

FORELAND FABRICTECH HOLDINGS LIMITED (the “Company”)(Co. Regn. No: 39151)**UNAUDITED THIRD QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011 (“3Q 2011”)****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**

	3Q 2011 RMB'000	3Q 2010 RMB'000	Change %	Nine months ended 30 September		Change %
				2011 RMB'000	2010 RMB'000	
Revenue	207,529	96,209	116%	564,341	205,358	175%
Cost of sales	(146,313)	(74,247)	97%	(399,016)	(169,055)	136%
Gross profit	<u>61,216</u>	<u>21,962</u>	179%	<u>165,325</u>	<u>36,303</u>	355%
Other income	249	142	75%	699	365	92%
Selling and distribution expenses	(1,624)	(1,444)	12%	(4,691)	(3,752)	25%
Administrative expenses	(4,965)	(2,030)	145%	(14,135)	(6,777)	109%
Other expenses	(346)	(158)	119%	(346)	(1,340)	-74%
Finance expenses	(9)	(4)	125%	(20)	(12)	67%
Profit before tax	<u>54,521</u>	<u>18,468</u>	195%	<u>146,832</u>	<u>24,787</u>	492%
Income tax expenses	(15,071)	(5,063)	198%	(40,240)	(6,995)	475%
Net profit, representing total comprehensive income for the period attributable to shareholders	<u>39,450</u>	<u>13,405</u>	194%	<u>106,592</u>	<u>17,792</u>	499%

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 income tax is determined after charging/(crediting) the following:

	3Q 2011 RMB'000	3Q 2010 RMB'000	Nine months ended 30 September	
			2011 RMB'000	2010 RMB'000
Depreciation on property, plant and equipment	4,962	5,262	14,890	14,627
Loss on disposal of property, plant and equipment	-	161	-	1,340
Foreign exchange (gain)/loss	403	(3)	346	-
Interest income	(221)	(66)	(445)	(214)

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	
	30 September 2011 RMB'000	31 December 2010 RMB'000	30 September 2011 RMB'000	31 December 2010 RMB'000
Non-current assets				
Property, plant and equipment	369,715	356,118	-	-
Investment in subsidiaries	-	-	240,540	221,267
	369,715	356,118	240,540	221,267
Current assets				
Inventories	37,630	14,898	-	-
Trade receivables	107,551	71,515	-	-
Other receivables	2,835	2,362	651	-
Amount due from a subsidiary	-	-	90	90
Dividend receivable from a subsidiary	-	-	33,416	17,105
Cash and cash equivalents	214,767	111,385	6,856	196
	362,783	200,160	41,013	17,391
Total assets	732,498	556,278	281,553	238,658
Non-current liability				
Deferred tax liability	5,648	3,574	-	-
Current liabilities				
Trade payables	73,859	44,137	-	-
Other payables and accruals	14,122	9,362	3,944	1,323
Tax payable	15,250	10,115	-	-
	103,231	63,614	3,944	1,323
Total liabilities	108,879	67,188	3,944	1,323
Net assets	623,619	489,090	277,609	237,335
Equity attributable to equity holder of the Company				
Share capital	196,266	177,644	196,266	177,644
Share premium	68,936	50,512	68,936	50,512
Capital reserve	1,463	1,463	-	-
General reserve fund	50,163	38,730	-	-
Merger reserve	(18,906)	(18,906)	-	-
Revenue reserve	325,697	239,647	12,407	9,179
Total equity	623,619	489,090	277,609	237,335

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 30 September 2011		As at 31 December 2010	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Amount repayable after one year

As at 30 September 2011		As at 31 December 2010	
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

	3Q 2011 RMB'000	3Q 2010 RMB'000	Nine months ended 30 September	
			2011 RMB'000	2010 RMB'000
Cash flow from operating activities				
Profit before income tax	54,521	18,468	146,832	24,787
Adjustments for:				
Depreciation for property, plant and equipment	4,962	5,262	14,890	14,627
Loss on disposal of property, plant and equipment	-	161	-	1,340
Interest income	(221)	(66)	(445)	(214)
Operating profit before changes in working capital	59,262	23,825	161,277	40,540
Inventories	(2,424)	(7,977)	(22,732)	(9,460)
Trade receivables	(4,013)	(23,401)	(36,036)	(15,954)
Other receivables	1,323	(47)	(473)	7,635
Trade payables	1,356	17,160	29,722	13,201
Other payables and accruals	3,857	343	5,825	597
Cash generated from operations	59,361	9,903	137,583	36,559
Interest income	221	66	445	214
Income tax paid	(13,892)	(1,357)	(33,031)	(3,901)
Net cash generated from operating activities	45,690	8,612	104,997	32,872
Cash flow from investing activities				
Purchase of property, plant and equipment	(23,276)	(13,446)	(28,487)	(52,303)
Proceed from disposal of property, plant and equipment	-	120	-	2,290
Net cash used in investing activities	(23,276)	(13,326)	(28,487)	(50,013)
Cash flow from financing activities				
Proceeds from issue of new shares	-	-	29,060	-
Dividend paid (note 1)	-	-	(2,188)	-
Net cash generated from financing activities	-	-	26,872	-
Net increase/(decrease) in cash and cash equivalents	22,414	(4,714)	103,382	(17,141)
Cash and cash equivalents at the beginning of the period	192,353	88,263	111,385	100,690
Cash and cash equivalents at the end of the period	214,767	83,549	214,767	83,549

