CHINA FIBRETECH LTD.

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

UPDATE OF 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 announcements on 30 November 2015, 19 July 2016 and 5 August 2016.

The Board wishes to announce that the Company had received further notices from three customers on 26 September 2016. It is noted that each of the Claimants have requested the Company to settle the compensation claims by 28 September 2016. Subsequent to receiving notices from the Claimants on 18 July 2016, the Company and the Claimants have agreed to conduct another testing on products processed by the Company. It is noted that the alleged de-colouring issue is existed according to the testing report about re-conducting the testing on products processed by the Company and assessment report in relation to the Claim issued by a professional firm. If compensation payment is not made by 28 September 2016, the Company shall pay the alleged economic loss incurred by the Claimants and interest expenses on outstanding amounts owing to the Claimants.

The abovementioned notices and information have been communicated to the independent director and the senior finance manager on 27 September 2016.

The independent director and the senior finance manager have requested the executive chairman and CEO of the Company to engage a reputable law firm to handle the claim and establish the facts surrounding their allegations and take steps to verify their claims. The independent director and the senior finance manager have also requested the executive chairman and CEO of the Company not to admit liability nor agree to any form of compensation before consulting and seeking the Board's approval.

The Management will report to the Board of Directors (the Board) on the status and development of the claims.

Due to the uncertainties surrounding these claims, trading of the Company shares will continue to 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.

Wu Xinhua
Executive Chairman and CEO
27 September 2016