

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)

(Co. Regn. No: 39151)

UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2015 (“2Q 2015”)**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 Statements of Comprehensive Income

<u>Group</u>	2Q 2015 RMB'000	2Q 2014 RMB'000	Change %	Six months ended 30 June		Change %
				2015 RMB'000	2014 RMB'000	
Revenue	16,874	28,149	-40%	36,761	43,383	-15%
Cost of sales	(11,975)	(28,956)	-59%	(30,846)	(49,798)	-38%
Gross profit/(loss)	4,899	(807)	-707%	5,915	(6,415)	-192%
Other income	1	(49)	-102%	4	1,579	-100%
Selling and distribution expenses	(471)	(737)	-36%	(1,019)	(1,415)	-28%
Administrative expenses	(2,328)	(2,132)	9%	(4,377)	(3,350)	31%
Profit/(Loss) before tax	2,101	(3,725)	-156%	523	(9,601)	-105%
Taxation	-	-		-	-	
Net profit/(loss), representing total comprehensive income/(loss) for the period attributable to shareholders	2,101	(3,725)	-156%	523	(9,601)	-105%

- 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 tax is determined after charging/(crediting) the following:

	2Q 2015 RMB'000	2Q 2014 RMB'000	Six months ended 30 June	
			2015 RMB'000	2014 RMB'000
Depreciation on property, plant and equipment	1,942	(1,637)	3,874	3,873
Foreign exchange loss	-	-	3	3
Interest income	(1)	49	(4)	(1,579)

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	
	30 June 2015 RMB'000	31 December 2014 RMB'000	30 June 2015 RMB'000	31 December 2014 RMB'000
Non-current assets				
Property, plant and equipment	92,720	96,594	-	-
Investment in subsidiaries	-	-	61,113	61,113
	<u>92,720</u>	<u>96,594</u>	<u>61,113</u>	<u>61,113</u>
Current assets				
Inventories	9,822	2,483	-	-
Trade receivables	22,403	20,524	-	-
Other receivables	797	1,877	-	-
Amount due from a subsidiary	-	-	90	90
Cash and cash equivalents	94	1,173	5	7
	<u>33,116</u>	<u>26,057</u>	<u>95</u>	<u>97</u>
Total assets	<u>125,836</u>	<u>122,651</u>	<u>61,208</u>	<u>61,210</u>
Current liabilities				
Trade payables	16,846	15,229	-	-
Other payables and accruals	12,880	11,835	1,990	1,415
	<u>29,726</u>	<u>27,064</u>	<u>1,990</u>	<u>1,415</u>
Total liabilities	<u>29,726</u>	<u>27,064</u>	<u>1,990</u>	<u>1,415</u>
Net assets	<u>96,110</u>	<u>95,587</u>	<u>59,218</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	(223,630)	(224,153)	(221,896)	(221,319)
Total equity	<u>96,110</u>	<u>95,587</u>	<u>59,218</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 30 June 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 30 June 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

	2Q 2015 RMB'000	2Q 2014 RMB'000	Six months ended 30 June	
			2015 RMB'000	2014 RMB'000
Cash flow from operating activities				
Profit/(Loss) before tax	2,101	(3,725)	523	(9,601)
Adjustment for:				
Depreciation for property, plant and equipment	1,942	(1,637)	3,874	3,873
Loss on disposal of property, plant and equipment	-	-	-	-
Interest income	(1)	49	(4)	(1,579)
	<u>4,042</u>	<u>(5,313)</u>	<u>4,393</u>	<u>(7,307)</u>
Operating profit/(loss) before changes in working capital	4,042	(5,313)	4,393	(7,307)
Inventories	(5,051)	(1,683)	(7,339)	(5,633)
Trade receivables	(3,277)	(3,049)	(1,879)	24,179
Other receivables	902	(7,737)	1,080	(10,065)
Trade payables	3,070	7,625	1,617	(7,731)
Other payables and accruals	213	(281,713)	1,045	(283,094)
	<u>(101)</u>	<u>(291,870)</u>	<u>(1,083)</u>	<u>(289,651)</u>
Cash used in operations	(101)	(291,870)	(1,083)	(289,651)
Interest income	1	(49)	4	1,579
	<u>(100)</u>	<u>(291,919)</u>	<u>(1,079)</u>	<u>(288,072)</u>
Net cash used in operating activities	(100)	(291,919)	(1,079)	(288,072)
Cash flow from investing activities				
Purchase of property, plant and equipment	-	-	-	(2,137)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,137)</u>
Net decrease in cash and cash equivalents	(100)	(291,919)	(1,079)	(290,209)
Cash and cash equivalents at the beginning of the financial period	194	294,145	1,173	292,435
Cash and cash equivalents at the end of the financial period	<u>94</u>	<u>2,226</u>	<u>94</u>	<u>2,226</u>

Cash and cash equivalents represented by:

	Group	
	30 June 2015 RMB'000	30 June 2014 RMB'000
Cash and bank balances	<u>94</u>	<u>2,226</u>

