

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2011 (“2Q 2011”)****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.****Consolidated Statements of Comprehensive Income**

Group	2Q 2011	2Q 2010	Change	Six months ended 30 June		Change
				2011	2010	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	203,310	67,012	203%	356,812	109,149	227%
Cost of sales	(143,517)	(57,378)	150%	(252,703)	(94,808)	167%
Gross profit	<u>59,793</u>	<u>9,634</u>	521%	<u>104,109</u>	<u>14,341</u>	626%
Other income	270	145	86%	450	223	102%
Selling and distribution expenses	(1,516)	(1,060)	43%	(3,067)	(2,308)	33%
Administrative expenses	(5,391)	(2,930)	84%	(9,170)	(4,747)	93%
Other expenses	-	(1,174)	-100%	-	(1,182)	-100%
Finance expenses	(7)	(5)	40%	(11)	(8)	38%
Profit before tax	<u>53,149</u>	<u>4,610</u>	1053%	<u>92,311</u>	<u>6,319</u>	1361%
Income tax expense	(14,314)	(1,425)	904%	(25,169)	(1,932)	1203%
Net profit, representing total comprehensive income for the period attributable to shareholders	<u>38,835</u>	<u>3,185</u>	1119%	<u>67,142</u>	<u>4,387</u>	1430%

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Profit before tax is determined after charging/(crediting) the following:

	2Q 2011	2Q 2010	Six months ended 30 June	
			2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation on property, plant and equipment	4,972	4,532	9,928	9,365
Loss on disposal of property, plant and equipment	-	1,179	-	1,179
Foreign exchange (gains)/losses	5	(5)	3	3
Interest income	(131)	(70)	(224)	(148)

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.

Statements of Financial Position

	Group		Company	
	30 June 2011 RMB'000	31 December 2010 RMB'000	30 June 2011 RMB'000	31 December 2010 RMB'000
Non-current assets				
Property, plant and equipment	346,713	356,118	-	-
Investment in subsidiaries	-	-	221,267	221,267
	<u>346,713</u>	<u>356,118</u>	<u>221,267</u>	<u>221,267</u>
Current assets				
Inventories	35,206	14,898	-	-
Trade receivables	103,538	71,515	-	-
Other receivables	8,846	2,362	651	-
Amount due from a subsidiary	-	-	90	90
Dividend receivable from a subsidiary	-	-	33,416	17,105
Cash and cash equivalents	192,353	111,385	26,503	196
	<u>339,943</u>	<u>200,160</u>	<u>60,660</u>	<u>17,391</u>
Total assets	<u>686,656</u>	<u>556,278</u>	<u>281,927</u>	<u>238,658</u>
Non-current liability				
Deferred tax liability	4,876	3,574	-	-
Current liabilities				
Trade payables	72,503	44,137	-	-
Other payables and accruals	10,265	9,362	2,541	1,323
Tax payable	14,843	10,115	-	-
	<u>97,611</u>	<u>63,614</u>	<u>2,541</u>	<u>1,323</u>
Total liabilities	<u>102,487</u>	<u>67,188</u>	<u>2,541</u>	<u>1,323</u>
Net assets	<u>584,169</u>	<u>489,090</u>	<u>279,386</u>	<u>237,335</u>
Equity attributable to equity holder of the Company				
Share capital	196,266	177,644	196,266	177,644
Share premium	68,936	50,512	68,936	50,512
Capital reserve	1,463	1,463	-	-
General reserve fund	45,963	38,730	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	290,447	239,647	14,184	9,179
Total equity	<u>584,169</u>	<u>489,090</u>	<u>279,386</u>	<u>237,335</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30 June 2011		As at 31 December 2010	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 30 June 2011		As at 31 December 2010	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

Not applicable.

