

Foreland Fabrictech Holdings Limited

Registered office: Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda
China office: The Second Processing Zone, Dongshi Town,
Jinjiang City, Fujian Province, PRC (362271)
Tel: (86) 595 85596388 Fax: (86) 595 85587446



Company Registration Number: 39151

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Contact Information

August Consulting

Tel: (65) 6733 8873 Fax: (65) 6733 9913
YAP Meng Lee – menglee@august.com.sg
Wrisney TAN – wrisney@august.com.sg
Cecilia DU – cecilia@august.com.sg

Foreland Fabrictech kick-starts 2011 with sterling first quarter performance

- **1Q2011 net profit surges almost 23 times to RMB28.3 million while revenue increases 264% to RMB153.5 million**
- **1Q2011 gross profit margin improved significantly to 28.9% from 11.2% due to stronger sales of higher grade products with better profit margin**
- **Earnings per share increases from 0.27 RMB cents to 6.23 RMB cents in 1Q2011 and net asset value per share increases from RMB1.08 to RMB1.14**

Financial Highlights	3 months ended 31 March		Change
	2011	2010	%
Revenue (RMB'm)	153.5	42.1	264
Gross Profit (RMB'm)	44.3	4.7	841
Profit Before Tax (RMB'm)	39.2	1.7	2192
Net Profit (RMB'm)	28.3	1.2	2255
Basic EPS (RMB cents)	6.23	0.27	2207

SINGAPORE – 9 May 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 registered a good start to the year with a sterling set of results for the first quarter ended 31 March 2011 (“1Q2011”), driven by a surge in both demand for its products as well as average selling prices.

Overall revenue of the Group increased 264% from RMB42.1 million in 1Q2010 to RMB153.5 million in 1Q2011. Improved sales and average selling prices boosted gross profit for this period by 8.4 times to RMB44.3 million, with gross profit margin improving from 11.2% in 1Q2010 to 28.9% in 1Q2011.

Segmental Performance

In terms of revenue by segment, the Group's primary business unit of **manufacturing and sale of fabrics** contributed RMB152.4 million, or 99.3%, to total revenue in 1Q2011 as compared to RMB41.7 million in 1Q2010, an increase of 2.7 times. This was largely due to the growth in sales volume of 1.7 times from 4.6 million yards in 1Q2010 to 12.3 million yards in 1Q2011, mainly driven by increased demand for high grade umbrella fabric, functional and normal fabrics during this period.

Improvement in average selling price ("ASP")

	1Q2010	2Q2010	3Q2010	4Q2010	1Q2011
ASP per yard in RMB	9.1	8.6	10.7	12.4	12.4

In addition, the ASP of this segment also increased by 36.3% from RMB9.1 per yard in 1Q2010 to RMB12.4 per yard in 1Q2011, backed by an increase in overall product grades.

Revenue for the Group's second business segment, which is the provision of **fabric processing services**, also increased 1.6 times to RMB1.1 million, or 0.7% of total revenue, in 1Q2011.

On an operating level, the Group's selling and distribution expenses increased by approximately 24% to RMB1.6 million in 1Q2011 mainly due to an increase in payroll and payroll-related expenses of RMB0.5 million as a result of a significant increase in revenue. Administrative expenses increased by about 1.1 times from RMB1.8 million in 1Q2010 to RMB3.8 million in 1Q2011, mainly due to an increase in executive directors' bonus of RMB0.6 million as a result of increased business activities, and an increase in payroll and payroll-related expenses of RMB0.3 million.

Net Profit

Corresponding to the stellar growth in both revenue and gross profit, net profit surged almost 23 times to RMB28.3 million in 1Q2011.

EPS/NAV

Based on the latest 1Q2011 results, the Group's earnings per share rose from 0.27 RMB cents in 1Q2010 to 6.23 RMB cents in 1Q2011. Net asset value per ordinary share rose from RMB1.08 as at 31 December 2010 to RMB1.14 as at 31 March 2011.

Commenting on the Group's latest results, Mr Tsoi Kin Chit (蔡建设), founder and Executive Chairman of Foreland Fabrictech, said, "Our strong performance in 1Q2011 was a result of the gradual recovery of the global economy, which buoyed customers' demand for our higher grade textile products, and our continuous efforts in reaching and securing new customers. We will continue to leverage on our established market reputation and healthy financial position, and focus on improving our business operations and enhancing our productivity and profitability through the development of better and high quality products."

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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 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.