Company		**15,702**	17,393
Minority interests		**(4)**	–
		15,698	17,393
Earnings per share (RMB):			
Basic	10	**0.042**	0.047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	**2009** **RMB'000**	2008 RMB'000
Non-current assets			
Property, plant and equipment		**9,678**	6,081
Prepaid lease payments		**7,404**	2,035
		17,082	8,116
Current assets			
Inventories		**7,514**	14,220
Trade and other receivables	12	**26,089**	21,591
Prepaid lease payments		**161**	44
Amounts due from related parties	13	**–**	1,045
Bank balances and cash		**19,877**	3,911
		53,641	40,811
Current liabilities			
Trade and other payables	14	**3,892**	12,480
Amounts due to controlling shareholders	15	**2,983**	–
Amounts due to related parties	13	**393**	106
Secured bank borrowings		**2,000**	1,922
		9,268	14,508
Net current assets		**44,373**	26,303
Net assets		**61,455**	34,419
Capital and reserves			
Share capital	16	**3,256**	24,135
Reserves		**56,325**	10,284
Equity attributable to owners of the Company		**59,581**	34,419
Minority interests		**1,874**	–
Total equity		**61,455**	34,419

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company								
	Share capital RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000	**Statutory reserves** RMB'000 (Note a)	**Other reserves** RMB'000 (Note b)	**(Accumulated losses)/ retained earnings** RMB'000	**Total** RMB'000	**Minority interests** RMB'000	**Total equity** RMB'000
At 1 January 2008	23,215	–	9	–	–	(7,119)	16,105	–	16,105
Capital injection	920	–	1	–	–	–	921	–	921
Total comprehensive income for the year	–	–	–	–	–	17,393	17,393	–	17,393
Appropriation to reserves	–	–	–	1,027	–	(1,027)	–	–	–
At 31 December 2008	24,135	–	10	1,027	–	9,247	34,419	–	34,419
Total comprehensive income for the year	–	–	–	–	–	15,702	15,702	(4)	15,698
Elimination of share capital on group reorganisation	(24,135)	–	–	–	24,135	–	–	–	–
Shares issued on group reorganisation	326	–	–	–	(326)	–	–	–	–
Shares issued under placing	651	19,082	–	–	–	–	19,733	–	19,733
Shares issued by capitalisation	2,279	(2,279)	–	–	–	–	–	–	–
Shares issuing expenses	–	(6,161)	–	–	–	–	(6,161)	–	(6,161)
Merger reserve arising from common control combination	–	–	–	–	(4,112)	–	(4,112)	1,878	(2,234)
Appropriation to reserves	–	–	–	1,634	–	(1,634)	–	–	–
At 31 December 2009	3,256	10,642	10	2,661	19,697	23,315	59,581	1,874	61,455

Notes:

a. Statutory reserves

Statutory reserves were established in accordance with the relevant People's Republic of China ("PRC") rules and regulations for the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective directors.

b. Other reserves

Other reserves comprise the following:

– Merger reserve arising from common control combination for entity acquired in December 2009.

– Surplus from the share capital of the subsidiaries, acquired pursuant to the group reorganisation over acquisition consideration.

– Difference between the nominal value of the shares of a subsidiary, acquired pursuant to the group reorganisation, over the nominal value of the Company's shares issued in exchange thereof.

c. Profit attributable to owners of the Company

During the year, the consolidated profit attributable to owners of the Company includes a loss of approximately RMB838,000 which has been dealt with in the financial statements of the Company. There was no profit or loss dealt with in the financial statements of the Company for the year ended 31 December 2008 as the Company was incorporated on 10 June 2009.

1. GENERAL INFORMATION

Jiangchen International Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 10 June 2009 and its shares have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effective from 8 October 2009. The address of its registered office and principal place of business are disclosed in the section of "Corporate Information" in the annual report. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacturing and wholesaling of apparels to domestic import and export companies and overseas trading companies and investment holding.