Cash and cash equivalents represented by:

	Group	
	30 September 2011 RMB'000	30 September 2010 RMB'000
Cash and bank balances	214,767	83,549

Note 1: Total dividend payout in 2Q 2011 amounted to RMB 9.1 million. The amount of RMB 6.9 million was paid out in a way of scrip dividend and the remaining amount of RMB 2.2 million was paid by cash.

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 RMB'000
Balance at 1 January 2010	177,200	50,451	1,463	33,843	(18,906)	199,157	443,208
Total comprehensive income for the period	-	-	-	-	-	4,387	4,387
Transfer to general reserve fund	-	-	-	520	-	(520)	-
Issue of new shares	444	61	-	-	-	-	505
Balance at 30 June 2010	177,644	50,512	1,463	34,363	(18,906)	203,024	448,100
Total comprehensive income for the period	-	-	-	-	-	103,105	103,105
Transfer to general reserve fund	-	-	-	1,412	-	(1,412)	-
Balance at 30 September 2010	177,644	50,512	1,463	35,775	(18,906)	304,717	551,205
Balance at 1 January 2011	177,644	50,512	1,463	38,730	(18,906)	239,647	489,090
Total comprehensive income for the period	-	-	-	-	-	67,142	67,142
Transfer to general reserve fund	-	-	-	7,233	-	(7,233)	-
Dividend paid	-	-	-	-	-	(9,109)	(9,109)
Issue of new shares (see 1(d)(ii))	18,622	18,424	-	-	-	-	37,046
Balance at 30 June 2011	196,266	68,936	1,463	45,963	(18,906)	290,447	584,169
Total comprehensive income for the period	-	-	-	-	-	39,450	39,450
Transfer to general reserve fund	-	-	-	4,200	-	(4,200)	-
Balance at 30 September 2011	196,266	68,936	1,463	50,163	(18,906)	325,697	623,619

<u>Company</u>	Share capital RMB'000	Share premium RMB'000	Revenue reserve RMB'000	Total RMB'000
Balance at 1 January 2010	177,200	50,451	(2,303)	225,348
Total comprehensive loss for the period	-	-	(720)	(720)
Issue of new shares	444	61	-	505
Balance at 30 June 2010	177,644	50,512	(3,023)	225,133
Total comprehensive loss for the period	-	-	(456)	(456)
Balance at 30 September 2010	177,644	50,512	(3,479)	224,677
Balance at 1 January 2011	177,644	50,512	9,179	237,335
Total comprehensive income for the period	-	-	14,114	14,114
Dividend paid	-	-	(9,109)	(9,109)
Issue of new shares (see 1(d)(ii))	18,622	18,424	-	37,046
Balance at 30 June 2011	196,266	68,936	14,184	279,386
Total comprehensive loss for the period	-	-	(1,777)	(1,777)
Balance at 30 September 2011	196,266	68,936	12,407	277,609

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 2010	452,339,150	22,617
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	1,300,000	65
At 31 December 2010	453,639,150	22,682
At 1 January 2011	453,639,150	22,682
Issue of new ordinary shares pursuant to the Foreland Performance Share Scheme	1,800,000	90
Issue of new ordinary shares pursuant to a placement agreement	45,000,000	2,250
Issue of new ordinary shares pursuant to the Scrip Dividend Scheme	10,728,347	536
At 30 June 2011 and 30 September 2011	511,167,497	25,558

Pursuant to the Foreland Performance Share Scheme, 1,300,000 and 1,800,000 new ordinary shares were issued on 9 February 2010 and 4 March 2011 respectively in respect of the award to the employees of the Group.

Pursuant to a placement exercise, the Company issued 45,000,000 new ordinary shares on 9 June 2011.

Pursuant to the Company's Scrip Dividend Scheme, 10,728,347 new ordinary shares were issued on 26 June 2011 in respect of the final dividend for the financial year ended 31 December 2010 declared by the Company on 28 April 2011.

