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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

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, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2010 amounting to RMB86.5 million (2009: RMB81.6 million), representing an increase of 6.0% as compared with corresponding period in 2009.

- Profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2010 amounted to RMB9.9 million (2009: RMB10.9 million), representing a decrease of 9.2% as compared with corresponding period in 2009.

- Basic and diluted earnings per share for the six months ended 30 June 2010 amounted to RMB0.027 (2009: RMB0.029).

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

UNAUDITED RESULTS

The board of the Company (the "Board") is pleased to announce the following unaudited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the six months ended 30 June 2010 together with comparative unaudited consolidated figures for the corresponding periods in 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months and six months ended 30 June 2010

		Three months ended 30 June		Six months ended 30 June	
	Notes	**2010 RMB'000 (Unaudited)**	2009 RMB'000 (Unaudited)	**2010 RMB'000 (Unaudited)**	2009 RMB'000 (Unaudited)
Turnover	4	**43,557**	46,118	**86,487**	81,618
Cost of sales		**(36,362)**	(39,624)	**(72,223)**	(70,050)
Gross profit		**7,195**	6,494	**14,264**	11,568
Other operating income	6	**10**	381	**14**	405
Selling and distribution costs		**(708)**	(134)	**(868)**	(295)
Administrative expenses		**(837)**	(365)	**(1,934)**	(668)
Finance costs	7	**(16)**	(61)	**(34)**	(121)
Profit before tax	8	**5,644**	6,315	**11,442**	10,889
Income tax expense	9	**(759)**	–	**(1,550)**	–
Profit and total comprehensive income for the period		**4,885**	6,315	**9,892**	10,889
Profit and total comprehensive income attributable to:					
Owners of the Company		**4,885**	6,315	**9,900**	10,889
Non-controlling interests		**–**	–	**(8)**	–
		4,885	6,315	**9,892**	10,889
Earnings per share (RMB):					
Basic and diluted	10	**0.013**	0.017	**0.027**	0.029

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2010

	Notes	**30 June 2010 RMB'000 (Unaudited)**	31 December 2009 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	12	**14,147**	9,678
Prepaid lease payments		**7,324**	7,404
		21,471	17,082
Current assets			
Inventories		**20,914**	7,514
Trade and other receivables	13	**32,008**	26,089
Prepaid lease payments		**161**	161
Bank balances and cash		**12,088**	19,877
		65,171	53,641
Current liabilities			
Trade and other payables	14	**12,343**	3,892
Amounts due to controlling shareholders	15	**685**	2,983
Amount due to a related company	16	**42**	393
Secured bank borrowings	17	**4,991**	2,000
Income tax payable		**759**	–
		18,820	9,268
Net current assets		**46,351**	44,373
Net assets		**67,822**	61,455
Capital and reserves			
Share capital	18	**3,256**	3,256
Reserves		**64,566**	56,325
Equity attributable to owners of the Company		**67,822**	59,581
Non-controlling interests		**–**	1,874
Total equity		**67,822**	61,455

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2010

	Attributable to owners of the Company								
	Share capital RMB'000	**Share premium RMB'000**	**Capital reserve RMB'000**	**Statutory reserves RMB'000**	**Other reserves RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**	**Non-controlling interests RMB'000**	**Total equity RMB'000**
At 1 January 2009 (audited)	24,135	–	10	1,027	–	9,247	34,419	–	34,419
Total comprehensive income for the period	–	–	–	–	–	10,889	10,889	–	10,889
Increase in share capital and merger reserve arising from common control combination	6,258	–	–	–	(240)	–	6,018	–	6,018
At 30 June 2009 (unaudited)	30,393	–	10	1,027	(240)	20,136	51,326	–	51,326
Total comprehensive income for the period	–	–	–	–	–	4,813	4,813	(4)	4,809
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)
Elimination of share capital and merger reserve arising from common control combination	(6,258)	–	–	–	(3,872)	–	(10,130)	1,878	(8,252)
Appropriation to reserves	–	–	–	1,634	–	(1,634)	–	–	–
At 31 December 2009 (audited)	3,256	10,642	10	2,661	19,697	23,315	59,581	1,874	61,455
Total comprehensive income for the period	–	–	–	–	–	9,900	9,900	(8)	9,892
Acquisition of additional interests in a subsidiary from non-controlling shareholder	–	–	–	–	(1,659)	–	(1,659)	(1,866)	(3,525)
At 30 June 2010 (unaudited)	**3,256**	**10,642**	**10**	**2,661**	**18,038**	**33,215**	**67,822**	**–**	**67,822**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2010