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

Consolidated Statement of Cash Flows

Group

	2Q 2011 RMB'000	2Q 2010 RMB'000	Six months ended 30 June	
			2011 RMB'000	2010 RMB'000
Cash flow from operating activities				
Profit before tax	53,149	4,610	92,311	6,319
Adjustment for:				
Depreciation for property, plant and equipment	4,972	4,532	9,928	9,365
Loss on disposal of property, plant and equipment	-	1,179	-	1,179
Interest income	(131)	(70)	(224)	(148)
Operating profit before changes in working capital	57,990	10,251	102,015	16,715
Inventories	(7,500)	(871)	(20,308)	(1,483)
Trade receivables	(10,860)	(8,575)	(32,023)	7,447
Other receivables	(2,103)	14,517	(1,796)	7,682
Trade payables	1,234	6,744	28,366	(3,959)
Other payables and accruals	1,238	515	1,968	254
Cash generated from operations	39,999	22,581	78,222	26,656
Interest income	131	70	224	148
Income tax paid	(9,974)	(481)	(19,139)	(2,544)
Net cash generated from operating activities	30,156	22,170	59,307	24,260
Cash flow from investing activities				
Purchase of property, plant and equipment	(1,911)	(38,857)	(5,211)	(38,857)
Proceed from disposal of property, plant and equipment	-	2,170	-	2,170
Net cash used in investing activities	(1,911)	(36,687)	(5,211)	(36,687)
Cash flow from financing activities				
Proceeds from issue of new shares	29,060	-	29,060	-
Dividend paid (note 1)	(2,188)	-	(2,188)	-
Net cash generated from financing activities	26,872	-	26,872	-
Net increase/(decrease) in cash and cash equivalents	55,117	(14,517)	80,968	(12,427)
Cash and cash equivalents at the beginning of the financial period	137,236	102,780	111,385	100,690
Cash and cash equivalents at the end of the financial period	192,353	88,263	192,353	88,263

Cash and cash equivalents represented by:

	Group	
	30 June 2011 RMB'000	30 June 2010 RMB'000
Cash and bank balances	192,353	88,263

Note 1: Total dividend payout in 2Q 2011 amounted to RMB 9.1 million. The amount of RMB 6.9 million was paid out in a way of scrip dividend and the remaining amount of RMB 2.2 million was paid by cash.

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.

Statements of Changes in Equity

Group	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	General reserve fund RMB'000	Merger reserve RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2010	177,200	50,451	1,463	33,843	(18,906)	199,157	443,208
Total comprehensive income for the period	-	-	-	-	-	1,202	1,202
Transfer to general reserve fund	-	-	-	135	-	(135)	-
Issue of new shares	444	61	-	-	-	-	505
Balance at 31 March 2010	177,644	50,512	1,463	33,978	(18,906)	200,224	444,915
Total comprehensive income for the period	-	-	-	-	-	3,185	3,185
Transfer to general reserve fund	-	-	-	385	-	(385)	-
Balance at 30 June 2010	177,644	50,512	1,463	34,363	(18,906)	203,024	448,100
Balance at 1 January 2011	177,644	50,512	1,463	38,730	(18,906)	239,647	489,090
Total comprehensive income for the period	-	-	-	-	-	28,307	28,307
Transfer to general reserve fund	-	-	-	3,057	-	(3,057)	-
Issue of new shares	590	532	-	-	-	-	1,122
Balance at 31 March 2011	178,234	51,044	1,463	41,787	(18,906)	264,897	518,519
Total comprehensive income for the period	-	-	-	-	-	38,835	38,835
Transfer to general reserve fund	-	-	-	4,176	-	(4,176)	-
Dividend paid	-	-	-	-	-	(9,109)	(9,109)
Issue of new shares	18,032	17,892	-	-	-	-	35,924
Balance at 30 June 2011	196,266	68,936	1,463	45,963	(18,906)	290,447	584,169

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2010	177,200	50,451	(2,303)	225,348
Total comprehensive loss for the period	-	-	(120)	(120)
Issue of new shares	444	61	-	505
Balance at 31 March 2010	<u>177,644</u>	<u>50,512</u>	<u>(2,423)</u>	<u>225,733</u>
Total comprehensive loss for the period	-	-	(600)	(600)
Balance at 30 June 2010	<u>177,644</u>	<u>50,512</u>	<u>(3,023)</u>	<u>225,133</u>
Balance at 1 January 2011	177,644	50,512	9,179	237,335
Total comprehensive loss for the period	-	-	(1,382)	(1,382)
Issue of new shares	590	532	-	1,122
Balance at 31 March 2011	<u>178,234</u>	<u>51,044</u>	<u>7,797</u>	<u>237,075</u>
Total comprehensive income for the period	-	-	15,496	15,496
Dividend paid	-	-	(9,109)	(9,109)
Issue of new shares	18,032	17,892	-	35,924
Balance at 30 June 2011	<u>196,266</u>	<u>68,936</u>	<u>14,184</u>	<u>279,386</u>

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.

