CHINA FIBRETECH LTD.

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

RESPONSES TO QUERIES 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 queries from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in respect of the information provided in Annual Report FY2015 announced on 13th November 2017:

Query 1 of the SGX-ST

On page 7 of the Annual Report, it was disclosed that Mr Toh Tiong San held a directorship in other listed companies over the preceding three years, being "Atrium Asia Investment Management Pte Ltd". Please disclose where this private limited company is listed.

Company's Response:

Atrium Asia Investment Management Pte Ltd is a private limited company and not listed in any exchange.

Query 2 of the SGX-ST

On page 10 of the Annual Report, it was disclosed that "Newly appointed Directors will be briefed by the Management…" Please disclose:

a. The name(s) and identity(ies) of the person(s) in Management that briefed the newly appointed directors;

b. Whether the newly appointed directors undertook any training; and

c. If so, disclose the date and training conducted.

Company's Response:

a. Mr. Wu Xinhua, the Company's CEO and Executive Chairman then.

b. The directors have not signed up any course but will do so depending on their availability; and

c. See point b.

Query 3 of the SGX-ST

On page 12 of the Annual Report, it was disclosed that the NC "is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Group". Please explain how the NC is satisfied with the time and attention given by Mr Lin Qingguo and Mr Wu Dezhi, noting that they had not attended any Board's meetings or Board Committees' meetings during the FY2015 as disclosed on page 9 of the Annual Report.

Company's Response:

The Company has noted the attendance of both Mr. Lin Qingguo and Mr. Wu Dezhi. However, Company has circulated all relevant discussion matters to these directors to keep them updated on the current affairs of the Company. It has been the Company's practice for Mr. Lin Qingguo and Mr. Wu Dezhi to attend board and board committee meetings only when these are held in China for cost saving reason as well as due to Mr. Lin Qingguo's discomfort with long distance travel over health reason.

Query 4 of the SGX-ST

On page 13 of the Annual Report, it was disclosed that "Under normal circumstances, the Board has separate and independent access to senior Management and the Company Secretary and is informed of material events and transactions as and when they occur. Directors are entitled to request from management and would under normal circumstances be provided, in a timely manner, with such additional information as needed to make informed decisions." Please explain and elaborate what are "normal circumstances".

Company's Response:

Normal Circumstances refer to at any point of time during official working hours. In the event of sudden request, the Company would furnish the requested information within the next working day.

Query 5 of the SGX-ST

On page 14 of the Annual Report, it was disclosed that Mr Lin Qingguo and Mr Wu Dezhi had been paid "Directors' Fees" of S$11,000 each. Please explain how this amount was decided, noting that they had not attended any Board's meetings or Board Committees' meetings during the FY2015 as disclosed on page 9 of the Annual Report.

Company's Response:

These fees are being accrued using pro-rata basis based on FY2014 figures. These fees had only been accrued under trade and other payables and have not paid out.

Query 6 of the SGX-ST

On page 15 of the Annual Report, it was disclosed that the Company has a Share Award Scheme. Please disclose if there were any awards of shares under the Scheme for FY2015, and the information as required under Listing Rule 852.

Company's Response:

There are no awards of shares under the Scheme for FY2015.

Query 7 of the SGX-ST

On page 17 of the Annual Report, it was disclosed that "Due to uncertainties surrounding certain potential customers' claims as described in the Company's announcement on 30 November 2015, the Board is unable to receive assurance from the CEO (Wu Xinhua stepped down as CEO on 23 October 2017)…"

a. In view that the former CEO, Mr Wu Xinhua, remains a director on the board, and was CEO at the relevant time, please provide Mr Wu Xinhua's confirmation on whether the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the Company's risk management and internal controls are effective.

b. Please reconcile the disclosure with the Directors' Report on page 24, which states, *inter alia*, that "In the opinion of the directors, (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended on that date".

Company's Response:

a. Mr. Wu Xinhua confirmed and give assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and the Company's risk management and internal controls are effective.

b. The Directors felt that the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company give a true and fair view in view of the situation of the financial state of affairs of the Company based on the records kept by management notwithstanding the uncertainties over the legitimacy of the compensation claim and the bank balances. The notes to the consolidated financial statements, in particular note 32, disclose the events occurring after the reporting period as well as the auditors' findings, and readers of the consolidated financial statements are thus informed of the uncertainties facing the Company.

Query 8 of the SGX-ST

On page 17 of the Annual Report, it was disclosed, *inter alia*, that "The Board and AC are of the opinion that, the Company's Internal Controls were inadequate based on… Reports issued by the internal auditors…"Please disclose the findings of the internal auditor and what has been noted as being inadequate.

Company's Response:

Below are the findings and deemed as inadequate by the internal auditor:

a. Control over goods on consignment should be improved.

b. Adequacy of insurance coverage over inventory and consignment goods should be reviewed.

Query 9 of the SGX-ST

On page 21 of the Annual Report, it was disclosed that "…total payment made to Shishi City Haitian Environmental Engineering Co., Ltd., of which less than 2% equity interest is owned by a daughter of Wu Xinhua, in relation to the wastewater treatment services during FY2015 amount to RMB2,130,000." In the Company's announcement on 3 April 2017, the Company's subsidiary's operations were shut down due to non-compliance of sewage treatment regulation and sewage disposal without treatment made by Shishi City Haitian Environmental Engineering Co., Ltd. Please disclose actions that the Board is taking against Shishi City Haitian Environmental Engineering Co., Ltd to recover the losses incurred from the continued shutdown of operations, and provide an update on the status of the Company's subsidiary.

Company's Response:

The Company had decided not to pursue any action against Shishi City Haitian Environmental Engineering Co., Ltd since the new control standard criteria was determined by the Environmental Authority. Shishi City Haitian Environmental Engineering Co., Ltd had since then rectified and improved all necessary procedures and standard to meet the new benchmark set.

The Company's subsidiary has resumed its production on 1st week of August 2017 after it has met the Environmental Authority criteria on the pollution control.

Query 10 of the SGX-ST

On page 22 of the Annual Report, it was disclosed that the Company has balance net proceeds of S$769,000. Please disclose where these proceeds are recorded in the Company's balance sheet.

Company's Response:

This amount is classified under the Group's current asset Cash and Cash equivalents.

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Query 11 of the SGX-ST

On page 24 of the Annual Report, it was disclosed that "…at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due." Please disclose the basis for the directors' view.

Company's Response:

The Company's major shareholder, Mr. Wu Xinhua has mentioned that he will provide loans to the Company as working capital to meet any arrears which are reasonable once those have been due and payable.

Query 12 of the SGX-ST

On page 28 of the Annual Report, the auditors had stated that they "had not been furnished by the Company with any of the supporting documents with respect to the refund from the Land Bureau…" Please explain why the Company did not have any supporting documents for the refund, or did not submit these to the auditors.

Company's Response:

The Company confirmed that those relevant documents are available for audit. The management have agreed to forward them to the auditors on subsequent audit to be performed.

Query 13 of the SGX-ST

On page 29 of the Annual Report, the auditors had stated that they "were unable to obtain sufficient appropriate supporting documents, information and explanations…to ascertain if the inventories were properly carried…" Please explain why the Company did not maintain supporting documents on its inventory, and disclose from when were internal controls relating to inventory changed.

Company's Response:

The Company has always maintained proper supporting documents on its documentation for all its processes including inventories. These documents were given to the auditors as and when requested. During and subsequent to the audit, the auditors had not communicated to the management on this issue.

By Order of the Board

Choo Han Kiat, Eric
Executive Director
27 November 2017