FUXING CHINA GROUP LIMITED
(Incorporated in Bermuda)
(Co. Reg. No: 38973)

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY, HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Statement of Comprehensive Income for the Year ended 31/12/2009. These figures have not been audited.

	Group			Group		
	3 months Ended 31/12/2009 Unaudited	3 months Ended 31/12/2008 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2009 Unaudited	Year Ended 31/12/2008 Audited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	146,739	214,079	(31.46)	475,908	829,416	(42.62)
Cost of sales	(125,057)	(177,520)	(29.55)	(401,448)	(564,882)	(28.93)
Gross profit	21,682	36,559	(40.69)	74,460	264,534	(71.85)
Other income and expenses	3,634	(11,926)	NM.	4,129	(8,860)	NM
Selling and distribution expenses	(2,252)	(1,368)	64.62	(5,015)	(5,190)	(3.37)
General and administrative expenses	(3,161)	(11,785)	(73.18)	(17,455)	(42,947)	(59.36)
Profit from operating activities	19,903	11,480	73.37	56,119	207,537	(72.96)
Finance income	572	204	180.39	2,737	405	575.80
Finance expense	(1,119)	(4,019)	(72.16)	(6,487)	(9,166)	(29.23)
Profit before taxation	19,356	7,665	152.52	52,369	198,776	(73.65)
Tax expense	(9,017)	3,877	(332.58)	(21,655)	(62,300)	(65.24)
Net profit attributable to shareholders	10,339	11,542	(10.42)	30,714	136,476	(77.49)
Statement of Comprehensive Income						
Net profit attributable to shareholders	10,339	11,542	(10.42)	30,714	136,476	(77.49)
Other comprehensive income for the period						
Exchange differences on translating foreign operations	(12)	-	NM	(11)	-	NM
Total comprehensive income for the period attributable to shareholders	10,327	11,542	(10.53)	30,703	136,476	(77.50)

Note: The Group's profit before taxation is determined after charging / crediting the following items:

(Write-back of allowance for)/allowance for doubtful trade receivables	(4,751)	1,462	NM	(7,138)	19,346	NM
Allowance for inventory obsolescence / inventory written off	597	-	NM	597	-	NM
Write down of inventory cost	413	-	NM	413	-	NM
Amortisation of land use rights	164	(45)	NM	556	192	189.58
Amortisation of intangible assets	2	26	(92.31)	8	105	(92.38)
Intangible assets written off	-	186	NM	-	796	NM
Loss on disposal of property, plant and equipment	869	951	(8.62)	869	951	(8.62)
Gain from fair valuation of investment property	(5,312)	-	NM	(5,312)	-	NM
Depreciation of property, plant and equipment	8,125	6,899	17.77	24,533	19,985	22.76
Foreign exchange (gain)/loss, net	(465)	10,152	NM	(302)	7,292	NM
Salaries and bonuses	7,167	13,658	(47.53)	33,694	41,848	(19.48)

NM: Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31/12/2009 Unaudited	31/12/2008 Audited	31/12/2009 Unaudited	31/12/2008 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	188,402	167,554	-	-
Investment property	52,830	-	-	-
Land use rights	23,172	23,728	-	-
Intangible assets	20,500	20,508	-	-
Deferred tax assets	503	-		
Investment in subsidiaries	-	-	344,853	344,853
	285,407	211,790	344,853	344,853
Current assets				
Inventories	41,508	42,001	-	-
Trade receivables, net	161,356	285,560	-	-
Bills receivables	200	-	-	-
Other receivables and prepayments	86,972	473,968	-	-
Amount due from subsidiaries (non-trade)	-	-	472,518	433,580
Fixed deposits	24,810	75,331	-	-
Cash and bank balances	685,024	286,007	20,156	-
	999,870	1,162,867	492,674	433,580
Total assets	1,285,277	1,374,657	837,527	778,433
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	7,085	33,542	-	-
Bills payable to banks	28,138	56,935	-	-
Other payables & accruals	36,121	61,632	2,159	4,936
Amount due to directors (non-trade)	2,208	6,010	1,412	-
Amount due to subsidiaries (non-trade)	-	-	-	360
Term loan (current portion)	2,679	-	-	-
Short-term bank loans	13,000	111,500	-	-
Bank overdrafts	19,886	20,435	-	-
Income tax payable	7,869	7,328	-	-
Total current liabilities	116,986	297,382	3,571	5,296
Non-current liabilities				
Convertible notes	18,245	-	18,245	-
Term loan (non-current portion)	28,574	-	-	-
Deferred tax liabilities	26,651	21,488	-	-
	73,470	21,488	18,245	-
Total liabilities	190,456	318,870	21,816	5,296
Equity attributable to equity holders of the Company				
Share capital	756,224	738,707	756,224	738,707
Treasury shares	(2,307)	-	(2,307)	-
Reserve fund	42,550	37,825	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	(11)	-	-	-
Equity reserve	1,040	-	1,040	-
Accumulated profits	375,630	357,560	21,181	(5,143)
Total equity	1,094,821	1,055,787	815,711	773,137
Total equity and liabilities	1,285,277	1,374,657	837,527	778,433

