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

FULL YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010.

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 31/12/2010. These figures have not been audited.

	Group			Group		
	3 months Ended 31/12/2010 Unaudited	3 months Ended 31/12/2009 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2010 Unaudited	Year Ended 31/12/2009 Audited	Increase/ (Decrease)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Continuing operations						
Revenue	204,251	141,888	43	664,563	458,990	45
Cost of sales	(160,796)	(118,933)	35	(519,464)	(382,740)	36
Gross profit	43,455	22,955	89	145,099	76,250	90
Other income and expenses	9,188	4,230	117	9,047	4,745	91
Selling and distribution expenses	(2,003)	(2,252)	(11)	(6,070)	(5,015)	21
General and administrative expenses	(12,741)	(3,772)	238	(30,567)	(18,066)	69
Profit from operating activities	37,899	21,161	80	117,509	57,914	103
Finance income	758	572	33	2,720	2,737	(1)
Finance expense	(913)	(1,119)	(18)	(3,720)	(6,487)	(43)
Profit before tax from continuing operations	37,744	20,614	84	116,509	54,164	115
Income tax expense	(14,663)	(9,017)	63	(43,729)	(21,655)	102
Profit from continuing operations, net of tax	23,081	11,597	100	72,780	32,509	124
Discontinued operations						
Loss from discontinued operation, net of tax	-	(1,258)	(100)	(1,183)	(1,795)	(34)
Profit for the period/year attributable to the equity holders of the Company	23,081	10,339	123	71,597	30,714	133
Other comprehensive income for the period/year						
Exchange differences on translating foreign operations	(269)	(12)	2,142	(402)	(11)	3,555
Total comprehensive income for the period/year attributable to equity holders of the Company	22,812	10,327	121	71,195	30,703	132

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

(Write-back/off of allowance for)/allowance for doubtful trade receivables	2,150	(4,751)	NM	1,523	(7,138)	NM
Allowance for inventory obsolescence / inventory written Off	599	597	-*	599	597	-*
Write down of inventory cost	-	413	NM	-	413	NM
Amortisation of land use rights	135	164	(18)	527	556	(5)
Amortisation of intangible assets	550	2	27,400	556	8	6,850
(Gain)/loss on disposal of property, plant and equipment	(803)	869	NM	(770)	869	NM
Gain from fair valuation of investment property	(8,708)	(5,312)	64	(8,708)	(5,312)	64
Depreciation of property, plant and equipment	5,864	8,125	(28)	23,299	24,533	(5)
Foreign exchange gain, net	(1,532)	(139)	1,002	(983)	(302)	225
Salaries and bonuses	9,837	6,383	54	44,279	34,269	29

NM: Not Meaningful;
*: Less than one

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	
	31/12/2010 Unaudited	31/12/2009 Audited	31/12/2010 Unaudited	31/12/2009 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	203,502	188,402	-	-
Investment property	59,563	52,830	-	-
Land use rights	22,645	23,172	-	-
Intangible assets	65,944	20,500	-	-
Prepayment to suppliers	9,050	-	-	-
Deferred tax assets	-	503	-	-
Investment in subsidiaries	-	-	344,853	344,853
	360,704	285,407	344,853	344,853
Current assets				
Inventories	53,175	41,508	-	-
Trade receivables, net	202,298	161,356	-	-
Bills receivables	341	200	-	-
Other receivables and prepayments	225,056	86,972	2	-
Amount due from subsidiaries (non-trade)	-	-	509,109	472,518
Fixed deposits	82,916	24,810	-	-
Cash and bank balances	410,678	685,024	17,803	20,156
	974,464	999,870	526,914	492,674
Total assets	1,335,168	1,285,277	871,767	837,527
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	6,104	7,085	-	-
Bills payable to banks	11,042	28,138	-	-
Other payables & accruals	40,668	36,121	2,621	2,159
Amount due to directors (non-trade)	1,962	2,208	1,962	1,412
Short-term bank loans	70,736	44,253	-	-
Bank overdrafts	8,720	19,886	-	-
Income tax payable	12,401	7,869	-	-
Total current liabilities	151,633	145,560	4,583	3,571
Non-current liabilities				
Convertible notes	-	18,245	-	18,245
Deferred tax liabilities	38,348	26,651	-	-
	38,348	44,896	-	18,245
Total liabilities	189,981	190,456	4,583	21,816
Net assets	1,145,187	1,094,821	867,184	815,711
Equity attributable to owners of the Company				
Share capital	772,574	756,224	772,574	756,224
Treasury shares	(6,408)	(2,307)	(6,408)	(2,307)
Reserve fund	52,002	42,550	-	-
Restructuring reserve	(117,878)	(117,878)	-	-
Contributed surplus	39,573	39,573	39,573	39,573
Translation reserve	(413)	(11)	-	-
Equity reserve	-	1,040	-	1,040
Accumulated profits	405,737	375,630	61,445	21,181
Total equity	1,145,187	1,094,821	867,184	815,711
Total equity and liabilities	1,335,168	1,285,277	871,767	837,527

