

**FORELAND FABRICTECH HOLDINGS LIMITED (“the Company”)**(Co. Regn. No: 39151)**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009 (“FY2009”)****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 Statement of Comprehensive Income**

<b>Group</b>	<b>Three months ended 31 December</b>			<b>FY2009</b>	<b>FY2008</b>	<b>Change</b>
	<b>2009</b>	<b>2008</b>	<b>Change</b>			
	<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>	
Revenue	72,664	134,577	-46%	281,966	460,734	-39%
Cost of sales	(60,700)	(84,746)	-28%	(219,463)	(288,800)	-24%
Gross profit	<u>11,964</u>	<u>49,831</u>	-76%	<u>62,503</u>	<u>171,934</u>	-64%
Other income	-	(80)	-100%	-	3,104	-100%
Selling and distribution expenses	(1,905)	(3,140)	-39%	(7,021)	(10,366)	-32%
Administrative expenses	(3,459)	(4,646)	-26%	(10,645)	(16,616)	-36%
Other expenses	-	90	0%	(85)	(1,473)	-94%
Finance income	100	263	-62%	631	836	-25%
Finance expenses	(5)	(8)	-38%	(17)	(294)	-94%
Profit before tax	<u>6,695</u>	<u>42,310</u>	-84%	<u>45,366</u>	<u>147,125</u>	-69%
Taxation	(2,169)	(11,228)	-81%	(12,728)	(40,229)	-68%
Net profit, representing total comprehensive income for the period attributable to shareholders	<u>4,526</u>	<u>31,082</u>	-85%	<u>32,638</u>	<u>106,896</u>	-69%

**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 income tax is determined after charging/(crediting) the following:

	Three months ended 31 December		FY2009 RMB'000	FY2008 RMB'000
	2009 RMB'000	2008 RMB'000		
Depreciation on property, plant and equipment	5,094	3,986	19,759	18,796
Bank interest expense	-	-	-	267
Foreign exchange (gain)/loss	-	(6)	85	(88)
Interest income	(100)	(263)	(631)	(836)
Property, plant and equipment written off	-	-	-	11

**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	
	31 December 2009 RMB'000	31 December 2008 RMB'000	31 December 2009 RMB'000	31 December 2008 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	294,337	129,662	-	-
Investment in subsidiary	-	-	221,267	221,267
	<u>294,337</u>	<u>129,662</u>	<u>221,267</u>	<u>221,267</u>
<b>Current assets</b>				
Inventories	11,911	25,167	-	-
Trade receivables	43,228	81,960	-	-
Other receivables	39,949	29,651	-	-
Amount due from a subsidiary	-	-	90	90
Dividend receivable from a subsidiary	-	-	5,396	8,500
Cash and cash equivalents	100,690	213,230	28	900
	<u>195,778</u>	<u>350,008</u>	<u>5,514</u>	<u>9,490</u>
<b>Total assets</b>	490,115	479,670	226,781	230,757
<b>Non-current liability</b>				
Deferred tax liability	2,699	2,054	-	-
<b>Current liabilities</b>				
Trade payables	31,858	45,177	-	-
Other payables and accruals	9,337	9,209	1,433	1,937
Bank loans	-	-	-	-
Tax payable	3,013	11,753	-	-
	<u>44,208</u>	<u>66,139</u>	<u>1,433</u>	<u>1,937</u>
<b>Total liabilities</b>	46,907	68,193	1,433	1,937
<b>Net assets</b>	<u>443,208</u>	<u>411,477</u>	<u>225,348</u>	<u>228,820</u>
<b>Equity attributable to equity holder of the Company</b>				
Share capital	177,200	173,132	177,200	173,132
Share premium	50,451	50,141	50,451	50,141
Capital reserve	1,463	1,463	-	-
General reserve fund	33,843	30,258	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	199,157	175,389	(2,303)	5,547
	<u>443,208</u>	<u>411,477</u>	<u>225,348</u>	<u>228,820</u>
<b>Total equity</b>	<u>443,208</u>	<u>411,477</u>	<u>225,348</u>	<u>228,820</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 31 December 2009		As at 31 December 2008	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**Amount repayable after one year**

