

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2013 (“1Q 2013”)****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 2013	1Q 2012	
	RMB'000	RMB'000	
Revenue	1,014	161,929	-99%
Cost of sales	(1,257)	(116,851)	-99%
Gross (loss)/profit	<u>(243)</u>	<u>45,078</u>	-101%
Other income	307	402	-24%
Selling and distribution expenses	(567)	(1,237)	-54%
Administrative expenses	(9,041)	(3,855)	135%
(Loss)/profit before tax	<u>(9,544)</u>	<u>40,388</u>	-124%
Taxation	-	(10,825)	-100%
Net (loss)/profit, representing total comprehensive (loss)/income for the period attributable to shareholders	<u><u>(9,544)</u></u>	<u><u>29,563</u></u>	-132%

- 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 2013	1Q 2012
	RMB'000	RMB'000
Depreciation on property, plant and equipment	3,623	5,367
Foreign exchange loss/(gain)	6	(60)
Interest income	(307)	(257)

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 2013 RMB'000	31 December 2012 RMB'000	31 March 2013 RMB'000	31 December 2012 RMB'000
Non-current assets				
Property, plant and equipment	324,188	327,722	-	-
Investment in subsidiaries	-	-	240,540	240,540
	<u>324,188</u>	<u>327,722</u>	<u>240,540</u>	<u>240,540</u>
Current assets				
Inventories	2,121	3,284	-	-
Trade receivables	7,323	25,192	-	-
Other receivables	4,736	2,674	-	-
Amount due from a subsidiary	-	-	90	90
Dividend receivable from a subsidiary	-	-	44,772	44,772
Cash and cash equivalents	341,515	336,328	137	351
	<u>355,695</u>	<u>367,478</u>	<u>44,999</u>	<u>45,213</u>
Total assets	<u>679,883</u>	<u>695,200</u>	<u>285,539</u>	<u>285,753</u>
Non-current liability				
Deferred tax liability	6,695	6,695	-	-
Current liabilities				
Trade payables	166	6,086	-	-
Other payables and accruals	11,486	11,957	811	1,301
	<u>11,652</u>	<u>18,043</u>	<u>811</u>	<u>1,301</u>
Total liabilities	<u>18,347</u>	<u>24,738</u>	<u>811</u>	<u>1,301</u>
Net assets	<u>661,536</u>	<u>670,462</u>	<u>284,728</u>	<u>284,452</u>
Equity attributable to equity holder of the Company				
Share capital	206,765	206,147	206,765	206,147
Share premium	74,349	74,349	74,349	74,349
Capital reserve	1,463	1,463	-	-
General reserve fund	56,069	56,069	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	341,796	351,340	3,614	3,956
	<u>661,536</u>	<u>670,462</u>	<u>284,728</u>	<u>284,452</u>
Total equity	<u>661,536</u>	<u>670,462</u>	<u>284,728</u>	<u>284,452</u>

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 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 31 March 2013		As at 31 December 2012	
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 2013	1Q 2012
	RMB'000	RMB'000
Cash flows from operating activities		
(Loss)/profit before income tax	(9,544)	40,388
Adjustments for:		
Depreciation for property, plant and equipment	3,623	5,367
Interest income	(307)	(257)
	<u> </u>	<u> </u>
Operating cash flow before changes in working capital	(6,228)	45,498
Inventories	1,163	(12,376)
Trade receivables	17,869	(1,443)
Other receivables	(2,062)	203
Trade payables	(5,920)	25,239
Other payables and accruals	147	808
	<u> </u>	<u> </u>
Cash generated from operations	4,969	57,929
Interest received	307	257
Income tax paid	-	(12,596)
	<u> </u>	<u> </u>
Net cash generated from operating activities	<u>5,276</u>	<u>45,590</u>
Cash flows from investing activities		
Purchase of property, plant and equipment, represents net cash used in investing activities	(89)	(64)
	<u> </u>	<u> </u>
Net increase in cash and cash equivalents	5,187	45,526
Cash and cash equivalents at the beginning of the period	<u>336,328</u>	<u>228,055</u>
Cash and cash equivalents at the end of the period	<u><u>341,515</u></u>	<u><u>273,581</u></u>

Cash and cash equivalents represented by:

