

**FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)**

(Co. Regn. No: 39151)

**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2015 (“1Q 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 Statement of Comprehensive Income	Group		Change %
	1Q 2015	1Q 2014	
	RMB'000	RMB'000	
Revenue	19,887	15,234	31%
Cost of sales	(18,871)	(20,842)	-9%
Gross profit/(loss)	1,016	(5,608)	-118%
Other income	3	1,628	-100%
Selling and distribution expenses	(548)	(678)	-19%
Administrative expenses	(2,049)	(1,218)	68%
Loss before tax	(1,578)	(5,876)	-73%
Taxation	-	-	n/a
Net loss, representing total comprehensive loss for the period attributable to shareholders	(1,578)	(5,876)	-73%

**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:			
	Group		
	1Q 2015	1Q 2014	
	RMB'000	RMB'000	
Depreciation on property, plant and equipment	1,932	5,510	
Foreign exchange loss	3	3	
Interest income	(3)	(1,628)	

**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 March 2015	31 December 2014	31 March 2015	31 December 2014
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	94,662	96,594	-	-
Investment in subsidiaries	-	-	61,113	61,113
	94,662	96,594	61,113	61,113
<b>Current assets</b>				
Inventories	4,771	2,483	-	-
Trade receivables	19,126	20,524	-	-
Other receivables	1,699	1,877	-	-
Amount due from a subsidiary	-	-	90	90
Cash and cash equivalents	194	1,173	7	7
	25,790	26,057	97	97
<b>Total assets</b>	120,452	122,651	61,210	61,210
<b>Current liabilities</b>				
Trade payables	13,776	15,229	-	-
Other payables and accruals	12,667	11,835	1,698	1,415
	26,443	27,064	1,698	1,415
<b>Total liabilities</b>	26,443	27,064	1,698	1,415
<b>Net assets</b>	94,009	95,587	59,512	59,795
<b>Equity attributable to equity holder of the Company</b>				
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	(225,731)	(224,153)	(221,602)	(221,319)
<b>Total equity</b>	94,009	95,587	59,512	59,795

**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 March 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 31 March 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	
	1Q 2015	1Q 2014
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(1,578)	(5,876)
Adjustments for:		
Depreciation for property, plant and equipment	1,932	5,510
Interest income	(3)	(1,628)
Operating cash flow before changes in working capital	351	(1,994)
Inventories	(2,288)	(3,950)
Trade receivables	1,398	27,228
Other receivables	178	(2,328)
Trade payables	(1,453)	(15,356)
Other payables and accruals	832	(1,381)
<b>Cash (used in)/generated from operations</b>	(982)	2,219
Interest received	3	1,628
<b>Net cash (used in)/generated from operating activities</b>	(979)	3,847
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, represents net cash used in investing activities	-	(2,137)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(979)	1,710
<b>Cash and cash equivalents at the beginning of the period</b>	1,173	292,435
<b>Cash and cash equivalents at the end of the period</b>	194	294,145
Cash and cash equivalents represented by:		
	Group	
	31 March	31 March
	2015	2014
	RMB'000	RMB'000
Cash and bank balances	194	294,145

- 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.**

<b>Statements of Changes in Equity</b>							
<b>Group</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Capital reserve</b>	<b>General reserve fund</b>	<b>Merger reserve</b>	<b>Revenue reserve</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Balance at 1 January 2014	206,765	74,349	1,463	56,069	(18,906)	98,183	417,923
Total comprehensive loss for the period	-	-	-	-	-	(5,876)	(5,876)
Balance at 31 March 2014	<u>206,765</u>	<u>74,349</u>	<u>1,463</u>	<u>56,069</u>	<u>(18,906)</u>	<u>92,307</u>	<u>412,047</u>
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	-	-	-	-	-	(1,578)	(1,578)
Balance at 31 March 2015	<u>206,765</u>	<u>74,349</u>	<u>1,463</u>	<u>56,069</u>	<u>(18,906)</u>	<u>(225,731)</u>	<u>94,009</u>

