CHINA TAISAN TECHNOLOGY GROUP

Registered Office:
80 Robinson Road #17-02
Singapore 068898

Principal Place of Business:
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Jinjiang City, Fujian Province
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CHINA TAISAN TECHNOLOGY GROUP • ANNUAL REPORT 2008

CHINA TAISAN TECHNOLOGY GROUP

Annual Report 2008

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泰山

在经济蓬勃发展的时期，企业在稳健的步伐下茁壮成长，才能在各方面的经营取得平衡，而不至于过度扩张。中国泰山在2008年达到了这样的目标。企业要拥有稳固的根基才能在无法预知的未来，面对任何挑战，克服挑战。中国泰山从过去的稳健发展的基础中，依靠严谨，高科技的生产过程，酝酿出优良的产品品质。我们的管理团队运筹帷幄，努力经营，使公司位处在有利的位置，纵览群山。

Against the backdrop of the rapid changing business environment, it is vital to grow in tandem but in a steady pace to achieve a balance and healthy growth. We are proud to attain this goal and delivering a commendable set of results in 2008.

China Taisan develops steadily from producing consistently high quality products which is attributed by our stringent production processes that incorporate advanced technologies. Our management is committed to position our Group strategically as a leader in our industry.

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ABOUT CHINA TAISAN

China Taisan Technology Group Holdings Limited ("China Taisan") is one of the leading producers of knitted fabrics used for sports and leisure apparel in PRC. Our history traced all the way back to September 1996 with the establishment of our subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd ("Jinjiang Lianjie"). Our products comprise of performance fabrics and normal fabrics and are sold under our "Lianjie" (连捷) brand.

We are one of the few approved suppliers of fabrics used in the production of apparel for reputable international and local sports and leisure apparel brands such as Metersbonwe (美特斯邦威), Xtep (特步), Umbro, Nike, Puma, Anta (安踏), Kappa, Lotto, Wanjielong (万杰隆) and E•Land. We also supply fabrics used in the manufacturing of apparel for brands such as Adidas, Reebok, FILA, Mizuno, Diadora, Bossini, Giordano, Erima, Li-Ning (李宁), Qiaodan (乔丹(中国)), 361°, Septwolves (七匹狼), Lilang (利郎) and K-boxing (劲霸).

As a testament to our product quality, our products are able to conform to international standards such as AATTC, ASTM, DIN, BSI and JIS. We are also one of the few to be certified as Öko-Tex Standard 100 compliant since 2005. We are accredited by the CICC Conformity Assessment Services Co., Ltd (中国检验认证集团质量认证有限公司) with ISO9001:2000 and ISO14001:2004. In September 2008, our subsidiary, Jinjiang Lianjie, has been awarded the title of "Fabrics China Sportswear Fabrics Pioneer Plant" ("国家运动服装面料开发基地") under The Fabrics China Project, which was initiated by China Textiles Development Center (中国纺织工业协会) and China Textile Information Center (国家纺织产品开发中心) in 1999.

Our product R&D is backed by a strong team of strong 13 R&D personnel, inclusive of 8 Taiwanese, most of whom have at least 10 years of experience in textile industry. We have close ties with the Industrial Technology Research Institute in Taiwan, a leading research institute for the textile industry. We also have strong collaboration with international chemical manufacturers like Bayer Chemicals, Clariant and etc, and tertiary institutions like Hubei University.

Our production facilities are located in Jinjiang City, Fujian Province, which is the largest production base in PRC for sports apparel and positioned by the General Administration of Sports of China to be the Sports Hub of the PRC. Presently, our annual production capacity is 24,150 tonnes.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Choi Cheung Kong
(Non-Executive Chairman)

Lin Wen Chang
(CEO and Executive Director)

Lin Yung Hsiang
(Executive Director)

Yang Shun Fu
(Executive Director)

Tsang Siu For Thomas
(Independent director)

Ng Weng Wei
(Independent Director)

Dr. Fu Xiao Bin
(Independent Director)

AUDIT COMMITTEE

Tsang Siu For Thomas
(Chairman)

Ng Weng Wei
Dr. Fu Xiao Bin

NOMINATING COMMITTEE

Dr. Fu Xiao Bin
(Chairman)

Choi Cheung Kong
Tsang Siu For Thomas

REMUNERATION COMMITTEE

Ng Weng Wei
(Chairman)

Choi Cheung Kong
Dr. Fu Xiao Bin

REGISTERED OFFICE

80 Robinson Road
#17-02
Singapore 068898

PRINCIPAL PLACE OF BUSINESS

Zhengdong Development Area 362271
Dongcheng, Dongshi Town
Jinjiang City, Fujian Province
People's Republic of China

COMPANY SECRETARY

Tan Swee Gek (LLB Hons)

EXTERNAL AUDITORS

Mazars LLP
133 Cecil Street
#15-02 Keck Seng Tower
Singapore 069535
Partner-in-charge: Chang Fook Kay
(Appointed on 17 December 2007 with effect from financial year ended 31 December 2007)

INTERNAL AUDITORS

RSM Nelson Wheeler Consulting Ltd
29th floor, Caroline Centre,
Lee Garden 2
28 Yun Ping Road, Hong Kong

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

PRINCIPAL BANKERS

Agricultural Bank of China
Dongshi Town Branch
No. 35 Renhe East Road
Dongshi Town, Jinjiang,
Fujian Province
People's Republic of China

China Construction Bank
Jinjiang Branch
Qingyang, Zengjing Sub-district
Jinjiang, Fujian Province
People's Republic of China

China Minsheng Banking Corp., Ltd
Xiamen Branch
Lixin Plaza, 90 Hubin Nanlu
Xiamen, Fujian Province
People's Republic of China

Overseas Chinese Bank
Corporation Limited
65 Chulia Street
OCBC Centre
Singapore 049513

INVESTOR RELATIONS

Financial PR Pte Ltd
Investor Relations Consultants
Ms Kathy Zhang
Mr Dave Tan
Tel: (65) 6438 2990
Fax: (65) 6438 0064

“With our strengths in producing consistently high quality fabrics, innovative capabilities, quick turnaround time and large production capacity, we have successfully attracted additional prominent brands as our new customers.”

Mr Lin Wen Chang
Chief Executive Officer

林文章
首席执行总裁

Mr Choi Cheung Kong
Non-Executive Chairman

蔡长江
非执行主席

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the maiden set of full year results for China Taisan Technology Group Holdings Limited ("China Taisan") since our listing on SGX-ST Main-board in June 2008.

THE YEAR IN REVIEW

With Beijing Olympics 2008 garnering increased sports awareness and participation, together with the growing affluence of China's consumers, we have been timely in enhancing our market position as a leading performance fabrics producer for sports and leisure apparels. Tapping on this, the Group's revenue surpassed the RMB1 billion mark for the first time to reach RMB1.18 billion. The Group also achieved record net profit of RMB252.0 million in FY08, a 37.9% increase from RMB182.7 million in FY07. In particular, sales of performance fabrics grew a spectacular 50.1% to RMB1.1 billion and contributed 96.2% to our total revenue in FY08.

With our strengths in producing consistently high quality fabrics, innovative capabilities, quick turnaround time and large production capacity, we have successfully attracted additional prominent brands as our new customers. During the year, we are elated to learn that we have become a major supplier of knitted performance fabrics to one of China's leading sportswear brands, Xtep. China Taisan also becomes one of the approved suppliers of performance fabrics for China's leading leisure wear retailer, Metersbonwe. The addition of these brands as our growing base of quality customers signifies the growing popularity of our performance fabrics as a fabric of choice for both sports as well as leisure apparels.

尊敬的股东们:

我们很高兴代表董事局为各位呈上中国泰山科技集团控股有限公司（“中国泰山”）自2008年6月在新加坡证券交易所主板上市以来的第一份全年业绩。

年度回顾

2008年是充满契机的一年。北京奥运会提高了中国人民的运动意识以及参与体育运动的热情，中国消费者更加富裕。在此契机下，我们巩固了做为领先的运动与休闲服饰功能面料供应商的市场地位。有基于此，集团的总销售收入在2008财政年度第一次超越了10.0亿的大关达到11.8亿人民币，净利也取得了2亿5200万人民币的空前佳绩，比2007财政年度的1亿8270万增加了37.9%。特别是功能面料的销售收入增加了50.1%达到11.0亿，占2008财政年度总销售收入的96.2%。

由于我们能长久保持产品的高品质，具有不断创新的能力，生产周期短以及产能高，我们成功吸引了部分著名品牌成为我们的新顾客。今年，我们成为中国重要的运动服装品牌之一，特步，在针织功能面料方面的主要供应商，也成为了在中国具有领先地位的休闲服装零售商，美特斯邦威，在功能面料方面的指定供应商之一。这些品牌加入我们不断增长的优良顾客群，反映了我们的功能面料作为运动与休闲服装面料的受欢迎度。

We are proud that our wholly-owned subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd was the first to be awarded the title of "Fabrics China Sportswear-Fabrics Pioneer Plant" in 2008. It is a testament of our innovative capabilities and recognition of our contribution to China's sportswear industry, which enhances our credentials when engaging new customers.

我们的子公司，晋江连捷纺织印染实业有限公司，在2008年成为第一个获颁"国家运动服装面料开发基地"的企业，我们为此深感骄傲。这项殊荣是对我们的创新能力以及我们对中国运动服装产业的贡献的证明，也加强了我们吸引新客户方面的优势。

CONTINUED EFFORTS

We have continuously maintained our competitiveness through R&D to introduce products with more functionalities and enhanced lasting effects. Our long-term collaboration with Taiwan's Industrial Technology Research Institute and tertiary institutions like Hubei University gives us the competitive edge over our peers. We have been able to tap into their technical expertise and research capabilities to develop new performance fabrics with desired functions and characteristics or enhanced lasting effects. Our collaboration with tertiary institutions also provides a platform for us to identify and attract talents to join China Taisan.

On top of our R&D efforts, we acquire advanced equipment to complement our technical expertise and know-how. Hence, our IPO plans involve the purchase of 50 multi-track electronic tubular machines, 45 computerized jacquard knitting machines, and fabric face finishing and processing equipment which will mainly increase the value-adds of our product range and improve product quality. As at 27th February 2009, we have installed 30 multi-track electronic tubular knitting machines and acquired 7 sets of fabric face finishing and processing equipment.

努力不懈

我们持续不断地通过研发并推出更多功能与功能更持久的产品以保持我们的竞争力。我们与台湾工业科技研究院及其他高等学府如湖北大学紧密长期的合作让我们比其他同行更具竞争优势。我们能够有效地借助这些合作伙伴的技术专长与研发能力来开发拥有新功能以及功能更持久的功能性面料。而与高等学府的合作也为我们提供了一个寻找和吸引人才加入中国泰山的平台。

除了研发方面的努力，我们还购买了先进的设备来配合我们的专业技术与知识。我们上市集资计划中包含的50台多轨电子管针针织机，7组面料表面后整理加工设备以及45台电脑变频提花针织机，主要就是为了提高产品附加值与提升产品品质。截至2009年2月27日，其中的30台多轨电子管针针织机已经完成安装，7组面料表面后整理加工设备也已经购买。

FUTURE OUTLOOK

We perceive the business environment in the year ahead to be challenging in view of the global economic downturn which has spread to China. China's sports and leisure wear market is highly fragmented with a significant number of brand names, with the possibility of industry consolidation. We will carefully select our customers through evaluation of their credit-worthiness, promptness in making payments, and operating scale so as to mitigate any risks of payment defaults.

At the same time, we will enhance our strategic market position by broadening our capabilities to service a wider variety of product-types, expanding our foothold in China's sports and leisure wear industry.

Furthermore, we recognize the importance of fashion trends in the industry, and the necessity to continuously develop products which will cater to future demand. Hence, on top of enhancing our technical capabilities, we will continue to stay at the forefront of market trends by tapping on our Technical Advisor Professor Yeh Jen Taut, who heads the Taiwan National Science Committee (Textile Sector), while emphasizing on R&D to create new products.

In view of the current economic climate, we will pace our expansion plans and acquire the remaining 20 multi-track electronic tubular knitting machines in tandem with prospective orders. We also plan to reduce the number of new computerized jacquard knitting machines to be acquired from 45 to 15 or less for the time being, pending any signs of demand growth.

The Group will closely manage our cash conversion cycles while minimizing operating expenses to maintain our present healthy financial position.

前景展望

由于全球经济下滑已经影响到了中国的经济，我们预见未来一年的商业环境将极具挑战性。中国的运动与休闲服装市场高度分散，但这也制造了市场整合的可能性。我们在选择客户并与之交易时将仔细地分析客户的信用度，其付货款的准时性及业务操作规模以降低在任何发生坏帐的风险。

与此同时，我们将拓展自身提供不同类型产品的能力以加强我们在市场中的战略位置，巩固我们在中国运动与休闲服装产业的地位。

此外，我们意识到流行趋势在本行业的的重要性，以及继续研发产品来满足未来需求的必要性。因此，我们借助我们的技术顾问，叶正涛教授，（台湾）国家科学委员会政府科计划纺织领域召集人，在这一领域的经验，开发新产品，继续走在市场趋势的前端。

鉴于现在的经济环境，我们将调整扩张步伐，根据预期的订单采购剩下的20台多轨电子管针针织机。我们也计划暂时将电脑变频提花针织机的采购数量从45台减少到15台或更少，等待需求增长的契机。

集团将密切关注资金周转周期，减少营运费用以维持现有的健康财务状况。

MESSAGE FROM CHAIRMAN & CEO

We understand that investors are particularly concerned with corporate governance and transparency given the uncertainty of the current economic climate. Moving forward, China Taisan will continue to engage in regular, effective and fair communication with shareholders on all major developments of the Group.

我们了解到，在现在经济状况不稳定的情况下，投资者对公司治理与透明度特别关注。接下来，中国泰山将继续通过定期，有效及公正的沟通方式与股东就集团所有的重大发展进行沟通。

IN APPRECIATION

In line with our plans to reward loyal shareholders, the Board of Directors is pleased to recommend and propose a first and final dividend of 8.15 RMB cents per ordinary share (tax exempt one-tier), which translates to approximately 30% of the Group's profit attributable to shareholders in FY08.

The success of China Taisan would not have been possible without the contribution and support from various parties. Therefore we would like to take this opportunity to extend our appreciation to our shareholders, customers, bankers, business associates and suppliers for their unwavering support throughout the year. Last but not least, we would also like to thank the management team and staff for their hard work and the Board of Directors for their wise counsel and guidance provided to China Taisan.

答谢

根据我们对股东的回报计划，董事局很荣兴地提议2008财政年度的第一次与最终股息分红为每股人民币8.15分(免税)。该部分股息约为于集团2008财政年度可向股东分红的利润的30%。

没有各方的支持与贡献，中国泰山不可有现在的成就。我们借此机会向我们的股东、客户、银行、商业伙伴及供应商所给予的坚定支持表达最诚挚的谢意。最后，我们也感谢管理团队与员工的辛勤工作以及董事局对中国泰山所给予的明智建议与指导。

Yours faithfully,

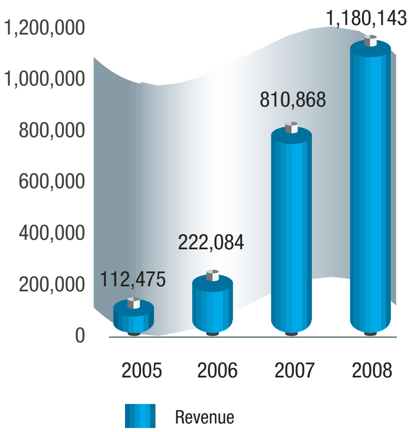
Mr Choi Cheung Kong
Non-Executive Chairman

Mr Lin Wen Chang
Chief Executive Officer

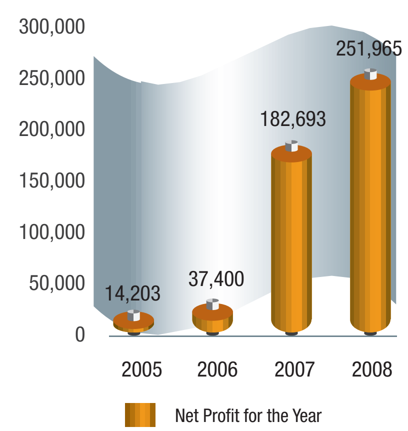
蔡长江
非执行主席

林文章
首席执行总裁

REVENUE (IN RMB '000)



NET PROFIT FOR THE YEAR (IN RMB '000)



For the year ended 31 December 2008, China Taisan recorded a robust 45.5% increase in revenue to S$1.18 billion on the back of higher sales volume and weighted average selling prices. Similary, full year profit attributable to shareholders improved by 37.9% to RMB252.0 million.