Pursuant to the reorganisation (the "Reorganisation") of the Group, the Company acquired the equity interests of entities under common control and become the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 29 September 2009 (the "Prospectus").

The directors consider that Well Bright Group Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability, is the Company's parent company and Mr. Cai Shuiyong ("Mr. Cai SY") and Mr. Cai Shuiping ("Mr. Cai SP") are the ultimate controlling shareholders.

On 2 December 2009, Sino Prosper (Asia) Limited ("Sino Prosper"), a wholly-owned subsidiary of the Company, entered into an agreement with Hong Feng International Holdings Limited ("Hong Feng International"), a company owned by Mr. Cai SY and Mr. Cai SP as to 50% each. Pursuant to the agreement, Sino Prosper has conditionally agreed to acquire 70% of the interest of Jiangxi Hong Feng Textile Company Limited ("Hong Feng Textile") at a consideration of approximately Renminbi ("RMB") 8.2 million. The acquisition was completed on 7 December 2009, and Hong Feng Textile became a non-wholly owned subsidiary of the Group.

The above acquisition was accounted for using merger accounting under common control combination. The Company and Hong Feng Textile are both under the control of Mr. Cai SY and Mr. Cai SP, and thus regarded as different entities under common control. These financial statements have been prepared using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), assuming that the current structure of the Group has been in existence since the date the Company and Hong Feng Textile first came under the control of Mr. Cai SY and Mr. Cai SP, when Hong Feng International acquired 100% equity interest in Hong Feng Textile in March 2009.

These consolidated financial statements are presented in thousands of units of RMB which is the same as the functional currency of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In current year, the Group has applied, for the first time, all the revised HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("INT(s)") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2009.

The Group has not early applied the following new and revised standards, amendments or INTs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs April 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 (Amendment)	Classification of Right Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[4]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-Settled Share-based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-INT 14 (Amendment)	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments[8]

[1] Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 July 2009.
[5] Effective for annual periods beginning on or after 1 February 2010.
[6] Effective for annual periods beginning on or after 1 January 2010.
[7] Effective for annual periods beginning on or after 1 January 2013.
[8] Effective for annual periods beginning on or after 1 July 2010.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)**

In addition, as part of Improvements to HKFRSs (2009), HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land at revalued amount.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. **ADJUSTMENTS FOR COMMON CONTROL COMBINATION**

As described in Note 1, the Group undertook a common control combination in respect of the entity acquired in December 2009. The following demonstrates the effect of adopting merger accounting for common control combination on the consolidated statement of financial position.

Consolidated statement of financial position as at 31 December 2009:

	Group (before adopting merger accounting) RMB'000	Hong Feng Textile RMB'000	Adjustments RMB'000 (Note a)	Adjustments RMB'000 (Note b)	Group (after adopting merger accounting) RMB'000
Original investment in combining entity	**8,251**	–	**(8,251)**	–	–
Other assets – net	**55,546**	**5,909**	–	–	**61,455**
Net assets	**63,797**	**5,909**	**(8,251)**	–	**61,455**
Share capital	**3,256**	**6,258**	**(6,258)**	–	**3,256**
Share premium	**10,642**	–	–	–	**10,642**
Capital reserve	**10**	–	–	–	**10**
Statutory reserve	**2,661**	–	–	–	**2,661**
Other reserves	**23,809**	–	**(4,112)**	–	**19,697**
Retained earnings/ (accumulated losses)	**23,419**	**(349)**	**241**	**4**	**23,315**
Minority interests	–	–	**1,878**	**(4)**	**1,874**
	63,797	**5,909**	**(8,251)**	–	**61,455**

Notes:

a. The adjustment represents the elimination of the share capital and pre-acquisition reserve of Hong Feng Textile under common control (Note 1) against the investment cost. The difference has been recorded as other reserves in the consolidated financial statements. Adjustments are also made to minority interests as a result of the combination.

b. The adjustment represents the sharing of results by the minority interests of Hong Feng Textile under common control.

