

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010 (“FY2010”)****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**

Group	Three months ended 31 December					
	2010	2009		FY2010	FY2009	
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
Revenue	143,005	72,664	97%	348,363	281,966	24%
Cost of sales	(100,903)	(60,700)	66%	(269,958)	(219,463)	23%
Gross profit	42,102	11,964	252%	78,405	62,503	25%
Other income	172	100	72%	537	631	-15%
Selling and distribution expenses	(1,845)	(1,905)	-3%	(5,597)	(7,021)	-20%
Administrative expenses	(3,154)	(3,459)	-9%	(9,931)	(10,645)	-7%
Other expenses	4	-	N/A	(1,336)	(85)	1472%
Finance expenses	(3)	(5)	-40%	(15)	(17)	-12%
Profit before tax	37,276	6,695	457%	62,063	45,366	37%
Taxation	(9,691)	(2,169)	347%	(16,686)	(12,728)	31%
Net profit, representing total comprehensive income for the period attributable to shareholders	27,585	4,526	509%	45,377	32,638	39%

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			
	2010	2009	FY2010	FY2009
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation on property, plant and equipment	4,048	5,094	18,675	19,759
Loss on disposal of property, plant and equipment	-	-	1,340	-
Foreign exchange (gain)/loss	(4)	-	(4)	85
Interest income	(69)	(100)	(283)	(631)

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 2010 RMB'000	31 December 2009 RMB'000	31 December 2010 RMB'000	31 December 2009 RMB'000
Non-current assets				
Property, plant and equipment	356,118	294,337	-	-
Investment in subsidiary	-	-	221,267	221,267
	<u>356,118</u>	<u>294,337</u>	<u>221,267</u>	<u>221,267</u>
Current assets				
Inventories	14,898	11,911	-	-
Trade receivables	71,515	43,228	-	-
Other receivables	2,362	39,949	-	-
Amount due from a subsidiary	-	-	90	90
Dividend receivable from a subsidiary	-	-	17,105	5,396
Cash and cash equivalents	111,385	100,690	196	28
	<u>200,160</u>	<u>195,778</u>	<u>17,391</u>	<u>5,514</u>
Total assets	556,278	490,115	238,658	226,781
Non-current liability				
Deferred tax liability	3,574	2,699	-	-
	<u>3,574</u>	<u>2,699</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade payables	44,137	31,858	-	-
Other payables and accruals	9,362	9,337	1,323	1,433
Tax payable	10,115	3,013	-	-
	<u>63,614</u>	<u>44,208</u>	<u>1,323</u>	<u>1,433</u>
Total liabilities	67,188	46,907	1,323	1,433
Net assets	<u>489,090</u>	<u>443,208</u>	<u>237,335</u>	<u>225,348</u>
Equity attributable to equity holder of the Company				
Share capital	177,644	177,200	177,644	177,200
Share premium	50,512	50,451	50,512	50,451
Capital reserve	1,463	1,463	-	-
General reserve fund	38,730	33,843	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	239,647	199,157	9,179	(2,303)
	<u>489,090</u>	<u>443,208</u>	<u>237,335</u>	<u>225,348</u>
Total equity	<u>489,090</u>	<u>443,208</u>	<u>237,335</u>	<u>225,348</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 2010		As at 31 December 2009	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

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
-	-	-	-

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			
	2010 RMB'000	2009 RMB'000	FY2010 RMB'000	FY2009 RMB'000
Cash flow from operating activities				
Profit before income tax	37,276	6,695	62,063	45,366
Adjustment for:				
Depreciation for property, plant and equipment	4,048	5,094	18,675	19,759
Loss on disposal of property, plant and equipment	-	-	1,340	-
Interest income	(69)	(100)	(283)	(631)
Operating cash flow before movements in working capital	41,255	11,689	81,795	64,494
Inventories	6,473	(549)	(2,987)	13,256
Trade receivables	(12,333)	(5,086)	(28,287)	38,732
Other receivables	1,569	(30,296)	238	(10,298)
Trade payables	(922)	1,914	12,279	(13,319)
Other payables and accruals	(67)	1,555	530	128
Cash generated from/(used in) operations	35,975	(20,773)	63,568	92,993
Interest income	69	100	283	631
Income tax paid	(4,808)	(2,490)	(8,709)	(20,823)
Net cash generated from/(used in) operating activities	31,236	(23,163)	55,142	72,801
Cash flow from investing activities				
Purchase of property, plant and equipment	(3,400)	(10,106)	(46,737)	(184,434)
Proceed from disposal of property, plant and equipment	-	-	2,290	-
Net cash used in investing activities	(3,400)	(10,106)	(44,447)	(184,434)
Cash flow from financing activities				
Dividend paid, representing net cash used in financing activities	-	-	-	(907)
Net increase/(decrease) in cash and cash equivalents	27,836	(33,269)	10,695	(112,540)
Cash and cash equivalents at the beginning of the period/year	83,549	133,959	100,690	213,230
Cash and cash equivalents at the end of the period/year	111,385	100,690	111,385	100,690

