CHINA FIBRETECH LTD.

(Company Registration No. 40381)
(Incorporated in Bermuda)

SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of comprehensive income for the Group

The Group	2Q 30 June			1H 30 June		
	2015	2014	Change	2015	2014	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%
Revenue	18,758	19,069	-1.6%	29,124	29,534	-1.4%
Cost of sales	(14,905)	(16,745)	-11.0%	(23,638)	(26,516)	-10.9%
Gross profit	3,853	2,324	65.8%	5,468	3,018	81.8%
Other income	959	648	48.0%	1,405	1,683	-16.5%
Selling and distribution expenses	(176)	(203)	-13.3%	(345)	(406)	-15.0%
Administrative expenses	(1,263)	(1,860)	-32.1%	(2,702)	(3,842)	-29.7%
Other operating expenses	(171)	(364)	-53.0%	(590)	(1,645)	-64.1%
Finance cost	(267)	(262)	1.9%	(538)	(625)	-13.9%
Profit/(Loss) before taxation	2,935	283	937.1%	2,716	(1,817)	249.5%
Income tax expense	(64)	-	N.M	(64)	-	N.M
Profit/(Loss) for the period	2,871	283	914.5%	2,652	(1,817)	246.0%
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	2,871	283	914.5%	2,652	(1,817)	246.0%

N.M: Not meaningful

1(a)(ii) Other information

The Group's profit/(loss) before taxation is arrived at after charging/(crediting):

	2Q 30 June		1H 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Amortisation of land use rights	16	80	31	159
Depreciation of property, plant and equipment	832	2,406	1,619	4,741
Depreciation of investment properties	-	113	-	226
Share-based compensation expense	-	-	-	-
Interest income	(906)	(368)	(1,300)	(735)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of financial position

	The Group		The Company	
	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Assets and Liabilities				
Non-current assets				
Property, plant and equipment	27,693	20,765	-	-
Land use rights	2,396	2,427	-	-
Investment properties	-	-	-	-
Investment in subsidiaries	-	-	102,370	102,370
Due from subsidiary	-	-	79,898	79,898
	30,089	23,192	182,268	182,268
Current assets				
Inventories	911	697	-	-
Trade receivables	14,506	14,188	-	-
Prepayment and other receivables	20,426	22,486	83	143
Due from a subsidiary	-	-	15,542	16,735
Cash and bank balances	445,354	456,149	17	143
	481,197	493,520	15,642	17,021
Current liabilities				
Trade payables	2,370	2,298	-	-
Accrued liabilities and other payables	5,557	6,333	576	846
Interest-bearing bank borrowings	12,900	12,900	-	-
Income tax payable	64	7,438	-	-
Amount due to subsidiary	-	-	4,582	4,481
	20,891	28,969	5,158	5,327
Net current assets	460,306	464,551	10,484	11,694
Net assets	**490,395**	**487,743**	**192,752**	**193,962**
Equity				
Share capital	135,773	135,704	135,773	135,704
Reserves	354,622	352,039	56,979	58,258
Total equity	**490,395**	**487,743**	**192,752**	**193,962**

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
12,900	-	12,900	-

Amount repayable after one year

As at 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

The Group's bank loans were secured by certain of the Group's leasehold buildings with an aggregate carrying value of approximately RMB6,919,000 as at 30 June 2015 (31 December 2014: RMB7,136,000), land use rights with an aggregate carrying value of approximately RMB2,396,000 as at 30 June 2015 (31 December 2014: RMB2,427,000).

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated statement of cash flows for the Group

