

Foreland Fabrictech Holdings Limited

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Company Registration Number: 39151

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Foreland Fabrictech delivers second consecutive set of robust quarterly results

- **4Q2010 net profit grows over five-fold to RMB27.6 million while revenue increases 97% to record RMB143.0 million**
- **Strong 2H2010 performance results in 39% growth in full year net earnings**
 - **Directors recommend a dividend of RMB0.02 a share**

Financial Highlights	3 months ended 31 Dec		Change	12 months ended 31 Dec		Change
	2010	2009	%	2010	2009	%
Revenue (RMB'm)	143.0	72.7	+ 97	348.4	282.0	+ 24
Gross Profit (RMB'm)	42.1	12.0	+ 252	78.4	62.5	+ 25
Profit Before Tax (RMB'm)	37.3	6.7	+ 457	62.1	45.4	+ 37
Net Profit (RMB'm)	27.6	4.5	+ 509	45.4	32.6	+ 39
Basic EPS (RMB cents)	6.08	1.00	+ 508	10.01	7.31	+ 37

SINGAPORE – 25 February 2011 – Fujian-based **Foreland Fabrictech Holdings Limited** (“Foreland Fabrictech” or 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, has posted a second consecutive quarter of robust results for the final quarter of FY2010 (“4Q2010”) in line with the strong demand for its products driven by the gradual recovery of the global economy.

Following the strong results achieved in 3Q2010, with an 88% year-on-year increase to RMB13.4 million for net earnings, the Group further enhanced its profitability in 4Q2010 with a net profit of RMB27.6 million which is 509% higher than what was recorded for the final quarter

of FY2009 (“4Q2009”). This profitability came on the back of record sales of RMB143.0 million in 4Q2010, which is the highest quarterly revenue in Foreland Fabrictech’s history.

The Group’s sterling performance in the second half of FY2010 drove full year revenue to RMB348.4 million, a 24% increase from RMB282.0 million in FY2009. Net earnings grew more strongly at 39% year-on-year to RMB45.4 million in FY2010.

Commenting on the Group’s latest results, Mr Tsoi Kin Chit (蔡建设), founder and Executive Chairman of Foreland Fabrictech, said, “We delivered a commendable set of results in FY2010, largely attributed to the business strategies that we had adopted during the recent economic crisis. By positioning our Group for a turnaround from the global slowdown which bottomed out in FY2009, we are now enjoying the fruits of our labour, with an upward trend for both our top- and bottom line in successive quarters since the beginning of FY2010.”

Revenue Segmental Breakdown (RMB'm)	3 months ended 31 Dec		Change	12 months ended 31 Dec		Change
	2010	2009	%	2010	2009	%
Manufacturing and sale of fabrics	141.6	71.0	+ 99	344.8	274.9	+ 25
Provision of fabric processing Services	1.4	1.6	- 12	3.6	7.1	- 50

On a segmental basis, revenue generated from the Group’s key business segment – **manufacturing and sale of fabrics** – was up by 25% to RMB344.8 million in FY2010, accounting for 99.0% of the Group’s total revenue. The increase was mainly due to higher sales volume which grew from 25.5 million yards in FY2009 to 32.6 million yards in FY2010, as a result of stronger sales of high grade umbrella fabric. Average selling price of this segment declined marginally by approximately 2% to RMB10.6 per yard from RMB10.8 per yard a year ago.

The improved sales product mix, combined with an increased proportion of sales of existing functional fabrics with better gross profit margins, boosted the Group’s overall gross profit margin in FY2010 to 22.5%, from 22.2% in FY2009. As a result, gross profit rose from RMB62.5 million in FY2009 to RMB78.4 million in FY2010, representing a year-on-year growth of 25%.

On an operating level, the Group had introduced several cost saving measures that resulted in lower expenses in several areas.

Due to the strong performance in the second half of the financial year, the Group's FY2010 earnings went up by 39% to RMB45.4 million. Net profit margin was also higher at 13.0% in FY2010, compared with 11.6% achieved in FY2009.

Based on the 453,500,000 ordinary shares in issue, earnings per share for FY2010 increased to 10.01 RMB cents in FY2010, from 7.31 RMB cents in FY2009 (based on 446,596,000 shares in issue). Net asset value per ordinary share as at 31 December 2010 reached RMB1.08, compared to RMB0.98 as at 31 December 2009.

Directors are recommending a final tax exempt (one-tier) dividend of RMB 0.02 per share, subject to shareholders' approval at the forthcoming annual general meeting. The Company intends to apply the Foreland Fabrictech Holdings Limited Scrip Dividend Scheme whereby shareholders entitled to receive the dividends may elect to receive either cash or an allotment of ordinary shares in the Company credited as fully paid in lieu of cash.

Weaving endless possibilities

Foreland Fabrictech is working hard to further reinforce its product range and quality, by launching several new fabrics including the Ultra light, thin and fine fabric (超轻, 超薄, 超细镜面布) and Water-printed fabric (浮水印花布) in 2009, as well as Photochromic (感光变色) and Thermochromic (感温变色) fabrics in 2010.

In the second half of 2009 when the market demand for textile products was weak, the Group actively searched for new customers and markets to expand its sales base, and the continuous marketing and product development efforts had led to the launch of high-grade umbrella fabrics. Since then, Foreland Fabrictech has successfully established its brand name in this niche market as well as good business relationships with a few prominent umbrella manufacturers in the PRC.

In order to seize the untapped opportunities in the functional fabrics market, the Group completed construction of its new production facility in FY2010, on a piece of land of approximately 76,000 square metres, at Andong Industrial Area in Jinjiang City, Fujian Province. In addition, the Group replaced the old equipment with new and advanced ones during FY2010, which also helped to improve production capacity, efficiency and product quality.

"The accelerated recovery of the global economy has fuelled customers' demand for our high-grade textile products, and we have in place a multi-pronged strategy to bring Foreland Fabrictech to the next level of growth. Leveraging on our established market reputation, healthy

financial position and strong capabilities, we will continue to focus on expanding our business operations, enhancing our productivity and profitability by developing higher grade products, and enhancing our customer base through continuous marketing and sales efforts,” concluded Mr Tsoi.

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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-radiation (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.

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