As at 31 December 2009		As at 31 December 2008	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

**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**

	Three months ended 31 December			
	2009 RMB'000	2008 RMB'000	FY2009 RMB'000	FY2008 RMB'000
<b>Cash flow from operating activities</b>				
Profit before income tax	6,695	42,310	45,366	147,125
Adjustment for:				
Depreciation for property, plant and equipment	5,094	3,986	19,759	18,796
Interest expense	-	-	-	267
Interest income	(100)	(263)	(631)	(836)
Property, plant and equipment written off	-	-	-	11
Operating cash flow before movements in working capital	11,689	46,033	64,494	165,363
Inventories	(549)	(5,085)	13,256	(17,317)
Trade receivables	(5,086)	(14,738)	38,732	(696)
Other receivables	(30,296)	20,063	(10,298)	(4,255)
Trade payables	1,914	2,334	(13,319)	(3,788)
Other payables and accruals	1,555	1,441	128	1,177
<b>Cash generated from operations</b>	(20,773)	50,048	92,993	140,484
Interest income	100	263	631	836
Income tax paid	(2,490)	(9,364)	(20,823)	(39,626)
<b>Net cash generated from operating activities</b>	(23,163)	40,947	72,801	101,694
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment, represents net cash used in investing activities	(10,106)	(23,677)	(184,434)	(26,490)
<b>Cash flow from financing activities</b>				
Proceeds from issue of new shares	-	-	-	-
Dividend paid (Note 1)	-	-	(907)	(30,390)
Interest expense	-	-	-	(267)
Repayments for bank borrowings	-	-	-	(3,000)
<b>Net cash (used in)/generated from financing activities</b>	-	-	(907)	(33,657)
<b>Net increase in cash and cash equivalents</b>	(33,269)	17,270	(112,540)	41,547
<b>Cash and cash equivalents at the beginning of the period/year</b>	133,959	195,960	213,230	171,683
<b>Cash and cash equivalents at the end of the period/year</b>	100,690	213,230	100,690	213,230

Cash and cash equivalents represented by:

	Group	
	31 December 2009 RMB'000	31 December 2008 RMB'000
Cash and bank balances	100,690	213,230

Note 1: Total dividend payout in FY2009 amounting to RMB 5.3 million. The amount of RMB 4.4 million was paid out in a way of scrip dividend and the remaining amount of RMB 0.9 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**

<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 2008	173,132	50,141	1,463	18,847	(18,906)	110,294	334,971
Total comprehensive income for the period	-	-	-	-	-	75,814	75,814
Transfer to general reserve fund	-	-	-	8,142	-	(8,142)	-
Dividend paid	-	-	-	-	-	(30,390)	(30,390)
Balance at 30 September 2008	173,132	50,141	1,463	26,989	(18,906)	147,576	380,395
Total comprehensive income for the period	-	-	-	-	-	31,082	31,082
Transfer to general reserve fund	-	-	-	3,269	-	(3,269)	-
Balance at 31 December 2008	173,132	50,141	1,463	30,258	(18,906)	175,389	411,477
Balance at 1 January 2009	173,132	50,141	1,463	30,258	(18,906)	175,389	411,477
Total comprehensive income for the period	-	-	-	-	-	28,112	28,112
Transfer to general reserve fund	-	-	-	2,990	-	(2,990)	-
Dividend paid	-	-	-	-	-	(5,285)	(5,285)
Issue of new shares	4,068	310	-	-	-	-	4,378
Balance at 30 September 2009	177,200	50,451	1,463	33,248	(18,906)	195,226	438,682
Total comprehensive income for the period	-	-	-	-	-	4,526	4,526
Transfer to general reserve fund	-	-	-	595	-	(595)	-
Balance at 31 December 2009	177,200	50,451	1,463	33,843	(18,906)	199,157	443,208

