



FORELAND FABRICTECH HOLDINGS LIMITED
(Incorporated in Bermuda with Company Registration No. 39151)

UPDATES ON THE CLAIM BY THE CUSTOMER

The Board of Directors of Foreland Fabrictech Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company on 14 December 2013, 18 December 2013, 23 December 2013, 26 December 2013, 3 January 2014, 10 January 2014 and 10 February 2014 (collectively the “**Announcements**”).

Terms used in this announcement shall have the same meaning ascribed to them in the Announcements, unless otherwise defined.

This announcement has been approved by the majority of the Board of Directors of the Company (with the exception of the Independent Director, Mr Lim Siang Kai who objected to the entry of the Settlement Agreement (hereafter defined).

ENTRY INTO SETTLEMENT BETWEEN FULIAN KNITTING AND JIANGXI LONGDU

In light of the Claim by Jiangxi Longdu against Fulian Knitting, which has been ongoing since November 2013, the Board of Directors of the Company (with the exception of the Independent Director, Mr Lim Siang Kai), wishes to inform the shareholders that Fulian Knitting has entered into an amicable settlement with Jiangxi Longdu (“**Settlement Agreement**”).

Details of the Settlement Agreement include:

- (1) Termination of both the Sale and Purchase Agreement as well as the supplemental agreement entered into by both Fulian Knitting and Jiangxi Longdu on 27 September 2013 and 29 September 2013 respectively (collectively the “**Contracts**”).
- (2) In view of such termination (as set out in part (1) above), Fulian Knitting shall compensate Jiangxi Longdu for all economic losses sustained by Jiangxi Longdu and that the compensation amount shall be based upon that as set out in the appraisal report issued by Fujian Huatie (the “**Appraisal Report**”). As set out in the appraisal report, the compensation amount is valued at RMB275,284,800 (the “**Compensation Amount**”).
- (3) As Fulian Knitting had not been able to settle the Compensation Amount upon issuance of the Appraisal Report as mutually agreed upon, Fulian Knitting is also to pay a further penalty amount of RMB7,707,974.40 being late interest payment

incurred on the bank interest rate of 7% per annum for the period of 1 January 2014 till 30 April 2014 ("**Late Interest Payment**").

- (4) Fulian Knitting is required to settle this Compensation Amount and Late Interest Payment within 3 days from the date of the Settlement Agreement.
- (5) Upon execution of the Settlement Agreement, Jiangxi Longdu further agrees to not make any further claim against Fulian Knitting for whatever reason under the Contracts.

The majority of the Board of Directors with the exception of the Independent Director, Mr Lim Siang Kai, is of the view that the settlement is in the best interest of the Company and the Group.

The Board will continue to keep its shareholders informed of any further developments in connection with the Claim and will make such announcements as and when necessary.

By order of the majority of the Board

Tsoi Kin Chit
Executive Chairman
6 May 2014