

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)

(Incorporated in Bermuda with Company Registration No. 39151)

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

Consolidated Statement of Comprehensive Income

<u>Group</u>	Three months ended 31 March		Change %
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other income	-	171	(100)
Selling and distribution expenses	-	(53)	(100)
Administrative expenses	(952)	(657)	(45)
Other operating expenses	-	-	-
Loss before tax	(952)	(539)	77
Taxation	-	(5)	(100)
Net loss, representing total comprehensive loss for the period attributable to shareholders	(952)	(544)	75

- 1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

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

<u>Group</u>	Three months ended 31 March		Change %
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000	
Depreciation of property, plant and equipment	3	3	-
Foreign exchange gain	(188)	(142)	32

N.M – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position

	Group		Company	
	31/03/2019 (Unaudited) RMB'000	31/12/2018 (Unaudited) RMB'000	31/03/2019 (Unaudited) RMB'000	31/12/2018 (Unaudited) RMB'000
Non-current assets				
Property, plant and equipment	8	11	8	11
Investment in subsidiaries	-	-	9	9
	<u>8</u>	<u>11</u>	<u>17</u>	<u>20</u>
Current assets				
Other receivables	2,551	2,528	23	-
Amount due from a subsidiary	-	-	388	337
Cash and cash equivalents	15	78	7	70
	<u>2,566</u>	<u>2,606</u>	<u>418</u>	<u>407</u>
Total assets	<u>2,574</u>	<u>2,617</u>	<u>435</u>	<u>427</u>
Non-current liabilities				
Convertible loan	1,713	-	1,713	-
Current liabilities				
Other payables and accruals	13,610	14,414	11,101	11,904
Tax payable	-	-	-	-
	<u>13,610</u>	<u>14,414</u>	<u>11,101</u>	<u>11,904</u>
Total liabilities	<u>15,323</u>	<u>14,414</u>	<u>12,814</u>	<u>11,904</u>
Net current liabilities	<u>(11,044)</u>	<u>(11,808)</u>	<u>(10,683)</u>	<u>(11,497)</u>
Net liabilities	<u>(12,749)</u>	<u>(11,797)</u>	<u>(12,379)</u>	<u>(11,477)</u>
Equity attributable to equity holders of the Company				
Share capital	206,765	206,765	206,765	206,765
Share premium	74,349	74,349	74,349	74,349
Accumulated losses	(293,863)	(292,911)	(293,493)	(292,591)
Total equity	<u>(12,749)</u>	<u>(11,797)</u>	<u>(12,379)</u>	<u>(11,477)</u>

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(A) the amount repayable in one year or less, or on demand;

(B) the amount repayable after one year;

(C) whether the amounts are secured or unsecured; and

(D) details of any collaterals.

Convertible Loan

Amount repayable in one year or less, or on demand

As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 March 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	1,713 *	-	-

* Pursuant to the conditions precedent of the Convertible Loan Agreement dated 15 February 2019, in the event any of the necessary consents and approvals for the conversion is not obtained, no conversion shares shall be issued to the investor and the loan shall remain as debt owing by the Company in accordance with its terms. The Company shall repay the loan together with all interest (at the rate of 10.0% per annum), on the date falling two years from the loan disbursement date, or on demand by investor, at the investor's discretion.

Details of any collateral

Not applicable.

Court judgement on the borrowing disputes

The Company noted 26 courts proceedings against Fulian in the legal due diligence report on Fulian dated 9 May 2018. At the same time, the Company had announced its loss control on Fulian.

The Company received judgement of Quanzhou People's Court dated 6 August 2014, required that the Company, Fulian, Mr. Tsoi Kin Chit, Mr. Cai Fengquan, and 泉州星皓机械有限公司 within 10 days from the date of the court judgement to repay Ms. Hong Youling the principal loan amount of RMB7 million with interest (calculated based on four times the interest rate for the same type of loan obtained at the same period from People's Bank of China from 18 May 2012 till the repayment date enforced by Quanzhou People's Court).

If the repayment of loan is not fulfilled within the stipulated timeframe, double payment of the interest charged and/or late payment charges incurred for late payment of the loan amount is payable by the Company, Fulian, Mr. Tsoi Kin Chit, Mr. Cai Fengquan, and 泉州星皓机械有限公司.

