CHINA FIBRETECH LTD.

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

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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	3 months ended 30 September			9 months ended 30 September		
	2015	2014	Change	2015	2014	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%
Revenue	18,314	18,122	1.1%	47,438	47,656	-0.5%
Cost of sales	(14,713)	(15,229)	-3.4%	(38,351)	(41,745)	-8.1%
Gross profit	3,601	2,893	24.5%	9,087	5,911	53.7%
Other income	773	371	108.4%	2,178	2,054	6.0%
Selling and distribution expenses	(176)	(206)	-14.6%	(521)	(612)	-14.9%
Administrative expenses	(1,318)	(1,843)	-28.5%	(4,020)	(5,685)	-29.3%
Other operating expenses	(197)	(990)	-80.1%	(787)	(2,635)	-70.1%
Finance cost	(262)	(273)	-4.0%	(800)	(898)	-10.9%
Profit/(loss) before taxation	2,421	(48)	5,143.8%	5,137	(1,865)	375.4%
Income tax expense	(517)	(369)	40.1%	(581)	(369)	57.5%
Profit/(loss) for the period	1,904	(417)	556.6%	4,556	(2,234)	303.9%
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	1,904	(417)	556.6%	4,556	(2,234)	303.9%

1(a)(ii) Other information

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

	3 months ended 30 September		9 months ended 30 September	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Amortisation of land use rights	15	79	46	238
Depreciation of property, plant and equipment	833	2,450	2,452	7,191
Depreciation of investment properties	-	112	-	338
(Gain)/loss on disposal of property, plant and equipment (net)	-	86	(105)	86
Interest income	(773)	(371)	(2,073)	(1,106)

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 September 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000	30 September 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
Assets and Liabilities				
Non-current assets				
Property, plant and equipment	26,887	20,765	-	-
Land use rights	2,381	2,427	-	-
Investment properties	-	-	-	-
Investment in subsidiaries	-	-	102,370	102,370
Due from subsidiary	-	-	79,898	79,898
	29,268	23,192	182,268	182,268
Current assets				
Inventories	785	697	-	-
Trade receivables	14,183	14,188	-	-
Prepayment and other receivables	20,384	22,486	41	143
Due from a subsidiary	-	-	15,542	16,735
Cash and bank balances	449,116	456,149	17	143
	484,468	493,520	15,600	17,021
Current liabilities				
Trade payables	2,179	2,298	-	-
Accrued liabilities and other payables	5,842	6,333	930	846
Interest-bearing bank borrowings	12,900	12,900	-	-
Income tax payable	516	7,438	-	-
Amount due to subsidiary	-	-	4,677	4,481
	21,437	28,969	5,607	5,327
Net current assets	463,031	464,551	9,993	11,694
Net assets	**492,299**	**487,743**	**192,261**	**193,962**
Equity				
Share capital	135,773	135,704	135,773	135,704
Reserves	356,526	352,039	56,488	58,258
Total equity	**492,299**	**487,743**	**192,261**	**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 September 2015		As at 31 December 2014	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
12,900	-	12,900	-

Amount repayable after one year

As at 30 September 2015		As at 31 December 2014	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured 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 RMB6,810,000 as at 30 September 2015 (31 December 2014: RMB7,136,000), land use rights with an aggregate carrying value of approximately RMB2,381,000 as at 30 September 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

	9 months ended 30 September	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Cash flows from operating activities		
Profit/(loss) before taxation	5,137	(1,865)
Adjustments for :		
Amortisation of land use rights	46	238
Depreciation of property, plant and equipment	2,452	7,191
Depreciation of investment properties	-	338
(Gain)/loss on disposal of property, plant and machinery (net)	(105)	86
Interest income	(2,073)	(1,106)
Interest expenses	800	898
Operating profit before working capital changes	6,257	5,780
(Increase)/decrease in inventories	(88)	199
Decrease in trade receivables	5	1,426
Decrease in prepayments and other receivables	2,102	64
Decrease in trade payables	(119)	(674)
(Decrease)/increase in accrued liabilities and other payables	(491)	7,488
Cash generated from operations	7,666	14,283
Interest received	2,073	1,106
Interest paid	(800)	(898)
Income tax paid	(7,503)	(544)
Net cash generated from operating activities	**1,436**	**13,947**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(8,574)	(4,972)
Proceeds from disposal of property, plant and machinery	105	19
Net cash used in investing activities	**(8,469)**	**(4,953)**
Cash flows from financing activities		
Bank loans obtained	12,900	12,900
Repayment of bank loans	(12,900)	(50,400)
Net cash used in investing activities	**-**	**(37,500)**
Net decrease in cash and cash equivalents	**(7,033)**	**(28,506)**
Cash and cash equivalents at 1 January	456,149	447,567
Cash and cash equivalents at 30 September	**449,116**	**419,061**

