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 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 of the Group for the year ended 31 December 2010 amounting to RMB202.2 million (2009: RMB146.0 million), representing an increase of 38.5% as compared with corresponding period in 2009.

- Profits attributable to owners of the Company for the year ended 31 December 2010 amounted to RMB23.1 million (2009: RMB15.7 million), representing an increase of 47.0% as compared with corresponding period in 2009.

- Basic earnings per share for the year ended 31 December 2010 amounted to RMB0.062 (2009: RMB0.042).

- The Directors do not recommend the payment of a final dividend for the year ended 31 December 2010.

FINAL RESULTS

The board (the "Board") of Directors of 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 2010 together with comparative audited figures for 2009, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Turnover	*3*	**202,232**	146,003
Cost of sales		**(169,409)**	(125,838)
Gross profit		**32,823**	20,165
Other operating income	*5*	**35**	416
Selling and distribution costs		**(1,761)**	(666)
Administrative expenses		**(4,211)**	(3,971)
Finance costs	*6*	**(180)**	(246)
Profit before tax		**26,706**	15,698
Income tax expense	*7*	**(3,625)**	–
Profit and total comprehensive income for the year	*8*	**23,081**	15,698
Profit and total comprehensive income attributable to:			
Owners of the Company		**23,089**	15,702
Non-controlling interests		**(8)**	(4)
		23,081	15,698
Earnings per share (RMB):			
Basic and diluted	*9*	**0.062**	0.042

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	**2010**	2009
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**16,506**	9,678
Prepaid lease payments		**7,243**	7,404
		23,749	17,082
Current assets			
Inventories		**13,794**	7,514
Trade and other receivables	*11*	**33,646**	26,089
Prepaid lease payments		**161**	161
Bank balances and cash		**26,044**	19,877
		73,645	53,641
Current liabilities			
Trade and other payables	*12*	**13,082**	3,892
Amounts due to controlling shareholders	*13*	–	2,983
Amount due to a related party	*14*	–	393
Tax liabilities		**1,301**	–
Secured bank borrowings		**2,000**	2,000
		16,383	9,268
Net current assets		**57,262**	44,373
Total assets less current liabilities		**81,011**	61,455
Capital and reserves			
Share capital	*15*	**3,256**	3,256
Reserves		**77,755**	56,325
Equity attributable to owners of the Company		**81,011**	59,581
Non-controlling interests		–	1,874
Total equity		**81,011**	61,455

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Capital reserve	Statutory reserves	Other reserves	Retained earnings	Total		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Note a)	*RMB'000* (Note b)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009	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
Total comprehensive income for the year	–	–	–	–	–	23,089	23,089	(8)	23,081
Acquisition of additional equity interests in a subsidiary from non-controlling shareholder	–	–	–	–	(1,659)	–	(1,659)	(1,866)	(3,525)
Appropriation to reserves	–	–	–	2,595	–	(2,595)	–	–	–
At 31 December 2010	3,256	10,642	10	5,256	18,038	43,809	81,011	–	81,011

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 RMB1,932,000 (2009: RMB838,000) which has been dealt with in the financial statements of the Company.

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Jiangchen International Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands and its shares are listed on the GEM of the Stock Exchange with effective from 8 October 2009. The Group are principally engaged in the manufacturing and wholesaling of apparels and investment holding.

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（蔡水泳）("Mr. Cai SY") and Mr. Cai Shuiping（蔡水平）("Mr. Cai SP") are the ultimate controlling shareholders.

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 then subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 29 September 2009.

Subsequent to the Reorganisation, Sino Prosper (Asia) Limited ("Sino Prosper"), a wholly-owned subsidiary of the Company, acquired 70% of the equity interests in Jiangxi Hongfeng Textile Company Limited ("Hongfeng Textile") from Hong Feng International Holdings Limited ("Hong Feng International") on 7 December 2009. 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 SY and Mr. Cai SP. Accordingly, these consolidated 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 Hongfeng Textile first came under the control of Mr. Cai SY and Mr. Cai SP in March 2009. Details of the acquisition are set out in the announcement issued by the Company dated 2 December 2009.

On 5 March 2010, Sino Prosper acquired the remaining 30% of the equity interests in Hongfeng Textile from Hong Feng International at cash consideration of approximately RMB3,525,000. Since then, Hongfeng Textile became a wholly-owned subsidiary of the Group. Details of the acquisition are set out in the circular issued by the Company dated 13 January 2010.

