

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015 (“FY2015”)****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**Group**

	Three months ended 31 December			FY2015	FY2014	Change
	2015	2014	Change			
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	10,371	43,512	-76%	61,854	122,095	-49%
Cost of sales	(13,659)	(41,406)	-67%	(57,146)	(130,987)	-56%
Gross profit/(loss)	<u>(3,288)</u>	<u>2,106</u>	-256%	<u>4,708</u>	<u>(8,892)</u>	-153%
Other income	1	-	n/a	6	1,580	-100%
Selling and distribution expenses	(166)	(586)	-72%	(1,377)	(2,744)	-50%
Administrative expenses	(2,092)	(1,791)	17%	(7,301)	(6,975)	5%
Other expenses	(2,658)	-	n/a	(2,658)	-	n/a
Loss before tax	<u>(8,203)</u>	<u>(271)</u>	2927%	<u>(6,622)</u>	<u>(17,031)</u>	-61%
Taxation credit	-	-	n/a	-	-	n/a
Net loss, representing total comprehensive loss for the period attributable to shareholders	<u>(8,203)</u>	<u>(271)</u>	2927%	<u>(6,622)</u>	<u>(17,031)</u>	-61%

- 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:

	Three months ended 31 December			
	2015	2014	FY2015	FY2014
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation on property, plant and equipment	2,139	2,039	7,934	7,885
Loss on disposal of property, plant and equipment	2,658	-	2,658	-
Foreign exchange gain/(loss)	(3)	1	-	8
Interest income	(1)	-	(6)	(1,580)

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.

Statements of Financial Position

	Group		Company	
	31 December 2015 RMB'000	31 December 2014 RMB'000	31 December 2015 RMB'000	31 December 2014 RMB'000
Non-current assets				
Property, plant and equipment	85,502	96,594	-	-
Investment in subsidiaries	-	-	61,113	61,113
	<u>85,502</u>	<u>96,594</u>	<u>61,113</u>	<u>61,113</u>
Current assets				
Inventories	164	2,483	-	-
Trade receivables	14,970	20,524	-	-
Other receivables	1,899	1,877	-	-
Amount due from a subsidiary	-	-	90	90
Cash and cash equivalents	164	1,173	40	7
	<u>17,197</u>	<u>26,057</u>	<u>130</u>	<u>97</u>
Total assets	<u>102,699</u>	<u>122,651</u>	<u>61,243</u>	<u>61,210</u>
Current liabilities				
Trade payables	654	15,229	-	-
Other payables and accruals	13,080	11,835	2,027	1,415
	<u>13,734</u>	<u>27,064</u>	<u>2,027</u>	<u>1,415</u>
Total liabilities	<u>13,734</u>	<u>27,064</u>	<u>2,027</u>	<u>1,415</u>
Net assets	<u>88,965</u>	<u>95,587</u>	<u>59,216</u>	<u>59,795</u>
Equity attributable to equity holder of the Company				
Share capital	206,765	206,765	206,765	206,765
Share premium	74,349	74,349	74,349	74,349
Capital reserve	1,463	1,463	-	-
General reserve fund	56,069	56,069	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	(230,775)	(224,153)	(221,898)	(221,319)
	<u>88,965</u>	<u>95,587</u>	<u>59,216</u>	<u>59,795</u>
Total equity	<u>88,965</u>	<u>95,587</u>	<u>59,216</u>	<u>59,795</u>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

Not applicable.

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
Group

	Three months ended 31 December			
	2015 RMB'000	2014 RMB'000	FY2015 RMB'000	FY2014 RMB'000
Cash flow from operating activities				
Loss before income tax	(8,203)	(271)	(6,622)	(17,031)
Adjustment for:				
Depreciation for property, plant and equipment	2,139	2,039	7,934	7,885
Loss on disposal of property, plant and equipment	2,658	-	2,658	-
Interest income	(1)	-	(6)	(1,580)
Operating cash flow before movements in working capital	(3,407)	1,768	3,964	(10,726)
Inventories	2,274	6,065	2,319	(975)
Trade receivables	2,387	(5,858)	5,554	18,290
Other receivables	(1,834)	8,531	(22)	4,028
Trade payables	(543)	(11,388)	(14,575)	(11,574)
Other payables and accruals	729	(7)	1,245	(282,906)
Cash used in operations	(394)	(889)	(1,515)	(283,863)
Interest income	1	-	6	1,580
Net cash used in operating activities	(393)	(889)	(1,509)	(282,283)
Cash flow from investing activities				
Purchase of property, plant and equipment	-	-	-	(8,979)
Proceed from disposal of property, plant and equipment	500	-	500	-
Net cash generated from/(used in) investing activities	500	-	500	(8,979)
Net increase/(decrease) in cash and cash equivalents	107	(889)	(1,009)	(291,262)
Cash and cash equivalents:				
- at the beginning of the period/year	57	2,062	1,173	292,435
- at the end of the period/year	164	1,173	164	1,173

