



FORELAND FABRICTECH HOLDINGS LIMITED

(Incorporated in Bermuda with Company Registration No. 39151)

RESPONSE TO SGX QUERIES ON ANNOUNCEMENT OF UNAUDITED FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors of Foreland Fabrictech Holdings Limited (“the Company”, together with its subsidiaries, “the Group”) wishes to announce its response to the query raised by the Singapore Exchange Securities Trading Limited (“SGX”) in connection with the announcement made by the Company on 29 February 2016, with regard to the unaudited full year results for the financial year ended 31 December 2015.

SGX Queries 1

We refer to page 8 of the Results Announcement. We note that “other expense in FY2015 was mainly represented by loss on disposal of old and outdated machines and equipments of RMB 2.7 million. Please provide the following information:-

- (a) Elaborate disposal to whom and how was valuation determined
- (b) When were machines and equipment acquired and for how much
- (c) What is the use of proceeds from the disposal

Company’s response to Queries 1

- (a) The disposal was made to an independent third party, Anhui Shunyu Import and Export Trading Company Limited. The consideration of RMB 500,000 was arrived at on a willing buyer willing seller basis for similar old equipments.
- (b) The disposal composed of a slashing machine and 100 sets of water jet looms. The slashing machine was acquired in December 2002 for RMB 3.7 million. The 100 sets of water jet looms were acquired at June 2013 for RMB 9.0 million.
- (c) Proceeds from the disposal was used as general working capital for operation.

SGX Queries 2

We refer to page 8 of the Results Announcement. We note that “Property, plant and equipment decreased by RMB 11.1 million during FY2015 mainly due to the disposal of old and outdated machines and equipments of RMB 3.2 million and depreciation charges of RMB 7.9 million”. Please elaborate how much capacity does this represent and what is remaining capacity of Company’s production facility arising from the disposal.

Company’s response to Queries 2

Slashing machine and water jet looms were used to produce loom-state fabrics. In recent years, loom-state fabrics could be purchased at open market at price similar or lower than the cost of

manufacturing by the Company. Production capacity of the Company was determined by its dyeing process. Therefore the disposal do not have any impact on the Company's capacity.

The current capacity of the Company's production facility was about 41.3 million yards per year.

SGX Queries 3

We refer to paragraph 10, page 9 of the Results Announcement.

- (a) We note that “the Group will continue its efforts to expand sales, tighten cost controls and develop new and innovative products to maintain its market competitiveness”. Please elaborate on what has been done to “develop new and innovative products”.
- (b) Please provide market data to elaborate on this industry trend of “weak market demand and increased pricing pressures for high-grade textile products”.

Company's response to Queries 3

- (a) The Company has a research and development team to develop new products and enhance the grade of existing products. Research and development expense was RMB 0.7 million for FY2015 and FY2014 respectively.
- (b) According to Custom statistic as quoted in Made-in-China.com (<http://cn.made-in-china.com/info/article-7293104.html>), record 66% decrease in apparel and textile accessories export for the first three quarters of 2015. The overall decrease in demand for textile products results in weak market demand and increased price pressure for textile products, including high-grade textile products.

By Order of the Board

Tsoi Kin Chit
Executive Chairman
15 March 2016