

**CAUTIONARY STATEMENT FROM
THE INDEPENDENT DIRECTOR OF THE COMPANY**

The Company's sole Independent Director and Audit Committee Member, Mr Low Wai Cheong, (the "**Independent Director**") of China Fibretech Limited (the "**Company**") refers to the announcement of even date releasing the Company's fourth quarter and full year ended 31 December 2016 ("**4Q2016** and **FY2016**") financial statements and to the Company's announcements dated 8 April 2016 on auditor's findings and the update on customers' claims.

The Independent Director would like to highlight that due to the unresolved issues over the auditor's findings, the Independent Director was unable to form a view on the **4Q2016** and **FY2016** financial statements of the Company and its subsidiaries (the "**Group**"). In particular, the Independent Director was unable to:

1. **form a view on the validity of these 3 customers claims, payments made to these 3 customers on 28 September 2016, whether the corresponding expense in relation to the claims in the Group's financial statement are fairly stated for the financial period ended 30 September 2016**
2. **form a view on the existence of bank balances in the current account amounting to RMB466,963,958.91 in one of the Group's PRC Bank account as at 27 September 2016 which was purportedly used to pay the customers' claims.**
3. **form a view on the Group's and Company's ability to continue as a going concern owing to its declining revenue and losses, net cash outflows from operation of RMB444.7 million incurred, which may indicate significant uncertainty on the Group's and Company's ability to continue as a going concern.**

In the premises, the **4Q2016** and **FY2016** financial statements were considered by the Independent Director without making any recommendation to the Board for approval, and were considered by the Board and authorized for release by the Chairman and Executive Director of the Company, Mr Wu Xinhua, solely.

The Independent Director therefore urges investors to read the Company's **4Q2016** and **FY2016** financial statements with caution.

LOW WAI CHEONG
Independent Director/Member of Audit Committee
28 February 2017