

**WEAVING  
ENDLESS  
POSSIBILITIES**



**CORPORATE PRESENTATION**

**FY2011 Financial Results**





# Important Note

## 重要声明

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- The following presentation may contain forward-looking statements by the management of Foreland Fabrictech Holdings Limited (“Foreland Fabrictech”), relating to financial trends for future periods, compared to the results for the previous period.
- Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward-looking information is based on management’s current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements include known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as, a representation as to the future performance of Foreland Fabrictech. It should be noted that the actual performance of Foreland Fabrictech may vary significantly from such expectations.



# Presentation Outline

## 演示大纲

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- |   |  |      |
|---|--|------|
| 1 | <b>Corporate Profile</b>               | 企业简介 |
| 2 | <b>Financial Results</b>               | 财务回顾 |
| 3 | <b>Prospects and Growth Strategies</b> | 市场机会 |
| 4 | <b>Investment Highlights</b>           | 投资亮点 |

# WEAVING ENDLESS POSSIBILITIES



**Corporate Profile**  
企业简介





# Our Business

## 我们的业务

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A **vertically integrated manufacturer** of functional and normal fabrics based in Fujian Province, PRC



Engaged in the **weaving, dyeing, coating and finishing of fabrics** mainly under our own “Fulian (福联)” brand, and provision of fabric processing services



Products include **functional and normal fabrics** that are mainly used in sports, leisure and business apparel and high grade umbrellas

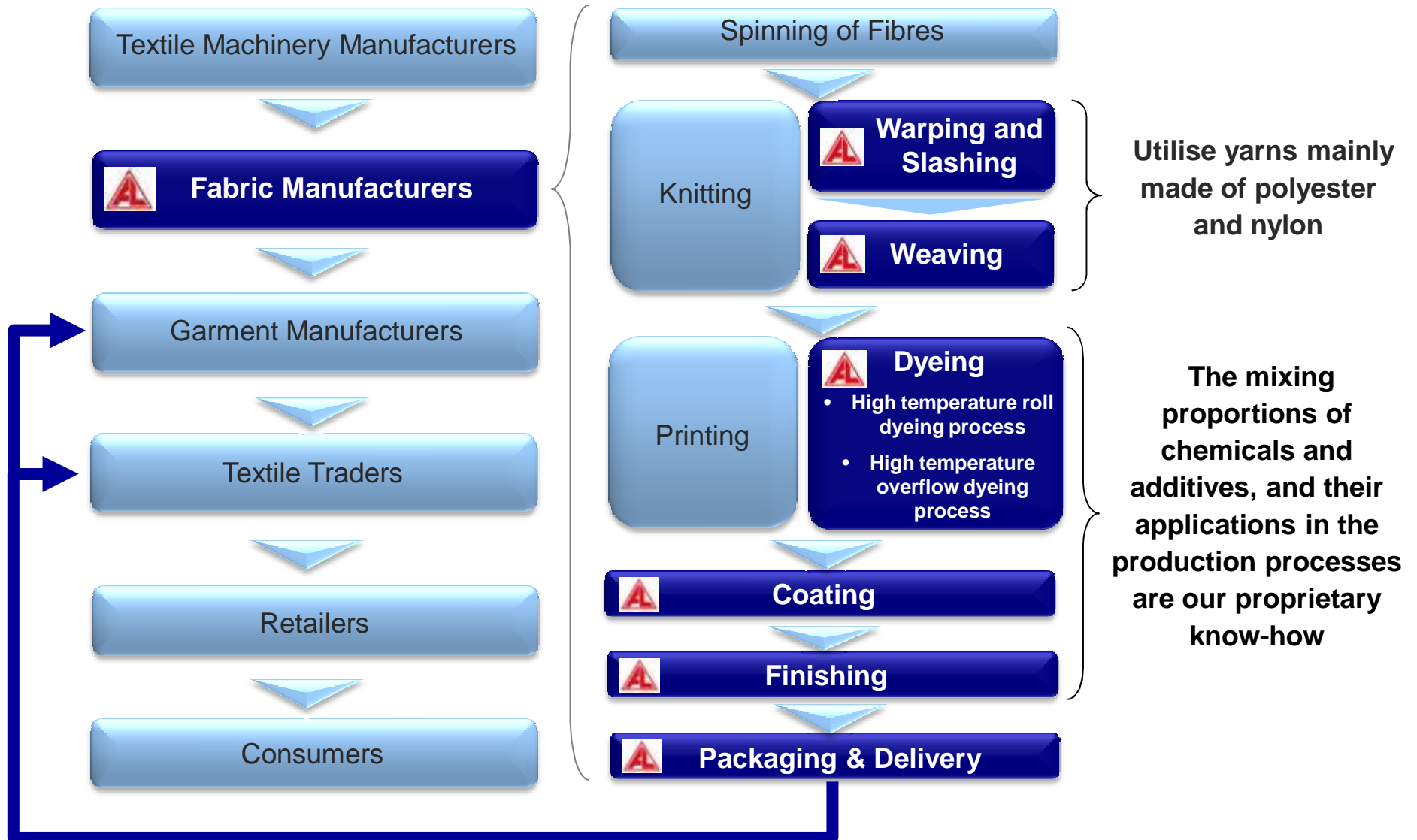


Collaborate with **world-renowned technology partners** to develop a wide range of functional fabrics with different characteristics



# Our Value-Add

## 我们的产品附加值





# Our Customers

## 我们的客户

### Apparel manufacturers



**Sports apparel**



**Leisure apparel**



**Business apparel**

Our functional fabrics are used to manufacture apparel under various reputable brands in the PRC, including:-

- Anta 安踏
- Edenbo 爱登堡
- Li Ning 李宁
- Peak 匹克
- Sepwolves 七匹狼
- Lilang 利郎
- Fordoo 虎都



### Umbrella producers



We supply high grade umbrella fabrics to a few prominent umbrella brands in the PRC, such as:-

