

CHINA GAOXIAN FIBRE FABRIC HOLDINGS LTD.

(中国高纤控股有限公司)

(Company Registration No. 200817812K)

(Incorporated in Singapore on 9 September 2008)

FURTHER INFORMATION ON THE COMPANY'S ANNOUNCEMENT DATED 23 NOVEMBER 2017

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Company's Third Quarter Results for the financial period ended 30 September 2017 which was released to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 14 November 2017 ("3QFY2017 Results Announcement") and Company's Response announcement released on 23 November 2017 ("Company's Response").

The Board of Directors (the "**Board**") of China Gaoxian Fibre Fabric Holdings Ltd. (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the Company's Response and wishes to provide further information as follows:-

SGX-ST's questions:-

1. *It was disclosed on page 2 of the Company's Response to SGX's Query 3 that "Other receivables from leasees referred to working capital loans to Huali Warp Knitting Factory ("Huali") of RMB3.2 million and Fujian Yunfeng Textile Co., Ltd ("Yunfeng") of RMB5.6 million". We note in Note 11(c) of the Notes to Financial Statements of FY2016 Annual Report of the Group that the working capital loans to the leasees were due in August 2017 (after two 12-month extensions from first due date in end August 2015). Please elaborate on:*

- (a) the reasons for delay in collections from the leasees; and*
- (b) whether the leasees will be able to repay and the basis of such view.*

Company's response:-

- (a) Both Huali and Yunfeng requested the Group to extend the settlement deadlines so that they can support their working capital requirements.*
 - (b) The Group has reached the final settlement agreements with Huali and Yunfeng that all outstanding balances will be settled by 31 December 2017 and the owners of Huali and Yunfeng are prepared to provide personal guarantees if it is required by the Group.*
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2. *It was disclosed on page 3 of the Company's Response to SGX's Query 3 that advance to third party (non-trade) is referred to non-trade advance extended to Huarui China Sewing Thread Co., Ltd ("Huarui"). The Group has entered into a Multi-Party Settlement Agreement between the Group, the non-trade advance to a third party (Huarui) of RMB34.7 million and the non-trade advances from third parties of RMB26.4 million to settle the multi-parties debts.*
 - (a) Please elaborate on reasons for providing non-trade advance to Huarui and how this advance in the interest of the Company.*
 - (b) Please disclose the identities of the third parties whom provided non-trade advances to the Group, how they are related to Huarui and the reasons why they agreed to enter into a Multi-Party Settlement Agreement.*
 - (c) We note the balance of non-trade advance to Huarui was RMB8.3 million as at 6 June 2017 after Multi-Party Settlement Agreement was entered into. However, this balance has increased to RMB24.4 million as at 30 September 2017 and subsequently settled in full as at 23 November 2017, being the date of the Company's Response.*

- (i) Please provide an explanation for the increase in non-trade advance to Huarui from RMB8.3 million as at 6 June 2017 to RMB24.4 million as at 30 September 2017.*
- (ii) Please disclose how the balance of RMB24.4 million as at 30 September 2017 subsequently settled.*

Company's response:-

- (a) The Group has extended the non-trade advances to Huarui at the request of the Group's third party creditors (for an equivalent advances which due from the Group to the mentioned third party creditors), with the undertakings from the mentioned third party creditors that these non-trade advances will be settled under multi-party settlement agreements.
- (b) These third parties were Youli Trading Co., Ltd, Huayi International Trading Co., Ltd, Shanghai Lijing Trading Co., Ltd, Huao Fiber Tech Co., Ltd, and Henghe Trading Co., Ltd. The Group noted that these third parties owed monies to Huarui.
- (c) (i) The Group has extended the non-trade advances to Huarui at the request of the Group's third party creditors (for an equivalent advances which due from the Group to the mentioned third party creditors), with the undertakings from the mentioned third party creditors that these non-trade advances will be settled under multi-party settlement agreements.
- (c) (ii) The non-trade advances were settled partially by cash and partially under multi-party settlement agreement.

None of the Company's directors, substantial shareholders, legal representative, Mr Cao Xiangbin or their respective associates is related to any of the persons in or (in the case of individuals) their associates or (in the case of companies, partnerships or proprietorships) directors, substantial shareholders, legal representative or management.

- 3. *It was disclosed on page 3 of the Company's Response to SGX's Query 3 that non-trade amounts due from 5 third parties were referring to non-trade advances extended to 5 third parties, namely Youli Trading Co., Ltd, Huayi International Trading Co., Ltd, Shanghai Lijing Trading Co., Ltd, Huao Fiber Tech Co., Ltd and Henghe Trading Co., Ltd. It was further disclosed on page 4 of the Company's Response to SGX's Query 4 that the non-trade amounts due to a third party referred to the non-trade amount due to Fujian Huawei Chemical Fiber Dyeing Co., Ltd ("Fujian Huawei"). The Company also mentioned that subsequent to the date of 3QFY2017 Announcement, the Group has entered into a Multi-Party Settlement Agreement between the Group, the 5 third parties and Fujian Huawei. Please elaborate on:***

- (a) the reasons for providing non-trade advances to these 5 third parties and how these advances in the interest of the Company;*
- (b) the reasons for getting non-trade advances from Fujian Huawei; and*
- (c) how Fujian Huawei is related to these 5 third parties and the reasons why Fujian Huawei agreed to enter into a Multi-Party Settlement Agreement.*

Company's response:-

- (a) The Group has extended the non-trade advances to the mentioned five third parties at the request of the Group's creditor, Fujian Huawei (for an equivalent advances which due from the Group to Fujian Huawei), with the undertakings from Fujian Huawei that these non-trade advances will be settled under multi-party settlement agreements.
- (b) The Group has obtained non-trade advances from Fujian Huawei to meet its working capital requirements. The non-trade advances are interest-free, unsecured and repayable on demand.

(c) The Group noted that Fujian Huawei owned monies to the mentioned five third parties.

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BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director

1 December 2017