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

(Incorporated in the Cayman Islands with limited liability)

(stock code: 01069)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

- Turnover for the financial years ended 31 December 2011 amounting to RMB184.8 million (2010: RMB202.2 million), representing a decrease of 8.6% as compared with corresponding period in 2010.

- Profit and total comprehensive income attributable to owners of the Company for the financial year ended 31 December 2011 amounted to RMB0.4 million (2010: RMB23.1 million), representing a decrease of 98.3% as compared with corresponding period in 2010.

- Basic and diluted earnings per share for the financial year ended 31 December 2011 amounted to RMB0.11 cents (2010: RMB6.24 cents).

- The Board does not recommend the payment of a final dividend for the financial year ended 31 December 2011 (2010: nil).

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Jiangchen International Holdings Limited (the "**Company**") is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2011 together with the comparative audited figures for 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	**2011**	2010
		RMB'000	*RMB'000*
Turnover	*3*	**184,804**	202,232
Cost of sales		**(171,920)**	(169,409)
Gross profit		**12,884**	32,823
Bank interest income		**105**	35
Selling and distribution costs		**(1,096)**	(1,761)
Administrative expenses		**(9,865)**	(4,211)
Finance costs	*5*	**(497)**	(180)
Profit before tax		**1,531**	26,706
Income tax expense	*6*	**(1,120)**	(3,625)
Profit and total comprehensive income for the year	*7*	**411**	23,081
Profit and total comprehensive income attributable to:			
Owners of the Company		**411**	23,089
Non-controlling interests		**–**	(8)
		411	23,081
Earnings per share:			
Basic and diluted	*8*	**RMB0.11 cents**	RMB6.24 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	**2011**	2010
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**15,350**	16,506
Prepaid lease payments		**7,082**	7,243
		22,432	23,749
Current assets			
Inventories		**8,972**	13,794
Trade and other receivables	*10*	**32,516**	33,646
Prepaid lease payments		**161**	161
Tax recoverable		**232**	–
Bank balances and cash		**32,868**	26,044
		74,749	73,645
Current liabilities			
Trade and other payables	*11*	**4,608**	13,082
Amount due to a controlling shareholder	*12*	**589**	–
Tax liabilities		**562**	1,301
Secured bank borrowing		**10,000**	2,000
		15,759	16,383
Net current assets		**58,990**	57,262
Total assets less current liabilities		**81,422**	81,011
Capital and reserves			
Share capital	*13*	**3,256**	3,256
Reserves		**78,166**	77,755
Total equity attributable to owners of the Company		**81,422**	81,011

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Capital reserve**	**Statutory reserves**	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Note a)	*(Note b)*				
At 1 January 2010	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 and at 1 January 2011	**3,256**	**10,642**	**10**	**5,256**	**18,038**	**43,809**	**81,011**	**–**	**81,011**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**411**	**411**	**–**	**411**
Appropriation to reserves	**–**	**–**	**–**	**687**	**–**	**(687)**	**–**	**–**	**–**
At 31 December 2011	**3,256**	**10,642**	**10**	**5,943**	**18,038**	**43,533**	**81,422**	**–**	**81,422**

Notes:

a. Statutory reserves

Statutory reserves were established in accordance with the relevant People's Republic of China (the "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 2010;

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

– 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 RMB4,108,000 (2010: RMB1,932,000) which has been dealt with in the financial statements of the Company.

1. GENERAL INFORMATION

Jiangchen International Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands. On 8 October 2009, its shares were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were withdrawn from the GEM on 13 May 2011. On 16 May 2011, the Company's shares were listed on the Main Board of the Stock Exchange.

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

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

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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
Amendments to Hong Kong Accounting Standards ("HKAS") 32	Classification of Rights Issues
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC)-Interpretation ("Int") 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The directors of the Company anticipate that the application of new and revised HKFRSs has had no material impact on the Group's performance and position for the current and prior years and/or the disclosures set out in the consolidated financial statements.

New and revised standards, amendments and interpretations in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2012.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2014.
[6] Effective for annual periods beginning on or after 1 January 2015.

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 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 other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of 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. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of 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 presented 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 presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may have 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.

New and revised Standards on consolidation

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

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.