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 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Bills payable to banks[1]	11,042	-	28,138	-
Short-term bank loans[2]				
- Shanghai Rural Commercial Bank[2]	13,000	-	13,000	-
- East West Bank[3]	29,866	-	-	-
- Industrial and Commercial Bank of China[4]	27,870	-	31,253	-
Bank overdrafts[5]	8,720	-	19,886	-

Amount repayable after one year

	As at 31 December 2010		As at 31 December 2009	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Convertible notes[6]	-	-	18,245	-

Notes :

[1] RMB 11.0 million is secured by a charge over investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, bank deposits, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

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

[3] This loan is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from independent third parties, (Hong Li Hong and Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.

[4] This loan is secured by a charge over investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, rental receipt arising from the mortgaged property and corporate guaranteed by Fuxing China Group Limited.

[5] RMB 5.5 million is secured by bank deposits of Fook Hing Group Trading Co., Ltd., and personal guarantee from independent third parties, (Hong Li Hong and Sze Kai Lung) and corporate guarantee by Fuxing China Group Limited.; and RMB 3.2 million is secured by a charge over investment property owned by Fook Hing Group Trading Co., Ltd., located at 16/F., Tower II, Enterprise Square, No. 9 Sheung Yue Road, Kowloon, rental receipt arising from the mortgaged property and corporate guarantee from Fuxing China Group Limited.

[6] Convertible notes were converted to ordinary shares on 22 November 2010. Refer to Para 1(d)(ii) on page 8 for more details.

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 31/12/2010 Unaudited RMB'000	3 months Ended 31/12/2009 Unaudited RMB'000	Year Ended 31/12/2010 Unaudited RMB'000	Year Ended 31/12/2009 Audited RMB'000
OPERATING ACTIVITIES				
Profit before tax from continuing operations	37,843	20,614	116,509	54,164
Loss before tax from discontinued operation (Note B)	-	(1,258)	(1,183)	(1,795)
Profit before tax, total	**37,843**	**19,356**	**115,326**	**52,369**
Adjustments for:				
Depreciation of property, plant and equipment	5,864	8,125	23,299	24,533
Amortisation of land use rights	135	164	527	556
Amortisation of intangible assets	550	2	556	8
(Gain) /loss on disposal of property, plant and equipment	(798)	869	(767)	869
Gain from fair valuation on investment property	(8,708)	(5,312)	(8,708)	(5,312)
(Write-back of allowance for)/allowance for doubtful trade receivables	2,150	(4,751)	1,523	(7,138)
Allowance for inventory obsolescence / inventory written off	599	597	599	597
Write down of inventory cost	-	413	-	413
Convertible note expenses	52	-	52	-
Interest expense	913	1,119	3,720	6,487
Interest income	(758)	(572)	(2,720)	(2,737)
Foreign currency gain	(1,011)	(47)	(1,040)	(76)
Total adjustments	(1,012)	607	17,041	18,200
Operating cash flows before changes in working capital	**36,831**	**19,963**	**132,367**	**70,569**
(Increase) Decrease in:				
Inventories	1,851	11,835	(12,266)	(517)
Trade receivables	(23,913)	10,476	(42,465)	131,342
Bills receivable	(341)	(200)	(141)	(200)
Other receivables & prepayments	(160,299)	24,060	(147,134)	386,996
Increase (Decrease) in:				
Trade payables	(24,552)	68	(981)	(26,457)
Other payables & accruals	10,918	(42,379)	5,050	(25,511)
Due to directors	(113)	2,129	(246)	(3,802)
Total changes in working capital	(196,449)	5,989	(198,183)	461,851
Cash flows (used in) / generated from operations	**(159,618)**	**25,952**	**(65,816)**	**532,420**
Interest expense paid	(832)	(987)	(3,244)	(6,355)
Interest income received	758	571	2,720	2,737
Income tax paid	(9,603)	(735)	(26,997)	(16,454)
Net cash generated from / (used in) operating activities	**(169,295)**	**24,801**	**(93,337)**	**512,348**
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(11,395)	(8,705)	(39,142)	(46,250)
Purchase of investment property	-	33	-	(47,522)
Purchase of intangible assets	(46,000)	-	(46,000)	-
Proceeds from disposal of property, plant and equipment	(502)	-	1,008	-
Net cash used in investing activities	**(57,897)**	**(8,672)**	**(84,134)**	**(93,772)**
FINANCING ACTIVITIES				
Issuance of new ordinary shares / pursuant to the Placement, net of share issue expenses	-	(987)	-	17,517
Issuance of convertible notes	-	19,152	-	19,152
Partial redemption of convertible note	118	-	(2,442)	-
Purchase of treasury shares	-	-	(4,101)	(2,307)
Proceeds from short-term loan	12,246	4,500	42,867	47,572
Repayments of short-term loan	(14,611)	(5,098)	(16,383)	(114,797)
Proceeds from bills payable	10,849	17,116	18,666	101,251
Repayment of bills payable	(5,052)	(20,842)	(33,151)	(130,000)
Dividend paid	-	-	(33,059)	(7,919)
Decrease (increase) in fixed deposits pledged to banks	350	287	1,167	(2,680)
Net cash generated from (used in) financing activities	**3,900**	**14,128**	**(26,436)**	**(72,211)**
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS	**(223,292)**	**30,257**	**(203,907)**	**346,365**
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD/YEAR	**684,523**	**634,881**	**665,138**	**318,773**
CASH & CASH EQUIVALENTS AT END OF PERIOD (Note A)	**461,231**	**665,138**	**461,231**	**665,138**

