

WEAVING ENDLESS POSSIBILITIES



CORPORATE PRESENTATION

2Q2011 Financial Results





Important Note

重要声明

- 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 | Corporate Profile | 企业简介 |
| 2 | Financial Results | 财务回顾 |
| 3 | Prospects and Growth Strategies | 市场机会 |
| 4 | Investment Highlights | 投资亮点 |

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Corporate Profile
企业简介





Our Business 我们的业务



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



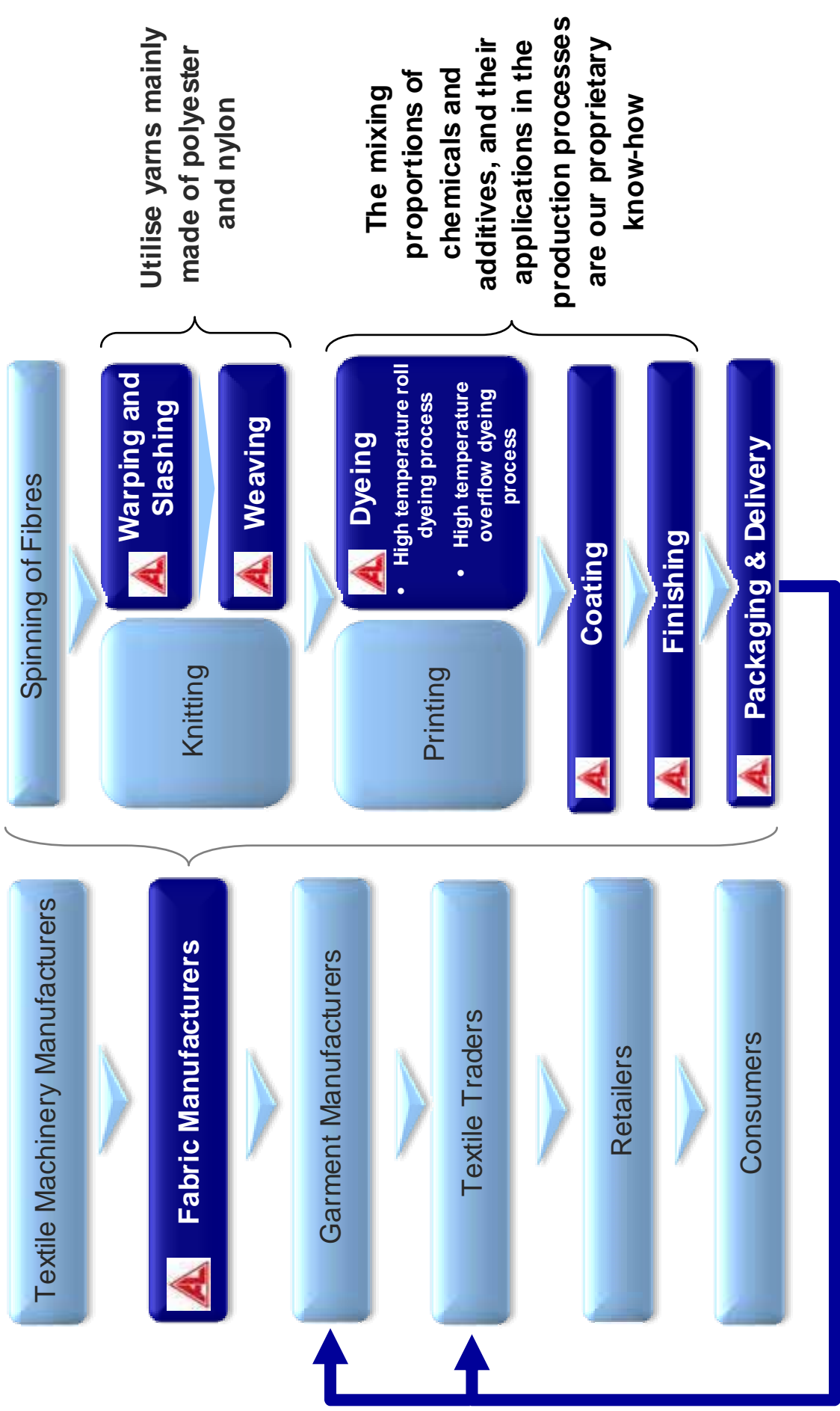
Products include **functional and normal fabrics** that are mainly used in sports, leisure and business apparel and high grade umbrellas



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 安达
- 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