Cash and cash equivalents represented by:

	Group	
	31 December 2015 RMB'000	31 December 2014 RMB'000
Cash and bank balances	164	1,173

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

Statements of Changes in Equity

<u>Group</u>	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	General reserve fund RMB'000	Merger reserve RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2014	206,765	74,349	1,463	56,069	(18,906)	(207,122)	112,618
Loss and total comprehensive loss for the period	-	-	-	-	-	(16,760)	(16,760)
Balance at 30 September 2014	206,765	74,349	1,463	56,069	(18,906)	(223,882)	95,858
Loss and total comprehensive loss for the period	-	-	-	-	-	(271)	(271)
Balance at 31 December 2014	206,765	74,349	1,463	56,069	(18,906)	(224,153)	95,587
Balance at 1 January 2015	206,765	74,349	1,463	56,069	(18,906)	(224,153)	95,587
Income and total comprehensive income for the period	-	-	-	-	-	1,581	1,581
Balance at 30 September 2015	206,765	74,349	1,463	56,069	(18,906)	(222,572)	97,168
Loss and total comprehensive loss for the period	-	-	-	-	-	(8,203)	(8,203)
Balance at 31 December 2015	206,765	74,349	1,463	56,069	(18,906)	(230,775)	88,965

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2014	206,765	74,349	(220,734)	60,380
Loss and total comprehensive loss for the period	-	-	(267)	(267)
Balance at 30 September 2014	206,765	74,349	(221,001)	60,113
Loss and total comprehensive loss for the period	-	-	(318)	(318)
Balance at 31 December 2014	206,765	74,349	(221,319)	59,795
Balance at 1 January 2015	206,765	74,349	(221,319)	59,795
Loss and total comprehensive loss for the period	-	-	(698)	(698)
Balance at 30 September 2015	206,765	74,349	(222,017)	59,097
Income and total comprehensive income for the period	-	-	119	119
Balance at 31 December 2015	206,765	74,349	(221,898)	59,216

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

	Company	
	Number of ordinary shares	Issued and paid-up share capital US\$'000
At 1 January 2014 and 31 December 2015	<u>544,395,199</u>	<u>27,220</u>

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2015 and 31 December 2014 respectively.

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

	At 31 December 2015	At 31 December 2014
Total number of issued shares (excluding treasury shares)	<u>544,395,199</u>	<u>544,395,199</u>

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

Not applicable.

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

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

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

Not applicable.

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

There was certain new and revised Singapore Financial Reporting Standards (FRS) that have been issued and are effective for accounting periods beginning on or after 1 January 2015. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the year ended 31 December 2015. Apart from the new/revised FRS, the accounting policies and methods of computation applied are consistent with the most recently audited financial statements.

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

Not applicable.

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

	Three months ended 31 December			
	2015	2014	FY2015	FY2014
Net loss (RMB'000)	<u>(8,203)</u>	<u>(271)</u>	<u>(6,622)</u>	<u>(17,031)</u>
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	<u>544,395</u>	<u>544,395</u>	<u>544,395</u>	<u>544,395</u>
Loss per share (RMB cents)				
- Basic	<u>(1.51)</u>	<u>(0.05)</u>	<u>(1.22)</u>	<u>(3.13)</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. Diluted earnings per share is not presented because there is no potential dilutive ordinary share existing during the financial period.

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

	Group		Company	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Net asset value (RMB'000)	<u>88,965</u>	<u>95,587</u>	<u>59,216</u>	<u>59,795</u>
Number of shares at the end of the period ('000)	<u>544,395</u>	<u>544,395</u>	<u>544,395</u>	<u>544,395</u>
Net asset value per share (RMB per share)	<u>0.16</u>	<u>0.18</u>	<u>0.11</u>	<u>0.11</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Revenue

	Three months ended 31 December			FY2015	FY2014	Change
	2015	2014	Change			
Revenue	RMB'000	RMB'000		RMB'000	RMB'000	
Manufacturing and sale of fabrics	10,371	43,512	-76%	61,854	122,095	-49%
Provision of fabric processing services	-	-	n/a	-	-	n/a
Total	<u>10,371</u>	<u>43,512</u>	<u>-76%</u>	<u>61,854</u>	<u>122,095</u>	<u>-49%</u>

Our revenue for manufacturing and sale of fabrics segment decreased by 49%, from RMB 122.1 million in FY2014 to RMB 61.9 million in FY2015. Our products comprised functional and normal fabrics for the manufacture of apparel, shoes, bags and high grade umbrella fabrics.