- Hangzhou Paradise 天堂
- Susino 梅花
- Jin'ou 金欧
- Yuzhongniao 雨中鸟
- Angel 天使

### Traders



Our products are also sold to **overseas markets** and **domestic markets** through textile traders



# Focus on Functional Fabrics

## 专注于功能性面料

- Deliver new innovations in functional fabrics, enhance our existing products
- Ensure we remain relevant to the market and our key customers

Year	Products
2004	(1) Moisture & air breathability 透湿透气 (2) UV protection 抗紫外线
2005	(1) Dust, oil & stain resistant 纳米三防 (2) Moisture absorbent 吸湿排汗 (3) Combustion resistant 阻燃
2006	(1) Anti-bacteria & odour 抗菌防臭 (2) High colour fastness I 高牢度 (3) Chlorine resistant耐氯
2007	(1) Cool feel 冷感 (2) Anti-insect 抗蚊虫 (3) Anti-electro magnetic 抗电磁波 (4) Biodegradable compound 复合膜环保
2008	(1) Biodegradable compound 复合膜环保 (2) Fluorescent 高可视 (3) Memory fabric 记忆功能面料
2009	(1) Ultra light, thin and fine fabric 超轻, 超薄, 超细镜面布 (2) Water-printed fabric (mono-colour) 浮水印花布 (只有单色)
2010	(1) Photochromic 感光变色 (2) Thermochromic 感温变色
2011	(1) Water-printed fabric (multi-colour) 浮水印花布 (有多种颜色和花形) (2) UV protection II fabric (block over 99.9% of UV) 抗紫外线II





# Collaboration with Technology Partners

## 知名的国际技术伙伴



### Strong R&D Capabilities

While the Group has built up strong internal R&D capabilities, we continue to collaborate with international technology partners to enhance our product range and quality.

▶ **Tanatex Chemicals**  
拓纳



▶ **Evermore Chemical**  
日胜化工



▶ **Huntsman**  
亨斯迈



▶ **Farbchemie**  
博朗



▶ **Zschimmer**  
司马



▶ **Daiwa Chemical**  
大和化工



With the co-operation with Xi'an Polytechnic University, Xi'an Polytechnic University has set up a production, education and research centre in Foreland's factory, and provides technical training to our staff.



西安工程大学  
Xi'an Polytechnic University

**Xi'an Polytechnic University**  
西安工程大学



# Strong Brand Equity and Track Record

## 品牌知名度和业绩

- Track record of more than 20 years in the textile industry
- Built a strong reputation and credible track record for our quality products and services to customers

Year	Awards	Awarding Authority
2008	Fabrics China – Chemical Fibre Functional Fabric Pioneer Plant (国家化纤功能面料开发基地)	<ul style="list-style-type: none"> <li>• China Textiles Development Center</li> <li>• China Textile Information Center</li> </ul>
2008	Forbes Asia “Best under a Billion” (福布斯亚洲“10亿以下最佳企业”)	<ul style="list-style-type: none"> <li>• Forbes Asia</li> </ul>
2006	Fujian Province Famous Trade Mark (福建省著名商标)	<ul style="list-style-type: none"> <li>• Administration for Industry and Commerce of Fujian</li> </ul>
2002	National Award of “Two Excellents” (excellent enterprise and entrepreneur) (2002年度全国“双优”奖)	<ul style="list-style-type: none"> <li>• China Association of Enterprises with Foreign Investment</li> </ul>





# Integrated Production Premises

## 一体化生产设备

### The Second Processing Zone, Dongshi Town, Jinjiang City, Fujian Province (福建省晋江市东石镇第二加工区)



#### Advanced equipment from Japan, Korea & Taiwan



*slashing  
equipment*



*high temperature  
roll-dyeing equipment*



*high temperature overflow  
dyeing equipment*



*water jet looms*



*compound  
fabric equipment*



*coating equipment*

- Land area of 29,333 sqm with built-in area of 22,406 sqm
- Offers one-stop solution to customers with facility's scale and vertically integrated manufacturing operations