In addition, the case acceptance fee of RMB71,580 payable to Quanzhou People's Court for handling the abovementioned judgement shall be borne by the Company, Fulian, Mr. Tsoi Kin Chit, Mr. Cai Fengquan, and 泉州星皓机械有限公司.

The Company will only be informed of the interest amount and the late payment charges upon repayment of the loan amount at Quanzhou People's Court.

In additions, a court enforcement notice received from Fujian Jinjiang People's Court required the Company and Fulian to fulfil the following obligations:

1. To perform the obligations as enforced in the legal documents;
2. Double payment of the interest charged and/or late payment charges incurred for late payment of the loan amount; and
3. Payment of legal costs incurred for the issuance of the notice. The expenditure restrictions imposed by the court are as follows:
 - a. Economy class or above for all modes of transportation, e.g. flight, train, ship
 - b. High expenditure in star-rated hotel, night club, golf courses, etc.
 - c. Purchase of real estate or high-end construction, expansion, renovation of houses
 - d. Rental of high-end office building, hotel, apartment, etc for business operation
 - e. Purchase of vehicles for non-business operations
 - f. Travelling for vacation
 - g. Child's enrolment in private school
 - h. Payment of high insurance premium for wealth management products
 - i. Taking all classes of seats for high speed rail train, first class seats and above for other types of trains which are not necessary for daily expenditure and business operations
 - j. Legal representative(s), main person-in-charge, the person-in-charge who has direct impact on the repayment of liabilities, actual controller are restricted to the abovementioned restrictions.

The above-mentioned matters were announced in the Company's announcement dated on 9 May 2018, 9 July 2018 and 16 July 2018. The Company will make the necessary announcement on this matter when there is further development on the same.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows

<u>Group</u>	Three months ended 31 March	
	2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Cash flows from operating activities		
Loss before income tax	(952)	(539)
Adjustment for:		
Depreciation for property, plant and equipment	3	3
Operating cash flows before movements in working capital	(949)	(536)
Other receivables	(23)	(1,749)
Other payables and accruals	(804)	2,284
Cash used in operations	(1,776)	(1)
Tax paid	-	(3)
Net cash used in operating activities	(1,776)	(4)
Cash flows from financing activities		
Proceeds from convertible loan	1,713	-
Net cash generated from financing activities	1,713	-
Net decrease in cash and cash equivalents	(63)	(4)
Cash and cash equivalent at the beginning of the period/year	78	16
Cash and cash equivalent at the end of the period/year	15	12

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity

Group

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2018	206,765	74,349	(290,073)	(8,959)
Loss and total comprehensive loss for the period	-	-	(544)	(544)
Balance at 31 March 2018	<u>206,765</u>	<u>74,349</u>	<u>(290,617)</u>	<u>(9,503)</u>
Balance at 1 January 2019	206,765	74,349	(292,911)	(11,797)
Loss and total comprehensive loss for the period	-	-	(952)	(952)
Balance at 31 March 2019	<u>206,765</u>	<u>74,349</u>	<u>(293,863)</u>	<u>(12,749)</u>

Company

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2018	206,765	74,349	(289,873)	(8,759)
Loss and total comprehensive loss for the period	-	-	(587)	(587)
Balance at 31 March 2018	<u>206,765</u>	<u>74,349</u>	<u>(290,460)</u>	<u>(9,346)</u>
Balance at 1 January 2019	206,765	74,349	(292,591)	(11,477)
Loss and total comprehensive loss for the period	-	-	(902)	(902)
Balance at 31 March 2019	<u>206,765</u>	<u>74,349</u>	<u>(293,493)</u>	<u>(12,379)</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of aggregate number of treasury shares and subsidiary holdings held against the total number of share outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Company	
	Number of ordinary shares	Issued and paid-up share capital US\$'000
At 1 January 2018 and 31 March 2019	<u>544,395,199</u>	<u>27,220</u>

There were no outstanding convertibles issued or treasury shares and subsidiary holdings held by the Company as at 31 March 2019 and 31 December 2018 respectively.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	At 31 March 2019 (Unaudited)	At 31 December 2018 (Unaudited)
Total number of issued shares (excluding treasury shares)	<u>544,395,199</u>	<u>544,395,199</u>

