



FORELAND FABRICTECH HOLDINGS LIMITED

(Incorporated in Bermuda with Company Registration No. 39151)

RESPONSE TO SGX QUERY ON ANNOUNCEMENT OF THIRD QUARTER RESULTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

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 November 2012, with regard to the third quarter results for the financial period ended 30 September 2012.

Query 1

It is disclosed on Page 10 of the results announcement that RMB 1.5 million is paid for a technical cooperation fee for functional fabric expertise received.

Please provide further details on the identity of the party that the technical cooperation fee is paid to and whether the party is related to the Company.

Company’s response to Query 1

The Group entered into three technical cooperation agreements with three different individuals (the “Technical Cooperation Agreements”) with expertise in functional fabric in order to broaden and diversify the Group’s technical know-how and patent development ability. The aggregate amount of the three agreements was RMB 1.5 million. The three individuals, namely, Mr. Chen Mingjie, Mr. Wu Yongzhi and Mr. Hu Qiang, are based in China with related technical expertise skills in the functional fabric industry. Their proficiencies lie in functional fabric technical development, quality control and concept design of functional fabric.

They are independent third parties and none of the directors and none of the controlling shareholders of the Company has any interest, direct or indirect, in the Technical Cooperation Agreements.

Query 2

We note that on Page 10 of the results announcement that local educational surcharge and educational surcharge are part of the Company’s expenses.

Please explain the above expenses and to disclose the party that the expenses are paid to.

Company’s response to Query 2

As disclosed in our announcement dated 5 March 2012, Educational surcharge (“ES”) and Local Educational Surcharge (“LES”) are additional taxes imposed by tax authority in PRC, with the purpose of supporting local educational development related matters. ES and LES are imposed at certain percentages of turnover taxes (value-added tax, consumption tax and business tax) payable. Currently the applicable ES rate is 3% the LES rate is 2%.

By Order of the Board

Tsoi Kin Chit
Executive Chairman
27 November 2012