

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 FIRST QUARTER RESULTS ANNOUNCEMENT
DATED 15 MAY 2017**

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Company's First Quarter Results for the financial period ended 31 March 2017 which was released to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 15 May 2017 ("1QFY2017 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 1QFY2017 Results Announcement and wishes to provide further information as follows:-

SGX-ST's questions:-

1. ***It was disclosed on Page 12 of the 1QFY2017 Results Announcement that there was an "Advance to third parties (non-trade) of RMB 34.7 million". Please:***
 - i) explain who are these "third parties (non-trade)";***
 - ii) disclose the identity of the borrower;***
 - iii) explain the rationale and reasons for the advance;***
 - iv) disclose the terms of the advance, explain how such an advance is in the ordinary course of business and whether the borrower is able to repay the advance; and***
 - v) disclose whether the Board of Directors had approved the advance.***

Company's response:-

This amount is referred to as non-trade advance extended to a third party, namely, Huarui China Sewing Thread Co., Ltd, was unsecured, interest-free and repayable at demand. This advance was disclosed in the Notes to the Financial Statements No.11 of FY2016 Audited Report, which was approved by the Board of Directors. Subsequent to the date of 1QFY2017 Announcement, the Group has entered into a Multi-Party Settlement Agreement between the Group, the third party receivables (i.e., non-trade advance to a third party of RMB 34.7 million) and the third party payables (i.e., non-trade advances from third parties of RMB 26.4 million) to settle multi-parties' debts. As at date of this Announcement, the net non-trade advances extended to third parties are approximately RMB 8.3 million.

2. ***It was disclosed on Page 13 that there were "Non-trade amounts due to five 3rd parties suppliers of RMB 26.4 million". Please explain why these amounts owing to suppliers are deemed as "non-trade" and explain what is the nature of the transactions.***

Company's response:-

This amount is referred to as non-trade advances from third parties for the Group's working capital requirements are interest-free, unsecured and repayable on demand. Non-trade advances are nil balance as at date of this Announcement. Please refer to the Company's response on Item No. 1 for more details.

3. ***Please provide further information on the "Non-trade amount due to a third party supplier in respect of the Huaxiang Project amounting to RMB 21.0 million".***

Company's response:-

This amount is referred to non-trade amount due to a third party, our main contractor for Huaxiang project, was unsecured, interest-free and repayable on demand.

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
6 June 2017