

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)

(Co. Regn. No: 39151)

UNAUDITED THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016 (“3Q 2016”)

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	3Q 2016	3Q 2015	Change	Nine months ended		
				30 September		
	RMB'000	RMB'000	%	2016	2015	Change
				RMB'000	RMB'000	%
Revenue	1,485	14,722	-90%	8,353	51,483	-84%
Cost of sales	(3,528)	(12,641)	-72%	(13,204)	(43,487)	-70%
Gross (loss)/profit	(2,043)	2,081	-198%	(4,851)	7,996	-161%
Other income	5	1	400%	136	5	2620%
Selling and distribution expenses	(90)	(192)	-53%	(308)	(1,211)	-75%
Administrative expenses	(2,071)	(832)	149%	(7,321)	(5,209)	41%
(Loss)/profit before tax	(4,199)	1,058	-497%	(12,344)	1,581	-881%
Taxation	-	-		-	-	
Net (loss)/profit, representing total comprehensive (loss)/profit for the period attributable to shareholders	(4,199)	1,058	-497%	(12,344)	1,581	-881%

- 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)/profit before tax is determined after charging/(crediting) the following:				
	3Q 2016	3Q 2015	Nine months ended	
			30 September	
	RMB'000	RMB'000	2016	2015
			RMB'000	RMB'000
Depreciation on property, plant and equipment	1,710	1,921	5,338	5,795
Gains on disposal of property, plant and equipment	(5)	-	(135)	-
Foreign exchange loss	5	-	3	3
Interest income	-	(1)	(1)	(5)

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 September	31 December	30 September	31 December
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	80,164	85,502	-	-
Investment in subsidiaries	-	-	61,113	61,113
	80,164	85,502	61,113	61,113
Current assets				
Inventories	174	164	-	-
Trade receivables	10,384	14,970	-	-
Other receivables	60	1,899	-	-
Amount due from a subsidiary	-	-	90	90
Cash and cash equivalents	235	164	39	40
	10,853	17,197	129	130
Total assets	91,017	102,699	61,242	61,243
Current liabilities				
Trade payables	314	654	-	-
Other payables and accruals	14,082	13,080	3,787	2,027
	14,396	13,734	3,787	2,027
Total liabilities	14,396	13,734	3,787	2,027
Net assets	76,621	88,965	57,455	59,216
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	(243,119)	(230,775)	(223,659)	(221,898)
Total equity	76,621	88,965	57,455	59,216

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 September 2016		As at 31 December 2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 30 September 2016		As at 31 December 2015	
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				
			Nine months ended	
			30 September	
	3Q 2016	3Q 2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flow from operating activities				
(Loss)/profit before income tax	(4,199)	1,058	(12,344)	1,581
Adjustments for:				
Depreciation for property, plant and equipment	1,710	1,921	5,338	5,795
Gain on disposal of property, plant and equipment	(5)	-	(135)	-
Interest income	-	(1)	(1)	(5)
Operating (loss)/profit before changes in working capital	(2,494)	2,978	(7,142)	7,371
Inventories	9	7,384	(10)	45
Trade receivables	(60)	5,046	4,586	3,167
Other receivables	1,621	732	1,839	1,812
Trade payables	68	(15,649)	(340)	(14,032)
Other payables and accruals	861	(529)	1,002	516
Cash generated from/(used in) operations	5	(38)	(65)	(1,121)
Interest income	-	1	1	5
Net cash generated from/(used in) operating activities	5	(37)	(64)	(1,116)
Cash flow from investing activities				
Proceed from disposal of property, plant and equipment, represents net cash generated from investing activities	5	-	135	-
Net increase/(decrease) in cash and cash equivalents	10	(37)	71	(1,116)
Cash and cash equivalents at the beginning of the period	225	94	164	1,173
Cash and cash equivalents at the end of the period	235	57	235	57
Cash and cash equivalents represented by:				
			Group	
			30 September	30 September
			2016	2015
			RMB'000	RMB'000
Cash and bank balances			235	57

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							
Group	Share capital	Share premium	Capital reserve	General reserve fund	Merger reserve	Revenue reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	206,765	74,349	1,463	56,069	(18,906)	(224,153)	95,587
Total comprehensive income for the period	-	-	-	-	-	523	523
Balance at 30 June 2015	206,765	74,349	1,463	56,069	(18,906)	(223,630)	96,110
Total comprehensive income for the period	-	-	-	-	-	1,058	1,058
Balance at 30 September 2015	206,765	74,349	1,463	56,069	(18,906)	(222,572)	97,168
Balance at 1 January 2016	206,765	74,349	1,463	56,069	(18,906)	(230,775)	88,965
Total comprehensive loss for the period	-	-	-	-	-	(8,145)	(8,145)
Balance at 30 June 2016	206,765	74,349	1,463	56,069	(18,906)	(238,920)	80,820
Total comprehensive loss for the period	-	-	-	-	-	(4,199)	(4,199)
Balance at 30 September 2016	206,765	74,349	1,463	56,069	(18,906)	(243,119)	76,621

