

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)

FURTHER INFORMATION ON THE COMPANY'S ANNOUNCEMENT DATED 7 SEPTEMBER 2014

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Company's announcement dated 7 September 2014 ("**Prior Announcement**").*

The Board of Directors ("**Board**") of China Gaoxian Fibre Fabric Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to Prior Announcement and wishes to provide further information as follows:-

SGX's questions:

- 1. The Company clarified on 7 September 2014 that it was required to acquire a Non-Performing Loan extended by Citic Bank to Fujian DiBang Group Co., ("DB"), and which was secured by DB assets, comprising RMB40.63 million equity shares in Rural Commercial Bank of Fuzhou and a commercial unit on the 12th floor of Fuzhou Wuyi Centre Building. In view of this, please disclose:-***

(a) Details of DB and its business activities;

Company's answer to question 1(a):-

Based on publicly available information, DB is a wholly-owned subsidiary of Skyban International Holdings Limited, which is in turn wholly-owned by DBA Telecommunication (Asia) Holdings Limited ("**DBA**"), a company listed on the Stock Exchange of Hong Kong Limited ("**SEHK**").

To the best knowledge of the Company and based on the information publicly available on the websites of SEHK and DBA, DBA is principally engaged in ownerships and operations of smart payment terminals in China. In addition, the DBA and its subsidiaries ("**DBA Group**") also designs and manufactures smart card vending machines, public telephone booths, Automated Teller Machines (ATM) booths and Fiber To The Home (FTTH) products etc.

(b) Reasons for DB's inability to repay the loans and for how long has DB defaulted on the loans;

Company's answer to question 1(b):-

To the best knowledge of the Company and based on DBA's announcement dated 22 July 2014, trading in the shares of the DBA has been suspended with effect from 6 June 2013. Based on the aforesaid announcement, the Company further understands that DBA has been facing difficulties in the business operations of its PRC subsidiaries given the following:-

- labour disputes from the layoff of the employees in the respective subsidiaries of DBA from October 2013; and

- (ii) lack of working capital of DBA Group to carry out its normal operations due to (a) failure to achieve functionality upgrade and replacement of the intelligent self-service terminals of DBA Group, which consumed much funds and impacted the operating cash flows of the DBA Group; and (b) low confidence of the DBA Group's banks, which ceased and terminated certain borrowings extended to DBA Group.

To the best knowledge of the Company, to-date, DB had defaulted the Non-Performing Loan for 14 months.

(c) Details of the terms of the Non-Performing Loan;

Company's answer to question 1(c):-

Based on the information currently available to the Company, the principal amount outstanding under the Non-Performing Loan was approximately RMB77.2 million. In this regard, New Huawei is still in the process of taking over the agreement(s)/document(s) relating to the Non-Performing Loan from China Huarong, including the obtaining of the relevant loan documentation. Further updates on the terms of the Non-Performing Loan will be provided to shareholders once the loan documentation relating to Non-Performing Loan has been obtained.

(d) Value of the RMB40.63 million equity shares in Rural Commercial Bank of Fuzhou and the value of the commercial unit on the 12th floor of Fuzhou Wuyi Centre Building;

Company's answer to question 1(d):-

As mentioned in item 5 of the Prior Announcement, there was no separate valuation commissioned by the Company for assessing the value of the Non-Performing Loan.

However, there was a valuation obtained by Citic Bank and/or China Huarong for the DB Assets and the Company is in the process of getting a copy of the valuation report from China Huarong. The Company will update shareholders of the valuation of the abovementioned property once it has obtained the same.

(e) How the payment of RMB83.9 million will be recorded in the Company's financial statements and how the expenses relating to the acquisition and the Non-Performing Loans would impact the Company's income statement.

Company's answer to question 1(e):-

Following the clarification made in the Prior Announcement, the Company will reclassify RMB80.7 million, previously classified as "non-current prepayments" to "trade and receivables" under "current assets". The remaining consultancy fee of approximately RMB3.2 million paid to China Huarong, previously classified under "non-current prepayments" will be recognised as "consultancy fees" in the consolidated income statement. There is no material impact on the Group's financial statements arising from the above reclassifications.

