

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016 (“FY2016”)****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**

	Three months ended 31 December			FY2016 (Unaudited) RMB'000	FY2015 (Audited) RMB'000	Change %
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	Change %			
Revenue	2,685	8,761	(69)	11,038	60,244	(82)
Cost of sales	(4,249)	(8,608)	(51)	(17,453)	(52,095)	(66)
Gross loss	(1,564)	153	N/A	(6,415)	8,149	N/A
Other income	(135)	1	N/A	1	6	(83)
Selling and distribution expenses	(84)	(140)	(40)	(392)	(1,351)	(71)
Administrative expenses	(2,494)	(6,055)	(59)	(9,815)	(11,264)	(13)
Loss before tax	(4,277)	(6,041)	(29)	(16,621)	(4,460)	273
Taxation	-	-	-	-	-	-
Net loss, representing total comprehensive loss for the period attributable to shareholders	(4,277)	(6,041)	(29)	(16,621)	(4,460)	273

- 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 income tax is determined after charging/(crediting) the following:

Group

	Three months ended 31 December			FY2016 (Unaudited) RMB'000	FY2015 (Audited) RMB'000	Change %
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	Change %			
Amortisation of land use rights	123	123	-	491	491	-
Depreciation of property, plant and equipment	499	489	2	5,469	5,916	(8)
Loss on disposal of property, plant and equipment	870	2,102	(59)	735	2,102	(65)
Foreign exchange loss/(gain)	53	(3)	N/A	56	-	N/A
Interest income	-	(1)	(100)	(1)	(6)	(83)

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.

Statement of Financial Position

	Group		Company	
	31/12/2016 (Unaudited) RMB'000	31/12/2015 (Audited) RMB'000	31/12/2016 (Unaudited) RMB'000	31/12/2015 (Audited) RMB'000
Non-current assets				
Land use rights	21,126	21,617	-	-
Property, plant and equipment	61,086	67,555	39	-
Investment in subsidiaries	-	-	61,113	61,113
	<u>82,212</u>	<u>89,172</u>	<u>61,152</u>	<u>61,113</u>
Current assets				
Inventories	261	164	-	-
Trade receivables	12,376	18,049	-	-
Other receivables	78	1,900	-	-
Amount due from a subsidiary	-	-	49	-
Cash and cash equivalents	91	162	22	39
	<u>12,806</u>	<u>20,275</u>	<u>71</u>	<u>39</u>
Total assets	<u>95,018</u>	<u>109,447</u>	<u>61,223</u>	<u>61,152</u>
Current liabilities				
Trade payables	363	268	-	-
Other payables and accruals	16,048	13,951	5,599	2,358
Total liabilities	<u>16,411</u>	<u>14,219</u>	<u>5,599</u>	<u>2,358</u>
Net current (liabilities)/assets	<u>(3,605)</u>	<u>6,056</u>	<u>(5,528)</u>	<u>(2,319)</u>
Net assets	<u>78,607</u>	<u>95,228</u>	<u>55,624</u>	<u>58,794</u>
Equity attributable to equity holders 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	(241,133)	(224,512)	(225,490)	(222,320)
Total equity	<u>78,607</u>	<u>95,228</u>	<u>55,624</u>	<u>58,794</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 31 December 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 December 2016 (Unaudited)		As at 31 December 2015 (Audited)	
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**

	Three months ended 31 December		FY2016 (Unaudited) RMB'000	FY2015 (Audited) RMB'000
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000		
Cash flows from operating activities				
Loss before income tax	(4,277)	(6,041)	(16,621)	(4,460)
Adjustment for:				
Amortisation of land use rights	123	123	491	491
Depreciation for property, plant and equipment	499	489	5,469	5,916
Loss on disposal of property, plant and equipment	870	2,102	735	2,102
Interest income	-	(1)	(1)	(6)
Operating cash flows before movements in working capital	(2,785)	(3,328)	(9,927)	4,043
Inventories	(87)	2,274	(97)	2,319
Trade receivables	1,087	2,388	5,673	5,555
Other receivables	(17)	(1,835)	1,822	(23)
Trade payables	435	(929)	95	(14,961)
Other payables and accruals	1,095	1,034	2,097	1,550
Cash used in operations	(272)	(396)	(337)	(1,517)
Interest income	-	1	1	6
Net cash used in operating activities	(272)	(395)	(336)	(1,511)
Cash flows from investing activities				
Purchase of property, plant and equipment	(40)	-	(40)	-
Proceed from disposal of property, plant and equipment	170	500	305	500
Net cash generated from investing activities	130	500	265	500
Net (decrease)/increase in cash and cash equivalents	(142)	105	(71)	(1,011)
Cash and cash equivalent at the beginning of the period/year	233	57	162	1,173
Cash and cash equivalent at the end of the period/year	91	162	91	162

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.