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 31 December 2009		As at 31 December 2008	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks[1]	28,138	-	56,935	-
Short-term bank loans[2]	13,000	-	111,500	-
Term loan[3]	2,679	-	-	-
Bank overdrafts[4]	19,886	-	20,435	-
Convertible notes[5]	-	-	-	-

Amount repayable after one year

	As at 31 December 2009		As at 31 December 2008	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bills payable to banks	-	-	-	-
Short-term bank loans	-	-	-	-
Term loan[3]	28,574	-	-	-
Bank overdrafts[4]	-	-	-	-
Convertible notes[5]	18,245	-	-	-

Notes:

[1] RMB 1.7 million is secured by bank deposits of Fuxing Textile (Shanghai) Co., Ltd; and RMB 26.4 million is secured by personal guarantee from an independent third party and corporate guarantee by Fuxing China Group Limited.

[2] RMB 13.0 million is secured by certain buildings owned by Fuxing Textile (Shanghai) Co., Ltd.

[3] Term loan is secured by investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon and guaranteed by Fuxing China Group Limited.

[4] Bank overdrafts are secured by personal guarantee from independent third parties and corporate guarantee by Fuxing China Group Limited.

[5] Convertible notes related to the issuance of 39,604,000 conversion shares at S$0.101 per share, due September 2011 with a principal amount of S$4,000,004.

1(c) A cash flow statement for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months Ended 31/12/2009 Unaudited RMB'000	3 months Ended 31/12/2008 Unaudited RMB'000	Year Ended 31/12/2009 Unaudited RMB'000	Year Ended 31/12/2008 Audited RMB'000
OPERATING ACTIVITIES				
Profit before taxation	19,356	7,665	52,369	198,776
Adjustments for:				
Depreciation of property, plant and equipment	8,125	6,899	24,533	19,985
Amortisation of land use rights	164	(45)	556	192
Amortisation of intangible assets	2	26	8	105
Loss on disposal of property, plant and equipment	869	951	869	951
Intangible assets written off	-	186	-	796
Gain from fair valuation on investment property	(5,312)	-	(5,312)	-
(Write-back of allowance for)/allowance for doubtful trade receivables	(4,751)	1,462	(7,138)	19,346
Allowance for inventory obsolescence / inventory written off	597	-	597	-
Write down of inventory cost	413	-	413	-
Interest expense	1,119	4,019	6,487	9,166
Interest income	(571)	(204)	(2,737)	(405)
Foreign currency gain	(47)	-	(76)	-
Total adjustments	608	13,294	18,200	50,136
Operating cash flows before changes in working capital	**19,964**	**20,959**	**70,569**	**248,912**
(Increase) Decrease in:				
Inventories	11,835	10,216	(517)	13,385
Trade receivables	10,476	73,834	131,342	(7,876)
Bills receivable	(200)	-	(200)	-
Other receivables & prepayments	24,060	(241,151)	386,996	(186,630)
Increase (Decrease) in:				
Trade payables	68	9,297	(26,457)	2,012
Other payables & accruals	(42,379)	12,716	(25,511)	1,975
Due to directors	2,129	(50)	(3,802)	1,819
Total changes in working capital	5,989	(135,138)	461,851	(175,315)
Cash flows generated from operations	**25,953**	**(114,179)**	**532,420**	**73,597**
Interest expense paid	(987)	(4,019)	(6,355)	(9,166)
Interest income received	571	204	2,737	405
Income tax paid	(735)	(16,849)	(16,454)	(71,821)
Net cash generated from / (used in) operating activities	**24,802**	**(134,843)**	**512,348**	**(6,985)**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(8,705)	(7,213)	(46,250)	(20,076)
Purchase of investment property	33	-	(47,522)	-
Purchase of land use right	-	(10,156)	-	(10,156)
Purchase of intangible assets	-	(460)	-	(500)
Acquisition of subsidiaries, net of cash acquired	-	(2,589)	-	(51,828)
Net cash used in investing activities	**(8,672)**	**(20,418)**	**(93,772)**	**(82,560)**
FINANCING ACTIVITIES				
Issuance of new ordinary shares / pursuant to the Placement, net of share issue expenses	(987)	-	17,517	-
Issuance of convertible notes	19,153	-	19,153	-
Purchase of treasury shares	-	-	(2,307)	-
Proceeds from term loan	2,683	-	34,755	-
Repayments of term loan	(599)	-	(798)	-
Proceeds from short-term bank borrowings	1,821	16,900	12,821	112,900
Repayments of short-term bank borrowings	(4,500)	(16,900)	(114,000)	(98,000)
Proceeds from bills payable	17,194	56,935	101,329	87,935
Repayment of bills payable	(20,925)	(19,000)	(130,082)	(69,000)
Dividend paid	-	-	(7,919)	(56,000)
(Increase) decrease in fixed deposits pledged to banks	287	(22,020)	(2,680)	(19,120)
Net cash generated from / (used in) financing activities	**14,127**	**15,915**	**(72,211)**	**(41,285)**
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS	**30,257**	**(139,346)**	**346,365**	**(130,830)**
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	**634,881**	**458,119**	**318,773**	**449,603**
CASH & CASH EQUIVALENTS AT END OF PERIOD	**665,138**	**318,773**	**665,138**	**318,773**