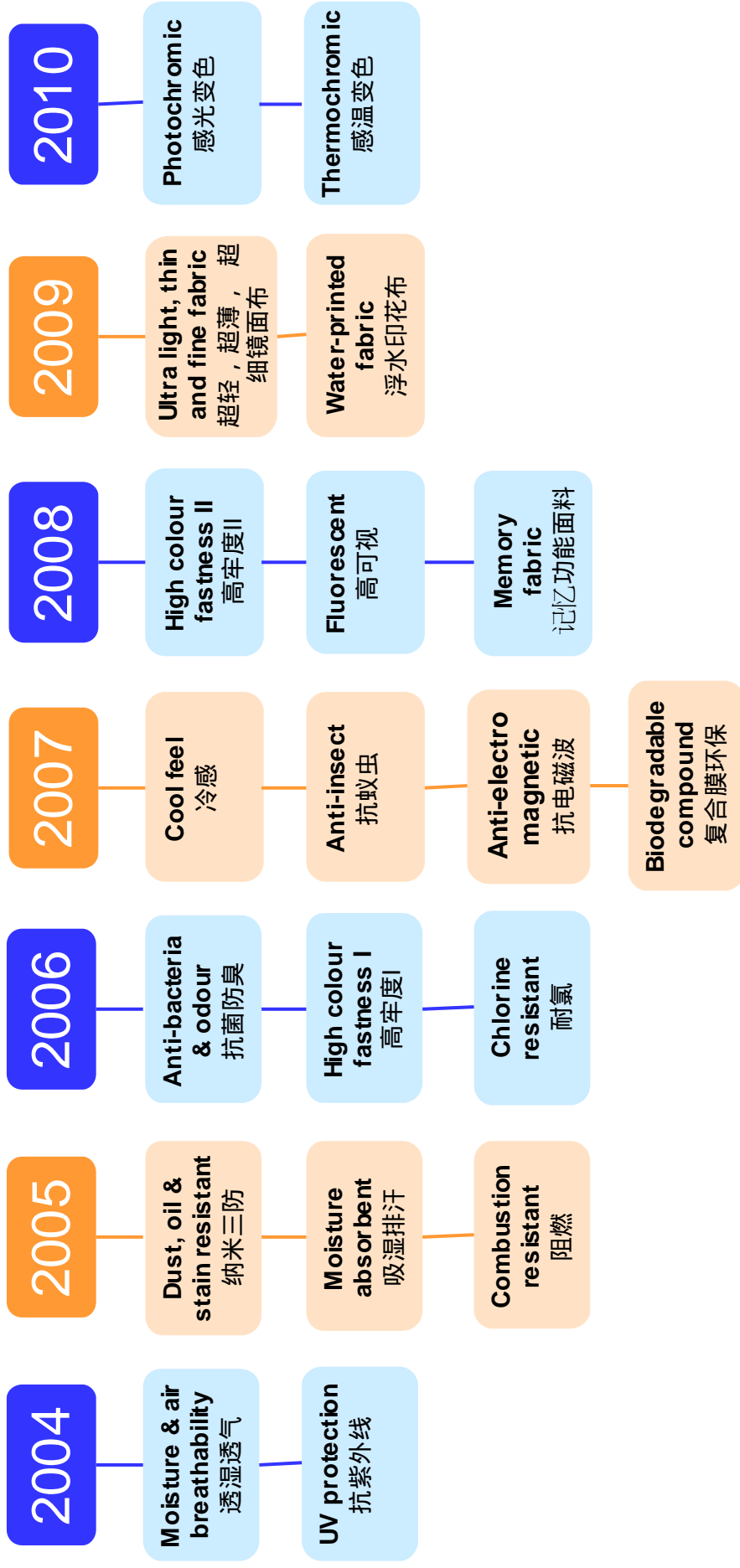


Our products are also sold to **overseas** **markets** and **domestic markets** through textile traders



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





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

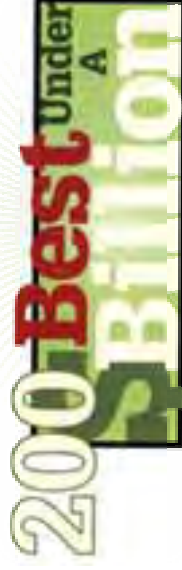


Strong Brand Equity and Track Record

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)	• China Textiles Development Center • China Textile Information Center
2008	Forbes Asia “Best under a Billion” (福布亚洲 “10亿以下最佳企业”)	• Forbes Asia
2006	Fujian Province Famous Trade Mark (福建省著名商标)	• Administration for Industry and Commerce of Fujian
2002	National Award of “Two Excellents” (excellent enterprise and entrepreneur) (2002年度全国“双优”奖)	• China Association of Enterprises with Foreign Investment





Integrated Production Facility 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)



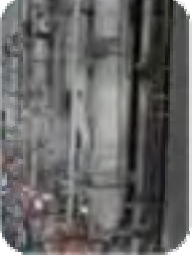
Advanced equipment from Japan, Korea & Taiwan



slashing
equipment



high temperature
roll-dyeing equipment



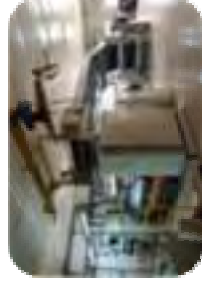
high temperature overflow
dyeing equipment