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2008	173,132	50,141	32,471	255,744
Total comprehensive loss for the period	-	-	(5,478)	(5,478)
Net profit for the period	-	-	(30,390)	(30,390)
Balance at 30 September 2008	173,132	50,141	(3,397)	219,876
Total comprehensive profit for the period	-	-	8,944	8,944
Balance at 31 December 2008	173,132	50,141	5,547	228,820
Balance at 1 January 2009	173,132	50,141	5,547	228,820
Total comprehensive loss for the period	-	-	(1,251)	(1,251)
Dividend paid	-	-	(5,285)	(5,285)
Issue of new shares	4,068	310	-	4,378
Balance at 30 September 2009	177,200	50,451	(989)	226,662
Total comprehensive loss for the period	-	-	(1,314)	(1,314)
Balance at 31 December 2009	177,200	50,451	(2,303)	225,348

**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>Group and Company</u>	
	Number of ordinary shares	Issued and paid-up share capital US\$'000
At 1 January 2008 and 1 January 2009	440,429,520	22,021
Issue of new ordinary shares	11,909,630	595
At 31 December 2009	452,339,150	22,616

Pursuant to the Company's Scrip Dividend Scheme, 11,909,630 new ordinary shares have been issued on 26 June 2009 in respect of the final dividend declared by the Company on 28 April 2009.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2009 and 31 December 2008 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 31 December 2009</b>	<b>At 31 December 2008</b>
Total number of issued shares (excluding treasury shares)	<u>452,339,150</u>	<u>440,429,520</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 nor 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.**

The accounting policies and methods of computation applied are consistent with the most recently audited financial statements, except for the adoption of revised Financial Reporting Standard disclosed in point 5 below.

**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.**

On 1 January 2009, the Group adopted the following revised Singapore Financial Reporting Standard (FRS) that is relevant and effective in the first quarter:

**FRS 1 – Presentation of financial statements**

FRS 1 requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income are presented in the Consolidated Statement of Comprehensive Income.

The "Balance Sheets" and "Cash Flow Statement" have been re-titled to "Statements of Financial Position" and "Statement of Cash Flows" respectively.

Comparatives for 2008 have been restated to conform to the requirements of the revised standard.

There was no impact on prior period earnings per ordinary share and net asset value per share on adoption of the revised FRS 1.



**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 owners of the parent for the relevant period and the share capital of 452,339,150 shares for the three months ended 31 December 2009 and 446,596,424 for FY2009 of US\$0.05 each.

	Three months ended 31 December			
	2009	2008	FY2009	FY2008
Net profit (RMB'000)	4,526	31,082	32,638	106,896
Weighted average number of ordinary shares (according to the above assumption)	452,339,150	440,429,520	446,596,424	440,429,520
Earnings per share (RMB cents)				
- Basic	1.00	7.06	7.31	24.27

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	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Net asset value (RMB'000)	443,208	411,477	225,348	228,820
Number of shares at the end of the period ('000)	452,339	440,430	452,339	440,430
Net asset value per share (RMB per share)	0.98	0.93	0.50	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**

	Three months ended 31 December			FY2009	FY2008	Change
	2009	2008	Change			
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue						
Manufacturing and sale of fabrics	71,023	129,117	-45%	274,898	440,163	-38%
Provision of fabric processing services	1,641	5,460	-70%	7,068	20,571	-66%
Total	72,664	134,577	-46%	281,966	460,734	-39%

Our revenue decreased by 39%, from RMB 460.7 million in FY2008 to RMB 282.0 million in FY2009. This was mainly due to a decrease of RMB 165.3 million in revenue in the manufacturing and sale of fabrics segment.

In FY2009, our products comprised of functional and normal fabrics for the manufacture of apparel, shoes, bags and umbrellas. The diminution in revenue was due to sluggish demand for textile products, especially products with higher grade, compared to FY2008.

Sales volume from the manufacturing and sale of fabrics decreased by 24%, from 33.6 million yards in FY2008 to 25.5 million yards in FY2009 as a result of weak demand for textile products during the period. Average selling price for the manufacturing and sale of fabrics were reduced by approximately 18%, from RMB 13.1 per yard in FY2008 to RMB 10.8 per yard in FY2009 as a result of weaker demand for higher grade products.

The Group's second business segment – provision of fabric processing services – had also recorded a 66% drop in sales to RMB 7.1 million.