Notes to the combined statement of cash flows

Cash and cash equivalents included in the combined statement of cash flows comprise the following:

	3 months Ended 31/12/2009 Unaudited	3 months Ended 31/12/2008 Unaudited	Year Ended 31/12/2009 Unaudited	Year Ended 31/12/2008 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed deposits	24,810	75,331	24,810	75,331
Cash and bank balances	685,024	286,007	685,024	286,007
	709,834	361,338	709,834	361,338
Less: bank overdraft	(19,886)	(20,435)	(19,886)	(20,435)
fixed deposits (pledged)	(24,810)	(22,130)	(24,810)	(22,130)
Cash and cash equivalents	665,138	318,773	665,138	318,773

Fixed deposits amounting to RMB 425,000 (2008: RMB 4,800,000) and RMB 24,385,000 (2008: 17,330,000) are pledged to banks for the Group's bills payable to banks and bank overdrafts respectively.

1(d)(i)A statement for the issuer and group showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital RMB'000	Treasury shares RMB'000	Reserve fund RMB'000	Contributed surplus RMB'000	Restructuring reserve[1] RMB'000	Equity reserve[2] RMB'000	Translation reserve RMB'000	Accumulated profits / (losses) RMB'000	Total equity RMB'000
At 1 January 2008, as previously reported	738,707	-	-	39,573	-	-	-	197,023	975,303
Prior year adjustments	-	-	37,825	-	(117,878)	-	-	80,061	8
Opening balance as at 1 January 2008, as restated	738,707	-	37,825	39,573	(117,878)	-	-	277,084	975,311
Total comprehensive income for the year	-	-	-	-	-	-	-	136,476	136,476
Dividend paid	-	-	-	-	-	-	-	(56,000)	(56,000)
Closing balance at 31 December 2008	738,707	-	37,825	39,573	(117,878)	-	-	357,560	1,055,787
At 1 October 2008	738,707	-	37,825	39,573	(117,878)	-	-	346,018	1,044,245
Total comprehensive income for the period	-	-	-	-	-	-	-	11,542	11,542
Closing balance at 31 December 2008	738,707	-	37,825	39,573	(117,878)	-	-	357,560	1,055,787
At 1 January 2009	738,707	-	37,825	39,573	(117,878)	-	-	357,560	1,055,787
Total comprehensive income for the year	-	-	-	-	-	-	-	30,714	30,714
Transferred to reserve fund	-	-	4,725	-	-	-		(4,725)	-
Repurchase of shares	-	(2,307)	-	-	-	-	-	-	(2,307)
Issuance of new ordinary shares pursuant to the placement	19,292	-	-	-	-	-	-	-	19,292
Share issue expenses	(1,775)	-	-	-	-	-	-	-	(1,775)
Issuance of convertible notes	-	-	-	-	-	1,040	-	-	1,040
Dividend paid	-	-	-	-	-	-	-	(7,919)	(7,919)
Currency translation difference	-	-	-	-	-	-	(11)	-	(11)
Closing balance at 31 December 2009	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(11)	375,630	1,094,821
At 1 October 2009	757,211	(2,307)	37,825	39,573	(117,878)	-	1	370,016	1,084,441
Total comprehensive income for the period	-	-	-	-	-	-	-	10,339	10,339
Transferred to reserve fund	-	-	4,725	-	-	-	-	(4,725)	-
Issuance of convertible notes	-	-	-	-	-	1,040	-	-	1,040
Share issue expenses	(987)	-	-	-	-	-	-	-	(987)
Currency translation difference	-	-	-	-	-	-	(12)	-	(12)
Closing balance at 31 December 2009	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(11)	375,630	1,094,821

