CHINA FIBRETECH LTD.

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

PROPOSED PLACEMENT OF 50,000,001 NEW ORDINARY SHARES

1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of China Fibretech Ltd. (the "**Company**", together with its subsidiaries, referred to as the "**Group**") wishes to announce that the Company had entered into subscription agreements with the following parties:

(a) on 28 March 2018, with China Capital Investment Group (中资国本投资有限公司) ("**CCIG**");

(b) on 24 April 2018, with Asia Hausse Investments Pte Ltd, Newsome Holdings Limited and Dr Carol Choong; and

(c) on 25 April 2018, with Wayman Holdings Limited and Mdm Su Wan Ru,

(collectively, the "**Subscription Agreements**"), pursuant to which the Company has agreed to allot and issue and each subscriber has agreed to subscribe and pay for an aggregate of 50,000,001 new ordinary shares in the capital of the Company (the "**New Shares**") representing 73.58% of the Company's existing enlarged share capital, at an issue price of S$0.60 for each New Share (the "**Issue Price**"), subject to and upon the terms and conditions of the Subscription Agreements (the "**Proposed Placement**").

The Proposed Placement will increase the issued and paid-up share capital of the Company to 67,951,583 ordinary shares in the capital of the Company (the "**Shares**").[1]

The Issue Price represents a premium of 17.60% to the weighted average price for trades done on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the last full market day before the Shares were being suspended after taking into account the Share Split.

The Company will be making an application to the SGX-ST for the listing and quotation of the New Shares on the SGX-ST and will make the necessary announcements once the approval-in-principle of the listing and quotation of the New Shares has been obtained from the SGX-ST (the "**AIP**").

Following the completion of the Proposed Placement, the interests of the subscribers (each a "**Subscriber**" and collectively, the "**Subscribers**") in the enlarged issued and paid-up share capital of the Company are as follows:

Subscribers	No. of New Shares	Shareholding (%)
CCIG	16,666,667	24.53
Asia Hausse Investments Pte Ltd	8,333,333	12.26
Newsome Holdings Limited	8,333,333	12.26
Wayman Holdings Limited	3,083,333	4.54

[1] Prior to the Proposed Placement, the Company intends to undertake a share split of every one (1) existing Share to two (2) Shares, thereby enlarging the issued share capital of the Company to 17,951,582 Shares (the "**Share Split**"), with a post Share Split price of S$0.51 per Share.

Dr Carol Choong	8,333,333	12.26
Mdm Su Wan Ru	5,250,002	7.73

The New Shares shall rank *pari passu* in all respects with all other then existing issued Shares, save that the New Shares will not be entitled to any dividend, right, allotment and/or other distributions, the record date for which falls on or before the date of allotment and issue of the New Shares.

No placement agent has been appointed in respect of the Proposed Placement. Therefore, no commission or referral fees will be paid to any party.

2. PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

2.1 Information on the Subscribers

The Proposed Placement will involve the following six (6) Subscribers:

(a) CCIG – Placement of approximately SGD 10 million

CCIG, a subsidiary under the Beijing State-owned Assets Supervision and Administration Commission with assets of around RMB 3 billion. CCIG is a state-owned enterprise with a wide contact network within the financial industry of China, where they have established long term relationships with several state owned banks in China. CCIG specialises in the area of mergers and acquisitions, asset management, and project investment in the area of property, trade, culture and finance. The legal representative of CCIG is Mr. Li Zong Qi.

The Company came to be acquainted with CCIG through their networking activities with state-owned enterprises of China.

(b) Asia Hausse Investments Pte Ltd – Placement of approximately SGD 5 million

Asia Hausse Investments Pte Ltd, a company incorporated in Singapore on 23 March 2013, is a business management and investment holding company. The company's investment portfolio comprises of properties and equities with assets of approximately S$20 million in Southeast Asia, China and Korea. The company has a wide network of business connections across Asia and currently provides business advisory services to a few listed companies in the region. The sole shareholder and director of Asia Hausse Investments Pte Ltd is Mr. Lin Sin Hoe.

(c) Newsome Holdings Limited - Placement of approximately SGD 5 million

Newsome Holdings Limited, a company incorporated in Hong Kong, is a family investment fund that invests in properties and equities. Currently, the company has investment in shares across various stock exchanges in the world including shares of some major tech firms. The company also has property investments across Asia. The sole shareholder and director of Newsome Holdings Limited is Ms. Ding Li Li.