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

The Group's revenue, results, assets and liabilities are primarily attributable to the manufacturing and wholesaling of apparels. The information reported to the chief operating decision maker is analysed based on the types of goods sold, including (i) manufacturing and wholesaling of OEM products and (ii) manufacturing and sales of branded products ("Brand Business").

Information regarding the above segments for the years ended 31 December 2011 and 2010 is presented below.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment for the years ended 31 December 2011 and 2010:

For the year ended 31 December 2011

	Manufacturing and wholesaling of OEM products *RMB'000*	**Brand Business** *RMB'000*	**Total** *RMB'000*
Revenue	**148,612**	**36,192**	**184,804**
Segment results	**2,962**	**2,496**	**5,458**
Bank interest income			**105**
Central administrative costs			**(3,535)**
Finance costs			**(497)**
Profit before tax			**1,531**

For the year ended 31 December 2010

	Manufacturing and wholesaling of OEM products *RMB'000*	Brand Business *RMB'000*	Total *RMB'000*
Revenue	173,660	28,572	202,232
Segment results	25,275	3,519	28,794
Bank interest 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 and other corporate administrative costs, bank interest income and finance costs. 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 2011 and 2010 by reportable segment are as follows:

31 December 2011

	Manufacturing and wholesaling of OEM products	**Brand Business**	**Total segment**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Segment assets	**54,236**	**9,448**	**63,684**	**33,497**	**97,181**
Segment liabilities	**3,474**	**664**	**4,138**	**11,621**	**15,759**

As at 31 December 2010

	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 borrowing, tax liabilities, amount due to a controlling shareholder and other payables for corporate use.

Other segment information

For the year ended 31 December 2011

	Manufacturing and wholesaling of OEM products *RMB'000*	**Brand Business** *RMB'000*	**Total** *RMB'000*
Amounts included in the measure of segment results or segment assets			
Addition to non-current assets	**242**	**–**	**242**
Depreciation of property, plant and equipment	**1,072**	**228**	**1,300**
Amortisation of prepaid lease payments	**151**	**10**	**161**
Loss on disposal of property, plant and equipment	**42**	**–**	**42**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment results			
Interest expense	**445**	**52**	**497**
Income tax expense	**840**	**280**	**1,120**

For the year ended 31 December 2010

	Manufacturing and wholesaling of OEM products *RMB'000*	Brand Business *RMB'000*	Total *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 the chief operating decision maker but not included in the measure of segment results			
Interest expense	111	69	180
Income tax expense	3,178	447	3,625

Geographical information

Information about the Group's revenue from external customers is presented based on the location of operations and are detailed below:

	2011	2010
	RMB'000	*RMB'000*
PRC (excluding Hong Kong)	**180,567**	193,839
Others	**4,237**	8,393
	184,804	202,232

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:

	2011	2010
	RMB'000	*RMB'000*
Customer A	**44,871**	45,004
Customer B	**33,280**	28,879
Customer C	**32,744**	33,013
Customer D	**N/A[1]**	35,533
Customer E	**N/A[1]**	22,838
	110,895	165,267

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

5. FINANCE COSTS

	2011	2010
	RMB'000	*RMB'000*
Interest on secured bank borrowing wholly repayable within one year	**497**	180

6. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current PRC Enterprise Income Tax	**1,120**	3,625

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:

	2011	2010
	RMB'000	*RMB'000*
Profit before tax	**1,531**	26,706
Tax expense at rates applicable to profits in the countries concerned	**1,276**	7,181
Tax effect of expenses not deductible for tax purpose	**3**	80
Tax effect of tax losses not recognised	**978**	–
Tax effect of tax exemption granted to PRC subsidiaries	**(1,137)**	(3,636)
Income tax expense for the year	**1,120**	3,625

As at 31 December 2011, the Group has unrecognised tax losses of approximately RMB3,912,000 (2010: nil), which can be carried forward to offset future taxable profit and will expire after five years. The deferred tax benefit of such tax losses has not been recognised as it is not considered probable that future taxable profit will be available to utilise the unused tax losses.

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 RMB62,824,000 (2010: RMB58,827,000) 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.