3. **ADJUSTMENTS FOR COMMON CONTROL COMBINATION (CONTINUED)**

The effects of adopting merger accounting for common control combination on the current consolidated statement of comprehensive income by line items are as follows:

	2009
	RMB'000
Increase in cost of sales	**213**
Decrease in administrative expenses	**105**
Decrease in profit and total comprehensive income for the year	**108**
Attributable to:	
Owners of the Company	**104**
Minority interests	**4**
	108

The effect of adopting merger accounting for common control combination on the Group's basic earnings per share would be a decrease of RMB0.0003 for the year.

4. **TURNOVER**

Turnover represents the net amounts received and receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

5. **SEGMENT INFORMATION**

The Group's turnover and profit during the year are mainly derived from manufacturing and wholesaling of apparels, whose operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, there is only one operating segment for the Group.

Geographical information
The Group's revenue from external customers by geographical location are detailed below:

	2009	2008
	RMB'000	RMB'000
Turnover based on geographical locations of external customers		
Hong Kong	**10,199**	6,608
PRC (excluding Hong Kong)	**127,421**	128,371
Others	**8,383**	9,185
	146,003	144,164

An analysis of segment assets and capital expenditure by geographical area in which the assets are located has not been presented as the Group's assets are substantially located in the PRC.

Information about major customers
The Group's customer base includes three (2008: three) customers with whom transactions have exceeded 10% of the Group's revenues. In 2009, revenues from these customers amounted to approximately RMB59.8 million, RMB21.4 million and RMB18.2 million (2008: RMB57.4 million, RMB34.8 million and RMB24.3 million) respectively.

6. OTHER OPERATING INCOME

	2009 RMB'000	2008 RMB'000
Written off of long outstanding payables	**393**	–
Bank interest income	**23**	56
	416	56

7. FINANCE COSTS

	2009 RMB'000	2008 RMB'000
Interest on bank borrowings wholly repayable within one year	**246**	78

8. PROFIT BEFORE TAX

	2009 RMB'000	2008 RMB'000
Profit before tax has been arrived at after charging:		
Directors' emoluments	**164**	63
Other staff costs	**19,672**	17,782
Retirement benefits scheme contributions, excluding directors	**4,421**	1,730
Total staff costs	**24,257**	19,575
Amortisation of prepaid lease payments	**132**	44
Auditors' remuneration	**484**	9
Cost of inventories recognised	**125,909**	125,331
Depreciation of property, plant and equipment	**713**	479
Exchange loss	**57**	185
Operating lease rental paid in respect of rented premises	**132**	86

9. INCOME TAX EXPENSE

During the year, Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there was no assessable profit derived from Hong Kong (2008: Nil).

Pursuant to the laws and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

During the year, no provision for PRC Enterprise Income Tax has been made in the consolidated financial statements as all of the PRC subsidiaries were exempted from PRC Enterprise Income Tax (2008: Nil).

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are exempted from PRC Enterprise Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years (the "Tax exemption"). The PRC subsidiaries which are currently entitled to the Tax exemptions from 1 January 2008 would continue to enjoy such treatments until the Tax exemptions period expires, but not beyond 2012.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2009 **RMB'000**	2008 RMB'000
Profit before tax	**15,698**	17,393
Tax expense at rates applicable to profits in the countries concerned	**4,134**	4,348
Tax effect of expenses not deductible for tax purpose	**20**	296
Tax effect of tax exemption granted to PRC subsidiaries	**(4,154)**	(3,377)
Utilisation of tax losses previously not recognised	**–**	(1,267)
Income tax expense for the year	**–**	–

Under the New Law of PRC, withholding tax is imposed on dividends in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards (the "Post-2008 Earnings"). Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the "Post-2008 Earnings" as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB15,702,000 (2008: RMB17,393,000) and the weighted average number of shares in issue during the year of 370,000,000 (2008: 370,000,000). The weighted average number of shares in issue during the years ended 31 December 2008 and 2009 is based on the assumption that 370,000,000 shares of the Company were in issue as if the shares issued at the date the Company became the holding company of the Group were outstanding throughout the entire year.

