

**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 2012 (“2Q 2012”)****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statements of Comprehensive Income**

<b>Group</b>	<b>2Q 2012</b>	<b>2Q 2011</b>	<b>Change</b>	<b>Six months ended 30 June</b>		<b>Change</b>
				<b>2012</b>	<b>2011</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
Revenue	126,547	203,310	-38%	288,476	356,812	-19%
Cost of sales	(100,639)	(143,517)	-30%	(217,490)	(252,703)	-14%
Gross profit	25,908	59,793	-57%	70,986	104,109	-32%
Other income	483	270	79%	885	450	97%
Selling and distribution expenses	(1,201)	(1,516)	-21%	(2,438)	(3,067)	-21%
Administrative expenses	(3,784)	(5,391)	-30%	(7,634)	(9,170)	-17%
Finance expenses	(5)	(7)	-29%	(10)	(11)	-9%
Profit before tax	21,401	53,149	-60%	61,789	92,311	-33%
Income tax expense	(6,250)	(14,314)	-56%	(17,075)	(25,169)	-32%
Net profit, representing total comprehensive income for the period attributable to shareholders	15,151	38,835	-61%	44,714	67,142	-33%

- 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:

	<b>2Q 2012</b>	<b>2Q 2011</b>	<b>Six months ended 30 June</b>	
			<b>2012</b>	<b>2011</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Depreciation on property, plant and equipment	6,028	4,972	11,395	9,928
Foreign exchange gains	(83)	(55)	(143)	(57)
Interest income	(316)	(131)	(573)	(224)

**1(b)(i) A statement of financial position (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 2012 RMB'000	31 December 2011 RMB'000	30 June 2012 RMB'000	31 December 2011 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	360,743	372,011	-	-
Investment in subsidiaries	-	-	240,540	240,540
	<u>360,743</u>	<u>372,011</u>	<u>240,540</u>	<u>240,540</u>
<b>Current assets</b>				
Inventories	22,758	15,944	-	-
Trade receivables	62,297	117,298	-	-
Other receivables	3,374	4,590	-	651
Amount due from a subsidiary	-	-	90	90
Dividend receivable from a subsidiary	-	-	44,849	51,411
Cash and cash equivalents	307,704	228,055	885	1,943
	<u>396,133</u>	<u>365,887</u>	<u>45,824</u>	<u>54,095</u>
<b>Total assets</b>	<u>756,876</u>	<u>737,898</u>	<u>286,364</u>	<u>294,635</u>
<b>Non-current liability</b>				
Deferred tax liability	7,145	6,285	-	-
<b>Current liabilities</b>				
Trade payables	38,789	51,147	-	-
Other payables and accruals	9,165	14,543	856	4,957
Tax payable	5,709	12,596	-	-
	<u>53,663</u>	<u>78,286</u>	<u>856</u>	<u>4,957</u>
<b>Total liabilities</b>	<u>60,808</u>	<u>84,571</u>	<u>856</u>	<u>4,957</u>
<b>Net assets</b>	<u>696,068</u>	<u>653,327</u>	<u>285,508</u>	<u>289,678</u>
<b>Equity attributable to equity holder of the Company</b>				
Share capital	206,147	201,821	206,147	201,821
Share premium	74,349	72,687	74,349	72,687
Capital reserve	1,463	1,463	-	-
General reserve fund	58,568	53,791	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	374,447	342,471	5,012	15,170
<b>Total equity</b>	<u>696,068</u>	<u>653,327</u>	<u>285,508</u>	<u>289,678</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 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**Amount repayable after one year**

As at 30 June 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**Details of any collateral**

Not applicable.

