

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)

THE PROPOSED SHARE CONSOLIDATION OF EVERY TWENTY (20) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The board of directors (the **“Board”**) of China Gaoxian Fibre Fabric Holdings Ltd. (the **“Company”**) wishes to announce that the Company proposes to undertake a share consolidation of every twenty (20) existing issued ordinary shares in the capital of the Company (the **“Shares”**) held by shareholders of the Company (the **“Shareholders”**) as at a books closure date to be determined by the Directors (the **“Books Closure Date”**) into one (1) ordinary share (the **“Consolidated Shares”**), fractional entitlements to be disregarded (the **“Proposed Share Consolidation”**).

2. THE PROPOSED SHARE CONSOLIDATION

2.1 General

Under the Proposed Share Consolidation, every twenty (20) existing Shares registered in the name of each Shareholder will be consolidated to constitute one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the best interests of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.

As at the date of this announcement, the Company has an issued and paid-up share capital of S\$449,593,216 comprising 2,275,000,010 ordinary shares (the **“Shares”**).

Assuming that there will be no new Shares issued by the Company up to the Books Closure Date, immediately following the implementation of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$449,593,216 comprising 113,750,000 Consolidated Shares (subject to rounding). Assuming that the 1,137,499,990 existing outstanding warrants of the Company (the **“Outstanding Warrants”**) are fully exercised as at the Books Closure Date, such that the issued share capital of the Company will comprise 3,412,500,000 Shares, immediately following the implementation of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S\$449,593,216 comprising 170,625,000 Consolidated Shares (subject to rounding).

The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will also not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

2.2 Rationale for the Proposed Share Consolidation

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Monetary Authority of Singapore had introduced, with effect from March 2015, a minimum trading price of S\$0.20 for Mainboard-listed stocks as a continuing listing requirement (the "**MTP Requirement**").

Pursuant to the MTP Requirement, issuers who are unable to record a 6-month volume-weighted average price of its Shares of S\$0.20 or above at each of the quarterly review dates, which will first commence in March 2016, will be placed on the watch-list. Affected issuers who fail to take remedial actions during the cure period of 36 months may be delisted from the Mainboard of the SGX-ST.

Accordingly, the Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders in facilitating compliance with the MTP Requirement.

However, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3 Adjustments to Outstanding Warrants

The Company had issued 1,137,500,000 warrants (the "**Warrants**") to all its Shareholders in accordance with the terms of the circular dated 29 May 2013.

The alteration to the number of Shares as a result of the Proposed Share Consolidation will constitute an event giving rise to an adjustment to the number of Warrants and the exercise price payable for each new Share upon the exercise of the Warrants (the "**Warrants Adjustments**") pursuant to the deed poll constituting the Warrants dated 18 September 2013 (the "**Deed Poll**").

The Company will carry out the adjustments in accordance with the terms and conditions of the Deed Poll. The adjustments to the Warrants will be effective from the close of the market day immediately preceding the date on which the Proposed Share Consolidation becomes effective.

Further announcement(s) will be made by the Company in respect of the Warrants Adjustments as and when appropriate.

2.4 Adjustment to Korean Depository Receipts ("KDR") Ratio

Pursuant to the deposit agreement entered into amongst the Company, the Korean Securities Depository and the KDR holders (the "**KDR Deposit Agreement**"), and the terms of the circular issued by the Company dated 29 May 2013, each KDR represents the right to 20 Shares and 10 Warrants (the "**KDR Ratio**").

In accordance with the terms and conditions of the KDR Deposit Agreement, the KDR Ratio will be adjusted pursuant to the Proposed Share Consolidation (the “**KDR Ratio Adjustment**”).

Further announcement(s) will be made by the Company in respect of the KDR Ratio Adjustment as and when appropriate.

2.5 Approvals and Conditions

The Proposed Share Consolidation is subject to, *inter alia*,

- (a) the approval of Shareholders by way of a special resolution at an extraordinary general meeting of the Company (the “**EGM**”) to be convened to approve, *inter alia*, the Proposed Share Consolidation; and
- (b) the approval in-principle from the SGX-ST for the listing of and quotation for the Consolidated Shares arising from the Proposed Share Consolidation.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Consolidated Shares, the Outstanding Warrants after adjusting for the Proposed Share Consolidation (the “**Consolidated Warrants**”) and the new Shares to be issued upon the exercise of the Consolidated Warrants (the “**Consolidated Warrant Shares**”) on the Main Board of the SGX-ST (the “**Approval In-principle**”). An announcement will be made in due course upon receipt of the Approval In-principle from the SGX-ST.

Subject to receipt of the Approval In-principle, a circular, containing, *inter alia*, further information on the Proposed Share Consolidation, will be despatched to Shareholders in due course.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Share Consolidation (other than through their respective shareholdings in the Company).

4. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their existing Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such

information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

BY ORDER OF THE BOARD

Toh Li Ping, Angela
Company Secretary
16 March 2015