CHINA FIBRETECH LTD.

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

CLAIM BY CUSTOMERS

The Board of Directors (the "**Board**") of China Fibretech Ltd. (the "**Company**") wishes to provide an update on the potential claims by customers (the "**Claimants**") as disclosed in the Company's announcement on 30 November 2015.

The Board wishes to announce that the Company had received further notices from three customers on 18 July 2016. It is noted that the alleged economic loss incurred from the Claimants, 晋江市滨浪制衣织造有限公司, 石狮市爱利奴服饰有限公司 and 石狮市金太屋纺织服饰有限公司 are RMB205,346,020.00 based on 418,220 items of clothing, RMB132,362,307.00 based on 269,577 items of clothing and RMB128,339,053.00 based on 261,383 items of clothing respectively, in which the total compensation amount is RMB 466,047,380.00, as stated in the said notices. Each of the Claimants have requested the Company to settle the compensation claims by 31 July 2016.

The Management will be engaging a reputable law firm to handle the claim and establish the facts surrounding their allegations and take steps to verify their claims.

The Management will report to the Board of Directors (the Board) on the status and development of the claims and will not admit liability nor agree to any form of compensation before consulting and seeking the Board's approval.

Due to the uncertainties surrounding these claims, trading of the Company shares will be suspended until further notice to ensure a fair, orderly and transparent market.

The Company will keep shareholders informed of the outcome and the Board will release further announcements as and when there are any developments on the above.

BY ORDER OF THE BOARD

Wu Xinhua
Executive Chairman and CEO
19 July 2016