# Integrated Production Premises

## 一体化生产设备

**2<sup>nd</sup> Production Premises More Than Double The Size Of Existing Plant**

### Andong Industrial Area, Jinjiang City, Fujian Province

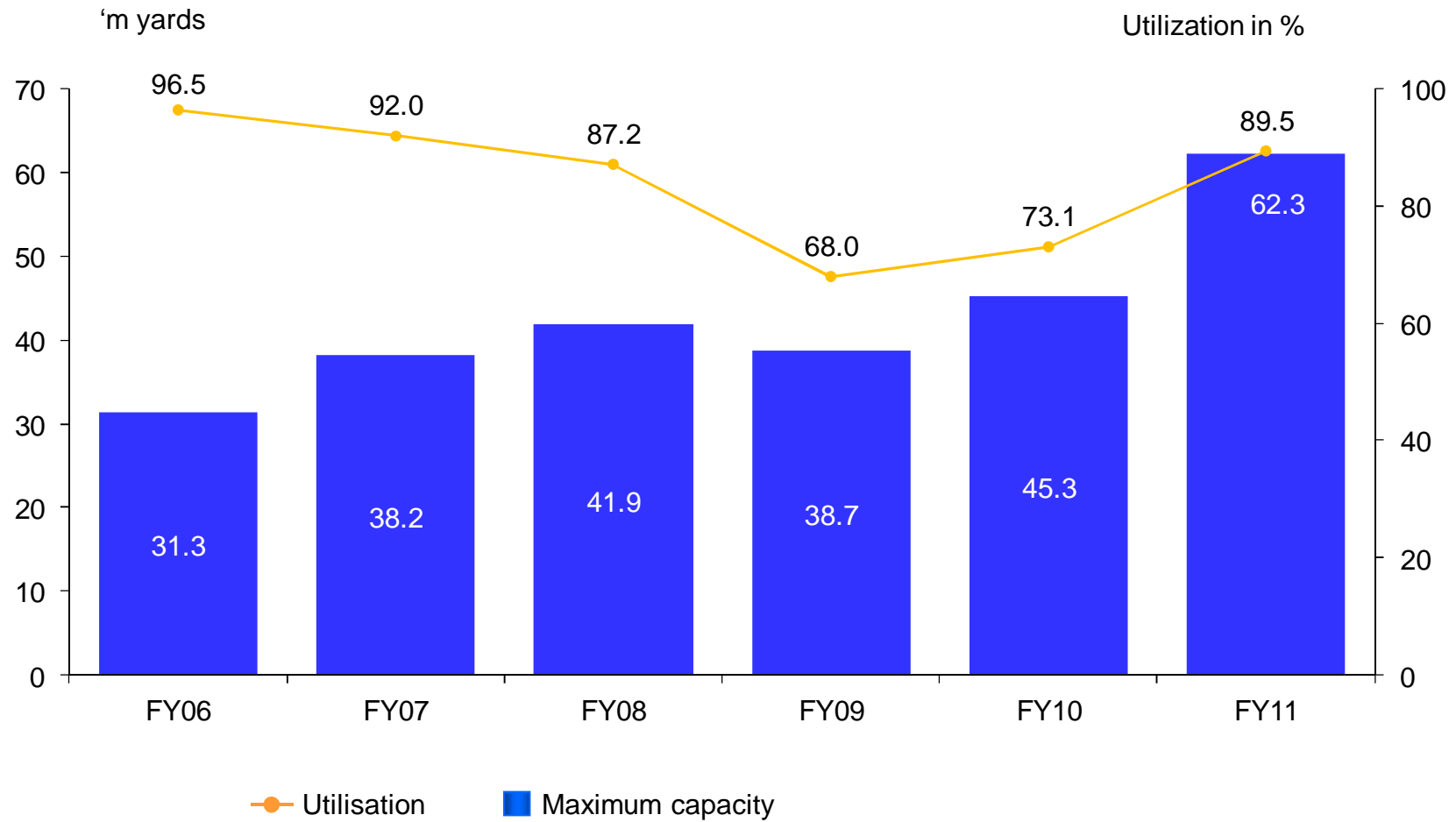


- Land area of 76,000 sqm more than double the size of present plant
- Construction of 2<sup>nd</sup> production premises mostly completed, now pending approvals by the local environmental authority



# Production Capacity

## 产能





# Quality and Safety Assurance

## 质量和安全保证

### Quality Assurance Programme



- Products conform to various standards such as **AATCC, ASTM, DIN & JIS**, as well as **ISO9001:2000**
- Products conform to **Oeko-Tex100** or the **China Environmental Labelling**

### Safety Assurance Programme



*Wastewater treatment and recycling plant*

We are certified ISO14001:2004 and have comprehensive safety and environmental protection measures, including a wastewater treatment and recycling plant and a methylbenzene recycling facility.



*Methylbenzene recycling plant*

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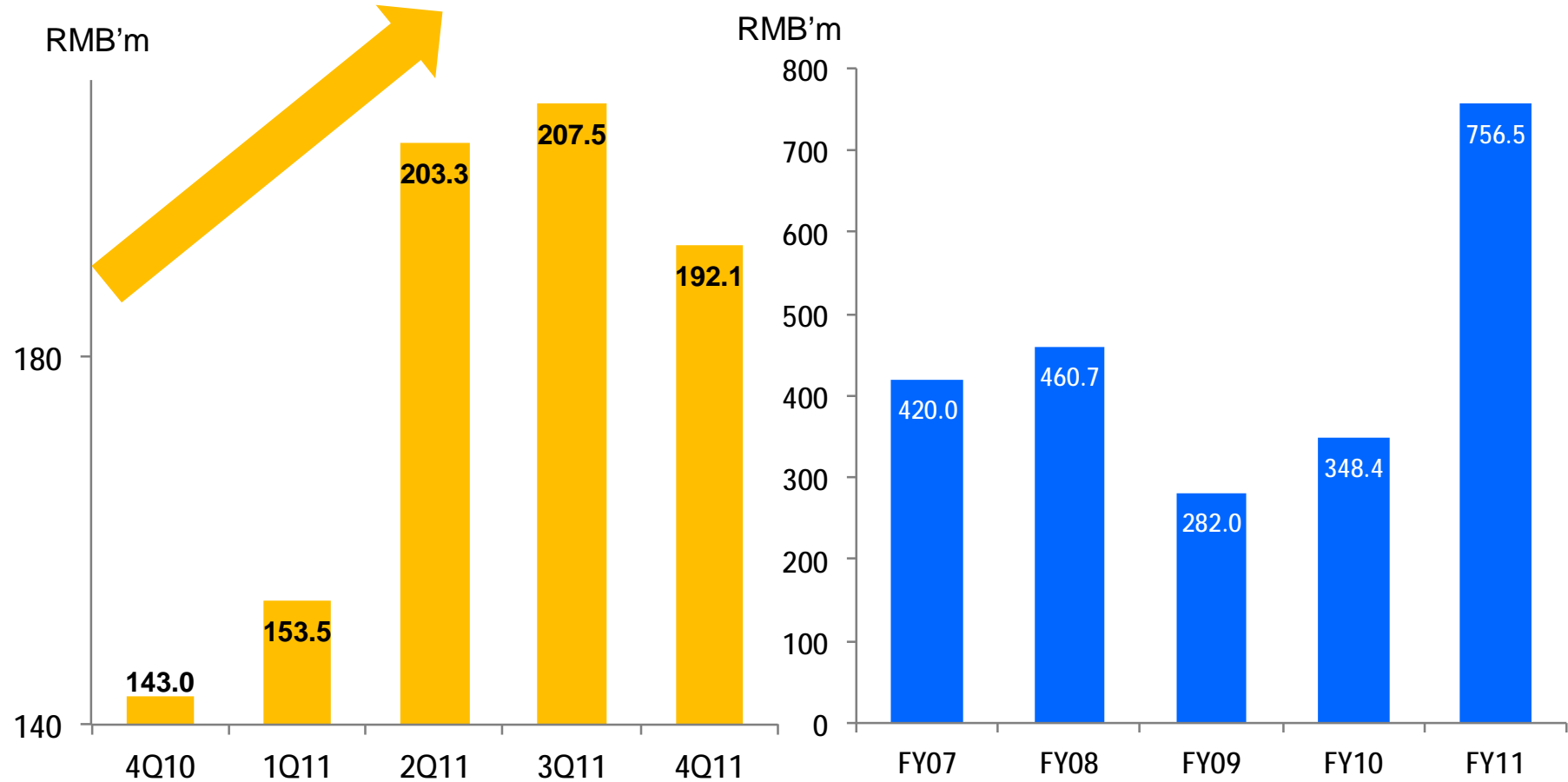
**Financial Results**  
财务回顾





