



**FORELAND FABRICTECH HOLDINGS LIMITED**  
(Incorporated in Bermuda with Company Registration No. 39151)

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## **ADOPTION OF SCRIP DIVIDEND SCHEME**

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*Unless otherwise defined, all terms used herein shall bear the same meaning as in the Statement (as defined below).*

### **ADOPTION OF THE SCRIP DIVIDEND SCHEME**

The Board of Directors (the “**Directors**”) of Foreland Fabrictech Holdings Limited (the “**Company**”) is pleased to announce the adoption of the Foreland Fabrictech Holdings Limited Scrip Dividend Scheme (the “**Scrip Dividend Scheme**”) on 26 March 2009. The terms and conditions of the Scrip Dividend Scheme are set out in the Scrip Dividend Scheme Statement (the “**Statement**”) which forms an Appendix to this announcement.

Approval in-principle has been granted by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the new ordinary shares of US\$0.05 each in the capital of the Company (“**Shares**”) to be issued, credited as fully paid, pursuant to the Scrip Dividend Scheme (“**New Shares**”), subject to compliance with the listing requirements of the SGX-ST and shareholders’ approval being obtained for the issue of the New Shares arising from the Scrip Dividend Scheme. Such approval is not to be taken as an indication of the merits of the Scrip Dividend Scheme, the New Shares, and the Company, its subsidiaries or their securities. The SGX-ST assumes no responsibility for any statements made, opinion expressed or reports contained herein and in the Statement.

### **RATIONALE AND PURPOSE OF THE SCRIP DIVIDEND SCHEME**

The Scrip Dividend Scheme will provide shareholders of the Company (the “**Shareholders**”) greater flexibility in meeting their investment objectives, as they would have the choice of receiving cash or reinvesting in the Company through the acquisition of additional Shares without having to incur transaction or other related costs. This would also create greater share liquidity in the market to the extent that New Shares are issued pursuant to the Scrip Dividend Scheme. The Company will also benefit from the participation by Shareholders in the Scrip Dividend Scheme as, to the extent that Shareholders elect to receive a Qualifying Dividend (as defined below) in the form of New Shares, the cash which would otherwise be payable by way of Dividends (as defined below) may be retained in the Company and used to fund the growth and expansion of the Company and its subsidiary. The retention of cash and the issue of New Shares in lieu of a cash Dividend under the Scrip Dividend Scheme will also enlarge the Company’s share capital base and strengthen its working capital.

### **SUMMARY OF MAIN FEATURES OF THE SCRIP DIVIDEND SCHEME**

*The following is a summary of the main features of the Scrip Dividend Scheme and is derived from, and should be read in conjunction with, the full text of the Statement.*

The Scrip Dividend Scheme provides Shareholders with the option to elect to receive New Shares in lieu of part or all of the cash amount of any dividend or distribution (including any interim, final, special or other dividend or distribution) (the “**Dividend**”) declared on their holding of Shares (after the deduction of applicable income tax).

All Shareholders are eligible to participate in the Scrip Dividend Scheme, subject to the restrictions on Foreign Shareholders, more particularly described in the Statement, and further subject to the requirement that such participation by the Shareholder will not result in a breach of any other restriction on such Shareholder’s holding of Shares which may be imposed by any statute, law or regulation in force in Bermuda, Singapore or any other relevant jurisdiction, as the case may be, or by the Bye-laws.

Shareholders may elect to participate in respect of part or all of their holding of Shares for any Qualifying Dividend and may also make a permanent election to participate in respect of all their holding of Shares for all future Qualifying Dividends. For the avoidance of doubt, a Shareholder may make a permanent election to participate in respect of all (and not part only) of their holding of Shares for all future Qualifying Dividends. Where a permanent election has been made, participating Shareholders may cancel their participation and withdraw from the Scrip Dividend Scheme at any time, subject to giving appropriate notice in accordance with the Statement.

The Directors may, in their absolute discretion, determine that the Scrip Dividend Scheme will apply to any particular Dividend (the “**Qualifying Dividend**”). An announcement will be made by the Company as soon as practicable following the determination by the Directors that the Scrip Dividend Scheme is to apply to a particular Dividend, and in any event, by no later than the next Market Day immediately following the Books Closure Date for the Dividend.

New Shares allotted and issued under the Scrip Dividend Scheme will rank *pari passu* in all respects with the Shares then in issue save only as regards participation in the Qualifying Dividend which is the subject of the election (including the right to make any election pursuant to the Scrip Dividend Scheme) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the Qualifying Dividend which is the subject of the election, unless the Directors shall otherwise specify.

Fractional entitlements to the New Shares may be rounded up to the nearest whole number or otherwise dealt with in such manner as the Directors may deem fit in the interests of the Company and which is acceptable to the SGX-ST.

## **HOW TO PARTICIPATE**

Participation in the Scrip Dividend Scheme is optional. A Shareholder wishing to receive New Shares in respect of any Qualifying Dividend or to make a permanent election to receive New Shares in respect of all (and not part only) of his future Qualifying Dividends to which a notice of election (“**Notice of Election**”) received by him relates should complete the Notice of Election and return it to the Company at the address indicated on the Notice of Election or, as the case may be, to CDP.

To be effective in respect of any Qualifying Dividend to which a Notice of Election relates, such duly completed Notice of Election must be received by the Company or, as the case may be, CDP, no later than the date to be specified by the Directors in respect of that Qualifying Dividend.

## **NOTE TO SHAREHOLDERS**

The Shares are currently traded in board lots of 1,000 Shares. A Shareholder who elects to receive New Shares in lieu of the cash amount of the Qualifying Dividend may receive such New Shares in odd lots.

The attention of Shareholders is also drawn to Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Takeover Code**”). In particular, a Shareholder should note that he may be under an obligation to extend a take-over offer for the Company if:

- (a) he acquires, by participating in the Scrip Dividend Scheme in relation to any Qualifying Dividend, whether by a series of transactions over a period of time or not, Shares which (together with Shares held or acquired by him or persons acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) he, together with persons acting in concert with him, holds Shares carrying not less than 30% but not more than 50% of the voting rights of the Company and he, or any person acting in concert with him, acquires in any period of six months additional Shares carrying more than 1% of the voting rights of the Company by participating in the Scrip Dividend Scheme in relation to any Qualifying Dividend.

**The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all implications that may arise under, the Takeover Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Takeover Code as a result of any acquisition of Shares through their participation in the Scrip Dividend Scheme are advised to consult their professional advisers and/or the Securities Industry Council of Singapore at the earliest opportunity.**

The Company takes no responsibility for the taxation liabilities of participating Shareholders or the tax consequences of any election made by Shareholders. As individual circumstances and laws vary considerably, specific tax advice should be obtained by Shareholders if they are in doubt or if they otherwise require. The Company takes no responsibility for the correctness or accuracy of any information as to taxation liability set out herein. As a general indication, however, it is understood that as at the date the Scrip Dividend Scheme was adopted by the Company, under tax legislation in Singapore, a Shareholder's Singapore tax liability in relation to the Dividends received will not alter, nor is there any tax advantage to be gained, by reason of having elected to participate in the Scrip Dividend Scheme.

*The initial public offering of the Company's shares was sponsored by Daiwa Securities SMBC Singapore Limited who assumes no responsibility for the contents of this announcement.*