CHINA FIBRETECH LTD.

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

RESPONSE TO QUERY FROM SGX-ST

The Board of Directors (the "**Board**") of China Fibretech Ltd. (the "**Company**") and together with its subsidiaries (the "**Group**") would like to provide the following information in response to query from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in respect of the announcement entitled "*Response to SGX Queries*" announced on 12 March 2018.

Query of the SGX-ST

It was disclosed that the installation of the air pollution system has yet to be completed as the equipment "has not been able to conform to the Company requirement". Please elaborate why the equipment was not able to conform to the requirements of the Company. What is left to be rectified and why has it not been rectified since May 2017 and only expected to be completed by end of FY2018? Please also disclose if 福建省鸿山热电有限责任公司 is an interested person or have any association or relationship with Mr Wu Xinhua or key management.

Company's Response:

The Company has been testing the equipment since the completion of its installation. However, the air that was discharged from the equipment cannot meet the air pollution and particulate matter (PM) requirements that were determined by the Company with reference to the authority's air pollution control requirements (Fabric and Textile Processing Pollution DB33/962-2015). There was also odour dispersed into the air during the production.

The Company has called for a temporary shutdown of operation in April 2017 and resumed its operation in August 2017. There was minimum production for proof testing the stability of the equipment during this period. The Company started to re-test the stability and performance of the equipment since then. Even though the performance has improved but it still falls short of the expected requirement. The Company and the supplier have met up and discussed on the expected deliverables, which the latter assured the Company to have all the defects resolved not later than 31st December 2018.

The Company confirmed that 福建省鸿山热电有限责任公司 is not an interested person nor have any association or relationship with Mr Wu Xinhua or key management.

By Order of the Board

Choo Han Kiat, Eric
Executive Director
19 March 2018