

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)

CLARIFICATION ON THE NEWS ARTICLE PUBLISHED IN THE STRAITS TIMES DATED 7 APRIL 2014

With reference to the article published in the Straits Times dated 7 April 2014 named "China Gaoxian's accounts in doubt due to missing info", the Company wishes to clarify that the audit opinion rendered by Foo Kon Tan Grant Thornton LLP for financial year ended 31 December 2013 ("FY2013") was a follow up action in response to the audit opinion issued by the predecessor auditors for the financial year ended 31 December 2012 ("FY2012"). The qualification point raised is not a new audit issue noted by Foo Kon Tan Grant Thornton LLP, the current auditors of the Company.

The predecessor auditors had concluded in the FY2012 audit report that there were significant differences between the audited PRC GAAP financial statements of certain PRC subsidiaries for the previous financial year ended 31 December 2011 ("FY2011") filed with the local PRC authorities and the management accounts provided for audit purposes and management had not provided satisfactory explanation and reconciliations for the differences. These differences arose as the bulk of the PRC entities' accounting books and records for the period before 1 April 2011 could not be located and the financial statements as at 31 March 2011 were "reconstructed" based on information and supporting documents available to the new management after they took over the finance functions and records of the PRC entities in May 2011.

Due to the same reasons cited above, Foo Kon Tan Grant Thornton LLP was also unable to ascertain the consequential impact, if any, on the financial statements for FY2013, having noted the significant variances between the audited 2012 PRC GAAP financial statements and the FY2012 management accounts provided by management for audit and consolidation purposes.

BY ORDER OF THE BOARD

Busarakham Kohsikaporn
Company Secretary
7 April 2014