# Revenue

## 营业额



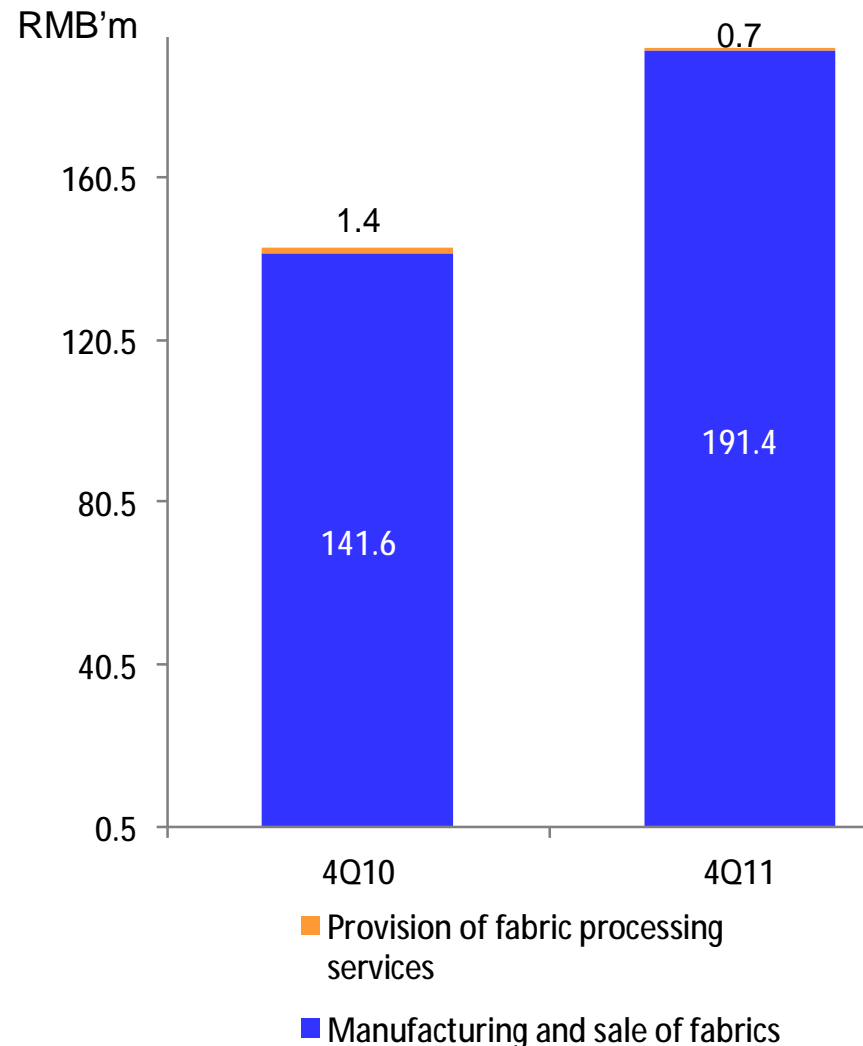
- 4 4Q11 sales up 34% to RMB192.1m, from RMB143.0m in 4Q10, mainly due to increase in sales volume and average selling price from manufacturing and sale of fabric segment
- 4 Group's sales hit record in FY11





# Segmental Breakdown of Revenue

## 销售额的业务划分



### Manufacturing & sale of fabrics segment continues to drive Group's growth

4 Revenue increased 35% from RMB141.6m to RMB191.4m

4 Sales volume increased 20%, from 11.4m yards to 13.7m yards due to stronger sales of high grade umbrella fabrics, functional and normal fabrics

4 Successfully established our brand name in the niche high grade umbrella fabric market; developed good business cooperation with prominent umbrella manufacturers in the PRC

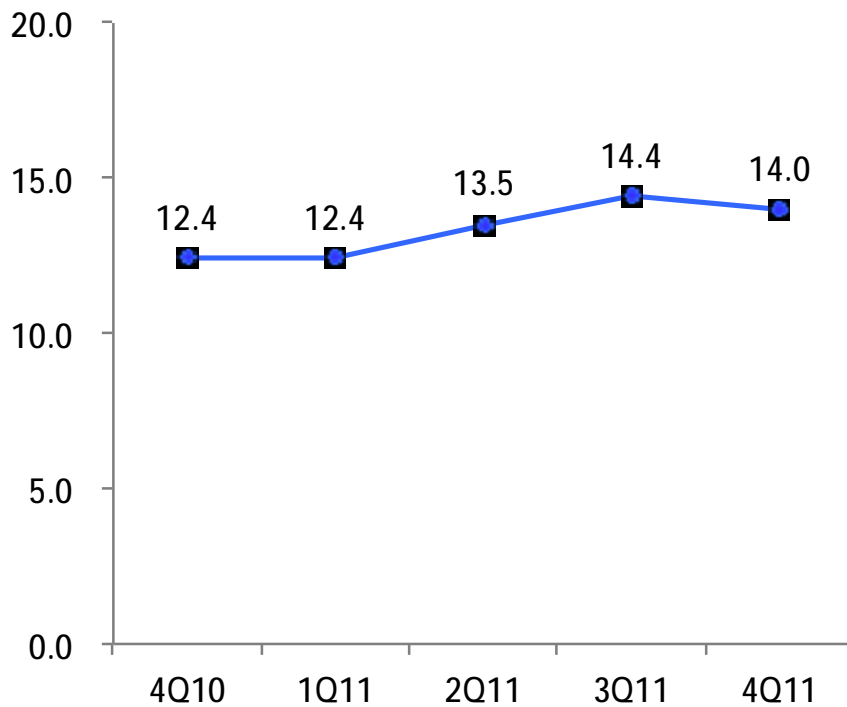
4 ASP rose by about 13%, from RMB12.40 per yard to RMB13.96 per yard as a result of improvement in overall product grades