### **Gross profit and gross profit margin**

Our gross profit was dropped from RMB 171.9 million in FY2008 to RMB 62.5 million in FY2009, representing a decrease of 64%. Overall gross profit margin was reduced from 37.3% in FY2008 to 22.2% in FY2009. Our cost of sales was cut from RMB 288.8 million in FY2008 to RMB 219.5 million in FY2009, representing a decrease of 24%.

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 drop in production volume.

In addition, notwithstanding we had partially passed on the effects of fluctuations in the prices of raw materials to our customers, the increase in the overall price of raw materials and other production related overheads also contributes to the decrease in our gross profit margin.

### **Selling and distribution expenses**

Our selling and distribution expenses were cut by 32%, from RMB 10.4 million in FY2008 to RMB 7.0 million in FY2009. The decrease in selling and distribution expenses was mainly due to a decrease in payroll and payroll-related expenses of RMB 0.5 million, a decrease in sales representative office expense of RMB 0.9 million, a decrease in promotional expense of RMB 0.6 million and a decrease in traveling and entertainment expenses of RMB 1.0 million as a result of decreased selling and marketing activities.

### **Administrative expenses**

Our administrative expenses were reduced by 36%, from RMB 16.6 million in FY2008 to RMB 10.6 million in FY2009. The decrease in administrative expenses was mainly due to a decrease in due-diligence expense payable to professional parties regarding potential merger and acquisition projects of RMB 1.1 million which was incurred in FY2008, a decrease in executive director's bonus of RMB 1.4 million (as a result of decreased earnings), a decrease in office and other expenses of RMB 1.3 million and a decrease in traveling and entertainment expenses of RMB 1.6 million due to our cost-saving measures.

### Income tax expenses

Our income tax expenses for FY2008 and FY2009 were RMB 40.2 million and RMB 12.7 million respectively. Effective tax rates for FY2008 and FY2009 were 27.3% and 28.1% respectively. According to the PRC Enterprise Income Tax Law which took effect on 1 January 2008, applicable tax rate for our subsidiary, Fulian Knitting Co., Ltd (“Fulian Knitting”), is 25%.

Effective tax rates for FY2009 of 28.1% was higher than the applicable tax rate for Fulian Knitting of 25% 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 decreased by 69%, from RMB 106.9 million in FY2008 to RMB 32.6 million in FY2009, and net profit margin decreased from 23.2% in FY2008 to 11.6% in FY2009, mainly due to a decrease in our 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 increased by RMB 164.7 million during FY2009 mainly due to addition of plant and machinery of RMB 184.4 million offset by depreciation charge of RMB 19.8 million. For the expansion of capacity, the addition of plant and machinery mainly represents construction work for the new factory site located at Andong Industrial Area in Jinjiang City which is still in progress as at the date of this announcement.

Inventories decreased from RMB 25.2 million as at 31 December 2008 to RMB 11.9 million as at 31 December 2009. Inventories turnover days for FY2008 and FY2009 were 32 days and 20 days respectively. The decrease in inventories turnover days from FY2008 to FY2009 was mainly due to the general decrease in business activities for the period.

Trade receivables decreased from RMB 82.0 million as at 31 December 2008 to RMB 43.2 million as at 31 December 2009. Trade receivables turnover days have improved from 65 days in FY2008 to 56 days in FY2009 mainly due to our continuous effort on credit control.

Other receivables as at 31 December 2009 mainly represent deposits paid for for the purchase of land use rights for a piece of land located at Andong Industrial Area in Jinjiang City of approximately 76,000 square metres for capacity expansion of the Group of RMB 28.4 million, new equipment of RMB 10.2 million and other prepayment for operating expenses of RMB 1.3 million.

Trade payables decreased from RMB 45.2 million as at 31 December 2008 to RMB 31.9 million as at 31 December 2009. Trade payables turnover days for FY2008 and FY2009 were 57 days and 53 days, respectively. The decrease in trade payables turnover days from FY2008 to FY2009 was mainly due to more timely payments to our suppliers.

Tax payable decreased from RMB 11.8 million as at 31 December 2008 to RMB 3.0 million as at 31 December 2009. The decrease in tax payable was in line with the decrease in profit before tax for the year.

