

ADJUSTMENTS TO THE UNAUDITED SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016

The Board of Directors (the "**Board**") of China Fibretech Ltd. (the "**Company**") and its subsidiaries (the "Group") refers to the Company's announcement entitled "Second Quarter Financial Statements And Dividend Announcement For the Period Ended 30 June 2016 ("2Q2016")" ("2Q2016 Results Announcement") released on 15 August 2016, and wished to provide its update as follows:-

The Company proposes the following adjustments in the unaudited FY2015 Results Announcement due to the payment of compensation claim made to the Claimants on 28 September 2016 as announced on 29 September 2016. The Company will also be reflecting such adjusted figures in its audited FY2015 financial statements. The Company is in the midst of arranging the issuance of signed audited FY2015 financial statements although Independent Auditors, Messrs RT LLP, has indicated that a disclaimer opinion would be issued.

Pursuant to Rule 704 (5) of the SGX-ST Listing Manual, the following sections presents the adjustments proposed in the unaudited 2Q2016 Results Announcement.

A. Statements of financial position as at 30 June 2016

(Unaudited) RMB'000 (Unaudited) RMB'000 (Unaudited) RMB'000 (Unaudited) RMB'000 (Unaudited) RMB'000 (Unaudited) RMB'000 (Unaudited) RMB'000 (Unaudited) RMB'000 Note Assets and Liabilities 29,283 29,283 -<		The Group (Restated)		The Co (Restated)				
Assets and Liabilities Non-current assets Property, plant and equipment Land use rights 29,283 29,283 -		(Unaudited)	•		(Unaudited)	(Unaudited	•	Note
Property, plant and equipment Land use rights 29,283 29,283 - - - - Investment in subsidiaries - - - 102,370 (102,370) 1 Due from a subsidiary - - - - 79,898 (79,898) 2 Inventories 31,618 31,618 - - 182,268 (182,268) Current assets - <th< th=""><th>Assets and Liabilities</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></th<>	Assets and Liabilities							
Land use rights 2,335 2,335 - <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>								
Investment in subsidiaries - - - 102,370 (102,370) 1 Due from a subsidiary - - - 79,898 (79,898) 2 31,618 31,618 31,618 - - 182,268 (182,268) 2 Current assets Inventories 487 487 - - - 3 Prepayment and other receivables 20,403 20,403 20,403 60 60 - 3 Due from a subsidiary - - - 4,796 15,339 (10,543) 2 Cash and bank balances 450,267 450,267 - 7 7 - - - 3 Trade payables 745 745 - - - - 3 3 Current liabilities 6,307 6,307 2,188 2,188 - 3 Income tax payable - - - - - - - - - - - - - - - - <td></td> <td></td> <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td></td>				-	-	-	-	
Due from a subsidiary - - - 79,898 (79,898) 2 Current assets 1182,268 (182,268) (182,268) 2 Inventories 487 487 -		2,335	2,335	-	-	-	- (102.270)	4
31,618 $31,618$ $31,618$ $ 182,268$ $(182,268)$ Current assetsInventories 487 487 $ -$ Trade receivables $10,064$ $5,587$ $4,477$ $ 3$ Prepayment and other receivables $20,403$ $20,403$ $ 60$ 60 $ 3$ Due from a subsidiary $ 4,796$ $15,339$ $(10,543)$ 2 Cash and bank balances $450,267$ $ 7$ 7 7 $ 481,221$ $476,744$ $4,477$ $4,863$ $15,406$ $(10,543)$ Current liabilitiesTrade payables 745 745 $ -$ Provision for compensation $470,475$ $ -$ Accruals and other liabilities $6,307$ $6,307$ $2,188$ $2,188$ $-$ Income tax payable $ -$ Amount due to a subsidiary $ 490,427$ $19,952$ $470,475$ $7,084$ $7,084$ $-$ Net current (liabilities)/assets $(9,206)$ $456,792$ $(465,998)$ $(2,221)$ $8,322$ $(10,543)$ Net assets $22,412$ $488,410$ $(465,998)$ $(2,221)$ $190,590$ $(192,811)$ EquityShare capital $135,773$ $135,773$ $135,773$ $135,773$ $135,773$ $135,773$ <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td></td> <td></td>		-	-	-	-			
