



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

UPDATES ON THE CLAIM BY CUSTOMER

1. Introduction

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 13 December 2013, 18 December 2013, 23 December 2013 and 26 December 2013 (the “**Announcements**”).

Terms used in this announcement which are not otherwise defined herein shall bear the same meanings as ascribed to them in the Announcements.

2. Appraisal Report

Further to the announcement made on 26 December 2013, the Company and Jiangxi Longdu have jointly engaged 福建华铁会计事务所有限责任公司 (Fujian Huatie Accounting Firm Limited) (“**Fujian Huatie**”) to assess the Claim and to determine a reasonable compensation amount based on the losses suffered by Jiangxi Longdu. Based on their physical inspection of the premises of Jiangxi Longdu and their review of (i) List of economic losses; (ii) copies of the delivery notes, invoices by Fulian Knitting; (iii) copies of the Contract; (iv) Sale and purchase agreement between Jiangxi Longdu and its customer and subsequent termination agreement; (v) copies of the product quality inspection report; and (vi) other relevant documents, Fujian Huatie has on 31 December 2013 issued an appraisal report concluding that the reasonable compensation amount is RMB 275,284,800.00 (the “**Appraisal Report**”).

3. Commencement of Proceedings

The Company was served on 30 December 2013 a notification of statement of claim (起诉书) filed by Jiangxi Longdu, in 福建省高级人民法院 (Fujian High People's Court) (the “**Statement of Claim**”).

In the Statement of Claim, Jiangxi Longdu has claimed for the sum of RMB 288,666,700.

4. Notification Letter

The Company has on 1 January 2014, received a notification letter from Jiangxi Longdu in relation to the Claim (the “**Notification Letter**”). Jiangxi Longdu expressed their concerns that they have been negotiating with the Company for over a month with no clear indication of any settlement proposal of this issue. In this regard, they have imposed the final deadline of 4 January 2014 (the “**Notification Deadline**”) for the Company to provide a settlement proposal which Jiangxi Longdu is willing to accept. Otherwise, they will be proceeding with litigation. Upon further negotiations with Jiangxi Longdu, Jiangxi Longdu agreed on 3 January 2014 to extend the date for the Company to provide a settlement proposal to 10 January 2014.

5. Further Action

A Board meeting was convened and held in connection therewith on 2 January 2014 to discuss the Appraisal Report, the Statement of Claim and the Notification Letter. The Board is of the view that the Company should continue its negotiation with Jiangxi Longdu in relation to the Claim.. The Board will keep its shareholders informed of any significant developments in connection with the Claim, and will make further announcement(s) via SGXNET as and when appropriate.

By order of the Board

Tsoi Kin Chit
Executive Chairman
3 January 2014