There were no dilutive earnings presented as there were no dilutive potential ordinary shares outstanding during the years ended 31 December 2008 and 2009.

11. DIVIDEND

No dividends have been paid or declared by the Company since the date of its incorporation on 10 June 2009.

12. TRADE AND OTHER RECEIVABLES

	2009	2008
	RMB'000	RMB'000
Trade receivables	**25,791**	17,249
Prepayments and deposits (Note a)	**298**	1,085
Other receivables (Note b)	–	3,257
	26,089	21,591

Note:

a. As at 31 December 2008, included in prepayments and deposits are rental deposit paid and prepaid rentals and certain expenses amounting to approximately RMB832,000 paid to Hong Feng Textile, a company in which Mr. Cai SY and Mr. Cai SP had beneficial interests. Hong Feng Textile was combined to the Group in March 2009 as disclosed in Note 1.

b. As at 31 December 2008, included in other receivables of approximately RMB410,000 is staff advance made to Mr. Cai Jiabo (蔡家搏), who is the son of Mr. Cai SP. The amount is unsecured, non-interest bearing and has been fully settled during the year.

The Group generally allows an average credit period of 90 to 180 days to its trade customers, where payment in advance is normally required.

The aged analysis of the Group's trade receivables is as follows:

	2009	2008
	RMB'000	RMB'000
0 – 90 days	**18,282**	15,650
91 – 180 days	**7,429**	775
181 – 365 days	**15**	780
Over 365 days	**65**	44
Total	**25,791**	17,249

No impairment loss is provided for the trade receivables that are neither past due nor impaired because these receivables are within credit period granted to the respective customers and the management considers the default rate is low for such receivables based on historical information and past experience.

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the reporting date. In view of the good settlement history of those receivables of the Group which are past due but not impaired for the year, the directors of the Company consider that no allowance is required.

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Aging of trade receivables which are past due but not impaired:

		Neither past	Past due but not impaired		
	Total	**due nor impaired**	**< 90 days**	**91 – 180 days**	**181 – 365 days**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2008	17,249	16,417	651	137	44
2009	25,791	25,711	–	17	63

The Group does not hold any collateral over these balances.

The above Group's trade receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2009	2008
	'000	'000
USD	**644**	1,118

13. AMOUNTS DUE FROM (TO) RELATED PARTIES

	2009	2008
	RMB'000	RMB'000
Amounts due from related parties		
Non-trading in nature		
Ms. Cai Shuyan (蔡淑燕) (Note a)	–	50
Jiangxi Jianfa Real Estate Development Co., Ltd. (江西建發房地產開發有限公司) ("Jianfa Real Estate") (Note b)	–	995
Total amounts due from related parties	–	1,045
Maximum amount outstandings during the year		
Ms. Cai Shuyan (蔡淑燕)	**50**	50
Jianfa Real Estate	**995**	995

The amounts are unsecured, non-interest bearing and are repayable on demand. The amounts due from related parties were fully settled during the year.

	2009	2008
	RMB'000	RMB'000
Amounts due to related parties		
Non-trading in nature		
Mr. Tsoi Kam On (蔡金銨) (Note c)	–	106
Cai's International Holdings Limited ("Cai's International") (Note b)	**393**	–
	393	106

The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

13. **AMOUNTS DUE FROM (TO) RELATED PARTIES (CONTINUED)**

Notes:

a. Ms. Cai Shuyan (蔡淑燕) is the spouse of Mr. Cai SY.

b. Mr. Cai SY and Mr. Cai SP have beneficial interests in Jianfa Real Estate and Cai's International.

c. Mr. Tsoi Kam On (蔡金銨) is the brother of Mr. Cai SY.