Notes to the consolidated statement of cash flows

Note A:

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

	3 months Ended 31/12/2010 Unaudited	3 months Ended 31/12/2009 Unaudited	Year Ended 31/12/2010 Unaudited	Year Ended 31/12/2009 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed deposits	82,916	24,810	82,916	24,810
Cash and bank balances	410,678	685,024	410,678	685,024
	493,594	709,834	493,594	709,834
Less: bank overdraft	(8,720)	(19,886)	(8,720)	(19,886)
fixed deposits (pledged)	(23,643)	(24,810)	(23,643)	(24,810)
Cash and cash equivalents	461,231	665,138	461,231	665,138

Fixed deposits amounting to RMB 23,643,000 (2009: 24,810,000) are pledged to banks for the Group's bills payable to banks, short-term loans and bank overdrafts.

Note B:

The cash flows attributable to the Group's discontinued operation, the Knitting Wool segment, are as follows:

	3 months Ended 31/12/2010 Unaudited	3 months Ended 31/12/2009 Unaudited	Year Ended 31/12/2010 Unaudited	Year Ended 31/12/2009 Audited
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities	-	(636)	28	(1,756)
Investing activities	-	-	-	-
Financing activities	-	-	860	-
Net cash (outflows)/inflows	-	(636)	888	(1,756)

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.

	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve[1]	Equity reserve[2]	Translation reserve	Accumulated profits / (losses)	Total equity
Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
At 1 January 2009	738,707	-	37,825	39,573	(117,878)	-	-	357,560	1,055,787
Total comprehensive income for the year	-	-	-	-	-	-	(11)	30,714	30,703
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)
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 January 2010	756,224	(2,307)	42,550	39,573	(117,878)	1,040	(11)	375,630	1,094,821
Total comprehensive income for the year	-	-	-	-	-	-	(402)	71,597	71,195
Transferred to reserve fund	-	-	9,452	-	-	-		(9,452)	-
Repurchase of shares	-	(4,101)	-	-	-	-	-	-	(4,101)
Redemption and conversion of convertible notes	16,350	-	-	-	-	(1,040)	-	1,021	16,331
Dividend paid	-	-	-	-	-	-	-	(33,059)	(33,059)
Closing balance at 31 December 2010	772,574	(6,408)	52,002	39,573	(117,878)	-	(413)	405,737	1,145,187
Company									
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 January 2010	756,224	(2,307)	-	39,573	-	1,040	-	21,181	815,711
Total comprehensive income for the period	-	-	-	-	-	-	-	72,302	72,302
Repurchase of shares	-	(4,101)	-	-	-	-	-	-	(4,101)
Redemption and conversion of convertible notes	16,350	-	-	-	-	(1,040)	-	1,021	16,331
Dividend paid	-	-	-	-	-	-	-	(33,059)	(33,059)
At 31 December 2010	772,574	(6,408)	-	39,573	-	-	-	61,445	867,184

