



**FORELAND FABRICTECH HOLDINGS LIMITED**  
(Incorporated in Bermuda with Company Registration No. 39151)

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**TRANSFER OF PROPERTIES AT THE SECOND PROCESSING ZONE, DONGSHI TOWN,  
JINJIANG CITY, FUJIAN PROVINCE, THE PEOPLES' REPUBLIC OF CHINA**

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**1. INTRODUCTION AND BACKGROUND**

The Board of Directors of Foreland Fabrictech Holdings Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that its wholly-owned subsidiary, Fulian Knitting Co., Ltd (晋江福联织造有限公司) (the "Fulian Knitting") has on 6 September 2012 entered into a Transfer Agreement (the "TA") with Fujian Litian Construction Development Company Limited (福建省力天建设发展有限公司) (the "Purchaser") to transfer the land use rights and the buildings therein situated at The Second Processing Zone, Dongshi Town, Jinjiang City, Fujian Province, The People's Republic of China (the "Properties", herein after known as "The Transfer"). The Purchaser is a company in property development, construction and contract service business, incorporated in the PRC in 2004, with a registered capital of RMB 103 million.

**2. INFORMATION ON THE PROPERTIES**

2.1 The Properties consists of the following:

2.1.1 Land A – land area of 25,613 square metres for industrial purposes, with a tenure of for 50 years expiring on 16 December 2052;

2.1.2 Land B – land area of 3,720 square metres for industrial purposes, with a tenure of 50 years, expiring on 17 May 2051;

2.1.3 Building A – built-in area of 19,758 square metres for factory purposes and the fixed assets therein; and

2.1.4 Building B – built-in area of 2,648 square metres for factory purposes and the fixed assets therein;

2.2 The Properties currently houses the Group's operations and production facilities.

2.3 The net book value of the Properties as at 31 December 2011 is RMB 256,000.

**3. PRINCIPAL TERMS OF THE TA**

3.1 Transfer Consideration

The total transfer consideration of the Properties is RMB 15,000,000 (approximately S\$ 2,955,000) (the "Transfer Consideration"). It is arrived on a willing buyer willer seller basis after taking into account the appraisal report dated 18 July 2012 and issued by Xiamen Junhe Property and Land Appraisal Advisory Company Limited (厦门均和房地产土地评估咨询有限公司) (the "Appraisal Report"),

a Xiamen-based entity duly licenced and experienced in the land and asset appraisal in Fujian Province, PRC. The appraisal was commissioned by Fulian Knitting and the appraisal works were carried out from 15 July to 18 July 2012. The total valuation amount was RMB 14,389,300. The appraisal amount is determined by making reference to the adjusted basic land price in the local area and the cost plus expected profit and appreciation value method.

### 3.2 Payment

The sale consideration will be satisfied in the following manner:

#### 3.2.1 **First Payment**

10 % of the Transfer Consideration (RMB 1,500,000) as deposit (the "Deposit") to be paid within ten (10) days upon signing of the TA;

#### 3.2.2 **Second Payment**

40 % of the Transfer Consideration (RMB 6,000,000) to be paid within ten (10) days prior to the commencement of transfer procedures in connection with the Properties; and

#### 3.2.3 **Third Payment**

50 % of the Transfer Consideration (RMB 7,500,000) to be paid within ten (10) days upon the receipt of the new land use rights certificate.

(collectively, the "Payment")

### 3.3 Other main TA Terms

Other than the Transfer Consideration and payment terms of The Transfer, some of the salient terms of the TA, include, inter alia: -

#### 3.3.1 **Taxation and Cost**

The Purchaser shall bear the stamp duty, business tax and cost arising from or in connection with the Transfer;

#### 3.3.2 **Liability for Breach of TA**

- (i) The Company shall refund the Deposit of RMB1,500,000 in the event of failure to transfer the Land to the Purchaser within thirty (30) days upon confirmation of such failure by the Company;
- (ii) The Company shall be entitled to forfeit the Deposit if the Purchaser fails to timely make any Payment; and
- (iii) The Company shall be entitled to terminate the TA, if the Purchaser fails to timely make any Payment within thirty (30) working days upon the corresponding due date.