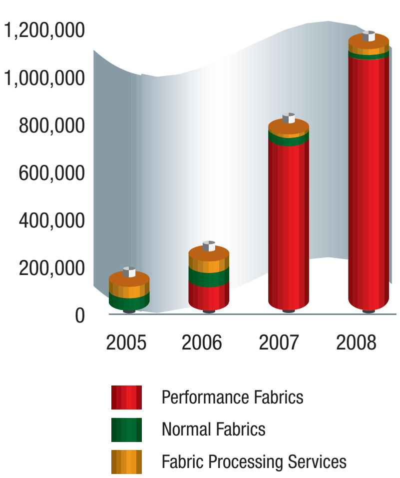
As the Group continued to enhance its position as a leading performance fabrics producer for sports, casual and leisure wear during the year, the product mix shifted to constitute a larger proportion of performance fabrics in terms of both revenue and sales quantity. In line with Group's strategy, the revenue and sales quantity contribution from normal fabrics and fabric processing services have fallen in FY08.

Revenue from the sales of performance fabrices jumped 50.1% to RMB1.1 billion, making up 96.2% of total revenue. Revenue from normal fabrics dropped 20.7% to RMB1.7 million while revenue from fabric processing services fell 17.6% to RMB43.0 million.

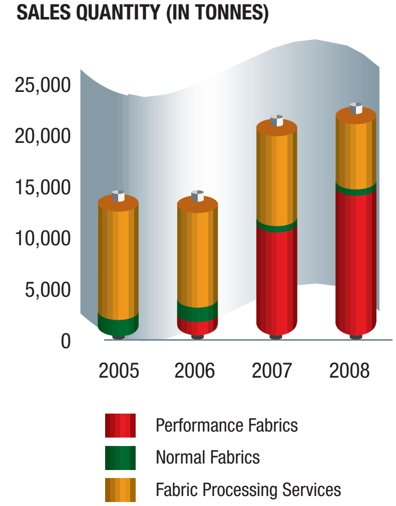
Sales quantity of performance fabrics saw a 39.4% increase to 14,245 tonnes, making up 69.6% of the total sales quantity. As part of the Group's strategy to improve its product mix, sales quantity of normal fabrics dropped 28.1% to 46 tonnes in FY08, while sales of fabric processing services fell 22.4% to 6,176 tonnes in FY08. Total sales quantity grew 12.2% to 20,467 tonnes.

Average Selling Price ("ASP") increased across all product segments, with ASP for both performance fabrics and fabric processing services improving 7.7% to RMB79,700 per tonne and RMB7,000 per tonne respectively. ASP for normal fabrics grew 10.6% to RMB34,000 per tonne, while weighted ASP improved 30.0% to RMB57,700 per tonne.

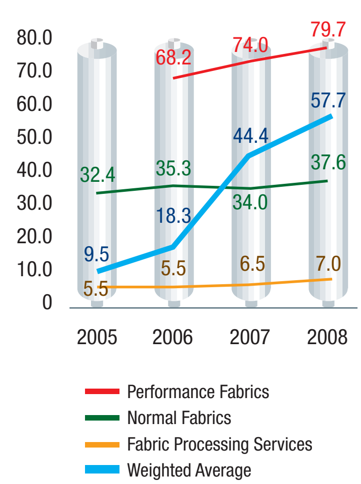
REVENUE BY SEGMENT (IN RMB '000)

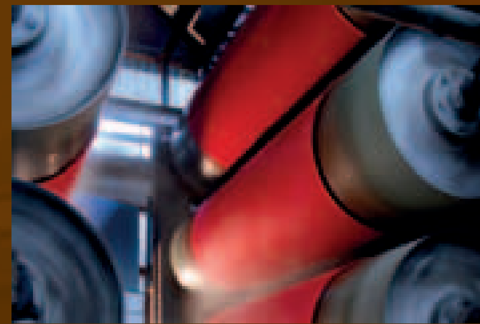


SALES QUANTITY (IN TONNES)

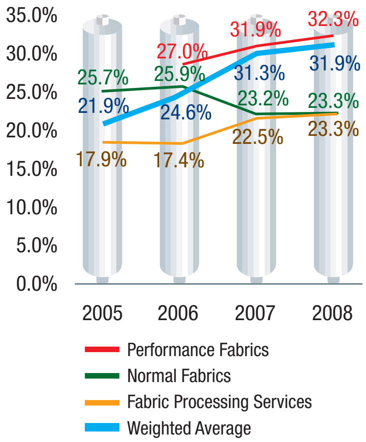


AVERAGE SELLING PRICE (IN RMB'000)

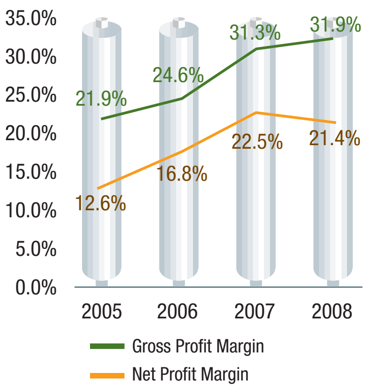




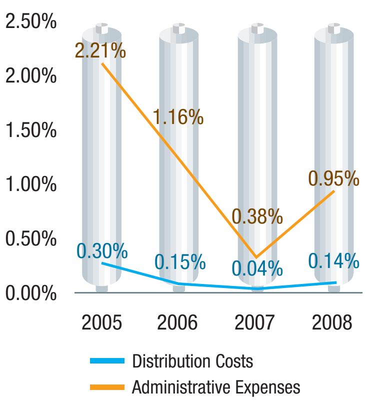
GROSS PROFIT MARGIN BY SEGMENT (IN %)



OVERALL PROFIT MARGIN (IN %)



OPERATING EXPENSES AS A % OF REVENUE (IN RMB '000)



Gross profit margin for our core product, performance fabrics improved from 31.9% in FY07 to 32.3% in FY08, while gross profit margin for fabric processing services also grew from 22.5% in FY07 to 23.3% in FY08.

Overall gross profit improved 48.5% to RMB376.6 million while overall gross profit margin increased 0.6 percentage points to 31.9% in FY08.

The higher ASP and gross profit margin reflects the Group's ability to pass on the bulk of raw material price increase to the customers and to improve the product mix during the financial year.

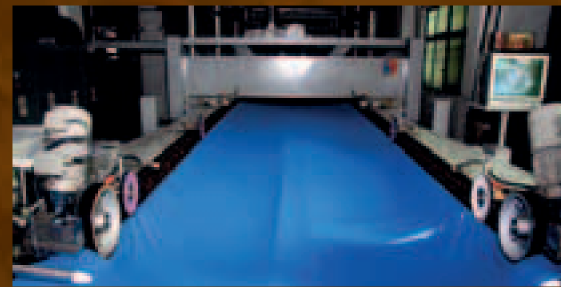
Although distribution costs grew 386.9% to RMB1.7 million in FY08, it represents only 0.14% of the Group's FY08 sales and is in line with the higher turnover. Administrative expenses increased by 261.2% from RMB3.1 million in FY07 to RMB11.2 million in FY08 due to an increase in payroll to beef up the management team and professional fees relating to compliance and investor relations. Overall, administrative expenses reflect only 0.95% of total sales revenue.

Other operating expenses include IPO expenses of RMB8.8 million, loss from disposal of plant and equipment of RMB0.8 milion, and a net exchange loss of RMB9.9 million, which were absent in the previous corresponding period. The exchange loss is mainly associated with loss from translating the Group's deposits denominated in SGD to RMB, and transactional exchange loss which resulted from payment for machineries which were contracted in USD. Most of the Group's businesses serve China's domestic market and there was negligible exchange loss due to exports.

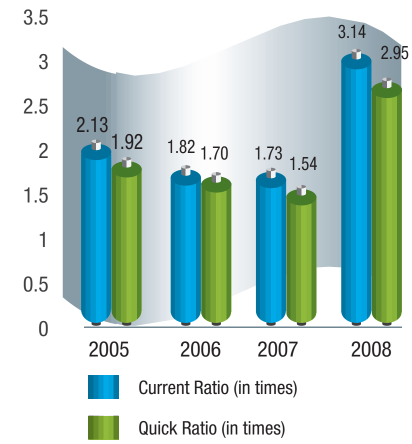
Overall, net profit margin slipped from 22.5% in FY07 to 21.4% in FY08 due to higher expenses after listing. Earnings per share ("EPS") grew 16.8% from 25.92 RMB cents in FY07 to 30.28 RMB cents in FY08.

With the delivery of 30 multi-track electronic tubular knitting machines and motor vehicles, property, plant and equipment increased by RMB62.5 million to RMB 206.4 million. Inventories as at 31 December 2008 were also higher at RMB51.5 million as compared to RMB42.5 million in FY07 due to higher raw material prices and increased business activities.

Trade and other receivables grew by RMB151.3 million to RMB401.6 million as a result of increased sales as well as RMB112.2 million deposits paid for new machineries to be received. Trade receivables also increased as a result of higher sales in the last quarter of FY08.



CURRENT RATIO I QUICK RATIO (IN TIMES)



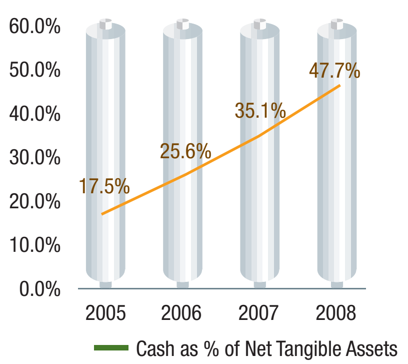
Trade and other payables decreased by RMB14.8 million in FY08 to RMB139.1 million as the Group made faster payments in exchange for favorable supply terms.

The Group's cash flow remained healthy, with net cash generated from operating activities of RMB205.0 million in FY08 compared to RMB103.1 million in FY07. The Group ended the financial year with a net cash position. Cash and cash equivalents stood at RMB364.1 million as at 31 December 2008.

ANALYSIS OF FINANCIAL POSITION

The Group's financial position improved subsequent to its listing on SGX-ST in 2008. Current ratio grew from 1.73 times in FY07 to 3.14 times in FY08, while quick ratio improved from 1.54 times in FY07 to 2.95 times in FY08.

CASH AS % OF NET TANGIBLE ASSETS



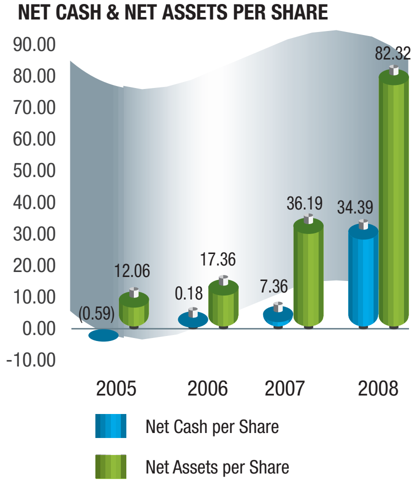
Cash as a percentage of net tangible assets also increased from 35.1% to 47.7% as a result of IPO proceeds intended for future expansion plans and cash generated from operating activities.

Net cash per share stood at 34.4 RMB cents while net asset per share was 82.3 RMB cents as at 31 December 2008.

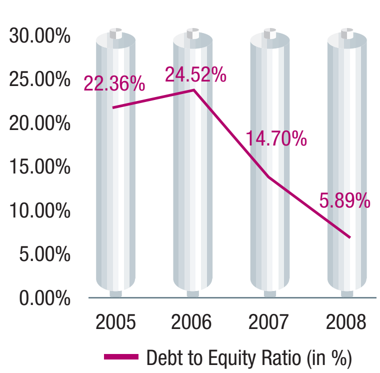
The Group's debt to equity ratio continued to decrease to 5.9% in FY08 as compared to 14.7% in FY07.

With increased shareholder's equity and cash after IPO, Return on Equity (ROE) fell from 96.8% to 49.5%, while Return on Assets (ROA) fell from 48.0% to 32.5%.

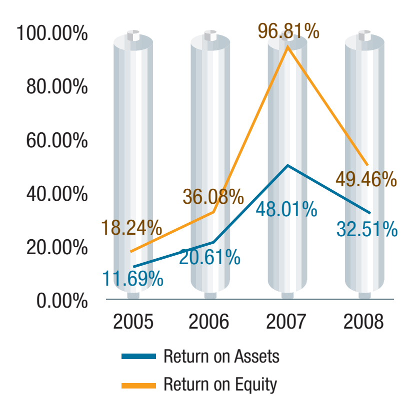
NET CASH & NET ASSETS PER SHARE



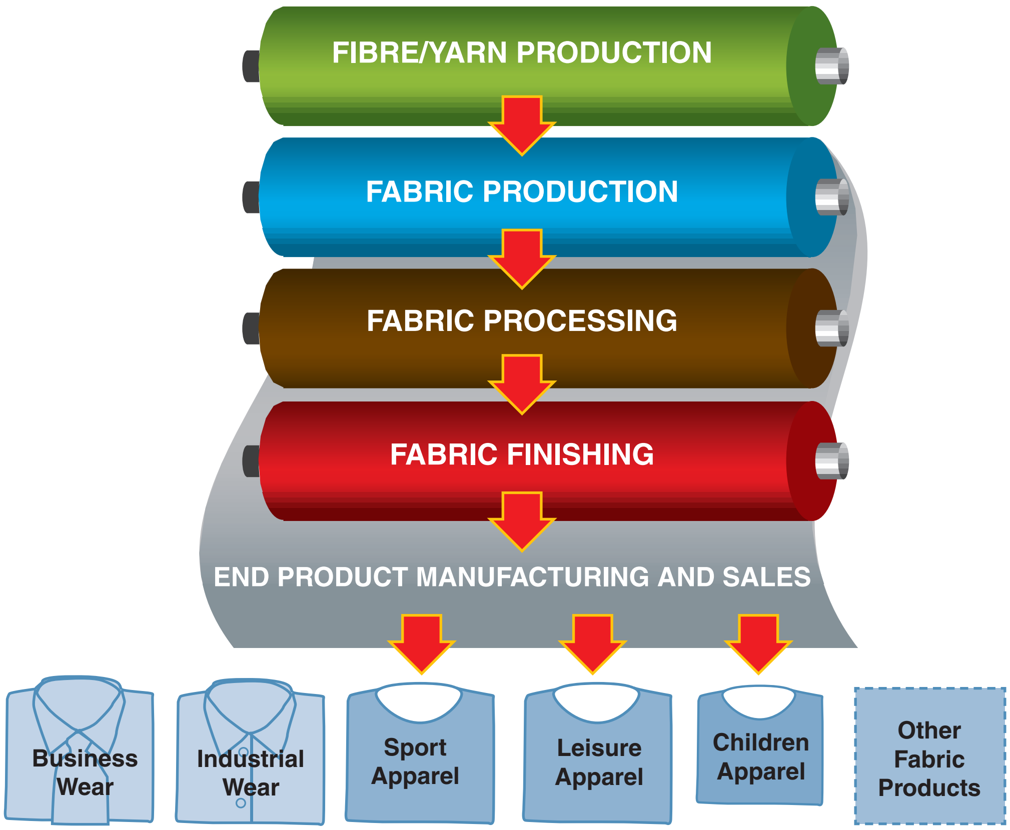
DEBT TO EQUITY RATIO (IN %)



RETURN ON ASSETS & EQUITY



POSITION IN THE VALUE CHAIN



Being one of the approved suppliers of performance fabrics for prominent brand names such as Nike, Adidas, Umbro, Septwolves, Li Ning, Anta, Metersbonwe and Xtep, China Taisan commands a strategic position in the value chain.

China Taisan's involvement in the value chain starts from the collaboration with these prominent brands during the designing stage of the apparels. We are capable of producing the required fabric design with our advanced knitting technology and develops desired functionalities of the fabrics with our strong research and development capability.

China Taisan's products becomes the preferred choice of the appointed OEM houses for the apparel production due to our consistent product quality and quick turnaround time. Our value-add comes in three main stages, namely fabric production, fabric processing as well as fabric finishing.