14. **TRADE AND OTHER PAYABLES**

The aged analysis of the Group's trade payables is as follows:

	2009	2008
	RMB'000	RMB'000
0 – 30 days	**1,830**	5,570
31 – 90 days	**–**	3,493
91 – 180 days	**–**	–
Over 180 days	**–**	676
	1,830	9,739
Other payables	**2,062**	2,741
	3,892	12,480

15. **AMOUNTS DUE TO CONTROLLING SHAREHOLDERS**

The amounts are unsecured, non-interest bearing and repayable on demand.

16. **SHARE CAPITAL**

As the Company was not yet incorporated prior to 31 December 2008 and the Reorganisation was not completed as at 31 December 2008, the share capital in the consolidated statements of financial position as at 1 January 2008 and 31 December 2008 represented the combined paid-in capital of the companies now comprising the Group in which the owners of the Company held direct interests.

Movements of the authorised share capital of the Company during the year are as follows:

	Note	**Par Value**	**Number of ordinary shares**	**Nominal value of ordinary shares**
		HK$		HK$'000
Authorised:				
At 10 June 2009	(a)	0.01	38,000,000	380
Increase in the year	(c)	0.01	962,000,000	9,620
At 31 December 2009		0.01	1,000,000,000	10,000

16. SHARE CAPITAL (CONTINUED)

A summary of the movements in the Company's issued share capital for the period from 10 June 2009 (date of incorporation of the Company) to 31 December 2009 is as follows:

	Note	**Par Value**	**Number of ordinary shares**	**Nominal value of ordinary shares**	
		HK$		HK$'000	RMB'000
Issued and fully paid:					
At 10 June 2009	(a)	0.01	1	–	–
Shares issued on Reorganisation	(b)	0.01	36,999,999	370	326
Shares issued by capitalisation	(d)	0.01	259,000,000	2,590	2,279
Shares issued under placing	(e)	0.01	74,000,000	740	651
At 31 December 2009		0.01	370,000,000	3,700	3,256

Notes:

(a) The Company was incorporated in the Cayman Islands on 10 June 2009 with an authorised capital of 38,000,000 shares of HK$0.01 each. Upon incorporation, one share was allotted and issued at nil paid to the subscriber and the one nil paid share was subsequently transferred to its sole shareholder on the same date.

(b) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the one ordinary share of US$1.00 each in the issued share capital of Newshine International Limited, on 14 September 2009, (i) 36,999,999 shares, all credited as fully paid, were allotted and issued to its sole shareholder; and (ii) the one nil paid share then held by the sole shareholder was credited as fully paid at par.

(c) By written resolution of the sole shareholder passed on 15 September 2009, the authorised share capital of the Company was increased from HK$380,000 to HK$10,000,000 by the creation of an additional of 962,000,000 shares of HK$0.01 each, each ranking pari passu with the shares then in issue in all respects.

(d) Pursuant to the written resolution on 15 September 2009, the Company allotted and issued a total of 259,000,000 shares credited as fully paid at par to the then shareholders of the Company at the close of business on 14 September 2009 in proportion to their respective shareholdings by way of capitalisation of a sum of approximately RMB2,279,000, conditional on the placing of the Company's shares in Hong Kong.

(e) On 7 October 2009, a total number of 74,000,000 shares were issued to the public at HK$0.30 per share for cash totalling approximately RMB19,733,000. The excess of the issue price over the par value of the shares, net of share issuing expenses of approximately RMB6,161,000, were credited to the share premium account of the Company.

17. CAPITAL COMMITMENTS

	2009 RMB'000	2008 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of:		
– Property, plant and equipment	**3,203**	–
– Interest in a subsidiary (Note)	**3,500**	–
	6,703	–

Note: On 23 December 2009, Sino Prosper has conditionally entered into Equity Transfer Agreement II whereby Sino Prosper agreed to purchase from and Hong Feng International agreed to dispose of the remaining 30% of the equity interest in Hong Feng Textile for a consideration of approximately RMB3.5 million. The acquisition is approved by independent shareholders in an extraordinary general meeting held on 28 January 2010.

