CHINA FIBRETECH LTD.

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

RESPONSES TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED QUERIES ON THE RESIGNATION OF INDEPENDENT DIRECTOR

The Board of Directors (the "**Board**") of China Fibretech Ltd. (the "**Company**") refers to the queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") regarding the resignation of the Independent Director, Mr. Lim Yoke Hean ("**Mr. Lim**") on 27 January 2016, and wished to provide its response as follows:-

1. SGX-ST'S Query

Disclose details why and what management objected to AC Chairman for having AC conference call with the Company's external auditors.

Company's response

The Management is of the view that the Audit Committee ("**AC**") should have an internal meeting with the Management before having a conference call with the Company's external auditors in order to understand the Management's view and have a basic understanding in relation to matters raised by the Company's external auditors. Mr. Wu Dezhi, as a member of AC was not invited to attend the conference call with the Company's auditors.

The AC has explained to Management that the external auditors have the right to request to meet with the AC in the absence of Management at any time and highlighted that this is always carried out at least once every year so AC does not consider that there is anything inappropriate for AC to meet with external auditors in the absence of Management. AC has thereafter engaged the Management to seek clarification and afforded Management the opportunity to present their positions and explanations.

2. SGX-ST's Query

Why was management concerned about AC Chairman's call with auditors.

Company's response

The Management is not concerned about AC Chairman's call with auditors. However, the Management is of the view that the Audit Committee should have an internal meeting with the Management before having a conference call with the Company's external auditors in order to understand the Management's view and have a basic understanding in relation to matters raised by the Company's external auditors.

3. SGX-ST's Query

What were the matters discussed that management objected to.

Company's response

The Management objects the sequence of holding teleconference calls with the Management and the Company's external auditors arranged by the Audit Committee as the Management is of the view that the Audit Committee should have an internal meeting with the Management before having a conference call with the Company's external auditors in order to understand the Management's view and have a basic understanding in relation to matters raised by the Company's external auditors.

4. SGX-ST's Query

Who is the Company's senior finance manager that management insisted should be included in the meeting with auditors and what is the specific role and responsibility of the senior finance manager in the matter under review by the AC.

Company's response

The Company's senior finance manager is Mak Chi Shing as executive support to the senior management and the AC in relation to the matter under review by the AC.

The management is of the view that the Company's senior finance manager should be included in the meeting with auditors due to the following reasons:

i) The Company's senior finance manager is able to explain should there be any questions raised; and

ii) The Audit Committee can directly have both sides' explanation instead of unilateral explanation from the Company's external auditor.

5. SGX-ST's Query

Why is the Company unable to pay outstanding director fee when the Company's cash at balance of RMB 449.116 million was significant as at 30 September 2015.

Company's response

Due to strengthening of remittance control in China, the application of remittance to the Company's bank account in Singapore is still being processed by the subsidiary's bank, Agricultural Bank of China, in China. Hence, the Company is still unable to pay the outstanding director fee.

6. SGX-ST's Query

As independent director would play an important role in exercising objective judgement independently from management to safeguard the interest of the Company and shareholders, why is Mr Lim Yoke Hean stepping down in the midst of the Company's investigation into claims by customers as announced on 30 November 2015.

Company's response

According to Mr. Lim, his decision to step down was based on reasons stated in the announcement dated 27 January 2016. It was not prompted by the events of customers' claims.

7. SGX-ST's Query

What steps are the Company taking to re-appoint new independent director and the timeline.

Company's response

The Company will actively identify a suitable candidate and will make an announcement to update shareholders on the appointment of the new independent director in due course.

BY ORDER OF THE BOARD

Wu Xinhua
Executive Chairman and CEO
2 February 2016