	Company	
	Number of ordinary shares	Issued and paid-up share capital US\$'000
At 1 January 2010	452,339,150	22,617
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	<u>1,300,000</u>	<u>65</u>
At 31 December 2010	<u>453,639,150</u>	<u>22,682</u>
At 1 January 2011	453,639,150	22,682
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	<u>1,800,000</u>	<u>90</u>
At 31 March 2011	<u>455,439,150</u>	<u>22,772</u>
Issue of new ordinary shares pursuant to a placement agreement	45,000,000	2,250
Issue of new ordinary shares pursuant to the Scrip Dividend Scheme	<u>10,728,347</u>	<u>536</u>
At 30 June 2011	<u>511,167,497</u>	<u>25,558</u>

Pursuant to the Foreland Performance Share Scheme, 1,300,000 and 1,800,000 new ordinary shares were issued on 9 February 2010 and 4 March 2011 respectively in respect of the award to the employees of the Group.

Pursuant to a placement exercise, the Company has issued 45,000,000 new ordinary shares on 9 June 2011.

Pursuant to the Company's Scrip Dividend Scheme, 10,728,347 new ordinary shares have been issued on 26 June 2011 in respect of the final dividend declared by the Company on 28 April 2011.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 June 2011 and 31 December 2010 respectively.

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 preceding year.

	At 30 June 2011	At 31 December 2010
Number of issued shares (excluding treasury shares)	<u>511,167,497</u>	<u>453,639,150</u>

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.

Not applicable.

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 by the auditors.

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.

There were certain new and revised Singapore Financial Reporting Standards (FRS) that have been issued and are effective for accounting periods beginning on or after 1 January 2011. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the period ended 30 June 2011. Apart from the new/revised FRS, the accounting policies and methods of computation applied are consistent with the most recently audited financial statements.

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.

Not applicable.

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.

The calculation of the basic earnings per share is based on the consolidated profit attributable to shareholders for the relevant period and the share capital of 466,907,740 shares for the three months ended 30 June 2011 and 453,639,150 for three months ended 30 June 2010.

	2Q 2011	2Q 2010	Six months ended 30 June	
			2011	2010
Net profit (RMB'000)	38,835	3,185	67,142	4,387
Weighted average number of ordinary shares ('000) (according to the above assumption)	466,908	453,639	460,589	453,359
Earnings per share (RMB cents)				
- Basic	8.32	0.70	14.58	0.97

Diluted earnings per share is not presented because there is no potential dilutive ordinary share existing during the financial period.

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	
	30 June 2011	31 December 2010	30 June 2011	31 December 2010
Net asset value (RMB'000)	584,169	489,090	279,386	237,335
Number of shares at the end of the period ('000)	511,167	453,639	511,167	453,639
Net asset value per share (RMB per share)	1.14	1.08	0.55	0.52

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**

Revenue

	2Q 2011 RMB'000	2Q 2010 RMB'000	Change %	Six months ended 30 June		Change %
				2011 RMB'000	2010 RMB'000	
<u>Revenue</u>						
Manufacturing and sale of fabrics	202,732	66,332	206%	355,098	108,024	229%
Provision of fabric processing services	578	680	-15%	1,714	1,125	52%
Total	<u>203,310</u>	<u>67,012</u>	203%	<u>356,812</u>	<u>109,149</u>	227%

Our revenue for manufacturing and sale of fabrics segment increased by approximately 2.1 times, from RMB 66.3 million in 2Q 2010 to RMB 202.7 million in 2Q 2011. Our products comprised functional and normal fabrics for the manufacture of apparel, shoes, bags and high grade umbrella fabrics. The increase in revenue was due to the increase in both sales volume and average selling price.