	Half year ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cash flows from operating activities		
Profit/(loss) before taxation	2,716	(1,817)
Adjustments for :		
Amortisation of land use rights	31	159
Depreciation of property, plant and equipment	1,619	4,741
Depreciation of investment properties	-	226
Gain on disposal of property, plant and equipment	(105)	-
Interest income	(1,300)	(735)
Interest expenses	539	625
Operating profit before working capital changes	3,500	3,199
(Increase)/decrease in inventories	(214)	90
(Increase)/decrease in trade receivables	(318)	973
Decrease in prepayments and other receivables	2,060	58
Increase/(decrease) in trade payables	72	(193)
Decrease in accrued liabilities and other payables	(776)	(1,174)
Cash generated from operations	4,324	2,953
Interest received	1,300	735
Interest paid	(539)	(625)
Income tax paid	(7,438)	(296)
Net cash (used in)/generated from operating activities	**(2,353)**	**2,767**
Cash flows from investing activity		
Acquisition of property, plant and equipment	(8,547)	(4,222)
Proceeds received from disposal of property, plant and equipment	105	-
Net cash used in investing activity	**(8,442)**	**(4,222)**
Cash flows from financing activity		
Bank loan obtained	5,000	-
Repayment of bank loans	(5,000)	(37,500)
Net cash used in investing activity	**-**	**(37,500)**
Net decrease in cash and cash equivalents	**(10,795)**	**(38,955)**
Cash and cash equivalents at 1 January	456,149	447,567
Cash and cash equivalents at 30 June	**445,354**	**408,612**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of changes in equity for the Group

The Group	<---------- Attributable to equity holders of the Company ---------->								
	Share capital	Treasury shares	Share premium	Share-based payment reserve	Capital reserve	Statutory reserve	Merger reserve	Retained profits	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2014	135,635	(18)	79,908	69	4,403	15,000	(102,287)	352,996	485,706
Issue of shares under equity-settled transactions	69	-	-	(69)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	(1,817)	(1,817)
Balance at 30 June 2014 (Unaudited)	**135,704**	**(18)**	**79,908**	**-**	**4,403**	**15,000**	**(102,287)**	**351,179**	**483,889**
Balance as at 1 January 2015	135,704	(35)	79,908	69	4,403	15,000	(102,287)	354,981	487,743
Issue of shares under equity-settled transactions	69	-	-	(69)	-	-	-	-	-
Total comprehensive profit for the period	-	-	-	-	-	-	-	2,652	2,652
Balance at 30 June 2015 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**4,403**	**15,000**	**(102,287)**	**357,633**	**490,395**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Company	Share capital	Treasury share	Share premium	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2014	135,635	(18)	79,908	69	(18,736)	196,858
Issue of shares under equity-settled transactions	69	-	-	(69)	-	-
Total comprehensive loss for the period	-	-	-	-	(1,532)	(1,532)
Balance at 30 June 2014 (Unaudited)	**135,704**	**(18)**	**79,908**	**-**	**(20,268)**	**195,326**
Balance as at 1 January 2015	135,704	(35)	79,908	69	(21,684)	193,962
Issue of shares under equity-settled transactions	69	-	-	(69)	-	-
Total comprehensive loss for the period	-	-	-	-	(1,210)	(1,210)
Balance at 30 June 2015 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**(22,894)**	**192,752**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Pursuant to an SGM of the Company held on 29 April 2015, the Company has completed the consolidation of every fifty existing issued ordinary shares in the capital of the Company held by shareholders of the Company into one ordinary share effective as at 9.00 am on 29 May 2015. As a result of the completion of the share consolidation exercise, the number of ordinary shares of the Company is now 8,979,791.

There were no convertibles issued by the Company as at 30 June 2015.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2015	As at 31 December 2014
Number of ordinary shares in issue	8,979,791	448,709,625
Less: Ordinary shares kept as treasury shares	(4,000)	(200,000)
Number of ordinary shares excluding treasury shares	8,975,791	448,509,625

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There is no sales, transfers, disposal, cancellation and / or use of treasury shares by the Company as at 30 June 2015.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted all the new or revised Singapore Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 January 2015.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015. The adoption of these new/revised FRS and INT FRS does not result in substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Basic Earnings Per Share

	3 months ended 30 June		Half Year ended 30 June	
	2015	2014	2015	2014
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	2,871	283	2,652	(1,817)
Weighted average number of ordinary shares in issue ('000)	292,411	448,610	370,495	448,521
Earnings/(Loss) per share (RMB cents)	1.0	0.1	0.7	(0.4)

Earnings Per Share (On a fully diluted basis)