	Group	
	31 March	31 March
	2013	2012
	RMB'000	RMB'000
Cash and bank balances	<u>341,515</u>	<u>273,581</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

<u>Group</u>	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 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>
Balance at 1 January 2013	206,147	74,349	1,463	56,069	(18,906)	351,340	670,462
Total comprehensive loss for the period	-	-	-	-	-	(9,544)	(9,544)
Issue of new shares	618	-	-	-	-	-	618
Balance at 31 March 2013	<u>206,765</u>	<u>74,349</u>	<u>1,463</u>	<u>56,069</u>	<u>(18,906)</u>	<u>341,796</u>	<u>661,536</u>

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total equity RMB'000
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>
Balance at 1 January 2013	206,147	74,349	3,956	284,452
Total comprehensive loss for the period	-	-	(342)	(342)
Issue of new shares	618	-	-	618
Balance at 31 March 2013	<u>206,765</u>	<u>74,349</u>	<u>3,614</u>	<u>284,728</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 2012	528,735,229	26,437
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	2,000,000	100
Issue of new ordinary shares pursuant to the Scrip Dividend Scheme	<u>11,688,970</u>	<u>584</u>
At 31 December 2012	<u>542,424,199</u>	<u>27,121</u>
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	<u>1,971,000</u>	<u>99</u>
At 31 March 2013	<u>544,395,199</u>	<u>27,220</u>

Pursuant to the Foreland Performance Share Scheme, 2,000,000 and 1,971,000 new ordinary shares were issued on 5 March 2012 and 5 March 2013 respectively in respect of the award to the employees of the Group.

Pursuant to the Company's Scrip Dividend Scheme, 11,688,970 new ordinary shares were issued on 26 June 2012 in respect of the final dividend for the financial year ended 31 December 2011 declared by the Company on 27 April 2012.

There were no outstanding convertibles issued or treasury shares held by the Company as at 31 March 2013 and 31 December 2012 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 2013	At 31 December 2012
Number of issued shares (excluding treasury shares)	<u>544,395,199</u>	<u>542,424,199</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 was 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 2013. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the year ended 31 December 2013. 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.

	Group	
	1Q 2013	1Q 2012
Net (loss)/profit (RMB'000)	<u>(9,544)</u>	<u>29,563</u>
Weighted average number of ordinary shares ('000) (according to the above assumption)	<u>543,009</u>	<u>529,335</u>
(Loss)/earnings per share (RMB cents)		
- Basic	<u>(1.76)</u>	<u>5.58</u>

The calculation of the basic earnings per share is based on the Group's net (loss)/profit attributable to shareholders and the weighted average number of ordinary shares in issue for the relevant period. 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 2013	31 December 2012	31 March 2013	31 December 2012
Net asset value (RMB'000)	<u>661,536</u>	<u>670,462</u>	<u>284,728</u>	<u>284,452</u>
Number of shares at the end of the period ('000)	<u>544,395</u>	<u>542,424</u>	<u>544,395</u>	<u>542,424</u>
Net asset value per share (RMB per share)	<u>1.22</u>	<u>1.24</u>	<u>0.52</u>	<u>0.52</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

	Group		Change
	1Q 2013	1Q 2012	
	RMB'000	RMB'000	
<u>Revenue</u>			
Manufacturing and sale of fabrics	1,014	161,125	-99%
Provision of fabric processing services	-	804	-100%
Total	1,014	161,929	-99%

Our revenue for manufacturing and sale of fabrics segment decreased by 99%, from RMB 161.1 million in 1Q 2012 to RMB1.0 million in 1Q 2013. Our products comprised functional and normal fabrics for the manufacture of apparel, shoes, bags and high grade umbrella fabrics.

During 1Q 2013 there was no production since we were relocating our existing production facilities from the current factory site to the new factory site. The revenue in 1Q 2013 arose from sale of existing inventory as at 31 December 2012. Pursuant to an update on construction of our new production facility which was announced on 25 April 2013, disassembling of existing equipment in the old factory and the subsequent installation, testing and trial run of (1) warping and slashing process; (2) weaving process; and (3) certain finishing machines in the new premises were completed in April 2013 and is ready for commercial production of certain basic products. The construction of wastewater treatment pool, installation and testing of machines and equipments for dyeing, coating and other remaining production process in the new premises are currently in progress and will be ready by the end of the second quarter of 2013 when the new factory becomes fully operational.