18. PLEDGED OF ASSETS

The Group had pledged certain of its buildings, prepaid lease payments and machinery to secure banking facilities granted to the Group at the end of the reporting period. The carrying values of the assets pledged are as follows:

	2009 RMB'000	2008 RMB'000
Buildings	**7,569**	3,456
Prepaid lease payments	**7,565**	2,079
Machinery	**1,078**	1,252
	16,212	6,787

19. EVENTS AFTER THE REPORTING PERIOD

As disclosed in Note 17 and mentioned in the announcement and circular issued by the Company dated 23 December 2009 and 13 January 2010 respectively, Sino Prosper conditionally entered into Equity Transfer Agreement II on 23 December 2009 whereby Sino Prosper agreed to purchase from and Hong Feng International agreed to dispose of the remaining 30% of the equity interest in Hong Feng Textile for a consideration in cash of approximately RMB 3.5 million. On 28 January 2010, approval of the acquisition was obtained from the independent shareholders in an extraordinary general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the manufacturing and wholesaling of apparels on an original equipment manufacturing ("OEM") basis. The OEM products of the Group are mainly sold to domestic import and export companies and overseas trading companies for export. The Group is also engaged in the manufacturing and wholesaling of apparels that are designed by the Group to domestic distributors for sales in the PRC. Since March 2008, the Group has established a wholesale outlet in Wannian county, Jiangxi province for marketing and sales of products designed by the Company using "e號倉庫" as its brand name. In June 2009, the Group has acquired a trademark "珍珠泉" from an independent third party. The products produced by the Group can be broadly categorised into cotton and sweat jacket, sportswear and leisurewear, trousers and children garment.

On 8 October 2009, the shares of the Company were listed on GEM. The proceeds from the Company's issue of new shares, after deduction of related issuance expenses, amounted to approximately HK$15.0 million. The Directors plan to utilize the proceeds in accordance with the proposed applications set out in the Company's prospectus dated 29 September 2009 (the "Prospectus") to capture the enlarging purchasing power among the rural areas in the PRC.

On 2 December 2009, Sino Prosper (Asia) Limited ("Sino Prosper"), a wholly-owned subsidiary of the Company, entered into an agreement with Hong Feng International Holdings Limited ("Hong Feng International"), a company owned by Mr. Cai Shuiyong and Mr. Cai Shuiping as to 50% each. Pursuant to the agreement, Sino Prosper has conditionally agreed to acquire 70% of the interest of Jiangxi Hong Feng Textile Company Limited ("Hong Feng Textile") at a consideration of approximately RMB8.2 million. The acquisition was completed on 7 December 2009, and Hong Feng Textile became a non-wholly owned subsidiary of the Group.

On 23 December 2009, Sino Prosper has conditionally entered into another agreement with Hong Feng International whereby Sino Prosper agreed to purchase from and Hong Feng International agreed to dispose of the remaining 30% of the equity interest in Hong Feng Textile for a consideration of approximately RMB3.5 million. The acquisition has been approved by independent shareholders in an extraordinary general meeting to be held on 28 January 2010.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2009 slightly increased by 1.2% to approximately RMB146.0 million as compared to that of approximately RMB144.2 million for the year ended 31 December 2008.

Gross profit

The Group achieved a gross profit of approximately RMB20.2 million for the year ended 31 December 2009, representing an increase of approximately 7.4% as compared to that for the year ended 31 December 2008. The gross profit margin for the year ended 31 December 2009 amounted to 13.8% (2008: 13.1%). The increase in gross profit margin in 2009 was mainly attributable to the decrease in raw materials costs.

Administrative expenses

The administrative expenses have been increased by approximately 2.6 times from approximately RMB1.1 million for the year ended 31 December 2008 to approximately RMB4.0 million for the year ended 31 December 2009. The increase in administrative expenses was mainly attributable to the additional labour costs in respect of training provided to staff and paid holidays expenses incurred by the Company in compliance with the new employment contract law in the PRC. The Company has also distributed a mid-autumn festival bonus to staff.

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 9.8% from approximately RMB17.4 million for the year ended 31 December 2008 to approximately RMB15.7 million for the year ended 31 December 2009.