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(2,364)**	(1,835)
Net cash (used in)/generated from investing activities	**(4,849)**	115
Net cash (used in)/generated from financing activities	**(576)**	1,398
Net decrease in cash and cash equivalents	**(7,789)**	(322)
Cash and cash equivalents at 1 January	**19,877**	3,911
Cash and cash equivalents at 30 June, representing bank balances and cash	**12,088**	3,589

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION
For the six months ended 30 June 2010

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. 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 shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 October 2009.

On 7 December 2009 and 5 March 2010, Sino Prosper (Asia) Limited ("Sino Prosper"), a wholly-owned subsidiary of the Company, acquired 70% and 30%, of the interest of Jiangxi Hongfeng Textile Company Limited ("Hongfeng Textile"), respectively. The acquisition (the "Acquisition") was accounted for using merger accounting under common control combination, as the Company and Hongfeng Textile are both under the control of Mr. Cai Shuiyong and Mr. Cai Shuiping, the ultimate controlling shareholders. Details of the Acquisition are set out in the announcement and circular issued by the Company dated 2 December 2009 and 13 January 2010, respectively.

The Group is regarded as a continuing entity resulting from the Reorganisation and the Acquisition under common control and has been accounted for on the basis of merger accounting. The unaudited interim results of the Group for the three months and six months ended 30 June 2009 shown as comparatives in this interim report have been prepared as if the current group structure had been in existence throughout both periods presented, or since the respective dates of incorporation of the group companies or the dates the Company and subsidiaries first came under common control, rather than from the date when the Company became the holding company of the Group pursuant to the Reorganisation and Acquisition.

2. BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange (the "GEM Rules") and with Hong Kong Accounting Standards ("HKAS") 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial information has been prepared on the historical cost basis.

The accounting policies used in the condensed interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs"), issued by the HKICPA.

Hong Kong Financial Reporting Standards ("HKFRSs") (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Interpretation ("INT") 17	Distributions of Non-cash Assets to Owners

The application of the new and revised HKFRSs had no effect on the condensed interim financial information for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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 period 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.

The Group's revenue from external customers by geographical location is detailed below:

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Turnover based on geographical locations of external customers		
Hong Kong	**6,934**	7,565
PRC (excluding Hong Kong)	**78,098**	72,119
Others	**1,455**	1,934
	86,487	81,618

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 People's Republic of China (the "PRC").

6. OTHER OPERATING INCOME

	Three months ended 30 June		**Six months ended 30 June**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Written off of long outstanding payables	**–**	381	**–**	381
Bank interest income	**10**	–	**14**	24
	10	381	**14**	405

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on bank borrowings wholly repayable within one year	**16**	61	**34**	121

8. PROFIT BEFORE TAX

	Three months ended 30 June		Six months ended 30 June	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit before tax has been arrived at after charging:				
Directors' emoluments	**43**	15	**85**	31
Other staff costs	**5,101**	5,566	**10,259**	9,741
Retirement benefits scheme contributions, excluding directors	**1,289**	930	**2,650**	1,693
Total staff costs	**6,433**	6,511	**12,994**	11,465
Amortisation of prepaid lease payments	**40**	39	**80**	51
Cost of inventories recognised	**36,362**	39,624	**72,223**	70,050
Depreciation of property, plant and equipment	**205**	205	**394**	335
Exchange loss	**79**	37	**91**	44
Operating lease rental paid in respect of rented premises	**19**	25	**38**	91