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 Facility 一体化生产设备

Upcoming New Facility

Andong Industrial Area, Jin jiang City, Fujian Province

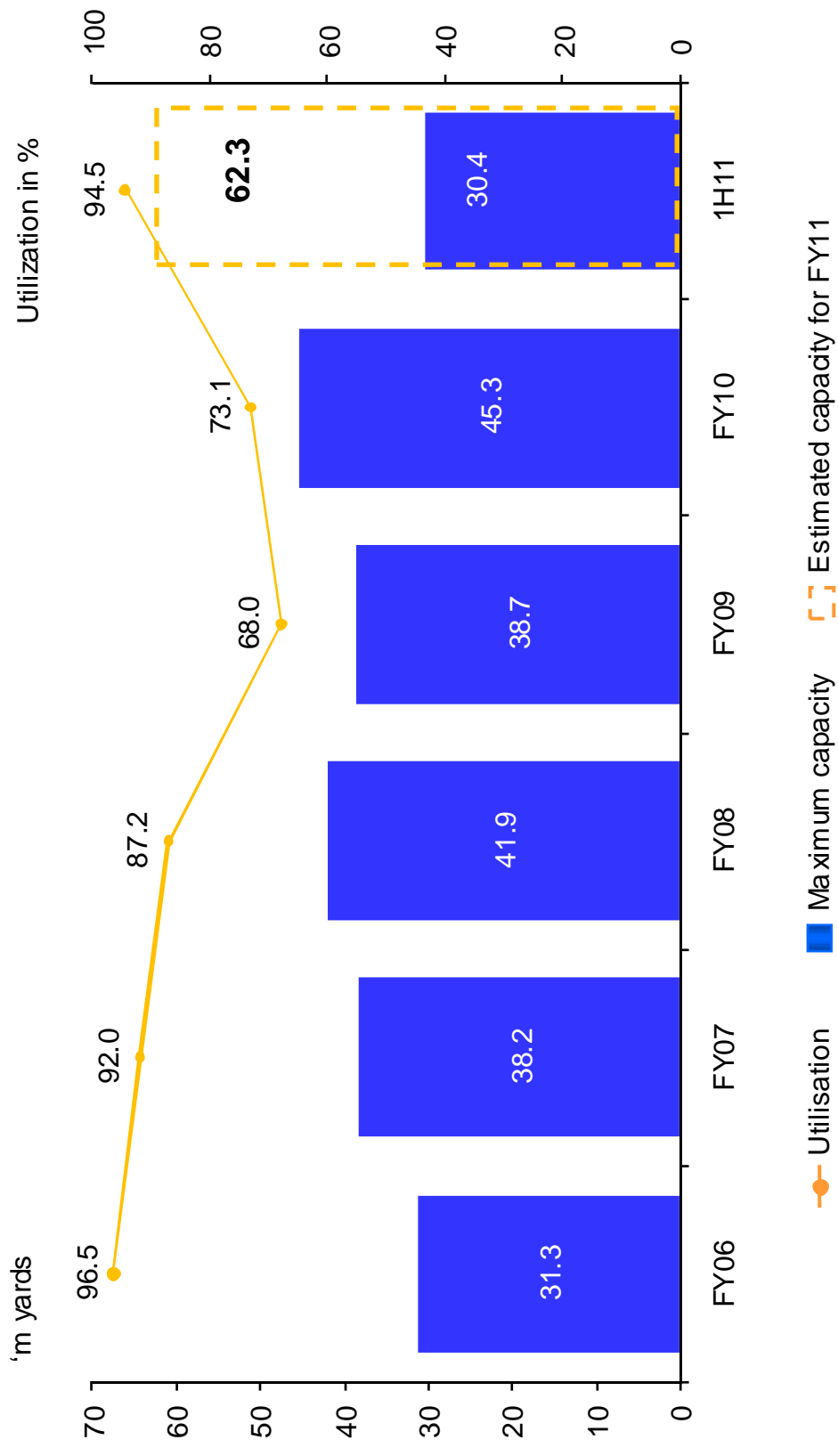


- Land area of 76,000 sqm
- Major production premises completed in 2010
- Commercial production at the new facility will be delayed, due to delayed approvals by the local environmental authority



Production Capacity

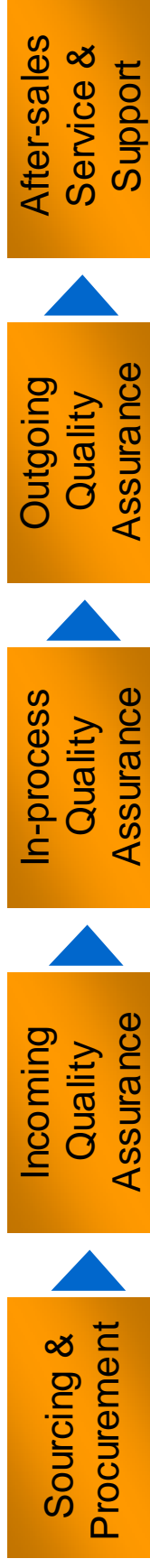
产能





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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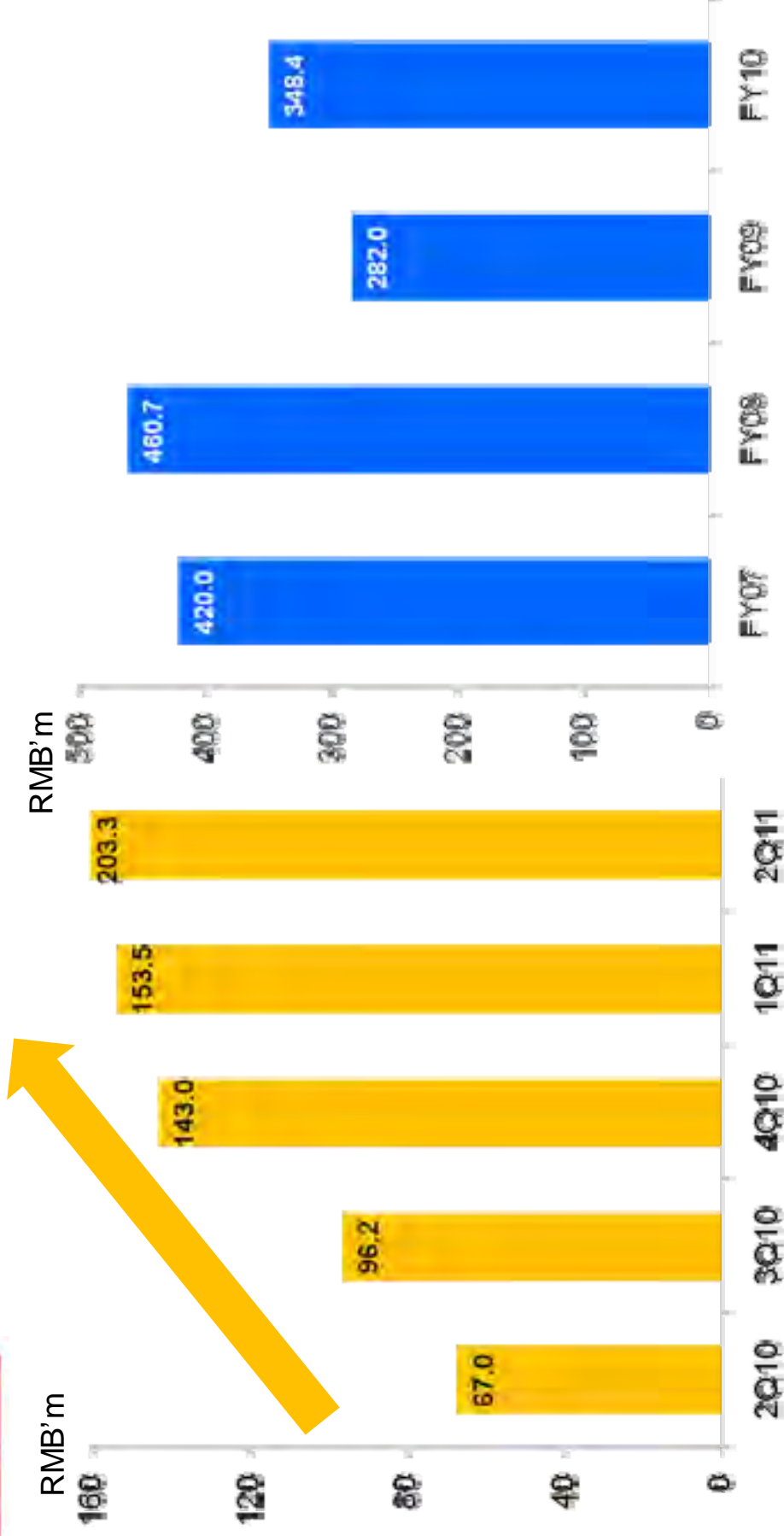