Inventories 487 487 $ -$	Due nom a subsidiary	31,618	31,618		-			2
Inventories 487 487 $ -$	0			-			_	
Trade receivables 10,064 5,587 4,477 - - 3 Prepayment and other receivables 20,403 20,403 - 60 60 - Due from a subsidiary - - 4,796 15,339 (10,543) 2 Cash and bank balances 450,267 450,267 - 7 7 - Cash and bank balances 450,267 450,267 - 7 7 - Cash and bank balances 450,267 450,267 - 7 7 - Mathematical Structures -		407	407					
Prepayment and other receivables 20,403 20,403 20,403 60 61		-		-	-	-	-	2
Due from a subsidiary Cash and bank balances4,79615,339 $(10,543)$ 2Cash and bank balances $450,267$ $481,221$ -77<				4,477	-	-		3
Cash and bank balances $450,267$ $481,221$ $450,267$ $476,744$ 7 7 $4,863$ 7 $15,406$ 7 $10,543$ Current liabilities 745 $17ade payables745470,475745470,475-470,475- --$		20,403	20,403	-			(10 543)	2
$\begin{array}{ c c c c c c c c c c c c c c c c c c c$	-	450 267	450 267	-			- (10,010)	2
Trade payables 745 745 745 - - - - - - - - - - - - - - 3 Accruals and other liabilities 6,307 6,307 6,307 2,188 2,188 - 3 Interest-bearing bank borrowings 12,900 12,900 - <t< td=""><td></td><td></td><td></td><td>4,477</td><td></td><td></td><td>(10,543)</td><td></td></t<>				4,477			(10,543)	
Provision for compensation 470,475 - 470,475 - - . 3 Accruals and other liabilities 6,307 6,307 6,307 2,188 2,188 -	Current liabilities							
Accruals and other liabilities 6,307 6,307 - 2,188 2,188 - Interest-bearing bank borrowings 12,900 12,900 -		745	745	-	-	-	-	
Interest-bearing bank borrowings 12,900 12,900 -<		470,475	-	470,475	-	-	-	. 3
Income tax payable -	Accruals and other liabilities	6,307	6,307	-	2,188	2,188	-	
Amount due to a subsidiary - - 4,896 4,896 - 490,427 19,952 470,475 7,084 7,084 - Net current (liabilities)/assets (9,206) 456,792 (465,998) (2,221) 8,322 (10,543) Net assets 22,412 488,410 (465,998) (2,221) 190,590 (192,811) Equity Share capital 135,773 135,773 - 135,773 135,773 - Reserves (113,361) 352,637 (465,998) (137,994) 54,817 (192,811)		12,900	12,900	-	-	-	-	
490,427 19,952 470,475 7,084 7,084 - Net current (liabilities)/assets (9,206) 456,792 (465,998) (2,221) 8,322 (10,543) Net assets 22,412 488,410 (465,998) (2,221) 190,590 (192,811) Equity Share capital 135,773 135,773 - 135,773 135,773 - Reserves (113,361) 352,637 (465,998) (137,994) 54,817 (192,811)		-	-	-	-	-	-	
Net current (liabilities)/assets (9,206) 456,792 (465,998) (2,221) 8,322 (10,543) Net assets 22,412 488,410 (465,998) (2,221) 190,590 (192,811) Equity Share capital 135,773 135,773 - 135,773 135,773 - Reserves (113,361) 352,637 (465,998) (137,994) 54,817 (192,811)	Amount due to a subsidiary	-	-	-	-			
Net assets 22,412 488,410 (465,998) (2,221) 190,590 (192,811) Equity Share capital 135,773 135,773 - 135,773 135,773 - Reserves (113,361) 352,637 (465,998) (137,994) 54,817 (192,811)		490,427	19,952	470,475	7,084	7,084		
Equity Share capital 135,773 135,773 - 135,773 135,773 - Reserves (113,361) 352,637 (465,998) (137,994) 54,817 (192,811)	Net current (liabilities)/assets	(9,206)	456,792	(465,998)	(2,221)	8,322	(10,543)	
Share capital135,773135,773135,773135,773-Reserves(113,361)352,637(465,998)(137,994)54,817(192,811)	Net assets	22,412	488,410	(465,998)	(2,221)	190,590	(192,811)	
Share capital 135,773 135,773 135,773 135,773 - Reserves (113,361) 352,637 (465,998) (137,994) 54,817 (192,811)	Equity							
Reserves (113,361) 352,637 (465,998) (137,994) 54,817 (192,811)		135,773	135,773	-	135,773	135,773	-	
	•	•		(465,998)		,	(192,811)	
Total equity22,412488,410(465,998)(2,221)190,590(192,811)	Total equity	22,412	488,410	(465,998)	(2,221)	190,590	(192,811)	