**Statement of Changes in Equity
Group**

	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 2015 (Audited)	206,765	74,349	1,463	56,069	(18,906)	(220,052)	99,688
Profit and total comprehensive income for the period	-	-	-	-	-	1,581	1,581
Balance at 30 September 2015 (Unaudited)	206,765	74,349	1,463	56,069	(18,906)	(218,471)	101,269
Loss and total comprehensive loss for the period	-	-	-	-	-	(6,041)	(6,041)
Balance at 31 December 2015 (Audited)	206,765	74,349	1,463	56,069	(18,906)	(224,512)	95,228
Balance at 1 January 2016 (Audited)	206,765	74,349	1,463	56,069	(18,906)	(224,512)	95,228
Loss and total comprehensive loss for the period	-	-	-	-	-	(12,344)	(12,344)
Balance at 30 September 2016 (Unaudited)	206,765	74,349	1,463	56,069	(18,906)	(236,856)	82,884
Loss and total comprehensive loss for the period	-	-	-	-	-	(4,277)	(4,277)
Balance at 31 December 2016 (Unaudited)	206,765	74,349	1,463	56,069	(18,906)	(241,133)	78,607

Company

	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2015 (Audited)	206,765	74,349	(221,604)	59,510
Loss and total comprehensive loss for the period	-	-	(698)	(698)
Balance at 30 September 2015 (Unaudited)	206,765	74,349	(222,302)	58,812
Loss and total comprehensive loss for the period	-	-	(18)	(18)
Balance at 31 December 2015 (Audited)	206,765	74,349	(222,320)	58,794
Balance at 1 January 2016 (Audited)	206,765	74,349	(222,320)	58,794
Loss and total comprehensive loss for the period	-	-	(1,761)	(1,761)
Balance at 30 September 2016 (Unaudited)	206,765	74,349	(224,081)	57,033
Loss and total comprehensive loss for the period	-	-	(1,409)	(1,409)
Balance at 31 December 2016 (Unaudited)	206,765	74,349	(225,490)	55,624

- 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 December 2016	<u>544,395,199</u>	<u>27,220</u>

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 December 2015 and 31 December 2016 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 December 2016 (Unaudited)	At 31 December 2015 (Audited)
Total number of issued shares (excluding treasury shares)	<u>544,395,199</u>	<u>544,395,199</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 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.

	Three months ended 31 December		FY2016 (Unaudited)	FY2015 (Audited)
	2016 (Unaudited)	2015 (Unaudited)		
Net loss (RMB'000)	(4,277)	(6,041)	(16,621)	(4,460)
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	544,395	544,395	544,395	544,395
Loss per share (RMB cents)				
- Basic	(0.79)	(1.11)	(3.05)	(0.82)

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/year. Diluted earnings per share is not presented because there is no potential dilutive ordinary share existing during the financial period/year.

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	
	31/12/2016 (Unaudited)	31/12/2015 (Unaudited)	31/12/2016 (Unaudited)	31/12/2015 (Audited)
Net asset value (RMB'000)	78,607	95,228	55,624	58,794
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	0.17	0.10	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

	Three months ended 31 December			FY2016 (Unaudited) RMB'000	FY2015 (Audited) RMB'000	Change %
	2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000	Change %			
Manufacturing and sale of fabrics	2,685	8,761	(69)	11,038	60,244	(82)

Our revenue for manufacturing and sale of fabrics segment decreased by 82%, from RMB60.2 million in FY2015 to RMB11.0 million in FY2016. 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 52%, from RMB7.7 per yard in FY2015 to RMB3.7 per yard in FY2016. Sales volume from the manufacturing and sale of fabrics segment decreased by approximately 62%, from 7.8 million yards in FY2015 to 3.0 million yards in FY2016. The overall decrease in demand for textile products results in weak market demand and increased price pressure for textile products, including high-grade textile products.

Gross loss and gross profit margin

Our gross profit decreased from gross profit of RMB8.1 million in FY2015 to gross loss of RMB6.4 million in FY2016.

