



FORELAND FABRICTECH HOLDINGS LIMITED
(Incorporated in Bermuda with company registration no. 39151)

RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Further to the Company's announcement on 26 October 2018 (the "**26 Oct Announcement**"), the Company has received additional queries from SGX on 29 October 2018 as per below. Terms which have been defined in the 26 Oct Announcement shall continue to apply in this announcement.

Background & Queries

The Company had responded to SGX in the 26 Oct Announcement that Mr Huang Min ("**Huang**") was unaware that (a) ACRA had in August 2015 issued a warning letter under Section 201(3A) of the Companies Act to Mr Huang Min and one Wu Jida who were China Environment's directors responsible for the financial management of China Environment, and (b) any investigations conducted against him which arose from China Environment Ltd's ("**China Environment**") report to CAD. The 26 Oct Announcement was submitted by the Company's Executive Director, Yang Meng Yang ("**Yang**"), who is the son-in law of Huang. In addition, SGX also noted that Yang was a director of China Environment since 29 March 2016 and was subsequently appointed as an Audit Committee ("**AC**") member until his cessation as a director and AC member on 25 July 2018.

Query 1: Huang resigned as Executive Director and Executive Chairman from China Environment on 29 March 2016. However, the ACRA warning letter was issued to him on 21 August 2015 when he was the Executive Chairman of China Environment. Please disclose if Huang acknowledged receipt to ACRA of the warning letter issued to Huang.

Response: Mr Huang does not recall having personally acknowledged receipt of the ACRA letter, and he does not recall China Environment announcing the ACRA letter at the material time in August 2015. This was because China Environment's dealings with ACRA at that time was handled by its other directors and management, as it was not appropriate for Mr Huang (being the subject of ACRA's queries) to be involved with the ACRA matter.

Query 2: As Huang was the Executive Chairman of China Environment on 21 August 2015, please reconcile this with the Company's statement that Huang did not receive the ACRA warning letter and was unaware of the warning letter, even though he was the Executive Chairman and Executive Director of China Environment at the material time.

Response: As per above response, China Environment's dealings with ACRA at that time were handled by its other directors and management.

Query 3: Yang was a Director of China Environment from 29 March 2016 to 25 July 2018. This included the period when China Environment made a police report to CAD against Huang and when the associated SGXNet announcements were made by China Environment Board. As a Director of China Environment, Yang would be aware of these matters concerning Huang. Why did Yang announce on 8 October 2018 that Huang was not a subject of any current or past investigation or disciplinary proceedings or had been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency in Singapore (or elsewhere)?

Response: Although Mr Yang was a director of China Environment, he was a family member of Mr Huang and thus he was excluded by the other directors of China Environment from being involved with the CAD report. In any case, Mr Yang's perspective is that even though the CAD report was made, there was no actual follow up investigation on Huang by CAD or any regulators. Thus it is correct for the 26 Oct Announcement to state that there was no investigation or proceedings whatsoever, because Mr Yang is of the view that a report made does not mean that an investigation was in fact carried out.

Query 4: As Yang is Huang's son-in-law and nominated to the Board by Huang, please explain why Huang denied awareness of the ACRA warning and CAD report in the Company's announcement on 26 October 2018 despite the familial relationship between Yang and Huang.

Response: As per responses above, Mr Huang himself was unaware of the ACRA letter, and similarly Mr Yang was unaware of it. For the CAD report, as per responses above, neither Huang nor Yang was informed of any actual investigation arising from the report.

Query 5: On 30 July 2018, pursuant to the matters of concern, China Environment announced an update on its injunction application against Huang and other defendants. The injunction related to the litigation proceedings (pertaining to breach of fiduciary duties and/or fraud in relation to false/non-existent trade receivables which was recorded in the accounts of China Environment's subsidiary amongst others) in the Singapore High Court between China Environment and its subsidiary against Huang and other defendants. China Environment updated that it has concluded a settlement with Huang and the other defendants. Other than the monetary settlement, it was also a term of settlement that Yang was required to resign from the board of China Environment (and he was no longer so with effect from 25 July 2018). Please reconcile this to the statement submitted by Yang and Huang that they were not aware of China Environment's police report against Huang and the related investigations of the same.

Response: As per above responses, Mr Yang is not aware of any actual investigations being conducted on Huang after the CAD report was made by China Environment.

Query 6: We also note that Yang did not disclose the issues of concern relating to Huang in the announcement dated 8 October 2018 when he was aware Huang was issued ACRA warning letter and that China Environment had lodged a police report against Huang. As such, SGX notes that the character and integrity of both Yang and Huang do not comply with the requirements under Listing Rule 210(5)(b) read with Listing Rule 720(1). In view of the non-compliance with the Listing Rule 210(5)(b) read with Listing Rule 720(1), please justify why both Yang and Huang should remain as directors of the Company.

Response: As per above responses, both Mr Huang and Mr Yang are of the view that they have not made any wrongful statements in the Company's announcements on 8 October 2018 and 26 October 2018. Both of them are the remaining two directors of the Company, and they sincerely believe that at this juncture they are the most suitable persons to lead the Company forward and seek a resumption of trading.

BY ORDER OF THE BOARD

Yang Meng Yang
Executive Director
31 October 2018