EMPLOYEES AND REMUNERATION POLICIES

The Group recognises the importance of training to its staff. In addition to on-the-job training, the Group has provided training to its staff to enhance technical or product knowledge.

As at 31 December 2009, the Group had 1,439 (2008: 1,491) employees, including Directors. Total staff costs for the year under review, including Directors' remuneration, amounted to approximately RMB24.3 million (2008: approximately RMB19.6 million). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

The Group has adopted a share option scheme pursuant to which the Directors may grant options to individuals including Directors, employees or consultant of the Group to acquire shares of the Company. The Directors consider that the share option scheme assists in the recruitment and retention of high calibre executives and employees.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows and bank loans. As at 31 December 2009, the Group had total assets of approximately RMB70.7 million and had net assets of approximately RMB61.5 million. The Group's cash and bank balances as at 31 December 2009 amounted to approximately RMB19.9 million and secured bank borrowings amounted to RMB2.0 million. Taking into account the cash on hand and recurring cash flows from its core business, the Group's financial position is healthy, positioning the Group advantageously to expand its core business and to achieve its business objectives.

OUTLOOK

The shares of the Company were listed on GEM on 8 October 2009. As disclosed in the Prospectus, it is the Group's objective to become one of the major budget apparel manufacturers and wholesalers in the PRC by expanding the wholesales business into rural areas in the PRC, which the Directors consider there are promising potentials for the Company's products.

Leveraging on the experience of the Company's management team in the apparel industry, the Company will enhance the product design capacity by establishing a research and development department for new product designs to cater for different target customers. Besides, the research and development department will also conduct research on latest trend and market demand on production materials and review the manufacturing processes with a view to improve productivity with reduced wastage and better quality control.

In accordance with the corporate development strategies as disclosed in the Prospectus, the Group will continue to increase its production capacities by establishing new production facilities with an annual production capacity of approximately 2,500,000 pieces of apparels per annum.

Besides, the Group will expand distribution base and market coverage by establishing twenty outlets in Fujian province, Jiangxi province, Zhejiang province and Guangxi province in the PRC by 31 December 2011 for sales and marketing of the Company's designed products.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO which were notified to the Company and the Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in shares of the Company

Name of Director	Number of ordinary shares: Personal interests	Family interests	Corporate interests	Total	Percentage of issued share capital
Mr. Cai Shuiyong	–	–	259,000,000 [(1)]	259,000,000	70.0%
Mr. Cai Shuiping	–	–	259,000,000 [(1)]	259,000,000	70.0%

Note:

1. These shares are owned by Well Bright Group Limited ("Well Bright") which is owned 50% by Mr. Cai Shuiyong and 50% by Mr. Cai Shuiping. Therefore, each of Mr. Cai Shuiyong and Mr. Cai Shuiping is deemed to be interested in 259,000,000 shares held by Well Bright Group Limited under the SFO.

(ii) Long position in ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of securities held	Percentage of shareholding
Mr. Cai Shuiyong	Well Bright	Beneficial owner	1	50%
Mr. Cai Shuiping	Well Bright	Beneficial owner	1	50%

Save as disclosed above, as at 31 December 2009, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debenture of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the registered required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2009, so far as is known to the Directors and taking no account of the shares to be issued pursuant to options which may be granted under the share option scheme (as defined below), the following persons (other than the Directors or chief executive of the Company), who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Long position in shares of the Company

Name	Capacity	Nature of interest	Number of ordinary shares	Percentage of issued share capital
Well Bright Group Limited	Beneficial owner	259,000,000	259,000,000	70.0%
Ms. Cai Shuyan	Interest of spouse	259,000,000 (1)	259,000,000	70.0%
Ms. Sun Meige	Interest of spouse	259,000,000 (2)	259,000,000	70.0%

Notes:

1. Mr. Cai Shuiyong beneficially owned 50% of Well Bright and Well Bright held 259,000,000 shares of the Company. Ms. Cai Shuyan is the spouse of Mr. Cai Shuiyong. Therefore, Ms. Cai Shuyan is deemed to be interested in all shares of the Company held by Mr. Cai Shuiyong.