In FY2009, the Group generated net cash from operating activities of RMB 72.8 million, which mainly arose from operating profit before changes in working capital of RMB 64.5 million, changes in working capital of RMB 28.5 million, offset by income tax paid of RMB 20.8 million. The Group used RMB 184.4 million in the purchase of property, plant and equipment.

As at 31 December 2009, the Group remained in a net cash position.

**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 has been previously disclosed.

**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.**

**- Impact of the global credit crunch**

The recent global financial turmoil and credit crunch have led to a slow-down in the developed countries like the United States and the countries in European Union, which may result in a weaker demand for textile products. The People's Republic of China ("PRC"), as the biggest textile product exporter in the world, may in turn be affected. With a slower demand, the PRC textile industry may experience some consolidation, which will benefit the bigger textile players that have strong fundamentals and financials, and eliminate smaller manufacturers who are not able to stay viable and competitive. 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, and strengthening our position in the industry.

**- The PRC remains a preferred manufacturer of choice for fabrics and apparel**

In spite of the recent market turmoil and rise in raw material costs, the PRC manufacturers are able to produce fabrics and apparel at a cheaper cost, compared to manufacturers from the developed countries. Moreover, the quality of the fabrics and apparel produced by the PRC manufacturers is comparable to that of manufacturers from the developed countries. Hence, we believe that the PRC will continue to be a producer of choice for fabrics and apparel. With our capabilities, we believe we may benefit from this trend.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

No.

Note:

In the Section "Dividend Policy" in our Prospectus dated 17 April 2007, it was stated that we intend to recommend and distribute dividends of not less than 20% of our FY2009 net profits. However, this was merely a statement of our then intention and did not constitute a legally binding obligation of our Company.

Under the tough business environment in FY2009, the Group recorded a significant decrease in net profit compared to FY2008. To the textile manufacturers (including the Group) in the PRC, 2010 is going to be another very challenging and tough year. The general business environment for the industry in 2010 is anticipated to be difficult.

In view of the tough and challenging business environment, the PRC government as well as other manufacturers has focused on formulating corresponding strategies and policies to try to minimize the adverse effect brought by the significant decrease in market demands, especially demands for higher grade products. Our Group is no exception. After careful consideration, we had decided to take a more conservative approach for this year and would not be declaring any dividend to shareholders for FY2009. In such a tough business environment, we are of the view that more financial resources should be reserved and applied to the Group's operating capital with an aim to maintaining the Group's operations and the Group's financial strength. By doing so, we hope we can create more value to our shareholders on a long-term basis.

Further, as disclosed in our previous announcement, the Group's new factory is already under construction. Likewise, the Group will use part of its financial resources on expanding the Group's production capacity and the expansion of the Group's business. Our long-term aim is to give our shareholders a greater return in the future.

**(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
Dividend type	Cash or share script
Dividend amount per share	RMB 0.012
Par value of shares	US\$ 0.05
Tax rate	Tax exempt (1-tier)

**(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 year ended 31 December 2009 is declared or recommended.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

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

**13. 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.**

The Group has only one primary business segment, which is manufacturing and selling of functional and normal fabrics. All the Group's sales and assets are in the People's Republic of China. Accordingly, no business and geographical segment information is presented.

**14. 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 Section 8(a) above.

**15. A breakdown of sales.**

	Revenue			Net profit		
	FY2009 RMB'000	FY2008 RMB'000	Change %	FY2009 RMB'000	FY2008 RMB'000	Change %
First half year	136,444	209,869	-35%	20,970	49,463	-58%
Second half year	145,522	250,865	-42%	11,668	57,433	-80%

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

**Total Annual Dividend**

	Latest Full Year (RMB'000)	Previous Full Year (RMB'000)
Ordinary	Nil	5,285

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

Not applicable.

**18. 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 \$'000</b>	<b>Amount utilised \$'000</b>	<b>Balance \$'000</b>
Expansion of production capacity and research and development capabilities:			
- Construction costs	609	609	-
- New equipment	13,025	7,927	5,098
- Wastewater treatment and recycling plant and methylbenzene recycling facility	2,957	-	2,957
	<u>16,591</u>	<u>8,536</u>	<u>8,055</u>

BY ORDER OF THE BOARD

Tsoi Kin Chit  
Executive Chairman  
25 February 2010