There were no outstanding convertibles issued or treasury shares held by the Company as at 30 September 2011 and 31 December 2010 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 30 September 2011	At 31 December 2010
Number of issued shares (excluding treasury shares)	<u>511,167,497</u>	<u>453,639,150</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 were 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 2011. The adoption of these new/revised FRS, where applicable, has no material impact on the consolidated financial statements for the period ended 30 September 2011. 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.

	3Q 2011	3Q 2010	Nine months ended 30 September	
			2011	2010
Net profit (RMB'000)	<u>39,450</u>	<u>13,405</u>	<u>106,592</u>	<u>17,792</u>
Weighted average number of ordinary shares (according to the above assumption)	<u>511,167</u>	<u>453,639</u>	<u>477,633</u>	<u>453,453</u>
Adjustment for performance share award ('000)	<u>1,663</u>	<u>-</u>	<u>560</u>	<u>-</u>
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	<u>512,830</u>	<u>453,639</u>	<u>478,193</u>	<u>453,453</u>
Earnings per share (RMB cents)				
- Basic	<u>7.72</u>	<u>2.95</u>	<u>22.32</u>	<u>3.92</u>
- Diluted	<u>7.69</u>	<u>2.95</u>	<u>22.29</u>	<u>3.92</u>

The calculation of the diluted earnings per share is based on the Group's net profit attributable to shareholders and the weighted average number of ordinary shares in issue for the relevant period after adjusting for the effect of the award pursuant to the Foreland Performance Share Scheme.

Pursuant to the Foreland Performance Share Scheme, a maximum of 2,000,000 new ordinary shares could be awarded to the employees of the Company subject to the achievement of prescribed performance targets after the evaluation of financial results of FY2011.

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	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Net asset value (RMB'000)	<u>623,619</u>	<u>489,090</u>	<u>277,609</u>	<u>237,335</u>
Number of shares at the end of the period ('000)	<u>511,167</u>	<u>453,639</u>	<u>511,167</u>	<u>453,639</u>
Net asset value per share (RMB per share)	<u>1.22</u>	<u>1.08</u>	<u>0.54</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

	3Q 2011 RMB'000	3Q 2010 RMB'000	Change %	Nine months ended 30 September		Change %
				2011 RMB'000	2010 RMB'000	
<u>Revenue</u>						
Manufacturing and sale of fabrics	206,749	95,219	117%	561,847	203,243	176%
Provision of fabric processing services	780	990	-21%	2,494	2,115	18%
Total	<u>207,529</u>	<u>96,209</u>	116%	<u>564,341</u>	<u>205,358</u>	175%

Our revenue for manufacturing and sale of fabrics segment increased by 117%, from RMB 95.2 million in 3Q 2010 to RMB 206.7 million in 3Q 2011. Our products comprised functional and normal fabrics for the manufacture of apparel, shoes, bags and high grade umbrella fabrics. The increase in revenue was due to the increase in both sales volume and average selling price.

Sales volume from the manufacturing and sale of fabrics segment increased by approximately 61%, from 8.9 million yards in 3Q 2010 to 14.3 million yards in 3Q 2011 mainly as a result of the increase in sales of high grade umbrella fabric, functional and normal fabric during the period. With our continuous marketing and product development efforts on high grade umbrella fabric since the second half of 2009, we have successfully established our brand name in this niche market and developed good business cooperation with top umbrella manufacturers in the People's Republic of China ("PRC"). Sales volume for functional and high grade normal fabric also increased as a result of an increase in demand for high grade textile products.

The average selling price of the manufacturing and sale of fabrics increased by approximately 35%, from RMB 10.7 per yard in 3Q 2010 to RMB 14.4 per yard in 3Q 2011 as a result of an increase in overall product grades.

The Group's second business segment on the provision of fabric processing services recorded an approximately 21% decrease in sales to RMB 0.8 million in 3Q 2011.

Gross profit and gross profit margin

Our gross profit increased from RMB 22.0 million in 3Q 2010 to RMB 61.2 million in 3Q 2011, representing an increase of 179%. Overall gross profit margin improved from 22.8% in 3Q 2010 to 29.5% in 3Q 2011.

The improvement in our gross profit margin was mainly due to an increase in the sales of existing functional fabrics that have a better gross profit margin. In addition, we enhanced the existing production line by replacing old equipment with new and advanced ones during the second to the third quarter of FY2010. Our production line is used to produce different products. During the switch of production from one product to another one, production line takes time to cool down, change machines setting as well as production materials and then warm up again. With increased production capacity, we have more flexibility on production scheduling among different products. This directly drives up production efficiency and results in better gross profit margin.

With increased production volume, the allocation of fixed manufacturing overhead to each unit of production, such as depreciation, is reduced.

