# CHINA FIBRETECH LTD.

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

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## UPDATE OF PREPAYMENT IN RELATION TO ACQUISITION OF LAND USE RIGHTS

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The Board of Directors (the "**Board**") of China Fibretech Ltd. (the "**Company**") wishes to announce that a prepayment approximately RMB20,343,000 (the "Prepayment") made to Land Bureau of Shishi Municipal Government (the "Land Bureau") in 2008 in relation to acquisition of a land use rights for a piece of land measuring 16,235 square metres located at 石狮市洪山镇伍堡污控区 will be refunded in the coming months based on recent contact with the Land Bureau.

On 22 April 2008, Shishi Simwa Knitting and Dyeing Co., Ltd ("Shishi Simwa"), a subsidiary of the Company, entered into a land use right purchase agreement with the Land Bureau for the acquisition of a piece of land measuring 16,235 square metres located in Wubao Industrial Zone for a consideration of approximately RMB18,672,000 with other associated costs of approximately RMB1,671,000 charged by the local authorities. On 5 May 2008, Shishi City Government issued an approval for the acquisition of the said land by Shishi Simwa. The certificate of the land use rights has not yet been issued by the Land Bureau since 2008. The land was acquired for the purpose of constructing a new plant and facilities. Owing to the global economic crisis and economic slowdown in China, the construction of new plant was cancelled.

Based on the recent contact with the Land Bureau, the said land will be no longer suitable for constructing a new plant for fabric dyeing operation due to environment protection planning by the local government. Therefore, the Prepayment will be refunded by the Land Bureau in the coming months.

Due to the uncertainties surrounding the claims from three customers, 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
19 August 2016