#### 3.3.3 **No Construction Before Completion of Move**

Based on the mutual understanding between the Purchaser and Fulian Knitting that certain time period is required for Fulian Knitting to move its operations away from the Properties, the Purchaser undertake that it shall

not commence any construction work before Fulian Knitting completes its move of operation.

#### **4. RATIONALE FOR THE SALE AND INTENDED USE OF PROCEEDS**

- 4.1 With reference to the Company's Prospectus dated 17 April 2007 and the announcements released on 27 August 2010, 3 April 2012 and 4 September 2012, our plan is to centralise all our operations at our new factory site in the Andong Industrial Area in Jinjiang City, Fujian Province, People's Republic of China (the "Andong Project") and shift our entire existing production facility at the Properties to the Andong Project.
- 4.2 In view of the impending completion of the Andong Project, The Transfer is in line with the Company's shift of the existing facilities to the new premises.
- 4.3 It is expected that the gain on disposal as a result of the Transfer would be approximately RMB 14.7 million.
- 4.4 It is intended that the net proceeds of RMB 14,900,000, after taking into account the estimated expenses to be incurred in connection with The Transfer, be used as general working capital for operation.

#### **5. FINANCIAL EFFECTS OF THE SALE**

- 5.1 The proforma financial effects of The Transfer on the Group are set out below. The objective of the proforma financial effects is to illustrate what the historical financial information of the Group might have been, had The Transfer been completed at an earlier date. Given that the proforma financial effects set out below are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Group's operations after the completion of The Transfer and are not indicative of the future financial position and earnings of the Group.
- 5.2 For the purpose of illustration and based on the consolidated financial statements of the Group for the financial year ended 31 December 2011, the financial effects of The Transfer are set out below:-

	Before The Transfer	After The Transfer
Net tangible asset per share (assuming The Transfer was effected as at 31 December 2011)	RMB 1.24	RMB 1.26
Earnings per share (assuming The Transfer was effected on 1 January 2011)	RMB 0.2870	RMB 0.3171

## 6. LISTING MANUAL COMPUTATION

The relative figures computed on the basis set out in Rule 1006 of the SGX-ST Listing Manual Section B:

		(A) RMB'000	(B) RMB'000	Figures (A)/(B) in %
Rule 1006(a)	Net asset value of the Property to be disposed of (A) as compared with the Group's net asset value as at 31 December 2011 (B).	256	653,327	0%
Rule 1006(b)	Net profit attributable to the Property disposed of (A) compared with the Group's net profits/(loss) as at 31 December 2011 (B).	Not applicable	193,171	Not applicable
Rule 1006(c)	The aggregate value of the consideration received (A) compared with the market capitalisation (B) as at 5 September 2012	15,000	146,019	10%
Rule 1006(d)	The basis prescribed under this rule is not applicable to the Proposed Transfer as there is no issue of the Company's shares in connection with the Proposed Transfer	Not applicable	Not applicable	Not applicable

As the applicable figure under Rule 1006(c) exceeds 5% but does not exceed 20%, the Transfer constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual.

## 7. DETAILS OF ANY SERVICE CONTRACTS

There are no directors proposed to be appointed to the Company in connection with The Transfer. Accordingly, there is no service contract entered into.

## 8. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN THE SALE

None of the directors or controlling shareholders of the Group has any interest, whether director indirect, in The Transfer of the Properties, save in respect of their shareholdings (if any) in the Company.

**9. RESPONSIBILITY STATEMENT**

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this announcement.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the TA and the Appraisal Report is available for inspection during normal business hours at the office of Loo & Partners LLP at 16 Gemmill Lane, Singapore 069254 for a period of three (3) months commencing from the date of this announcement

By Order of the Board

Tsoi Kin Chit  
Executive Chairman  
06 September 2012