

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014 (“3Q 2014”)****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 2014 RMB'000	3Q 2013 RMB'000	Change %	Nine months ended 30 September		Change %
				2014 RMB'000	2013 RMB'000	
Revenue	35,200	38,595	-9%	78,583	48,486	62%
Cost of sales	(39,783)	(41,537)	-4%	(89,581)	(55,447)	62%
Gross loss	<u>(4,583)</u>	<u>(2,942)</u>	56%	<u>(10,998)</u>	<u>(6,961)</u>	58%
Other income	1	213	-100%	1,580	802	97%
Selling and distribution expenses	(743)	(742)	0%	(2,158)	(1,904)	13%
Administrative expenses	(1,834)	(2,636)	-30%	(5,184)	(15,502)	-67%
Other expenses	-	(197)	n/a	-	(5,030)	n/a
Loss before tax	<u>(7,159)</u>	<u>(6,304)</u>	14%	<u>(16,760)</u>	<u>(28,595)</u>	-41%
Taxation	-	-		-	-	
Net loss, representing total comprehensive loss for the period attributable to shareholders	<u><u>(7,159)</u></u>	<u><u>(6,304)</u></u>	14%	<u><u>(16,760)</u></u>	<u><u>(28,595)</u></u>	-41%

- 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:

	3Q 2014 RMB'000	3Q 2013 RMB'000	Nine months ended 30 September	
			2014 RMB'000	2013 RMB'000
Depreciation on property, plant and equipment	1,973	6,088	5,846	13,995
Loss on disposal of property, plant and equipment	-	197	-	5,030
Foreign exchange loss	4	2	7	39
Interest income	(1)	(213)	(1,580)	(802)

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 2014 RMB'000	31 December 2013 RMB'000	30 September 2014 RMB'000	31 December 2013 RMB'000
Non-current assets				
Property, plant and equipment	98,633	95,500	-	-
Investment in subsidiaries	-	-	61,113	61,113
	<u>98,633</u>	<u>95,500</u>	<u>61,113</u>	<u>61,113</u>
Current assets				
Inventories	8,548	1,508	-	-
Trade receivables	14,666	38,814	-	-
Other receivables	10,408	5,905	-	-
Amount due from a subsidiary	-	-	90	90
Cash and cash equivalents	2,062	292,435	122	106
	<u>35,684</u>	<u>338,662</u>	<u>212</u>	<u>196</u>
Total assets	<u>134,317</u>	<u>434,162</u>	<u>61,325</u>	<u>61,309</u>
Current liabilities				
Trade payables	26,617	26,803	-	-
Other payables and accruals	11,842	294,741	1,212	929
	<u>38,459</u>	<u>321,544</u>	<u>1,212</u>	<u>929</u>
Total liabilities	<u>38,459</u>	<u>321,544</u>	<u>1,212</u>	<u>929</u>
Net assets	<u>95,858</u>	<u>112,618</u>	<u>60,113</u>	<u>60,380</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	(223,882)	(207,122)	(221,001)	(220,734)
	<u>95,858</u>	<u>112,618</u>	<u>60,113</u>	<u>60,380</u>
Total equity	<u>95,858</u>	<u>112,618</u>	<u>60,113</u>	<u>60,380</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 September 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 30 September 2014		As at 31 December 2013	
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

