

CHINA GAOXIAN FIBRE FABRIC HOLDINGS LTD.

(中国高纤控股有限公司)

("Company")

(Company Registration No. 200817812K)

(Incorporated in Singapore on 9 September 2008)

INCORPORATION AND ACQUISITIONS OF SUBSIDIARIES

The Board of Directors ("**Board**") of China Gaoxian Fibre Fabric Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce the following:-

1. The Company's wholly-owned subsidiary, Fujian New Huawei Fibre Dyeing Co., Ltd, had incorporated Huzhou Huaxiang Properties Co., Ltd. ("**Huzhou Huaxiang**") in the People's Republic of China ("**PRC**") with a registered capital of RMB10 million.

The principal activity of Huzhou Huaxiang is real estate development and property management in the PRC. The purpose for the incorporation of Huzhou Huaxiang is to manage the office property of the Huaxiang Project ("**Office Property**"), in accordance with the Group's intention for the disposal/lease of the Office Property set out in the Company's Circular to shareholders dated 29 May 2013.

2. The Company's wholly-owned subsidiary, Huaxiang (China) Premium Fibre Co., Ltd. ("**Huaxiang China**") had entered into separate share transfer agreements to acquire 100% equity interest of two shelf companies which were incorporated in the PRC, namely, Changle Bole Trading Co., Ltd. ("**Changle Bole**") and Changle Guangda Trading Co., Ltd. ("**Changle Guangda**") respectively.

The principal activities of Changle Bole and Changle Guangda are trading of textiles, construction, clothing and shoes materials, textile machinery and spare parts, hardware mechanical and electrical appliances and daily necessities, including trading and acting as purchase and sales agent for the importation and exportation of different goods and technologies.

The registered capital of Changle Bole and Changle Guangda was RMB3.03 million respectively during the acquisitions. Changle Bole's registered capital had subsequently been increased to RMB100 million.

Pursuant to the terms of the share transfer agreements, Huaxiang China had acquired 100% equity stake in Changle Bole and Changle Guangda for a consideration of RMB3.03 million respectively which was arrived at a "willing-buyer-and-willing-seller" basis, after taking into consideration, *inter alia*, the net book value of Changle Bole and Changle Guangda. In addition, Huaxiang China will pay an introducer fee totalling RMB60,000 to the introducer, an independent third party. The net book value of Changle Bole and Changle Guangda are RMB3.03 million respectively.

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The incorporation of Huzhou Huaxiang and the acquisitions of Changle Bole and Changle Guangda including the increase in the registered capital of Changle Bole will be funded by the Group's internal resources and are not expected to have any material impact on the Group's earnings per share or net tangible assets for the current financial year ending 31 December 2014.

None of the Company's Directors or Controlling Shareholder has any interest, direct or indirect, in the aforesaid transactions (other than their shareholdings in the Company).

BY ORDER OF THE BOARD

Toh Li Ping, Angela
Company Secretary
17 July 2014