Company	Share capital	Share premium	Revenue reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	206,765	74,349	(221,319)	59,795
Total comprehensive loss for the period	-	-	(577)	(577)
Balance at 30 June 2015	206,765	74,349	(221,896)	59,218
Total comprehensive loss for the period	-	-	(121)	(121)
Balance at 30 September 2015	206,765	74,349	(222,017)	59,097
Balance at 1 January 2016	206,765	74,349	(221,898)	59,216
Total comprehensive loss for the period	-	-	(770)	(770)
Balance at 30 June 2016	206,765	74,349	(222,668)	58,446
Total comprehensive loss for the period	-	-	(991)	(991)
Balance at 30 September 2016	206,765	74,349	(223,659)	57,455

- 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 2015 and 30 September 2016	544,395,199	27,220

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 June 2016 and 31 December 2015 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 September 2016	At 31 December 2015
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 2016. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the year ended 31 December 2016. 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.

	3Q 2016	3Q 2015	Nine months ended 30 September	
			2016	2015
Net (loss)/profit (RMB'000)	(4,199)	1,058	(12,344)	1,581
Weighted average number of ordinary shares ('000) (according to the assumption)	544,395	544,395	544,395	544,395
(Loss)/earnings per share (RMB cents)				
- Basic	(0.77)	0.19	(2.27)	0.29

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. Diluted earnings per share is not presented because there is no potential dilutive ordinary share existing during the financial 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	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
Net asset value (RMB'000)	76,621	88,965	57,455	59,216
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)	0.14	0.16	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

	3Q 2016	3Q 2015	Change	Nine months ended 30 September		
				2016	2015	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue						
Manufacturing and sale of fabrics	1,485	14,722	-90%	8,353	51,483	-84%
Provision of fabric processing services	-	-	n/a	-	-	n/a
Total	1,485	14,722	-90%	8,353	51,483	-84%

Our revenue for manufacturing and sale of fabrics segment decreased by 90%, from RMB 14.7 million in 3Q 2015 to RMB 1.5 million in 3Q 2016. 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 decreased by approximately 28%, from RMB 8.5 per yard in 3Q 2015 to RMB 6.2 per yard in 3Q 2016 as a result of weak market condition. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 86%, from 1.7 million yards in 3Q 2015 to 0.2 million yards in 3Q 2016 as a result of weak market condition.

Gross loss and gross profit margin

Our gross profit decreased from RMB 2.1 million in 3Q 2015 to gross loss of RMB 2.0 million in 3Q 2016.

The increase in our gross loss margin was mainly due to relatively weak market condition for the Group's operation.

Expenses

Our selling and distribution expenses decreased by approximately 53% from RMB 0.2 million in 3Q 2015 to RMB 0.1 million in 3Q 2016. The decrease in selling and distribution expenses was mainly due to the decrease in advertising expense of RMB 0.1 million as a result of reduced selling activities. Our administrative expenses increased by approximately 149%, from RMB 0.8 million in 3Q 2015 to RMB 2.1 million in 3Q 2016. The increase in administrative expenses was mainly due to the increase in traveling and entertainment expense of RMB 0.3 million and increase in expense of Singapore office of RMB 0.7 million comprise general meeting expenses and office running expenses.

Our subsidiary, Fulian Knitting Co., Ltd, incurred a loss during the year and therefore there was no taxation expense for the Group during 3Q 2016.

Net loss

Our net profit decreased from RMB 1.1 million in 3Q 2015 to a net loss of RMB 4.2 million in 3Q 2016.

(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 5.3 million during the nine months ended 30 September 2016 mainly due to the depreciation charges of RMB 5.3 million.

Inventories maintained at RMB 0.2 million as at 31 December 2015 and 30 September 2016.

Trade receivables decreased from RMB 15.0 million as at 31 December 2015 to RMB 10.4 million as at 30 September 2016. The decrease in trade receivables was mainly due to the collection received during the period.

Other receivables as at 30 September 2016 mainly represent other prepayment and receivable of RMB 60,000.

Trade payables decreased from RMB 0.7 million as at 31 December 2015 to RMB 0.3 million as at 30 September 2016. The decrease in trade payables was due to the payment made to the suppliers during the period.

In 3Q 2016, the Group's net cash generated from operating activities was RMB 5,000, which mainly arose from change in working capital of RMB 2.5 million, offset by operating loss before change in working capital of RMB 2.5 million.

As at 30 September 2016, 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 third quarter financial results for the period ended 30 September 2016 is in line with the Company's financial result announcement on 14 August 2016.

- 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 September 2016 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. 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 30 September 2016 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Yang Meng Yang
Executive Chairman
14 November 2016