



FORELAND FABRICTECH HOLDINGS LIMITED

(Incorporated in Bermuda with Company Registration No. 39151)

RESPONSE TO SGX QUERY ON ANNOUNCEMENT OF UNAUDITED FIRST QUARTER RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

The Board of Directors of Foreland Fabrictech Holdings Limited (“the Company”, together with its subsidiaries, “the Group”) wishes to announce its response to the query raised by the Singapore Exchange Securities Trading Limited (“SGX”) in connection with the announcement made by the Company on 14 May 2014, with regard to the unaudited first quarter results for the financial period ended 31 March 2014.

Query 1

The Company disclosed on page 8 of the Announcement that “the increase in inventories level was due to higher business activity expected in 2Q 2014.” Please provide the basis for the Company’s expectation on higher business activities in 2Q 2014. In addition, please reconcile this statement with the disclosure in paragraph 10 that “We expect the operating business environment to continue to be fraught with possible headwinds due to weak market demand...”

Company’s response to Query 1

Generally our business activity in the first quarter of the year is low due to Chinese New Year holiday. There will be limited production for our suppliers and customers during the Chinese New Year period which will last for one to four weeks. Demand for our product is low in the first quarter. The Company expects its business activity in 2Q 2014 will be higher than that of 1Q 2014. Notwithstanding that, for the next twelve months the Company expect the operating business environment to continue to be fraught with possible headwinds due to weak market demand and increased pricing pressures for high-grade textile products.

Query 2

We refer to paragraph 9 of the Announcement. Please comment on whether the current results are in line with the Company’s commentary on prospects or previous quarter outlook in paragraph 10 of its FY2013 results announcement dated 1 March 2014.

Company’s response to Query 2

As outlined in the Company’s announcement released on 1 March 2014, we commented that “We expect the operating business environment to continue to be fraught with possible headwinds due to weak market demand and increased pricing pressures for high-grade textile products. This is likely to affect the Group’s performance in the next reporting period and the next twelve months.”

Revenue for 1Q 2014 increased by approximately 14.0 times mainly driven by the increase in sales volume from the manufacturing and sale of fabrics segment of approximately 13.7 times. However, as a result of weak market demand and increased pricing pressures for high-grade textile products, the Company record a gross loss. This is consistent with the commentary and the reasons given in the announcement released on 1 March 2014.

By Order of the Board

Tsoi Kin Chit
Executive Chairman
5 June 2014