9. INCOME TAX EXPENSE

	Three months ended 30 June		**Six months ended 30 June**	
	2010	2009	**2010**	2009
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
– PRC Enterprise Income Tax	**759**	–	**1,550**	–

No Hong Kong Profits Tax has been provided as there were no assessable profits derived from Hong Kong for the three months and six months ended 30 June 2010 and 2009.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

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.

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 first profit-making year of the PRC subsidiaries is 2008. Accordingly, the PRC subsidiaries are exempted from PRC Enterprise Income Tax from 1 January 2008 to 31 December 2009 and are entitled to a 50% exemption of income tax from 1 January 2010 to 31 December 2012.

10. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share for the three months and six months ended 30 June 2010 are based on the profit attributable to owners of the Company of approximately RMB4,885,000 and RMB9,900,000 (three months and six months ended 30 June 2009: approximately RMB6,315,000 and RMB10,889,000) respectively.

The basic and diluted earnings per share are based on the weighted average number of 370,000,000 shares in issue during the three months and six months ended 30 June 2010 and 2009.

The weighted average number of shares in issue during the periods ended 30 June 2010 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 period.

The dilutive earnings per share are the same as the basic earnings per share for each of the three months and six months ended 30 June 2010 and 2009 as there were no dilutive potential ordinary shares outstanding during the periods.

11. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2010, the Group spent approximately RMB3,262,000 on additions to property, plant and equipment and approximately RMB1,601,000 on construction of a new manufacturing plant in the PRC, for the expansion of production facilities. During the six months ended 30 June 2009, the Group spent approximately RMB629,000 on additions to property, plant and equipment, not including those acquired from common control combination of RMB3,681,000.

13. TRADE AND OTHER RECEIVABLES

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Trade receivables	**28,889**	25,791
Prepayments and deposits	**1,727**	298
Other receivables	**1,392**	–
	32,008	26,089

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:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
0 – 90 days	**28,817**	18,282
91 – 180 days	**–**	7,429
181 – 365 days	**29**	15
Over 365 days	**43**	65
Total	**28,889**	25,791

14. TRADE AND OTHER PAYABLES

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

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
0 – 30 days	**9,298**	1,830
31 – 90 days	**396**	–
	9,694	1,830
Other payables	**2,649**	2,062
	12,343	3,892

15. AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

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

16. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company, Cai's International Holdings Limited, is unsecured, non-interest bearing and repayable on demand.

17. SECURED BANK BORROWINGS

As at 30 June 2010 and 31 December 2009, the bank borrowings are secured by:

- Certain assets of the Group as set out in Note 20;
- Land, buildings and machineries owned by an independent third party, Wannian County Meiling Apparel and Knitting Co. Ltd. (萬年縣美岭服飾織造有限公司), a company wholly-owned by one of the Group's customers (the "Secured Land and Buildings"); and
- Guaranteed by Mr. Cai Shuiyong and Mr. Cai Shuiping.

The Company is in the negotiation with the bank to release the Secured Land and Buildings and guarantee provided by Mr. Cai Shuiyong and Mr. Cai Shuiping.

18. SHARE CAPITAL

As the Company was not yet incorporated prior to 30 June 2009 and the Reorganisation was not completed as at 30 June 2009, the share capital in the consolidated statement of changes in equity as at 1 January 2009 and 30 June 2009 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 periods are as follows:

	Note	**Par Value** HK$	**Number of ordinary shares**	**Nominal value of ordinary shares** 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 (audited) and 30 June 2010 (unaudited)		0.01	1,000,000,000	10,000

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 30 June 2010 is as follows:

	Note	**Par Value** HK$	**Number of ordinary shares**	**Nominal value of ordinary shares** 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 (audited) and 30 June 2010 (unaudited)		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.

