



CHINA FIBRETECH LTD.

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

RESPONSE TO SGX-ST'S QUERIES ON ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The Board of Directors of China Fibretech Ltd. (the "**Company**", and together with its subsidiaries, collectively the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on Annual Report ended 31 December 2013 (the "**Annual Report FY 2013**"), and wishes to provide further information as follows:-

1. **SGX-ST's Query**

It was disclosed on page 23 that "First Board Corporate Advisory Pte. Ltd. ("First Board"), which has been providing corporate secretarial services to the Company since 1 January 2010, continued to provide corporate secretarial services to the Company during FY2013. First Board is 50% owned by a partner of ChrisChong & CT Ho Partnership ("ChrisChong"), a firm in which Mr Low Wai Cheong is an equity partner with a 20% interest. The total fees paid to First Board and ChrisChong by the Company in FY2013 is well below the threshold of S\$100,000 set out under Chapter 9 of the Listing Manual, and is therefore exempted from disclosure pursuant to Rule 907 of the Listing Manual". We note that this transaction was not disclosed under Note 25 of the accounts relating to related party transaction on page 66. Please explain reasons for the non-disclosure.

Company's response

FRS 24, Paragraph 3 states that the standard deals only with those related party relationships described below:-

- a) *enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise. (This includes holding companies, subsidiaries and fellow subsidiaries);*
- b) *associates;*
- c) *individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individual;*
- d) *key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including directors and officers of companies and close members of the families of such individuals; and*
- e) *enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (c) or (d) or over which such a person is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.*

Based on the definition above, the management was conclusive that the transaction between First Board and the Company was deemed non-related. Reason being Mr Low Wai Cheong, the Company's independent non-executive director, does not hold any interest in First Board. Hence it was not disclosed under Note 25 of the financial report.

The company's intention to disclose Mr Low's involvement with ChrisChong (of which one of the other equity partners in ChrisChong holds 50% interest in Firstboard) was to provide better transparency among shareholders and investors. The said disclosure was done voluntarily.

The agreed annual fees between FirstBoard and the Company for the financial year 2013 was S\$17,500.

2. **SGX-ST's Query**

It was disclosed on page 66 that "the Group entered into the purchases of packaging materials and wastewater treatment services transactions with related parties. To disclose who are these related parties and whether they are interested persons as defined under Chapter 9 of the Listing Manual.

Company's response

As per our response announcement on 19 April 2012, these transactions were not interested person transaction as defined in Chapter 9 of the Listing Manual. Kindly refer to the announcement on 19 April 2012 for information of the transactions.

BY ORDER OF THE BOARD

Wu Xinhua
Executive Chairman and CEO

29 April 2014