CHINA FIBRETECH LTD.

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

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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		
	2017	2016	Change	2017	2016	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	RMB'000 (Unaudited)	%
Revenue	5,624	7,585	-25.9%	21,804	20,495	6.4%
Cost of sales	(5,498)	(6,817)	-19.4%	(19,344)	(17,985)	7.6%
Gross profit	126	768	-83.6%	2,460	2,510	-2.0%
Other income	-	341	n.m*	-	1,891	n.m*
Selling and distribution expenses	(264)	(159)	66.1%	(895)	(464)	92.9%
Administrative expenses	(707)	(1,150)	-38.5%	(2,404)	(3,459)	-30.5%
Other operating expenses	(1)	(466,500)	n.m*	(615)	(467,552)	-99.9%
Finance cost	(228)	(222)	2.6%	(709)	(682)	3.9%
(Loss)/profit before taxation	(1074)	(466,922)	-99.8%	(2,163)	(467,756)	-99.5%
Income tax expense	-	-	-	-	-	-
(Loss)/profit before taxation	(1,074)	(466,922)	-99.8%	(2,163)	(467,756)	-99.5%
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss)/income for the period	(1,074)	(466,922)	-99.8%	(2,163)	(467,756)	-99.5%

***n.m – not meaningful**

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	
	2017	2016	2017	2016
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Amortisation of land use rights	15	15	46	46
Depreciation of property, plant and equipment	795	795	2,382	2,354
Gain on disposal of property, plant and equipment	-	-	-	-
Interest income	-	(341)	-	(1,891)

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 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000	30 September 2017 (Unaudited) RMB'000	31 December 2016 (Unaudited) RMB'000
Assets and Liabilities				
Non-current assets				
Property, plant and equipment	25,312	27,694	-	-
Land use rights	2,259	2,305	-	-
Investment in subsidiaries	-	-	-	-
Due from subsidiary	-	-	-	-
	27,571	29,999	-	-
Current assets				
Inventories	375	564	-	-
Trade receivables	5,462	4,119	-	-
Prepayment and other receivables	4,560	4,560	-	-
Due from a subsidiary	-	-	4,796	4,796
Cash and bank balances	686	660	5	5
	11,083	9,903	4,801	4,801
Current liabilities				
Trade payables	1,489	506	-	-
Accrued liabilities and other payables	6,769	6,837	3,883	3,099
Interest-bearing bank borrowings	12,900	12,900	-	-
Income tax payable	-	-	-	-
Amount due to subsidiary	-	-	4,896	4,896
	21,158	20,243	8,779	7,995
Net current assets	(10,075)	(10,340)	(3.978)	(3,194)
Net assets	**17,496**	**19,659**	**(3,978)**	**(3,194)**
Equity				
Share capital	135,773	135,773	135,773	135,773
Reserves	(118,277)	(116,114)	(139,751)	(138,967)
Total equity	**17,496**	**19,659**	**(3,978)**	**(3,194)**

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 2017		As at 31 December 2016	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
12,900	-	12,900	-

Amount repayable after one year

As at 30 September 2017		As at 31 December 2016	
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 RMB5,941,000 as at 30 September 2017 (31 December 2016: RMB6,267,000), land use rights with an aggregate carrying value of approximately RMB2,259,000 as at 30 September 2017 (31 December 2016: RMB2,305,000).

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	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Cash flows from operating activities		
(Loss)/profit before taxation	(2,163)	(467,756)
Adjustments for :		
Amortisation of land use rights	46	46
Depreciation of property, plant and equipment	2,382	2,354
Reversal of provision of doubtful debts	-	(4,477)
Gain on disposal of property, plant and machinery	-	-
Interest income	-	(1,891)
Interest expenses	-	681
Operating (loss)/profit before working capital changes	265	(471,043)
Decrease/(increase) in inventories	189	253
Decrease/(increase) in trade receivables	(1,343)	9,286
Decrease in prepayments and other receivables	-	16,097
Increase/(decrease) in trade payables	983	(1,405)
Increase/(decrease) in accrued liabilities and other payables	(68)	644
Cash (used in)/generated from operations	26	(446,168)
Interest received	-	1,891
Interest paid	-	(681)
Income tax paid	-	(177)
Net cash (used in)/generated from operating activities	**26**	**(445,135)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(4,787)
Proceeds from disposal of property, plant and machinery	-	-
Net cash used in investing activities	**-**	**(4,787)**
Cash flows from financing activities		
Bank loans obtained	-	12,900
Repayment of bank loans	-	(12,900)
Net cash used in investing activities	**-**	**-**
Net increase/(decrease) in cash and cash equivalents	**26**	**(449,922)**
Cash and cash equivalents at 1 January	660	450,127
Cash and cash equivalents at 30 September	**686**	**205**