	3 months ended 30 June		Half Year ended 30 June	
	2015	2014	2015	2014
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	2,871	283	2,652	(1,817)
Weighted average number of ordinary shares in issue ('000)	292,411	449,310	370,495	449,028
Earnings/(Loss) per share (RMB cents)	1.0	0.1	0.7	(0.4)

The effect of dilutive potential ordinary shares to be awarded under the employee's performance share plan is included in the calculation of diluted earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)	As at 30 June 2015 (Unaudited)	As at 31 December 2014 (Audited)
Net asset value per ordinary share (RMB)	54.6	1.1	21.5	0.4
Number of issued ordinary shares excluding treasury share as at end of the period	8,975,791	448,509,625	8,975,791	448,509,625

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Financial Performance

Revenue

The Group recorded revenue of RMB29.1 million for half year ended 30 June 2015 ("1H2015"), a slight decrease of 1.4% compared to RMB29.5 million for half year ended 30 June 2014 ("1H2014"). On a quarterly review, the revenue for three months ended 30 June 2015 ("2Q2015") had decreased to RMB18.8 million as compared to RMB19.1 million for three months ended 30 June 2014 ("2Q2014"). The decrease in revenue was mainly due to:

- Decrease in the fabric processed from 3,776 tonnes in 1H2014 to 3,756 tonnes in 1H2015 and from 2,423 tonnes in 2Q2014 to 2,416 tonnes in 2Q2015 as a result of lower demand from our customers made during the period.

- Decrease in average fabric processing fee from RMB7,821 per tonne in 1H2014 to RMB7,754 per tonne in 1H2015 and from RMB7,871 per tonne in 2Q2014 to RMB7,763 per tonne in 2Q2015. Changes in product mix had also contributed to lower average processing fees due to lower proportion of polyester processed during the period which commands a lower processing fee.

Gross profit and gross profit margin

Our gross profit increased from RMB3.0 million in 1H2014 to RMB5.5 million in 1H2015.

The higher gross profit margin of 18.8% in 1H2015 as compared to 10.2% in 1H2014. The increase in gross profit and gross profit margin is mainly due to decrease in depreciation charge from RMB4.7 million in 1H2014 to RMB1.6 million in 1H2015 as a result of impairment of property, plant and equipment provided in FY2014. This gives an effect of lower depreciation charge in subsequent periods.

Other income

Decrease in other income by 16.5% from RMB1.7 million in 1H2014 to RMB1.4 million in 1H2015 was mainly due to followings:
- decrease in rental income and management fee from tenants of RMB0.9 million during the period as a result of cessation of operating lease since June 2014;
- offset against the increase in interest income of RMB0.6 million as a result of fixed deposits amounting to RMB100 million being placed on 31 March 2015.

Review of Financial Performance (cont'd)

Selling and distribution expenses

Selling and distribution expenses decreased by 15% from RMB0.40 million in 1H2014 to RMB0.35 million in 1H2015 was mainly due to decrease in staff cost by RMB43,000 as a result of reduction in number of staff.

Administrative expenses

Administrative expenses decreased by 29.7% from RMB3.8 million in 1H2014 to RMB2.7 million in 1H2015, mainly attributed by the followings:

- Decrease in amortisation of land use rights, land use tax, rental related expenses and depreciation charge of investment properties by RMB128,000, RMB172,000, RMB237,000 and RMB113,000 respectively as a result of the sale of our Xiamen land and investment properties in FY2014.
- Decrease in staff cost by RMB165,000 as a result of reduction in number of staff.
- Under accrual of professional fees by RMB86,000.

Other operating expenses

Other operating expenses consisted of unallocated overheads amounting to RMB1.6 million in 1H2014 and RMB0.6 million in 1H2015. As explained in our full year financial statement announcement for FY2013, the unallocated overheads refers to reclassification of depreciation expenses for plant and machinery from production cost in accordance to FRS 2 (Inventories) note 13 on "Cost of conversion" in order to accurately reflect the Group's gross profit margin during the period.

The decrease in other operating expenses by 64.1% when compared to prior period was due to decrease in depreciation charged during the period as a result of impairment of property, plant and equipment provided in FY2014.