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
Total comprehensive loss for the period	-	-	-	-	-	(5,876)	(5,876)
Balance at 31 March 2014	206,765	74,349	1,463	56,069	(18,906)	(212,998)	106,742
Total comprehensive income for the period	-	-	-	-	-	(3,725)	(3,725)
Balance at 30 June 2014	206,765	74,349	1,463	56,069	(18,906)	(216,723)	103,017
Balance at 1 January 2015	206,765	74,349	1,463	56,069	(18,906)	(224,153)	95,587
Total comprehensive loss for the period	-	-	-	-	-	(5,876)	(5,876)
Balance at 31 March 2015	206,765	74,349	1,463	56,069	(18,906)	(230,029)	89,711
Total comprehensive loss for the period	-	-	-	-	-	6,399	6,399
Balance at 30 June 2015	206,765	74,349	1,463	56,069	(18,906)	(223,630)	96,110

Company

	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
Total comprehensive income for the period	-	-	492	492
Balance at 31 March 2014	206,765	74,349	(220,242)	60,872
Total comprehensive loss for the period	-	-	(1,146)	(1,146)
Balance at 30 June 2014	206,765	74,349	(221,388)	59,726
Balance at 1 January 2015	206,765	74,349	(221,319)	59,795
Total comprehensive income for the period	-	-	492	492
Balance at 31 March 2015	206,765	74,349	(220,827)	60,287
Total comprehensive loss for the period	-	-	(1,069)	(1,069)
Balance at 30 June 2015	206,765	74,349	(221,896)	59,218

- 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 30 June 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 30 June 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 30 June 2015	At 31 December 2014
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.

	2Q 2015	2Q 2014	Six months ended 30 June	
			2015	2014
Net profit/(loss) (RMB'000)	<u>2,101</u>	<u>(3,725)</u>	<u>523</u>	<u>(9,601)</u>
Weighted average number of ordinary shares ('000) (according to the above assumption)	<u>544,395</u>	<u>544,395</u>	<u>544,395</u>	<u>544,395</u>
Earning/(Loss) per share (RMB cents)				
- Basic	<u>0.39</u>	<u>(0.68)</u>	<u>0.10</u>	<u>(1.76)</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 after adjusting for the effect of the award pursuant to the Foreland Performance Share Scheme.

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	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Net asset value (RMB'000)	<u>96,110</u>	<u>95,587</u>	<u>59,218</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>0.18</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

	2Q 2015 RMB'000	2Q 2014 RMB'000	Change %	Six months ended 30 June		Change %
				2015 RMB'000	2014 RMB'000	
Revenue						
Manufacturing and sale of fabrics	16,874	28,149	-40%	36,761	43,383	-15%
Provision of fabric processing services	-	-		-	-	
Total	<u>16,874</u>	<u>28,149</u>	-40%	<u>36,761</u>	<u>43,383</u>	-15%

Our revenue for manufacturing and sale of fabrics segment decreased by 40%, from RMB 28.1 million in 2Q 2014 to RMB 16.9 million in 2Q 2015. 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 50%, from RMB 7.6 per yard in 2Q 2014 to RMB 11.5 per yard in 2Q 2015. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 60%, from 3.7 million yards in 2Q 2014 to 1.5 million yards in 2Q 2015.

Gross loss and gross profit margin

Our gross profit increased from gross loss of RMB 0.8 million in 2Q 2014 to gross profit of RMB 4.9 million in 1Q 2015.

The increase in our gross profit margin was mainly due to higher selling price as a result of sale of higher grade product.

Expenses

Our selling and distribution expenses decreased by approximately 36%, from RMB 0.7 million in 2Q 2014 to RMB 0.5 million in 1Q 2015. The decrease in selling and distribution expenses was mainly due to decrease in advertising expense of RMB 0.2 million as a result of decreased marketing effort. Our administrative expenses increased by approximately 9%, from RMB 2.1 million in 2Q 2014 to RMB 2.3 million in 2Q 2015 mainly due to professional fee payable for special review during the period.

Our subsidiary, Fulian Knitting Co., Ltd, did not have accumulated profit during the year and therefore there was no taxation expense for the Group during 2Q 2015.

Net profit/(loss)

Our net profit increased from loss of RMB 3.7 million in 2Q 2014 to profit of RMB 2.1 million in 2Q 2015.

(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 3.9 million during the six months ended 30 June 2015 mainly due to depreciation charges of RMB 3.9 million.

Inventories increased from RMB 2.5 million as at 31 December 2014 to RMB 9.8 million as at 30 June 2015. The increase in inventories level was due to higher business activity expected in 3Q 2015.

Trade receivables decreased from RMB 20.5 million as at 31 December 2014 to RMB 22.4 million as at 30 June 2015. The increase in trade receivables was mainly due to a decrease in business volume in 2Q 2015.

Other receivables as at 30 June 2015 mainly represent VAT receivable of RMB 0.8 million.

Trade payables increased from RMB 15.2 million as at 31 December 2014 to RMB 16.8 million as at 30 June 2015. The increase in trade payables was due to a increase in business activity in 2Q 2015.

In 2Q 2015, the Group's net cash used in operating activities of RMB 0.1 million, which mainly arose operating profit before changes in working capital of RMB 4.0 million, offset by change in working capital of RMB 4.1 million.

As at 30 June 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 second quarter financial results for the period ended 30 June 2015 is in line with the Company's financial result announcement on 15 May 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/recommendeded, a statement to that effect.**

No dividend for the year ended 30 June 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.

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:

	Amount allocated	Amount utilised	Balance
Use of IPO proceeds	S\$'000	S\$'000	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	-
	<u>16,591</u>	<u>16,591</u>	<u>-</u>

15. Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company, which may render the unaudited second quarter financial results for the period ended 30 June 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Tsoi Kin Chit
Executive Chairman

Zhang Hong Lai
Executive Director

14 August 2015