CHINA FIBRETECH LTD.

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

RESPONSE TO QUERY FROM SGX-ST

The Board of Directors (the "**Board**") of China Fibretech Ltd. (the "**Company**") and together with its subsidiaries (the "**Group**") would like to provide the following information in response to query from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in respect of the announcement entitled *"Financial Statements and Related Announcement: First Quarter Results"* announced on 15 May 2018.

Query A of the SGX-ST

It was disclosed that trade receivables amounted to RMB 6,262,000 – Please clarify why was the balance so high when the revenue amounted to RMB 2,350,000 for 1Q2018. Please provide the aging schedule as well as its identities.

Company's Response:

Trade receivables reported higher than Revenue for 1Q2018 was mainly attributed to slow collection from our debtors. Our AR aging reports as at 31st Mar 2018 are as follows

AR ageing as at 31 March 2018

Debtors	Total Outstanding	0-30days	30-60days	60-90days	90-120days	120-150days	Above 150days
福建峰达轻纺有限公司	360,446.56	95,000.35	0.00	265,446.21	0.00	0.00	0.00
泉州海天材料科技股份有限公司	627,421.28	225,110.33	0.00	402,310.95	0.00	0.00	0.00
厦门富新工贸有限公司	494,677.43	180,050.67	314,626.76	0.00	0.00	0.00	0.00
厦门华翼轻纺有限公司	819,959.10	313,566.33	0.00	506,392.77	0.00	0.00	0.00
厦门龙得鑫工贸有限公司	898,861.61	250,088.32	0.00	648,773.29	0.00	0.00	0.00
厦门市经达利针纺织造有限公司	428,590.74	0.00	428,590.74	0.00	0.00	0.00	0.00
厦门市万峰盛针纺织有限公司	413,444.69	200,650.78	0.00	0.00	212,793.91	0.00	0.00
厦门市伟中进出口有限公司	889,364.51	380,013.44	0.00	509,351.07	0.00	0.00	0.00
厦门市杏林顺兴针织有限公司	451,618.18	0.00	216,056.11	235,562.07	0.00	0.00	0.00
石狮市联杰布业发展有限公司	391,612.78	152,500.55	239,112.23	0.00	0.00	0.00	0.00
石狮市祥源织造有限公司	435,506.38	129,349.34	0.00	306,157.04	0.00	0.00	0.00
福建峰亿轻纺有限公司	49,997.16	0.00	0.00	49,997.16	0.00	0.00	0.00
Total	**6,261,500.42**	**1,926,330.11**	**1,198,385.84**	**2,923,990.56**	**212,793.91**	**0.00**	**0.00**

Query B of the SGX-ST

It was disclosed that prepayment and other receivables amounted to RMB 4,560,000 – Please provide a breakdown and reason for the significant amount outstanding. Please also provide the nature of the transactions which resulted in the significant amount of prepayment and other receivables.

Company's Response:

The prepayment of RMB4.56 million was made to a local Personal Protective Equipment (PPE) supplier, 福建省鸿山热电有限责任公司, in respect of the installation and reconstruction of air pollution system to meet the local authority requirements. As of to-date, no invoice has been received as there are still some minor defects to be resolved.

The installation of the system commenced on 18 September 2016 and was expected to be completed on 18 May 2017. However, as of to date, the equipment has not been able to conform to the Company requirement. The supplier is now working closely to rectify the issue and has assured the Company to complete the installation by end of FY2018.

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Query C of the SGX-ST

It was disclosed that the decrease in revenue was mainly due to the decrease in the fabric processed from 1,047 tonnes in 1Q2017 to 265 tonnes in 1Q2018 as a result of lower demand from the Company's customers. Please provide the reasons for the significantly lower demand.

Company's Response:

The significantly lower demand was attributed to lower order received from our existing customers as well as no order from new customer due to sluggish demand. The Company has also declared longer shut down for festive season holidays in view of poor demand.

Query D of the SGX-ST

It was disclosed that the increase in administrative expenses were due to the increase of directors fees and professional fees. Please provide details and comparative to previous corresponding periods on who are the directors receiving the increase in directors' fees and why.

Company's Response:

Below is the breakdown for director fees. The increase in director fees was due to increase in number of directors being appointed. Please note that these fees are only been accrued and not yet been paid.

Director Fees	Q1FY2017 RMB'000	Q1FY2018 RMB'000
Low Wai Cheong	50.00	-
Eric Choo Han Kiat	-	300.00
Bobby Tay Chiew Sheng	-	40.00
Leow Yong Kin	-	75.00
Toh Tiong San	-	62.50
Toh Hai Joo	-	21.53
Wu Xin Hua	-	50.00
Total	**50.00**	**549.03**

By Order of the Board

Choo Han Kiat, Eric
Executive Director
4 June 2018