Financial Results
财务回顾





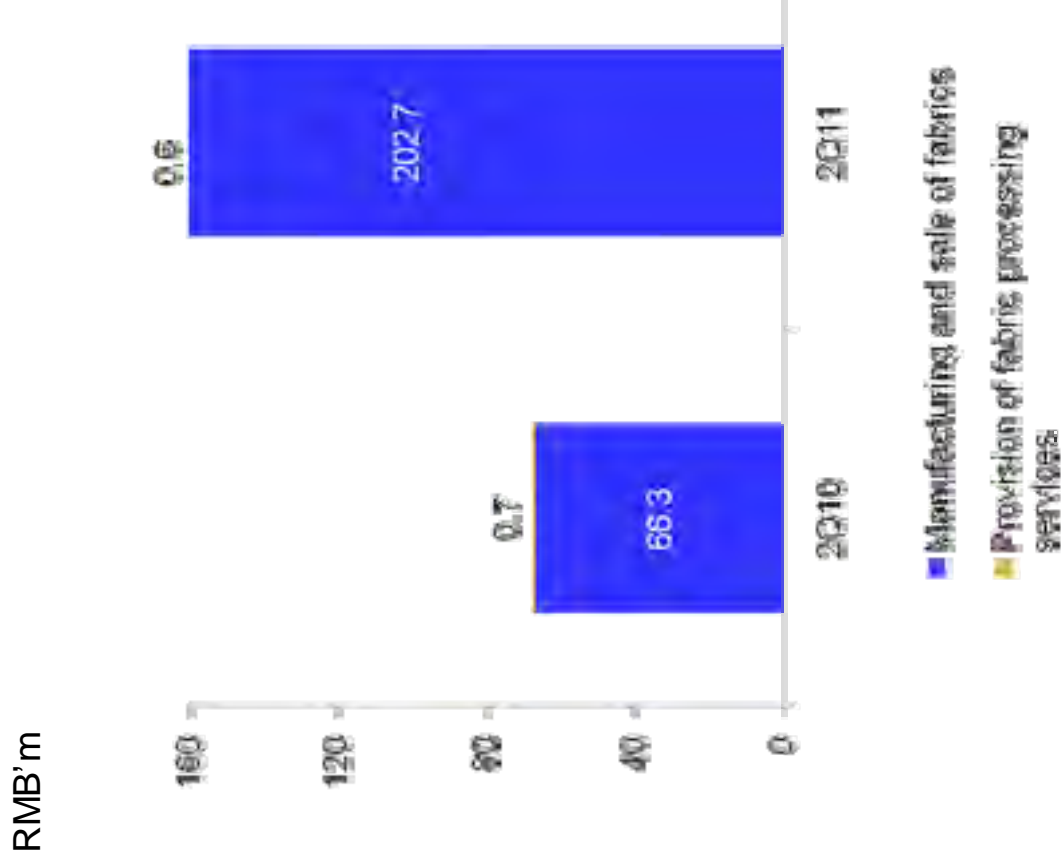
Revenue 营业额



- ▶ 2Q11 sales up 203% to RMB203.3m, from RMB67.0m in 2Q10, mainly due to increase in sales volume and average selling price from manufacturing and sale of fabric segment
- ▶ Group's sales have been growing consistently in successive quarters since 1Q10