	Share capital	Treasury shares	Reserve fund	Contributed surplus	Restructuring reserve[1]	Equity reserve[2]	Translation reserve	Accumulated profits / (losses)	Total equity
Group	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
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	-	-	-	-	-	-	(12)	10,339	10,327
Transferred to reserve fund	-	-	4,725	-	-	-	-	(4,725)	-
Issuance of convertible notes	-	-	-	-	-	1,040	-	-	1,040
Share issue expenses	(987)	-	-	-	-	-	-	-	(987)
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 2010	756,224	(6,408)	42,550	39,573	(117,878)	970	(144)	391,087	1,105,974
Total comprehensive income for the period	-	-	-	-	-	-	(269)	23,081	22,812
Transferred to reserve fund	-	-	9,452	-	-	-	-	(9,452)	-
Redemption and conversion of convertible notes	16,350	-	-	-	-	(970)	-	1,021	16,401
Closing balance at 31 December 2010	772,574	(6,408)	52,002	39,573	(117,878)	-	(413)	405,737	1,145,187
Company									
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
At 1 October 2010	756,224	(6,408)	-	39,573	-	970	-	62,970	853,329
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,546)	(2,546)
Redemption and conversion of convertible notes	16,350	-	-	-	-	(970)	-	1,021	16,401
Closing balance at 31 December 2010	772,574	(6,408)	-	39,573	-	0	-	61,445	867,184

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 12 April 2010 to 23 July 2010, the Company purchased 5,762,000 of its ordinary shares pursuant to the share buy-back mandate approved by shareholders on 29 April 2010. These shares were acquired by way of market acquisitions for a total consideration of S$814,522 and are held as treasury shares by the Company. There were a total of 8,124,000 treasury shares acquired during the 9 months ended 30 September 2009.

Convertible Notes

On 31 August 2010, the Company redeemed and cancelled a total number of 5,050,000 of Convertible Notes with an aggregate amount of RMB 2,442,170 or S$ 510,050. On 22 November 2010, the Convertible Notes with an aggregate amount of RMB 16,710,249 or S$ 3,489,954 were converted into 34,554,000 new ordinary shares in the Company, in accordance with the terms of the Notes Agreement.

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 2010	**31 December 2009**
Total number of issued shares excluding treasury shares	860,272,000	831,480,000

There were a total of 13,886,000 treasury shares as 31 December 2010.

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 2010	8,124,000
Purchases of shares during the period	5,762,000
Total number of shares as at 31 December 2010	13,886,000

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2010.

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 same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 31 December 2009 have been applied in the preparation for the financial statements for year ended 31 December 2010 except that the Group has adopted the new and revised Financial Reporting Standards (FRS) and interpretations of FRS (INTFRS) which became effective for annual period beginning on 1 January 2010 or otherwise stated.

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 adoption of the new and revised FRS and INT FRS does not have any material financial impact on the Group's and Company's financial statements for the current year.

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 31/12/2010	**3 months ended 31/12/2009**	**Year ended 31/12/2010**	**Year ended 31/12/2009**
(a) Basic and	0.03	0.01	0.09	0.04
(b) On a fully diluted basis	0.03	0.01	0.08	0.04

Notes:
Basic earnings per share is computed based on weighted average number of shares in issue in 2010:831,237,326 ordinary shares (2009: 803,703,093).

