

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2012 (“1Q 2012”)****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 2012	1Q 2011	
	RMB'000	RMB'000	
Revenue	161,929	153,502	5%
Cost of sales	(116,851)	(109,186)	7%
Gross profit	<u>45,078</u>	<u>44,316</u>	2%
Other income	402	180	123%
Selling and distribution expenses	(1,237)	(1,551)	-20%
Administrative expenses	(3,850)	(3,779)	2%
Finance expenses	(5)	(4)	25%
Profit before tax	<u>40,388</u>	<u>39,162</u>	3%
Taxation	(10,825)	(10,855)	0%
Net profit, representing total comprehensive income for the period attributable to shareholders	<u><u>29,563</u></u>	<u><u>28,307</u></u>	4%

- 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:**

Profit before tax is determined after charging/(crediting) the following:

	Group	
	1Q 2012	1Q 2011
	RMB'000	RMB'000
Depreciation on property, plant and equipment	5,367	4,956
Foreign exchange gain	(60)	(2)
Interest income	(257)	(93)

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 2012 RMB'000	31 December 2011 RMB'000	31 March 2012 RMB'000	31 December 2011 RMB'000
Non-current assets				
Property, plant and equipment	366,708	372,011	-	-
Investment in subsidiaries	-	-	240,540	240,540
	366,708	372,011	240,540	240,540
Current assets				
Inventories	28,320	15,944	-	-
Trade receivables	118,741	117,298	-	-
Other receivables	4,387	4,590	651	651
Amount due from a subsidiary	-	-	90	90
Dividend receivable from a subsidiary	-	-	51,411	51,411
Cash and cash equivalents	273,581	228,055	1,722	1,943
	425,029	365,887	53,874	54,095
Total assets	791,737	737,898	294,414	294,635
Non-current liability				
Deferred tax liability	6,604	6,285	-	-
	6,604	6,285	-	-
Current liabilities				
Trade payables	76,386	51,147	-	-
Other payables and accruals	14,358	14,543	4,864	4,957
Tax payable	10,506	12,596	-	-
	101,250	78,286	4,864	4,957
Total liabilities	107,854	84,571	4,864	4,957
Net assets	683,883	653,327	289,550	289,678
Equity attributable to equity holder of the Company				
Share capital	202,450	201,821	202,450	201,821
Share premium	73,051	72,687	73,051	72,687
Capital reserve	1,463	1,463	-	-
General reserve fund	56,891	53,791	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	368,934	342,471	14,049	15,170
	683,883	653,327	289,550	289,678
Total equity	683,883	653,327	289,550	289,678

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 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 March 2012		As at 31 December 2011	
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	
	1Q 2012	1Q 2011
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	40,388	39,162
Adjustments for:		
Depreciation for property, plant and equipment	5,367	4,956
Interest income	(257)	(93)
	<u>45,498</u>	<u>44,025</u>
Operating cash flow before changes in working capital	45,498	44,025
Inventories	(12,376)	(12,808)
Trade receivables	(1,443)	(21,163)
Other receivables	203	307
Trade payables	25,239	27,132
Other payables and accruals	808	730
	<u>57,929</u>	<u>38,223</u>
Cash generated from operations	57,929	38,223
Interest received	257	93
Income tax paid	(12,596)	(9,165)
	<u>45,590</u>	<u>29,151</u>
Net cash generated from operating activities	45,590	29,151
Cash flows from investing activities		
Purchase of property, plant and equipment, represents net cash used in investing activities	(64)	(3,300)
	<u>45,526</u>	<u>25,851</u>
Net increase in cash and cash equivalents	45,526	25,851
Cash and cash equivalents at the beginning of the period	228,055	111,385
Cash and cash equivalents at the end of the period	<u>273,581</u>	<u>137,236</u>

Cash and cash equivalents represented by:

	Group	
	31 March	31 March
	2012	2011
	RMB'000	RMB'000
Cash and bank balances	<u>273,581</u>	<u>137,236</u>

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 RMB'000	Share premium RMB'000	Capital reserve RMB'000	General reserve fund RMB'000	Merger reserve RMB'000	Revenue reserve RMB'000	Total equity RMB'000
Balance at 1 January 2011	177,644	50,512	1,463	38,730	(18,906)	239,647	489,090
Total comprehensive income for the period	-	-	-	-	-	28,307	28,307
Transfer to general reserve fund	-	-	-	3,057	-	(3,057)	-
Issue of new shares	590	532	-	-	-	-	1,122
Balance at 31 March 2011	<u>178,234</u>	<u>51,044</u>	<u>1,463</u>	<u>41,787</u>	<u>(18,906)</u>	<u>264,897</u>	<u>518,519</u>
Balance at 1 January 2012	201,821	72,687	1,463	53,791	(18,906)	342,471	653,327
Total comprehensive income for the period	-	-	-	-	-	29,563	29,563
Transfer to general reserve fund	-	-	-	3,100	-	(3,100)	-
Issue of new shares	629	364	-	-	-	-	993
Balance at 31 March 2012	<u>202,450</u>	<u>73,051</u>	<u>1,463</u>	<u>56,891</u>	<u>(18,906)</u>	<u>368,934</u>	<u>683,883</u>