Company	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve[1]	Equity reserve[2]	Translation reserve	Accumulated profits / (losses)	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	738,707	-	-	39,573	-	-	-	(7,746)	770,534
Total comprehensive income for the year	-	-	-	-	-	-	-	58,603	58,603
Dividend paid	-	-	-	-	-	-	-	(56,000)	(56,000)
At 31 December 2008	738,707	-	-	39,573	-	-	-	(5,143)	773,137
At 1 October 2008	738,707	-	-	39,573	-	-	-	840	779,120
Total comprehensive income for the period	-	-	-	-	-	-	-	(5,983)	(5,983)
Closing balance at 31 December 2008	738,707	-	-	39,573	-	-	-	(5,143)	773,137
At 1 January 2009	738,707	-	-	39,573	-	-	-	(5,143)	773,137
Total comprehensive income for the period	-	-	-	-	-	-	-	34,243	34,243
Repurchase of shares	-	(2,307)	-	-	-	-	-	-	(2,307)
Issuance of new ordinary shares pursuant to the placement	19,292	-	-	-	-	-	-	-	19,292
Share issue expenses	(1,775)	-	-	-	-	-	-	-	(1,775)
Issuance of convertible notes	-	-	-	-	-	1,040	-	-	1,040
Dividend paid	-	-	-	-	-	-	-	(7,919)	(7,919)
At 31 December 2009	756,224	(2,307)	-	39,573	-	1,040	-	21,181	815,711
At 1 October 2009	757,211	(2,307)	-	39,573	-	-	-	23,410	817,887
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,229)	(2,229)
Issuance of convertible notes	-	-	-	-	-	1,040	-	-	1,040
Share issue expenses	(987)	-	-	-	-	-	-	-	(987)
Closing balance at 31 December 2009	756,224	(2,307)	-	39,573	-	1,040	-	21,181	815,711

Note:

[1] **Restructuring reserve:**
This represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares and capital reserve of subsidiaries acquired which is accounted for under "merger accounting".

[2] **Equity reserve:**
This reserve represents the value of the unexercised equity component of convertible notes issued by the Group in 2009.

1(d)(ii) **Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Buy-back
During the period from 2 March 2009 to 17 April 2009, the Company purchased 8,124,000 of its ordinary shares pursuant to the share buy-back mandate approved by shareholders on 31 October 2008. These shares were acquired by way of market acquisitions for a total consideration of S$508,940 and are held as treasury shares by the Company. There were no shares acquired in FY2008.

Placement of shares
On 30 September 2009, the Company issued and allotted 39,604,000 new Shares pursuant to the placement agreement dated 9 September 2009. These shares were issued at S$0.101 per Share, amounting to an aggregate consideration of S$4,000,004. There were no shares issued in FY 2008.

Issue of Convertible Notes (due Sep2011)
On 25 November 2009, the Company issued and allotted the convertible notes pursuant to the Notes Subscription agreement dated 9 September 2009. These convertible notes related to the issuance of 39,604,000 conversion shares at S$0.101 per share, due September 2011 with a principal amount of S$4,000,004. The convertible notes had been approved by shareholders of the Company via a Special General Meeting held on 6 November 2009. There were no convertible notes issued in FY2008.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceeding year.

	31 December 2009	31 December 2008
Total number of issued shares excluding treasury shares	831,480,000	800,000,000

There were a total of 8,124,000 treasury shares as 31 December 2009.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	Treasury shares
Total number of shares as at 1 January 2009	-
Purchases of shares during the period	8,124,000
Total number of shares as at 31 December 2009	8,124,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2009.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have adopted the same accounting policies and methods of computation in the financial statements for the year ended 31 December 2009 with those of the audited financial statements as at 31 December 2008.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new and revised Financial Reporting Standards ("FRS") and Interpretations of Financial Reporting Standards ("INT FRS") which became effective for the accounting periods beginning on or after 1 January 2009. These include FRS 1, Presentation of Financial Statements – Revised Presentation and FRS 108, Operating Segments as discussed below.

In accordance with FRS 1, the Group has separated the presentation of owner and non-owner changes in equity. The Statement of Changes in Equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line item as "Total comprehensive income / (loss) for the period".
In addition, the Group has elected to present all items of income and expense, including those accounted for directly in equity, in a single Statement of Comprehensive Income.

FRS 108 requires disclosure of information about the Group's operating segments based on the information reviewed by the entity's chief operating decision maker and replaced the requirement to determine primary and secondary reporting segments of the Group.

In addition, the Group has early adopted Amendments to FRS 108, Operating Segments which is to be effective for the accounting periods beginning on or after 1 January 2010. Amendments to FRS 108 require disclosure of a measure of total assets for each reportable segment only if such an amount is regularly provided to the entity's chief operating decision maker.