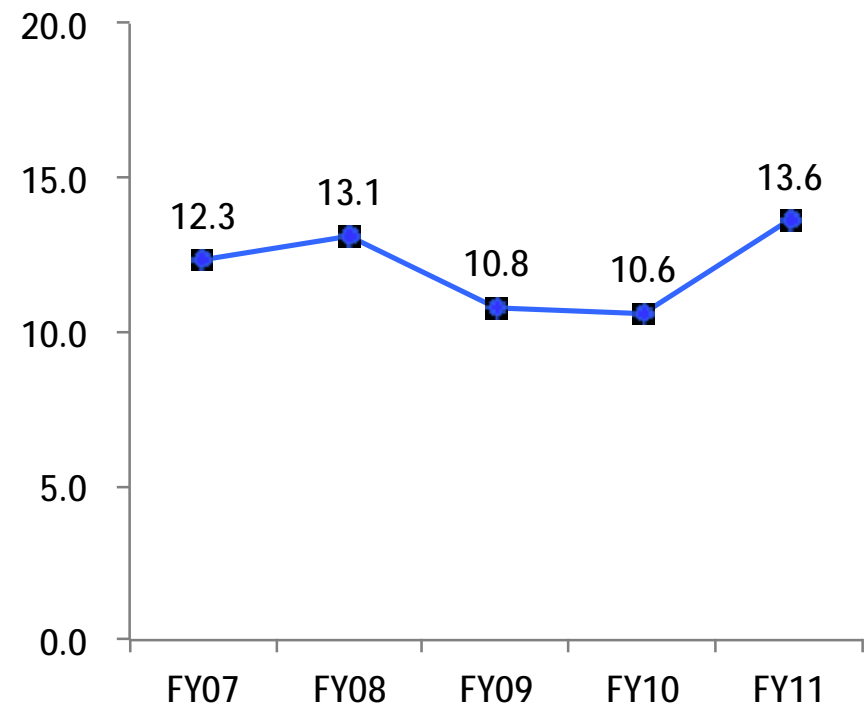
# Average Selling Price

## 平均销售价格

RMB per yard



RMB per yard



—■— ASP for manufacturing and sale of fabrics

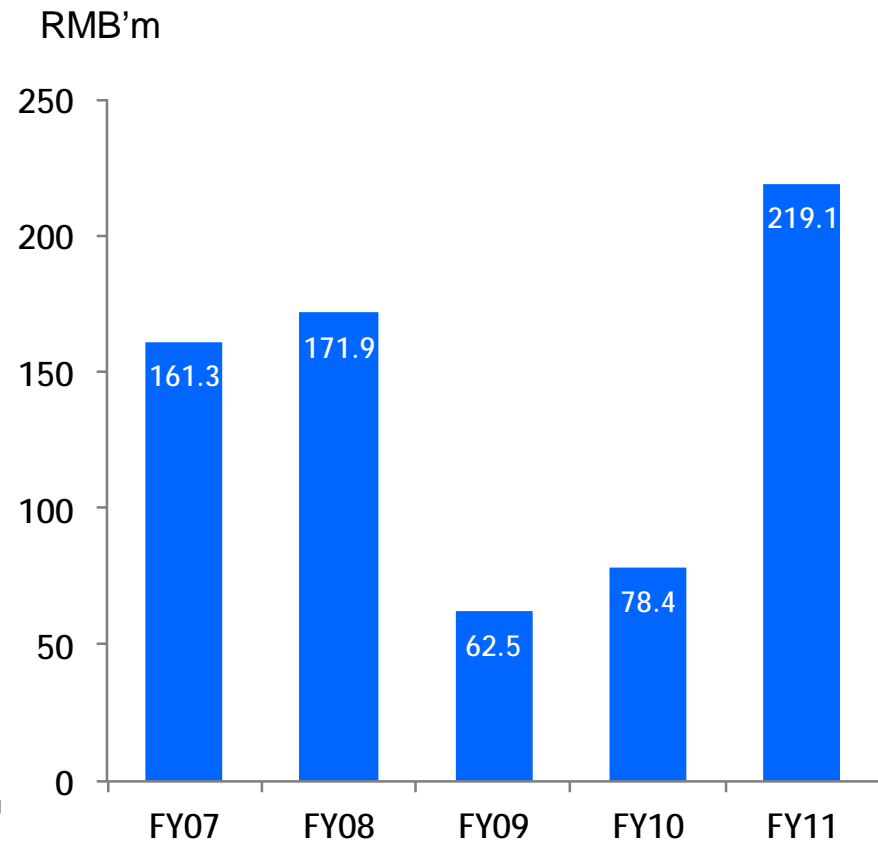
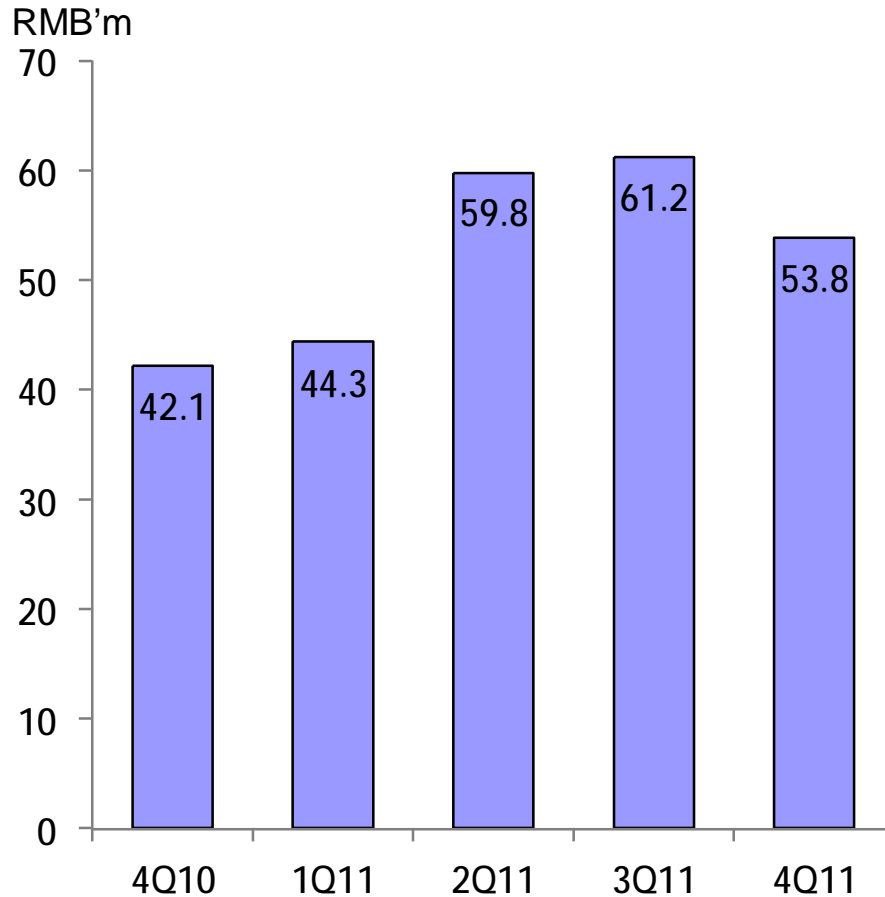
#### 4 Manufacturing and sale of fabrics segment