The consolidated financial statements are presented in thousands of units of Renminbi ("RMB") which is also as the functional currency of the Group.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

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

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

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-Interpretation ("Int") 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

HKFRS 3 (Revised 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. As there was no transaction during the current year in which HKFRS 3 (Revised) is applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results, of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised) and the consequential amendments to the other HKFRSs are applicable.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

In prior years, there are no specific requirements in HKFRSs regarding changes in ownership interests in existing subsidiaries. Under HKAS 27 (Revised 2008), all increases or decreases in such interests that do not result in the Group losing control over the subsidiaries are dealt with in equity, with no impact on goodwill or profit or loss.

For the additional 30% of the equity interests in Hongfeng Textile acquired during the year, the Group has applied HKAS 27 (Revised 2008) the first time. Under the revised standard, the difference of approximately RMB1,659,000 between the consideration of approximately RMB3,525,000 and the carrying value of the equity interests acquired of approximately RMB1,866,000 has been recognised in other reserves within equity.

The application of HKAS 27 (Revised 2008) has not resulted in changes in the Group's accounting policies as this is the first time the Group enters into relevant transaction.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. The application of amendment to HKAS 17 had no material effect on the consolidated financial statements.

The application of the other new and revised HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised standards and interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax : Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
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 July 2011
6 Effective for annual periods beginning on or after 1 January 2012
7 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The Directors anticipate that the application of other new and revise standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. 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.

4. SEGMENT INFORMATION

In prior years, the Group has only one operating segment, manufacturing and wholesaling of apparels, whose operating results were 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, no segment revenue, results, assets and liabilities for prior years are presented.

During the year, with the acquisition of additional 30% equity interests in Hongfeng Textile, the Group changes the structure of internal organisation which results in redesignation of its operating segments. Under the new structure of internal organisation, the information reported to the Chief Executive Officer is analysed based on the types of goods sold, including (i) manufacturing and wholesaling of original equipment manufacturing ("OEM") products and (ii) manufacturing and sales of branded products ("Brand business").

Information regarding the above segments for the year ended 31 December 2010 is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment for the year ended 31 December 2010:

	Manufacturing and wholesaling of OEM products	**Brand business**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	173,660	28,572	202,232
Segment results	25,275	3,519	28,794
Other operating income			35
Central administrative costs			(1,943)
Finance costs			(180)
Profit before tax			26,706

Segment results represent the results from each segment without allocation of central administrative costs including directors' salaries, other operating income, finance costs and income tax expense. This is the measure reported to the Chief Executive Officer for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The segment assets and liabilities at 31 December 2010 by reportable segment are as follows:

	Manufacturing and wholesaling of OEM products	Brand business	Total segment	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	62,457	8,833	71,290	26,104	97,394
Segment liabilities	11,546	1,008	12,554	3,829	16,383

For the purposes of monitoring segment performance and allocating resources between segments:

– all assets are allocated to reportable segments other than bank balances and cash and other assets for corporate use which including other receivables; and

– all liabilities are allocated to reportable segments other than secured bank borrowings, tax liabilities and other payables for corporate use.

Other segment information

For the year ended 31 December 2010

	Manufacturing and wholesaling of OEM products	Brand business	Total
	RMB'000	*RMB'000*	*RMB'000*
Amounts included in the measure of segment results or segment assets			
Addition to non-current assets	7,627	253	7,880
Depreciation of property, plant and equipment	717	149	866
Amortisation of prepaid lease payments	155	6	161
Impairment loss recognised in respect of trade receivables	100	–	100
Loss on disposal of property, plant and equipment	99	–	99
Amounts regularly provided to Chief Executive Officer but not included in the measure of segment results			
– Interest expense	111	69	180
– Income tax expense	3,178	447	3,625

Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	2010	2009
	RMB'000	*RMB'000*
OEM products	**173,660**	132,750
Brand products	**28,572**	13,253
	202,232	146,003

Geographical information

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

	2010	2009
	RMB'000	*RMB'000*
Hong Kong	**–**	10,199
PRC (excluding Hong Kong)	**193,839**	127,421
Others	**8,393**	8,383
	202,232	146,003

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

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2010	2009
	RMB'000	*RMB'000*
Customer A	**45,004**	59,818
Customer B	**28,879**	21,359
Customer C	**33,013**	18,167
Customer D	**35,533**	N/A[1]
Customer E	**22,838**	N/A[1]
	165,267	99,344

[1] The corresponding revenue did not contribute over 10% of the total sales of the Group in the respective year

5. OTHER OPERATING INCOME

	2010	2009
	RMB'000	*RMB'000*
Written off of long outstanding payables	**–**	393
Bank interest income	**35**	23
	35	416

6. FINANCE COSTS

	2010	2009
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within one year	**180**	246

7. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided for in the consolidated financial statements as there were no assessable profits derived from Hong Kong for both years.