As at 31 December 2010, diluted earnings per share is computed based on weighted average number of ordinary shares in issue in 2010:858,407,184, adjusted for the conversion of the convertible note at the beginning of the year to date of conversion (2009: 807,609,241, 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	
	31/12/2010	**31/12/2009**	**31/12/2010**	**31/12/2009**
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 31/12/2010: 860,272,000 (31/12/2009: 831,480,000 shares)	1.33	1.32	1.01	0.98

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 31/12/2010 Unaudited	3 months Ended 31/12/2009 Unaudited	Increase/ (Decrease)	Year Ended 31/12/2010 Unaudited	Year Ended 31/12/2009 Audited	Increase/ (Decrease)
REVENUE	**RMB'000**	**RMB'000**	**%**	**RMB'000**	**RMB'000**	**%**
Finished zipper	27,325	14,674	86	85,729	57,949	48
Zipper Chain	80,968	51,210	58	269,608	158,063	71
Zipper Slider	38,163	22,674	68	147,930	90,070	64
Knitting Wool (Discontinued operation)	-	4,851	(100)	2,051	16,918	(88)
Trading	57,795	53,330	8	161,296	152,908	5
Total Group Revenue	204,251	146,739	39	666,614	475,908	40

COST OF SALES

Finished zipper	18,587	9,320	99	61,457	34,636	77
Zipper Chain	61,326	38,793	58	193,524	122,978	57
Zipper Slider	24,295	21,368	14	106,218	79,390	34
Knitting Wool (Discontinued operation)	-	2,769	(100)	2,022	15,369	(87)
Trading	56,588	52,792	7	158,265	149,060	6
Total Group Cost of Sales	160,796	125,042	29	521,486	401,433	30

GROSS PROFIT/(LOSS)

Finished zipper	8,738	5,354	63	24,272	23,313	(18)
Zipper Chain	19,642	12,417	58	76,084	35,085	132
Zipper Slider	13,868	1,306	962	41,712	10,680	290
Knitting Wool (Discontinued operation)	-	2,082	(100)	29	1,549	(98)
Trading	1,207	538	124	3,031	3,848	(21)
Total Gross Profit	43,455	21,697	100	145,128	74,475	95

GROSS PROFIT/(LOSS) MARGIN

	%	%	%	%	%	%
Finished zipper	32.0	36.5	(4.5)	23.7	40.2	(16.5)
Zipper Chain	24.3	24.4	(0.1)	29.6	22.2	7.4
Zipper Slider	36.3	5.8	30.5	28.2	11.9	16.3
Knitting Wool (Discontinued operation)	-	9.2	(9.2)	1.4	91.6	(90.2)
Trading	2.1	1.0	1.1	1.9	2.5	(0.6)
Total Gross Profit/(Loss) Margin	21.3	14.8	6.5	21.8	15.6	6.2

FY10 vs. FY09

Revenue
The Group's revenue increased by RMB 190.7 million (or 40%) to RMB 666.6 million in FY10 compared to FY09. The increase in revenue was due mainly to the increase in the sale of Finished Zippers (RMB 27.8 million), Zipper Chains (RMB 111.5 million) and Zipper Sliders (RMB 57.9 million) (collectively known as "Zipper segment") as well as the Trading segment (RMB 8.4 million). This was partially offset by the decrease in revenue from the Knitting Wool segment (RMB 14.9 million).

The increase in revenue from the Zipper segment was attributable to the increase in both selling price and quantity sold to both local customers and overseas customers as a result of the recovering economy.

The decrease in revenue for the Knitting Wool segment was due mainly to this segment's operation being discontinued in April 2010.

Gross Profit and Gross Profit Margin
The Group's gross profit increased by RMB 70.7 million (or 95%) to RMB 145.1 million. The increase in gross profit from the Zipper Segment was due mainly to the increase in revenue from both local and export business as a result of the recovering economy.

Overall, gross profit margin increased by 6% to 22% attributable to an increase in the gross profit margin of the Zipper Segment. The increase was a result of the slight increase in selling price over the cost of sales.

Other income and other expenses
Other income comprises government subsidies, gain on disposal of plant and machineries, rental income and gain from fair valuation of investment property while other expenses mainly consist of foreign exchange loss. The net increase was due mainly to the gain from fair valuation of investment property amounting to RMB 8.7 million.

Selling and distribution expenses
Selling and distribution expenses increased by RMB 1.1 million (or 21%) to RMB 6.1 million in FY10. The increase was due mainly to higher delivery charges with the corresponding increase in sales, as well as higher salaries and commission paid in FY10 as a result of an increase in the Group's revenue.