- 4 ASP rose by approximately 13%, from RMB12.40 per yard in 4Q10 to RMB13.96 per yard in 4Q11 as a result of improvement in overall product grades
- 4 ASP hit record for FY11 at RMB13.60 per yard, as a result of an increase in overall product grades



# Gross Profit

## 毛利润



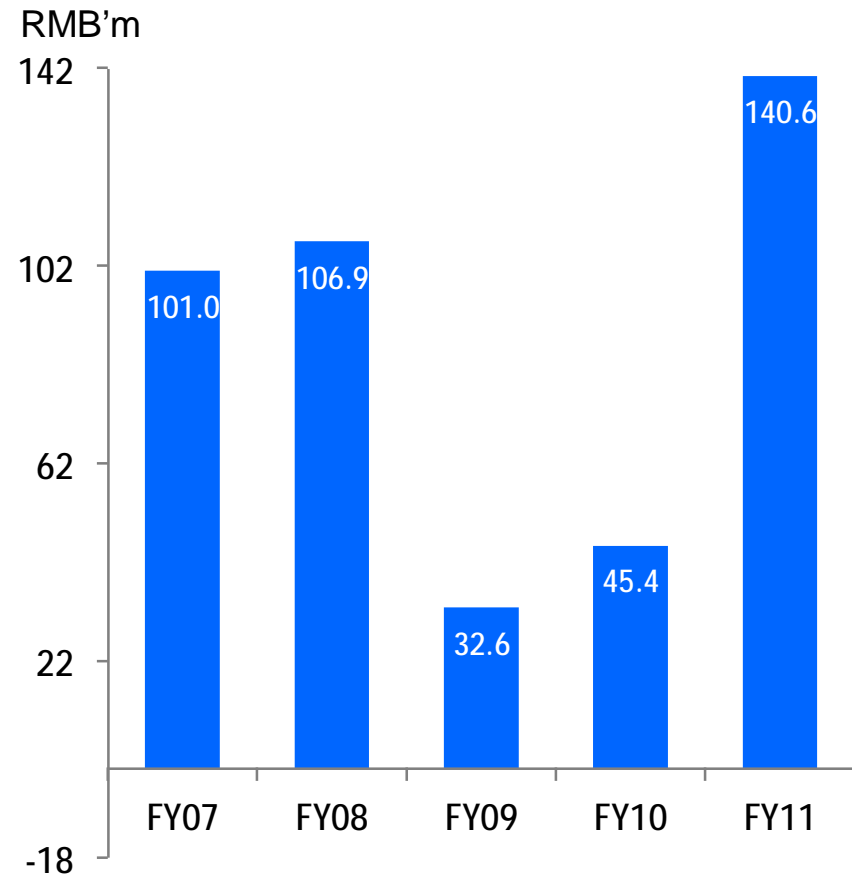
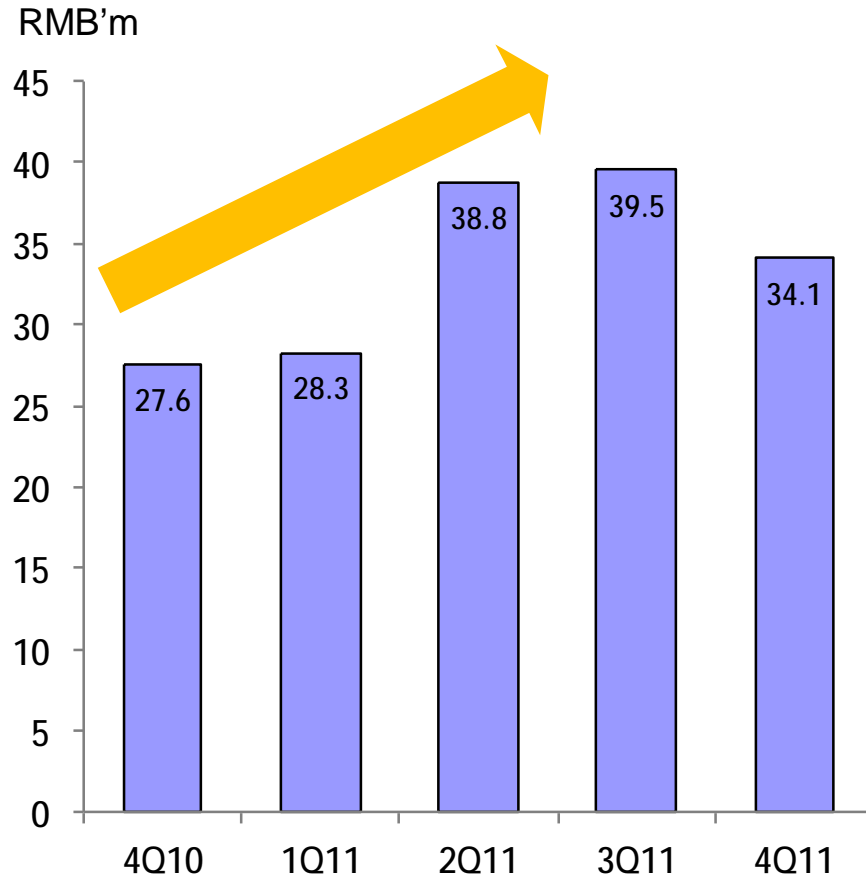
4 Gross profit increased 179% from RMB78.4m in FY10 to RMB219.1m in FY11

