

# Foreland Fabrictech Holdings Limited

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Company Registration Number: 39151

## FOR IMMEDIATE RELEASE

### Foreland Fabrictech 3Q2011 Net Profit Surges 194% To RMB39.5m From RMB13.4m

- 3Q2011 revenue jumped 116% to RMB207.5m
- 3Q2011 gross profit margin improved significantly to 29.5% from 22.8% due to stronger sales of higher grade products with better profit margin
- EPS increased from 2.95 RMB cents to 7.72 RMB cents in 3Q2011 and net asset value per share gained from RMB1.08 to RMB1.22

#### Financial Highlights for 3 Months ended 30 September

	3Q2011	3Q2010	% Change
Revenue (RMB'm)	207.5	96.2	+116
Gross Profit (RMB'm)	61.2	22.0	+179
Gross Margin	29.5%	22.9%	+6.7ppt
Profit Before Tax (RMB'm)	54.5	18.5	+195
Net Profit (RMB'm)	39.5	13.4	+194
Basic EPS (RMB cents)	7.72	2.95	+161

# Based on 511,167,000 shares for 3Q2011 and 453,639,000 shares for 3Q2010

**SINGAPORE – 14 November 2011** – 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 a sterling set of financial results for the third quarter ended 30 September 2011 (“3Q2011”). As a result of strong demand for its products and improvement in gross profit margin, net profit for 3Q2011 surged 194% to RMB 39.5 million from RMB 13.4 million in the same period last year (“3Q2010”). Net profit for the first nine months ended 30 September 2011 also increased significantly, up by 499% to RMB106.6 million from RMB17.8 million a year ago.

Commenting on the Group’s latest results, Mr. Tsoi Kin Chit (蔡建设), founder and Executive Chairman of Foreland Fabrictech said, “I am pleased to see that we have delivered yet another sterling set of results due to our continuous marketing and product development efforts. Both our selling price and profit margin continued to trend up due to rising contribution from higher grade products such as premium grade umbrella fabrics which have higher barriers to entry. We will continue to leverage on our established market reputation and healthy financial position, and focus on enhancing productivity as well as profitability through the development of innovative and higher quality products.”

Overall revenue of the Group increased 116% from RMB96.2m in 3Q2010 to RMB207.5m in 3Q2011. Improved sales and average selling prices boosted gross profit for this quarter by 179% to RMB61.2m from RMB22.0 million, with gross profit margin improving from 22.9% in 3Q2010 to 29.5% in 3Q2011.

## Segmental Performance

In terms of revenue by segment, the Group's primary business unit of manufacturing and sale of fabrics contributed RMB206.7m, or 99.6% to total revenue in 3Q2011 as compared to RMB95.2 m in 3Q2010, an increase of 117%. This was largely due to the growth in sales volume of 61% from 8.9 million yards in 3Q2010 to 14.3 million yards in 3Q2011, mainly driven by increased demand for high grade umbrella fabric, functional and normal fabrics during this period.

In addition, the average selling price ("ASP") of this segment also increased by 35% from RMB10.7 per yard in 3Q2010 to RMB14.4 per yard in 3Q2011, backed by an increase in overall product grades.

### Improvement in average selling price ("ASP")

	2Q2010	3Q2010	4Q2010	1Q2011	2Q2011	3Q2011
ASP per yard in RMB	8.6	10.7	12.4	12.4	13.5	14.4

Revenue for the Group's second business segment, which is the provision of fabric processing services, decreased by 21.2% to RMB 0.78m, and accounted for only 0.4% of total revenue in 3Q2011.

## EPS/NAV

Based on the latest 3Q2011 results, the Group's earnings per share rose from 2.95 RMB cents (based on 453,639,000 shares) in 3Q2010 to 7.72 RMB cents (based on 512,830,000 shares) in 3Q2011. Net asset value per ordinary share rose from RMB1.08 as at 31 December 2010 to RMB1.22 as at 30 September 2011.

## Healthy Financial Position and Interim Dividend

As at 30 September 2011, the Group maintained a healthy financial position with cash and cash equivalents of approximately RMB214.8 million and without any borrowing.

## Optimistic Outlook

Our stronger performance in 3Q2011 was a result of the customers' demand for our higher grade products as well as our continuous efforts in securing new customers through introduction of innovative products. Leveraging on our established market reputation and healthy financial position, we will continue to focus on improving our business operations, enhancing productivity and profitability through development of

high quality products and making continuous effort to reach new customers and strengthen our position in the industry.

Barring any major economic shock on the fear of a US double-dip recession and debt contagion in Europe, this encouraging trend is expected to continue into the 4<sup>th</sup> quarter of FY2011.

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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)**” brand<sup>1</sup>, 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.

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