General and administrative expenses
General and administrative expenses increased by RMB 12.5 million (or 69%) to RMB 30.6 million in FY10. This was mainly attributable to the increase in salaries expense as well as the allowance for doubtful debts. Net allowance for doubtful debts amounted to RMB 1.5 million in FY10 while there was a net write back on allowance for doubtful debts of RMB 7.1 million in FY09 due to subsequent recovery.

Finance income and expenses
Finance expenses decreased by RMB 2.8 million (or 43%) to RMB 3.7 million in FY10. This was attributable to the decrease in bank overdrafts and bills payable to banks. Most of the bills payable had been settled in 2Q10. There was no significant change in finance income as the average bank balance remained relatively constant throughout 2010.

Tax expense

	Group		
	Year Ended 31/12/2010 Unaudited	**Year Ended 31/12/2009 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	31,938	16,995	88
Deferred tax[2]	9,015	4,286	110
Deferred tax[3]	2,776	374	642
Total income tax expense	43,729	21,655	102

Note:

[1] Current tax increased by RMB 14.9 million or 88% due to a higher profit before taxation in FY10.

[2] 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 from 1 January 2008 onwards. As Jade Star (the PRC's subsidiaries' immediate holding Company) is incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

[3] Deferred tax arising from temporary differences in fair value of investment property and depreciation of property, plant and equipment.

4Q10 vs. 4Q09 (3 months)

Revenue

The Group's revenue increased by RMB 57.5 million (or 39%) to RMB 204.3 million. The increase in revenue was due mainly to the increase in sales of Zippers Chain segment (RMB 29.8 million), Zipper Sliders segment (RMB 15.5 million), Finished Zipper segment (RMB 12.7 million) and Trading segment (RMB 4.5 million). This was partially offset by the decrease in revenue derived from Knitting Wool segment (RMB 4.9 million).

The increase in revenue for the Zipper Chain segment, Zipper Slider and Finished Zipper segment were due mainly to the increase in both quantity and selling price to both local garment factories and export oriented garment factories as a result of the recovering economy.

The decrease in revenue for the Knitting Wool segment was due mainly to this segment's operation being discontinued in April 2010. The remaining wool was sold in 2Q10.

Gross Profit and Gross Profit Margin

The Group's gross profit increased by RMB 21.8 million (or 100%) to RMB 43.5 million. The increase in gross profit from Zipper Chain segment was due mainly to the increase in revenue from both local and export business as a result of the recovering economy.

The Group's overall gross profit margin increased by 7% to 21% due to an increase in the gross profit margin of the Zipper Slider segment. The increase in gross profit margin of the Zipper Slider segment was a result of the slight increase in selling price over the cost of sales.

The nil balance in gross profits and gross profit margins for the Knitting Wool segment was due mainly to this segment's operation being discontinued in April 2010.

Other income and other expenses

Other income comprises gain on disposal of plant and machineries, rental income and gain from fair valuation of investment property while other expenses mainly consist of foreign exchange loss. The net increase was due mainly to the gain from fair valuation of investment property amounting to RMB 8.7 million.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 0.2 million (or 11%) to RMB 2.0 million in 4Q10. The decrease was due mainly to a decrease in advertising expenses for promotion of the Group's products but partially offset by the increase in salaries and delivery charges.

General and administrative expenses

General and administrative expenses increased by RMB 9.0 million (or 238%) in 4Q10. This was mainly attributable to the increase in salaries and allowance for doubtful debts of RMB2.2 million in 4Q10 while there was a write back on allowance for doubtful debts in 4Q09.

Finance income and expenses

Finance expenses decreased by RMB 0.2 million (or 18%) to RMB 0.9 million in 4Q10. This was attributable to the decrease in the bank overdrafts and bills payables to banks in 4Q10. Finance income was higher in 4Q10 as a result of increase in fixed deposits in 4Q10.

Tax expense

	Group		
	3 months Ended 31/12/2010 Unaudited	**3 months Ended 31/12/2009 Unaudited**	**Increase/ (Decrease)**
	RMB'000	**RMB'000**	**%**
Current tax[1]	9,546	6,339	51
Deferred tax[2]	2,341	2,304	2
Deferred tax[3]	2,776	374	642
Total income tax expense	14,663	9,017	63

Note

[1] Current tax increased by RMB 3.2 million or 51% due to higher profit before taxation in 4Q10.