4 Improvement in gross profit margin mainly due to higher proportion of sales of functional fabrics with better margins, and enhancement to production lines



# Net Profit

## 净利润

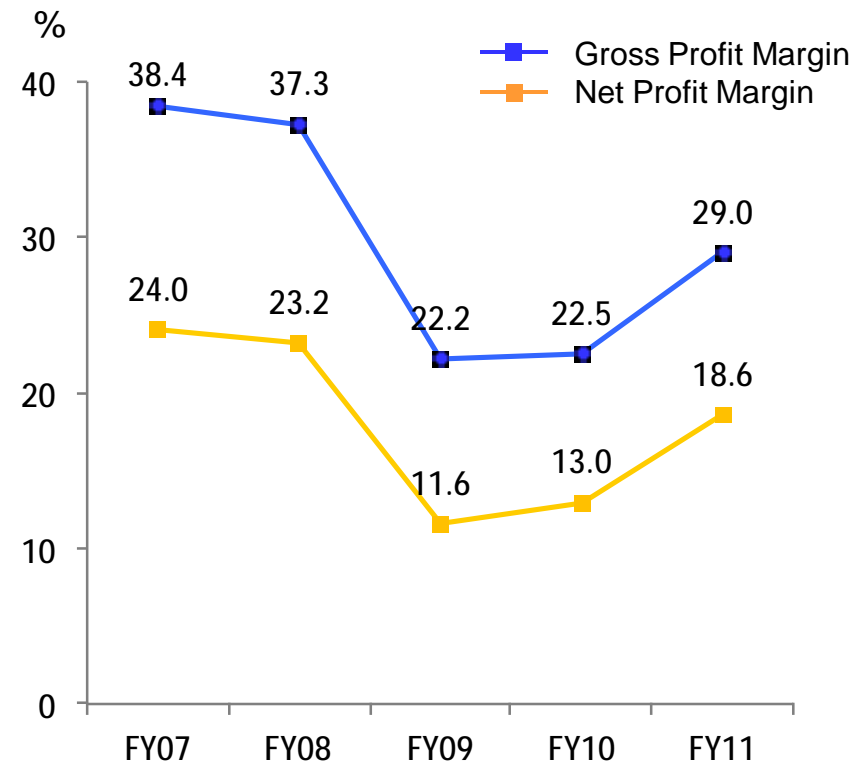
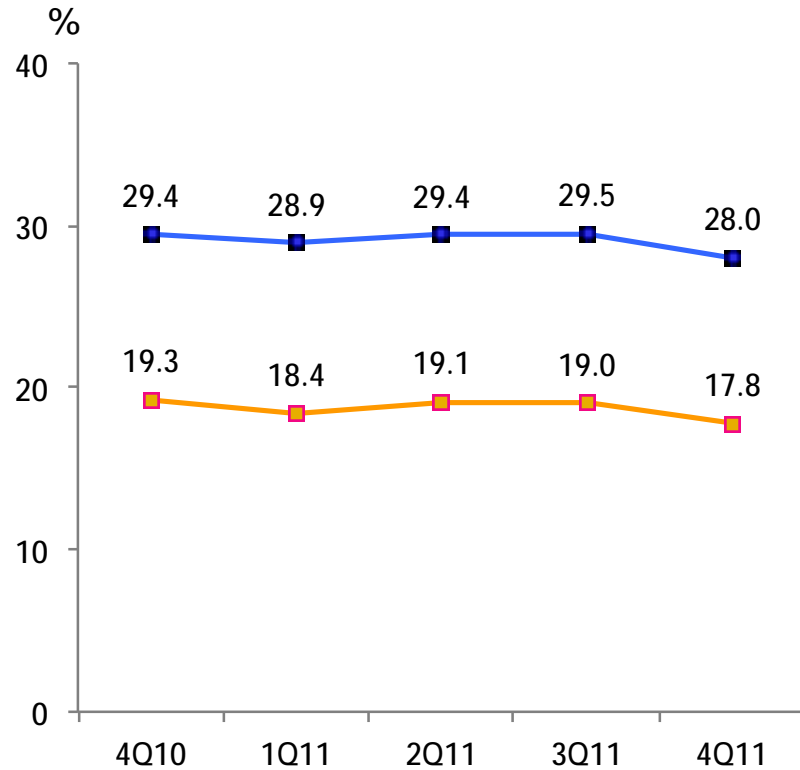


