



CHINA FIBRETECH LTD.

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

THE PROPOSED SHARE CONSOLIDATION OF EVERY FIFTY (50) ORDINARY SHARES OF PAR VALUE US\$0.04 EACH IN THE CAPITAL OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED BY THE BOARD OF DIRECTORS, INTO ONE (1) ORDINARY SHARE OF PAR VALUE US\$2.00 IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The board of directors (the “**Board**”) of China Fibretech Ltd. (the “**Company**”) wishes to announce that the Company proposes to undertake a consolidation of every fifty (50) ordinary shares of par value US\$0.04 each in the issued and authorised capital of the Company (including treasury shares) as at a books closure date (to be determined by the Directors) (the “**Books Closure Date**”) into one (1) ordinary share of par value US\$2.00 (the “**Consolidated Shares**”), fractional entitlements to be disregarded (the “**Proposed Share Consolidation**”).

2. THE PROPOSED SHARE CONSOLIDATION

2.1 General

The Company proposes to undertake the Proposed Share Consolidation pursuant to which the Company will consolidate every fifty (50) shares of par value US\$0.04 each into one (1) Consolidated Share, effective from a date to be determined by the Directors of the Company. Pursuant to the Proposed Share Consolidation, every fifty (50) shares of par value US\$0.04 each registered in the name of each Shareholder will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of shares of par value US\$0.04 each as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and all entitlements to fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated or otherwise dealt with in such manner and on such terms as the Directors may, in their absolute discretion, deem fit in the best interests of the Company (including but not limited to aggregating all or any of the fractions of Consolidated Shares and selling of the aggregated fractions of Consolidated Shares and the proceeds thereof paid to the Company for the Company’s benefit and/or a purchase by the Company of any or all of the fractions of Consolidated Shares and the proceeds thereof be retained by the Company for the Company’s benefit and the purchased Consolidated Shares cancelled). Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.

As at the date of this announcement, the Company has an issued and paid-up share capital of RMB135,773,000 comprising 448,789,625 ordinary shares of par value US\$0.04 each (excluding treasury shares), which are listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). On the assumption that there will be no new shares issued by the Company up to the Books Closure Date, following the implementation of the Proposed Share Consolidation, the Company will have an issued and paid-up share

capital of RMB135,773,000 comprising 8,975,792.5 Consolidated Shares (subject to rounding), excluding treasury shares.

The Proposed Share Consolidation will have no impact on the issued and paid-up share capital of the Company. The Proposed Share Consolidation will also not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

To facilitate Shareholders in trading in odd lots of the Consolidated Shares which may arise following the Proposed Share Consolidation, the Company has applied to the SGX-ST, and has received its approval on 26 March 2015, for the establishment of a temporary counter to allow Shareholders to trade in odd lots (board lot size of 1 ordinary share) for a period of 2 months.

2.2 Rationale for the Proposed Share Consolidation

(a) Reduction of the Magnitude of Volatility of the Share Price

The SGX-ST and the Monetary Authority of Singapore had introduced, with effect from March 2015, a minimum trading price of S\$0.20 for Mainboard-listed stocks as a continuing listing requirement (the "**MTP Requirement**").

Pursuant to the MTP Requirement, issuers who are unable to record a 6-month volume-weighted average price of its Shares of S\$0.20 or above at each of the quarterly review dates, which will first commence in March 2016, will be placed on the watch-list. Affected issuers who fail to take remedial actions during the cure period of 36 months may be delisted from the Mainboard of the SGX-ST.

Accordingly, the Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders in facilitating compliance with the MTP Requirement.

(b) Reduction of the Magnitude of Volatility of the Share Price

For the past six (6) calendar months prior to the Latest Practicable Date, the absolute price of the Shares had traded in a range of between S\$[0.031] and S\$[0.051]. As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), low traded Share prices translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, the low traded Share price may encourage speculation in the Shares, which may result in excessive Share price volatility. The Board therefore believes that the Proposed Share Consolidation may serve to reduce the fluctuation in magnitude of the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

(c) Increase in the Market Interest and Attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares outstanding resulting in a corresponding increase in the calculation of theoretical trading price per Consolidated Share and net tangible assets per Consolidated Share. The Proposed Share Consolidation may also increase the profile of the

Company amongst the institutional investors and the coverage of the Company amongst research houses and fund managers.

However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3 Approvals and Conditions

The Proposed Share Consolidation is subject to, *inter alia*, the approval from SGX-ST and the Shareholders at a special general meeting of the Company to be convened for this purpose.

An application will be made to the SGX-ST for permission to deal in and for the listing and quotation of the Consolidated Shares pursuant to the Proposed Share Consolidation on the Mainboard of the SGX-ST. An announcement on the outcome of the application will be made in due course.

Subject to receipt of the approval in-principle from the SGX-ST, a circular containing, *inter alia*, further information on the Proposed Share Consolidation, will be despatched to Shareholders in due course.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation (other than through their respective shareholdings in the Company).

4. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their existing Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Wu Xinhua
Executive Chairman and CEO
28 March 2015