[2] 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 from 1 January 2008 onwards. As Jade Star (the PRC's subsidiaries' immediate holding Company) is incorporated in the British Virgin Islands, the applicable withholding tax rate is 10%.

[3] Deferred tax arising from temporary differences in fair value of investment property and depreciation of property, plant and equipment.

FINANCIAL POSITION

Non-current assets

As at 31 December 2010, non-current assets amounted to RMB 360.7 million comprising property, plant and equipment, investment property, land use rights, prepayment to suppliers and intangible assets.

The Group's property, plant and equipment as at 31 December 2010 amounted to RMB 203.5 million, an increase of 8% (or RMB 15.1 million) compared to that as at 31 December 2009. The increase was due mainly to acquisition of machineries and equipment for production of new product – Super Durable Zipper and expansion of factory buildings and staff quarters.

The intangible assets as at 31 December 2010 amounted RMB 65.9 million, an increase of 222% (or RMB 45.4 million) compared to that as at 31 December 2009. The increase was due mainly to acquisition of the patent in production of Super Durable Zipper.

The prepayment to suppliers represented the deposits paid for acquisition of plant and machineries for new product – Super Durable Zipper.

Current assets

Current assets decreased by RMB 25.4 million (or 3%) in FY10. This was largely due to a decrease in cash and bank balances which was offset by the increase in trade receivables, inventories, fixed deposits, other receivables and prepayments.

Inventories increased by RMB 11.7 million due to stocking up of inventory to fulfill the sales orders in the coming quarter. Trade receivables increased by RMB 40.9 million in line with the increase in revenue in 4Q10.

Other receivable and prepayments increased by RMB 138.1 million mainly due to the advances made to suppliers to secure a stable stream of raw material supplies and obtain a competitive price. In addition, deposits of RMB 37.2 million have been made in relation of the Group's proposed acquisition of 3 new subsidiaries in FY10, accounting for the increase.

Cash and bank balances decreased mainly due to increase in advances to suppliers, acquisition of the patent and plant and machineries in production of Super Durable Zipper, and deposit for acquisition of the 3 companies.

Current liabilities

Current liabilities increased by RMB 6.1 million (or 4%) to RMB 151.6 million as at 31 December 2010. This was mainly attributable to the increase in short-term loans, other payables and accruals and income tax payables which was offset by the decrease in bills payables, bank overdrafts and trade payables.

The increase in short-term bank loans was due mainly to an additional banking facility obtained from East West bank in 2Q10, which was mainly used for the trading operation in Hong Kong. The increase in other payables and accruals was due mainly to the increase in the amount advanced from related parties which was used as deposit for a land auction participation, for which it was subsequently refunded back. The increase in income tax payables was due mainly to the increase in pretax profits.

Most of the bills payables had been repaid in 2Q10 and bank overdrafts partly repaid in 3Q10. The decrease in trade payables was due mainly to the increase in advances to suppliers.

Non-current liabilities

Non-current liabilities, which comprise convertible note, and deferred tax liabilities, decreased by RMB 8.6 million (or 19%) to RMB 36.3 million as at 31 December 2010. As mentioned above, the convertible notes which are due in September 2011 have been converted into ordinary shares on 22 November 2010. The increase in deferred tax liabilities was due mainly to the increase in withholding tax as explained above under the note for tax expense.

CASHFLOW

FY2010

Net cash flows used in operating activities amounted to RMB 93.3 million due mainly to advances made to suppliers to secure a stable stream of raw material supplies at a better price and deposit for the acquisition of 3 companies.

Net cash flows used in investing activities amounted to RMB 84.1 million. This was primarily due to acquisition of the patent rights and plant and machineries for the production of Super Durable Zipper amounting to RMB 46.0 million and RMB 39.1 million respectively. In addition, the Group has disposed certain property, plant and equipment for cash consideration of approximately RMB 1.0 million.

Net cash flows used in financing activities amounted to RMB 26.4 million. This was largely due to net repayments for bills payables credit facilities obtained, dividends payment and cash consideration for partial redemption of convertible loan and purchase of treasury shares amounting to RMB 14.5 million, RMB 33.1 million, RMB 2.4 million and RMB 4.1 million respectively. The cash outflow from financing activities was partly offset by net proceeds from short terms loans and decrease in pledged deposits placed for credit facilities obtained from banks amounting to RMB 26.5 million and RMB 1.2 million respectively.