19. CAPITAL COMMITMENTS

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Capital expenditure contracted for but not provided in the condensed interim financial information in respect of the acquisition of:		
– Property, plant and equipment	**1,601**	3,203
– Investment in a subsidiary	**–**	3,500
	1,601	6,703

20. PLEDGE 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:

	30 June 2010 RMB'000 (Unaudited)	31 December 2009 RMB'000 (Audited)
Buildings	**6,658**	7,569
Prepaid lease payments	**7,036**	7,565
Machinery	**861**	1,078
	14,555	16,212

21. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a written resolution passed on 15 September 2009 for the primary purpose of providing incentives and rewards to directors and eligible participants. Since the Scheme has been adopted, no share option has been granted, exercised or cancelled by the Company. As at 30 June 2010, there are no outstanding share options under the Scheme (31 December 2009: nil).

22. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Hongfeng Textile (Note 1)		
– rental expense incurred	**–**	36
Mr. Tsoi Kam On (蔡金銨) (Note 2)		
– rental expense incurred	**14**	14

Notes:

1. Hongfeng Textile was a company in which Mr. Cai Shuiyong and Mr. Cai Shuiping, the executive Directors and substantial shareholders of the Company, had beneficial interests. Hongfeng Textile was combined into the Group since March 2009.

2. Mr. Tsoi Kam On (蔡金銨) is the brother of Mr. Cai Shuiyong.

(b) The remuneration of directors and other members of key management during the period were as follows:

	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other allowances	**182**	129
Retirement benefits scheme contributions	**9**	7
	191	136

(c) Acquisition of 30% additional equity interests in Hongfeng Textile

As 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 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 agreed to purchase from and Hong Feng International agreed to dispose of 30% additional equity interests in Hongfeng Textile for a consideration in cash of approximately RMB3.5 million. On 28 January 2010, approval of the acquisition was obtained from the independent shareholders in an extraordinary general meeting. The acquisition was completed on 5 March 2010 and Hongfeng Textile became a wholly-owned subsidiary of the Group.

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. The Group has also established wholesale outlets in Wannian county, Jiangxi province and six distribution outlets under franchise arrangement for sales and marketing of products designed by the Company using "e號倉庫" and "珍珠泉" as its brand names. The products produced by the Group can be broadly categorised into cotton and sweat jacket, sportswear and leisurewear, trousers and children garment.

Financial review

Revenue

The Group's revenue for the six months ended 30 June 2010 increased by 6.0% to approximately RMB86.5 million as compared to that of approximately RMB81.6 million for the six months ended 30 June 2009.

The increase in the Group's revenue was mainly attributable to the increase in demand of the Company's products and the continuous effort of the Group's sales team in developing the domestic sales. The aggregate revenue from the domestic sales for the six months ended 30 June 2010 increased to RMB10.7 million (2009: 5.4 million), representing an increase of approximately 98.1% as compared to the corresponding period in 2009.

Gross profit

The Group achieved a gross profit of approximately RMB14.3 million (2009: RMB11.6 million) for the six months ended 30 June 2010, representing an increase of approximately 23.3% as compared to that for the six months ended 30 June 2009. The gross profit margin for the six months ended 30 June 2010 amounted to 16.5% (2009: 14.2%). The increase in gross profit margin in 2010 was mainly attributable to the decrease in raw materials costs and a higher percentage of domestic sales which bear a better gross profit margin.

Selling and distribution costs

The selling and distribution costs have been increased by approximately 1.9 times from approximately RMB295,000 for the six months ended 30 June 2009 to approximately RMB868,000 for the six months ended 30 June 2010. The increase in selling and distribution costs was mainly attributable to the increase in transportation costs and marketing and promotional expenses.