Company	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total equity RMB'000
Balance at 1 January 2011	177,644	50,512	9,179	237,335
Total comprehensive loss for the period	-	-	(1,382)	(1,382)
Issue of new shares	590	532	-	1,122
Balance at 31 March 2011	<u>178,234</u>	<u>51,044</u>	<u>7,797</u>	<u>237,075</u>
Balance at 1 January 2012	201,821	72,687	15,170	289,678
Total comprehensive loss for the period	-	-	(1,121)	(1,121)
Issue of new shares	629	364	-	993
Balance at 31 March 2012	<u>202,450</u>	<u>73,051</u>	<u>14,049</u>	<u>289,550</u>

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 2011	453,639,150	22,682
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	1,800,000	90
Issue of new ordinary shares pursuant to a placement agreement	45,000,000	2,250
Issue of new ordinary shares pursuant to the Scrip Dividend Scheme	28,296,079	1,415
At 31 December 2011	<u>528,735,229</u>	<u>26,437</u>
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	2,000,000	100
At 31 March 2012	<u>530,735,229</u>	<u>26,537</u>

Pursuant to the Foreland Performance Share Scheme, 1,800,000 and 2,000,000 new ordinary shares were issued on 4 March 2011 and 5 March 2012 respectively in respect of the award to the employees of the Group.

Pursuant to a placement exercise, the Company issued 45,000,000 new ordinary shares on 9 June 2011.

Pursuant to the Company's Scrip Dividend Scheme, 10,728,347 new ordinary shares were issued on 26 June 2011 in respect of the final dividend for the financial year ended 31 December 2010 declared by the Company on 28 April 2011 and 17,567,732 new ordinary shares were issued on 12 October 2011 in respect of the interim dividend for the financial year ended 31 December 2011 declared by the Company on 12 August 2011.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2012 and 31 March 2011 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 2012	At 31 December 2011
Number of issued shares (excluding treasury shares)	<u>530,735,229</u>	<u>528,735,229</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 were 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 2012. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the three months ended 31 March 2012. 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.

The calculation of the basic earnings per share is based on the consolidated profit attributable to shareholders for the relevant period and the share capital of 529,328,636 shares for the three months ended 31 March 2012 and 454,199,150 for three months ended 31 March 2011.

	1Q 2012	1Q 2011
Net profit (RMB'000)	<u>29,563</u>	<u>28,307</u>
Weighted average number of ordinary shares ('000) (according to the above assumption)	<u>529,329</u>	<u>454,199</u>
Earnings per share (RMB cents)		
- Basic	<u>5.58</u>	<u>6.23</u>

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 2012	31 December 2011	31 March 2012	31 December 2011
Net asset value (RMB'000)	<u>683,883</u>	<u>653,327</u>	<u>289,550</u>	<u>289,678</u>
Number of shares at the end of the period ('000)	<u>530,735</u>	<u>528,735</u>	<u>530,735</u>	<u>528,735</u>
Net asset value per share (RMB per share)	<u>1.29</u>	<u>1.24</u>	<u>0.55</u>	<u>0.55</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

	1Q 2012	1Q 2011	
	RMB'000	RMB'000	Change
<u>Revenue</u>			
Manufacturing and sale of fabrics	161,125	152,366	6%
Provision of fabric processing services	804	1,136	-29%
Total	<u>161,929</u>	<u>153,502</u>	5%

Our revenue for manufacturing and sale of fabrics segment increased by 6%, from RMB 152.4 million in 1Q 2011 to RMB 161.1 million in 1Q 2012. Our products comprised functional and normal fabrics for the manufacture of apparel, shoes, bags and high grade umbrella fabrics. The increase in revenue was due to the increase in average selling price and offset by slight decrease in sales volume.

The average selling price of the manufacturing and sale of fabrics increased by approximately 7%, from RMB 12.4 per yard in 1Q 2011 to RMB 13.3 per yard in 1Q 2012 as a result of an increase in overall product grades.

Sales volume from the manufacturing and sale of fabrics segment maintained at similar level with that of 1Q 2011. Sales volume from the manufacturing and sales of fabrics segment in 1Q 2011 and 1Q 2012 were 12.3 million yards and 12.1 million yards respectively. With our continuous marketing and product development efforts on high grade umbrella fabric since the second half of 2009, we have successfully established our brand name in this niche market and developed good business cooperation with top umbrella manufacturers in the People's Republic of China ("PRC").

The Group's second business segment on the provision of fabric processing services recorded an approximately 29% decrease in sales to RMB 0.8 million in 1Q 2012.