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

Other income

In the fourth quarter of 2016 (4Q2016), the debit balance in other income of RMB135,000 was mainly due to reversal of gain on disposal of machines and equipment which had been reported in previous quarter of 2016. The loss on such disposals has been included in the administrative expenses for 4Q2016.

Expenses

Our selling and distribution expenses decreased by approximately 71% from RMB1.4 million in FY2015 to RMB0.4 million in FY2016. The decrease in selling and distribution expenses was mainly due to the decrease in advertising expense of RMB0.2 million, decrease in travelling and entertainment expenses of RMB0.1 million, and sales representative office expense of RMB0.7 million as a result of reduced selling activities during FY2016.

Our administrative expenses decreased by approximately 13%, from RMB11.3 million in FY2015 to RMB9.9 million in FY2016. The decrease in administrative expenses was due to the loss on disposal of machines and equipment of RMB0.7 million in FY2016 (FY2015: RMB2.1 million). The administrative expenses in the holding company increased by RMB2.5 million mainly for professional expenses, office expenses, staff costs of new management and general meeting expenses in FY2016. Such increase has been offset with decrease of administrative expenses in our subsidiary, Fulian Knitting Co., Ltd ("Fulian") as a result of reduced operating activities.

As Fulian incurred a loss during the financial year and therefore there was no taxation expense for the Group during FY2016.

Net loss

Our net loss increased from RMB4.5 million in FY2015 to RMB16.6 million in FY2016.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Land use rights decreased by RMB0.5 million mainly due to amortisation charges for the year. Property, plant and equipment decreased by RMB6.5 million during FY2016 mainly due to the disposal of old and outdated machines and equipment of RMB1.0 million and depreciation charges of RMB5.5 million.

Inventories increased by RMB0.1 million from RMB0.2 million as at 31 December 2015 to RMB0.3 million as at 31 December 2016. The increase in inventories level was due to a slight more purchases of raw materials as fear of rising prices at the beginning of year 2017,

Trade receivables decreased by RMB5.7 million from RMB18.1 million as at 31 December 2015 to RMB12.4 million as at 31 December 2016. The decrease in trade receivables was mainly due to the collection received during the year. The customers have delayed their

payments as a result of weak market condition and challenging business environment. The management in subsidiary of China is negotiating with debtors from time to time for collection.

Other receivables decreased by RMB1.8 million from RMB1.9 million as at 31 December 2015 to RMB0.1 million as at 31 December 2016. The decrease were mainly due to the suppliers had delivered the raw materials to us for the advances paid of RMB1.3 million in 2015, and collection of RMB0.5 million from a sundry receivable during the year.

Trade payables increased by RMB0.1 million from RMB0.3 million as at 31 December 2015 to RMB0.4 million as at 31 December 2016. The increase in trade payables was due to the slow repayment to the suppliers during the year.

As at 31 December 2016, the Group and the Company has a negative working capital of RMB3.6 million and RMB5.5 million respectively. The Company will be raising the funds through placement or obtaining financial support from major shareholders to enable the Company to operate as a going concern. If any material development occurs, the Company will make immediately announcement of such development.

In FY2016, the Group's net cash used in operating activities of RMB0.3 million, which mainly arose from change in working capital of RMB9.6 million, offset by operating loss before change in working capital of RMB9.9 million. Net cash generated from investing activities mainly represented proceed from disposal of property, plant and equipment of RMB0.3 million, slightly offset with acquisition of new office equipment of RMB0.1 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company has not previously disclosed any forecast or a prospect statement to shareholders.

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. The Group is looking at ways to realign our business strategies to improve group's profits. We intends to shift our focus onto alternative industries and will actively explore suitable investment opportunities and options. Any material developments in this regard will be updated to shareholders in due course.

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 31 December 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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has only one primary business segment, which is manufacturing and selling of functional and normal fabrics. All the Group's sales and assets are in the PRC. Accordingly, no business and geographical segment information is presented.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8(a) and 14 above.

16. A breakdown of sales.

	Revenue			Net profit/(loss)		
	FY2016 RMB'000	FY2015 RMB'000	Change %	FY2016 RMB'000	FY2015 RMB'000	Change %
First half year	6,868	36,761	(81)	(8,145)	523	N/A
Second half year	4,170	23,483	(82)	(8,476)	(4,983)	70

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	Latest Full Year (RMB'000)	Previous Full Year (RMB'000)
Ordinary	Nil	Nil

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there is no person occupying managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

19. Confirmation that the Issuer had procured undertaking from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

By Order of the Board

Yang Meng Yang
Executive Chairman and Executive Director

1 March 2017