Sales volume from the manufacturing and sale of fabrics segment increased by approximately 94%, from 7.7 million yards in 2Q 2010 to 15.0 million yards in 2Q 2011 mainly as a result of the increase in sales of high grade umbrella fabric, functional and normal fabric during the period. With our continuous marketing and product development efforts on high grade umbrella fabric since the second half of 2009, we have successfully established our brand name in this niche market and developed good business cooperation with top umbrella manufacturers in the People's Republic of China ("PRC"). Sales volume for functional and high grade normal fabric also increased as a result of an increase in demand for high grade textile products.

The average selling price of the manufacturing and sale of fabrics increased by approximately 57.0%, from RMB 8.6 per yard in 2Q 2010 to RMB 13.5 per yard in 2Q 2011 as a result of an increase in overall product grades.

The Group's second business segment on the provision of fabric processing services recorded an approximately 15% decrease in sales to RMB 0.6 million in 2Q 2011.

Gross profit and gross profit margin

Our gross profit increased from RMB 9.6 million in 2Q 2010 to RMB 59.8 million in 2Q 2011, representing an increase of approximately 5.2 times. Overall gross profit margin improved from 14.4% in 2Q 2010 to 29.4% in 2Q 2011.

The improvement in our gross profit margin was mainly due to an increase in the sales of existing functional fabrics that have a better gross profit margin. In addition, we enhanced the existing production line by replacing old equipment with new and advanced ones during the second to the third quarter of FY2010. Our production line is used to produce different products. During the switch of production from one product to another one, production line takes time to cool down, change machines setting as well as production materials and then warm up again. With increased production capacity, we have more flexibility on production scheduling among different products. This directly drives up production efficiency and results in better gross profit margin.

With increased production volume, the allocation of fixed manufacturing overhead to each unit of production, such as depreciation, is reduced.

Expenses

Our selling and distribution expenses increased by approximately 43.0%, from RMB 1.1 million in 2Q 2010 to RMB 1.5 million in 2Q 2011. The increase in selling and distribution expenses was mainly due to an increase in payroll and payroll-related expenses of RMB 0.3 million and delivery charges of RMB 0.1 million as a result of significant increase in revenue. Our administrative expenses increased by approximately 84.0%, from RMB 2.9 million in 2Q 2010 to RMB 5.4 million in 2Q 2011. The increase in administrative expenses was mainly due to an increase in office and other expenses of RMB 0.7 million and an increase in executive directors' bonus of RMB 1.0 million as a result of increased business activities.

Our income tax expenses for 2Q 2010 and 2Q 2011 were RMB 1.4 million and RMB 14.3 million respectively. The effective tax rates for 2Q 2010 and 2Q 2011 were 30.9% and 26.9% respectively. According to the PRC Enterprise Income Tax Law which took effect on 1 January 2008, the applicable tax rate for our subsidiary, Fulian Knitting Co., Ltd ("Fulian Knitting"), is 25%.

The effective tax rate for 2Q 2011 of 26.9% was higher than the applicable tax rate of 25% for Fulian Knitting, mainly due to provision for withholding tax for distributable earning from a PRC enterprise pursuant to the PRC Enterprise Income Tax Law as well as the Implementing Regulations of Enterprise Income Tax Law (collectively referred to as the "New Income Tax Law").

Net profit

Our net profit increased by approximately 11.2 times, from RMB 3.2 million in 2Q 2010 to RMB 38.8 million in 2Q 2011, and our net profit margin increased from 4.8% in 2Q 2010 to 19.1% in 2Q 2011, primarily due to an increase in our revenue and gross profit margin.

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

Property, plant and equipment decreased by RMB 9.4 million during the six months ended 30 June 2011 ("6M 2011") mainly due to depreciation charges of RMB 9.9 million, offset by the addition of property, plant and equipment of RMB 0.5 million.

Inventories increased from RMB 14.9 million as at 31 December 2010 to RMB 35.2 million as at 30 June 2011 mainly due to the increase in business volume during the period. Inventories turnover days for FY2010 and 6M 2011 were 20 days and 25 days respectively.

