



## **FORELAND FABRICTECH HOLDINGS LIMITED**

(Incorporated in Bermuda with Company Registration No. 39151)

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### **FURTHER INFORMATION ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

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Further to the responses to SGX-ST's queries which were released by way of an announcement by the Company on 23 April 2013 ("the Announcement"), the Board of Directors of Foreland Fabrictech Holdings Limited ("the Company", together with its subsidiaries, "the Group") would like to provide further information to Query 1.

#### Query 1

*Listing Rules 715(2) and 716 require an issuer to engage a suitable auditing firm for its significant subsidiaries and associated companies and not just for consolidation purposes. Please disclose the auditors for your significant subsidiaries and associated companies and to explain how the Company has complied with Listing Rules 715 and 716 and to provide the basis of your view. In this regard, the audit of the Company's significant subsidiaries and associated companies carried out by Baker Tilly TFW LLP for the purpose of consolidation, does not satisfy the requirements under Listing Rules 715 and 716.*

#### Company's response to Query 1 in the Announcement

Audit work was performed by Baker Tilly TFW LLP, Singapore ("Baker Tilly") on the Group's consolidated financial statements which incorporated overseas subsidiaries, namely Fulian Knitting Co., Ltd. and Fortune Luck International Enterprise Limited, in accordance with Singapore Standards on Auditing. Accordingly the Company has complied with Listing Rules 715 and 716.

#### Further Information

The significant subsidiary, Fulian Knitting Co., Ltd, is audited by Xiamen Liangcheng Certified Public Accountants Ltd. ("Xiamen Liangcheng") for local statutory purposes. Xiamen Liangcheng is a reputable CPA firm in Xiamen, Fujian and was included in the list of credible CPA firms maintained by the Fujian Institute of Certified Public Accountants.

The appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company as the Company's auditors, Baker Tilly, when performing the audit of the Company and its subsidiaries (the "Group") and in issuing their audit report, are required to observe Singapore Standards on Auditing.

In addition, the Company's auditors have carried out, amongst others, the following procedures in the course of the audit of consolidation financial statements which incorporated the financial statements of the subsidiary, Fulian Knitting Co., Ltd.:

- Developing an overall audit strategy and audit plan
- Understanding the Group, its components and their environments

- Determining the audit materiality for the Group financial statements
- Responding to assessed risks and evaluating the sufficiency and appropriateness of audit evidence obtained, and
- Communicating with Group management and those charged with governance of the Group

Taking into account (i) qualifications of Xiamen Liangcheng and the audit procedures carried out by Baker Tilly, (ii) the adequacy of the resources and experience of Xiamen Liangcheng and Baker Tilly and the audit engagement partners assigned to the audit, (iii) the size and complexity of the Company and its subsidiaries being audited, (iv) the number and experience of supervisory and professional staff assigned to the audit and (v) Baker Tilly did not rely upon any report or work done of other auditors, the Board of Directors and Audit Committee of the Company, are satisfied that such appointment of a different auditor for its subsidiary would not compromise the standard and effectiveness of the audit of the Group.

By Order of the Board

Tsoi Kin Chit  
Executive Chairman  
26 April 2013