CHINA FIBRETECH LTD.

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

UPDATE OF AUDIT AND APPOINTMENT OF 2ND INDEPENDENT DIRECTOR

The Board of Directors (the "**Board**") of China Fibretech Ltd. (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST") regarding the update of audit of financial year ended 31 December 2015 (the "FY2015 Audit") and the appointment of 2nd independent director announced on 28 September 2016, and wished to provide its response, in which, the contents of below reply is provided by Mr.Wu Xinhua ("Mr.Wu") as follows:-

1. SGX-ST'S Query

We refer to the Company's announcement on 29 September 2016. In reference to your disclosure on the postponement of a meeting with an audit partner on its potential appointment as statutory auditor for the FY2015 Audit, you have stated that "owing to the recent development of claim from customers (the "Claims") as disclosed in the Company's announcements on 27 September 2016, Mr.Wu would like to postpone the meeting in order to handle the matter." Please disclose further information via SGXNet details on what Mr.Wu has done to safeguard the interest of the Company, whether it has appointed a reputable lawyer to defend the Company's interest in the significant customer claims, and to obtain supporting documents to verify the veracity of the claims to safeguard the interest of the Company's shareholders as a whole. Please provide specific details on what Mr.Wu is doing to "handle the matter" such that he has to postpone the meeting with the potential auditor; and

Company's response

Mr.Wu is of the view that the Company has performed the following steps in relation to the Claims to safeguard the interest of the Company:

1) Internal investigation conducted by both the Company and the Claimants;

2) Quality testing on samples of required colour conducted by independent third parties, CNTAC Testing Center (中国纺织工业联合会检测中心) and SGS-CSTC Standards Technical Services Co., Ltd. (SGS通标标准技术服务有限公司);

3) Appointment of an independent audit firm; and

4) Consulting with several independent reputable law firms

The independent director, Mr.Low Wai Cheong ("Mr.Low") and the senior finance manager, Mr.Mak Chi Shing ("Mr.Mak") have requested Mr.Wu to provide supporting documents for the abovementioned items but none of them have been provided for discussion in previous Board's meetings. Mr.Low and Mr.Mak were informed about the appointment of audit firm and law firm on 27 September 2016. However, name of the audit firm and law firm were not provided.

Mr.Wu is of the view that he has been fully occupied in handling the settlement of the Claims recently. Hence, he has to postpone the meeting with the potential auditor as announced on 27 September 2016.

2. SGX-ST'S Query

Based on the seriousness of the health condition of Mr Wu per your email to the Exchange on 29 September 2016, in compliance with Rule 703, please ensure that the market is updated on this material information.

Company's response

Mr.Mak was informed by Mr.Wu verbally that Mr.Wu has not been recuperating from cardiovascular disease (心血管疾病) and heart attack (心脏病) yet. Therefore, he is unable to attend a meeting requested by SGX-ST in Singapore recently.

The Board of Directors will release further announcements as and when there are developments on the above.

BY ORDER OF THE BOARD

Wu Xinhua
Executive Chairman and CEO
4 October 2016