

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 FULL YEAR RESULTS ANNOUNCEMENT DATED 1 MARCH 2019

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Company's Full Year Results for the financial year ended 31 December 2018 which was released to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 March 2019 ("**Full Year FY2018 Results Announcement**").

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 Full Year FY2018 Results Announcement and wishes to provide further information as follows:-

SGX-ST's questions:-

1. In the Income Statement reported in the Company's Financial Statements for the year ended 31 December 2018 ("FY2018") announced on 1 March 2019, "Financial income" from Continuing Operations amounted to RMB9.4 million for 4Q2018 and RMB13.4 million for FY2018. Please provide a breakdown of these items in comparison with previous corresponding period and a discussion of the material items. Please elaborate to whom this amount is to be received and when was the amount due and whether the payment of this "Financial income" had been received to-date;

Company's response:-

The Group's financial income for 4Q2018 and FY2018 should read as RMB 1,000 and RMB 1,000 respectively, which was generated from the interest income earned from fixed deposits pledged during the financial period/year.

	4Q2018 RMB'000	4Q2017 RMB'000	Change %	FY2018 RMB'000	FY2017 RMB'000	Change %
Continuing operations						
Financial income	9,420	629	N.M. ⁽¹⁾	13,421	651	N.M. ⁽¹⁾
Reclassified to "Loss from discontinued operations"	(9,419)	-	N.M. ⁽¹⁾	(13,420)	-	N.M. ⁽¹⁾
Financial income (restated)	1	629	N.M. ⁽¹⁾	1	651	N.M. ⁽¹⁾

Note:

(1) Not meaningful

2. General and Administrative Expenses from Continuing Operations amounted to RMB3.9 million in 4Q2018 and RMB13.6 million for FY2018. Please provide a breakdown of these items in comparison with previous corresponding period and a discussion of the material items.

Company's response:-

The Group's general and administrative expenses from Continuing Operations for 4Q2018 and FY2018 are summarised as below.

	4Q2018 RMB'000	FY2018 RMB'000
Amortisation and depreciation	2,901	9,315
Compliance and listing expenses	603	2,733
Other expenses	365	1,329
Total	3,869	13,377

3. Financial expense amounted to RMB5.9 million in 4Q2018 and RMB10.0 million in FY2018, an increase of 191% and 87% respectively from the corresponding periods in 2017. If Company has classified all its business as “Discontinued operations” and has not recorded any revenue from its “Continuing operations”, please explain why it is still incurring financial expenses for its continuing operations. Please disclose the nature of the underlying item which resulted in the financial expenses and the use of proceeds from the associated liabilities. Please explain why this financial expense is not borne by Huaxiang, the “Discontinued operations” instead if this loan pertains to loans taken up for Huaxiang’s operations, where applicable.

Company’s response:-

The Group’s financial expense for 4Q2018 and FY2018 should read as RMB 1.15 million and RMB 5.24 million respectively, which was charged by the lenders of the Continuing Group.

	4Q2018 RMB’000	4Q2017 RMB’000	Change %	FY2018 RMB’000	FY2017 RMB’000	Change %
<u>Continuing operations</u>						
Financial expense	5,931	2,030	N.M.	10,025	5,345	N.M.
Reclassified to “Loss from discontinued operations”	(4,783)	-	N.M.	(4,783)	-	N.M.
Financial expense (restated)	1,148	2,030	-43%	5,242	5,345	-2%

4. In the Balance Sheet on page 5, property, plant and equipment amounted to RMB46.3 million and land use rights prepayments amounted to RMB9.2 million as at 31 December 2018. Please provide details of each of these items and disclose if these non-current assets will be retained by the Company after disposal of Huaxiang, the “Discontinued operations”.

Company’s response:-

Property, plant and equipment of the Group as at 31 December 2018 comprised the following items:

	31 Dec 2018 RMB’000
Production and office buildings	40,288
Plant and machinery	5,980
Total	46,268

The Group’s land use rights prepayments as at 31 December 2018 was relating to 吴兴区八里店镇升山村（织西分区 ZX75-1 号地块）with floor area of 34,063 square metres and have remaining lease period of 49 years (commenced on 3 December 2008 and expiring on 2 December 2058). These non-current assets will be retained by the Company after disposal of Huaxiang, the “Discontinued operations”.

5. In the Balance Sheet, “Short term loans” amounted to RMB388.7 million. Please elaborate why these items have not been classified as part of “Discontinued operations” and disclose whether these loans were taken up for the benefit of and used for Huaxiang.

Company’s response:-

The Group’s short term loans as at 31 December 2018 should read as RMB46.27 million.

	31 Dec 2018 RMB’000
Short term loans	388,722
Reclassified to “ <i>Liabilities directly associated with disposal group classified as held for sale</i> ”	(334,022)
Short term loans (restated)	46,268

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
8 March 2019