**1(c) A statement of cash flows (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 2012 RMB'000	2Q 2011 RMB'000	Six months ended 30 June	
			2012 RMB'000	2011 RMB'000
<b>Cash flow from operating activities</b>				
Profit before tax	21,401	53,149	61,789	92,311
Adjustment for:				
Depreciation for property, plant and equipment	6,028	4,972	11,395	9,928
Interest income	(316)	(131)	(573)	(224)
Operating profit before changes in working capital	27,113	57,990	72,611	102,015
Inventories	5,562	(7,500)	(6,814)	(20,308)
Trade receivables	56,444	(10,860)	55,001	(32,023)
Other receivables	1,013	(2,103)	1,216	(1,796)
Trade payables	(37,597)	1,234	(12,358)	28,366
Other payables and accruals	(5,322)	1,238	(4,514)	1,968
<b>Cash generated from operations</b>	47,213	39,999	105,142	78,222
Interest income	316	131	573	224
Income tax paid	(10,506)	(9,974)	(23,102)	(19,139)
<b>Net cash generated from operating activities</b>	37,023	30,156	82,613	59,307
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment, represents net cash used in investing activities	(63)	(1,911)	(127)	(5,211)
<b>Cash flow from financing activities</b>				
Proceeds from issue of new shares	-	29,060	-	29,060
Dividend paid (note 1)	(2,837)	(2,188)	(2,837)	(2,188)
<b>Net cash generated from financing activities</b>	(2,837)	26,872	(2,837)	26,872
<b>Net increase in cash and cash equivalents</b>	34,123	55,117	79,649	80,968
<b>Cash and cash equivalents at the beginning of the financial period</b>	273,581	137,236	228,055	111,385
<b>Cash and cash equivalents at the end of the financial period</b>	307,704	192,353	307,704	192,353

Cash and cash equivalents represented by:

	Group	
	30 June 2012 RMB'000	30 June 2011 RMB'000
Cash and bank balances	307,704	192,353

Note 1: Total dividend payout in 2Q 2012 amounted to RMB 8.0 million. The amount of RMB 5.0 million was paid out in a way of scrip dividend and the remaining amount of RMB 2.8 million was paid by cash, with an exchange gain of RMB 0.2 million.

**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**

<b>Group</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>	<b>Capital reserve RMB'000</b>	<b>General reserve fund RMB'000</b>	<b>Merger reserve RMB'000</b>	<b>Revenue reserve RMB'000</b>	<b>Total RMB'000</b>
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
Balance at 1 January 2012	201,821	72,687	1,463	53,791	(18,906)	342,471	653,327
Total comprehensive income for the period	-	-	-	-	-	29,563	29,563
Transfer to general reserve fund	-	-	-	3,100	-	(3,100)	-
Issue of new shares	629	364	-	-	-	-	993
Balance at 31 March 2012	202,450	73,051	1,463	56,891	(18,906)	368,934	683,883
Total comprehensive income for the period	-	-	-	-	-	15,151	15,151
Transfer to general reserve fund	-	-	-	1,677	-	(1,677)	-
Dividend paid	-	-	-	-	-	(7,961)	(7,961)
Issue of new shares	3,697	1,298	-	-	-	-	4,995
Balance at 30 June 2012	206,147	74,349	1,463	58,568	(18,906)	374,447	696,068

<u>Company</u>	<u>Share capital</u> <u>RMB'000</u>	<u>Share premium</u> <u>RMB'000</u>	<u>Revenue reserve</u> <u>RMB'000</u>	<u>Total</u> <u>RMB'000</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>
Balance at 1 January 2012	201,821	72,687	15,170	289,678
Total comprehensive loss for the period	-	-	(1,121)	(1,121)
Issue of new shares	629	364	-	993
Balance at 31 March 2012	<u>202,450</u>	<u>73,051</u>	<u>14,049</u>	<u>289,550</u>
Total comprehensive loss for the period	-	-	(1,076)	(1,076)
Dividend paid	-	-	(7,961)	(7,961)
Issue of new shares	3,697	1,298	-	4,995
Balance at 30 June 2012	<u>206,147</u>	<u>74,349</u>	<u>5,012</u>	<u>285,508</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.**

	<u>Company</u>	
	<u>Number of ordinary shares</u>	<u>Issued and paid-up share capital US\$'000</u>
At 1 January 2011	453,639,150	22,682
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	1,800,000	90
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>28,296,079</u>	<u>1,415</u>
At 31 December 2011	<u>528,735,229</u>	<u>26,437</u>
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	<u>2,000,000</u>	<u>100</u>
At 31 March 2012	<u>530,735,229</u>	<u>26,537</u>
Issue of new ordinary shares pursuant to the Scrip Dividend Scheme	<u>11,688,970</u>	<u>584</u>
At 30 June 2012	<u>542,424,199</u>	<u>27,121</u>

Pursuant to the Foreland Performance Share Scheme, 1,800,000 and 2,000,000 new ordinary shares were issued on 4 March 2011 and 5 March 2012 respectively in respect of the award to the employees of the Group.