The fabric production stage comprises of knitting high quality polyester yarn with spandex into fabrics using computerized multi-track electronic tubular knitting machines. Normal fabrics with lesser quality requirements are typically outsourced from third-party suppliers.

The fabric processing stage involves incorporating various functionalities into the raw knitted fabrics through blending relevant formulated chemicals and additives into the dyeing process at the specified optimum temperature, pressure, sequence and duration. Close monitoring is required using automated and computerized systems to ensure material uniformity in the end-desired fabrics.

The fabric finishing stage enhances and sets the physical characteristics of the fabrics after dyeing. The resultant performance fabrics are then sent for batch testing and packaging before delivering to the OEM houses for garment/apparel production.

FUNCTIONALITIES OF PRODUCTS

CHARACTERISTIC/ FUNCTION	DESCRIPTION
UV protection	This fabric prevents penetration of harmful UV rays due to prolonged sun exposure.
Anti-bacterial/ Anti-odour	This fabric is resistant to or inhibits the growth of micro-organisms.
Moisture management/ Phase change	This fabric absorbs body heat and reduces the distractions of hot and cold fluctuations, providing a superior level of comfort in clothing.
Chlorine resistant	This fabric acts against or opposes the penetration of chlorine, thereby reducing fading and deterioration due to exposure to chlorine.
Anti-Static	This fabric inhibits the build-up of static electricity.
Anti-wrinkle/Crease resistant	This fabric is resistant to wrinkling and creasing and thus retains its original shape.
Flame retardant	This fabric is resistant to burning and retains such properties despite repeated washing.
Negative ion	This fabric emits negative ions which are believed to be beneficial to the human health.

CHARACTERISTIC/ FUNCTION	DESCRIPTION
Far infra-red	This fabric emits far infra-red rays which cause capillaries to dilate and increases blood flow and this increased flow is believed to flush away toxins and lactic acids which can cause stiffness and discomfort.
Anti-mosquito	This fabric keeps away mosquitoes.
Cooling effect	This fabric keeps the wearer of such fabric cool.
Water resistant	This fabric acts against or opposes the penetration of water molecules.
Dust, oil and stain resistant	This fabric acts against or opposes the absorption of dust, oil and stain thus allowing for such fabric to be cleaned easily.
Anti-cigarette odour	This fabric is resistant to odours from cigarettes.
Skin care	This fabric contains pearl powder and aloe vera and is believed to be beneficial to the skin.
High colourfastness against exposure to the sun	This fabric retains its original colour and is resistant to colour fading from prolonged exposure to the sun.

BOARD OF DIRECTORS

CHOI CHEUNG KONG（蔡长江）is our co-founder and Non-Executive Chairman and was appointed to our Board on 8 October 2007. Since the establishment of our subsidiary, Jinjiang Lianjie Textile Printing & Dyeing Industrial Co., Ltd ("Lianjie"), he only acted in a non-executive role within Lianjie and is not involved in the daily operations of Lianjie. Prior to the founding of our Group, Mr. Choi was involved in various businesses, including the manufacturing of umbrella, property development and running of restaurants, for which he founded several companies and assumed an executive role. Since 2003 to date, Mr. Choi has been engaged in the business of granite quarrying through Ganzhou Leijie Stone Co., Ltd, a company founded by him. Mr. Choi is the vice chairman of Hong Kong Dong Shi Town Fraternal Association Ltd（香港东石镇同乡联谊会）and the Honorary Chairman of the Dongshi Chamber of Commerce（晋江东石商会）.

LIN WEN CHANG（林文章）is our co-founder and CEO, overseeing the daily operations of Lianjie as well as helming the production, R&D, procurement, administration and HR departments. He was appointed to our Board on 14 January 2008. Mr. Lin has more than 20 years of experience in the textile industry. He graduated from Oriental Academy of Industry, Taiwan（亚东工业专科学校)(presently know as Oriental Institute of Technology, Taiwan（亚东技术学院）in 1983 with a certificate in dyeing and finishing for fabrics. Prior to the founding, Mr. Lin had worked in various fabric manufacturing and dyeing companies in Taiwan: from 1992 to 1996, he served as a senior engineer in Jiewen Dyeing Company（捷稳染整公司); from 1988 to 1991, he served as a senior engineer in Nan Yang Dyeing & Finishing Co., Ltd（南洋染整公司); and from 1986 to 1988, he was the team leader of the technical department of Far East Textile Co., Ltd（远东纺织印染公司). Mr. Lin is the Chairman of Taiwan Fund Enterprises Institution, Jinjiang City, Fujian Province（福建省晋江市台资企业协会）and the vice chairman of Taiwan Fund Enterprises Institution, Quanzhou City, Fujian Province（福建省泉州市台资企业协会).

LIN YUNG HSIANG (林永祥) is our Executive Director and has been with our Group since March 2007, overseeing our sales & marketing department. He was appointed to our Board on 8 October 2007. Prior to joining our Group, he provided marketing consultancy services to property developers from 2001 to 2006. He was the vice general manager of the sales department of Harbin Tianshun Property Development Company (哈尔滨市天顺房产开发公司) from 1995 to 2001. Mr. Lin was the director and general manager of Kao Hsiung Jin-Hsiang Construction Co. (今翔建设公司) in Taiwan from 1990 to 1993.

YANG SHUN FU (杨顺福) is our Executive Director and has been with our Group since October 2004, overseeing our finance department. He was appointed to our Board on 14 January 2008. Mr. Yang graduated with a diploma in 1993 from Quanzhou City Li-ming Vocational College (泉州市黎明职业大学). From1997 to 2004, he worked as an accounting manager in Jinjiang City Jin-fang Spinning and Dyeing Co., Ltd (晋江市晋纺印染织造有限公司). From 1993 to 1997, Mr. Yang provided freelance accounting services.

TSANG SIU FOR THOMAS (曾兆科) is our Independent Director and was appointed to our Board on 14 April 2008. He has more than 15 years of audit experience with professional accounting firms such as KPMG, Ernst & Young, PricewaterhouseCoopers in Hong Kong, Beijing and Singapore. He has managed various portfolios of clients comprising multinational corporations and was responsible for the entire management of audit of clients from planning, directing and complete handling of administrative matters. He is currently a partner in charge of initial public offering assignments, audit of listed companies and financial due diligence with LTC LLP in Singapore. Mr Tsang is currently a practicing member of the Institute of Certified Public Accountants of Singapore, and a fellow member of Association of Chartered Certified Accountants (ACCA). He has also been an associate member of Hong Kong Institute of Certified Public Accountants since 1997. Mr Tsang graduated with a Diploma in Accountancy from Chai Wan Technical Institute in Hong Kong in 1990 and thereafter, in 2003, he completed his MBA degree from the University of Warwick, England. Mr Tsang also obtained a Diploma in International Financial reporting from ACCA in 2005.

BOARD OF DIRECTORS

MR NG WENG WEI（伍荣伟）is our Independent Director and was appointed to our Board on 14 April 2008. He is currently the executive director of Group Finance and Administration of Santak Holdings Limited, a listed company in Singapore ("Santak"). Mr Ng joined Santak in 2000 where he oversees the accounting, corporate finance, human resources and administrative functions as well as information systems in the Santak group of companies. Before that, he was an audit manager in PricewaterhouseCoopers, an international accounting firm in Singapore. Prior to that, he worked as a senior accountant at Price Waterhouse in Sydney from 1994 to 1996. Mr Ng graduated with a Bachelor of Accountancy (Honours) Degree from Nanyang Technological University in 1993. He is both a Chartered Accountant and Certified Public Accountant of The Institute of Chartered Accountants in Australia since 1996 and The Institute of Certified Public Accountants of Singapore since 1999. He is also a member of the Singapore Institute of Directors since 2004.

DR FU XIAO BIN（傅小斌博士）is our Independent Director and was appointed to our Board on 14 April 2008. He is currently the assistant general manager of China Potevio Shanghai Industrial Park Development Company（中国普天信息产业上海工业园发展公司). Between 2004 and 2005, Dr Fu was the assistant general manager of China Marketing Media Holdings, Inc where he was tasked with managing investing and overseas financing. Between 2003 and 2004, he was the assistant general manager of Shenzhen Youyi Co.（深圳友谊有限公司）and was responsible for the implementation of a management and employee buy-out. Dr Fu graduated from Xi'an Jiaotong University（西安交通大学）with a Bachelor of Technology Economy Degree in 1994 before obtaining his Master Degree for System Engineering from Xi'an Jiaotong University（西安交通大学）in 1997. In 2003, he completed his Ph.D. in Management in the aforesaid university.

CAI BING HUANG (蔡炳煌) is our Sales & Marketing Manager and has been with our Group since the establishment of Lianjie in 1996. He currently assists Mr Lin Yung Hsiang in the running of the sales & marketing department. He is responsible for developing sales and marketing strategies, recommending products to existing customers, maintaining customer relationship and providing our customers with after sales services, securing new customers and monitoring and analysing market and industry trends.

CHEN JIA JI (陈家籍) is our Procurement Manager and has been with our Group since the establishment of Lianjie in 1996. He is responsible for sourcing and procuring the raw materials used in our production process. Mr Chen is also a director of our subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd.

KAN WEI SHIU PATRICK (陈炜旭) is our Financial Controller and has been with our Group since January 2008. He is responsible for the financial and accounting function and investor relations of our Group. Mr. Kan has spent several years with a few international public accounting firms. Prior to joining our Group, he was Audit Assistant Manager of Deloitte & Touche, where he was managing a portfolio of audit engagements including SGX-listed companies and initial public offerings. Before that, he had worked in other large public accounting firms, namely Baker Tilly TFWLCL and RSM Chio Lim. Mr Kan obtained a Bachelor of Business from Nanyang Technological University in 1999 and he became a member of the Association of Chartered Certified Accountants in 2006.

INVESTOR RELATIONS

6 June 2008
- Commencement of trading of China Taisan IPO shares

17 June 2008
- 1Q08 Results announcement
- Results briefing

20 June 2008
- Kim Eng luncheon

22 June 2008
- Feature on 'Moneymind', Channel News Asia program

3 July 2008
- Plant visit for QDIIs & reputable investors

26 July 2008
- CIMB Investor Conference

12 August 2008
- 2Q08 Results announcement
- Results briefing
- UOB Kayhian luncheon

13 October 2008
- Plant visit for analysts

4 November 2008
- 3Q08 Results announcement
- Results briefing

18 November 2008
- Feature on Public Insight, Channel News Asia program

27 February 2008
- FY08 Full year results announcement
- Results Briefing

31 March 2008
- Annual General Meeting

China Taisan places great emphasis on managing Investor Relations ("IR") and ensures shareholders and potential investors receive timely, comprehensive and transparent information regarding the Group. Our aim is to enable market participants to form a realistic opinion of the Group's profitability, strategies and the associated opportunities and risks. Hence, since its listing on SGX in June 2008, the Group has proactively and openly communicated with fund managers, private investors as well as analysts and financial journalists.

We hold quarterly results briefings on a regular basis, where the Group's Chief Executive Officer Mr Lin Wen Chang ("林文章") and Financial Controller Mr Patrick Kan are present to share insights on the latest financial performance, recent developments, growth strategies, and future outlook of the Group with institutional investors, analysts and financial journalists.

On top of the quarterly results briefings, China Taisan also conducts regular one-on-one meetings and calls with fund managers and analysts from all around Asia. The management feels these direct and constant communication will give fund managers and analysts a better understanding of China Taisan's operations, positioning in the value chain, industry trends and challenges. We hope to nurture the investment community's confidence in our management team, business strategy and the ability to enhance shareholders' value in the long run.

In addition, the Group hosted two separate plant visits this year for fund managers and analysts to its manufacturing plant based in Jinjiang City, Fujian Province. Such visits for fund managers and analysts were organized to help them to form a better understanding of China Taisan's business and operations.

To reach out to retail investors, China Taisan also participated in investor conferences and luncheons organized by CIMB, UOB Kayhian, and Kim Eng in 2008. In addition, retail investors can easily access information from the Group's website at http://www.china-taisan.com/, where the latest announcements, news releases, financial results, and annual report are available.

During the year, the Group was also featured on Channel News Asia's 'Public Insight' and 'Moneymind'. Features in these programs would provide the investment community with a better understanding of China Taisan's business. A webcast of the 'Public Insight' feature can also be found on the Group's website.

GOING FORWARD

In the spirit of good corporate governance, transparency, accountability and integrity, we remain committed to providing excellent investor relations. We will continue to maintain regular contacts with retail and institutional investors, analysts and journalists through meetings, road shows, conference calls and plant visits.

USE FOR IPO PROCEEDS

The Net IPO proceeds (after deducting expenses for professional fees, underwriting and placement commissions and other transaction expenses related to the IPO amounting to approximately S$4.4 million) are approximately S$49.2 million. As at the date of this report, the Net IPO proceeds have been utilized as follows:

Intended Use Of Proceeds	Amount Allocated S$'000	Amount Utilised S$'000	Amount Balance S$'000
Acquisition and installation of the following new equipment as well as hiring of additional staff to operate the same:	38,249	* 37,842	407
(a) multi-track electronic tubular knitting machines			
(b) fabric face finishing and processing equipment			
(c) computerised jacquard knitting machines			
Expansion of R&D capabilities	1,551	–	1,551
Establishment of new sales and service centres	4,264	–	4,264
General marketing and advertising expenses	2,326	–	2,326
General working capital	2,775	1,110	1,665
	49,165	38,952	10,213

* The amount utilized includes the deposit paid for acquisition of new equipment.

The Board of Directors and management are committed to maintaining a high standard of corporate governance by complying with the principles and guidelines of the Code of Corporate Governance 2005 (the "Code") issued by the Corporate Governance Committee. Good corporate governance is an integral element of a sound corporation as it promotes corporate transparency and protects and enhances shareholders' interest. This statement outlines the main corporate governance practices and processes that were in place since the Company's listing on 6 June 2008.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with management to achieve this and the management remains accountable to the Board.

The Board of Directors (the "Board") comprises three executive directors, a non-executive director, and three independent directors, all having the right core competencies and diversity of experience which enable them to effectively contribute to the Company.

The Board's primary role is to provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives as well as to protect and enhance long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Processes

To assist in the execution of its responsibilities, the Board has established a number of Board Committees including a Nominating Committee, a Remuneration Committee and an Audit Committee. The effectiveness of each committee is constantly monitored. The Board has also established a framework for the management of the Group including a system of internal control.

The Board currently holds about four scheduled meetings each year. In addition, it holds additional meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in consultation with the Chief Executive Officer ("CEO"). Standing items include the management report, financial reports, strategic matters, governance, business risk issues and compliance.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Board and Board Committee Meetings

As at the date of this report, the Board held four meetings and the attendance of each Director at every Board and Board Committee meeting is as follows:

Name	Board(1)		Audit Committee(1)		Nominating Committee(2)		Remuneration Committee(2)	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Mr. Choi Cheung Kong (Non-executive Director & Chairman)	4	4	4	4(3)	1	1	1	1
Mr. Lin Wen Chang (Executive Director & Chief Executive Officer)	4	4	4	4(3)	1	1(3)	1	1(3)
Mr. Lin Yung Hsiang (Executive Director)	4	4	4	4(3)	1	1(3)	1	1(3)
Mr. Yang Shun Fu (Executive Director)	4	4	4	4(3)	1	1(3)	1	1(3)
Mr. Tsang Siu For Thomas (Independent Director)	4	4	4	4	1	1	1	1(3)
Mr. Ng Weng Wei (Independent Director)	4	4	4	4	1	1(3)	1	1
Dr. Fu Xiao Bin (Independent Director)	4	4	4	4	1	1	1	1

(1) The Board and Audit Comittee held their fourth meeting on 27 February 2009.

(2) The Nominating Committee and the Remuneration Committee held their first meeting on 27 February 2009.

(3) Attendence by invitation.

Matters Requiring Board Approval

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, and declaration of interim dividends and proposal of final dividends.

All other matters are delegated to committees whose actions are reported to and monitored by the Board.

Training of Directors

Directors receive appropriate induction training and coaching to develop individual skills as required. The Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings; and they also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises seven directors of which three are independent directors. The three independent directors are Mr. Tsang Siu For Thomas, Mr. Ng Weng Wei and Dr. Fu Xiao Bin. The criterion of independence is based on the definition given in the Code. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent judgment of the conduct of the Group's affairs.