2. ***The acquisition of the Non-Performing Loan is not in the ordinary course of business. Please disclose the information required under Listing Rule 1010 if the threshold under Listing Rule 1006 exceeds 5%.***

Company's answer to question (2):

Details of the acquisition of the Non-Performing Loan ("Acquisition")

As mentioned in item 1(c) above, New Huawei is still in the process of taking over the agreement(s)/document(s) relating to the Non-Performing Loan from China Huarong, including the obtaining of the relevant loan documentation. Further updates on the terms of the Non-Performing Loan and the acquisition thereof will be provided to shareholders once the aforesaid loan documentation has been obtained.

Purchase consideration

The purchase consideration paid by New Huawei to China Huarong for the Non-performing Loan amounts to RMB83.9 million and was funded by the Group's internal resources.

The abovementioned consideration was arrived at based on the aggregate of (i) the RMB77.2 million amount outstanding under the Non-Performing Loan, (ii) the accrued unpaid interest of approximately RMB3.5 million, and (iii) a fee of approximately RMB3.2 million levied by China Huarong for the transfer of the Non-performing Loan.

Value of the assets acquired

As mentioned in item 5 of the Prior Announcement, there was no separate valuation commissioned by the Company to assess the value of the Non-Performing Loan. However, the Company understands that there was a valuation obtained by Citic Bank on the DB Assets and the Company is in the process of obtaining a copy of the valuation report from China Huarong. Further updates will be provided to shareholders once the valuation report for the DB Assets has been obtained.

Effect of the Acquisition on the net tangible assets and earnings per share

- Assumptions**

The financial effects on the net tangible assets (the "NTA") per share and the earnings per share (the "EPS") of the Group are set out below. The financial effects which have been prepared based on the audited consolidated financial statements of the Group for its financial year ended 31 December 2013 ("FY2013"), are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the completion of the Acquisition.

- NTA**

For illustrative purposes only and assuming that the Acquisition had been completed at the end of FY2013, the effects of the Acquisition on the NTA of the Group for FY2013 are as follows:-	Before the Acquisition	After the Acquisition
NTA (RMB'000)	1,047,377	1,044,177
Number of shares	2,275,000,010	2,275,000,010
NTA per share (RMB' cents)	46.0	45.9

CHINA GAOXIAN FIBRE FABRIC HOLDINGS LTD.

*Further information on the
Company's Announcement*

Page 4

- **EPS**

For illustrative purposes only and assuming that the Acquisition had been completed at the beginning of FY2013, the effects of the Acquisition on the EPS of the Group for FY2013 are as follows:-	Before the Acquisition	After the Acquisition
Profit attributable to shareholders (RMB'000)	(215,355)	(218,555)
Number of shares	2,275,000,010	2,275,000,010
EPS (RMB' cents)	(9.47)	(9.61)

Rationale for the transaction

Please refer to item 1 of the Prior Announcement for the rationale of the Acquisition.

Interests of the Directors and/or Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the above Acquisition, save for their shareholdings in the Company.

Relative Figures Computed Pursuant to Rule 1006 of the Listing Manual of the SGX

Rule 1006 (a) Net Asset Value	Not applicable as the transaction is not a disposal of assets.
Rule 1006 (b) Net Profits	Not applicable.
Rule 1006 (c) Market Capitalisation	The Purchase Consideration attributable to the Group of RMB83.9 million (equivalent to S\$16.9 million based on exchange rate of S\$1.00: RMB4.97) represents approximately 14.6% of the Company's market capitalization of S\$116.03 million as at 30 June 2014.
Rule 1006 (d) Equity Securities	Not applicable as the consideration is to be fulfilled by cash payment

BY ORDER OF THE BOARD

Toh Li Ping, Angela
Company Secretary
10 September 2014