

Foreland Fabrictech Holdings Limited

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FOR IMMEDIATE RELEASE

Foreland Fabrictech FY11 Net Profit Soars 210% To RMB140.6m From RMB45.4m

- Revenue surged 117% year-on-year to RMB756.5 million in FY11, primarily due to improvement in average selling price and increase in sales of higher grade products with better profit margin
- Average selling price of fabrics rose to RMB13.61 per yard in FY11 from RMB10.57 per yard in FY10 due to improvement in product grades
- EPS in FY11 surged to 28.65 RMB cents from 10.00 RMB cents in FY10
- Proposing final dividend payout of 1.5 RMB cents per share

Financial highlights

	Full year ended 31 December		
	FY11	FY10	Change
Revenue (RMB'm)	756.5	348.4	+117%
Gross Profit (RMB'm)	219.1	78.4	+179%
Gross Margin	29.0%	22.5%	+6.5 ppt
Net Profit (RMB'm)	140.6	45.4	+210%
Earnings per share (EPS in RMB)#	28.65c	10.00c	+186.5%

#EPS for FY11 based on 490,954,000 shares and for FY10 based on 453,608,000 shares

SINGAPORE – 28 February 2012– Fujian-based Foreland Fabrictech Holdings Limited (“Foreland Fabrictech” or “the Company” and together with its subsidiaries “the Group”) (福联面料科技控股有限公司), a vertically integrated manufacturer of functional and normal fabrics used in the manufacture of apparel, shoes, bags and high grade umbrella fabrics, today ended fiscal year 2011 on a high note as strong product demand as well as higher average selling price (“ASP”) propelled the Group to deliver record revenue and net profit.

For the twelve months ended 31 December 2011 (“FY11”), Group revenue increased 117% to RMB756.5 million from RMB348.4 million a year ago (“FY10”). Due to improvement in ASP and increase in sales of higher grade products, Group gross profit jumped 179% to RMB219.1 million in FY11 from RMB78.4 million in FY10. Group net profit also increased significantly to historical high, rising 210% to RMB140.6 million in FY11 from RMB45.4 million in FY10.

For the three months ended 31 December 2011 (“4Q11”), the Group reported revenue and earnings of RMB192.1 million and RMB34.1 million, representing year-on-year (“YoY”) increases of 34% and 23% respectively.

The impressive growth in FY11 was achieved on the back of strong customer demand for the Group’s better margin higher grade textile products as well as the Group’s continuous effort in securing new customers.

Commenting on the latest sterling set of financial results, Mr. Tsoi Kin Chit (蔡建设), founder and Executive Chairman of Foreland Fabrictech said, "This spectacular set of results is a testament to the Group's continuous commitment in marketing and product development. Apart from expanding our customer base steadily, we have also seen both ASP and profit margin trending up due to increasing contribution from higher grade products."

4Q11 Segmental Performance

In terms of revenue by segment, the Group's primary business unit of manufacturing and sale of fabrics contributed RMB191.4 million, or 99.6% to total revenue in 4Q11 as compared to RMB141.6 m in 4Q10, representing an increase of 35%. This was largely due to the growth in sales volume which increased to 13.7 million yards in 4Q11 from 11.4 million yards in 4Q10. In addition, the ASP of this segment also increased by approximately 13% to RMB13.96 per yard in 4Q11 compared to RMB 12.40 per yard in 4Q10, backed by an increase in overall product grades.

Improvement in average selling price ("ASP")

	1Q2010	2Q2010	3Q2010	4Q2010	1Q2011	2Q2011	3Q2011	4Q2011
ASP (RMB/yard)	9.10	8.60	10.70	12.40	12.40	13.50	14.40	13.96

Revenue for the Group's second business segment, which is the provision of fabric processing services, decreased by 49% to RMB0.7 million in 4Q11 compared to RMB1.4 million in 4Q10. This segment only accounted for 0.4% of Group's revenue in 4Q11.

EPS/NAV

In FY11, the Group's earnings per share ("EPS") more than doubled to 28.65 RMB cents (based on 490,954,000 shares) compared to 10.0 RMB cents in FY10 (based on 453,608,000 shares). As at 31 December 2011 net asset value ("NAV") per ordinary share rose to RMB1.24 (based on 528,735,000 shares) compared to RMB1.08 as at 31 December 2010 (based on 453,639,000 shares).