4Q2010

Net cash flows used in operating activities amounted to RMB 169.3 million due mainly to the advances made to suppliers to secure a stable stream of raw material supplies and obtain a competitive price.

Net cash flows used in investing activities amounted to RMB 57.9 million. This was primarily due to acquisition of the patent rights and plant and machineries for the production of Super Durable Zipper amounting to RMB 46.0 million and RMB 11.4 million respectively. In addition, the Group has disposed certain property, plant and equipment for cash consideration of approximately RMB 0.5 million.

Net cash flows generated from financing activities amounted to RMB 3.9 million. This was largely due to net proceeds from bills payable and a decline in pledged deposits amounting to RMB 5.8 million and RMB 0.3 million respectively and partly offset by net repayments of short term loans amounting to RMB 2.4 million.

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 continued growth of the PRC economy, which has overtaken Japan as the world's 2nd largest economy, and the positive outlook of the regional economies, the Group is confident of an improvement in the demand from both local PRC customers and overseas customers in 2011. The Group however expects its labour cost to increase due to the continued tight supply of labour along coastal cities in the PRC.

The Group will continue to work towards improving its operational efficiencies by continuing to work on its process automation. Its new patented super durable zipper is a growth opportunity which could generate higher profit margin.

The Group will also continue to enhance its brand name and develop sales strategies to remain competitive and grow our market share. In addition to the proposed acquisition of 3 target companies that the Group is seeking approval from its shareholders via a SGM on 4 March 2011, the Group will also continue to explore further business opportunities to invest in the zipper businesses outside Fujian Province, to increase its market share in the PRC.

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

This proposed final dividend amounting to RMB 17.2 million together with the 1Q2010 interim dividend paid out in June 2010 of RMB 16.5 million represent about 47% of full year profit, in line with the Group's previously declared dividend policy of not less than 40%.

With the expected growth in the business profits in FY2011, with the 3 proposed acquisitions in progress and in view of the Group's working capital requirements, the Board has recommended a change in dividend policy to a payout of not less than 25% of its profits in FY2011 and going forward. However, the Board will take into account the Group's actual payout/proposal of RMB 4 cents for FY2010 when considering dividend payout in FY2011.

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

(c) Date payable

To be announced at a later date

(d) Books closure date

To be announced at a later date

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 placement proceeds

As at the date of this announcement, the placement proceeds have been used as the working capital of the Group's business.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. 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	Finished Zipper	Zipper Chain	Zipper Slider	Knitting Wool (Discontinued operations)	Trading	Corporate	Elimination	Total
31 December 2010	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Revenue:								
Sales to external customers	85,729	269,608	147,930	2,051	161,296	-	-	666,614
Inter-segment sales	-	5,177	8,781	640	-	-	(14,598)	-
Total revenue	85,729	274,785	156,711	2,691	161,296		(14,598)	666,614
Results:								
Segment gross profit	24,272	76,084	41,713	29	3,031	-	-	145,128
Segment results	16,216	62,007	37,295	(1,183)	12,748	(10,757)		116,326
Finance income								2,720
Finance expense								(3,720)
Profit before tax								115,326
Tax expenses								(43,729)
Net profit attributable to shareholders								71,597
Other segment information								
Fair value gain on investment properties	-	-	-	-	8,708	-	-	8,708
Depreciation and amortization	10,797	6,700	6,653	229	3	-	-	24,382

Group	Finished Zipper	Zipper Chain	Zipper Slider	Knitting Wool	Trading	Corporate	Elimination	Total
31 December 2009	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**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	(1,776)	3,849	-	-	74,475
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	4,215	11,683	6,767	2,429	3	-	-	25,097

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		
	FY2010	**FY2009**	**Increase/ (decrease)**
	RMB'000	**RMB'000**	**%**
(a) Sales reported for first half year	312,397	201,336	55
(b) Operating profit/loss after tax before deducting minority interests reported for first half year	25,827	10,460	147
(c) Sales reported for second half year	354,217	274,572	29
(d) Operating profit/loss after tax before deducting minority interests reported for second half year	45,770	20,254	126

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 2010	**31 December 2009**
Ordinary	RMB 33.1 million	RMB 16.6 million
Preference	-	-
Total:	RMB 33.1 million	RMB 16.6 million

BY ORDER OF THE BOARD

Hong Qing Liang
Executive Chairman and CEO

1 March 2011