



**FORELAND FABRICTECH HOLDINGS LIMITED**

(Incorporated in Bermuda with Company Registration No. 39151)

**RESPONSE TO SGX QUERIES ON ANNOUNCEMENT OF UNAUDITED SECOND QUARTER RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**

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 14 August 2016, with regard to the unaudited second quarter results for the financial period ended 30 June 2016.

SGX Queries 1

We refer to page 2 of the Results Announcement. We note that Trade receivables of RMB10.324 million exceeds 2Q2016 Revenue of RMB3.052 million. Please provide the following information:-

- (a) Provide aging schedule and explain why customers are not paying for their purchase
- (b) Disclose identity of material debtors and whether Company has taken active steps to collect such outstanding debts. If so, disclose these.

Company’s response to Queries 1

- (a) Trade receivables aging:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
Within 30 days	734	5,156
31 to 60 days	715	4,307
61 to 90 days	817	1,068
More than 90 days	8,058	4,439
	<u>10,324</u>	<u>14,970</u>

As a result of weak market condition and challenging business environment, customers have delayed their payments.

- (b) Significant debtors over RMB 1 million were: Jinjiang Lizhao Umbrella Company Limited (RMB 1.5 million) and Jinjiang Jicheng Qinggong Company Limited (RMB 1.6 million). The Company had been negotiating with all the debtors from time to time for collection.

SGX Queries 2

We refer to page 2 of the Results Announcement. We note that Other payables and accruals of RMB13.221 million. Please provide the following information:-

- (a) Provide breakdown and nature of underlying transaction

- (b) Reason for the significant amount of RMB13.221 million Other payables and accruals when cost of sales for 2Q2016 amounted to only RMB3.895 million.

Company's response to Queries 2

- (a) Breakdown of other payables and accruals

	30 June	31 December
	2016	2015
	RMB'000	RMB'000
Accrued social welfare	8,364	8,256
Advance receipt from customer	1,500	1,500
Accrued offshore compliance expense	2,797	2,027
Other payables and accrued operating expense	560	1,297
	<u>13,221</u>	<u>13,080</u>

- (b) Accrued social welfare and accrued offshore compliance expenses were accumulated from accruals of the previous financial period/year. Therefore, the amount is larger than the cost of sales for 2Q 2016.

By Order of the Board

Yang Meng Yang  
Executive Chairman  
29 August 2016