

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 (“FY2014”)****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

<u>Group</u>	Three months ended 31 December			FY2014	FY2013	Change
	2014	2013	Change			
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	43,512	57,698	-25%	122,095	106,184	15%
Cost of sales	(41,406)	(59,923)	-31%	(130,987)	(115,370)	14%
Gross profit/(loss)	<u>2,106</u>	<u>(2,225)</u>	-195%	<u>(8,892)</u>	<u>(9,186)</u>	-3%
Other income	-	1,811	-100%	1,580	2,613	-40%
Selling and distribution expenses	(586)	(997)	-41%	(2,744)	(2,901)	-5%
Administrative expenses	(1,791)	(4,769)	-62%	(6,975)	(20,271)	-66%
Other expenses	-	(530,382)	-100%	-	(535,412)	-100%
Loss before tax	<u>(271)</u>	<u>(536,562)</u>	-100%	<u>(17,031)</u>	<u>(565,157)</u>	-97%
Taxation credit	-	6,695	-100%	-	6,695	-100%
Net loss, representing total comprehensive loss for the period attributable to shareholders	<u>(271)</u>	<u>(529,867)</u>	-100%	<u>(17,031)</u>	<u>(558,462)</u>	-97%

- 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		FY2014	FY2013
	2014	2013		
	RMB'000	RMB'000	RMB'000	RMB'000
Depreciation on property, plant and equipment	2,039	6,110	7,885	20,105
Loss on disposal of property, plant and equipment	-	1,183	-	6,213
Impairment loss of property, plant and equipment	-	246,206	-	246,206
Provision for claim by a customer	-	282,993	-	282,993
Provision for bad debt	-	3,079	-	3,079
Foreign exchange loss	1	-	8	39
Interest income	-	(1,811)	(1,580)	(2,613)

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 2014 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current assets				
Property, plant and equipment	96,594	95,500	-	-
Investment in subsidiaries	-	-	61,113	61,113
	<u>96,594</u>	<u>95,500</u>	<u>61,113</u>	<u>61,113</u>
Current assets				
Inventories	2,483	1,508	-	-
Trade receivables	20,524	38,814	-	-
Other receivables	1,877	5,905	-	-
Amount due from a subsidiary	-	-	90	90
Cash and cash equivalents	1,173	292,435	7	106
	<u>26,057</u>	<u>338,662</u>	<u>97</u>	<u>196</u>
Total assets	<u>122,651</u>	<u>434,162</u>	<u>61,210</u>	<u>61,309</u>
Current liabilities				
Trade payables	15,229	26,803	-	-
Other payables and accruals	11,835	294,741	1,415	929
	<u>27,064</u>	<u>321,544</u>	<u>1,415</u>	<u>929</u>
Total liabilities	<u>27,064</u>	<u>321,544</u>	<u>1,415</u>	<u>929</u>
Net assets	<u>95,587</u>	<u>112,618</u>	<u>59,795</u>	<u>60,380</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	(224,153)	(207,122)	(221,319)	(220,734)
Total equity	<u>95,587</u>	<u>112,618</u>	<u>59,795</u>	<u>60,380</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 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 December 2014		As at 31 December 2013	
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		FY2014	FY2013
	2014	2013		
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flow from operating activities				
Loss before income tax	(271)	(536,562)	(17,031)	(565,157)
Adjustment for:				
Depreciation for property, plant and equipment	2,039	6,110	7,885	20,105
Loss on disposal of property, plant and equipment	-	1,183	-	6,213
Provision for claim by a customer	-	282,993	-	282,993
Impairment loss of property, plant and equipment	-	246,206	-	246,206
Interest income	-	(1,811)	(1,580)	(2,613)
Operating cash flow before movements in working capital	1,768	(1,881)	(10,726)	(12,253)
Inventories	6,065	6,397	(975)	1,776
Trade receivables	(5,858)	(13,419)	18,290	(13,622)
Other receivables	8,531	1,105	4,028	(3,231)
Trade payables	(11,388)	5,326	(11,574)	20,717
Other payables and accruals	(7)	28	(282,906)	409
Cash used in operations	(889)	(2,444)	(283,863)	(6,204)
Interest income	-	1,811	1,580	2,613
Income tax paid	-	-	-	-
Net cash used in operating activities	(889)	(633)	(282,283)	(3,591)
Cash flow from investing activities				
Purchase of property, plant and equipment	-	-	(8,979)	(41,022)
Proceed from disposal of property, plant and equipment	-	250	-	720
Net cash generated from/(used in) investing activities	-	250	(8,979)	(40,302)
Net decrease in cash and cash equivalents	(889)	(383)	(291,262)	(43,893)
Cash and cash equivalents:				
- at the beginning of the period/year	2,062	292,818	292,435	336,328
- at the end of the period/year	1,173	292,435	1,173	292,435

