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MEDIA RELEASE

(For Immediate Release)

China Fibretech Reports First Half Earnings of RMB43.7 Million

1HFY2009: Financial Highlights

- Revenue for 1HFY2009 declined 13.9% year-on-year to RMB184.3 million despite an increase in the average selling price, mainly due to the decrease in demand of our fabric processing services.
- Gross profit decreased 14.6% from RMB67.5 million to RMB57.6 million year-on-year due to the decrease in demand of our services, and was partially offset by the increase in average selling price.
- Overall gross margin dipped marginally from 31.5% in 1HFY2008 to 31.3% in 1HFY2009.
- Net profit declined 19.6% from RMB54.3 million in 1HFY2008 to RMB43.7 million in 1HFY2009.
- Earnings per share declined to 9.8⁽¹⁾ RMB cents in 1HFY2009 compared to 15.2⁽²⁾ RMB cents in 1HFY2008.
- Net asset value per share rose to 101.0 RMB cents as at 30 June 2009 versus 91.2 RMB cents as at 31 December 2008.

⁽¹⁾ *Based on weighted average of 445,791,000 ordinary shares in issue*

⁽²⁾ *Based on weighted average of 356,652,000 ordinary shares in issue*

(RMB 'm)	3 months ended 30 June			6 months ended 30 June		
	2Q FY2009	2Q F2008	% Change	1H FY2009	1H FY2008	% Change
Revenue	76.7	123.0	-37.7	184.3	214.0	-13.9
Gross Profit	23.2	40.0	-41.4	57.6	67.5	-14.6
Net Profit	16.3	31.6	-48.4	43.7	54.3	-19.6

SINGAPORE, 31 July 2009 – Mainboard-listed China Fibretech Ltd. (“China Fibretech”; or together with its subsidiaries, the “Group”), a pure play fabric processing service provider in the People’s Republic of China (the “PRC”), today announced its first half results ended 30 June 2009 (“1HFY2009”).

Rise in average selling price despite weaker demand

The Group reported a 13.9% decline in revenue from RMB214.0 million in 1HFY2008 to RMB184.3 million in 1HFY2009. This decline is mainly due to a decrease in demand and a consequent decrease in the sales quantities for the Group’s fabric processing services. Nonetheless, the Group witnessed an increase in the average selling price as a result of the positive change in product mix.

Highlights	1HFY2009	1HFY2008
Processing volume	23,822 tonnes	28,809 tonnes
Average selling prices (RMB per tonne)	RMB 7,736 per tonne	RMB 7,428 per tonne
Gross margin (%)	31.3%	31.5%
Net margin (%)	23.7%	25.4%
Earnings per share (RMB) on a fully diluted basis	9.8 cents	15.2 cents

⁽¹⁾ *Based on weighted average of 445,791,000 ordinary shares in issue*

⁽²⁾ *Based on weighted average of 356,652,000 ordinary shares in issue*

Gross profit decreased 14.6% year-on-year to RMB57.6 million in 1HFY2009, in line with the decrease in sales. Overall gross profit margin dipped marginally from 31.5% in 1HFY2008 to 31.3% in 1HFY2009, due to the decrease in revenue which is partially offset by the increase in average selling price.

Effective tax rate rose sharply from 2.1% to 13.3% year-on-year due to the expiry of full income tax exemption for the first two profitable years of the Group. This led to a 19.6% decline in the Group's net earnings to RMB43.7 million. Net margin consequently dipped from 25.4% to 23.7% year-on-year.

“Weaker demand in the second quarter as well as the return to a higher tax rate had impacted our overall performance. Nonetheless, compared to the last year, we have succeeded in improving our sales mix with output of higher value products such as spandex. We have witnessed the consequent rise in our average selling prices. Our priority was to preserve healthy selling prices instead of rushing to fulfill higher volume.” China Fibretech's Executive Chairman and Chief Executive Officer, Mr Wu Xinhua (吴新华) said.

Firm Financial Position

	As at 30 Jun 2009	As at 31 Dec 2008	% change
1) Cash and Bank Balances	RMB362.3 million	RMB305.1 million	+18.7%
2) Inventories	RMB4.8 million	RMB10.6 million	-54.8%
3) Trade Receivables	RMB37.8 million	RMB49.4 million	-23.5%
4) NAV Per Share (RMB cents)	101.0 cents	91.2 cents	+10.7%

The Group continues to maintain healthy cash balances and firm asset base as well as manage its working capital resources in a prudent manner.

- 1) Cash and bank balances rose 18.7% to RMB362.3 million during the period under review, mainly due to positive cash generated from the Group's operations.
- 2) Inventories decreased by 54.8% from RMB10.6 million as at 31 December 2008 to RMB4.8 million as at 30 June 2009, mainly attributable to a decrease in the Group's sales activities.
- 3) Trade receivables decreased by 23.5% from RMB49.4 million as at 31 December 2008 to RMB37.8 million as at 30 June 2009, mainly due to the decrease in revenue.

- 4) Net asset value per share increased to 101.0 RMB cents in 1HFY2009, up from 91.2 RMB cents in FY2008.

Reflecting on the financial position of the Group in 1HFY2009, Mr Wu remarked, ***“Despite the challenges of lower volume and weaker demand, our fundamentals remain strong. Our financial position is healthy as we continue to generate positive cash flow, while simultaneously managing our working capital resources prudently. This will enable us to capitalise on business opportunities that may arise in this trying operating environment.”***

Outlook

The outlook for the fabric processing industry remains challenging and uncertain in the year ahead given the economic slowdown. Nonetheless, the Group believes it possesses a number of competitive advantages that will enable it to deal with the challenges and uncertainties going forward.

Financially, the Group remains well capitalized in terms of its cash position and asset base. The Group believes it is also in an advantageous position because all of the Group’s customers are based in the PRC and domestic demand in the PRC will continue growing albeit at a slower pace than before. Only a small proportion of its customers’ fabrics are ultimately exported.

In addition, the Group maintains a diversified customer base of 200 with none of its customers constituting more than 5% of its sales, thereby controlling risk associated with customer concentration. Finally, the Group believes the overall barriers to entry in the fabric processing industry remains high due to the capital intensive nature of the industry and its stringent environmental requirements imposed by local authorities.

In addition, the Board and Management will take a prudent and conservative approach by dealing with the challenges by decelerating its expansion plans and conserving cash to adequately deal with the challenging market conditions and to capitalize on any opportunities with the view to create long term shareholder value.

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About China Fibretech Ltd. (www.china-fibretech.com)

Listed on the Main Board of the Singapore Exchange (“SGX”), China Fibretech Ltd. (“China Fibretech” or the “Group”) is a pure fabric processing service provider in the People’s Republic of China (the “PRC”). Established since 1995, China Fibretech provides a wide range of dyeing and post-processing treatment services for cotton, polyester and mixed knitted fabrics and is based in Shishi in the Fujian Province, PRC. Customers of China Fibretech include fabric-trading and garment producers located mainly in the Fujian Province.

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