Segmental Breakdown of Revenue 销售额的业务划分

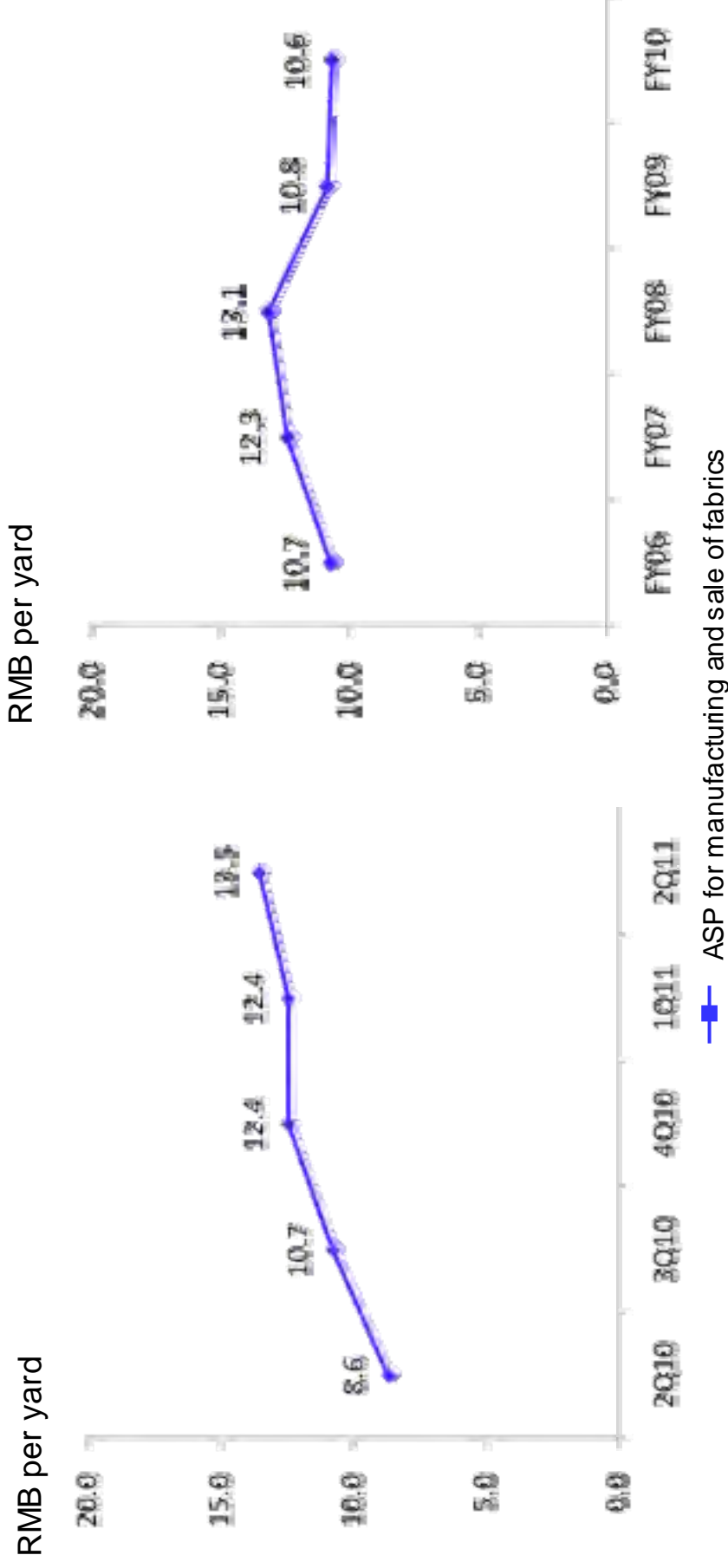


Manufacturing & sale of fabrics segment continues to drive Group's growth

- ▶ Revenue increased 203% from RMB67.0m to RMB203.3m
- ▶ Sales volume increased 1.9 times, from 7.7m yards to 15.0m yards due to stronger sales of high grade umbrella fabrics, functional and normal fabrics
- ▶ Successfully established our brand name in the niche high grade umbrella fabric market; developed good business cooperation with prominent umbrella manufacturers in the PRC
- ▶ ASP rose by about 57%, from RMB8.6 per yard to RMB13.5 per yard as a result of improvement in overall product grades