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.

Under the Law of the PRC 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 "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.

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

	2010	2009
	RMB'000	*RMB'000*
Profit before tax	**26,706**	15,698
Tax expense at rates applicable to profits in the countries concerned	**7,181**	4,134
Tax effect of expenses not deductible for tax purpose	**80**	20
Tax effect of tax exemption granted to PRC subsidiaries	**(3,636)**	(4,154)
Income tax expense for the year	**3,625**	–

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB58,827,000 (2009: RMB33,731,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. PROFIT FOR THE YEAR

	2010	2009
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**203**	164
Other staff costs	**23,887**	19,672
Retirement benefits scheme contributions, excluding directors	**7,745**	4,421
Total staff costs	**31,835**	24,257
Amortisation of prepaid lease payments	**161**	132
Impairment loss recognised in respect of trade receivables	**100**	-
Auditors' remuneration	**528**	484
Cost of inventories recognised	**169,325**	125,909
Depreciation of property, plant and equipment	**866**	713
Exchange loss	**78**	57
Loss on disposal of property, plant and equipment	**99**	-
Operating lease rental paid in respect of rented premises	**87**	132

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB23,089,000 (2009: RMB15,702,000) and the weighted average number of shares in issue during the year of 370,000,000 (2009: 370,000,000). The weighted average number of shares in issue during the year ended 31 December 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.

The dilutive earnings per share are the same as the basic earnings per share for the years ended 31 December 2009 and 2010 as there were no dilutive potential ordinary shares outstanding during both years.

10. DIVIDEND

No dividend was paid, declared or proposed during the years ended 31 December 2009 and 2010.

11. TRADE AND OTHER RECEIVABLES

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**25,858**	25,791
Less: allowance for doubtful debts	**(100)**	–
	25,758	25,791
Prepayment for goods	**7,704**	298
Other receivables	**184**	–
	33,646	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 following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period:

	2010	2009
	RMB'000	*RMB'000*
0 – 90 days	**25,758**	18,282
91 – 180 days	**–**	7,429
181 – 365 days	**–**	15
Over 365 days	**–**	65
Total	**25,758**	25,791

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. The Group does not hold any collateral over these balances.

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 (see below for aged analysis), the directors of the Company consider that no allowance is required. The Group does not hold any collateral over these balances.

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

		Neither past	**Past due but not impaired**		
		due nor		**91 – 180**	**181 – 365**
	Total	**impaired**	**<90 days**	**days**	**days**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2009	25,791	25,711	–	17	63
2010	25,758	25,758	–	–	–

Movement in the allowance for doubtful debts

	2010	2009
	RMB'000	*RMB'000*
1 January	**–**	–
Impairment losses recognised on receivables	**100**	–
31 December	**100**	–

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB100,000 (2009: Nil) which have been overdue by more than one year. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2010	2009
	RMB'000	*RMB'000*
Trade payables	**4,019**	1,830
Receipt in advance	**4,065**	–
Other payables	**4,998**	2,062
	13,082	3,892

The credit period on purchase of goods ranges from 45 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. As at 31 December 2010, all trade payables are aged within 30 days (2009: within 30 days) based on the invoice date at the end of the reporting date.

13. AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

The amounts are unsecured, non-interest bearing and repayable on demand. The amounts have been fully repaid during the year.

14. AMOUNT DUE TO A RELATED PARTY

	2010	2009
	RMB'000	*RMB'000*
Non-trading in nature		
Cai's International Holdings Limited ("Cai's International")	**–**	393

Mr. Cai SY and Mr. Cai SP have beneficial interests in Cai's International.

The amount is unsecured, non-interest bearing and repayable on demand. The amount has been fully repaid during the year.

15. SHARE CAPITAL

As the Company was not yet incorporated prior to 1 January 2009 and the Reorganisation was not completed as at 1 January 2009, the share capital in the consolidated statement of changes in equity as at 1 January 2009 represented the combined paid-in capital of the then 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:

	Notes	**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 and 31 December 2010		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 31 December 2010 is as follows:

	Notes	**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 and 31 December 2010		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 totaling 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.

16. CAPITAL COMMITMENTS

	2010	2009
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of:		
– Property, plant and equipment	**250**	3,203
– Interest in a subsidiary *(Note)*	**–**	3,500
	250	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 interests in Hongfeng Textile for a consideration of approximately RMB3.5 million. The acquisition is approved by independent shareholders in the Company's extraordinary general meeting held on 28 January 2010.