(d) Wayman Holdings Limited - Placement of approximately SGD 1.85 million

Wayman Holdings Limited, a company incorporated in the British Virgin Islands in August 2002 was established as a trading company. Over the past decade, the company has ventured into investments on properties and equities. The company started with cross border base metals commodity trading, and went on to futures trading and hedging. The company also has investments in commercial and industrial properties in China, with the most

recent investment being a commercial SOHO project in Liuzhou Guangxi with a total gross floor area of 70,000 square metres. The sole shareholder and director of Wayman Holdings Limited is Mr. Zeng Fu Ying.

(e) Dr Carol Choong – Placement of approximately SGD 5 million

Dr Carol Choong graduated from National University of Singapore (MBBS Singapore) in 1997. She obtained her Master of Science (MSc) and Master in Drugs and Alcohol Studies from University of Glasgow in 2005. She is a veteran in Medical and Business management, and is armed with over 15 years of multi field management skill experiences. She took on the role as Chief Financial Officer for Capital 7 Global in 2014 and is currently the Chief Executive Officer of PIF Global Capital since 2017.

(f) Mdm Su Wan Ru – Placement of approximately SGD 3.15 million

Mdm Su Wan Ru is a Singapore citizen and has been an avid investor for the past two (2) decades. Her investment portfolio comprises mainly properties and equities.

Apart from CCIG, the rest of the Subscribers were acquainted through various networking activities in Singapore.

As at the date of this announcement, none of the Subscribers hold any Shares in the Company. Each Subscriber has confirmed to the Company that its/her subscription of the New Shares is for investment purposes only, and that there is no agreement or understanding (whether formal or informal) amongst any other subscribers to obtain or consolidate effective control of the Company. Each Subscriber further confirms that it/she will hold the New Shares for it/her beneficial interest.

The Company confirms that:

(a) none of the Subscribers have any connection with any other Subscriber; and

(b) no New Shares will be placed to any persons restricted under Rule 812(1) of the Listing Manual of the SGX-ST.

2.2 Specific Approval

Pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore and Rule 805 of the Listing Manual of the SGX-ST, the issue and allotment of the New Shares is subject to shareholders' approval. The Company will be seeking specific approval of its shareholders for the issue and allotment of the New Shares at the EGM.

2.3 Conditions Precedent

The Proposed Placement is conditional upon, *inter alia*:

(a) approval in-principle being obtained from the SGX-ST for the listing and quotation of the New Shares on the Official List of the SGX-ST and not having been amended, withdrawn, revoked, rescinded or cancelled and, where such approval is subject to conditions, such conditions for the listing and quotation of the New Shares on the Official List of the SGX-ST are acceptable to the Subscribers, and to the extent that such conditions for the listing and quotation of the New Shares on the Official List of the SGX-ST are required to be fulfilled on or before Completion Date (as defined below), they are so fulfilled;

(b) the allotment, issue and subscription of the New Shares not being prohibited by any statute, order, rule, regulation, directive or request whether existing or promulgated or issued on or after the date of the Subscription Agreements by

any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Company and/or the Subscribers;

(c) the completion of the Share Split; and

(d) as at the Completion Date, the trading of the issued Shares not being suspended by the SGX-ST (other than a trading halt of the issued Shares on a temporary basis requested by the Company on a voluntary basis) and the issued Shares not having been delisted or threatened to be delisted.

2.4 Completion

Completion of the Proposed Placement is to take place on the date falling fourteen (14) business days after the satisfaction of all conditions precedent, save insofar as they have been waived by the relevant Subscriber (or if that day is not a business day, on the next business day), or such other date as may be agreed in writing between the relevant Subscriber and the Company, provided that such date shall not be later than the date falling six (6) calendar months from the date of the Subscription Agreements or such other date as the parties may mutually agree (the "**Completion Date**").

2.5 Exemption from Requirement of Prospectus

The offer by the Company to the Subscribers to subscribe for the New Shares is made in reliance on the exemption under Section 272B of the Securities and Futures Act (Cap. 289) of Singapore. It is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore.

