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, 5 August 2016 and 27 September 2016.

The Board wishes to announce that the finance manager, Zhang Dufang, of the Company's wholly-owned subsidiary, Shishi Simwa Knitting & Dyeing Co., Ltd (石狮市新华针织漂染有限公司) informed the senior finance manager, Mr.Mak Chi Shing ("Mr.Mak") via email on 29 September 2016 morning that the payment of compensation has been made to the Claimants on 28 September 2016 afternoon. It is noted the Claimants have requested the Company to settle the compensation claims by 28 September 2016, which was highlighted by Mr.Wu to the independent director, Mr. Low Wai Cheong ("Mr. Low") and Mr.Mak during a teleconference on 27 September 2016. It is noted that the said payment was approved by Mr.Wu and the non-executive and non-independent director, Mr.Wu Dezhi in order to avoid further compensation and interest claimed by the Claimants. This was done without the knowledge of Mr.Mak and without the knowledge or approval of Mr. Low.

Mr. Low and Mr.Mak would like to highlight that the resolution of abovementioned payment to the Claimants was not proposed to the Board for voting and the abovementioned payment was not approved during the teleconference on 27 September 2016.

During the said teleconference on 27 September 2016, Mr.Low and Mr.Mak have requested the executive chairman and CEO of the Company, Mr.Wu Xinhua ("Mr.Wu") 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.

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.

BY ORDER OF THE BOARD

Wu Xinhua
Executive Chairman and CEO
29 September 2016