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)	352,997	485,707
Issue of shares under equity-settled transactions	69	-	-	(69)	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	-	(2,234)	(2,234)
Balance at 30 September 2014 (Unaudited)	**135,704**	**(18)**	**79,908**	**-**	**4,403**	**15,000**	**(102,287)**	**350,763**	**483,473**
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	-	-	-	-	-	-	-	4,556	4,556
Balance at 30 September 2015 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**4,403**	**15,000**	**(102,287)**	**359,537**	**492,299**

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	-	-	-	-	(2,341)	(2,341)
Balance at 30 September 2014 (Unaudited)	**135,704**	**(18)**	**79,908**	**-**	**(21,077)**	**194,517**
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	-	-	-	-	(1,701)	(1,701)
Balance at 30 September 2015 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**(23,385)**	**192,261**

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, including treasury shares, of the Company is now 8,979,791.

There are no changes in the issued and paid-up share capital of the Company since 30 June 2015.

There were no convertible shares issued by the Company as at 30 September 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 September 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 September 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 and Diluted Earnings Per Share

	3 months ended 30 September		9 months ended 30 September	
	2015	2014 (Restated)*	2015	2014 (Restated)*
Net profit/(loss) attributable to equity holders of the Company (RMB'000)	1,904	(417)	4,556	(2,234)
Basic				
Weighted average number of ordinary shares in issue ('000)	8,976	8,972	8,974	8,971
Earnings/(Loss) per share (RMB)	0.21	(0.05)	0.51	(0.25)
Diluted				
Weighted average number of ordinary shares in issue ('000)	8,976	8,986	8,974	8,982
Earnings/(Loss) per share (RMB)	0.21	(0.05)	0.51	(0.25)

*For meaningful comparison, the weighted average number of ordinary shares in issue of 3Q2014 and 9 months 2014 was restated to reflect the effects of share consolidation during the financial year.

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 September 2015 (Unaudited)	As at 31 December 2014 (Audited) (Restated)*	As at 30 September 2015 (Unaudited)	As at 31 December 2014 (Audited) (Restated)*
Net asset value per ordinary share (RMB)	54.8	54.4	21.4	21.6
Number of issued ordinary shares excluding treasury share as at end of the period	8,975,791	8,970,191	8,975,791	8,970,191

*For meaningful comparison, the number of ordinary shares as at 31 December 2014 was restated to reflect the effects of share consolidation during the financial year.

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 RMB47.4 million for 9 months ended 30 September 2015 ("9M2015"), a decrease of 0.5% compared to RMB47.7 million for 9 months ended 30 September 2014 ("9M2014"). The decrease in revenue was mainly due to:

- Decrease in the fabric processed from 6,088 tonnes in 9M2014 to 6,039 tonnes in 9M2015 as a result of lower demand from our customers during the period.

- Increase in average fabric processing fee from RMB7,828 per tonne in 9M2014 to RMB7,856 per tonne in 9M2015. Changes in product mix had also contributed to higher average processing fees due to higher proportion of spandex and cotton processed during the period which commands a higher processing fee.

On a quarterly review, the revenue for three months ended 30 September 2015 ("3Q2015") had slightly increased to RMB18.3 million as compared to RMB18.1 million for three months ended 30 September 2014 ("3Q2014"). The slight increase in revenue was mainly due to:

- Decrease in the fabric processed from 2,312 tonnes in 9M2014 to 2,283 tonnes in 9M2015 as a result of lower demand from our customers during the period.

- Increase in average fabric processing fee from RMB7,840 per tonne in 9M2014 to RMB8,023 per tonne in 9M2015. Changes in product mix had also contributed to higher average processing fees due to higher proportion of spandex processed during the period which commands a higher processing fee.

Gross profit and gross profit margin

Our gross profit increased from RMB5.9 million in 9M2014 to RMB9.1 million in 9M2015.