Administrative expenses

The administrative expenses have been increased by approximately 1.8 times from approximately RMB668,000 for the six months ended 30 June 2009 to approximately RMB1.9 million for the six months ended 30 June 2010. The increase in administrative expenses was mainly attributable to the additional paid holidays expenses incurred by the Company in compliance with the new employment contract laws in the PRC and the increase in legal and professional fees.

Profit attributable to owners of the Company

The profit attributable to owners of the Company decreased by approximately 9.2% from approximately RMB10.9 million for the six months ended 30 June 2009 to approximately RMB9.9 million for the six months ended 30 June 2010.

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 their technical or product knowledge.

As at 30 June 2010, the Group had 1,549 (31 December 2009: 1,439) employees, including Directors. Total staff costs for the six months ended 30 June 2010, including Directors' remuneration, amounted to approximately RMB13.0 million (2009: approximately RMB11.5 million). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance and experience of individual employee.

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 recruiting and retaining high calibre executives and employees.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations from internally generated cash flows. As at 30 June 2010, the Group had total assets of approximately RMB86.6 million and net assets of approximately RMB67.8 million. The Group's cash and bank balances as at 30 June 2010 amounted to approximately RMB12.1 million and secured bank borrowings amounted to RMB5.0 million. Taking into account the cash reserves 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.

PLEDGE ON ASSETS

As at 30 June 2010, the Group secured its bank borrowings by buildings with a carrying value of RMB6.7 million (31 December 2009: RMB7.6 million), prepaid lease payments with a carrying value of RMB7.0 million (31 December 2009: RMB7.6 million) and machinery with a carrying value of RMB861,000 (31 December 2009: RMB1.1 million).

CONTINGENT LIABILITIES

As at 30 June 2010, the Group did not have any significant contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider hedging the foreign exchange exposure if it is significant to the Group.

GEARING RATIO

The gearing ratio of the Group, based on total borrowings to the equity (including all capital and reserves) of the Company, increased to 7.4% for the period (31 December 2009: 3.3%).

CAPITAL STRUCTURE

The capital of the Group comprises only ordinary shares. As at 30 June 2010, the total number of the ordinary shares of the Group in issue was 370,000,000 shares.

SIGNIFICANT INVESTMENT HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

On 2 December 2009 and 23 December 2009, the Company made an announcement to acquire 70% and 30% respectively of the shareholding interest in Hong Feng Textile with a view to secure its main production base and apply the net proceeds to established additional production line and a research and development department in accordance with the future plans as described in the Prospectus. Such acquisition, which constitutes a connected transaction of the Company under rule 20.13 of the GEM Listing Rules, has been approved by independent shareholders on 28 January 2010.

Save as disclosed above, there were no significant investment held or material acquisitions and disposals of subsidiaries for the six months ended 30 June 2010.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and note 19 to condensed interim financial information, the Group had no other future plans for material investments or capital assets as at 31 December 2009.

OUTLOOK

The shares of the Company were listed on GEM on 8 October 2009 (the "Listing Date"). As disclosed in the prospectus (the "Prospectus") of the Company dated 29 September 2009, 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 the 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 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 the productivity with reduced wastage and better quality control.

In addition, 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 the 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as stated in the Prospectus with the Group's actual business progress for the period from 8 October 2009 (the "Listing Date") to 30 June 2010 is set out below:

	Business objectives for the period from the Listing Date to 30 June 2010 as stated in the Prospectus	Actual business progress up to 30 June 2010
1	Expansion of our new product design capacity and brand building	The Group has completed the feasibility study on setting up a research and development department and is the process of establishing the research and development department. The Group is in the process of negotiating with independent third parties to acquire certain trademarks. The Group has employed four research and development staff. The Group has conducted advertising campaigns on promoting its brands in the PRC.
2	Expansion of our production capacity	After the acquisition of Hong Feng Textile, the Group has obtained the land use right proximity to its existing production base by using internal resources. The Group is the process of establishing a new production plant.
3	Expansion of our sales and distribution channel	Instead of operating the distribution outlets by itself, the Group has established its distribution outlets in the form of franchise. As at 30 June 2010, there are six distribution outlets under this arrangement. The Group has employed three additional sales and marketing staff.