	3Q 2014 RMB'000	3Q 2013 RMB'000	Nine months ended 30 September	
			2014 RMB'000	2013 RMB'000
Cash flow from operating activities				
Loss before income tax	(7,159)	(6,304)	(16,760)	(28,595)
Adjustments for:				
Depreciation for property, plant and equipment	1,973	6,088	5,846	13,995
Loss on disposal of property, plant and equipment	-	197.00	-	5,030
Interest income	(1)	(213)	(1,580)	(802)
Operating loss before changes in working capital	(5,187)	(232)	(12,494)	(10,372)
Inventories	(1,407)	(4,279)	(7,040)	(4,621)
Trade receivables	(31)	(18,185)	24,148	(203)
Other receivables	5,562	(1,259)	(4,503)	(4,336)
Trade payables	7,545	15,012	(186)	15,391
Other payables and accruals	195	358	(282,899)	381
Cash generated from/(used in) operations	6,677	(8,585)	(282,974)	(3,760)
Interest income	1	213	1,580	802
Income tax paid	-	-	-	-
Net cash generated from/(used in) operating activities	6,678	(8,372)	(281,394)	(2,958)
Cash flow from investing activities				
Purchase of property, plant and equipment	(6,842)	(2,221)	(8,979)	(41,022)
Proceed from disposal of property, plant and equipment	-	27	-	470
Net cash used in investing activities	(6,842)	(2,194)	(8,979)	(40,552)
Net decrease in cash and cash equivalents	(164)	(10,566)	(290,373)	(43,510)
Cash and cash equivalents at the beginning of the period	2,226	303,384	292,435	336,328
Cash and cash equivalents at the end of the period	2,062	292,818	2,062	292,818

Cash and cash equivalents represented by:

	Group	
	30 September 2014 RMB'000	30 September 2013 RMB'000
Cash and bank balances	2,062	292,818

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 2013	206,147	74,349	1,463	56,069	(18,906)	351,340	670,462
Total comprehensive loss for the period	-	-	-	-	-	(22,291)	(22,291)
Issue of new shares	618	-	-	-	-	-	618
Balance at 30 June 2013	206,765	74,349	1,463	56,069	(18,906)	329,049	648,789
Total comprehensive loss for the period	-	-	-	-	-	(6,304)	(6,304)
Balance at 30 September 2013	206,765	74,349	1,463	56,069	(18,906)	322,745	642,485
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	-	-	-	-	-	(9,601)	(9,601)
Balance at 30 June 2014	206,765	74,349	1,463	56,069	(18,906)	(216,723)	103,017
Total comprehensive loss for the period	-	-	-	-	-	(7,159)	(7,159)
Balance at 30 September 2014	206,765	74,349	1,463	56,069	(18,906)	(223,882)	95,858

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2013	206,147	74,349	3,956	284,452
Total comprehensive loss for the period	-	-	(694)	(694)
Issue of new shares	618	-	-	618
Balance at 30 June 2013	206,765	74,349	3,262	284,376
Total comprehensive loss for the period	-	-	(973)	(973)
Balance at 30 September 2013	206,765	74,349	2,289	283,403
Balance at 1 January 2014	206,765	74,349	(220,734)	60,380
Total comprehensive loss for the period	-	-	(654)	(654)
Balance at 30 June 2014	206,765	74,349	(221,388)	59,726
Total comprehensive income for the period	-	-	387	387
Balance at 30 September 2014	206,765	74,349	(221,001)	60,113

- 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 2013	542,424,199	27,121
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	1,971,000	99
At 31 December 2013 and 30 September 2014	<u>544,395,199</u>	<u>27,220</u>

Pursuant to the Foreland Performance Share Scheme, 1,971,000 new ordinary shares were issued on 5 March 2013 in respect of the award to the employees of the Group.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2014 and 31 December 2013 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 2014	At 31 December 2013
Number of issued shares (excluding treasury shares)	<u>544,395,199</u>	<u>542,424,199</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 2014. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the year ended 31 December 2014. 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 2014	3Q 2013	Nine months ended 30 September	
			2014	2013
Net loss (RMB'000)	<u>(7,159)</u>	<u>(6,304)</u>	<u>(16,760)</u>	<u>(28,595)</u>
Weighted average number of ordinary shares ('000) (according to the assumption)	544,395	542,424	544,395	543,935
Adjustment for performance share award ('000)	<u>-</u>	<u>1,226</u>	<u>-</u>	<u>1,011</u>
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	<u>544,395</u>	<u>543,650</u>	<u>544,395</u>	<u>544,946</u>
Loss per share (RMB cents)				
- Basic	<u>(1.32)</u>	<u>(1.16)</u>	<u>(3.08)</u>	<u>(5.26)</u>
- Diluted	<u>(1.32)</u>	<u>(1.16)</u>	<u>(3.08)</u>	<u>(5.25)</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.