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

Pursuant to the Company's Scrip Dividend Scheme, 11,688,970 new ordinary shares were issued on 26 June 2012 in respect of the final dividend for the financial year ended 31 December 2011 declared by the Company on 27 April 2012, 17,567,732 new ordinary shares were issued on 12 October 2011 in respect of the interim dividend for the financial year ended 31 December 2011 declared by the Company on 12 August 2011 and 10,728,347 new ordinary shares were issued on 26 June 2011 in respect of the final dividend for the financial year ended 31 December 2010 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 2012 and 30 June 2011 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.**

	<b>At 30 June 2012</b>	<b>At 31 December 2011</b>
Number of issued shares (excluding treasury shares)	<u>542,424,199</u>	<u>528,735,229</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 2012. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the three months ended 30 June 2012. 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 531,377,480 shares for the three months ended 30 June 2012 and 466,907,740 for three months ended 30 June 2011.

	2Q 2012	2Q 2011	Six months ended 30 June	
			2012	2011
Net profit (RMB'000)	<u>15,151</u>	<u>38,835</u>	<u>44,714</u>	<u>67,142</u>
Weighted average number of ordinary shares ('000) (according to the above assumption)	<u>531,377</u>	<u>466,908</u>	<u>530,353</u>	<u>460,589</u>
Earnings per share (RMB cents)				
- Basic	<u>2.85</u>	<u>8.32</u>	<u>8.43</u>	<u>14.58</u>

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 2012	31 December 2011	30 June 2012	31 December 2011
Net asset value (RMB'000)	<u>696,068</u>	<u>653,327</u>	<u>285,508</u>	<u>289,678</u>
Number of shares at the end of the period ('000)	<u>542,424</u>	<u>528,735</u>	<u>542,424</u>	<u>528,735</u>
Net asset value per share (RMB per share)	<u>1.28</u>	<u>1.24</u>	<u>0.53</u>	<u>0.55</u>



**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 2012 RMB'000	2Q 2011 RMB'000	Change %	Six months ended 30 June		Change %
				2012 RMB'000	2011 RMB'000	
<u>Revenue</u>						
Manufacturing and sale of fabrics	125,628	202,732	-38%	286,753	355,098	-19%
Provision of fabric processing services	919	578	59%	1,723	1,714	1%
Total	<u>126,547</u>	<u>203,310</u>	-38%	<u>288,476</u>	<u>356,812</u>	-19%

Our revenue for manufacturing and sale of fabrics segment decreased by 38%, from RMB 202.7 million in 2Q 2011 to RMB 125.6 million in 2Q 2012. Our products comprised functional and normal fabrics for the manufacture of apparel, shoes, bags and high grade umbrella fabrics. The decrease in revenue was due to the decrease in average selling price and sales volume.

The average selling price of the manufacturing and sale of fabrics decreased by approximately 16%, from RMB 13.5 per yard in 2Q 2011 to RMB 11.3 per yard in 2Q 2012 as a result of weaker demand for higher grade products and price pressure due to weak business conditions.

Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 26%, from 15.0 million yards in 2Q 2011 to 11.1 million yards in 2Q 2012. The decrease in sale volume was due to weaker demand for textile products, especially higher grade apparel and umbrella products, compared to corresponding period in 2011.

The Group's second business segment on the provision of fabric processing services recorded an approximately 59% increase in sales to RMB 0.9 million in 2Q 2012.

**Gross profit and gross profit margin**

Our gross profit decreased from RMB 59.8 million in 2Q 2011 to RMB 25.9 million in 2Q 2012, representing a decrease of 57%. Overall gross profit margin decreased from 29.4% in 2Q 2011 to 20.5% in 2Q 2012.

The decrease in our gross profit margin was mainly due to weaker demand for higher grade products and lower operational efficiency as a result of the reduced scale of operation. Products of higher grade usually yield higher selling price and gross profit margin. The amount of fixed manufacturing overheads, such as depreciation, water and electricity, research and development expense, allocated to each unit of production increased as a result of the significant decrease in production volume.

## Expenses

Our selling and distribution expenses decreased by approximately 21%, from RMB 1.5 million in 2Q 2011 to RMB 1.2 million in 2Q 2012. The decrease in selling and distribution expenses was mainly due to a decrease in payroll and payroll-related expenses of RMB 0.2 million and advertising expenses of RMB 0.1 million as a result of the decrease in business and advertising activities. Our administrative expenses decreased by approximately 30%, from RMB 5.4 million in 2Q 2011 to RMB 3.8 million in 2Q 2012. The decrease in administrative expenses was mainly due to a decrease in executive director's bonus of RMB 1.0 million (as a result of decreased earnings) and a decrease in performance share scheme expense of RMB 0.7 million.