17. PLEDGE OF ASSETS

The Group had pledged certain of its buildings, prepaid lease payments and machineries 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:

	2010	2009
	RMB'000	*RMB'000*
Buildings	**–**	7,569
Prepaid lease payments	**5,415**	7,565
Machineries	**–**	1,078
	5,415	16,212

18. EVENTS AFTER THE REPORTING PERIOD

As mentioned in the announcement issued by the Company dated 10 February 2011, the Company is considering the possibility for the transfer (the "Transfer") of listing of the Company's shares from the GEM to the Main Board of the Stock Exchange. As at the date of the consolidated financial statements were approved and authorised for issue, no application has been made to the Stock Exchange for the Transfer.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in the manufacturing and wholesaling of apparels. The apparels produced by the Group can be broadly categorized into cotton and sweat jacket, sportswear and leisurewear, trousers and children garment.

As at 31 December 2010, the Company has a domestic distribution network consisting of two self-owned stores, six franchise shops and forty distribution outlets across Jiangxi province, Hunan province, Fujian province and Guangxi province for the sales and marketing of its own design products. To cater for the anticipated business expansion, the production in the Hongfeng Textile factory with a gross floor area of 2,770 square meters had been commenced in July 2010. With this new factory, the annual production capacity of the Company has been increased by approximately 2,500,000 pieces of apparels.

The newly established research and development department has also been in operation since July 2010. This department is mainly focused on the improvement of manufacturing processes with a view to enhance productivity and quality control and the new product designs.

On 23 December 2009, the Company made an announcement to acquire the remaining 30% of the shareholding of Hongfeng Textile with a view to secure its main production base and to apply the net proceeds to establish additional production line and a research and development department. The acquisition constitutes a connected transaction of the Company under rule 20.13 of the GEM Listing Rules and has been approved by independent shareholders on 28 January 2010.

FINANCIAL REVIEW

Turnover

During the period under review, the Company recorded a turnover of RMB202.2 million for the year ended 31 December 2010, a 38.5% increase as compared to RMB146.0 million for 2009. Profit and total comprehensive income attributable to shareholders of the Company increased by 47.0% from RMB15.7 million for the year ended 31 December 2009 to RMB23.1 million for the year ended 31 December 2010.

The turnover of the Company's original equipment manufacturing apparels sold to domestic import and export companies and overseas trading companies for export for the year ended 31 December 2010 was RMB173.7 million (for the year ended 31 December 2009: RMB132.8 million), which is 30.8% higher than that for the corresponding period in 2009.

The Company also distributes its own brand apparels to local chain stores, its franchise stores and through its wholesale outlets in China. The turnover of the distribution of Company's brand apparels for the year ended 31 December 2010 was RMB28.6 million (for the year ended 31 December 2009: RMB13.3 million), which is 115.6% higher than that for the corresponding period in 2009.

In term of production mode, turnover of original equipment manufacturing products represent 85.9% of the total turnover (for the year ended 31 December 2009: 90.9%) while turnover of the brand products only account for 14.1% (for the year ended 31 December 2009: 9.1%).

Gross profit

The Group achieved a gross profit of approximately RMB32.8 million for the year ended 31 December 2010 (for the year ended 31 December 2009: RMB20.2 million), representing an increase of 62.8% as compared to that for the corresponding period in 2009. Gross profit margin, calculated as gross profit divided by turnover, for the year ended 31 December 2010 amounted to 16.2% (2009: 13.8%). The increase in gross margin in 2010 was mainly attributable to the increase in unit selling price of the Company's products.

Selling and distribution costs

Align with the Company's business growth, the selling and distribution costs have been increased from RMB666,000 for the year ended 31 December 2009 to RMB1,761,000 for the year ended 31 December 2010, representing an increase of 164.4%. The increase in selling and distribution costs was mainly attributable to the increase in marketing expenses on promoting the Company's brands and franchise stores and the increase in transportation costs.

Administrative expenses

Despite the significant increase in turnover and gross profit, with stringent cost controls, the administrative expenses of the Company have been only increased by 6.0% from approximately RMB3,971,000 for the year ended 31 December 2009 to approximately RMB4,211,000 for the year ended 31 December 2010. The increase in administrative expenses was mainly attributable to the net effect of the increase in professional fees and the decrease in staff training and welfare expenses.