The composition of the Board is determined in accordance with the following principles:

- The Board should comprise a sufficient number of directors to fulfill its responsibilities and who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (This number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified.);

- The Board should comprise a majority of non-executive directors, with at least one-third of the Board made up of independent non-executive directors; and

- The Board should have enough directors to serve on various committees of the Board without over-burdening the directors or making it difficult for them to fully discharge their responsibilities.

With three out of seven directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues. Furthermore, the Board will be able to interact and work with the management team through a robust exchange of ideas and views to help shape the Company's strategic direction.

The composition of the Board is reviewed on an annual basis by a Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstance, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Nominating Committee, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position.

Non-executive and independent members of the Board exercise no management functions in the Company or any of its subsidiaries. Although all the directors have equal responsibility for the performance of the Group, the role of the non-executive and independent directors is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business. The Board considers its non-executive and independent directors to be of sufficient calibre and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The non-executive and independent directors have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of the Directors.

The Board is of the view that its current composition of seven directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group.
The dates of appointment of each director are set out below:

Name of Director	Date of Appointment
Choi Cheung Kong	8 October 2007
Lin Wen Chang	14 January 2008
Lin Yung Hsiang	8 October 2007
Yang Shun Fu	14 January 2008
Tsang Siu For, Thomas	14 April 2008
Ng Weng Wei	14 April 2008
Dr. Fu Xiao Bin	14 April 2008

Other key information on the individual directors of the Company is set out in pages 14 to 16 of this Annual Report. Their shareholdings in the Company are also disclosed in the Report of the Directors. None of the directors hold shares in the subsidiary of the Company.

Chairman and CEO
Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Mr. Choi Cheung Kong, who is the Non-executive Chairman and Mr. Lin Wen Chang the CEO of the Company are not related to each other. Mr Lin is responsible for the day-to-day management of the affairs of the Company and the Group. He leads in business development and expansion of the Group and ensures that the Board is kept updated and informed of the Group's business.

The Chairman's responsibilities include inter alia:

- scheduling meetings and leading the Board to ensure its effectiveness and approves the agenda of Board meetings in consultation with the CEO;
- reviewing key proposals and ensures that Board members are provided with accurate and timely information;
- ensuring that Board members engage management in constructive debate on various matters including strategic issues and business planning processes; and
- promoting high standards of corporate governance.

Board Membership
Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

The Nominating Committee ("NC") comprises Dr. Fu Xiao Bin as the chairman, and Mr. Tsang Siu For, Thomas and Mr. Choi Cheung Kong as members, the majority of whom are independent.

The Board has approved the written terms of reference of the NC. The NC performs the following functions:

(a) To make recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive Directors appointed to the Board.

(b) To regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.

(c) To determine the process for search, nomination, selection and appointment of new board members and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent.

(d) To make plans for succession, in particular for the Chairman and Chief Executive.

(e) To determine, on an annual basis, if a Director is independent. If the NC determines that a Director, who has one or more of the relationships mentioned under the Code is in fact independent, the Company should disclose in full, the nature of the Director's relationship and bear responsibility for explaining why he should be considered independent. The NC may at its discretion determine a Director as non-independent even if he has no business or other relationships with the Company, its related companies or its officers.

(f) To make recommendations to the Board for the continuation (or not) in services of any Director who has reached the age of seventy (70) years, where appropriate.

(g) To recommend Directors who are retiring by rotation to be put forward for re-election.

(h) To decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations.

The NC shall recommend to the Board internal guidelines to address the competing time commitments faced by directors who serve on multiple boards.

(i) To be responsible for assessing the effectiveness of the Board as a whole and for assessing the effective contribution and commitment of each individual Director to the effectiveness of the Board. The results of the performance evaluation will be reviewed by the Chairman and the assessment shall be disclosed annually.

The directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Articles and Association provides that one third of the Board, or the number nearest to one third is to retire by rotation at every Annual General Meeting ("**AGM**"). In addition, the Company's Articles of Association also provides that newly appointed directors are required to submit themselves for re-nomination and re-election at the next AGM of the Company.

Board Performance

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by the directors to the effectiveness of the Board.

The NC has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual director. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities in terms of the financial indicators as set out in the Code.

The Board and the NC have endeavoured to ensure that directors appointed to the Board possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions.

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

Directors receive a regular supply of information from management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each meeting of the Board. The Board papers include sufficient information from management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and internal financial statements.

All directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

All directors have separate and independent access to the company secretary. The company secretary administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Bye-laws and relevant rules and regulations, including requirements of the Companies Act and the Singapore Exchange Securities Trading Limited (SGX-ST), are complied with.

Should directors, whether as a group or individually, need independent professional advice in the furtherance of their duties the cost of such professional advice will be borne by the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The Remuneration Committee ("RC") comprises non-executive directors, Mr. Ng Weng Wei as the chairman, and Dr. Fu Xiao Bin and Mr. Choi Cheung Kong as members, the majority of whom, including the chairman, are independent.

The Board has approved the written terms of reference of the RC. The RC performs the following functions:

(a) To review and recommend to the Board, a framework of remuneration and to determine the specific remuneration packages and terms of employment for:

- each Director;
- the CEO (or executive of equivalent rank) if the CEO is not a Director;
- senior management of the Group; and
- employees related to directors or, substantial shareholders of the Group.

(b) Meetings of the RC will be held as the RC deems appropriate. The RC should meet at least once a year and meetings should be organized so that attendance is maximised. A meeting may be called, at any other time, by the Chairman or any member of the RC. Director or Management may be invited to the meetings.

(c) The Secretary of the RC shall be the Company Secretary for the time being or, such other person as may be nominated by the RC.

(d) The Secretary shall attend all meetings and minute the proceedings thereof.

(e) Minutes of all meetings shall be confirmed by the Chairman of the meeting and circulated to all members of the RC.

(f) If the Chairman of the RC so decides, the minutes shall be circulated to other members of the Board. Any Director may, provided there is no conflict of interest and with the agreement of the Chairman, obtain copies of the minutes of RC meetings.

(g) The notice of each meeting of the RC, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances, be forwarded to each member of the RC at least three (3) working days prior to the date of the meeting.

(h) To recommend to the Board, the Share Option Schemes or any other performance bonus schemes which may be set up from time to time and to do all acts necessary in connection therewith.

(i) To carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board of Directors from time to time.

(j) As part of its review, the RC shall ensure that:

  (i) all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options and benefits-in-kind should be covered;

  (ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element; and

  (iii) the remuneration package of employees related to directors or substantial shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility.

The members of the RC do not participate in any decision concerning their own remuneration.

Level and Mix of Remuneration

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

The Group's remuneration policy is to provide compensation packages appropriate to attract, retain and motivate the Directors and key personnel required to run the Group successfully.

The remuneration of the CEO Lin Wen Chang, is based on the service agreement entered into between Mr Lin Wen Chang and the Company on 1 January 2008. The service agreement will be for an initial period of 3 years, effective from 1 January 2008 and renewable thereafter.

In determining the remuneration of the non-executive Directors, the Remuneration Committee ensures that the level of remuneration is appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the non-executive Directors.

The Remuneration Committee ensures that non-executive Directors are not over-compensated to the extent that their independence may be compromised. The Board will, if necessary, consult experts on the remuneration of non-executive Directors. The Board will recommend the remuneration of the non-executive Directors for approval at the AGM.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

Details of remuneration paid to the Directors and key executives are set out below:

Remuneration band And Name	Fees[1]	Salary	Bonus	Others	Total
Directors Below S$250,000					
Mr. Lin Wen Chang	-	98%	-	2%	100%
Mr. Choi Cheung Kong	-	-	-	-	-
Mr. Lin Yung Hsiang	-	77%	7%	16%	100%
Mr. Yang Shun Fu	-	97%	3%	-	100%
Mr. Tsang Siu For Thomas	100%	-	-	-	100%
Mr. Ng Weng Wei	100%	-	-	-	100%
Dr. Fu Xiao Bin	100%	-	-	-	100%
Key Executives Below S$250,000					
Mr. Cai Bing Huang	-	76%	6%	18%	100%
Mr. Chen Jia Ji	-	76%	6%	18%	100%
Mr. Kan Wei Shiu Patrick	-	91%	-	9%	100%

(1) These fees are subject to approval of the shareholders at the AGM for FY 2008.

The Company does not have any employees who are immediate family members of a Director, the CEO or substantial shareholder, whose remuneration have exceeded S$150,000 during the financial year ended 31 December 2008.

(C) ACCOUNTABILITY AND AUDIT

Accountability
Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Our Company announces its financial results on a quarterly basis and other information via SGXNET in accordance with the requirement of SGX-ST. The Company aims to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects.

Audit Committee
Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee ("AC") comprises non-executive directors, Mr. Tsang Siu For Thomas as the chairman, and Mr. Ng Weng Wei and Dr. Fu Xiao Bin as members, all of them whom, including the chairman, are independent. The AC will assist the Board of Directors in discharging their responsibility to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that management creates and maintains an effective control environment in the Company. The AC will provide a channel of communication between the Board of Directors, the management and the external auditors of the Company on matters relating to audit.

The Board has approved the written terms of reference of the AC. Specifically, the Audit Committee's duties include the following:

(a) to review the audit plans of the external auditors and our internal auditors, including the results of our external and internal auditors' review and evaluation of our system of internal controls;

(b) to review the annual consolidated financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with Singapore financial reporting standards, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Board of Directors for approval;

(c) to review the periodic consolidated financial statements comprising the income statement and the balance sheets and such other information required by the Listing Manual, before submission to our Board of Directors for approval;

(d) to review and discuss with external and internal auditors (if any), any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;

(e) to review the co-operation given by our Company's management and officers to the external auditors;

(f) to undertake such other reviews and projects as may be requested by our Board of Directors, and will report to our Board its findings from time to time on matters arising and requiring the attention of our AC;

(g) to review and evaluate our administrative, operating and internal accounting controls and procedures;

(h) to review the procedures by which employees of our Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions in relation thereto;

(i) to review and establish procedures for receipt, retention and treatment of complaints received by our Group regarding *inter alia*, criminal offences involving our Group or our employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on our Group;

(j) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(k) to review any potential conflicts of interests;

(l) to consider and recommend the appointment and re-appointment of the external auditors and internal auditors and matters relating to the resignation or dismissal of auditors;

(m) (on a half-yearly basis) to review all transactions (if any) between Xiamen Decheng Trading Co., Ltd and Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd ("Jinjiang Lianjie");

(n) to review all transactions (if any) between Xiamen Lianjiesheng Trading Co., Ltd and Jinjiang Lianjie;

(o) (on an annual basis) to review the terms of the consultancy agreement between Mr Cai Chang Jing and our Group;

(p) to review the appointments of and (on an annual basis) review the remuneration of persons occupying managerial positions who are related to a director, CEO or a substantial shareholder of our Company;

(q) to generally undertake such other functions and duties which may be required by statute or the rules of the SGX-ST Listing Manual, and by such amendments made thereto from time to time;

(r) to review all transactions (if any) between our Group and Mr Cai Chang Jing and/or his associate;

(s) (on a regular basis) to review the adequacy and quality of the Company's financial reporting function, internal controls and processes; the aforesaid review shall cover, *inter alia*, the adequacy of the Company's accounts and financial reporting resources and the performance of the Financial Controller and other senior management in the Finance Department and the results of such review shall be disclosed in the Company's annual report;

(t) to ensure that all internal control weaknesses are satisfactorily and properly rectified;

(u) to evaluate the independence of the external auditors;

(v) to review the adequacy of the internal audit function and ensuring that a clear reporting structure is in place between the AC and the internal auditors; and

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any executive director or executive management to attend its meetings.

Annually, the AC meets with the external auditors without the presence of management.

The AC has reviewed the Company's financial reporting function, internal controls and processes and is satisfied with the adequacy and quality of the same. The AC is satisfied with the adequacy of the company's accounts and financial reporting resources and the performance of the Financial Controller and other senior management in the Finance Department.

The AC has also reviewed the arrangements by which the employees of the Company may, in confidence, raise concerns about the possible improprieties in matters of financial reporting or other matters within the Group, with the objectives of ensuring that arrangements are put in place for independent investigation of such matters and for appropriate follow-up action as and when the need arise. As at the date of this Annual Report, the Company has put in place the Whistle-blowing Policy for this purpose.

During FY08, the amount of non-audit fees paid to Mazars LLP was RMB2,206,000 which relates to the audit fees paid for the initial public offering of our Company. The Audit Committee has reviewed the non-audit services provided by the auditors and is of the opinion that they would not affect the independence of the auditors.

The AC recommends to the Board the nomination of Mazars LLP as external auditors at the forthcoming AGM of the Company.

Internal Control

Principle 12: The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The AC will conduct a review of the effectiveness of the system of internal control and risk management.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Company has outsourced its internal audit functions to RSM Nelson Wheeler Consulting Ltd. ("RSM"). RSM reports directly to the AC. The AC will annually assess and ensure the adequacy of the internal audit function.

(D) COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

In line with continuous disclosure obligations of the Company, pursuant to the SGX-ST's Listing Rules and the Singapore Companies Act, the Board's policy is that shareholders are informed of all major developments that impact the Group.

Information is communicated to shareholders on a timely basis. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable. Communication is made through:

- annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments and other disclosures required by the Companies Act and the relevant accounting standards;
- quarterly financial statements containing a summary of the financial information and affairs of the Group for the period;
- notices of and explanatory memoranda for annual general meetings and extraordinary general meetings;
- press and analyst briefings for the Group's quarterly and annual results as well as other briefings, as appropriate;
- press releases on major developments of the Group;
- disclosures to the SGX-ST; and
- the Group's websites at http://www.china-taisan.com at which shareholders can access information on the Group. The website provides, inter alia, products information and profile of the Group.

Greater Shareholder Participation

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

In addition, shareholders are encouraged to attend the AGM to ensure a high level of accountability and to stay informed of the Group's strategy and goals. The Directors regard AGMs as an opportunity to communicated directly with shareholders and encourage greater shareholder participation.

The notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least 14 days before the meeting. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.

The Chairmen of the Audit, Remuneration and Nominating Committees are normally available at the meeting to answer those questions relating to the work of these committees. The Company's external auditors will also be present to assist the Directors in addressing queries by shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

(E) DEALING IN SECURITIES

The Company adopts the following policies in relation to dealings in its securities:

- Officers are not to deal in its securities during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of the year and one month before the announcement of the Company's financial statements for the full year, and ending on the date of the announcement of the relevant results; and

- In addition, the Company reminds its officers to observe the laws on insider trading at all times, even during the window periods for them to deal in its securities.

(F) MATERIAL CONTRACTS

Save for the service agreements between the executive directors and the Company, there were no material contracts of the Company or its subsidiary involving the interest of any director or controlling shareholders subsisting at the end of the financial year ended 31 December 2008.

The following are the particulars of material contracts entered into by the Company or its subsidiary since of the end of the previous financial year:

(a) The sales and purchase agreement dated 21 January 2008 entered into between our Company and Taiwan Youji where our Company acquired 100% of the equity interests of Xinlianjie (Quanzhou) Textile & Printing Dyeing Co., Ltd from Taiwan Youji;

(b) The sale and purchase agreements dated 2 July 2008 entered into between Lianjie and Yan Tu Co., Ltd relating to the sale and purchase of 7 sets of fabric face finishing and processing equipments by Jinjiang Lianjie total amounting to approximately US$9.5 million; and

(c) The sale and purchase agreement dated 5 July 2008 entered into between Jinjiang Lianjie and Lin Ying Industrial Co., Ltd relating to the sale and purchase of 50 multi-track electronic tubular knitting machines by Jinjiang Lianjie amounting to approximately US$19.0 million.

(G) INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders.

Save as the on-going interested person transactions disclosed below, there was no interested person transaction entered into during the financial year under review.

(i) Consultancy agreement with Mr. Cai Chang Jing

On 1 January 2008, we engaged Mr. Cai Chang Jing as a management consultant to our Group. Mr. Cai has extensive experience in the fabric manufacturing industry and we believe such an arrangement will be beneficial for our Group. Mr. Cai's contract in relation to his provision of consultancy services to our Group will be for a minimum of one year and will be renewable on a yearly basis.