<b>Company</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Revenue reserve</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Balance at 1 January 2014	206,765	74,349	1,489	282,603
Total comprehensive profit for the period	-	-	492	492
Balance at 31 March 2014	<u>206,765</u>	<u>74,349</u>	<u>1,981</u>	<u>283,095</u>
Balance at 1 January 2015	206,765	74,349	(221,319)	59,795
Total comprehensive loss for the period	-	-	(283)	(283)
Balance at 31 March 2015	<u>206,765</u>	<u>74,349</u>	<u>(221,602)</u>	<u>59,512</u>

- 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 31 December 2014 and 31 March 2015	544,395,199	27,220

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 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 31 March 2015	At 31 December 2014
Number of issued shares (excluding treasury shares)	544,395,199	544,395,199

- 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.**

	Group	
	1Q 2015	1Q 2014
Net loss (RMB'000)	(1,578)	(5,876)
Weighted average number of ordinary shares ('000)	544,395	544,395
Loss per share (RMB cents)		
- Basic	(0.29)	(1.08)

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	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
Net asset value (RMB'000)	94,009	95,587	59,512	59,795
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)	0.17	0.18	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**

	Group		Change
	1Q 2015 RMB'000	1Q 2014 RMB'000	
Revenue			
Manufacture and sale of fabrics	19,887	15,234	31%
Provision of fabric processing services	-	-	n/a
Total	19,887	15,234	31%

Our revenue for manufacturing and sale of fabrics segment increased by 31%, from RMB 15.2 million in 1Q 2014 to RMB 19.9 million in 1Q 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 48%, from RMB 7.8 per yard in 1Q 2014 to RMB 11.5 per yard in 1Q 2015. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 12%, from 2.0 million yards in 1Q 2014 to 1.7 million yards in 1Q 2015.

**Gross loss and gross profit margin**

Our gross profit increased from gross loss of RMB 5.6 million in 1Q 2014 to gross profit of RMB 1.0 million in 1Q 2015.

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

**Expenses**

Our selling and distribution expenses decreased by approximately 10%, from RMB 0.7 million in 1Q 2014 to RMB 0.6 million in 1Q 2015. The decrease in selling and distribution expenses was mainly due to decrease in advertising expense of RMB 0.1 million as a result of decreased marketing effort. Our administrative expenses increased by approximately 68%, from RMB 1.2 million in 1Q 2014 to RMB 2.0 million in 1Q 2015. The increase in administrative expenses was mainly due to the decrease in reversal of PSS expense in 1Q 2014 of RMB 0.9 million. No such reversal of PSS expense occurred in 1Q 2015.

Our subsidiary, Fulian Knitting Co., Ltd, incurred a loss during the year and therefore there was no taxation expense for the Group during 1Q 2015.

**Net loss**

Our net loss decreased from RMB 5.9 million in 1Q 2014 to RMB 1.6 million in 1Q 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 1.9 million during 1Q 2015 mainly due to depreciation charges of RMB 1.9 million.

Inventories increased from RMB 2.5 million as at 31 December 2014 to RMB 4.8 million as at 31 March 2015. The increase in inventories level was due to higher business activity expected in 2Q 2015.

Trade receivables decreased from RMB 20.5 million as at 31 December 2014 to RMB 19.1 million as at 31 March 2015. The decrease in trade receivables was mainly due to a decrease in business volume in 1Q 2015.

Other receivables as at 31 March 2015 mainly represent VAT receivable of RMB 1.4 million, other prepayment of RMB 0.3 million.

Trade payables decreased from RMB 15.2 million as at 31 December 2014 to RMB 13.4 million as at 31 March 2015. The decrease in trade payables was due to a decrease in business activity in 1Q 2015.

In 1Q 2015, the Group's net cash used in operating activities of RMB 1.0 million, which mainly arose from change in working capital of RMB 1.3 million, offset by operating profit before changes in working capital of RMB 0.3 million.

As at 31 March 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.**

Not applicable.



- 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 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:

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

**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 first quarter financial results for the period ended 31 March 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

15 May 2015