Finance cost

Decrease in finance cost by 13.9% from RMB0.6 million in 1H2014 to RMB0.5 million in 1H2015 was due to decrease in loan interest expenses as a result of repayment of bank borrowings made in 1Q2014.

Income tax expense

Income tax expenses of RMB64,000 derived from profit generated by our China subsidiary in Shishi, Fujian Province during the period.

Review of Financial Position

Property, plant and equipment increased by 33.4% from RMB20.8 million as at 31 December 2014 to RMB27.7 million as at 30 June 2015, mainly due to the followings:

- acquisition of property, plant and equipment, installation and reconstruction of a boiler system for compliance with local government's recent requirement on more stringent pollutioncontrolled production, by RMB8.5 million made during the period.
- depreciation charge of RMB1.6 million for the period. In 1H2015.

Land use rights decreased by 1.3% from RMB2.42 million as at 31 December 2014 to RMB2.39 million as at 30 June 2015 due to amortisation charge for the period.

Inventories which consist of mainly dyes, additives and packaging materials increased by 30.7% from RMB0.7 million as at 31 December 2014 to RMB0.9 million as at 30 June 2015 due to to purchases made for future orders.

Trade receivables increased from RMB14.2 million as at 31 December 2014 to RMB14.5 million as at 30 June 2015. The increase of 2.2% was due to higher revenue recorded in 2Q2015 amounting to RMB18.8 million (inclusive of value added tax) as compared to 4Q2014 amounting to RMB18.3 million (inclusive of value added tax). Trade receivables are within the credit term of 60 days as at 30 June 2015.

Prepayment and other receivable decreased from RMB22.5 million as at 31 December 2014 to RMB20.4 million as at 30 June 2015. The decrease is mainly due to decrease in prepayment made to PPE supplier by RMB2.0 million as a result of completion of installation and reconstruction of a boiler system during the period.

Cash and bank balances decreased by 2.4% from RMB456.1 million as at 31 December 2014 to RMB445.4 million as at 30 June 2015. The decrease was mainly attributable to cash used in operating and investing activities.

Trade payables increased by 3.1% from RMB2.3 million as at 31 December 2014 to RMB2.4 million as at 30 June 2015. The increase was mainly due to increase in the purchases from suppliers for future orders.

Accrued liabilities and other payables decreased by 12.3% from RMB6.3 million as at 31 December 2014 to RMB5.6 million as at 30 June 2015. The decrease was mainly due to payment of accrued bonus and professional fees for FY2014 made in 1H2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Based on our disclosure in the 4Q2014 and 1Q2015 announcements pertaining to a challenging business outlook in FY2015, the management noted no variance between the actual results of 1H2015 and the prospect statement disclosed to shareholders in the 2014 full year results announcement and 1Q2015 3-month results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Based on the result obtained in 1H2015 and the Group's experience with our order books todate since 1 July 2014, the group expects a challenging 2H2015 for its dying business.

The China textile industry remains uncertain as output had been slow due to domestic factors and weak recovery from the international market. The effect of various domestic factors such as rising costs from cotton prices and labor costs, has a direct and/or indirect effect on our customers and consequently in their demand for our service.

11. Dividend

(a) Current Financial Period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the 3 months period ended 30 June 2015.

13 Interested Person Transactions

The Group does not have any general mandate from shareholders for Interested Person Transactions. No interested person transactions exceeding S$100,000 has been entered into by the Group for the period ended 30 June 2015.

14. Confirmation by the Board Pursuant to Rule 705(5) of SGX Listing Manual

The Directors confirmed that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial information of the Company or the unaudited consolidated financial information of the Group for the second quarter and half year ended 30 June 2015 to be false or misleading in any material respect.

15. Use of IPO proceeds

As at the date of this announcement, the net proceeds from the Company's initial public offering has been utilised as follows:

Use of IPO proceeds	Amount allocated S$'000	Amount utilized S$'000	Balance S$'000
To construct new facilities and acquire new machinery	14,000	11,300	2,700
To expand our research and development capabilities	1,000	1,000	-
For working capital purpose	1,282	1,282	-
	16,282	13,582	2,700

BY ORDER OF THE BOARD

Wu Xinhua
Executive Chairman and CEO
3 August 2015