Mr Cai's brother, our Non-executive Chairman, Mr. Choi Cheung Kong, will not participate in any decision making process in relation to Mr. Cai's services as a consultant to our Company. We expect to continue using Mr. Cai as a consultant. The terms of Mr Cai's consultancy will be reviewed annually by our AC.

(ii) Guarantees provided by Mr Cai Chang Jing and Jinjiang Suisheng Spinning Industrial Co., Ltd to secure the bank loan:

(a) Corporate guarantee provided by Jinjiang Suisheng Spinning Industrial Co., Ltd in favour of China Construction Bank, Jinjiang Sub-Branch to secure bank loans amounting to RMB32 million which are provided to Jinjiang Lianjie; and

(b) Personal guarantee provided by Mr. Cai Chang Jing in favour of China Construction Bank, Jinjiang Sub-Branch to secure bank loans amounting to RMB45 million which are provided to Jinjiang Lianjie.

Note - The RMB32 million bank loans secured by the corporate guarantee provided by Jinjiang Suisheng Spinning Industrial Co., Ltd are also secured by the personal guarantee provided by Mr Cai Chang Jing.

(H) RISK MANAGEMENT

The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all the significant control policies and procedures and highlight all significant findings to the Directors and the AC.

Financial Contents

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We are pleased to present this annual report to the members of the Company together with the audited financial statements of the company and consolidated financial statements of the Company and its subsidiary (the "Group") for the financial year ended 31 December 2008.

DIRECTORS

The directors in office at the date of this report are as follows:

Choi Cheung Kong	(Non-executive Chairman)	
Lin Wen Chang	(Chief Executive Officer and Executive Director)	(Appointed on 14/01/2008)
Lin Yung Hsiang	(Executive Director)	
Yang Shun Fu	(Executive Director)	(Appointed on 14/01/2008)
Tsang Siu For Thomas	(Independent Director)	(Appointed on 14/04/2008)
Ng Weng Wei	(Independent Director)	(Appointed on 14/04/2008)
Fu Xiao Bin	(Independent Director)	(Appointed on 14/04/2008)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50, the directors of the Company holding office at the end of the financial year (including those held by their spouses and infant children) had an interest in shares of the Company and in related corporations (other than wholly-owned subsidiary) as detailed below:

	Held in the name of the Directors or nominees		
Name of the company and director in which interests are held	**At beginning of the year or date of appointment, if later**	**At end of the year**	**At 21 days after end of the year**
The Company			
Ordinary share			
Choi Cheung Kong	1	518,659,200	518,659,200
Lin Wen Chang	20,000	101,476,800	101,476,800

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Mr. Choi Cheung Kong and Mr. Lin Wen Chang are deemed to have interests in the wholly-owned subsidiary of the Company at the beginning of the financial year or date of appointment, if later, and at the end of the financial year.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit which is required to be disclosed by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the accompanying financial statements. Certain directors received remuneration from a related corporation in their capacity as directors and/or executives of the related corporation.

DIRECTORS' INTERESTS (CONT'D)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or options of the Company or of related corporations either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

(a) No options were granted by the Company or any of its subsidiary during the financial year to subscribe for unissued shares of the Company or its subsidiary.

(b) No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary.

(c) There were no unissued shares of the Company or its subsidiary under option at the end of the financial year.

AUDIT COMMITTEE

The Audit Committee of the Company, consisting all Non-executive directors, is chaired by Mr. Tsang Siu For Thomas, an independent director, and includes Mr. Ng Weng Wei, an independent director and Dr. Fu Xiao Bin, an independent director. The Audit Committee has met four times following the initial public offering of the Company on the Singapore Exchange Securities Trading Limited on 6 June 2008 and has reviewed the following, where relevant, with the directors and independent auditors of the Company:

(a) the audit plans and results of the independent auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) the Group's financial and operating results and accounting policies;

(c) the financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and independent auditors' report on those financial statements;

(d) quarterly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(e) the co-operation and assistance given by the management to the Group's independent auditors; and

(f) the re-appointment of the independent auditors of the Group.

AUDIT COMMITTEE (CONT'D)

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, Mazars LLP, Public Accountants and Certified Public Accountants, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

AUDITORS

Mazars LLP (formerly known as Mazars Moores Rowland LLP), Public Accountants and Certified Public Accountants, have expressed their willingness to accept re-appointment. Mazars Moores Rowland LLP changed its name to Mazars LLP with effect from 3 January 2009.

On behalf of the Board of Directors

…………………………………..
Choi Cheung Kong
Director

………………………………….
Lin Wen Chang
Director

4 March 2009

STATEMENT BY THE DIRECTORS

In our opinion,

(a) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 43 to 87 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

……………………………….. ……………………………….

Choi Cheung Kong **Lin Wen Chang**
Director Director

4 March 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED

We have audited the accompanying financial statements of **CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED** (the "Company") and its subsidiary (the "Group") which comprise the balance sheets of the Company and the Group as at 31 December 2008, the consolidated income statement, consolidated statement of changes in equity and the consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 43 to 87.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:-

(a) the balance sheet and statement of changes in equity of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
PUBLIC ACCOUNTANTS AND
CERTIFIED PUBLIC ACCOUNTANTS

Chang Fook Kay
Parther-in-charge

Singapore: 4 March 2009

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group 2008 RMB'000	Group 2007 RMB'000
Revenue	3	1,180,143	810,868
Cost of sales		(803,497)	(557,196)
Gross profit		376,646	253,672
Other income	4	2,131	1,923
Distribution costs		(1,704)	(350)
Administrative expenses		(11,190)	(3,098)
Other operating expenses		(19,581)	(43)
Finance costs	5	(3,175)	(2,458)
Profit before income tax	6	343,127	249,646
Income tax expense	9	(91,162)	(66,953)
Profit after income tax and attributable to equity holders of the Company		251,965	182,693
Earnings per share for profit attributable to the equity holders of the Company (RMB cents)			
- Basic and diluted	10	30.28	25.92

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS AS AT 31 DECEMBER 2008

	Note	Group 2008 RMB'000	Group 2007 RMB'000	Company 2008 RMB'000	Company 2007 RMB'000
Assets					
Non-current assets					
Property, plant and equipment	11	206,418	143,880	-	-
Intangible assets	12	114	116	-	-
Investment in a subsidiary	13	-	-	80,998	-
		206,532	143,996	80,998	-
Current assets					
Intangible assets – current portion	12	2	2	-	-
Inventories	14	51,527	42,483	-	-
Trade and other receivables	15	401,612	250,324	112,247	1,637
Amounts owing by subsidiary	16	-	-	177,512	-
Cash and cash equivalents	17	364,111	89,399	46,934	101
		817,252	382,208	336,693	1,738
Total assets		1,023,784	526,204	417,691	1,738
Equity and liabilities					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	337,799	80,998	337,799	-*
Merger reserve	19	11,491	11,491	-	-
Statutory reserves	20	74,655	44,207	-	-
Accumulated profits	21	339,871	118,354	79,148	-
Total equity		763,816	255,050	416,947	-*
Non-current liability					
Amount owing to a related party	22	-	50,382	-	-
		-	50,382	-	-
Current liabilities					
Trade and other payables	23	139,124	153,951	744	-
Amounts owing to a related party	22	50,382	1,738	-	1,738
Interest-bearing liabilities	24	45,000	37,500	-	-
Provision for taxation		25,462	27,583	-	-
		259,968	220,772	744	1,738
Total liabilities		259,968	271,154	744	1,738
Total equity and liabilities		1,023,784	526,204	417,691	1,738

* The amount is less than RMB1,000.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

Group	Note	Share Capital RMB'000	Merger Reserve RMB'000	Statutory Reserves RMB'000	Accumulated Profits RMB'000	Total Equity RMB'000
At date of incorporation		-*	-	-	-	-*
Profit for the year		-	-	-	182,693	182,693
Total recognised income and expenses		-	-	-	182,693	182,693
Due to restructuring exercise	18,19,21	80,998	11,491	17,054	12,814	122,357
Dividends	27	-	-	-	(50,000)	(50,000)
Transfer from accumulated profits to statutory reserves	20	-	-	27,153	(27,153)	-
At 31 December 2007		80,998	11,491	44,207	118,354	255,050
At 1 January 2008		80,998	11,491	44,207	118,354	255,050
Profit for the year		-	-	-	251,965	251,965
Total recognised income and expenses		-	-	-	251,965	251,965
Allotment of shares pursuant to initial public offering, net of expenses	18(d)	256,801	-	-	-	256,801
Transfer from accumulated profits to statutory reserves	20	-	-	30,448	(30,448)	-
At 31 December 2008		337,799	11,491	74,655	339,871	763,816

* Amount less than RMB 1,000.

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY
FOR THE YEAR ENDED 31 DECEMBER 2008

Company	Note	Share Capital RMB'000	Accumulated Profits RMB'000	Total Equity RMB'000
At date of incorporation and at 31 December 2007		- *	-	- *
At 1 January 2008		- *	-	- *
Profit for the year		-	79,148	79,148
Total recognised income and expenses		-	79,148	79,148
Due to restructuring exercise	18(c)	80,998	-	80,998
Allotment of shares pursuant to initial public offering, net of expenses	18(d)	256,801	-	256,801
At 31 December 2008		337,799	79,148	416,947

* Amount less than RMB 1,000.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

Group	Note	2008 RMB'000	2007 RMB'000
Operating activities			
Profit before income tax		343,127	249,646
Adjustments for:			
Depreciation of property, plant and equipment		20,756	10,965
Amortisation of land use rights		2	2
Property, plant and equipment written off		145	42
Loss from disposal of property, plant and equipment		775	-
Interest expense		3,175	2,458
Interest income		(2,080)	(182)
Operating profit before working capital changes		365,900	262,931
Changes in working capital:			
Inventories		(9,044)	(28,666)
Trade and other receivables		(44,041)	(157,456)
Trade and other payables		(14,827)	77,601
Amount owing to a related party – trade		-	(2,978)
Amount owing to related parties – non-trade		(1,738)	(5,995)
Cash generated from operations		296,250	145,437
Interest received		2,080	182
Income taxes paid		(93,283)	(42,500)
Cash flows generated from operating activities		205,047	103,119
Investing activities			
Purchases of property, plant and equipment		(79,915)	(16)
Proceeds from disposal of property, plant and equipment		701	-
Deposits paid for purchase of plant and equipment	15	(112,247)	-
Cash flows used in investing activities		(191,461)	(16)
Financing activities			
Dividends paid	27	-	(50,000)
Repayment of bank loans		(37,500)	(7,200)
Proceeds from bank loans		45,000	14,700
Interest paid		(3,175)	(2,458)
Net proceeds from issue of shares	18(d)	256,801	-
Cash flows generated from/ (used in) financing activities		261,126	(44,958)
Net increase in cash and cash equivalents		274,712	58,145
Cash and cash equivalents at the beginning of the year		89,399	31,254
Cash and cash equivalents at the end of the year	17	364,111	89,399

During the financial year ended 31 December 2008, the Group acquired property, plant and equipment with an aggregate cost of approximately RMB 84,915,000 of which plant and machinery was acquired by utilising deposits of RMB 5,000,000 paid in previous year. Cash payments of approximately RMB 79,915,000 were made to purchase property, plant and equipment.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. DOMICILE AND ACTIVITIES

China Taisan Technology Group Holdings Pte. Ltd., was incorporated in the Republic of Singapore on 2 July 2007. On 16 April 2008, the Company was converted into a public limited company and changed its name to China Taisan Technology Group Holdings Limited (the "Company") from that date.

The Company's registered office is at 80 Robinson Road #17-02, Singapore 068898. The principal activity of the Company is that of investment holding. The principal activity of its subsidiary, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co., Ltd (晋江连捷纺织印染实业有限公司), is set out in Note 13 to the consolidated financial statements. The principal place of business of the subsidiary is at Zhendong Development Area, Dongcheng, Dongshi Town, Jinjiang City, Fujian Province, People's Republic of China ("PRC") (福建省晋江市东石镇东埕振东开发区).

The consolidated financial statements relate to the Company and its subsidiary (herein referred to as the "Group").

Group Restructuring ("Group Restructuring")

Pursuant to a restructuring exercise to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Singapore Exchange Securities Trading Limited, the following took place:

(i) The Company issued 99,998 shares for US$11.0 million (Chinese Renminbi ("RMB") 80,268,100) to acquire the entire equity interest in Jinjiang Linjie Textile & Printing Dyeing Industrial Co., Ltd (晋江连捷纺织印染实业有限公司), which became a wholly-owned subsidiary of the Group.

(ii) The paid-up share capital of the Company was increased by the issue of 1 ordinary share for US$100,000 (RMB 729,710) to Mr. Choi Cheung Kong, an Non-executive chairmen, fully paid in cash.

(iii) Following the above, the ordinary shares of the Company were increased to 704,700,000 ordinary shares through the sub-division of every one ordinary share in the Company into 7,047 ordinary shares.

(iv) The ordinary shares of the Company were further increased to 927,900,000 by the issue of 223,200,000 new ordinary shares at S$0.24 each at its initial public offering ("IPO") and the shares were listed on the Singapore Exchange Securities Trading Limited on 6 June 2008.

Further details of the Group Restructuring can be found in the Prospectus of the Company dated 28 May 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Basis of presentation

The Group undertook a Group Restructuring as disclosed in Note 1 to the consolidated financial statements. The Group Restructuring involved companies which are under common control since all entities which took part in the Group Restructuring were controlled by the same ultimate shareholders before and immediately after the Group Restructuring. Consequently, immediately after the Group Restructuring, there was a continuation of the risks and benefits to the ultimate shareholders that existed prior to the Group Restructuring. Accordingly, the formation of the Group pursuant to the Group Restructuring is regarded as a business combination involving entities under common control. The pooling-of-interest method has therefore been adopted, under which the Company has been treated as the holding company of its subsidiary for all periods presented in the consolidated financial statements for the years ended 31 December 2007 and 2008. The effective date of the pooling-of-interest for accounting purposes predates 1 January 2007, the beginning of the financial year for which the comparatives figures are presented, as the same members of the Group exists prior to 1 January 2007. Under pooling-of-interest, the assets, liabilities, revenue, expenses and cash flows of all the entities within the Group are combined after making such adjustments as are necessary to achieve consistency of accounting policies. The comparative figures for the preceding financial years have been presented on similar basis. This manner of presentation reflects the economic substance of the combining entities, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established until after the balance sheet date.

Change in functional currency of the Company

The Company has changed its functional currency from Singapore dollar to Chinese Renminbi for the financial year beginning 1 January 2008. Previously, the Company adopted the Singapore dollar as its functional currency for the period from 2 July 2007 (date of incorporation) to 31 December 2007. As the economic activities of the Company's subsidiary are conducted in the PRC deriving income and incurring expenses in RMB, the directors are of the view that the functional currency of the Company should reflect the economic substance of the underlying events and circumstances relevant to the Company. Accordingly, the directors are of the view that the adoption of the RMB as its functional currency is relevant to its principal activity as an investment holding company. There is no significant impact on the Group arising from the change in functional currency of the Company.

The consolidated financial statements presented in RMB, have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and under the historical cost convention, except as disclosed in the significant accounting policies set out below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Acquisition of Xinlianjie (Quanzhou) Textile & Printing Dyeing Co., Ltd ("Xinlianjie")

On 21 January 2008, the Company entered into a sale and purchase agreement with Taiwan Taoyuan Youji Co., Ltd ("Taiwan Youji"), which is acting as nominee for Mr Choi Cheung Kong, a Non-executive Chairman, whereby the Company will acquire from Taiwan Youji, the entire equity interest of Xinlianjie for a consideration of RMB 1.00. The approval of the Bureau of Commerce of Jinjiang City is required for such acquisition. As the date of this report, the approval from the relevant authorities is still in progress. Xinlianjie has been dormant since incorporation. For the purpose of the Group Restructuring and the consolidated financial statements, Xinlianjie has not been included as part of the Group for the periods presented in the consolidated financial statements for the financial year ended 31 December 2008 and 2007.

Basis of accounting

On 1 January 2008, the Group adopted new or revised FRSs and Interpretations to FRSs ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the INT FRSs that are mandatory for application:

INT FRS 104 (Amendment)	*Determining whether an Arrangement contains a Lease*
INT FRS 112	*Service Concession Arrangements*
INT FRS 114	*FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of the above INT FRSs did not have a significant impact to the Group's consolidated financial statements.