The adoption of the new and revised FRS and INT FRS and the early adoption of the Amendments to FRS 108 are currently assessed to have no material financial impact on the Group's financial statements for the current period.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share of the group, after deducting any provision for preference dividends (in RMB):	Group		Group	
	3 months ended 31/12/2009	**3 months ended 31/12/2008**	**Year ended 31/12/2009**	**Year ended 31/12/2008**
(a) Basic and	0.01	0.01	0.04	0.17
(b) On a fully diluted basis	0.01	0.01	0.04	0.17

Note: Basic earnings per share is computed based on weighted average number of shares in issue in 2009: 803,703,093 ordinary shares (2008: 800,000,000).

Diluted earnings per share is computed based on weighted average number of ordinary shares in issue in 2009:815,964,058 ordinary shares (2008: 800,000,000), adjusted for the deemed conversion of the convertible note since the date of issue.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2009	**31/12/2008**	**31/12/2009**	**31/12/2008**
Net asset value per ordinary share based on issued share capital at the end of the period (in RMB) Number of ordinary shares in issue as at 31/12/2009: 831,480,000 shares (31/12/2008: 800,000,000 shares)	1.32	1.32	0.98	0.97

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable)seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

	Group			Group		
	3 months Ended 31/12/2009 Unaudited	3 months Ended 31/12/2008 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2009 Unaudited	Year Ended 31/12/2008 Audited	Increase/ (Decrease)
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Finished Zipper	14,674	24,954	(41.20)	57,949	206,451	(71.93)
Zipper Chain	51,210	48,594	5.38	158,063	288,984	(45.30)
Zipper Slider	22,674	36,293	(37.53)	90,070	229,743	(60.80)
Knitting Wool	4,851	8,887	(45.41)	16,918	8,887	90.37
Trading	53,330	95,351	(44.07)	152,908	95,351	60.36
Total	146,739	214,079	(31.46)	475,908	829,416	(42.62)
COST OF SALES						
Finished Zipper	5,996	18,330	(67.29)	38,585	125,555	(69.27)
Zipper Chain	38,793	38,024	2.02	118,655	178,307	(33.45)
Zipper Slider	21,368	20,560	3.93	76,440	160,414	(52.35)
Knitting Wool	6,109	7,942	(23.08)	18,709	7,942	135.57
Trading	52,791	92,664	(43.03)	149,059	92,664	60.86
Total	125,057	177,520	(29.55)	401,448	564,882	(28.93)
GROSS PROFIT/(LOSS)						
Finished Zipper	8,678	6,624	31.01	19,364	80,896	(76.06)
Zipper Chain	12,417	10,570	17.47	39,408	110,677	(64.39)
Zipper Slider	1,306	15,733	(91.70)	13,630	69,329	(80.34)
Knitting Wool	(1,258)	945	NM	(1,791)	945	NM
Trading	539	2,687	(79.94)	3,849	2,687	43.25
Total	21,682	36,559	(40.69)	74,460	264,534	(71.85)
GROSS PROFIT/(LOSS) MARGIN						
	%	%	%	%	%	%
Finished zipper	59.14	26.54	32.60pts	33.42	39.18	(5.76pts)
Zipper Chain	24.25	18.45	5.80pts	24.93	38.30	(13.37pts)
Zipper Slider	5.76	43.35	(37.59pts)	15.13	30.18	(15.05pts)
Knitting Wool	(25.93)	10.63	NM	(10.59)	10.63	NM
Trading	1.01	2.82	(1.81pts)	2.52	2.82	(0.30pts)
Overall average	14.78	17.08	(2.30pts)	15.65	31.89	(16.24pts)

FY09 vs. FY08

Revenue

The Group's revenue decreased by RMB 353.5 million (or 42.62%) to RMB 475.9 million in FY09 compared to FY08. The decrease in revenue was due mainly to the decrease in the sale of Finished Zippers (RMB 158.6 million), Zipper Chains (RMB 130.9 million) and Zipper Sliders (RMB 139.6 million) (collectively known as "Zipper segment"). This was partially offset by the increase in revenue from the Knitting Wool segment (RMB 8.0 million) and Trading segment (RMB 57.5 million).

The decrease in revenue from the Zipper segment was attributable to the decrease in the Group's export business for both direct overseas customers and export oriented garment factories. The decrease in the average selling prices of the Group's Zipper segment was a result of more competitive prices being offered to the Group's customers to retain its working relationship with them as well as decrease in raw material prices.