Gross profit margin increased from 12.4% in 9M2014 to 19.2% in 9M2015. The increase in gross profit and gross profit margin is mainly due to decrease in depreciation charge from RMB7.2 million in 9M2014 to RMB2.5 million in 9M2015 as a result of impairment of property, plant and equipment provided in FY2014. This impairment has resulted in lower depreciation charge in subsequent periods.

Other income

Increase in other income by 6.0% from RMB2.1 million in 9M2014 to RMB2.2 million in 9M2015 was mainly due to increase in interest income from fixed deposits placed since March 2015 while offsetting against the impact of decrease in rental income and management fee from tenants as a result of cessation of operating lease since June 2014.

Review of Financial Performance (cont'd)

Selling and distribution expenses

Selling and distribution expenses decreased by 14.9% from RMB0.6 million in 9M2014 to RMB0.5 million in 9M2015 was mainly due to decrease in staff cost by RMB64,000 as a result of reduction in number of staff.

Administrative expenses

Administrative expenses decreased by 29.3% from RMB5.7 million in 9M2014 to RMB4.0 million in 9M2015, 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 RMB192,000, RMB172,000, RMB268,000 and RMB338,000 respectively as a result of the disaposal of our Xiamen land and investment properties in FY2014.

- Decrease in professional fees by RMB255,000 mainly due to expenses incurred in relation to the disposal of our Xiamen land and investment properties in FY2014 and depreciation of SGD against RMB in FY2015.

- Decrease in staff cost by RMB274,000 as a result of reduction in number of staff.

- Decrease in director remuneration by RMB42,000 due to resignation of two directors in FY2015.

- Decrease in loss from disposal of property, plant and equipment by RMB86,000 due to loss incurred from disposal of property, plant and equipment in 9M2014.

Other operating expenses

Other operating expenses consisted of unallocated overheads amounting to RMB2.6 million in 9M2014 and RMB0.8 million 9M2015. 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 70.1% 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 10.9% from RMB0.9 million in 9M2014 to RMB0.8 million in 9M2015 was due to decrease in loan interest expenses as a result of repayment of bank borrowings in 1Q2014.

Income tax expense

Income tax expenses of RMB0.6 million derived from profit generated by our China subsidiary in Shishi, Fuijian Province during the period.

Review of Financial Position

Property, plant and equipment increased by 29.5% from RMB20.8 million as at 31 December 2014 to RMB26.9 million as at 30 September 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 pollution controlled production, by RMB8.5 million made during the period.

- Depreciation charge of RMB2.4 million for the period.

Land use rights decreased by 1.9% from RMB2.43 million as at 31 December 2014 to RMB2.38 million as at 30 September 2015 due to amortisation charge for the period.

Inventories which consist of mainly dyes, additives and packaging materials increased by 12.6% from RMB0.7 million as at 31 December 2014 to RMB0.8 million as at 30 September 2015 due to purchases made for future orders.

There was no significant movement in trade receivables as at 30 September 2015 compared to 31 December 2014. Trade receivables are within the credit term of 60 days as at 30 September 2015.

Prepayment and other receivable decreased by 9.3% from RMB22.5 million as at 31 December 2014 to RMB20.4 million as at 30 September 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 1.5% from RMB456.1 million as at 31 December 2014 to RMB449.1 million as at 30 September 2015. The decrease was mainly attributable to cash used in investing activities. On 30 September 2015, the Group rolled over RMB100 million earlied placed on fixed deposit for another 3-month at an interest rate of 1.6% per annum, and on 30 October 2015, the Group has placed an additional RMB100 million on a 3-month fixed deposit with interest rate of 1.35% per annum.

There was no significant movement in trade payables as at 30 September 2015 compared to 31 December 2014.

Accrued liabilities and other payables decreased by 7.8% from RMB6.3 million as at 31 December 2014 to RMB5.8 million as at 30 September 2015. The decrease was mainly due to payment of accrued bonus and professional fees for FY2014 made in FY2015.

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, 1Q2015 and 1H2015 announcements pertaining to a challenging business outlook in second half of FY2015, the management noted no variance between the actual results of 3Q2015 and the prospect statement disclosed to shareholders in the 1H2015 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 9M2015 and the Group's experience with our order books on hand, the Group expects a challenging 4Q2015 for its dying business.

The China textile industry is fraught with 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 September 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 9 months period ended 30 September 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 third quarter and nine months ended 30 September 2015 to be false or misleading in any material respect.

15. Confirmation by the Board Pursuant to Rule 720(1) of SGX Listing Manual

The Company confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in form Appendix 7.7.

16. 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
4 November 2015