There were no treasury shares as at 31 March 2019 and 31 December 2018.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable as the Company did not have any treasury shares as at 31 March 2019 and 31 December 2018.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company did not hold any subsidiary holdings as at 31 March 2019 and 31 December 2018.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial information have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements of the last financial year, except for those disclosed under paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for the financial period beginning on or after 1 January 2019. Specifically, the Group has adopted SFRS(I) 16 Leases which is relevant to the Group's operations. The adoption of this new SFRS(I) does not result in any material effect on the amounts reported for the current financial period or prior financial years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Three months ended 31 March	
	2019	2018
	(Unaudited)	(Unaudited)
Net loss (RMB'000)	<u>(952)</u>	<u>(544)</u>
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	<u>544,395</u>	<u>544,395</u>
Loss per share (RMB cents) - Basic	<u>(0.17)</u>	<u>(0.10)</u>

The calculation of the diluted earnings per share is based on the Group's net loss attributable to shareholders and the weighted average number of ordinary shares in issue for the relevant period/year. Diluted earnings per share is not presented because there is no potential dilutive ordinary share existing during the financial period/year.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/03/2019 (Unaudited)	31/12/2018 (Unaudited)	31/03/2019 (Unaudited)	31/12/2018 (Unaudited)
Net asset value (RMB'000)	(12,749)	(11,797)	(12,379)	(11,477)
Number of shares at the end of the period ('000)	544,395	544,395	544,395	544,395
Net asset value per share (RMB per share)	(0.02)	(0.02)	(0.02)	(0.02)

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Consolidated Statement of Comprehensive Income

The administrative expenses increased from RMB0.7 million in 1Q2018 to RMB1.0 million in 1Q2019 due to increase of professional and legal fees of RMB0.3 million, offset with increase of foreign exchange gain for the quarter period. The administrative expenses in 1Q2019 comprises office daily expenses, directors and staff costs, and professional expenses such as audit fees, legal consultation fees, corporate secretarial service fees, listing fees for month of January 2019 to March 2019.

Statement of Financial Position

Property, plant and equipment decreased by 27% due to depreciation charges for the 1Q2019.

Slight increase in other receivables by 1% due to prepaid professional expenses as at 31 March 2019.

As at 31 March 2019, the convertible loan of RMB1.7 million was received from the investor, which the amount is pertaining to partial of the first tranches loan of S\$700,000 (equivalent to RMB3.5 million). The loan had been utilised for repayment of outstanding statutory audit fees, payment of some operational costs (incurred after the date of the Convertible Loan Agreement dated 15 February 2019) and professional and legal expenses for preparation of annual reports and shareholder's circular for convening the Company's Annual General Meeting and Extraordinary General Meeting, and resolving issues faced by the Company.

Other payables and accruals decreased by RMB0.8 million from RMB14.4 million to RMB13.6 million as at 31 December 2018 and 31 March 2019 respectively, due to repayment of outstanding statutory audit fees, offset with increase of professional fees payable, directors' remuneration and staff salaries payables, and advances by director prior to obtaining of the convertible loan.

As at 31 March 2019, the Group and the Company has net liabilities of RMB12.7 million and RMB12.4 million respectively.

Consolidated Statement of Cash Flows

In 1Q2019, the Group's net cash used in operating activities of RMB1.8 million, which mainly arose from operating loss before change in working capital of RMB0.95 million and change in working capital of RMB0.8 million. Net cash generated from financing activities of RMB1.7 million mainly derived from receipt of convertible loan.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company has not previously disclosed any forecast or a prospect statement to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Company is currently in an insolvent financial position. The Company is exploring various options and is in discussion with major shareholder and potential investors. The Group intends to shift our focus onto alternative industries and will actively explore suitable investment opportunities and various options to enhance shareholder's value. Any material developments in this regard will be updated to shareholders in due course.

11. Dividend

(a) Current Financial Period Reported On

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for 1Q2019.

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

The Group does not obtain any general mandate from its shareholders for IPTs.

- 14. Confirmation that the Issuer had procured undertaking from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

- 15. Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual**

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company, which may render the unaudited second quarter financial results for the period ended 31 March 2019 to be false or misleading in any material respect.

By Order of the Board

Huang Min
Executive Chairman and Executive Director

14 May 2019