7. PROFIT FOR THE YEAR

	2011	2010
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging:		
Directors' emoluments	**203**	203
Other staff costs	**26,481**	23,887
Termination benefits	**2,907**	–
Retirement benefits scheme contributions, excluding directors	**11,138**	7,745
Total staff costs	**40,729**	31,835
Amortisation of prepaid lease payments	**161**	161
Impairment loss recognised in respect of trade receivables	**–**	100
Auditors' remuneration	**497**	528
Cost of inventories recognised	**171,878**	169,325
Depreciation of property, plant and equipment	**1,300**	866
Exchange loss	**119**	78
Loss on disposal of property, plant and equipment	**42**	99
Operating lease rental paid in respect of rented premises	**488**	87
Research and development costs recognised as an expense (included in the administrative expenses) *(Note)*	**289**	206

Note: During the year ended 31 December 2011, research and development costs included staff costs of approximately RMB178,000 (2010: RMB125,000) for the Group's employees engaged in research and development activities, which are also included in staff costs.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately RMB411,000 (2010: RMB23,089,000) and the weighted average number of shares in issue during the year of 370,000,000 (2010: 370,000,000).

The dilutive earnings per share are the same as the basic earnings per share for the years ended 31 December 2011 and 2010 as there were no dilutive potential ordinary shares outstanding during both years.

9. DIVIDEND

No dividend was paid, declared or proposed during the years ended 31 December 2011 and 2010.

10. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**27,071**	25,858
Less: allowance for doubtful debts	**(100)**	(100)
	26,971	25,758
Prepayment	**5,322**	7,704
Other receivables	**223**	184
	32,516	33,646

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:

	2011	2010
	RMB'000	*RMB'000*
0 – 90 days	**25,521**	25,758
91 – 180 days	**1,450**	–
Total	**26,971**	25,758

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 receivables 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 the directors of the Company consider that no allowance is required. The Group does not hold any collateral over these balances.

As at 31 December 2011 and 2010, all trade receivables are neither past due nor impaired.

Movement in the allowance for doubtful debts

	2011	2010
	RMB'000	*RMB'000*
1 January	**100**	–
Impairment losses recognised in respect of trade receivables	**–**	100
31 December	**100**	100

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB100,000 (2010: RMB100,000) which have been overdue by more than one year. The Group does not hold any collateral over these balances.

The Group's trade receivables are all denominated in RMB.

11. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**1,758**	4,019
Receipt in advance	**26**	4,065
Other payables	**2,824**	4,998
	4,608	13,082

The average 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 2011, all trade payables are aged within 30 days (2010: within 30 days) based on the invoice date at the end of the reporting date.

All trade and other payables are denominated in RMB.

12. AMOUNT DUE TO A CONTROLLING SHAREHOLDER

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

13. SHARE CAPITAL

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

	Par value	Number of ordinary shares	Nominal value of ordinary shares
	HK$	*'000*	*HK$'000*
Authorised:			
At 1 January 2010, 31 December 2010 and 2011	0.01	1,000,000	10,000

	Par value	Number of ordinary shares	Nominal value of ordinary shares	
	HK$	*'000*	*HK$'000*	*RMB'000*
Issued and fully paid:				
At 1 January 2010, 31 December 2010 and 2011	0.01	370,000	3,700	3,256

14. CAPITAL COMMITMENTS

	2011	2010
	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

15. PLEDGE OF ASSETS

The Group had pledged certain of its buildings and leasehold lands to secure banking facilities granted to the Group. At the end of the reporting period, the carrying values of these pledged assets are as follows:

	2011	2010
	RMB'000	*RMB'000*
Buildings	**10,228**	–
Leasehold lands	**6,405**	5,415
	16,633	5,415

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Jiangchen International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in the (i) manufacturing and wholesaling of apparels on an original equipment manufacturing ("OEM") basis and (ii) manufacturing and sales of branded products in the People's Republic of China ("China" or the "PRC"). The apparels produced by the Group can be broadly categorized into cotton and sweat jacket, sportswear and leisurewear, trousers and children garment.

On 21 March 2011, an application was made by the Company to the Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the transfer of listing of the Company's shares ("Shares") from the Growth Enterprise Market (the "GEM") to the Main Board (the "Main Board") on the Stock Exchange. The Company has applied for the listing of, and permission to deal in, (i) the 370,000,000 Shares in issue; and (ii) the 37,000,000 Shares which may fall to be issued pursuant to the exercise of options which may be granted under the share option scheme of the Company, on the Main Board by way of transfer of listing from the GEM to the Main Board pursuant to the streamlined transfer of listing procedures under Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The approval-in-principle for the transfer of listing was granted by the Stock Exchange on 21 April 2011 for the Shares. The last day of dealings in the Company's Shares on the GEM (under stock code: 08305) was 13 May 2011.

