

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)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

*China Gaoxian Fibre Fabric Holdings Ltd. (the “**Company**”) was placed on the watch-list under financial entry criteria pursuant to Rule 1311(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) with effect from 3 March 2016. The Company was placed on the watch-list under minimum trading price entry criteria pursuant to Rule 1311(2) of the Listing Manual of the SGX-ST with effect from 5 June 2017.*

Pursuant to Rule 1313(2) of the Listing Manual of the SGX-ST, the Board of Directors (the “**Board**”) of the Company wishes to provide the following updates:

Update on the Group’s financial situation

The Group’s continued operation including the company, Huagang, and Guangda which are currently inactive. Therefore, there is no revenue and corresponding cost of sales.

The Group registered a loss of RMB 0.39 million for 1QFY2019.

As at 31 March 2019, the cash and cash equivalents was RMB 0.69 million.

For more details on the financial position of the Company, please refer to the 1QFY2019 Results Announcement.

Update on Future Direction

From a macro perspective, the Company believes that the market conditions in the PRC remain challenging for the next twelve months in view of the looming trade disputes between the PRC and the United States of America and the impending global tightening monetary policy. The Company expects that the PRC’s economy will remain sluggish in the foreseeable future.

The AC and the Board have considered various options to revive the Company. On 27 July 2018, the Company announced that the Company’s wholly owned subsidiary, Zhejiang Huagang Polyester Industrial Co., Ltd. (“**Zhejiang Huagang**”) plans to upgrade its existing production facilities and ancillary machinery and equipment for the production and sales of new Fully Drawn Yarn (“**FDY**”) products and new Partially Oriented Yarn (“**POY**”) products, which include Fire-Retardant POY, Nylon Filament POY, Black Yarn FDY, High shrinkage FDY and Regenerated FDY (the “**Project Huagang**”) in response to the increased demand in the People’s Republic of China and technology readiness for the production of new FDY and POY products.

In contrast with the Huaxiang Project, the Huagang Project requires relatively lesser capital to upgrade its existing production plant and machinery for its production based on the projections made by Management. The products to be produced from the Huagang Project are mainly sold to fabric manufacturers who produce: (i) environmental friendly fabric, and (ii) fire resistant fabric, pursuant to the increased demand in the PRC and technology readiness. This is a niche market where the Management believes the Company can generate a stable income.

Further to the Company’s previous announcement on 28 February 2019, the Company has been informed by the SGX-ST that the Company’s subsequent application for an extension of time to meet the financial exit criteria set out in Rule 1314(1) of the Listing Manual of the SGX-ST has been rejected. The Company will hence be required to delist from the Main Board of the SGX-ST. Trading in the Company’s securities have been suspended since 2 April 2019.

The Company and its controlling shareholder(s) are taking the necessary steps to comply with Listing Rule 1309 of the Listing Manual of the SGX-ST which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders of the Company. Details of the steps to be taken by the

Company or its controlling shareholder(s) to comply with Listing Rule 1309 of the Listing Manual will be announced to shareholders of the Company in due course.

Further to the Company's previous announcement on 8 May 2019, the proposed disposal of the entire issued and paid-up share capital of Huaxiang China Gaoxian International Holdings Limited (the "**Proposed Disposal**") has been terminated. The non-completion of the Proposed Disposal is due to the conditions precedents to the SPA not having been fulfilled or waived by the Long-Stop Date.

Save for the above and as previously announced, there are no other material developments that may have a significant impact on the financial position of the Company or on its future direction.

The Board will update shareholders on any material developments in due course and the Company will make further announcements as and when there are any subsequent developments.

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
15 May 2019