- Note 1: The decrease in investment in subsidiaries was mainly due to allowance for impairment loss of investment in subsidiaries of RMB102,370,000 was recognised in FY2015. Subsidiaries of the Company was resulted in a negative net tangible asset position resulting from the provision for claim by customers of RMB 470.474 million recorded in the FY2015. Pursuant to the Company's announcement dated 29 September 2016, the payment of compensation has been made to the Claimants on 28 September 2016.
- Note 2: The decrease in non-current and current amount due from a subsidiary was mainly due to allowance for impairment loss of non-current and current amount due from a subsidiary of RMB79,898,000 and RMB10,543,000 respectively were recognised in FY2015. A subsidiary of the Company was resulted in a negative net tangible asset position resulting from the provision for claim by customers of RMB 470.474 million recorded in the FY2015. Pursuant to the Company's announcement dated 29 September 2016, the payment of compensation has been made to the Claimants on 28 September 2016.
- Note 3: The increase in provision for compensation of RMB 465.998 million was mainly due to provision for claim by customers of RMB 470.475 million and reversal of provision of doubtful debts of RMB4.477 million. Pursuant to the Company's announcement dated 29 September 2016, the payment of compensation has been made to the Claimants on 28 September 2016. Pursuant to the Company's announcement dated 22 November 2016, below are the details of payments made to the Claimants:

Customers	Compensation claimed RMB	Interest expenses # RMB	Trade receivables RMB	Net amounts paid RMB
石狮市爱利奴服饰有限公司	132,263,307.00	1,257,441.92	(2,314,997.45)	132,263,307.00
晋江市滨浪制衣织造有限公司	205,346,020.00	1,950,787.19	(838,441.45)	205,346,020.00
石狮市金太屋纺织服饰有限公司	128,339,053.00	1,219,221.01	(1,323,294.02)	128,339,053.00
Total	466,047,380.00	4,427,450.12	(4,476,732.92)	465,998,097.20

B. Statements of financial position as at 31 December 2015

		Group)(Unaudited) RMB'000	Difference RMB'000	(Unaudited)	mpany (Unaudited) RMB'000	Difference RMB'000	Note
Assets and Liabilities							
Non-current assets Property, plant and equipment Land use rights Investment properties	26,055 2,366	26,055 2,366	-	-	-	-	
Investment in subsidiaries Due from a subsidiary	- - 28,421	- - 28,421	- -	-	102,370 79,898 182,268	(102,370) (79,898) (182,268)	1 2
Current assets	816	816	_			_	
Trade receivables	15,175	10,698	4,477	-	-	-	3
Prepayment and other receivables Due from a subsidiary	20,687	20,687	-	120 4,796	120 15,339	- (10,543)	2
Cash and bank balances	450,127 486,805	450,127 482,328	- 4,477	23 4,939	23 15,482	- (10,543)	
Current liabilities							
Trade payables Provision for compensation	2,335 470,475	2,335	- 470,475	-	-	-	. 3
Accruals and other liabilities Interest-bearing bank borrowings	6,093 12,900	6,093 12,900	-	1,286	1,286	-	. 0
Income tax payable	12,900	177	-	-	-	-	
Amount due to a subsidiary	- 491,980	- 21,505	- 470,475	4,796 6,082	4,796 6,082	-	
Net current assets	(5,175)	460,823	465,998	(1,143)	9,400	(10,543)	
Net assets	23,246	489,244	465,998	(1,143)	191,668	(192,811)	
Equity							
Share capital Reserves	135,773 (112,527)	135,773 353,471	- (465,998)	135,773 (136,916)	135,773 55,895	- (192,811)	
Total equity	23,246	489,244	(465,998)	(1,143)	191,668	(192,811)	

Note 1: Please refer to note 1 in A. Statements of financial position as at 30 June 2016.

Note 2: Please refer to note 2 in A. Statements of financial position as at 30 June 2016.

Note 3: Please refer to note 3 in A. Statements of financial position as at 30 June 2016.

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 25 February 2017