Average Selling Price 平均销售价格

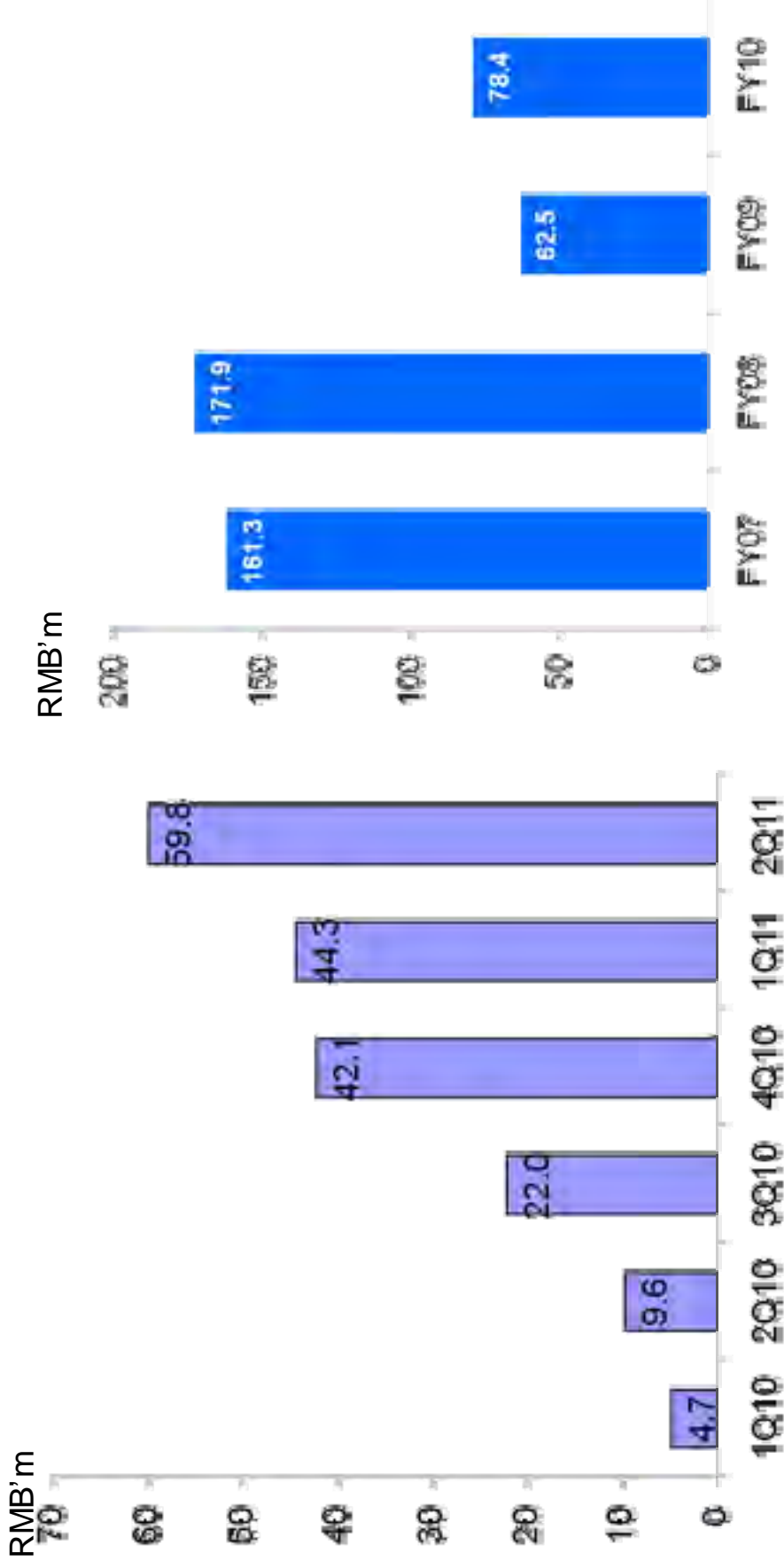


▶ Manufacturing and sale of fabrics segment

- ▶ ASP rose by approximately 57%, from RMB8.6 per yard in 2Q10 to RMB13.5 per yard in 2Q11 as a result of improvement in overall product grades
- ▶ ASP also rose by about 9% compared with 1Q11, as a result of an increase in overall product grades



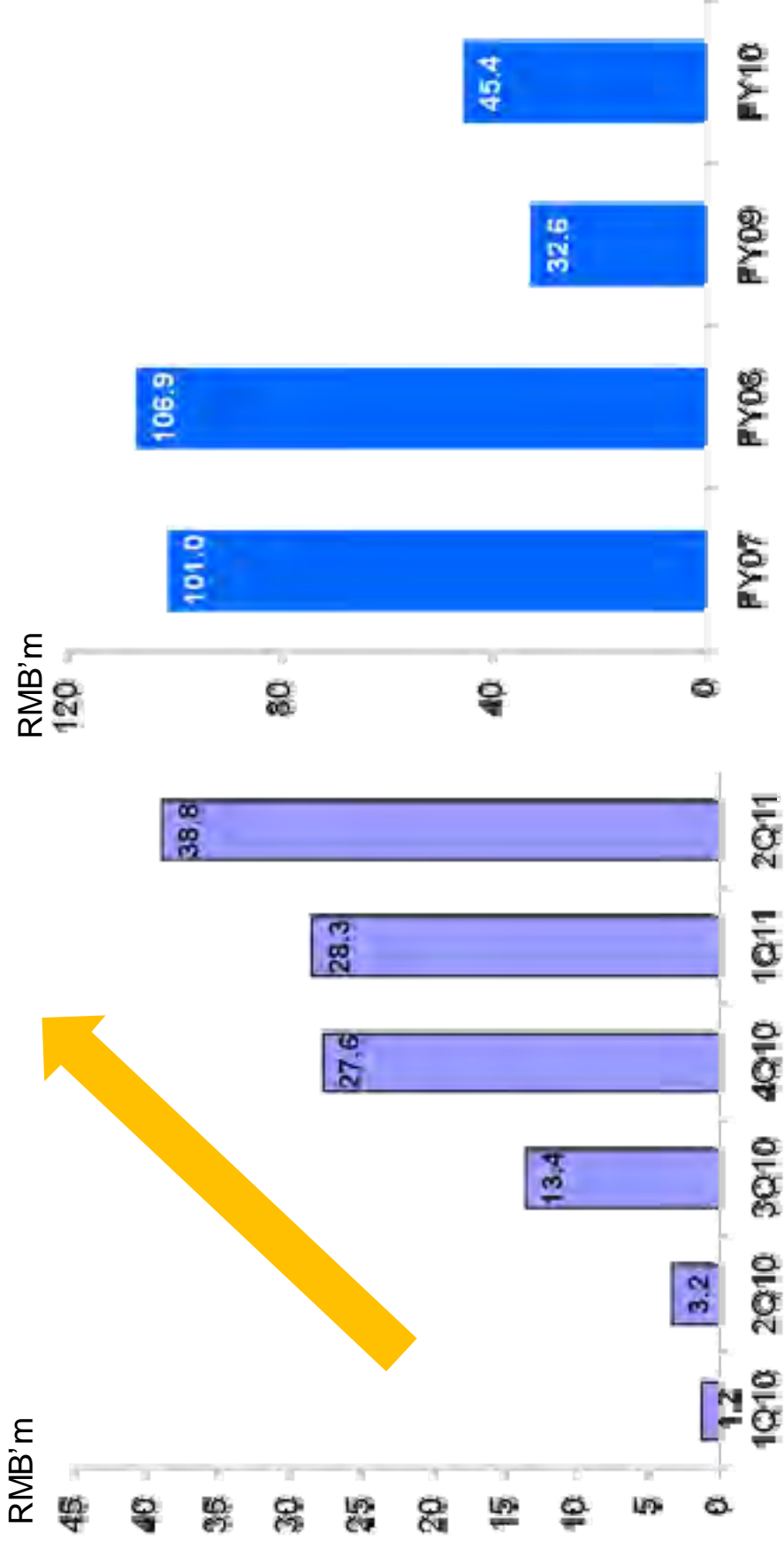
Gross Profit 毛利润



- ▶ Gross profit increased 521% from RMB9.6m in 2Q10 to RMB59.8m in 2Q11
- ▶ 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