Cash and cash equivalents represented by:

	Group	
	31 December 2014	31 December 2013
	RMB'000	RMB'000
Cash and bank balances	1,173	292,435

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 2013	206,147	74,349	1,463	56,069	(18,906)	351,340	670,462
Loss and total comprehensive loss for the period	-	-	-	-	-	(28,595)	(28,595)
Issue of new shares	618	-	-	-	-	-	618
Balance at 30 September 2013	206,765	74,349	1,463	56,069	(18,906)	322,745	642,485
Loss and total comprehensive loss for the period	-	-	-	-	-	(529,867)	(529,867)
Balance at 31 December 2013	206,765	74,349	1,463	56,069	(18,906)	(207,122)	112,618
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

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2013	206,147	74,349	3,956	284,452
Loss and total comprehensive loss for the period	-	-	(1,667)	(1,667)
Issue of new shares	618	-	-	618
Balance at 30 September 2013	206,765	74,349	2,289	283,403
Loss and total comprehensive loss for the period	-	-	(223,023)	(223,023)
Balance at 31 December 2013	206,765	74,349	(220,734)	60,380
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

- 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 2013	542,424,199	27,121
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	<u>1,971,000</u>	<u>99</u>
At 31 December 2013 and 2014	<u>544,395,199</u>	<u>27,220</u>

Pursuant to the Foreland Performance Share Scheme, 1,971,000 new ordinary shares were issued on 5 March 2013 in respect of the award to the employees of the Group.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2014 and 31 December 2013 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 2014	At 31 December 2013
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 2014. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the year ended 31 December 2014. 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			
	2014	2013	FY2014	FY2013
Net loss (RMB'000)	(271)	(529,867)	(17,031)	(558,462)
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	544,395	544,395	544,395	544,051
Adjustment for performance share award ('000)	-	3,000	-	1,512
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	544,395	547,395	544,395	545,563
Loss per share (RMB cents)				
- Basic	(0.05)	(97.33)	(3.13)	(102.65)
- Diluted	(0.05)	(96.80)	(3.13)	(102.36)

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.

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 2014	31 December 2013	31 December 2014	31 December 2013
Net asset value (RMB'000)	95,587	112,618	59,795	60,380
Number of shares at the end of the period ('000)	544,395	544,395	544,395	544,395
Net asset value per share (RMB per share)	0.18	0.21	0.11	0.11

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			FY2014 RMB'000	FY2013 RMB'000	Change
	2014 RMB'000	2013 RMB'000	Change			
Revenue						
Manufacturing and sale of fabrics	43,512	57,636	-25%	122,095	106,047	15%
Provision of fabric processing services	-	62	-100%	-	137	-100%
Total	43,512	57,698	-25%	122,095	106,184	15%

Our revenue for manufacturing and sale of fabrics segment increased by 15%, from RMB 106.0 million in FY2013 to RMB 122.1 million in FY2014. 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 increased by approximately 5%, from RMB 8.0 per yard in FY2013 to RMB 8.5 per yard in FY2014 as a result of increased cost of production. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 9%, from 13.2 million yards in FY2013 to 14.4 million yards in FY2014.