The preparation of consolidated financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these consolidated financial statements, the following summarises estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and significant judgements made in the process of applying the Group's accounting policies:-

(i) Impairment of receivables

The Group makes allowance for impairment based on an assessment of the recoverability of trade and other receivables. Allowance is applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and the allowance for impairment in the financial year in which such estimate has been changed. The carrying amount of the Group's trade and other receivables as at 31 December 2008 was approximately RMB 401.6 million (2007: RMB 250.3 million).

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their economic useful lives estimated to be within 5-20 years, net of residual value. The carrying amount of the Group's property, plant and equipment as at 31 December 2008 was approximately RMB 206.4 million (2007: RMB 143.9 million). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation could be revised.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the balance sheet date. The carrying amount of the Group's inventories as at 31 December 2008 was approximately RMB 51.5 million (2007: RMB 42.5 million).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of accounting (Cont'd)

Critical accounting estimates, assumptions and judgements (Cont'd)

(iv) Income taxes

The Group is subject to income taxes in different jurisdictions. Significant judgment is required in determining the capital allowance and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimation of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the year in which such determination is made. The carrying amount of the Group's provision for taxation as of 31 December 2008 was approximately RMB 25.5 million (2007: RMB 27.6 million).

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's financial statements, investment in subsidiary is carried at cost less any impairment loss.

2.3 Functional and presentation currency

The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the Company and the subsidiary is the RMB and the consolidated financial statements are presented in RMB. All financial information presented in RMB has been rounded to the nearest thousand ("RMB'000") unless otherwise stated.

2.4 Foreign currencies transactions

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at foreign exchange rates ruling at that date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Foreign currencies transactions (Cont'd)

Foreign exchange differences arising from translation are recognised in the income statement. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to RMB at foreign exchange rates ruling at the dates the fair value was determined.

2.5 Foreign operations

The assets and liabilities of foreign operations are translated to RMB at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to RMB at exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserves. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserves is transferred to the income statement.

2.6 Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in foreign operations are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the financial statements. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the income statement arising on disposal.

2.7 Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises or collected by the customers at the Group's premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership.

(ii) Rendering of services

Revenue is recognised when services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual services provided as a proportion of the total services to be performed.

(iii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Revenue recognition (Cont'd)

(iv) Government grant

Government grants are not recognised until there is reasonable assurance that the grants will be received and that the Group will comply with conditions applying to them. Grants are recognised in the income statement on a systematic basis matching them with the related costs for which the grants are intended to compensate.

(v) Dividend income

Dividend income is recognised when the right to receive payments is established.

2.8 Operating leases

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

2.9 Employee benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed. Companies incorporated in the PRC are required to provide certain staff pension benefits for their employees under existing PRC legislation. Pension contributions are provided at rates stipulated by the PRC legislation and are contributed to a pension fund managed by government agencies, which are responsible for paying pensions to the retired employees. These benefits are accounted for on an accrual basis and charged to the income statement when incurred.

These national pension schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.10 Research and development costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the products or processes are technically and commercially feasible, future economic benefit are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of material, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Research and development costs (Cont'd)

Other development expenditure is recognised in the income statement as an expense when it is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement using the straight – line method over estimated useful lives of 5 to 7 years.

2.11 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event where it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

2.12 Impairment

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

Impairment - non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in the income statement unless they reverse a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Impairment (Cont'd)

Calculations of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generated largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or amortisation, if no impairment loss had been recognised.

2.13 Finance costs

Interest expense and similar charges are expensed to the income statement in the period in which they are incurred.

The interest component of interest-bearing liabilities is recognised in the income statements using the effective interest method.

2.14 Income tax

Income tax on the results for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2.15 Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets or liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is, however, not recognised on temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investment in subsidiary to the extent that the group is able to Control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Property, plant and equipment

(a) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the present location and condition for its intended use.

(b) Depreciation

Depreciation is provided on the straight-line basis so as to write off the cost of property, plant and equipment over their estimated useful lives net of estimated residual value on the cost of the asset as follows:

Leasehold buildings	20 years
Plant and machinery	5 - 10 years
Office equipment	5 years
Motor vehicles	10 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

(c) Cost

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Fully depreciated assets are retained in the consolidated financial statements until they are no longer in use. The gain or loss on disposal or retirement of an item of property, plant and equipment recognised in the income statement is the difference between the net sale proceeds and the carrying amount of the relevant asset.

2.17 Intangible assets

Land use rights

The cost of acquisition of land use rights is capitalised and amortised on a straight-line basis over the lease terms of the land of 50 years. The portion of the land use rights to be amortised over the next 12 months is reflected as current assets. The amortisation expense is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on the weighted average formula and comprises all cost of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in the income statement in the period in which the reversal occurs.

2.19 Trade and other receivables

Trade and other receivables are classified as loans and receivables financial assets, and are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

2.20 Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables financial assets, and comprise cash on hand and bank balances with financial institutions. Cash and cash equivalent are short-term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value and have a short-maturity of generally within three months when acquired.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.22 Merger reserve

In applying the pooling-of-interest method, the financial statements of the entities under common control are consolidated as if the current structure of the Group has been in existence since date of incorporation of the Company. The income statement and statement of cash flows include the results of operations and cash flows of the entities under common control. The assets and liabilities are brought into the balance sheets at their existing carrying amounts. Any difference between the paid-up capital of the Company and the amount of share capital acquired is adjusted against equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Statutory reserves

The statutory reserves of the Group comprise the following:

(a) Statutory common reserve

In accordance with relevant PRC regulations, the subsidiary is required to transfer a portion of its net profit to the statutory common reserve until the reserve reaches 50% of its registered capital. The transfer to this reserve must be made before the payment of dividends to shareholders.

The statutory common reserve can only be used to set off against losses or to increase the capital of the subsidiary. The subsidiary may convert its statutory common reserve into share capital provided that the remaining balance of such reserve is not less than 25% of the registered capital of the subsidiary.

(b) Statutory welfare reserve

In accordance with relevant PRC regulations, the subsidiary is encouraged to transfer a portion of its net profit to the statutory welfare reserve.

2.24 Liabilities and interest-bearing liabilities

Trade and other payables are classified as financial liabilities measured at amortised cost, and are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Interest-bearing liabilities are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on effective interest basis.

2.25 Financial instruments

Financial assets

Financial assets within the scope of FRS 39 Financial Instruments: Recognition and Measurement ("FRS 39") are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each year-end. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Financial instruments (Cont'd)

Financial assets (Cont'd)

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities

Financial liabilities within the scope of FRS 39 are classified as either financial liabilities measured at amortised cost such as interest-bearing liabilities and trade and other payables, or financial liabilities designated at fair value through profit or loss.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instruments or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

2.26 Segment information

Business segments

Reporting format

The Group's primary format for reporting segment information is business segments, with each segment representing a product line. A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The Group is organised into two business segments, namely:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Segment information (Cont'd)

(a) Manufacturing and sale of fabrics

Manufacture of normal and performance fabrics, which involves the process of knitting, dyeing and finishing of fabrics.

(b) Fabric processing services

Provision of fabrics processing services such as dyeing and finishing, in accordance with the customers' requirements.

2.27 Related parties

A party is related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; or has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;

(b) the party is an associate of the Group;

(c) the party is a joint venture in which the Group is a venturer;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Amounts owing by/(to) related parties are classified as loans and receivables, and financial liabilities respectively at amortised cost.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Future changes in FRS

At the date of authorisation of these consolidated financial statements, the following FRSs and INT FRSs that are relevant to the Group were issued but not effective are as follows:

FRS No.	Title	Effective date for period beginning on or after
FRS 1 (Amendment)	Presentation of Financial Statements	1.1.2009
FRS 1	Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements-Puttable Financial Instruments and Obligations Arising on Liquidation	1.1.2009
FRS 23 (Amendment)	Borrowing Costs	1.1.2009
FRS 27	Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1.1.2009
FRS 32	Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	1.1.2009
FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures-Reclassification of Financial Assets	1.7.2008
FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1.7.2009
FRS 101	Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1.1.2009
FRS 102	Amendments relating to vesting conditions and cancellations	1.1.2009
FRS 107	Amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures-Reclassification of Financial Assets	1.7.2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Future changes in FRS (Cont'd)

FRS No.	Title	Effective date for period beginning on or after
FRS 108	Operating Segments	1.1.2009
INT FRS 101	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1.1.2009
INT FRS 112 (Amendment)	Service Concession Arrangements	1.1.2009
INT FRS 113	Customer Loyalty Programmes	1.7.2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation	1.10.2008
INT FRS 117	Distributions of Non-cash Assets to Owners	1.7.2009
General amendments		
Improvements to FRSs		
FRS 1	Presentation of Financial Statements	1.1.2009
FRS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1.1.2009
FRS 10	Events after the Reporting Period	1.1.2009
FRS 16	Property, Plant and Equipment	1.1.2009
FRS 18	Revenue	1.1.2009
FRS 19	Employee Benefits	1.1.2009
FRS 20	Accounting for Government Grants and Disclosure of Government Assistance	1.1.2009
FRS 23	Borrowing Costs	1.1.2009
FRS 27	Consolidated and Separate Financial Statements	1.1.2009
FRS 28	Investments in Associates and FRS 31 Interests in Joint Ventures	1.1.2009
FRS 29	Financial Reporting in Hyperinflationary Economies	1.1.2009
FRS 31	Interests in Joint Ventures	1.1.2009
FRS 34	Interim Financial Reporting	1.1.2009
FRS 36	Impairment of Assets	1.1.2009
FRS 38	Intangible Assets	1.1.2009
FRS 39	Financial Instruments: Recognition and Measurement	1.1.2009
FRS 40	Investment Property	1.1.2009
FRS 41	Agriculture	1.1.2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations	1.7.2009
FRS 107	Financial Instruments: Disclosures	1.7.2009

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the consolidated financial statements of the Group.

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3. REVENUE

	Group 2008 RMB'000	Group 2007 RMB'000
Manufacturing and sale of performance fabrics	1,135,454	756,545
Manufacturing and sale of normal fabrics	1,729	2,180
Fabric processing services	42,960	52,143
	1,180,143	810,868

4. OTHER INCOME

	Group 2008 RMB'000	Group 2007 RMB'000
Interest income from financial assets at amortised cost	2,080	182
Government grants	51	69
Allowance for slow moving inventories written back	-	1,672
	2,131	1,923

Government grants relate to monetary incentives received from governmental agencies in the PRC as incentives for pollution prevention and control measures.

5. FINANCE COSTS

	Group 2008 RMB'000	Group 2007 RMB'000
Interest expense on bank loans at amortised cost	3,175	2,458

The effective interest rate of the bank loans was 7.36% (2007: 6.98 %) per annum.

6. PROFIT BEFORE INCOME TAX

The following items have been charged/(credited) in arriving at profit before income tax:

	Note	Group 2008 RMB'000	Group 2007 RMB'000
Allowance for slow moving inventories written back		-	(1,672)
Amortisation of land use rights	12	2	2
Cost of inventories recognised as expenses		745,013	500,923
Depreciation of property, plant and equipment	11	20,756	10,965
Directors' fee – directors of the Company		320	-
Directors' remuneration	8	1,735	283
Exchange loss (net)		9,911	-
Government grants	4	(51)	(69)
Loss from disposal of property, plant and equipment		775	-
Property, plant and equipment written off	11	145	42
Rental of plant and machinery, office equipment and motor vehicles from Non-executive Chairman	25(a)	-	4,800
Staff costs	7	21,917	21,069
Non-audit fee paid to independent auditors of the Company *		2,206	-
Listing expenses recognised in consolidated income statement		8,750	-

* The independent auditors received non-audit fees of approximately RMB 2,206,000 for acting as the reporting accountants in respect of the preparation of the initial public offering of the Company's shares on the Singapore Exchange Securities Trading Limited during the year ended 31 December 2008. The amount of RMB 531,000 was recognised against the share capital account. The remaining balance of RMB 1,675,000 was charged to income statement as it is related to common cost allocated to the pre-invitation shares in issue.

7. STAFF COSTS

	Note	Group 2008 RMB'000	Group 2007 RMB'000
Salaries and bonus (excluding directors' remuneration)		15,302	13,859
Staff welfare		6,049	7,103
		21,351	20,962
Staff costs – key management personnel	8	566	107
		21,917	21,069

Salaries and bonus include payment to defined contribution plan (national pension schemes) amounting to approximately RMB 1,488,000 (2007: RMB 1,206,000).

8. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel consist of the directors of the Company and its subsidiary, financial controller and sales & marketing manager of the subsidiary, and their remuneration are disclosed as follows:

	Group	
	2008	2007
	RMB'000	RMB'000
Directors' remuneration		
Directors' of the Company		
- Salaries and bonuses	1,581	171
	1,581	171
Directors' of the subsidiary		
- Salaries and bonuses	152	110
- Defined contribution plan	2	2
	154	112
Directors' remuneration	1,735	283
Other key management personnel compensation		
Other key management personnel		
- Salaries and bonuses	528	104
- Defined contribution plan	38	3
	566	107
	2,301	390

9. INCOME TAX EXPENSE

	Group	
	2008	2007
	RMB'000	RMB'000
Current tax expense		
Current year	91,162	66,953
Total income tax expense	91,162	66,953

9. INCOME TAX EXPENSE (CONT'D)

The tax expense on the results for the financial years differs from the amount of income tax determined by applying statutory income tax rates of the respective countries to profit before income tax as a result of the following:

	Group	
	2008	2007
	RMB'000	RMB'000
Profit before income tax	343,128	249,646
Tax using the PRC tax rate of 25% (2007: 27%)	85,782	67,404
Tax effect of:		
-Non-taxable items	-	(451)
-Non-deductible item	3,920	-
Effect of different tax rate in other country *	1,460	-
Income tax expense	91,162	66,953

* The Company operates in a tax jurisdiction with lower tax rates.

In 2007, in accordance with PRC tax laws and regulations, the subsidiary, which is a Wholly Foreign-Owned Enterprise ("WFOE"), was subject to PRC's statutory tax rate for Zhendong Development Area's (振东开发区) statutory tax rate of 24% ("国家税法") and 3% local tax rate ("地方税法").

Pursuant to the PRC Enterprise Income Tax Law (中华人民共和国企业所得税法) which was promulgated on 16 March 2007 and went into effect on 1 January 2008, the income tax law of the PRC on foreign-invested enterprises and foreign enterprises was abolished and the income tax for both domestic and foreign-invested enterprise will be unified at 25% effective from 1 January 2008. However, there will be a transition period for enterprises that currently receive preferential tax treatments granted by the tax authorities. Enterprises that are subject to an enterprise income tax rate lower than 25% may continue to enjoy the lower rate and gradually transfer to the new tax rate within five years after the effective date of the new enterprise income tax law. Enterprises that are currently entitled to exemptions or reductions from the standard income tax rate for a fixed term may continue to enjoy such treatment until the fixed term expires.

Pursuant to the PRC Enterprise Income Tax Law (中华人民共和国企业所得税法) which was promulgated on 22 February 2008, dividends distributed by PRC entities for profits generated before 1 January 2008 are exempt from withholding tax. Dividend paid in respect of profits generated on or after 1 January 2008 will be subject to a withholding tax of 5%.

At the balance sheet date, the aggregate amount of temporary differences associated with the undistributed earnings of the subsidiary for which deferred tax liabilities have not been recognised is approximately RMB 260.7 million (2007: RMB 118.4 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

10. EARNINGS PER SHARE

	Group 2008 RMB'000	Group 2007 RMB'000
Basic earnings per share is based on:		
(i) Net profit attributable to equity holder of the Company	251,965	182,693

	Group 2008 No. of shares '000	Group 2007 No. of shares '000
(ii) Weighted average number of ordinary shares	832,156	704,700

No diluted earnings per share are presented as there is no dilutive instrument issued as at the end of the financial years ended 31 December 2008 and 2007.

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Basic earnings per share for the year ended 31 December 2007 was prepared based on the net profit attributable to equity holders of the Company of RMB 182,693,000 and pre-invitation issued share capital of 704,700,000 ordinary shares for illustrative purposes. The pre-invitation of share capital of 704,700,000 shares were assumed to be in issue throughout the entire period presented.