Gross profit and gross profit margin

Our gross profit increased from RMB 44.3 million in 1Q 2011 to RMB 45.1 million in 1Q 2012, representing an increase of 2%. Overall gross profit margin decreased slightly from 28.9% in 1Q 2011 to 27.8% in 1Q 2012.

The slight decrease in our gross profit margin was mainly due to the weaker demand of high-grade functional fabric in the high-grade apparel products market. High-grade functional fabric usually yield relatively higher gross profit margin.

Expenses

Our selling and distribution expenses decreased by approximately 20%, from RMB 1.6 million in 1Q 2011 to RMB 1.2 million in 1Q 2012. The decrease in selling and distribution expenses was mainly due to an decrease in payroll and payroll-related expenses of RMB 0.3 million and advertising expenses of RMB 0.1 million as a result of the Group's effort in cost-saving. Our administrative expenses maintained at a similar level with that of 1Q 2011 of RMB 3.8 million compared to RMB 3.9 million in 1Q 2012.

Our income tax expenses for 1Q 2011 and 1Q 2012 were RMB 10.9 million and RMB 10.8 million respectively. The effective tax rates for 1Q 2011 and 1Q 2012 were 27.7% and 26.8% respectively. According to the PRC Enterprise Income Tax Law which took effect on 1 January 2008, the applicable tax rate for our subsidiary, Fulian Knitting Co., Ltd ("Fulian Knitting"), is 25%.

The effective tax rate for 1Q 2012 of 26.8% was higher than the applicable tax rate of 25% for Fulian Knitting, mainly due to the provision on withholding tax for distributable earnings from a PRC enterprise pursuant to the PRC Enterprise Income Tax Law as well as the Implementing Regulations of Enterprise Income Tax Law (collectively referred to as the "New Income Tax Law").

Net profit

Our net profit increased by approximately 4%, from RMB 28.3 million in 1Q 2011 to RMB 29.6 million in 1Q 2012, and our net profit margin maintained at similar level at 18.3% in 1Q 2012 compared to 18.4% in 1Q 2011.

(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 1Q 2012 due to depreciation charges of RMB 5.4 million, offset by the addition of property, plant and equipment of RMB 0.1 million.

Inventories increased from RMB 15.9 million as at 31 December 2011 to RMB 28.3 million as at 31 March 2012. Inventory level as at 31 December 2011 was lower due to lesser raw materials being required during the longer Chinese New Year holiday period in the PRC. Inventories turnover days for 1Q 2012 and 1Q 2011 were 22 days and 23 days respectively.

Trade receivables maintained at a similar level at RMB 117.3 million as at 31 December 2011 to RMB 118.7 million as at 31 March 2012. Trade receivables turnover days for 1Q 2012 and 1Q 2011 were 66 days and 54 days respectively. The increase in trade receivables turnover days was mainly due to customer with good credit rating were granted a longer credit terms.

Other receivables as at 31 March 2012 mainly represent deposits paid for the purchase of new equipment of RMB 1.3 million, deposits for buildings construction of RMB 1.8 million and other prepayment of RMB 1.3 million.

Trade payables increased from RMB 51.1 million as at 31 December 2011 to RMB 76.4 million as at 31 March 2012. Trade payables turnover days for 1Q 2012 and 1Q 2011 were both 59 days.

Tax payable decreased from RMB 12.6 million as at 31 December 2011 to RMB 10.5 million as at 31 March 2012. The decrease in tax payable was largely in line with the decrease in profit before tax for the first quarter of FY2012 compared to that of the fourth quarter of FY2011 of RMB 46.4 million.

In 1Q 2012, the Group generated net cash from operating activities of RMB 45.6 million, which mainly arose from operating profit before changes in working capital of RMB 45.5 million and change in working capital of RMB 12.4 million, offset by income tax paid of RMB

12.6 million. Net cash used in investing activities mainly represented purchase of property, plant and equipment of RMB 0.1 million.

As at 31 March 2012, 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.

In our unaudited full year financial statement and dividend announcement for the year ended 31 December 2011, we commented on the business trend in general that the encouraging trend is expected to continue into the first quarter of FY2012. In 1Q 2012, good performance and financial results are achieved which is consistent with the reasons explained in the announcement in the previous quarter.

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.

Our steady performance in 1Q 2012 was the result of the high customer demand for our better margin higher-grade textile products and our continuous effort in securing new customers. Leveraging on our established market reputation and healthy financial position, we will continue to focus on improving our business operations and enhancing our productivity and profitability through the development of better and higher quality products. We will also continue our marketing effort to reach new customers and strengthening our position in the industry.

Looking ahead, the Group expects the business environment will be challenging in the next reporting period and the next 12 months due to weak economic sentiments. Nonetheless, we remain cautiously optimistic on the Group's encouraging performance to continue into the 2Q 2012.

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 three months ended 31 March 2012 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
	<u>16,591</u>	<u>13,634</u>	<u>2,957</u>

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 31 March 2012 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Tsoi Kin Chit
Executive Chairman

Cai Fengquan
Executive Director

7 May 2012