

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

(Co. Regn. No: 39151)

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016 (“1Q 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		Change %
	1Q 2016 RMB'000	1Q 2015 RMB'000	
Revenue	3,816	19,887	-81%
Cost of sales	(5,781)	(18,871)	-69%
Gross (loss)/profit	(1,965)	1,016	-293%
Other income	131	3	4267%
Selling and distribution expenses	(115)	(548)	-79%
Administrative expenses	(2,770)	(2,049)	35%
Loss before tax	(4,719)	(1,578)	199%
Taxation	-	-	
Net loss, representing total comprehensive loss for the period attributable to shareholders	(4,719)	(1,578)	199%

**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 2016 RMB'000	1Q 2015 RMB'000	
Depreciation on property, plant and equipment	1,796	1,932	
Gain on disposal of property, plant and equipment	(130)	-	
Foreign exchange (gain)/loss	(2)	3	
Interest income	(1)	(3)	

**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	31 December	31 March	31 December
	2016	2015	2016	2015
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	83,706	85,502	-	-
Investment in subsidiaries	-	-	61,113	61,113
	83,706	85,502	61,113	61,113
<b>Current assets</b>				
Inventories	232	164	-	-
Trade receivables	11,520	14,970	-	-
Other receivables	1,680	1,899	-	-
Amount due from a subsidiary	-	-	90	90
Cash and cash equivalents	216	164	40	7
	13,648	17,197	130	97
<b>Total assets</b>	<b>97,354</b>	<b>102,699</b>	<b>61,243</b>	<b>61,210</b>
<b>Current liabilities</b>				
Trade payables	350	654	-	-
Other payables and accruals	12,758	13,080	2,308	1,415
	13,108	13,734	2,308	1,415
<b>Total liabilities</b>	<b>13,108</b>	<b>13,734</b>	<b>2,308</b>	<b>1,415</b>
<b>Net assets</b>	<b>84,246</b>	<b>88,965</b>	<b>58,935</b>	<b>59,795</b>
<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	-235,494	-230,775	(222,179)	(221,319)
<b>Total equity</b>	<b>84,246</b>	<b>88,965</b>	<b>58,935</b>	<b>59,795</b>

**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 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 31 March 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.**

<b>Consolidated Statement of Cash Flows</b>		<b>Group</b>	
		<b>1Q 2016</b>	<b>1Q 2015</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>			
Loss before income tax		(4,719)	(1,578)
Adjustments for:			
Depreciation for property, plant and equipment		1,796	1,932
Gain on disposal of property, plant and equipment		(130)	-
Interest income		(1)	(3)
Operating cash flow before changes in working capital		(3,054)	351
Inventories		(68)	(2,288)
Trade receivables		3,450	1,398
Other receivables		219	178
Trade payables		(304)	(1,453)
Other payables and accruals		(322)	832
<b>Cash used in operations</b>		<b>(79)</b>	<b>(982)</b>
Interest received		1	3
<b>Net cash used in operating activities</b>		<b>(78)</b>	<b>(979)</b>
<b>Cash flows from investing activities</b>			
Proceed from disposal of property, plant and equipment, represents net cash generated from investing activities		130	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>52</b>	<b>(979)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>164</b>	<b>1,173</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>216</b>	<b>194</b>
Cash and cash equivalents represented by:			
		<b>Group</b>	
		<b>31 March</b>	<b>31 March</b>
		<b>2016</b>	<b>2015</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Cash and bank balances		216	194

**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 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	206,765	74,349	1,463	56,069	(18,906)	(225,731)	94,009
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	-	-	-	-	-	(4,719)	(4,719)
Balance at 31 March 2016	206,765	74,349	1,463	56,069	(18,906)	-235,494	84,246

<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 2015	206,765	74,349	(221,319)	59,795
Total comprehensive loss for the period	-	-	(283)	(283)
Balance at 31 March 2015	206,765	74,349	(221,602)	59,512
Balance at 1 January 2016	206,765	74,349	(221,898)	59,216
Total comprehensive loss for the period	-	-	(281)	(281)
Balance at 31 March 2016	206,765	74,349	(222,179)	58,935

- 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 31 March 2016	544,395,199	27,220

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 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 31 March 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 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 2016	1Q 2015
Net loss (RMB'000)	(4,719)	(1,578)
Weighted average number of ordinary shares ('000)	544,395	544,395
Loss per share (RMB cents)		
- Basic	(0.87)	(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	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Net asset value (RMB'000)	84,246	88,965	58,935	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)	0.15	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**

	Group		Change
	1Q 2016 RMB'000	1Q 2015 RMB'000	
Revenue			
Manufacturing and sale of fabrics	3,816	19,887	-81%
Provision of fabric processing services	-	-	n/a
Total	3,816	19,887	-81%

Our revenue for manufacturing and sale of fabrics segment decreased by 81%, from RMB 19.9 million in 1Q 2015 to RMB 3.8 million in 1Q 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 69%, from RMB 11.5 per yard in 1Q 2015 to RMB 3.6 per yard in 1Q 2016 as a result of weak market condition. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 39%, from 1.7 million yards in 1Q 2015 to 1.1 million yards in 1Q 2016 as a result of weak market condition.

### **Gross loss and gross profit margin**

Our gross profit decreased from RMB 1.0 million in 1Q 2015 to gross loss of RMB 2.0 million in 1Q 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 79% from RMB 0.5 million in 1Q 2015 to RMB 0.1 million in 1Q 2016. The decrease in selling and distribution expenses was mainly due to the decrease in advertising expense of RMB 0.1 million and sales representative office expense of RMB 0.2 million as a result of reduced selling activities during 1Q 2016. Our administrative expenses increased by approximately 35%, from RMB 2.0 million in 1Q 2015 to RMB 2.8 million in 1Q 2016. The increase in administrative expenses was mainly due to the increase in traveling and entertainment expense of RMB 0.6 million.

Our subsidiary, Fulian Knitting Co., Ltd, incurred a loss during the year and therefore there was no taxation expense for the Group during 1Q 2016.

### **Net loss**

Our net loss increased from RMB 1.6 million in 1Q 2015 to RMB 4.7 million in 1Q 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 1.8 million during 1Q 2016 mainly due to the depreciation charges of RMB 1.8 million.

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

Trade receivables decreased from RMB 15.0 million as at 31 December 2015 to RMB 11.5 million as at 31 March 2016. The decrease in trade receivables was mainly due to the collection received during the period.

Other receivables as at 31 March 2016 mainly represent other prepayment and receivable of RMB 1.7 million.

Trade payables decreased from RMB 0.7 million as at 31 December 2015 to RMB 0.4 million as at 31 March 2016. The decrease in trade payables was due to the payment made to the suppliers during the period.

In 1Q 2016, the Group's net cash used in operating activities was RMB 78,000, which mainly arose from operating loss before change in working capital of RMB 3.0 million, offset by change in working capital of RMB 3.0 million. Net cash generated from investing activities mainly represented proceed from disposal of property, plant and equipment of RMB 0.1 million.

As at 31 March 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 first quarter financial results for the period ended 31 March 2016 is in line with the Company's financial result announcement on 29 February 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 31 March 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 31 March 2016 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

11 May 2016