- 4 Net profit increased 210% from RMB45.4m in FY10 to RMB140.6m in FY11
- 4 Net profit margin increased year-on-year from 13.0% in FY10 to 18.6% in FY11
- 4 FY11 achieved record net profit of RMB140.6m



# Profit Margins

## 利润率



4 GPM increased from 22.5% in FY10 to 29.0% in FY11 mainly due to:

- 4 higher proportion of sales of existing functional and umbrella fabrics which enjoy better gross profit margins
- 4 enhanced production lines by replacing old equipment with new and advanced equipment in 2Q10 and 3Q10, which improved production capacity, production efficiency and product quality



## Cost Structure

### 成本结构

	FY10 RMB'm	FY11 RMB'm	% Change
Sales	348.4	756.5	+ 117
Cost of Sales	270.0	537.4	+ 99
Selling & Distribution Expenses	5.6	6.2	+10
Administrative Expenses	9.9	20.5	+107
Other Operating Income	0.5	1.0	+100
Other Operating Expenses	1.3	0.2	- 85



# Cash Flow

## 现金流

RMB'm	FY10	FY11
Net Cash Generated from Operating Activities	55.1	131.5
Net Cash (Used in) Investing Activities	(44.4)	(37.4)
Net Cash Generated from Financing Activities	-	22.5
Cash & Cash Equivalents at End of Period	111.4	228.1

4 As at 31 December 2011, the Group maintained net cash position with no bank borrowings



# Activity Ratios

## 活动比率

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Days	FY10	FY11
Trade Receivables Turnover	75	57
Trade Payables Turnover	60	35
Inventory Turnover	20	11

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- 4 Decrease in trade receivables turnover days due to continuous effort in credit control
- 4 Trade payables turnover decreased due to more timely payments to our suppliers





# Key Financial Indicators

## 主要财务指标

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As at	31 Dec 2009	31 Dec 2010	31 Dec 2011
Total Equity (RMB'm)	443.2	489.1	653.3
Return on Equity	7.4%	9.3%	21.5%
Total Assets (RMB'm)	490.1	556.3	737.9
Return on Assets	6.7%	8.2%	19.1%
NAV per share (RMB)	0.98	1.08	1.24

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## Final Dividend

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**RMB 0.015 per share**

**Shareholders may elect to receive  
dividend in scrip or cash**

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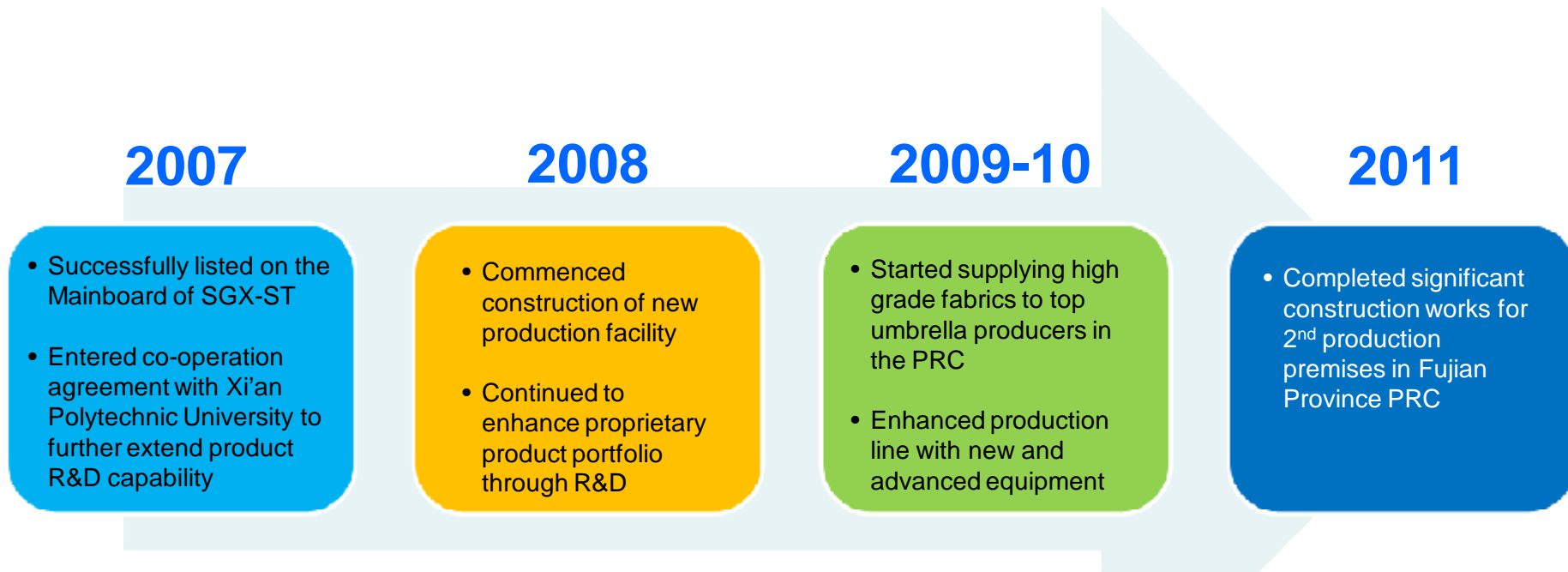
**Growth Strategies**  
发展策略





# Key Developments Since Listing

## 上市后主要发展



### Key Strategies To Position Foreland for Turnaround Growth

**During the global economic crisis, we strategically...**

- 4 Continued to focus on R&D and enhance our product portfolio
- 4 Actively looked for new customers/markets to expand our sales base, which led to the launch of our high-grade umbrella fabrics
- 4 Enhanced our production lines with new and advanced equipment, which expanded our production capacity, improved our product quality and increased our production efficiency



# Growth Drivers

## 主要发展推动力

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Thank You  
谢谢大家