2. Mr. Cai Shuiping beneficially owned 50% of Well Bright and Well Bright held 259,000,000 shares of the Company. Ms. Sun Meige is the spouse of Mr. Cai Shuiping. Therefore, Ms. Sun Meige is deemed to be interest in all shares of the Company held by Mr. Cai Shuiping.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

SHARE OPTION SCHEME

The Company has adopted a share option scheme ("Share Option Scheme") on 15 September 2009. A summary of the principle terms and conditions of the share option scheme are set out in the section headed "Share Option Scheme" in Appendix V of the Prospectus. Since the Share Option Scheme has become effective upon the Company's listing on GEM, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the period under review and there were no outstanding share options under the Share Option Scheme as at 31 December 2009.

PURCHASE, SALE AND REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Board considered that the Company had complied with the code provisions set out in the Code of Corporate Governance Practices (the "CG Code") as stipulated in Appendix 15 to the GEM Listing Rules during the year, except for the deviations from code provision A.2.1.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year, save as disclosed in the Prospectus, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the GEM Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

REMUNERATION COMMITTEE

The Company established a remuneration committee in September 2009 with written terms of reference in compliance with the CG Code. The primary duties of the remuneration committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and to make recommendation to our Board on our Group's policy and structure for all remuneration of our Directors and senior management. The remuneration committee comprises one executive Director, namely, Mr. Cai Shuiyong and two independent non-executive Directors, namely Mr. Lin Anqing and Ms. Lin Peifen. Mr. Cai Shuiyong has been appointed as the chairman of the remuneration committee.

NOMINATION COMMITTEE

The Company established a nomination committee in September 2009 with written terms of reference in compliance with the CG Code. The principal duties of the nomination committee are to identify and nominate suitable candidates for the appointment of the Directors and make recommendations to the Board on succession planning for the Directors. The nomination committee comprises one executive Director, namely Mr. Cai Shuiyong and two independent non-executive Directors namely Mr. Lin Anqing and Ms. Lin Peifen. Mr. Cai Shuiyong has been appointed as the chairman of the nomination committee.

AUDIT COMMITTEE

The Company established an audit committee in September 2009 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The audit committee has three members comprising our three independent non-executive Directors, namely Mr. Liu Jianlin, Mr. Lin Anqing and Ms. Lin Peifen. Mr. Liu Jianlin has been appointed as the chairman of the audit committee.

The Group's audited consolidated results for the year ended 31 December 2009 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

COMPLIANCE ADVISOR'S INTEREST

Pursuant to the compliance advisor's agreement entered into between the Company and Evolution Watterson Securities Limited ("Evolution Watterson"), Evolution Watterson has been appointed as the compliance advisor of the Company for the period commencing from the Listing Date and ending on the date on which the Company complies with Rules 18.03 of the GEM Listing Rules in respect of the Company's financial results for the second full financial year commencing after the Listing Date in accordance with the GEM Listing Rules subject to the terms and conditions of the compliance advisor's agreement.

As notified by Evolution Watterson, none of Evolution Watterson, its directors, employees or associates had any interests in the securities of the Company or any member of the Group or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group as at 31 December 2009.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Rule 5.46 of the GEM Listing Rules — Model Code for Securities Transactions by Directors of Listed Companies. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct from the date of listing of the Company's Shares on the Stock Exchange up to 31 December 2009.

By order of the Board
Jiangchen International Holdings Limited
Cai Shuiyong
Chairman and Executive Director

The PRC, 12 February 2010

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cai Shuiyong and Mr. Cai Shuiping; and three independent non-executive Directors, namely Mr. Lin Anqing, Ms. Lin Peifen and Mr. Liu Jianlin.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for 7 days from the date of its posting. This announcement will also be posted on the Company's website at http://www.jcholding.hk.