Cash and cash equivalents represented by:

	Group	
	31 December 2010 RMB'000	31 December 2009 RMB'000
Cash and bank balances	111,385	100,690

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 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
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	-	-	-	-	-	17,792	17,792
Transfer to general reserve fund	-	-	-	1,932	-	(1,932)	-
Issue of new shares	444	61	-	-	-	-	505
Balance at 30 September 2010	177,644	50,512	1,463	35,775	(18,906)	215,017	461,505
Total comprehensive income for the period	-	-	-	-	-	27,585	27,585
Transfer to general reserve fund	-	-	-	2,955	-	(2,955)	-
Balance at 31 December 2010	177,644	50,512	1,463	38,730	(18,906)	239,647	489,090

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
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
Balance at 1 January 2010	177,200	50,451	(2,303)	225,348
Total comprehensive loss for the period	-	-	(1,176)	(1,176)
Issue of new shares (see 1(d)(ii))	444	61	-	505
Balance at 30 September 2010	177,644	50,512	(3,479)	224,677
Total comprehensive income for the period	-	-	12,658	12,658
Balance at 31 December 2010	177,644	50,512	9,179	237,335

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 2009	440,429,520	22,021
Issue of new ordinary shares	11,909,630	596
At 31 December 2009	452,339,150	22,617
At 1 January 2010	452,339,150	22,617
Issue of new ordinary shares	1,300,000	65
At 30 September 2010 and 31 December 2010	453,639,150	22,682

Pursuant to the Foreland Fabrictech Holdings Limited Scrip Dividend Scheme, 11,909,630 new ordinary shares were issued on 26 June 2009 in respect of the final dividend declared by the Company on 28 April 2009.

Pursuant to the Foreland Performance Share Scheme, 1,300,000 new ordinary shares were issued on 9 February 2010 in respect of the award to the employees of the Company.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2010 and 31 December 2009 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 31 December 2010	At 31 December 2009
Total number of issued shares (excluding treasury shares)	<u>453,639,150</u>	<u>452,339,150</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.

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.

	Three months ended 31 December		FY2010	FY2009
	2010	2009		
Net profit (RMB'000)	<u>27,585</u>	<u>4,526</u>	<u>45,377</u>	<u>32,638</u>
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	<u>453,639</u>	<u>452,339</u>	<u>453,500</u>	<u>446,596</u>
Adjustment for performance share award ('000)	<u>430</u>	<u>-</u>	<u>108</u>	<u>-</u>
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	<u>454,069</u>	<u>452,339</u>	<u>453,608</u>	<u>446,596</u>
Earnings per share (RMB cents)				
- Basic	<u>6.08</u>	<u>1.00</u>	<u>10.01</u>	<u>7.31</u>
- Diluted	<u>6.08</u>	<u>1.00</u>	<u>10.00</u>	<u>7.31</u>

The calculation of the diluted earnings per share is based on the Group's net profit attributable to shareholders and the weighted average number of ordinary shares in issue for the relevant period after adjusting for the effect of the award pursuant to the Foreland Performance Share Scheme.

Pursuant to the Foreland Performance Share Scheme, a maximum of 1,800,000 new ordinary shares could be awarded to the employees of the Company subject to the achievement of prescribed performance targets after the evaluation of financial results of FY2010.

- 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 2010	31 December 2009	31 December 2010	31 December 2009
Net asset value (RMB'000)	489,090	443,208	237,335	225,348
Number of shares at the end of the period ('000)	453,639	452,339	453,639	452,339
Net asset value per share (RMB per share)	1.08	0.98	0.52	0.50

- 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			FY2010 RMB'000	FY2009 RMB'000	Change
	2010 RMB'000	2009 RMB'000	Change			
Revenue						
Manufacturing and sale of fabrics	141,568	71,023	99%	344,811	274,898	25%
Provision of fabric processing services	1,437	1,641	-12%	3,552	7,068	-50%
Total	143,005	72,664	97%	348,363	281,966	24%

Our revenue for manufacturing and sale of fabrics segment increased by 25%, from RMB 274.9 million in FY2009 to RMB 344.8 million in FY2010. As at FY2010, 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 an increase in sales volume.

Sales volume from the manufacturing and sale of fabrics segment increased by 28%, from 25.5 million yards in FY2009 to 32.6 million yards in FY2010 mainly as a result of the increase in sales of high grade umbrella fabric during the year. 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").

The average selling price of the manufacturing and sale of fabrics decreased slightly by approximately 2%, from RMB 10.8 per yard in FY2009 to RMB 10.6 per yard in FY2010.