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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 2016	135,773	(35)	79,908	-	4,403	15,000	(102,287)	356,482	489,244
Total comprehensive profit for the period	-	-	-	-	-	-	-	(467,756)	(467,756)
Balance at 30 September 2016 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**4,403**	**15,000**	**(102,287)**	**(111,274)**	**21,488**
Balance as at 1 January 2017	135,773	(35)	79,908	-	4,403	15,000	(102,287)	(113,103)	19,659
Total comprehensive loss for the period	-	-	-	-	-	-	-	(2,163)	(2,163)
Balance at 30 September 2017 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**4,403**	**15,000**	**(102,287)**	**(115,266)**	**17,496**

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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 RMB'000	Treasury share RMB'000	Share premium RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance as at 1 January 2016	135,773	(35)	79,908	-	(23,978)	191,668
Total comprehensive loss for the period	-	-	-	-	(1,576)	(1,576)
Balance at 30 September 2016 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**(25,554)**	**190,092**
Balance as at 1 January 2017	135,773	(35)	79,908	-	(218,840)	(3,194)
Total comprehensive loss for the period	-	-	-	-	(784)	(784)
Balance at 30 September 2017 (Unaudited)	**135,773**	**(35)**	**79,908**	**-**	**(219,624)**	**(3,978)**

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.

There are no changes in the issued and paid-up share capital of the Company since 30 September 2017.

There were no convertible shares issued by the Company as at 30 September 2017.

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 2017	As at 31 December 2016
Number of ordinary shares in issue	8,979,791	8,979,791
Less: Ordinary shares kept as treasury shares	(4,000)	(4,000)
Number of ordinary shares excluding treasury shares	8,975,791	8,975,791

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 2017.

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 2017.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2015.

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 2017. 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	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
(Loss)/net profit attributable to equity holders of the Company (RMB'000)	(1,074)	(466,922)	(2,163)	(467,756)
Basic				
Weighted average number of ordinary shares in issue ('000)	8,976	8,976	8,976	8,976
(Loss)/Earnings per share (RMB)	(0.12)	(52.02)	(0.24)	(52.11)
Diluted				
Weighted average number of ordinary shares in issue ('000)	8,976	8,976	8,976	8,974
(Loss)/Earnings per share (RMB)	(0.12)	(52.02)	(0.24)	(52.11)

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 2017 (Unaudited)	As at 31 December 2016 (Unaudited)	As at 30 September 2017 (Unaudited)	As at 31 December 2016 (Unaudited)
Net asset value per ordinary share (RMB)	1.95	2.19	(0.44)	(0.36)
Number of issued ordinary shares excluding treasury share as at end of the period	8,975,791	8,975,191	8,975,791	8,975,191

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 RMB21.8 million for 9 months ended 30 September 2017 ("9M2017"), an increase of 6.4% compared to RMB20.5 million for 9 months ended 30 September 2016 ("9M2016"). The increase in revenue was mainly due to better average processing fee. The average processing fee was RMB9,269 per tonne in 9M2017 compared to RMB7,519 per tonne in the corrsponding period.Total processing quantity reduced from 2,762 tonne in 9M2016 when compared to 2,352 tonne in 9M2017.

On a quarterly review, the revenue for three months ended 30 September 2017 ("3Q2017") had decreased to RMB5.6 million as compared to RMB7.6 million for three months ended 30 September 2016 ("3Q2016"). The decrease in revenue was mainly due to decrease in the fabric processed from 1,030 tonnes in 9M2016 to 536 tonnes in 9M2017 as a result of temporary production shut down.

Gross profit and gross profit margin

Our gross profit decreased from RMB2.51 million in 9M2016 to RMB2.46 million in 9M2017.

Gross profit margin decreased from 12.2% in 9M2016 to 11.2% in 9M2017. The decrease in gross profit and gross profit margin is mainly due to decrease in quantity of fabric processed during the period.