The Knitting Wool and Trading segments, introduced in the second half of FY08 following the setting up of the Group's Shanghai factory and its Hong Kong office respectively, were in their full operation in FY09. Thus the revenue from the Knitting Wool and Trading segments had increased substantially compared to FY08.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 190.0 million (or 71.85%) to RMB 74.5 million in FY09 compared to the previous corresponding period. Gross profit margin of the Group declined from 31.89% to 15.65% in FY09. This was largely attributable to the lower average selling prices from the Zipper Segment (as explained above), coupled with higher contribution from lower-margin Trading segment.

The gross loss in the Knitting Wool segment was attributable to an increase in raw materials cost.

Other income and other expenses

Other income comprises government subsidies and gain from fair valuation of investment property while other expenses mainly consist of loss on disposal of property, plant and equipment. The net increase was due mainly to the gain from fair valuation of investment property amounting to RMB 5.3 million.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 0.2 million (or 3.37%) to RMB 5.02 million in FY09. The decrease was due mainly to lower salaries and commission paid in FY09 as a result of a decrease in the Group's revenue. This was partially offset by the increase in advertising expenses.

General and administrative expenses

General and administrative expenses decreased by RMB 25.5 million (or 59.36%) to RMB 17.5 million in FY09. This was attributable to the allowance for doubtful debts (RMB 19.3 million) and the intangible assets written off amounting to RMB 0.8 million in FY08 but not repeated in current year.

Finance income and expenses

Finance expenses decreased by RMB 2.7 million (or 29.23%) to RMB 6.5 million in FY09. This was attributable to the decrease in short-term loans, bills payable to banks and bank overdrafts in 4Q09. Most of the short-term loans and bills payable had been settled in June 2009. Finance income was higher in FY09 as a result of an increase in cash and bank balances.

Foreign exchange (loss) gain

In FY08, huge foreign exchange losses were incurred as the result of the significant appreciation of the Chinese RMB against the bank balance denominated in Hong Kong Dollar and United States Dollar. In FY09, there is an overall decrease in foreign exchange loss due smaller appreciation of Chinese RMB against Hong Kong Dollar and decrease in bank balance denominated in United States Dollar

Tax expense

	Group		
	Year Ended 31/12/2009 Unaudited	**Year Ended 31/12/2008 Audited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	(16,995)	(59,609)	(72.33)
Overprovision of tax[2]	-	14,614	NM
Deferred tax[3]	(4,660)	(17,305)	(70.17)
Tax expense	(21,655)	(62,300)	(65.24)

NM: Not Meaningful

Note
[1] Current tax decreased by RMB 43.1 million or 72.33% due to a lower profit before taxation in FY09.

[2] Overprovision of taxation in respect of prior year.

[3] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008 onwards shall be subject to withholding tax on distribution to foreign investors. Accordingly, the Group has provided for deferred tax liabilities on the Group's profit-making PRC subsidiaries' net profit attained in 2009. As Jade Star (the PRC's subsidiaries' immediate holding Company) is incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

4Q09 vs. 4Q08 (3 months)

Revenue

The Group's revenue decreased by RMB 67.3 million (or 31.46%) to RMB 146.7 million in 4Q09. The decrease in revenue was due mainly to the decrease in sales of Trading segment (RMB 42.0 million), the Finished Zippers segment (RMB 10.3 million), the Zipper Sliders segment (RMB 13.6 million) and the Knitting Wool segment (RMB 4.0 million). This was partially offset by the increase in revenue derived from Zipper Chain segment (RMB 2.6 million).

The decrease in the 4Q09 revenue from Finished Zippers segment and Zipper Sliders segment was attributable to the decrease in export business for both direct overseas customers and export oriented garment factories.

The increase in revenue for Zipper Chain segment was due mainly to the increase in quantity and selling price of Zipper Chain in 4Q09.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by RMB 14.9 million (or 40.69%) to RMB 21.7 million in 4Q09. The Group's overall gross profit margin declined by 2.30% to 14.78% in 4Q09. This was largely attributable to lower revenue from the Finished Zipper and Zipper Sliders segments as explained above.

The gross loss in the Knitting Wool segment was attributable to an increase in raw materials cost.

Other income and other expenses

Other income comprises government subsidies and gain from fair valuation of investment property while other expenses mainly consist of loss on disposal of property, plant and equipment. The net increase was due mainly to the gain from fair valuation of investment property amounting to RMB 5.3 million.

Selling and distribution expenses

Selling and distribution expenses increased by RMB 0.9 million (or 64.62%) to RMB 2.3 million in 4Q09. The increase was due mainly to an increase in advertising expenses for promotion of the Group's products.

General and administrative expenses

General and administrative expenses decreased by RMB 8.6 million (or 73.18%) in 4Q09. This was attributable to the write-back of allowance for doubtful debts amounting to RMB 5.0 million in 4Q09. Moreover, as a result of implementation of various cost cutting activities, general and administration expenses decreased in 4Q09.