On 16 May 2011, the Company has successfully transferred of the listing of its Shares from the GEM to the Main Board of the Stock Exchange and dealing in the Company's shares on the Main Board (under stock code: 01069) has been commenced since 16 May 2011. The listing of the Company's Shares on the Main Board will greatly enhance the corporate profile and image of the Group as well as improve the public awareness of the Company. Moreover, the directors of the Company (the "Directors") believe that such transfer of listing is beneficial to the future growth, financing flexibility as well as business development of the Group.

As at 31 December 2011, apart from its established export channels, 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 factory, the annual production capacity of the Company has been increased by approximately 2,500,000 pieces of apparels.

Financial Review

Turnover

During the financial year ended, the Company recorded a turnover of RMB184.8 million for the year ended 31 December 2011, a 8.6% decrease as compared to RMB202.2 million for 2010. Profit and total comprehensive income attributable to shareholders of the Company decreased by 98.3% from RMB23.1 million for the year ended 31 December 2010 to RMB0.4 million for the year ended 31 December 2011.

The turnover of the Company's OEM apparels sold to domestic import and export companies and overseas trading companies for export for the year ended 31 December 2011 was RMB148.6 million (for the year ended 31 December 2010: RMB173.7 million), which is 14.5% lower than that for the corresponding period in 2010.

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 2011 was RMB36.2 million (for the year ended 31 December 2010: RMB28.6 million), which is 26.6% higher than that for the corresponding period in 2010.

In term of production mode, turnover of OEM products represent 80.4% of the total turnover (for the year ended 31 December 2010: 85.9%) while turnover of the brand products only account for 19.6% (for the year ended 31 December 2010: 14.1%).

Gross profit

The Group achieved a gross profit of approximately RMB12.9 million for the year ended 31 December 2011 (for the year ended 31 December 2010: RMB32.8 million), representing a decrease of 60.7% as compared to that for the corresponding period in 2010. Gross margin, calculated as gross profit divided by turnover, for the year ended 31 December 2011 amounted to 7.0% (2010: 16.2%). The decrease in gross margin in 2011 was mainly attributable to the increase in the direct labour costs.

Selling and distribution costs

The selling and distribution costs have been decreased from RMB1.8 million for the year ended 31 December 2010 to RMB1.1 million for the year ended 31 December 2011, representing a decrease of 38.9%. The decrease in selling and distribution costs was mainly attributable to the decrease of the marketing expenses on promoting the Company's brands and franchise stores.

Administrative expenses

The administrative expenses of the Company have been increased by 135.7% from approximately RMB4.2 million for the year ended 31 December 2010 to approximately RMB9.9 million for the year ended 31 December 2011. The increase in administrative expenses was mainly attributable to the increase in professional fees and a one off payment for the termination benefits of RMB2.9 million during the year ended 31 December 2011.

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 operating 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 2011 is 73.2% (for the year ended 31 December 2010: 13.6%).

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 decreased significantly by 98.3% from approximately RMB23.1 million for the year ended 31 December 2010 to RMB0.4 million for the year ended 31 December 2011.

Basic earnings per share

Basic earnings per share for the year ended 31 December 2011 amounted to RMB0.11 cents (2010: RMB6.24 cents), representing an decrease of 98.2% as compared with corresponding period in 2010.

EMPLOYEES AND REMUNERATION POLICIES

During the year ended 31 December 2011, the Group has laid off certain staff which their work performance did not meet the Company's standards and incurred a one off payment for the termination benefits of RMB2.9 million. As at 31 December 2011, the Group had 1,096 (2010: 1,774) employees, including Directors. Total staff costs for the year under review, including Directors' remuneration and the termination benefits, amounted to approximately RMB40.7 million (2010: approximately RMB31.8 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 (the "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 2011, the Group had total assets of approximately RMB97.2 million and net assets of approximately RMB81.4 million. The Group's cash and bank balances as at 31 December 2011 amounted to approximately RMB32.9 million and secured bank borrowing amounted to RMB10.0 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.