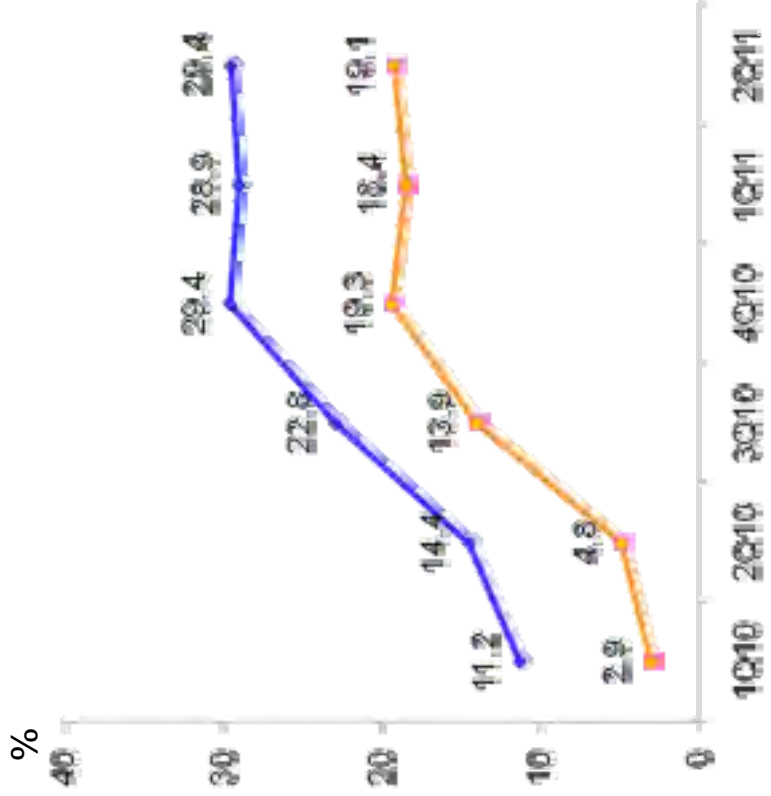
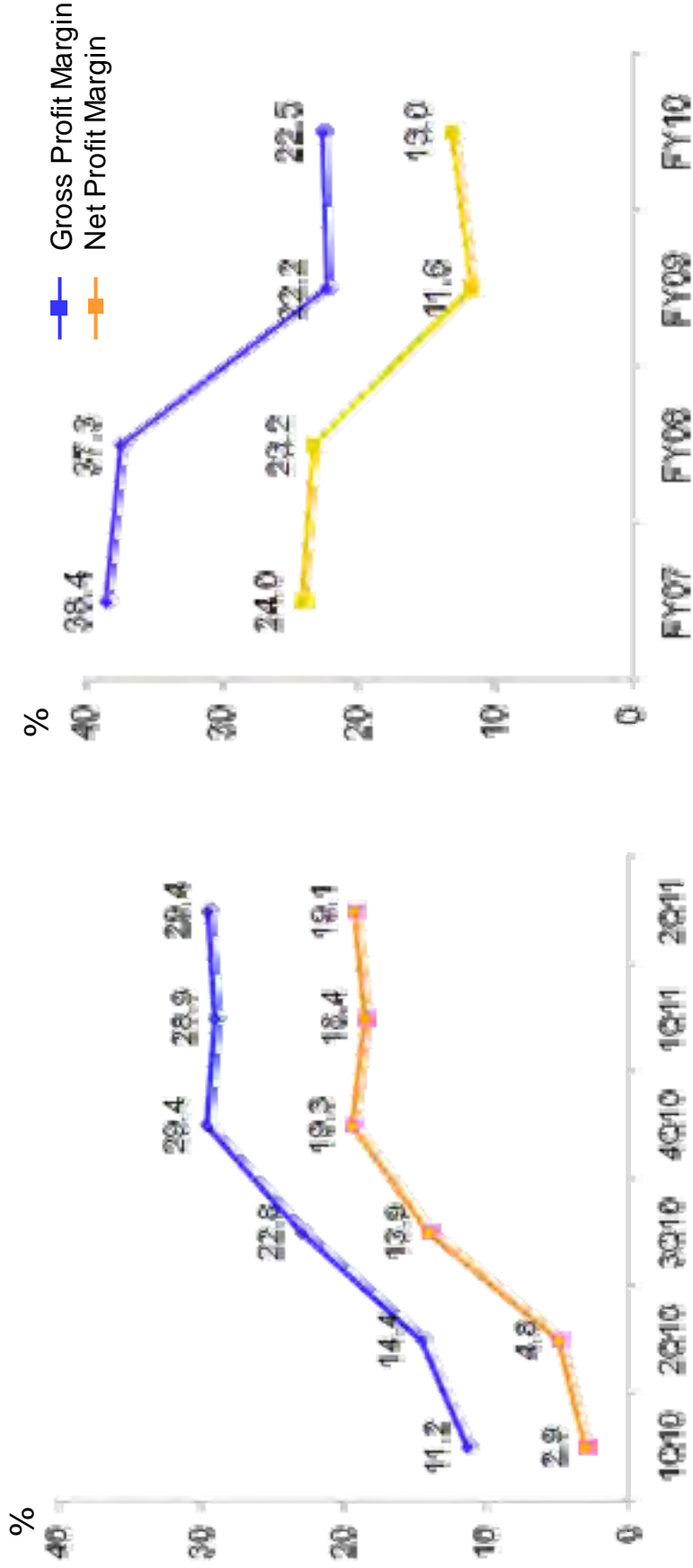