2.6 Moratorium

The Subscribers will undertake to moratorise all their interest (direct and effective interest respectively) in the New Shares for a period of six (6) months from the date of resumption of trading or until the Special Audit is completed, whichever is later.

3. RATIONALE OF THE PROPOSED PLACEMENT AND USE OF PROCEEDS

The rationale for the Proposed Placement is to increase resources available to the Company to improve its cash flow and to pursue business opportunities as part of its strategic objectives as and when they arise.

The Company intends to utilise the proceeds raised from the Proposed Placement for the following:

(a) fund the professional costs for the Special Audit;

(b) fund the business expenses that will be incurred in China;

(c) working capital; and

(d) diversify its business scope and invest in infrastructure projects in China.

In particular, the Company will utilise the bulk of the proceeds from the Proposed Placement to invest in an infrastructure project (the "**Project**") together with Dingneng Group[2], where the company will hold a 90.91% stake in the Project. This is a build-operate-transfer (BOT) rural road project awarded by the Yibin Municipal People's Government, and Dingneng Group has completed 30% of the construction.

[2] Dingneng Group is a wholly owned subsidiary of Sichuan Coal Industry Group Limited Liability Company, and wholly owned by the Sichuan Provincial Government. Its main businesses include large and medium-sized mining design and construction, coal products, mining operation, mechanical and electrical installation, demolition blasting and tunnel engineering. As a provincial owned enterprise, Dingneng Group has a registered capital of RMB 1 billion and total assest of RMB 3 billion.

The estimated net proceeds from the Proposed Placement, after deducting estimated fees and expenses of approximately S$100,000 is approximately S$29,900,000 (the "**Net Proceeds**") and is intended to be applied as follows:

Use of Net Proceeds	**Amount Allocated (S$)**	**Amount Allocated as a percentage of net proceeds (%)**
Working capital	7,900,000	26.4%
Investment in Project	22,000,000	73.6%

The Company will announce the use of the Net Proceeds as and when such funds are materially disbursed and whether such use is in accordance with the stated use and the percentage allocated. Where there is any material deviation from the stated use, the Company shall announce the reasons for such deviation. The Company shall also provide a status report on the use of the Net Proceeds in its annual report. Where the Net Proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in the Company's announcements on the use of proceeds and in the annual report.

Pending the deployment of the Net Proceeds for the purposes mentioned above, the Net Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

4. FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

The financial effects of the Proposed Placement as set out below are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group and the Company following completion of the Proposed Placement. The pro forma financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2015 subject to the following assumptions:

(1) the financial effects of the Proposed Placement on the net tangible assets ("**NTA**") per share of the Company are computed assuming that the Proposed Placement had been completed on 31 December 2015;

(2) the financial effects of the Proposed Placement on the earnings per share ("**EPS**") of the Company are computed assuming that the Proposed Placement had been completed on 1 January 2015;

(3) the expenses in connection with the Proposed Placement have been disregarded; and

(4) the Share Split was effected in FY2015 and the Proposed Placement took place thereafter.

4.1 Financial effects on NTA per share

	Before the Proposed Placement	**After the Proposed Placement**
NTA[(1)] (RMB'000)	23,246	165,746
Number of shares ('000)	8,980	58,980
NTA per share (cents)	2.59	2.81

4.2 Financial effects on EPS

	Before the Proposed Placement	After the Proposed Placement
Group profit/(loss) after tax (RMB'000)	-464,497	-464,497
Number of shares ('000)	8,980	58,980
EPS (cents)	-51.73	-7.88

Note:

(1) Net Tangible Asset (NTA) refers to equity attributable to owners of the Company.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS IN THE PROPOSED PLACEMENT

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Placement.

6. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material updates on the foregoing, including upon receipt of the AIP.

7. DOCUMENT(S) AVAILABLE FOR INSPECTION

Copies of the Subscription Agreements are available for inspection at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours for a period of three (3) months from the date of this announcement.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. **CIRCULAR TO SHAREHOLDERS**

A circular containing further details on the Proposed Placement and enclosing a notice of extraordinary general meeting in connection therewith will be despatched to shareholders of the Company in due course.

BY ORDER OF THE BOARD

Lee Wei Hsiung
Company Secretary
Singapore
7 May 2018