

Foreland Fabrictech Holdings Limited

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Company Registration Number: 39151

FOR IMMEDIATE RELEASE

Foreland Fabrictech's 1Q12 Net Profit Hits RMB29.6 million

- Revenue increased 5% year-on-year to RMB161.9 million in 1Q12 on the back of higher average selling prices
- Average selling price of fabrics rose to RMB13.3 per yard in 1Q12 from RMB12.4 per yard in 1Q11 due to improvement in product grades
- EPS in 1Q12 was 5.58 RMB cents

Financial highlights

	3 months ended 31 March		
	1Q12	1Q11	Change
Revenue (RMB'm)	161.9	153.5	5%
Gross Profit (RMB'm)	45.1	44.3	2%
Gross Margin	27.8%	28.9%	-1.1 ppt
Net Profit (RMB'm)	29.6	28.3	4%
Earnings Per Share (Rmb cents) #	5.58	6.23	-10%

Based on 529,329,000 shares for 1Q12 and 454,199,000 shares for 1Q11

SINGAPORE – 7 May 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 is pleased to announce its financial results for the first quarter ended 31 March 2012 (“1Q12”).

During the quarter, the Group reported revenue and earnings of RMB161.9 million and RMB29.6 million, representing year-on-year increases of 5% and 4% respectively.

The Group's gross profit margin decreased marginally from 28.9% in 1Q11 to 27.8% in 1Q12. The slight decline in the Group's gross profit margin was mainly due to the weaker demand of high-grade functional fabric in the high-grade apparel products market.

Commenting on the latest set of financial results, Mr. Tsoi Kin Chit (蔡建设), founder and Executive Chairman of Foreland Fabrictech said, “I'm pleased to report a steady set of results with year-on-year improvement in our selling prices and I look forward to an exciting year ahead. We will continue to leverage on our strengths and improve on our product quality.”

Segmental Performance

In terms of revenue by segment, the Group's primary business unit of manufacturing and sale of fabrics contributed RMB161.1 million, or 99.5% to total revenue in 1Q12 as compared to RMB152.4 million in 1Q11, representing an increase of 6%. Sales volume decreased marginally to 12.1 million yards in 1Q12 from 12.3 million yards in 1Q11. In addition, the ASP of this segment also increased by approximately 7% to RMB13.3 per yard in 1Q12 compared to RMB12.40 per yard in 1Q11, backed by an increase in overall product grades.

Revenue for the Group's second business segment which is the provision of fabric processing services, decreased by 29% to RMB0.8 million in 1Q12.

EPS/NAV

In 1Q12, the Group's earnings per share ("EPS") came in at 5.58 RMB cents (based on 529,329,000 shares) compared to 6.23 RMB cents in 1Q11 (based on 454,199,000 shares). As at 31 March 2012 net asset value ("NAV") per ordinary share rose to RMB1.29 (based on 530,735,000 shares) compared to RMB1.24 as at 31 December 2011 (based on 528,735,000 shares).

Healthy Financial Position

As at 31 March 2012, the Group maintained a healthy financial position with cash and cash equivalents of approximately RMB273.6 million and with zero borrowing.

Outlook

Mr. Tsoi added, "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. In addition, we will continue to enhance our marketing effort to reach new customers and strengthen our position in the industry. Despite challenging market conditions, I expect the Group 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

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

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 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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