Gross loss and gross profit margin

Our gross loss decreased from RMB 9.2 million in FY2013 to RMB 8.9 million in FY2014.

The decrease in our gross loss margin was mainly due to relatively larger scale of production and operation during FY2014 compared to that of FY2013.

Expenses

Our selling and distribution expenses maintained at similar level at RMB 2.9 million in FY2013 and RMB 2.7 million in FY2014. Our administrative expenses decreased by approximately 66%, from RMB 20.3 million in FY2013 to RMB 7.0 million in FY2014. The decrease in administrative expenses was mainly due to the decreases in depreciation of RMB 5.2 million, payroll and payroll-related expenses of RMB 2.4 million, relocation and machine installation expense of RMB 2.4 million and provision for bad debt of RMB 3.1 million. During FY2013 there was no production during the first half of 2013 while we were relocating our production facilities, overheads such as salary for production workers and depreciation for machine and equipment were recorded as administrative expenses instead of cost of sales. Other expense in FY2013 mainly represent impairment loss of property, plant and equipment of RMB 246.2 million and compensation for customer claim and late interest payment of RMB 283.0 million. There are no such items during FY2014.

Our subsidiary, Fulian Knitting Co., Ltd, incurred a loss during the year and therefore there was no taxation expense for the Group during FY2014.

Net loss

Our net loss decreased from RMB 558.5 million in FY2013 to RMB 17.0 million in FY2014.

(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 increased by RMB 1.1 million during FY2014 mainly due to the addition of property, plant and equipment of RMB 9.0 million, offset by depreciation charges of RMB 7.9 million.

Inventories increased from RMB 1.5 million as at 31 December 2013 to RMB 2.5 million as at 31 December 2014. The increase in inventories level was due to higher business activity expected in 1Q 2015.

Trade receivables decreased from RMB 38.3 million as at 31 December 2013 to RMB 20.5 million as at 31 December 2014. The decrease in trade receivables was mainly due to the collection received during the period.

Other receivables as at 31 December 2014 mainly represent VAT receivable of RMB 1.6 million and other prepayment of RMB 0.3 million.

Trade payables decreased from RMB 26.8 million as at 31 December 2013 to RMB 15.2 million as at 31 December 2014. The decrease in trade payables was due to the payment made to the suppliers during the period.

In FY2014, the Group's net cash used in operating activities of RMB 282.3 million, which mainly arose change in operating loss of RMB 10.7 million and change in working capital of RMB 273.1 million, offset by interest income received of RMB 1.6 million. The significant change in working capital was mainly due to payment of compensation for customer claim of RMB 283.0 million.

As at 31 December 2014, the Group has maintained a net cash position without borrowing. Negative working capital was recorded as the current assets are less than current liabilities.

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

As outlined in the Company's announcement released on 14 November 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."

Although revenue for FY2014 increased by approximately 15% mainly driven by the increase in sales volume and average selling price from the manufacturing and sale of fabrics segment, gross loss was recorded as a result of weak market demand and increased pricing pressures for high-grade textile products. This is consistent with the commentary and the reasons given in the announcement released on 14 November 2014.

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 2014 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.

14. Update on Use of IPO Proceeds

As at the date of this announcement, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Expansion of production capacity and research and development capabilities:			
- Construction costs	609	609	-
- New equipment	13,025	13,025	-
- Wastewater treatment and recycling plant and methylbenzene recycling facility	2,957	2,957	-
	16,591	16,591	-

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

15. 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.

16. 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 15 above.

17. A breakdown of sales.

	Revenue			Net loss		
	FY2014	FY2013	Change %	FY2014	FY2013	Change %
	RMB'000	RMB'000		RMB'000	RMB'000	
First half year	43,383	9,891	339%	(9,601)	(22,291)	-57%
Second half year	78,712	96,293	-18%	(7,430)	(536,171)	-99%

18. 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

19. 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.

Name	Age	Family relationship with any director and/or substantial Shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Cai Lian Yong	45	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

1 March 2015