Expenses

Our selling and distribution expenses increased by approximately 12%, from RMB 1.4 million in 3Q 2010 to RMB 1.6 million in 3Q 2011. The increase in selling and distribution expenses was mainly due to an increase in payroll and payroll-related expenses of RMB 0.2 million and delivery charges of RMB 0.1 million as a result of significant increase in revenue. Our administrative expenses increased by approximately 145%, from RMB 2.0 million in 3Q 2010 to RMB 5.0 million in 3Q 2011. The increase in administrative expenses was mainly due to an increase in office and other expenses of RMB 1.4 million, an increase in executive directors' bonus of RMB 1.1 million as a result of increased business activities.

Our income tax expenses for 3Q 2010 and 3Q 2011 were RMB 5.1 million and RMB 15.1 million respectively. The effective tax rates for 3Q 2010 and 3Q 2011 were 27.4% and 27.6% respectively. According to the PRC Enterprise Income Tax Law which took effect on 1 January 2008, the applicable tax rate for our subsidiary, Fulian Knitting Co., Ltd ("Fulian Knitting"), is 25%.

The effective tax rate for 3Q 2011 of 27.6% was higher than the applicable tax rate of 25% for Fulian Knitting, mainly due to the provision on withholding tax for distributable earning from a PRC enterprise pursuant to the PRC Enterprise Income Tax Law as well as the Implementing Regulations of Enterprise Income Tax Law (collectively referred to as the "New Income Tax Law").

Net profit

Our net profit increased by approximately two times, from RMB 13.4 million in 3Q 2010 to RMB 39.5 million in 3Q 2011, and our net profit margin increased from 13.9% in 3Q 2010 to 19.0% in 3Q 2011, primarily due to an increase in our revenue and gross profit margin.

(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 increased by RMB 13.6 million during the nine months ended 30 September 2011 ("9M 2011") mainly due to the addition of property, plant and equipment of RMB 28.5 million, offset by depreciation charges of RMB 14.9 million.

Inventories increased from RMB 14.9 million as at 31 December 2010 to RMB 37.6 million as at 30 September 2011 mainly due to the increase in business volume during the period. Inventories turnover days for FY2010 and 9M 2011 were 20 days and 26 days respectively.

Trade receivables increased from RMB 71.5 million as at 31 December 2010 to RMB 107.6 million as at 30 September 2011. Trade receivables turnover days for FY2010 and 9M 2011 were 75 days and 52 days respectively. The decrease in trade receivables turnover days was mainly due to continuous effort on tight credit control.

Other receivables as at 30 September 2011 mainly represent deposits paid for the purchase of new equipment of RMB 1.3 million and other prepayment of RMB 1.6 million.

Trade payables increased from RMB 44.1 million as at 31 December 2010 to RMB 73.9 million as at 30 September 2011. Trade payables turnover days for FY2010 and 9M 2011 were 60 days and 51 days respectively. The decrease in trade payables turnover days from FY2010 to 9M 2011 was mainly due to more timely payments to our suppliers.

Tax payable increased from RMB 10.1 million as at 31 December 2010 to RMB 15.3 million as at 30 September 2011. The increase in tax payable was largely in line with the increase in profit before tax for the third quarter of FY2011.

In 3Q 2011, the Group generated net cash from operating activities of RMB 45.7 million, which mainly arose from operating profit before changes in working capital of RMB 59.3 million is offset by change in working capital of RMB 0.1 million and income tax paid of RMB 13.9 million. Net cash used in investing activities mainly represented purchase of property, plant and equipment of RMB 23.3 million.

As at 30 September 2011, 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.

In our unaudited second quarter financial statement and dividend announcement for 2Q 2011, we commented on the business trend in general that the encouraging trend is expected to continue into the third quarter of FY2011. In 3Q 2011, good performance and financial results are achieved which is in line with the general comment made in the announcement in previous quarter.

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.

Our stronger performance in 3Q 2011 was the result of customer demand for our better margin higher-grade textile products and our continuous effort in securing new customers. Leveraging on our established market reputation and healthy financial position, we will continue to focus on improving our business operations, enhancing our productivity and profitability through the development of better and higher quality products, making continuous marketing effort to reach new customers and strengthening our position in the industry.

Barring any major economic shock on the back of the fear of a U.S. double-dip recession and debt contagion in Europe, this encouraging trend is expected to continue into the fourth quarter of FY2011.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the 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/recommended, a statement to that effect.

No dividend for the three months ended 30 September 2011 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	12,608	417
- Wastewater treatment and recycling plant and methylbenzene recycling facility	2,957	-	2,957
	<u>16,591</u>	<u>13,217</u>	<u>3,374</u>

Use of net placement proceeds of RMB 29.1 million pertaining to the placement agreement which was completed on 9 June 2011

As at the date of this announcement, the placement proceeds have been fully used as working capital.

- 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 third quarter financial results for the period ended 30 September 2011 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

14 November 2011