Healthy Financial Position and Dividend Payout

As at 31 December 2011, the Group maintained a healthy financial position with cash and cash equivalents of approximately RMB228.1 million and with zero borrowing.

In view of the positive financial results and in recognition of the shareholders' continued support for the Group, the Board of Directors proposes a final dividend payout of 1.5 RMB cents per share in addition to the interim dividend of 2.0 RMB cents per share declared and paid during FY11.

Optimistic Outlook

Mr. Tsoi added: "Leveraging on our established market reputation and strength in research and development, we will continue to focus on improving our business operations, enhancing our productivity and profitability through introducing unique and high quality products, making continuous marketing efforts to expand our customer base as well as expanding our production capacity in order to solidify our position in the industry."

The Group has completed significant construction work and awaiting certain approvals from the local authorities before commencing production at the new plant in Andong Industrial Area, Jinjiang City, Fujian Province, PRC. Upon commencement of production, the new facility is expected to offer greater economies of scale, better operational efficiency and will allow the Group's to take in more orders from existing and new customers.

Looking ahead, the Group anticipates the business environment to be challenging. However, the Group remains optimistic about the Group's business operations and expects to remain profitable in FY2012.

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Corporate Profile

Backed by a 20-year track record, **Foreland Fabrictech Holdings Limited** is a vertically integrated manufacturer of functional and normal fabrics, based in Jinjiang City, Fujian Province, the PRC.

Its products, which are mostly marketed under its award-winning "**Fulian (福联)**" brand¹, are sold in the PRC primarily to apparel manufacturers to produce sports, leisure and business apparel mainly for export to overseas markets including Europe, USA and the Middle East; and to textile traders who export its products to overseas markets. Its functional fabric products had been used to manufacture apparel under various reputable brands in the PRC, including "Li-Ning" (李宁), "Anta" (安踏) and "Edenbo" (爱登堡). Since the second half of 2009, Foreland Fabrictech also supplies high grade umbrella fabrics to prominent umbrella brands in the PRC, such as "Hangzhou Paradise (天堂), Susino (梅花) and Jin'ou (金欧).

Working with renowned international technology partners such as Tanatex (拓纳), Huntsman (亨斯迈), Evermore Chemical (日胜化工), Farbchemie (博朗), Zschimmer (司马) and Daiwa Chemical (大和化工), Foreland Fabrictech utilises and incorporates their chemicals and additives into its production process, to produce new fabrics with the desired functions and characteristics.

Since the successful development of its first functional fabric – the moisture and air breathability (透湿透气) fabric – in July 2004, its product range has grown significantly to include 19 innovative fabrics. These include:- moisture absorbent (吸湿排汗), dust, oil and stain resistant (纳米三防), anti-bacteria and odour (抗菌防臭), UV protection (抗紫外线), chlorine resistant (耐氯), combustion resistant (阻燃), high colour fastness I & II (高牢度 I 及 II), cold feel (冷感), warm feel (暖感), anti-insect (抗蚊虫), anti-electromagnetic wave (抗电磁波), biodegradable compound (复合膜) fabric, fluorescent fabric (高可视功能面料), memory

¹ Awarded the Fujian Province Famous Trade Mark by the Administration for Industry and Commerce of Fujian in October 2006.

fabric (记忆功能面料), ultra light, thin and fine (超轻超薄超细镜面), water-printed (浮水印花), photochromic (感光变色) and thermochromic (感温变色) fabrics.

Attesting to its quality, the Group's products are able to conform to various standards such as AATCC, ASTM and DIN, as well as product labellings such as the Oeko-Tex100 or the China Environmental Labelling (中国环境标志). The Group has also obtained quality assurance certifications including ISO9001:2000 and ISO14001:2004. Most recently, the Group received one of China's most prestigious and respected industry qualifications – the “Fabrics China Pioneer Plant – Chemical Fibre Functional Fabric Qualification” issued by the China Textiles Development Center and the China Textile Information Center.

In September 2008, Foreland Fabrictech was featured on Forbes Asia's “Best under a Billion” list, an honour given to the top 200 Asia-Pacific companies. This has reaffirmed the Group's rapid growth as a vertically-integrated manufacturer of functional and normal fabrics which is well-positioned to capitalise on the growing PRC textile industry.

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