Other income

There was no other income recorded in 9M2017. This was due to nil interest income generated as company no longer has fixed deposit as compared to 9M2016 (RMB100 million) which generated RMB1.9 million interest income.

Selling and distribution expenses

Selling and distribution expenses increased from RMB0.46 million in 9M2016 to RMB0.89 million in 9M2017 was mainly due to increase in logistics cost.

Review of Financial Performance (cont'd)

Administrative expenses

Administrative expenses decreased from RMB3.5 million in 9M2016 to RMB2.4 million in 9M2017, mainly attributed by the followings:

- Decrease in staff cost by RMB0.5 million as a result of reduction in number of staff.

- Decrease in entertainment expenses by RMB0.1 million as a result of tightening control in operation expenses.

- Decrease in professional fees by RMB0.5 million

Other operating expenses

Other operating expenses consisted of unallocated overheads amounting to RMB467.6 million in 9M2016 and RMB0.6 million 9M2017. 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.

Recorded in other operating expenses was a staff injuries compensation claimed amounted to RMB0.6 million in 9M2017. The decrease in other operating expenses when compared to prior period was attributed by the followings:

- Compensation claim totalling of RMB470.4 million was paid to the three claimants on 28 September 2016 in relation to the claims by customers as announced on 29 September 2016.

- While offsetting the impact of:
  - increase in depreciation charged by RMB0.8 million during the period as a result of lower demand from our customers.

  - reversal of provision of doubtful debts amounting to RMB4.5 million made for trade receivables owing from the three claimants in FY2015. The said trade receivables have been offset against the compensation payment made to the three claimants on 29 September 2016.

Finance cost

Finance cost increased slightly from RMB0.68 million in 9M2016 to RMB0.71 million in 9M2017 was due to banking and admin related charges

Income tax expense

No Income tax expense during the period due to Group loss of RMB2.2 million recorded in the financial period ended 30 September 2017.

Review of Financial Position

Property, plant and equipment decreased from RMB27.7 million as at 31 December 2016 to RMB25.3 million as at 30 September 2017, mainly attributed by the followings:
- depreciation charge of RMB2.4 milion for the period.

Land use rights decreased from RMB2.31 million as at 31 December 2016 to RMB2.26 million as at 30 September 2017 due to amortisation charge for the period.

Inventories which consist of dyeing materials, additives and packaging materials decreased slightly from RMB0.6 million as at 31 December 2016 to RMB0.4 million as at 30 September due to optimization of material planning in tandem to temporary shutdown of operation.

Trade receivables increased from RMB4.1 million as at 31 December 2016 to RMB5.5 million as at 30 September 2017. The increase was in tandem with sales generated during the period.

There was no significant movement in prepayment and other receivables as at 30 September 2017 as compared to financial year ended 31 December 2016.

Cash and bank balances improved slightly from RMB0.66 million as at 31 December 2016 to RMB0.68 million as at 30 September 2017. This was mainly attributable to slower collection from customers which was partially offset with longer repayment to our suppliers.

Trade payables increased from RMB0.5 million as at 31 December 2016 to RMB1.5 million as at 30 Septmber 2017. The increase was mainly due to slower repayment to our suppliers to finance our operations.

Accrued liabilities and other payables decreased from RMB6.8 million as at 31 December 2016 to RMB6.7 million as at 30 September 2017. The decrease was mainly due to payment to some non trade suppliers.

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 2016 full year results, 1Q2017 results and 1H2017 results announcements pertaining to a challenging business outlook in FY2016, the management noted no variance between the actual results of 9M2017 and the prospect statement disclosed to shareholders in the 2016 full year results, 1Q2017 results and 1H2017 results announcements.

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 FY2016 and the Group's experience with our order books todate on hand, the group expects a challenging 2017 for its dying business. Company has resumed its production on first week of August 2017 after meeting the local authority pollution control requirements.

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 labour costs, has a direct and/or indirect effect on our customers and consequently in their demand for our service.

Shareholders are advised to refer to the Company's announcements in relation to the update of potential customers' claims and auditors' findings.

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 2017.

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 2017.

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 2017 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	13,231	769
To expand our research and development capabilities	1,000	1,000	-
For working capital purpose	1,282	1,282	-
	16,282	15,513	769

BY ORDER OF THE BOARD

Eric Choo Han Kiat
Executive Director
15 January 2018