11. PROPERTY, PLANT AND EQUIPMENT

Group 2008	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2008	23,563	177,327	1,001	1,425	203,316
Additions	632	82,512	-	1,771	84,915
Written off	-	-	-	(230)	(230)
Disposal	-	(7,587)	-	-	(7,587)
At 31 December 2008	24,195	252,252	1,001	2,966	280,414
Accumulated Depreciation					
At 1 January 2008	11,778	47,556	64	38	59,436
Depreciation for the year	1,120	19,090	189	357	20,756
Written off	-	-	-	(85)	(85)
Disposal	-	(6,111)	-	-	(6,111)
At 31 December 2008	12,898	60,535	253	310	73,996
Net Carrying Value					
At 31 December 2008	11,297	191,717	748	2,656	206,418

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2007 Cost	Leasehold buildings RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2007	23,563	54,653	-	-	78,216
Additions	-	122,716	1,001	1,425	125,142
Written off	-	(42)	-	-	(42)
At 31 December 2007	23,563	177,327	1,001	1,425	203,316
Accumulated Depreciation					
At 1 January 2007	10,659	37,812	-	-	48,471
Depreciation for the year	1,119	9,744	64	38	10,965
At 31 December 2007	11,778	47,556	64	38	59,436
Net Carrying Value					
At 31 December 2007	11,785	129,771	937	1,387	143,880

All items of property, plant and equipment held by the Group are located at Zhendong Development Area, Dongcheng, Dongshi Town, Jinjiang City, Fujian Province, PRC (福建省晋江东石镇东埕振东开发区).

The Group has pledged property, plant and equipment having net carrying value of approximately RMB 6,075,000 (2007: RMB 6,723,000) to secure borrowings granted to the Group (Note 24).

The Group is in the process of applying for the property ownership certificate in respect of certain leasehold buildings of the subsidiary from the relevant PRC authorities with an aggregated carrying amount of approximately RMB 4,262,000 (2007: RMB 4,702,000).

As at 31 December 2008, the estimated costs of applying for the property ownership certificate and land use rights (Refer to Note 15 to the financial statements) from the PRC authorities are RMB 5,000 and RMB 4.2 million respectively.

12. INTANGIBLE ASSETS

Land use rights	Group 2008 RMB'000	Group 2007 RMB'000	Company 2008 RMB'000	Company 2007 RMB'000
At beginning of the year	118	120	-	-
Amortisation	(2)	(2)	-	-
At end of the year	116	118	-	-
Amortisation due within:				
Next 12 months – current portion	2	2	-	-
More than 12 months – non-current portion	114	116	-	-
	116	118	-	-

The land use rights represent medium-term land use rights situated in the PRC. The Group has pledged its land use rights to secure borrowings granted to the Group (Note 24). Amortisation is provided to write off the land use rights over a period of 50 years.

13. INVESTMENT IN A SUBSIDIARY

	Company 2008 RMB'000	Company 2007 RMB'000
Unquoted shares, at cost	80,998	-

The following information relates to the subsidiary:

Name of Company	Principal activities	Place of business/ Country of Incorporation	Percentage of equity held 2008 %	Percentage of equity held 2007 %	Cost of investment 2008 RMB'000	Cost of investment 2007 RMB'000
Jinjang Lianjie Textile & Printing Dyeing Industrial Co., Ltd * (晋江连捷纺织印染实业有限公司)	Manufacture of knitted textile, printing and dyeing of fabrics and engaged in the knitting and weaving of high quality fabrics	PRC	100%	- **	80,998	-

* Audited by Mazars LLP, Singapore for inclusion in the consolidated financial statements of the Group.

** For the period ended 31 December 2007, the comparative figures as at that date were based on the statutory financial statements of the Company which were completed prior to the acquisition of the subsidiary as part of the Restructuring Exercise (Refer to Note 1 to the financial statements).

14. INVENTORIES

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Finished goods	20,645	17,044	-	-
Raw materials	29,143	23,034	-	-
Work-in-progress	1,739	2,405	-	-
	51,527	42,483	-	-

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables – third parties	271,029	243,563	-	-
Other receivables	18,336	1,761	-	1,637
Deposits	112,247	5,000	112,247	-
	401,612	250,324	112,247	1,637

Trade and other receivables that are denominated in foreign currencies at the balance sheet date are as follows:

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	-	1,637	-	1,637
US dollar	112,247	-	112,247	-

Trade receivables are non-interest bearing and are generally up to 90 days' credit term. All trade receivables are denominated in RMB.

Other receivable consists of a payment to obtain land use rights for land occupied by the subsidiary amounting to approximately RMB 124,000 (2007: RMB 124,000), and professional fees paid in advance amounting to approximately RMB Nil (2007: RMB 1,637,000) in relation to the Company's listing exercise. The Group is in the process of obtaining the land use rights from the relevant PRC authorities.

Deposits relate to amounts placed by the Group to acquire new plant and machinery amounting to approximately RMB 112,247,000 (2007: RMB 5,000,000) (Note 26).

15. TRADE AND OTHER RECEIVABLES (CONT'D)

Impairment losses

The ageing of trade receivables at the balance sheet date was:

Group	Gross 2008 RMB'000	Impairment 2008 RMB'000	Gross 2007 RMB'000	Impairment 2007 RMB'000
Not past due	271,029	-	238,378	-
Past due 0 – 90 days	-	-	2,192	-
More than 90 days	-	-	2,993	-
	271,029	-	243,563	-

Based on historical default experience, the Group believes that no impairment allowance is necessary in respect of the trade receivables that are past due to the good track records of its customers.

16. AMOUNTS OWING BY SUBSIDIARY

	Group		Company	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Advance payment	-	-	77,512	-
Dividend receivable	-	-	100,000	-
	-	-	177,512	-

The amount owing by subsidiary is denominated in RMB and is unsecured, interest-free and repayable on demand.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Cash on hand	114	20	- *	- *
Cash with banks	363,997	89,379	46,934	101
Cash and cash equivalents as per consolidated statement of cash flows	364,111	89,399	46,934	101

* The amount is less than RMB1,000.

Bank balances bear effective interest rate of 0.71% (2007: 0.72%) per annum.

17. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and bank balances that are denominated in foreign currencies at the balance sheet date are as follows:

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	46,934	101	46,934	101

The RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

18. SHARE CAPITAL

	Group and Company			
	2008		2007	
	No. of shares	RMB'000	No. of shares	RMB'000
Issued and fully paid up:				
At 1 January 2008 / at 2 July 2007 (date of incorporation)	1	-*	1	-*
Effect of Group Restructuring				
- Issue of shares to acquire a subsidiary under common control (a)	99,998	80,268	-	-
- Issue of share to Non-executive Chairman (b)	1	730	-	-
After Group Restructuring	100,000	80,998	1	-*
Sub-division on 14 April 2008 (of every one ordinary share into 7,047 ordinary shares) (c)	704,700,000	80,998	-	-
Issue of new shares on initial public offering, net of expenses (d)	223,200,000	256,801	-	-
At 31 December	927,900,000	337,799	1	-*

* Amount less than RMB 1,000.

(a) On 14 January 2008, the Company issued 99,998 shares for US$11.0 million (RMB 80,268,100) to acquire the entire equity interest in Jinjiang Lianjie Textile & Printing Industrial Co., Ltd (晋江连捷纺织印染实业有限公司), which became a wholly-owned subsidiary of the Company.

(b) On 14 January 2008, the Company issued 1 ordinary share for US$100,000 (RMB 729,710) to Mr. Choi Cheung Kong, an Non-executive Chairman, fully paid in cash.

18. SHARE CAPITAL (CONT'D)

(c) Following the above, the ordinary shares of the Company were increased to 704,700,000 ordinary shares through the sub-division of every one ordinary share in the Company into 7,047 ordinary shares.

(d) The ordinary shares of the Company were further increased to 927,900,000 by the issue of 223,200,000 new ordinary shares at S$0.24 each at its initial public offering ("IPO") and the shares were listed on the Singapore Exchange Securities Trading Limited on 6 June 2008. The share issue expenses recognised in equity were approximately RMB 13,471,000 (2007: Nil). Further details of the Group Restructuring can be found in the Prospectus of the Company dated 28 May 2008.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. MERGER RESERVE

The merger reserve represents the difference between the paid-up share capital of the Company and the share capital of the subsidiary acquired under the pooling-of-interests method of accounting, and is reflected in equity retrospectively in the consolidated financial statements of the Group.

20. STATUTORY RESERVES

The statutory reserves represent amounts transferred from profit after tax of the subsidiary established in the PRC under the PRC laws and regulations.

21. ACCUMULATED PROFITS

		Group		Company	
	Note	2008	2007	2008	2007
		RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year		118,354	-	-	-
Profit for the year		251,965	182,693	79,148	-
Due to restructuring exercise	(a)	-	12,814	-	-
Dividends	27	-	(50,000)	-	-
Transfer from accumulated profits to statutory reserves	20	(30,448)	(27,153)	-	-
At year of the year		339,871	118,354	79,148	-

Note (a) Due to restructuring exercise arising from the acquisition of the subsidiary under common control, refer to Note 1 to the financial statements for details of the Group Restructuring.

22. AMOUNTS OWING TO A RELATED PARTY

	Note	Group		Company	
		2008	2007	2008	2007
		RMB'000	RMB'000	RMB'000	RMB'000
Due within 12 months					
Amounts owing to:					
- A shareholder – non-trade	(a)	50,382	1,738	-	1,738
Due after 12 months					
Amounts owing to:					
- A shareholder – non-trade	(b)	-	50,382	-	-

(a) This relates to non-trade amounts owing to the Non-executive Chairman which is unsecured, interest-free and is repayable on demand within 12 months from the balance sheet date.

(b) This relates to non-trade amounts owing to the Non-executive Chairman. The non-current portion owing to this shareholder is unsecured, interest-free and has no fixed terms of repayment.

Amounts owing to a related party that are denominated in foreign currencies at the balance sheet date are as follows:

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	-	1,738	-	1,738

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	129,025	126,741	-	-
Accrued operating expenses	3,986	5,348	744	-
Value-added tax payable	6,113	21,862	-	-
	139,124	153,951	744	-

Trade payables are non-interest bearing and are normally settled on 60 to 90 days' credit term.

23. TRADE AND OTHER PAYABLES (CONT'D)

Accrued operating expenses that are denominated in foreign currencies at the balance sheet date are as follows:

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Singapore dollar	1,218	-	744	-

24. INTEREST-BEARING LIABILITIES

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans – secured	45,000	37,500	-	-

The bank loans were secured by a legal mortgage over certain leasehold buildings and land use rights with net carrying value of RMB 6,075,000 and RMB 116,000 (2007: RMB 6,723,000 and RMB 118,000) respectively, and are guaranteed by a company owned by a relative of the Non-executive Chairman.

The carrying amounts of the bank loans approximate their fair values due to the relative short term to maturity. The Group's bank loans are denominated in RMB. The effective interest rate for the bank loans is 7.36% (2007: 6.98%) per annum. All bank loans are repayable within one year from balance sheet date.

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to disclosures made elsewhere in the consolidated financial statements, the following significant transactions were carried out between the Group and its related parties on terms agreed between the parties as follows:

		Group		Company	
	Note	2008	2007	2008	2007
		RMB'000	RMB'000	RMB'000	RMB'000
Rental of plant and machinery, office equipment and motor vehicles from the Non-executive Chairman	(a)	-	4,800	-	-
Acquisition of plant and machinery, office equipment and motor vehicles from the Non-executive Chairman	(b)	-	125,126	-	-

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

		Group		Company	
	Note	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Sales to a related party	(c)	-	1,191	-	-
Purchases from a related party	(d)	-	22,995	-	-
Advance to related parties	(e)	15,800	10,000	-	-
Payment of consultancy fee to a related party	(f)	180	-	-	-

Note (a) Rental of plant and machinery, office equipment and motor vehicles from the Non-executive Chairman.

Note (b) On 1 September 2007, Jinjiang Lianjie Textile & Printing Dyeing Industrial Co. Ltd (晋江连捷纺织印染实业有限公司) entered into an agreement with the Non-executive Chairman to acquire certain plant and machinery, office equipment and motor vehicles used in the manufacturing facilities for a consideration of approximately RMB 125,126,000. The consideration was determined based on the valuation report dated 5 September 2007 conducted by Fujian Min Cai Certified Public Accountants Limited Co. (福建闽才资产评估有限公司).

Note (c) The sales were conducted on an arm's length basis and were entered into between the subsidiary and a company owned by a relative of the Non-executive Chairman. On 6 December 2007, the said relative had disposed of its equity interest in that company.

Note (d) The purchases were conducted on an arm's length basis and were entered into between the subsidiary and a company in which a relative of the Non-executive Chairman is a legal representative in that company as nominee for an unrelated third party. On 6 December 2007, the said relative had disposed of its equity interest in that company.

Note (e) During 2008, the subsidiary made advances amounting to RMB 6,000,000 (2007: RMB10,000,000) to a company owned by a relative of the Non-executive Chairman and advances amounting to RMB 9,800,000 (2007: Nil) to certain management staffs who are relatives of the Non-executive Chairman. The advances were unsecured, interest-free and are repayable on demand. The advances have been repaid as at 31 December 2008 and 2007 respectively.

Note (f) During 2008, the Group engaged Mr. Cai Chang Jing, brother of Non-executive Chairman, as a management consultant and paid him a consultancy fee of RMB 180,000 annually.

26. CAPITAL COMMITMENTS

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Capital expenditure contracted but not provided for in the consolidated financial statements:				
- Commitments in respect of the purchase of property, plant and equipment *	130,805	78,269	-	-

* The deposits placed by the subsidiary as a commitment to acquire new plant and machinery were approximately RMB 112.2 million (2007: RMB 5 million).

27. DIVIDENDS

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Dividend paid by subsidiary to its shareholders	-	50,000	-	-

On 15 November 2007, an interim dividend of RMB 50,000,000 was declared and paid to the Non-executive Chairman and the CEO and Executive Director who were the previous shareholders of the PRC subsidiary.

On 27 February 2009, the Group proposed a final tax exempt (one-tier) dividend of 8.15 RMB cents per ordinary share, approximately RMB 75.6 million, which is approximately 30% of the Group's profit for the financial year ended 31 December 2008. The proposed dividend is subject to approval by shareholders of Company at its Annual General Meeting.

28. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

All the revenue of the Group is generated in the PRC and the majority of the assets of the Group are employed in PRC. Hence, the Group determined that it operates within one geographical segment. Accordingly, no separate geographical segment has been presented for the periods under review. As at 31 December 2008, segment assets employed by the Group in a country other than the PRC was approximately RMB 159,181,000 (2007: RMB 1,738,000).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets and expenses, interest income, finance costs and related assets and liabilities.

28. SEGMENT INFORMATION (CONT'D)

Segment capital expenditure is the total cost incurred to acquire property, plant and equipment, and intangible assets other than goodwill.