In consideration to the continuous appreciation of Renminbi, the relative cost of products manufactured in the PRC is getting more and more expensive when comparing to other South East Asian countries. In 2011, owing to the rising labor cost, the gross margin of the Company has been adversely affected.

The continuous rising labor cost in the PRC is expected to dampen the profit levels of apparel manufacturers and wholesalers industry in the foreseeable future. In addition, as most of the Group's turnover are generated from the domestic import and export companies and overseas trading companies under the OEM model, the slowdown of world economy in general will lead to a reducing demand of the Group's products. Although the Directors are exercising stringent control over production costs and improving its manufacturing processes, operation in the PRC becomes difficult with the increasing operation costs and limitation of increasing selling price. Consequently, we are not very optimistic about the profitability in 2012.

Domestically, in order to increase the brand awareness of the Group's products, the Group has implemented a branding strategy in marketing its products in its target markets. The Directors believe that the increase in brand awareness will boost the Company's profile in the PRC which in turn increase its sales.

In addition, the Company will continue to explore opportunities for mergers and acquisitions and capitalize on business opportunities to achieve steady and sustainable growth with a view to generate more satisfactory returns for its shareholders.

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

As at 31 December 2011, the interests and short positions of the Directors and chief executives of the Company in any 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 (the "SFO")) which require notification 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 are required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register kept by the Company, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Long position in shares of the Company

	Number of ordinary shares				Percentage
Director	Personal interests	Family interests	Corporate interests	Total	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 2011, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required 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 would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2011, 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, 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	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%

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 deemed to be held by Mr. Cai Shuiyong under the SFO.

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 deemed to be held by Mr. Cai Shuiping under the SFO.

Save as disclosed above, as at 31 December 2011, 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.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the financial year ended 31 December 2011 (2010: nil) and there is no disclosure of the registers of members accordingly.

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 2011.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. Except for the deviations from code A.2.1, the Company had complied with most of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules since its shares listed on GEM of the Stock Exchange on 8 October 2009 up to 13 May 2011 as well as Appendix 14 of the Main Board Listing Rules since its share listed on Main Board of the Stock Exchange on 16 May 2011, except for the deviation 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.

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. During the year ended 31 December 2011, the remuneration committee comprised one executive Director, namely, Mr. Cai Shuiyong and two independent non-executive Directors, namely Mr. Shen Guoquan and Ms. Chan Ling. Pursuant to a resolution of the Board passed on 16 March 2012, Ms. Chan Ling has been appointed as the chairman of the remuneration committee.

A meeting was held by the remuneration committee with all members attended during the year ended 31 December 2011.

NOMINATION COMMITTEE

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. During the year ended 31 December 2011, the nomination committee comprised one executive Director, namely Mr. Cai Shuiyong and two independent non-executive Directors namely Mr. Shen Guoquan and Ms. Chan Ling. Pursuant to a resolution of the Board passed on 16 March 2012, Ms. Chan Ling has been appointed as the chairman of the nomination committee.

A meeting was held by the nomination committee with all members attended during the year ended 31 December 2011.

AUDIT COMMITTEE

The Company established an audit committee in September 2009 with written terms of reference in compliance with Rules 3.21 to 3.23 of the Main Board 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. Shen Guoquan and Ms. Chan Ling. 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 audit committee reviews the quarterly, interim and annual reports before submission to the Board. The audit committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM and Main Board Listing Rules and the legal requirements in the review of the Company's quarterly, interim and annual reports.

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 two financial years commencing after the Listing Date in accordance with the GEM Listing Rules subject to the terms and conditions of the compliance advisor's agreement. The appointment of TC Capital as the compliance advisor will be terminated upon the despatch of the 2011 annual report.

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 2011.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in Rule 3.13 of the Main Board Listing Rules — Model Code for Securities Transactions by Directors of Listed Companies. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct for the year ended 31 December 2011.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31 December 2011.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the financial year, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the 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.

PRE-EXEMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and the laws of Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on or around 27 April 2012. Notice of the meeting will be sent to shareholders on or around 22 March 2012.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Company at http://www.jcholding.com and Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk. The 2011 annual report of the Company will be despatched to shareholders of the Company on or around 22 March 2012 and will also be available at the same websites in due course.

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

Jiangxi Province, The People's Republic of China, 16 March 2012

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. Shen Guoquan, Ms. Chan Ling and Mr. Liu Jianlin.