Trade receivables increased from RMB 71.5 million as at 31 December 2010 to RMB 103.5 million as at 30 June 2011. Trade receivables turnover days for FY2010 and 6M 2011 were 75 days and 53 days respectively. The decrease in trade receivables turnover days was mainly due to continuous effort on tight credit control.

Other receivables as at 30 June 2011 mainly represent deposits paid for the purchase of new equipment of RMB 6.0 million, deposits paid for buildings construction in new factory at the Andong Industrial Area of RMB 1.9 million and other prepayment of RMB 0.9 million.

Trade payables increased from RMB 44.1 million as at 31 December 2010 to RMB 72.5 million as at 30 June 2011. Trade payables turnover days for FY2010 and 6M 2011 were 60 days and 52 days respectively. The decrease in trade payables turnover days from FY2010 to 6M 2011 was mainly due to more timely payments to our suppliers.

Tax payable increased from RMB 10.1 million as at 31 December 2010 to RMB 14.8 million as at 30 June 2011. The increase in tax payable was largely in line with the increase in profit before tax for the second quarter of FY2011.

In 2Q 2011, the Group generated net cash from operating activities of RMB 30.2 million, which mainly arose from operating profit before changes in working capital of RMB 58.0 million being offset by change in working capital of RMB 18.0 million and income tax paid of RMB 10.0 million. Net cash used in investing activities mainly represented purchase of property, plant and equipment of RMB 1.9 million. Net cash generated from financing activities mainly represented proceed from placement of 45,000,000 new shares of RMB 29.1 million during 2Q 2011, offset by dividend paid of RMB 2.2 million.

As at 30 June 2011, the Group has maintained a net cash position without borrowing.

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

In our unaudited first quarter financial statement and dividend announcement for 1Q 2011, we commented on the business trend in general that the encouraging trend is expected to continue into the second quarter of FY2011. In 2Q 2011, good performance and financial results are achieved which is in line with the general comment made in the announcement in previous quarter.

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.

Our stronger performance in 2Q 2011 was a result of the gradual recovery of the global economy that buoyed customers' demand for our better margin higher-grade textile products and our continuous effort in securing new customers. Leveraging on our established market reputation and healthy financial position, we will continue to focus on improving our business operations, enhancing our productivity and profitability through the development of better and higher quality products, making continuous marketing effort to reach new customers and strengthening our position in the industry.

Barring any major economic shock on the back of the fear of a U.S. double-dip recession and debt contagion in Europe, this encouraging trend is expected to continue into the third quarter of FY2011.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Interim dividend
Dividend type	Cash or share script
Dividend amount per share	RMB 0.027
Par value of shares	US\$ 0.05
Tax rate	Tax exempt (1-tier)

The Company will apply the Foreland Fabrictech Holdings Limited Scrip Dividend Scheme (the "Scheme") on the interim dividend, whereby shareholders entitled to receive the dividends may elect to receive either cash or an allotment of ordinary shares in the Company credited as fully paid in lieu of cash. Details of the Scheme will be announced in due course. The payment of the scrip dividend will be subject to the receipt of in-principle approval from the SGX-ST for the listing and quotation of the new shares which may be issued in connection with the interim dividend.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

To be announced in a separate announcement.

(d) Books closure date

To be announced in a separate announcement.

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

Not applicable.

13. Interested Person Transactions – Pursuant to Rule 920(1)(a)(ii) of the Listing Manual

Not applicable.

14. Update on Use of IPO Proceeds

As at the date of this announcement, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Expansion of production capacity and research and development capabilities:			
- Construction costs	609	609	-
- New equipment	13,025	10,043	2,982
- Wastewater treatment and recycling plant and methylbenzene recycling facility	2,957	-	2,957
	16,591	10,652	5,939

Use of net placement proceeds of RMB 29.1 million

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

15. Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company, which may render the unaudited second quarter financial results for the period ended 30 June 2011 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Tsoi Kin Chit
Executive Chairman

Cai Fengquan
Executive Director

12 August 2011