Finance income and expenses

Finance expenses decreased by RMB 2.9 million (or 72.16%) from RMB 4.0 million in 4Q08 to RMB 1.1 million in 4Q09. This was attributable to the decrease in short-term loans, bills payable to banks and bank overdrafts in 4Q09. Most of the short-term loans and bills payable had been settled in June 2009. Finance income was higher in 4Q09 as a result of an increase in cash and bank balances.

Foreign exchange gain or loss

In 4Q08, huge foreign exchange losses were incurred as the result of the significant appreciation of the China RMB against the bank balance denominated in Hong Kong Dollar and United State Dollar. In 4Q09, there is an overall decrease in foreign exchange loss due smaller appreciation of China RMB against Hong Kong Dollar and decrease in bank balance denominated in United State Dollar.

Tax expense

	Group		
	3 months Ended 31/12/2009 Unaudited	**3 months Ended 31/12/2008 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	(6,713)	(7,328)	(8.39)
Overprovision of tax[2]	-	14,614	NM
Deferred tax[3]	(2,304)	(3,409)	(32.41)
Tax expense	(9,017)	3,877	(332.58)

NM: Not Meaningful

Note
[1] Current tax decreased by RMB 0.6 million or 8.39% due to lower profit before taxation in 4Q09.

[2] Overprovision of taxation in respect of prior year.

[3] On 22 February 2008, the State Administration of Taxation of China issued a circular Caishui 2008 No.001, which states that distribution of dividends from profits accumulated from 1 January 2008 onwards shall be subject to withholding tax on distribution to foreign investors. Accordingly, the Group has provided for deferred tax liabilities on the Group's profit-making PRC subsidiaries' net profit attained in 4Q09. As Jade Star (the PRC's subsidiaries' immediate holding Company) is incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

FINANCIAL POSITION

Non-current assets

As at 31 December 2009, non-current assets amounted to RMB 285.4 million comprising property, plant and equipment, investment property, land use rights and intangible assets.

The Group's property, plant and equipment amounted to RMB 188.4 million, 12.44% (or RMB 20.8 million) increase compared to FY08. The increase was due mainly to the completion of staff hostel and enhancement of the electricity supply system.

The Group's investment property at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, Hong Kong was acquired in August 2009.

Current assets

Current assets decreased by RMB 163.0 million (or 14.02%) in FY09. This was largely due to a decrease in trade receivables, other receivables and prepayments which was offset by the increase in cash and bank balances.

Trade receivables decreased by RMB 124.2 million in tandem with the decrease in revenue in FY09.

The decrease in other receivables and increase in cash and bank balances were due mainly to monies received from a director. The amounts had been inadvertently transferred to the director as a result of misinterpretation over certain transactions which resulted in incorrect accounting entries passed and was rectified in 1Q09. Details of the misinterpretation had been disclosed in the Group's Full Year Announcement for the full year ended 31 December 2008 dated 26 February 2009 (Announcement No. : 00278).

Current liabilities

In FY09, current liabilities amounted to RMB 117.0 million representing a decrease of RMB 180.4 million (or 60.66%). This was attributable to the decrease in trade payables, bills payables and short-term bank loans. In FY09, the Group settled RMB 114.0 million of short-term bank loans and also RMB 130.0 million of bills payables.

Trade payables decrease due to decrease in purchase of raw materials during the year. The Group had paid a significant advance for purchase of its raw materials in FY08 due to better pricing granted by its suppliers

Non-current liabilities

In FY09, non-current liabilities amounted to RMB 73.5 million representing an increase of RMB52.0 million (or 241.91%). This was attributable to the issuance of convertible notes, increase in term loan and deferred tax liabilities. The convertible notes were issued in September 2009 and will mature in September 2011. The term loan was raised for acquisition of investment property in Hong Kong. The increase in deferred tax liabilities was mainly due to the increase in withholding tax on distribution of dividend to foreign investors.

Cash Flow

The Group's cash and cash equivalents increased due to the repayment of the amount due from a director, issuance of new ordinary shares via placement and issuance of convertible notes. The increase was offset by the repayment of short-term bank loans and bills payable.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement had been disclosed to shareholders previously.

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

With the positive signs of the economy recovering, the Group is confident of an improvement of the demand from both local PRC customers and export oriented garment factories in 2010. The Group however expects its labour cost to increase due to the tightening of labour supply along coastal cities in the PRC.

The Group will continue to work towards improving its operational efficiencies by focusing on process automation. It will also work on new product development which could generate higher profit margin. After reviewing its portfolio, the Group intends to scale down and eventually stop production of the wool operations in its Shanghai plant, after fulfilling its obligations to customers.