Our income tax expenses for 2Q 2011 and 2Q 2012 were RMB 14.3 million and RMB 6.3 million respectively. The effective tax rates for 2Q 2011 and 2Q 2012 were 26.9% and 29.2% 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 2012 of 29.2% was higher than the applicable tax rate of 25% for Fulian Knitting, mainly due to the provision on withholding tax for distributable earnings 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") and offshore expenses which are non-deductible.

## Net profit

Our net profit decreased by approximately 61%, from RMB 38.8 million in 2Q 2011 to RMB 15.2 million in 2Q 2012, and our net profit margin decreased from 19.1% in 2Q 2011 to 12.0% in 2Q 2012.

### **(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 11.3 million during the six months ended 30 June 2012 ("6M 2012") mainly due to depreciation charges of RMB 11.4 million, offset by the addition of property, plant and equipment of RMB 0.1 million.

Inventories increased from RMB 15.9 million as at 31 December 2011 to RMB 22.8 million as at 30 June 2012. Inventory level as at 31 December 2011 was lower due to lesser raw materials being required during the longer Chinese New Year holiday period in the PRC. Inventories turnover days for 6M 2012 and 6M 2011 were 19 days and 25 days respectively.

Trade receivables decreased from RMB 117.3 million as at 31 December 2011 to RMB 62.3 million as at 30 June 2012. Trade receivables turnover days for 6M 2012 and 6M 2011 were 39 days and 53 days respectively. The decrease in trade receivables was mainly due to decrease in business volume and the decrease in trade receivables turnover days was mainly due to tightened credit control.

Other receivables as at 30 June 2012 mainly represent deposits paid for the purchase of new equipment of RMB 1.3 million, deposits for buildings construction of RMB 1.8 million and other prepayment of RMB 0.3 million.

Trade payables decreased from RMB 51.1 million as at 31 December 2011 to RMB 38.8 million as at 30 June 2012. Trade payables turnover days for 6M 2012 and 6M 2011 were 32 days and 52 days respectively. The decrease in trade payables turnover days was mainly due to more timely payments to our suppliers.

Tax payable decreased from RMB 12.6 million as at 31 December 2011 to RMB 5.7 million as at 30 June 2012. The decrease in tax payable was in line with the decrease in profit before tax for the second quarter of FY2012 compared to that of the fourth quarter of FY2011 of RMB 46.4 million.

In 2Q 2012, the Group generated net cash from operating activities of RMB 37.0 million, which mainly arose from operating profit before changes in working capital of RMB 27.1 million and change in working capital of RMB 20.1 million, offset by income tax paid of RMB 10.5 million. Net cash used in investing activities mainly represented purchase of property, plant and equipment of RMB 0.1 million. Net cash used in financing activities mainly represented cash dividend paid of RMB 2.8 million.

As at 30 June 2012, 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.**

As outlined in our business update announcement released on 17 July 2012, we commented weak economic sentiments in general had led to a deteriorating business environment and the Group's revenue and profits for 2Q 2012 would be significantly lower than that of 2Q 2011. The 2Q 2012 financial results are consistent with the commentary and reasons explained in the announcement.

**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 uncertain global economy, the business environment in which the Group operates in will continue to face challenges ahead due to weak demand and pricing pressures for high-grade textile products in the next reporting period and the next twelve months. Notwithstanding that the Group would continue its efforts to expand sales, tighten cost controls and develop new and innovative products to maintain its market competitiveness.

**11. Dividend**

**(a) Current Financial Period Reported On**

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No dividend for the three months ended 30 June 2012 is declared or recommended.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group did not obtain a general mandate from its shareholders for IPTs.

**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:

<b>Use of IPO proceeds</b>	<b>Amount allocated S\$'000</b>	<b>Amount utilised S\$'000</b>	<b>Balance S\$'000</b>
Expansion of production capacity and research and development capabilities:			
- Construction costs	609	609	-
- New equipment	13,025	13,025	-
- Wastewater, treatment and recycling plant and methylbenzene recycling facility	2,957	-	2,957
	<u>16,591</u>	<u>13,634</u>	<u>2,957</u>

**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 2012 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

14 August 2012