Income tax expense

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are exempted from PRC Enterprise Income Tax (the "EIT") for the two years starting from their first profit-making year, followed by a 50% tax concession for the next three years. Such EIT exemption will end on 31 December 2012. As the Group's PRC subsidiaries have been profit-making or deem to be profit-making since 1 January 2008, they are exempted from the EIT from 1 January 2008 to 31 December 2009 and are entitled to a 50% tax concession from 1 January 2010 to 31 December 2012. The effective tax rate of the Group for the year ended 31 December 2010 is 13.6% (for the year ended 31 December 2009: nil).

Profit and total comprehensive income attributable to owners of the Company

As a results of the above changes, the profit and total comprehensive income attributable to owners of the Company increased by 47.0% from approximately RMB15.7 million for the year ended 31 December 2009 to RMB23.1 million for the year ended 31 December 2010.

Basic earnings per share

Basic earnings per share for the year ended 31 December 2010 amounted to RMB0.062 (2009: RMB0.042), representing an increase of 47.6% as compared with corresponding period in 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2010, the Group had 1,774 (2009: 1,439) employees, including Directors. Total staff costs for the year under review, including Directors' remuneration, amounted to approximately RMB31.8 million (2009: approximately RMB24.3 million). The Group's remuneration policies are in line with the prevailing market standards and are determined on the basis of performance and experience of individual employee. Other employee benefits include contributions to social insurance scheme.

The Group has adopted a share option scheme pursuant to which the Directors may grant options to individuals including Directors, employees or consultants 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 31 December 2010, the Group had total assets of approximately RMB97.4 million and net assets of approximately RMB81.0 million. The Group's cash and bank balances as at 31 December 2010 amounted to approximately RMB26.0 million and secured bank borrowings amounted to RMB2.0 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.

OUTLOOK

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 the newly established research and development department to cater for different target customers. 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, reduce wastage and achieve better quality control.

Besides, the Group will continue to monitor the market situation and its distribution network and market coverage by establishing additional distribution outlets in Fujian province, Jiangxi province, Zhejiang province and Guangxi province in the PRC for sales and marketing of the Company's designed products.

With a view to enhance the corporate profile and image of the Group and to improve the public awareness of the Company, as disclosed in the announcement of the Company dated 10 February 2011, the Company is actively considering the possibility for the transfer of listing of the shares of the Company from the GEM to the Main Board of the Stock Exchange, subject to the fulfilment of the qualifications for the transfer. The Directors consider that the transfer of listing will also be beneficial to the future growth, financing flexibility and business development of the Group.

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

As at 31 December 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

	Number of ordinary shares				
Name of Director	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**Percentage of issued share capital**
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 31 December 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 31 December 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:

Name	Capacity	Number of ordinary shares	Percentage of issued share capital
Well Bright	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. Huang Wen Bin	Interest of controlled corporation	27,750,000(3)	7.5%
Mr. Huang Wen Bin	Beneficial owner	8,720,000	2.4%

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. Huang Wen Bin. Therefore, Mr. Huang Wen Bin is deemed to be interested in 27,750,000 shares held by Reachup Holdings Limited under the SFO.

Save as disclosed above, as at 31 December 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 a final dividend for the year ended 31 December 2010 (2009: Nil).

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Since the Scheme has become effective on 8 October 2009, no share options were granted, exercised or cancelled by the Company under the Scheme during the period under review and there were no outstanding share options under the Scheme as at 31 December 2010.

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 "Code") as stipulated in Appendix 15 to the GEM Listing Rules during the year, except for the deviations from code provision A.2.1.

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 Shuiyong 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.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year, 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 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.

A meeting was held by the remuneration committee with all members present during the year ended 31 December 2010.

NOMINATION OF DIRECTORS

According to recommended best practices A.4.4 of the Code, the listed issuers are recommended to set up a nomination committee with a majority of the members thereof being independent non-executive directors.

The Company established a nomination committee in September 2009 with written terms of reference in compliance with the 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.

A meeting was held by the nomination committee with all members present during the year ended 31 December 2010.

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.

Four meetings were held in the year under review and all members have attended the meeting.

The Group's audited consolidated results for the year ended 31 December 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 dated 3 September 2010 entered into between the Company and TC Capital Asia Limited ("TC Capital"), TC Capital has been appointed as the compliance advisor of the Company for the period commencing from 3 September 2010 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 TC Capital, save for an employee who beneficially held 8,672,000 shares of the Company, none of TC Capital, 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 2010.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules since its shares listed on GEM of the Stock Exchange on 8 October 2009. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors for the year ended 31 December 2010.

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

Jiangxi Province, The PRC, 21 February 2011

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.