The Group will also continue to enhance its brand name and develop sales strategies to remain competitive and grow its market share. It is also exploring further business opportunities to invest in businesses within the supply chain of the zipper products.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

Proposed final Dividend

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount Per Share (in RMB)	0.02
Tax Rate	Not Applicable

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Final	Interim
Dividend Type	Cash	Cash
Dividend Amount Per Share (in RMB)	0.01	0.02
Tax Rate	Not Applicable	Not Applicable

(c) Date payable

To be announced later

(d) Books closure date

To be announced later

12. If no dividend has been declared/recommended, a statement to that effect.

Not Applicable.

13. Status of applications for the Land Use Rights and building ownership certificates relating to the new site to be used for the setting up of the Group's head office in Jinjiang City

The application for the land use right and building ownership certificates have been submitted to the Jinjiang City Government upon the Group's payment for the 30% deposit in March 2007. The application is still pending approval by the Fujiang Provincial Government before sending to Jinjiang State Owned Land Resource Bureau for final processing.

14. Use of IPO proceeds

As at 31 December 2009, an approximate sum of RMB 409.1 million had been used in accordance with the plan stated in the company's prospectus dated 13 September 2007.

	RMB 'million
Repayment of bank borrowings	**169.6**
Establishing a line of premium finished zippers at current premises	**116.1**
Investments in Qingdao Plant – property, machinery, equipment, working capital	**33.5**
Investments in Shanghai Plant – property, machinery, equipment, working capital	**37.1**
Set up sales office in HK	**52.8**
	409.1

The only planned activity that was not executed was the establishment of a new headquarter at Jinjiang City. Due to the financial crisis and on a prudent basis, the Group would defer this planned activity. The Group will review this plan when appropriate.

The surplus funds arising from the IPO will be transferred to the Group's working capital to fund all other expansion projects and working capital requirements. This will be our final report of our use of IPO proceeds. The Group will continue to update shareholders on its expansion plans and corporate developments on a timely basis.

15. Use of placement proceeds

As at the date of this announcement, no placement proceeds have been used.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Group 31 December 2009	Finished Zipper RMB'000	Zipper Chain RMB'000	Zipper Slider RMB'000	Knitting Wool RMB'000	Trading RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Revenue:								
Sales to external customers	57,949	158,063	90,070	16,918	152,908	-	-	475,908
Inter-segment sales	-	5,477	2,950	-	-	-	(8,427)	-
Total revenue	57,949	163,540	93,020	16,918	152,908		(8,427)	475,908
Results:								
Segment gross profit	19,364	39,408	13,630	(1,791)	3,849	-	-	74,460
Segment results	14,861	34,430	7,446	(4,290)	9,760	(6,088)	-	56,119
Finance income								2,737
Finance expense								(6,487)
Profit before tax								52,369
Tax expenses								(21,655)
Net profit attributable to shareholders								30,714
Other segment information								
Fair value gains on investment properties	-	-	-	-	5,312	-	-	5,312
Depreciation and amortization	5,055	10,956	6,767	2,316	3	-	-	25,097

Group 31 December 2008	Finished Zipper RMB'000	Zipper Chain RMB'000	Zipper Slider RMB'000	Knitting Wool RMB'000	Trading RMB'000	Corporate RMB'000	Elimination RMB'000	Total RMB'000
Revenue:								
Sales to external customers	206,451	288,984	229,743	8,887	95,351	-	-	829,416
Inter-segment sales	-	10,647	8,407	-	-	-	(19,054)	-
Total revenue	206,451	299,631	238,150	8,887	95,351	-	(19,054)	829,416
Results:								
Segment gross profit	80,896	110,677	69,329	945	2,687	-	-	264,534
Segment results	70,170	92,136	58,546	(681)	2,406	(15,040)	-	207,537
Finance income								405
Finance expense								(9,166)
Profit before tax								198,776
Tax expenses								(62,300)
Net profit attributable to shareholders								136,476
Other segment information:								
Depreciation and amortization	6,218	8,568	5,344	150	2	-	-	20,282

Note: Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision maker.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

18. A breakdown of sales.

	Group		
	FY2009	**FY2008**	**Increase/ (decrease)**
	RMB'000	**RMB'000**	**%**
(a) Sales reported for first half year	201,336	406,966	(50.53)
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	10,460	98,074	(89.33)
(c) Sales reported for second half year	274,572	422,450	(35.00)
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	20,254	38,402	(47.26)

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

	31 December 2009	**31 December 2008**
Ordinary	RMB 16.6 million	RMB 24.0 million
Preference	-	-
Total:	RMB 16.6 million	RMB 24.0 million

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Director & CEO

26 February 2010