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 2014	31 December 2013	30 September 2014	31 December 2013
Net asset value (RMB'000)	<u>95,858</u>	<u>112,618</u>	<u>60,113</u>	<u>60,380</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>0.21</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

	3Q 2014	3Q 2013	Change	Nine months ended		
				30 September		
				2014	2013	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue						
Manufacturing and sale of fabrics	35,200	38,520	-9%	78,583	48,411	62%
Provision of fabric processing services	-	75	-100%	-	75	-100%
Total	<u>35,200</u>	<u>38,595</u>	-9%	<u>78,583</u>	<u>48,486</u>	62%

Our revenue for manufacturing and sale of fabrics segment decreased by 9%, from RMB 38.5 million in 3Q 2013 to RMB 35.2 million in 3Q 2014. 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 3%, from RMB 7.9 per yard in 3Q 2013 to RMB 7.6 per yard in 3Q 2014, as a result of weak market condition. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 6%, from 4.9 million yards in 3Q 2013 to 4.6 million yards in 3Q 2014, as a result of weak market condition.

Gross loss and gross profit margin

Our gross loss increased from RMB 2.9 million in 3Q 2013 to RMB 4.6 million in 3Q 2014.

The increase in our gross loss margin was mainly due to relatively weak market condition for the Group's operation and decrease in demand from customers during 3Q 2014 compared to 3Q 2013.

Expenses

Our selling and distribution expenses maintained at similar level at RMB 0.7 million in both 3Q 2013 and 3Q 2014. Our administrative expenses decreased by approximately 30%, from RMB 2.6 million in 3Q 2013 to RMB 1.8 million in 3Q 2014. The decrease in administrative expenses was mainly due to the decreases in depreciation of RMB 0.3 million and payroll and payroll-related expenses of RMB 0.6 million as a result of tighter cost control.

Our subsidiary, Fulian Knitting Co., Ltd, incurred a loss during the year and therefore there was no taxation expense for the Group during 3Q 2014.

Net loss

Our net loss increased from RMB 6.3 million in 3Q 2013 to RMB 7.2 million in 3Q 2014.

(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 increased by RMB 3.1 million during the nine months ended 30 September 2014 mainly due to the addition of property, plant and equipment of RMB 9.0 million, offset by depreciation charges of RMB 5.8 million.

Inventories increased from RMB 1.5 million as at 31 December 2013 to RMB 8.5 million as at 30 September 2014. The increase in inventories level was due to higher business activity expected in 4Q 2014.

Trade receivables decreased from RMB 38.3 million as at 31 December 2013 to RMB 14.7 million as at 30 September 2014. The decrease in trade receivables was mainly due to the collection received during the period.

Other receivables as at 30 September 2014 mainly represent deposits for buildings construction of RMB 6.4 million, VAT receivable of RMB 3.6 million and other prepayment of RMB 0.4 million.

Trade payables maintained at similar level of RMB 26.6 million as at 30 September 2014 compared to RMB 26.8 million as at 31 December 2013.

In 3Q 2014, the Group's net cash generated from operating activities of RMB 6.7 million, which mainly arose change in working capital of RMB 11.9 million, offset by operating loss of RMB 5.2 million.

As at 30 September 2014, 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.

As outlined in the Company's announcement released on 14 August 2014, we commented that "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."

Revenue for 3Q 2014 decreased by approximately 9% mainly driven by the decrease in sales volume and average selling price from the manufacturing and sale of fabrics segment as a result of weak market demand and increased pricing pressures for high-grade textile products. This is consistent with the commentary and the reasons given in the announcement released on 14 August 2014.

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/recommended, a statement to that effect.

No dividend for the year ended 30 September 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:

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

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 30 September 2014 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 November 2014