▶ Net profit increased 1119% from RMB3.2m in 2Q10 to RMB38.8m in 2Q11

▶ Net profit margin increased year-on-year from 4.8% in 2Q10 to 19.1% in 2Q11



Profit Margins 利润率



▶ GPM increased from 14.4% in 2Q10 to 29.4% in 2Q11 mainly due to:

- ▶ higher proportion of sales of existing functional fabrics with better gross profit margins
- ▶ 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
- ▶ GPM improved by 0.5 percentage points compared with 1Q11 mainly due to change in product mix towards higher margin products.



Cost Structure 成本结构

	2Q10 RMB'm	2Q11 RMB'm	% Change
Sales	67.0	203.3	+ 203
Cost of Sales	57.4	143.5	+ 150
Selling & Distribution Expenses	1.1	1.5	+43
Administrative Expenses	2.9	5.4	+84
Other Operating Expenses	1.2	NM	NM



Cash Flow 现金流

RMB'm	2Q10	2Q11
Net Cash Generated from Operating Activities	22.2	30.2
Net Cash (Used in) Investing Activities	(38.9)	(1.9)
Net Cash (Used in) Financing Activities	-	26.9
Cash & Cash Equivalents at End of Period	88.3	192.4

▶ As at 30 June 2011, the Group maintained net cash position with no bank borrowings



Activity Ratios 活动比率

Days	FY10	1H11
Trade Receivables Turnover	75	53
Trade Payables Turnover	60	52
Inventory Turnover	20	25

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



Key Financial Indicators 主要财务指标

As at	31 Dec 2009	31 Dec 2010	30 June 2011
Total Equity (RMB'm)	443.2	489.1	584.2
Return on Equity	7.4%	9.3%	11.5%
Total Assets (RMB'm)	490.1	556.3	686.7
Return on Assets	6.7%	8.2%	9.8%
NAV per share (RMB)	0.98	1.08	1.14

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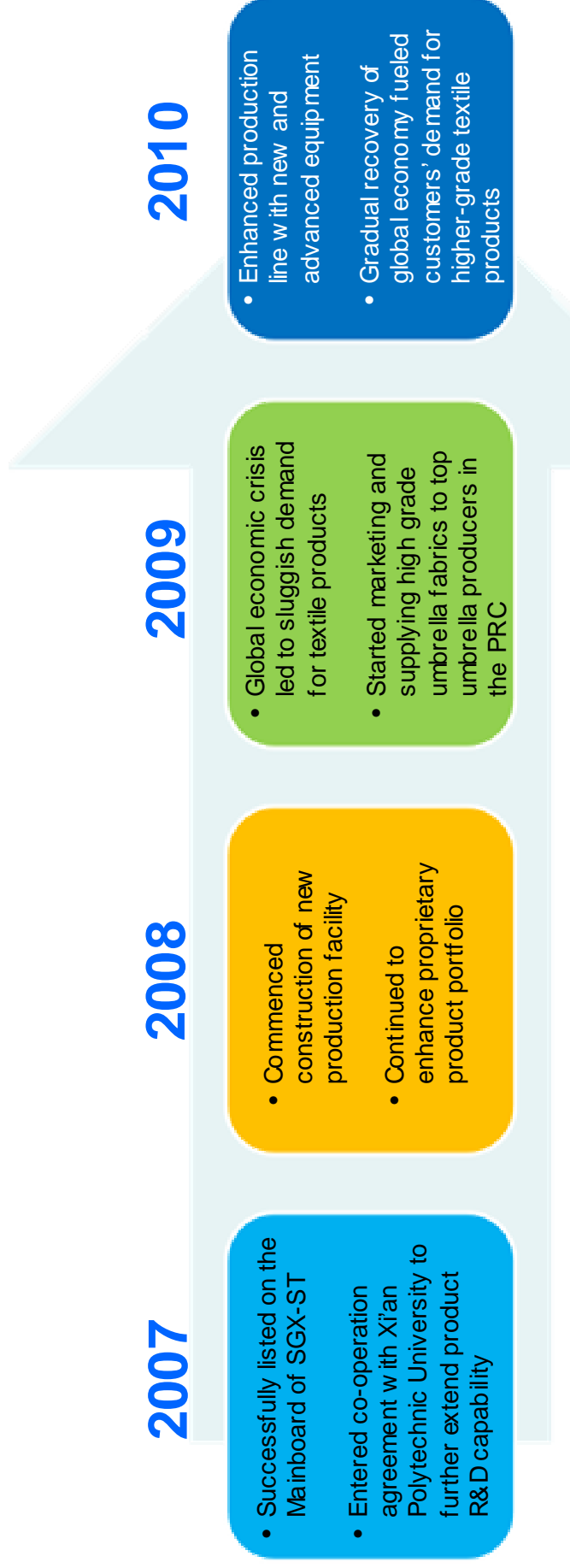
Growth Strategies
发展策略





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...

- ▶ Continued to focus on R&D and enhance our product portfolio
- ▶ Actively looked for new customers/markets to expand our sales base, which led to the launch of our high-grade umbrella fabrics
- ▶ 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