The Group's second business segment on the provision of fabric processing services recorded a 50% drop in sales to RMB 3.6 million in FY2010.

Gross profit and gross profit margin

Our gross profit increased from RMB 62.5 million in FY2009 to RMB 78.4 million in FY2010, representing an increase of 25%. Overall gross profit margin improved slightly from 22.2% in FY2009 to 22.5% in FY2010.

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. As a result, our production capacity increased and our production efficiency and product quality improved, directly contributing to the increase in gross profit margin.

Expenses

From our implementation of cost-saving measures, we managed to reduce the selling and distribution expenses by 20%, from RMB 7.0 million in FY2009 compared to RMB 5.6 million in FY2010, by trimming advertising expenses of RMB 1.3 million and promotional expense of RMB 0.4 million. Administrative expenses were reduced by 7%, from RMB 10.6 million in FY2009 to RMB 9.9 million in FY2010. The decrease in administrative expenses was mainly due to a decrease in bonded warehouse expense of RMB 0.5 million and a decrease in office and other expenses of RMB 0.2 million.

Other operating expense mainly represents the loss on disposal of property, plant and equipment of RMB 1.3 million during the course of our production line replacement and enhancement during the second to the third quarter of FY2010.

Our income tax expenses for FY2009 and FY2010 were RMB 12.7 million and RMB 16.7 million respectively. The effective tax rates for FY2009 and FY2010 were 28.1% 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 FY2010 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 39%, from RMB 32.6 million in FY2009 to RMB 45.4 million in FY2010, and our net profit margin increased from 11.6% in FY2009 to 13.0% in FY2010, primarily due to an increase in our gross profit margin and a decrease in selling and distribution expenses.

(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 61.8 million during FY2010 mainly due to the addition of property, plant and equipment of RMB 84.1 million, offset by depreciation charges of RMB 18.7 million and the disposal of property, plant and equipment of RMB 3.6 million.

Inventories increased from RMB 11.9 million as at 31 December 2009 to RMB 14.9 million as at 31 December 2010. Inventories turnover days for FY2009 and FY2010 were both 20 days.

Trade receivables increased from RMB 43.2 million as at 31 December 2009 to RMB 71.5 million as at 31 December 2010. Trade receivables turnover days for FY2009 and FY2010 were 56 days and 75 days respectively. Trade payables increased from RMB 31.9 million as

at 31 December 2009 to RMB 44.1 million as at 31 December 2010. Trade payables turnover days for FY2009 and FY2010 were 53 days and 60 days respectively. The increase in trade receivables turnover days was mainly due to the increased business volume during the fourth quarter of FY2010.

Other receivables as at 31 December 2010 mainly represent deposits paid for the purchase of new equipment of RMB 1.3 million and other prepayment for operating expenses of RMB 1.1 million.

Tax payable increased from RMB 3.0 million as at 31 December 2009 to RMB 10.1 million as at 31 December 2010. The increase in tax payable was largely in line with the increase in profit before tax for the fourth quarter of FY2010.

In FY2010, the Group generated net cash from operating activities of RMB 55.1 million, which mainly arose from operating profit before changes in working capital of RMB 81.8 million being offset by change in working capital of RMB 18.2 million and income tax paid of RMB 8.7 million. Net cash used in investing activities mainly represented purchase of property, plant and equipment of RMB 46.7 million which is offset by proceed from disposal of property, plant and equipment of RMB 2.3 million.

As at 31 December 2010, 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.

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.

Our stronger performance in FY2010 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 reaching and 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 unforeseen circumstances, this encouraging trend is expected to continue into the first quarter of FY2011.

11. Dividend**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Name of dividend	Final dividend
Dividend type	Cash or share script *
Dividend amount per share	RMB 0.02
Par value of shares	US\$ 0.05
Tax rate	Tax exempt (1-tier)

* The final dividend is subject to shareholders' approval at the forthcoming annual general meeting. The Company intends to apply the Foreland Fabrictech Holdings Limited Scrip Dividend Scheme (the "Scheme") on the final 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. Upon the shareholder's approval, the Scheme shall be applicable to this final dividend. 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 final 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 later.

(d) Books closure date

To be announced later.

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

Not applicable.

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 PRC. 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		
	FY2010 RMB'000	FY2009 RMB'000	Change %	FY2010 RMB'000	FY2009 RMB'000	Change %
First half year	109,149	136,444	-20%	4,387	20,970	-79%
Second half year	239,214	145,522	64%	40,990	11,668	251%

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	9,073	Nil

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:

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	9,373	3,652
- Wastewater, treatment and recycling plant and methylbenzene recycling facility	2,957	-	2,957
	<u>16,591</u>	<u>9,982</u>	<u>6,609</u>

BY ORDER OF THE BOARD

Tsoi Kin Chit
Executive Chairman
25 February 2011