The business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied in accordance with the actual development of the market. During the period from the Listing Date to 30 June 2010, the net proceeds from issuance of new shares of the Company had been applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Listing Date to 30 June 2010 HK$'000	Actual use of proceeds from the date of listing to 30 June 2010 HK$'000
Expansion of our new product design capacity and brand building	2,650	1,210
Expansion of our production capacity	7,100	3,646
Expansion of our sales and distribution channel	1,300	1,074

As the Group has secured the land use right for the establishment of production plant by acquiring the shareholding interest in Hong Feng Textile using its internally generated resources, the Company will apply the net proceeds originally assigned for the acquisition of land use right to enhance the construction and renovation of the production plant.

Due to the above reason and certain expansion activities were postponed, the net proceeds applied during the period from the Listing Date to 30 June 2010 are less than expected.

All the remaining proceeds as at 30 June 2010 had been placed as interest bearing deposits in banks in Hong Kong or China.

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

As at 30 June 2010, 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 the Securities and Futures Ordinance ("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				Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Total	
Mr. Cai Shuiyong	–	–	231,250,000[1]	231,250,000	62.5%
Mr. Cai Shuiping	–	–	231,250,000[1]	231,250,000	62.5%

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 231,250,000 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 30 June 2010, 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 30 June 2010, 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	Number of ordinary shares	Percentage of issued share capital
Well Bright Group Limited	Beneficial owner	231,250,000	62.5%
Ms. Cai Shuyan	Interest of spouse	231,250,000(1)	62.5%
Ms. Sun Meige	Interest of spouse	231,250,000(2)	62.5%
Reachup Holdings Limited	Beneficial owner	27,750,000(3)	7.5%
Mr. Wu Benjamin Wen Jing	Interest of controlled corporation	27,750,000(3)	7.5%
Mr. Wu Benjamin Wen Jing	Beneficial owner	8,672,000	2.3%

Notes:

1. Mr. Cai Shuiyong beneficially owned 50% of Well Bright and Well Bright held 231,250,000 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 231,250,000 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.

3. These shares are owned by Reachup Holdings Limited which is wholly owned by Mr. Wu Benjamin Wen Jing. Therefore, Mr. Wu Benjamin Wen Jing is deemed to be interested in 27,750,000 shares held by Reachup Holdings Limited under the SFO.

Save as disclosed above, as at 30 June 2010, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under 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.

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2010 (2009: Nil) and there is no closure of the register of members accordingly.

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 30 June 2010.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed shares of the Company during the six months ended 30 June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICE

Pursuant to the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Mr. Cai Shuiyong is appointed as the chairman and chief executive officer of the Company who is responsible for managing the Board and the Group's business. The Board considers that Mr. Cai has in-depth knowledge in the Group's business and can make appropriate decisions promptly and efficiently. Nevertheless, the Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer of the Company is necessary.

Save as disclosed above, the Company has complied with the code provisions of the Code on Corporate Governance Practice set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2010.

COMPETITION AND CONFLICT OF INTEREST

Save as disclosed in the Prospectus, none of the Directors, the management shareholders or substantial shareholders of the Company or any of its respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the six months ended 30 June 2010.

REMUNERATION COMMITTEE

The Company established a remuneration committee in September 2009 with written terms of reference in compliance with the Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules. 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 Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules. 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 unaudited condensed consolidated results for the six months ended 30 June 2010 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 30 June 2010.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Director's securities transactions in shares of the Company. Having made specific enquiry of all Directors, each of the Directors confirm that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors for the six months ended 30 June 2010.

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

The PRC, 13 August 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.