The average selling price of the manufacturing and sale of fabrics decreased by approximately 43%, from RMB 13.3 per yard in 1Q 2012 to RMB 7.6 per yard in 1Q 2013 as a result of special discount offer for the purpose of clearing our existing inventory during the course of relocation.

The Group did not cater for any provision of fabric processing services in 1Q 2013.

Gross profit and gross profit margin

Our gross profit decreased from RMB 45.1 million in 1Q 2012 to a gross loss of RMB 243,000 in 1Q 2013.

During 1Q 2013 there was no production since we were relocating our existing production facilities from the current factory site to the new factory site. The revenue in 1Q 2013 arose from sale of existing inventory as at 31 December 2012. Negative gross margin was recorded due to special discounts offer for the purpose of clearing our existing inventory during the course of relocation.

Expenses

Our selling and distribution expenses decreased by approximately 54%, from RMB 1.2 million in 1Q 2012 to RMB 0.6 million in 1Q 2013. The decrease in selling and distribution expenses was mainly due to decreases in payroll and payroll-related expenses of RMB 0.2 million, delivery charges of RMB 0.2 million and traveling and entertainment expenses of RMB 0.1 million as a result of the decrease in business activities. Our administrative expenses increased by approximately 135%, from RMB 3.8 million in 1Q 2012 to RMB 9.0 million in 1Q 2013. The increase in administrative expenses was mainly due to the increases in payroll and payroll-related expenses of RMB 1.0 million, depreciation of RMB 3.4 million and relocation and machine installation expense of RMB 2.1 million. As there was no production during 1Q 2013 while we were relocating our production facilities, overheads such as salary for production workers and depreciation for machine and equipment were recorded in administrative expenses instead of cost of sales during the period. Our subsidiary, Fulian Knitting Co., Ltd, incurred a loss during the period and therefore there was no taxation expense for the Group during 1Q 2013.

Net (loss)/profit

Our net profit decreased from RMB 29.6 million in 1Q 2012 to a net loss of RMB 9.5 million in 1Q 2013.

(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 3.5 million during 1Q 2013 mainly due to depreciation charges of RMB 3.6 million, offset by the addition of property, plant and equipment of RMB 0.1 million.

Inventories decreased from RMB 3.3 million as at 31 December 2012 to RMB 2.1 million as at 31 March 2013. Inventories level was low due to relocation of production facilities in December 2012.

Trade receivables decreased from RMB 25.2 million as at 31 December 2012 to RMB 7.3 million as at 31 March 2013. The decrease in trade receivables was mainly due to decrease in business volume in the first quarter of 2013.

Other receivables as at 31 March 2013 mainly represent deposits for buildings construction of RMB 4.1 million and other prepayment of RMB 0.7 million.

Trade payables decreased from RMB 6.1 million as at 31 December 2012 to RMB 0.2 million as at 31 March 2013. Trade payables balance was low since there was no production during 1Q 2013.

In 1Q 2013, the Group generated net cash from operating activities of RMB 5.3 million, which mainly arose from change in working capital of RMB 11.2 million, offset by operating cash flow before changes in working capital of RMB 6.2 million. Net cash used in investing activities mainly represented purchase of property, plant and equipment of RMB 0.1 million.

As at 31 March 2013, 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.

As outlined in our profit guidance announcement released on 14 March 2013, we commented the Group's production has stopped during the course of relocation of production facilities and as a result a significant drop in revenue and a loss was expected for 1Q 2013. The 1Q 2013 financial results are consistent with the commentary and reasons explained in the announcement.

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.

We expect the operating business environment to continue to be fraught with possible headwinds due to weak market demand and increased pricing pressures for high-grade textile products. This is likely to affect the Group's performance in the next reporting period and the next twelve months. Notwithstanding that, the Group will continue its efforts to expand sales, tighten cost controls and develop new and innovative products to maintain its market competitiveness.

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 year ended 31 March 2013 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:

<u>Use of IPO proceeds</u>	<u>Amount allocated S\$'000</u>	<u>Amount utilised S\$'000</u>	<u>Balance S\$'000</u>
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 2013 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

6 May 2013