The average selling price of the manufacturing and sale of fabrics decreased by approximately 6%, from RMB 8.5 per yard in FY2014 to RMB 7.9 per yard in FY2015 as a result of weak market condition. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 46%, from 14.4 million yards in FY2014 to 7.8 million yards in FY2015 as a result of weak market condition.

Gross loss and gross profit margin

Our gross profit increased from gross loss of RMB 8.9 million in FY2014 to gross profit of RMB 4.7 million in FY2015.

The increase in our gross profit margin was mainly due to relatively focus on higher grade production process and products during FY2015 compared to that of FY2014.

Expenses

Our selling and distribution expenses decreased by approximately 50% from RMB 2.7 million in FY2014 to RMB 1.4 million in FY2015. The decrease in selling and distribution expenses was mainly due to the decrease in advertising expense of RMB 0.7 million and sales representative office expense of RMB 0.3 million as a result of reduced selling activities during FY2015. Our administrative expenses increased by approximately 5%, from RMB 7.0 million in FY2014 to RMB 7.3 million in FY2015. The increase in administrative expenses was mainly due to the increase in professional fee for special review of RMB 0.3 million carried out during FY2015.

Our other expense in FY2015 was mainly represented by loss on disposal of old and outdated machines and equipments of RMB 2.7 million

Our subsidiary, Fulian Knitting Co., Ltd, incurred a loss during the year and therefore there was no taxation expense for the Group during FY2015.

Net loss

Our net loss decreased from RMB 17.0 million in FY2014 to RMB 6.6 million in FY2015.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Property, plant and equipment decreased by RMB 11.1 million during FY2015 mainly due to the disposal of old and outdated machines and equipments of RMB 3.2 million and depreciation charges of RMB 7.9 million.

Inventories decreased from RMB 2.5 million as at 31 December 2014 to RMB 0.2 million as at 31 December 2015. The decrease in inventories level was due to lower business activity expected in 1Q 2016.

Trade receivables decreased from RMB 20.5 million as at 31 December 2014 to RMB 15.0 million as at 31 December 2015. The decrease in trade receivables was mainly due to the collection received during the period.

Other receivables as at 31 December 2015 mainly represent other prepayment and receivable of RMB 1.8 million.

Trade payables decreased from RMB 15.2 million as at 31 December 2014 to RMB 0.7 million as at 31 December 2015. The decrease in trade payables was due to the payment made to the suppliers during the period.

In FY2015, the Group's net cash used in operating activities of RMB 1.5 million, which mainly arose from change in working capital of RMB 5.5 million, offset by operating loss before change in working capital of RMB 4.0 million. Net cash generated from investing activities mainly represented proceed from disposal of property, plant and equipment of RMB 0.5 million.

As at 31 December 2015, the Group has maintained a net cash position without borrowing.

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

The result announcement for the full year financial results for the year ended 31 December 2015 is in line with the Company's financial result announcement on 14 November 2015.

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.

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. Notwithstanding that, the Group will continue its efforts to expand sales, tighten cost controls and develop new and innovative products to maintain its market competitiveness.

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 for the year ended 31 December 2015 is declared or recommended.

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 did not obtain a general mandate from its shareholders for IPTs.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has only one primary business segment, which is manufacturing and selling of functional and normal fabrics. All the Group's sales and assets are in the PRC. Accordingly, no business and geographical segment information is presented.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8(a) and 14 above.

16. A breakdown of sales.

	Revenue			Net profit/(loss)		
	FY2015	FY2014	Change	FY2015	FY2014	Change
	RMB'000	RMB'000		RMB'000	RMB'000	
First half year	36,761	43,383	-15%	523	(9,601)	-105%
Second half year	25,093	78,712	-68%	(7,145)	(7,430)	-4%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**Total Annual Dividend**

	Latest Full Year (RMB'000)	Previous Full Year (RMB'000)
Ordinary	Nil	Nil

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

<i>Name</i>	<i>Age</i>	<i>Family relationship with any director and/or substantial Shareholder</i>	<i>Current position and duties, and the year the position was held</i>	<i>Details of changes in duties and position held, if any, during the year</i>
Cai Lian Yong	46	Brother-in-law of Tsoi Kin Chit	Deputy General Manager responsible for procurement, sales and marketing. Position held since 15 June 2011.	None

On behalf of the Board of Directors,

Tsoi Kin Chit
Executive Chairman

Zhang Hong Lai
Executive Director

29 February 2016