Business Segments

The main business segments of the Group are:

Manufacturing and sales	-	Performance fabrics
	-	Normal fabrics
Fabric processing services	-	Provision of fabrics dyeing and treatment processing

Group 2008	Manufacturing and sales of Performance Fabrics RMB'000	Manufacturing and sales of Normal Fabrics RMB'000	Fabric Processing Services RMB'000	Total Operations RMB'000
Revenue and expenses				
Total revenue from external customers	1,135,454	1,729	42,960	1,180,143
Total revenue	1,135,454	1,729	42,960	1,180,143
Segment results	346,179	374	9,250	355,803
Unallocated corporate expenses				(11,581)
Operating profits				344,222
Interest income				2,080
Finance costs				(3,175)
Income tax expense				(91,162)
Profit after income tax				251,965

28. SEGMENT INFORMATION (CONT'D)

Group 2008	Manufacturing and sales of Performance Fabrics RMB'000	Manufacturing and sales of Normal Fabrics RMB'000	Fabric Processing Services RMB'000	Total Operations RMB'000
Assets and liabilities				
Segment assets:				
Unallocated assets*				1,023,784
Total assets				1,023,784
Segment liabilities:				
Unallocated liabilities*				259,968
Total liabilities				259,968
Other segment information*				
Capital expenditure				84,915
Depreciation of property, plant and equipment				20,756
Amortisation of land use rights				2
Non-cash expenses other than depreciation and amortisation				
- Property, plant and equipment written off				145

Group 2007	Manufacturing and sales of Performance Fabrics RMB'000	Manufacturing and sales of Normal Fabrics RMB'000	Fabric Processing Services RMB'000	Total Operations RMB'000
Revenue and expenses				
Total revenue from external customers	756,545	2,180	52,143	810,868
Total revenue	756,545	2,180	52,143	810,868
Segment results	239,820	499	11,603	251,922
Interest income				182
Finance costs				(2,458)
Income tax expense				(66,953)
Profit after income tax				182,693

28. SEGMENT INFORMATION (CONT'D)

Group 2007	Manufacturing and sales of Performance Fabrics RMB'000	Manufacturing and sales of Normal Fabrics RMB'000	Fabric Processing Services RMB'000	Total Operations RMB'000
Assets and liabilities				
Segment assets:				
Unallocated assets*				526,204
Total assets				526,204
Segment liabilities:				
Unallocated liabilities*				271,154
Total liabilities				271,154
Other segment information*				
Capital expenditure				125,142
Depreciation of property, plant and equipment				10,965
Amortisation of land use rights				2
Non-cash expenses other than depreciation and amortisation				
- Allowance for slow moving inventories written back				(1,672)
- Property, plant and equipment written off				42

* The Group is unable to allocate its assets and liabilities to the respective business segments as the same assets and liabilities were used/incurred in the manufacturing and sale of performance and normal fabrics, and fabric processing services. Accordingly, assets and liabilities including other segment information were not allocated to the respective segments of the Group.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group prepares cash flows projections on a regular basis for its core operations to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. In addition, the Group has access to external borrowings (Note 24).

The table below analyses the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows as follows:

Group	Less than 1 year RMB'000	Between 1 and 2 years RMB'000
At 31 December 2008		
Trade and other payables	139,124	-
Amount owing to a related party	50,382	-
Interest-bearing liabilities	45,000	-
	234,506	-

Group	Less than 1 year RMB'000	Between 1 and 2 years RMB'000
At 31 December 2007		
Trade and other payables	153,951	-
Amount owing to a related party	1,738	50,382
Interest-bearing liabilities	37,500	-
	193,189	50,382

Company	Less than 1 year RMB'000
At 31 December 2008	
Trade and other payables	744
	744

Company	Less than 1 year RMB'000
At 31 December 2007	
Amount owing to a related party	1,738
	1,738

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group has established credit limits for customers and monitors their balances. Cash are placed with banks and financial institutions which are regulated. The Group minimises its credit risk exposure by trading with established and credit-worthy customers.

As at 31 December 2008, the Group's trade receivables comprise 9 debtors (2007: 7 debtors) that individually represented more than 5% of trade receivables. The Group's primary exposure to credit risk arises relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of distribution and manufacturing activities, and sell in a variety of end markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	Group		Company	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Trade and other receivables	401,612	250,324	112,247	1,637
Amount owing by subsidiary	-	-	177,512	-
Cash and bank balances	364,111	89,399	46,934	101
	765,723	339,723	336,693	1,738

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet indentified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. No allowance for specific or collective impairment was made based on past experience.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Currency risk

Currency risk arises when transactions are denominated in currencies other than entities' functional currencies ("foreign currency"). The Group is exposed to currency risk on its deposits denominated in US dollar relate to amounts placed to acquire new plant and machinery and cash deposits denominated in Singapore dollar.

At present, the Group does not have any formal policy for hedging against exchange exposure.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Group		Company	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Singapore dollar	46,934	1,738	46,934	1,738
US dollar	112,247	-	112,247	-
Liabilities				
Singapore dollar	1,218	-	744	-

If the foreign currency changes against the RMB by 10% with all other variables including tax rate being held constant, the increase/(decrease) in profit after tax and equity of the Group arising from the net financial liability/asset position will be as follows:

	2008 Profit after tax RMB'000	2008 Equity RMB'000	2007 Profit after tax RMB'000	2007 Equity RMB'000
Group				
US dollar against RMB				
- strengthened	11,225	11,225	-	-
- weakened	(11,225)	(11,225)	-	-
Singapore dollar against RMB				
- strengthened	4,583	4,583	174	174
- weakened	(4,583)	(4,583)	(174)	(174)

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Currency risk (cont'd)

	2008 Profit after tax RMB'000	2008 Equity RMB'000	2007 Profit after tax RMB'000	2007 Equity RMB'000
Company				
US dollar against RMB				
- strengthened	11,225	11,225	-	-
- weakened	(11,225)	(11,225)	-	-
Singapore dollar against RMB				
- strengthened	4,619	4,619	174	174
- weakened	(4,619)	(4,619)	(174)	(174)

Fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

	Group 2008 RMB'000		Group 2007 RMB'000	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Trade and other receivables	401,612	401,612	250,324	250,324
Cash and cash equivalents	364,111	364,111	89,399	89,399
Interest-bearing liabilities	45,000	45,000	37,500	37,500
Trade and other payables	139,124	139,124	153,951	153,951
Amounts owing to a related party				
- current	50,382	50,382	1,738	1,738
- non-current*	-	-	50,382	50,382

	Company 2008 RMB'000		Company 2007 RMB'000	
	Carrying amounts	Fair values	Carrying amounts	Fair values
Trade and other receivables	112,247	112,247	1,637	1,637
Amounts owing by subsidiary	177,512	177,512	-	-
Cash and cash equivalents	46,934	46,934	101	101
Trade and other payables	744	744	-	-
Amounts owing to a related party	-	-	1,738	1,738

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Fair values (cont'd)

The notional amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, amount owing by/to subsidiary, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair value.

* As at 31 December 2007, the fair value of the non-current portion of the amounts owing to the Non-executive Chairman have not been determined as the timing of the expected cash flows of this balance amounting to approximately RMB 50,382,000 cannot be reasonably determined due to its related party nature. However, management believes that the carrying amounts recorded at the balance sheet date reflect the corresponding fair value.

Interest rate risk

The Group is exposed to interest rate risk through the impact of interest rate changes on interest-bearing financial liabilities. The Group's policy is to maintain all its borrowings in fixed rate instruments.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

Group	**2008**	**2007**
As at 31 December	**RMB'000**	**RMB'000**
Within 1 year		
Fixed rate		
Bank loans	45,000	37,500

Interest on financial instruments subject to fixed interest rates is contractually repriced at intervals of 12 months. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. The other financial instruments of the Group are not subjected to significant interest rate risks.

For its fixed rate interest-bearing liabilities, a change in 100 basis points ("bp") in interest rate at the balance sheet date would increase / (decrease) profit after tax and equity by the amount shown below:

	Increase or (decrease) in Profit or loss/ equity	
	100bp increase	**100bp decrease**
	RMB'000	**RMB'000**
Year ended 31 December 2008		
Interest-bearing liabilities	(338)	338
Year ended 31 December 2007		
Interest-bearing liabilities	(274)	274

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The management reviews the capital structure and makes adjustments to it, in light of changes in economic conditions. The objective is to ensure that the overall capital structure delivers an adequate short-term and optimal long term return on equity to the shareholder. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on the reviews, the Group will balance its overall capital structure through the payment of dividends, and new share issues as well as the issue of new debts or the redemption of existing debts.

During the year, the Group changed its approach to capital management from monitoring capital on the basis of gearing ratio to that of monitoring capital on the basis of return on shareholders' fund. The return on shareholders' fund is calculated by taking net profit attributable to the equity holders of the Company divided by average shareholders' equity. The return on shareholders' fund was 49.5% for current financial year ended 31 December 2008 (2007: 96.8%).

The Group is not subject to any externally imposed capital requirements for the financial year ended 31 December 2008 and 2007.

30. COMPARATIVE FIGURES

As described in Note 2.1 to the consolidated financial statements, the comparative figures of the Group for the preceding financial year have been presented under pooling-of-interest manner. The effective date of the pooling-of-interest for accounting purposes predates 1 January 2007, the beginning of the financial year for which the comparative figures are presented, as the Group have been under common control prior to 1 January 2007.

The comparative figures of the Company presented are based on the statutory financial statements for the financial period from 2 July 2007 (date of incorporation) to 31 December 2007.

As described in Note 2.1 to the consolidated financial statements, during the year, the Company changed its functional currency from Singapore dollar to RMB and presented its financial statements in RMB. For the purpose of presenting the comparative figures of the Company for the previous financial year, the Company's balance sheet previously presented in Singapore dollar for the period ended 31 December 2007 was translated into RMB using the accounting policy set out in Notes 2.2 and 2.3 to the consolidated financial statements.

STATISTICS OF SHAREHOLDINGS

AS AT 18 FEBRUARY 2009

Issued and fully paid-up capital	:	S$69,552,001
Total number of issued shares excluding treasury shares	:	927,900,000
Total number of treasury shares	:	NIL
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 - 999	0	0.00	0	0.00
1,000 - 10,000	733	48.26	4,669,000	0.50
10,001 - 1,000,000	763	50.23	59,485,000	6.41
1,000,001 AND ABOVE	23	1.51	863,746,000	93.09
TOTAL	**1,519**	**100.00**	**927,900,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	CHOI CHEUNG KONG	518,659,200	55.90
2	LIN WEN CHANG	101,476,800	10.94
3	HQH CAPITAL LIMITED	43,052,500	4.64
4	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	41,930,000	4.52
5	UOB KAY HIAN PTE LTD	34,053,500	3.67
6	HSBC (SINGAPORE) NOMINEES PTE LTD	28,630,000	3.08
7	KIM ENG SECURITIES PTE. LTD.	22,469,000	2.42
8	PHILLIP SECURITIES PTE LTD	16,147,000	1.74
9	UNITED OVERSEAS BANK NOMINEES PTE LTD	15,279,000	1.65
10	TAN BOY TEE	6,200,000	0.67
11	SUNFIELD PTE LTD	6,000,000	0.65
12	OCBC SECURITIES PRIVATE LTD	5,594,000	0.60
13	ONG KIM HUAT FELIX	4,304,000	0.46
14	LIM CHYE HUAT @ BOBBY LIM CHYE HUAT	4,000,000	0.43
15	CIMB BANK NOMINEES (SINGAPORE) SDN BHD	2,700,000	0.29
16	GOH SOO LUAN	2,000,000	0.22
17	CHUA SENG HUAT	1,975,000	0.21
18	DBS NOMINEES PTE LTD	1,866,000	0.20
19	PANG HENG KWEE	1,763,000	0.19
20	DMG & PARTNERS SECURITIES PTE LTD	1,600,000	0.17
	TOTAL	**859,699,000**	**92.65**

SHAREHOLDERS HELD IN HANDS OF PUBLIC

Based on information available to the Company as of 18 February 2009, approximately 33.16% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual of SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Taisan Technology Group Holdings Limited will be held at No. 1 Kallang Way 2A Singapore 347495 on 31 March 2009 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors of the Company. **(Resolution 1)**

2. To declare a final dividend of RMB 0.0815 per ordinary share (tax exempt one-tier) for the financial year ended 31 December 2008. **(Resolution 2)**

3. To re-elect Mr Choi Cheung Kong, the Director retiring pursuant to Article 90 of the Articles of Association of the Company. **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Article 96 of the Articles of Association of the Company:

   a. Mr Tsang Siu For Thomas **(Resolution 4)**

   b. Mr Ng Weng Wei **(Resolution 5)**

   c Dr Fu Xiao Bin **(Resolution 6)**

5. To approve the payment of Directors' fees of S$67,500 to Directors of the Company for the period commencing from 14 April 2008 to 31 December 2008. **(Resolution 7)**

6. To re-appoint Mazars LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**

7. To transact any other business that may be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Rules of the Singapore Exchange Securities Trading Limited Listing Manual, the Directors be and are hereby authorised to issue and allot:

   (a) shares; or

   (b) convertible securities; or

   (c) additional securities issued pursuant to Rule 829 of the Listing Rules; or

   (d) shares arising from the conversion of securities in (b) and (c) above, in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that:

(i) the aggregate number of shares and securities convertible into shares that may be issued must not be more than 50% (or 100% in the event of a pro-rata renounceable rights issue) of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not be more than 20% of the total number of issued shares excluding treasury shares. For the purpose of determining the aggregate number of shares and convertible securities convertible that may be issued under this Resolution, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for (aa) new shares arising from the conversion or exercise of convertible securities; (bb) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution and (cc) any subsequent bonus issue, consolidation or subdivision of shares; and

(ii) unless revoked or varied by the Company in general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note (i)] **(Resolution 9)**

9. To consider and, if thought fit, pass the following resolution as an ordinary resolution, with or without modification:

“That subject to and pursuant the share issue mandate in resolution 10 above being obtained, authority be and is hereby given to the Directors to issue new shares other than on a pro-rata basis to shareholders of the Company at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than 20% discount for new shares to the weighted average price per share determined in accordance with the requirements of the SGX-ST.”
[See Explanatory Note (ii)] **(Resolution 10)**

NOTICE IS HEREBY GIVEN that, subject to approval by Shareholders at the forthcoming Annual General Meeting on 31 March 2009, the Share Transfer Books and Register of Members of China Taisan Technology Group Holdings Limited (the “**Company**”) will be closed on 8 April 2009 (the “**Books Closure Date**”), for preparation of dividend warrants to the final dividend of RMB 0.0815 per ordinary share on tax exempt one-tier basis for the year ended 31 December 2008 (the “**Dividend**”).

Shareholders whose securities accounts with CDP are credited with Shares or whose names appear in the Register of Members of the Company, as at 5.00 p.m. on 7 April 2009 will be entitled to the Dividend on the basis of the number of Shares standing to the credit of their securities accounts with CDP or the number of Shares held by them as stated in the Register of Members of the Company, as the case may be. The Dividend is expected to be paid on or about 20 April 2009.

Duly completed and stamped transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road, #17-00 The Corporate Office, Singapore 068906, up to 5.00 p.m. 7 April 2009 will, subject to the articles of association of the Company, be registered to determine shareholders' entitlements to the Dividends.

By Order of the Board

Tan Swee Gek
Company Secretary

16 March 2009

EXPLANATORY NOTES:

(i) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company up to an amount not exceeding, in total, 50% (or 100% in the event of a pro-rata renounceable rights issue) of the issued share capital of the Company at the time of passing of this resolution, of which up to 20% may be issued other than on a pro rata basis to shareholders.

(ii) The Ordinary Resolution 10 proposed in item 9 above, if passed, will authorize the Directors to issue new shares (other than on a pro-rata basis to shareholders of the Company) at an issue price of up to 20% discount to the weighted average price per share.

NOTES:

1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (not more than two) to attend and vote on his/her behalf. A proxy need not be a member of the Company.

2) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

3) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 80 Robinson Road, #17-02, Singapore 068898 at least 48 hours before the time of the Annual General Meeting.

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Proxy Form

CHINA TAISAN TECHNOLOGY GROUP HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 200711863D)

I/We ____ (Name)

of ____ (Address)

being a member/members of China Taisan Technology Group Holdings Limited (the "**Company**") hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding	
			No. of shares	%

and/or (delete as appropriate)

Name	Address	NRIC/ Passport No.	Proportion of my/our Shareholding	
			No. of shares	%

failing which, the Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the second Annual General Meeting of the Company, to be held at No. 1 Kallang Way 2A Singapore 347495 on 31 March 2009 at 10.00 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/ proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Meeting.

No.	Resolutions Relating To:	For	Against
	Ordinary Business		
1.	Adoption of Reports and Accounts		
2.	To declare a final dividend of RMB 0.0815 per ordinary share (tax exempt one-tier) for the financial year ended 31 December 2008		
3.	Re-appointment of Mr Choi Cheung Kong		
4.	Re-appointment of Mr Tsang Siu For Thomas		
5.	Re-appointment of Mr Ng Weng Wei		
6.	Re-appointment of Dr Fu Xiao Bin		
7.	Approval of Directors' Fees for the period commencing from 14 April 2008 to 31 December 2008		
8.	Re-appointment of Auditors		
	Special Business		
9.	Authority to allot and issue new shares		
10	Authority to issue shares at a discount of up to 20%		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this ____________ day of ____________ 2009.

Total number of Shares held

____

Signature of Member(s) or Common Seal

Important: Please read notes overleaf

NOTES:

1. Please insert the total number of shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares registered in your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A proxy need not be a member of the Company.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 80 Robinson Road, #17-02, Singapore 068898 at least 48 hours before the time of the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter of power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.