

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)

MATERIAL DIFFERENCES BETWEEN THE UNAUDITED FINANCIAL STATEMENTS AND ADJUSTED UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 announcement released on 1 March 2019 in relation to its unaudited full year financial statements for the financial year ended 31 December 2018 ("**FY2018**") (the "**Unaudited Results**").

The Company would like to highlight that there were certain material differences between the adjusted unaudited full year financial statements of the Group for FY2018 ("**Adjusted Unaudited Results**") and the Unaudited Results following the termination of the proposed disposal of the entire issued and paid-up share capital of Huaxiang China Gaoxian International Holdings Limited (the "**Proposed Disposal**") as announced on 8 May 2019.

The material differences between the Adjusted Unaudited Results and the Unaudited Results and the explanation thereon are set out as follows:

Consolidated Statement of Comprehensive Income for FY2018

The Group	Unaudited 12 months ended				Explanation
	Adjusted Unaudited Results RMB'000	Previously announced RMB'000	Variance		
			RMB'000	%	
Loss from discontinued operations, net of tax	(157,071)	(63,874)	(93,197)	-145%	Note A
Net profit/loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company	(166,561)	(73,364)	(93,197)	-122%	Note A

Financial Position as at 31 December 2018

The Group	As at 31 December 2018				Explanation
	Adjusted Unaudited Results RMB'000	Previously announced RMB'000	Variance		
			RMB'000	%	
Assets of disposal group classified as held for sale	2,547,128	1,742,260	804,868	46.20%	Note A
Liabilities directly associated with disposal group classified as held for sale	(3,014,548)	(1,859,489)	(1,155,059)	62.12%	Note A
Accumulated losses	2,431,248	2,338,051	93,197	3.99%	Note A

Note A:

Certain financial adjustments have been recorded to reflect the financial impact arising from the termination of the Proposed Disposal as announced on 8 May 2019.

BY ORDER OF THE BOARD

China Gaoxian Fibre Fabric Holdings Ltd.
Tham Wan Loong, Jerome
Executive Director

23 May 2019

Cautionary Note:

On 27 February 2019, SGX has directed the Company to delist from the official list of the SGX-ST as the Company does not meet the criteria to exit from financial Watch-List. The Company's shares have been suspended from trading since 2 April 2019.

As announced on 8 May 2019, the Proposed Disposal has been terminated. The termination of SPA is expected to have a material impact on the Group's consolidated financial statements for the financial year ended 31 December 2018 and for the current year ending 31 December 2019. As such, the Company's management is required to devote considerable amount of time and effort in consolidate and finalise the unaudited financial results for FY2018 and 1QFY2019.

In addition, the Audit Committee ("AC") is seeking for the advice from the relevant professional party (i.e. auditors) for the appropriate accounting treatment on the Group's consolidated financial statements for the financial year ended 31 December 2018 and for the current year ending 31 December 2019 following the termination of the SPA. The AC has enquired the management on the probable material impact on the Group's consolidated financial statements and the management has requested more times to assess and complete the works.

This announcement was prepared on the best effort basis. Shareholders are advised to read this announcement carefully.