



FORELAND FABRICTECH HOLDINGS LIMITED

(Incorporated in Bermuda with Company Registration No. 39151)

RESPONSE TO SGX QUERY ON ANNOUNCEMENT OF FULL YEAR RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 28 February 2013, with regard to the full year results for the financial period ended 31 December 2012.

Query 1

The Company disclosed that “the average selling price of the manufacturing and sale of fabrics decreased by approximately 20% from RMB 13.6 per yard in FY2011 to RMB 10.9 per yard in FY2012 and sales volume from the manufacturing and sale of fabrics segment decreased by 33% from 55.3 million yards in FY2011 to 37.1 million yards in FY2012”. Please provide industry data on average selling prices and sales volumes and comment whether the performance of the Company was in line with the industry trend in FY2012.

Company’s response to Query 1

Our customers are mainly umbrella manufacturers, apparel manufacturers and textile traders. As disclosed in our announcement on 9 January 2013, the continuing sluggish demand for high-grade textile products, including both apparel and umbrella products, has resulted in increasing price pressure from the customers on the Group’s products. Anta, one of the largest sportswear makers in China, noted that the sportswear industry is still facing great challenges and coupled with the fierce competition between retail stores, has lowered the average selling price to help ease the pressure on its distributors ⁽¹⁾. As such, demand from our customers and selling price were in turn affected by the challenging conditions in the retail sector. This is consistent with the overall performance in the industry as reported by the media. The garment industry as a whole is facing great pressure due to the weak economic conditions ⁽²⁾. China’s six biggest sportswear makers closed down over 3,000 stores in 2012 as inventories shot to alarming levels ⁽³⁾. Quantity of umbrella related product export from China for the first three quarters in 2012 decreased by 10% compared to corresponding period in the last year due to sluggish consumer market demand ⁽⁴⁾. Market information indicated that companies in the textile industry were experiencing a tough business environment and their results were inevitably affected.

In view of the above, the decrease in the average selling price and sales volume are in line with the prevailing overall industry trend.

Sources:

- (1) ChinaDaily.com.cn - “ANTA Sports expects weak demand in first quarter of 2013”, 7 August 2012
- (2) ChinaDaily.com.cn - “Peak Sport closes 1,067 outlets”, 6 November 2012
- (3) ChinaDaily.com.cn - “Sportswear firms face another tough year”, 26 February 2013
- (4) www.chyxx.com (中国产业信息网), export statistic of umbrella related product from January to September 2012, 14 November 2012

By Order of the Board

Tsoi Kin Chit
Executive Chairman
5 March 2013