

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)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

China Gaoxian Fibre Fabric Holdings Ltd. (the "Company") was placed on the watch-list pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 3 March 2016.

Pursuant to Rule 1313(2) of the Listing Manual of the SGX-ST, the Board of Directors (the "Board") of the Company wishes to provide the following updates:

Update on the Group's financial situation

The Group's revenue for the fourth quarter ended 31 December 2016 ("4QFY2016") increased by RMB 445.2 million or 1094.4% to RMB 485.9 million from RMB 40.7 million for the fourth quarter ended 31 December 2015 ("4QFY2015"). The revenue for 4QFY2016 consisted of sales of DTY of RMB 57.2 million, FDY of RMB 192.2 million, POY of RMB 167.1 million and PET Chips of RMB 69.4 million. HuaXiang's Plant had completed the testing phase for FDY, POY and PET chips in 1QFY2016 and the increase in revenue was mainly due to the resumption of full production capacity since the second quarter for the financial year ended 31 December 2016.

Correspondingly, cost of sales also increased by RMB 438.9 million from RMB 39.3 million in 4QFY2015 to RMB 478.2 million in 4QFY2016. This resulted in a gross profit of RMB 7.7 million for 4QFY2016 (4QFY2015: RMB 1.39 million). The increase in gross profit was mainly due to higher product selling prices and higher sales volume during the financial period under review.

The Group reported a net loss of RMB 50.9 million for 4QFY2016 (4QFY2015: RMB 573.3 million).

As at 31 December 2016, the cash and cash equivalents was RMB 11.7 million (31 December 2015: RMB 9.9 million).

Update on Future Direction

As announced previously, the Group had resumed the production on 15 April 2016 after a temporary cessation of production for the PET, FDY and POY production lines since 30 December 2015.

Since the second quarter for the financial year ended 31 December 2016, the production level has improved to full capacity. As at the date of announcement, total daily production volume of Huaxiang's spinning and polymerisation plant is approximately 700 tonnes, comprising approximately 530 tonnes of POY and FDY and approximately 100 tonnes PET polyester chips. The total number of employees of the Group is approximately 1,100. As at December 2016, the Group has started trial production of two lines (out of four polyester) with luster production line.

The Company believes that the macro-environment for the next twelve months remains challenging due to the slowing down of economic growth in the PRC economy, intense competition within the industry and rising production costs.

In view of the challenging business environment, the management will continue to take constructive measures to make sure the Group is able to sustain itself, including to control operating costs and finance costs, and monitor its receivables and collections closely.

The Company has seen market acceptance of the quality of its products and is actively expanding its sales channels, which includes working with trade agencies to increase its market presence. As announced on 19 December 2016, Huaxiang (China) Premium Fibre Co., Ltd ("Huaxiang China") had on 1 December 2016 entered into a framework supply chain cooperation agreement with Zhejiang Materials Industry Chemical Group Co., Ltd, an independent third party, for a period of 3 years, commencing from 1

December 2016 to 31 December 2019. Such arrangement is believed to be in the interest of and of commercial benefits to the Group.

In addition, Huaxiang China has been included in the list of local enterprises shortlisted by the People's Government of Huzhou City to receive special financial arrangement from its principal bankers. This is part of the government wide initiatives to assist local enterprises which face financial challenges. An official government circular was jointly issued by the relevant government authorities to notify Huaxiang China that the government agencies have issued specified guidelines to their respective principal bankers to provide the necessary reasonable financial assistance, including but not limited to, restructuring of the existing bank loans drawn down by the local enterprises.

With this initiative, the Management was successful in concluding the amendments to the repayment terms of the 4-year Syndicated Loan Facility amounting to RMB 405 million. Under the revised repayment terms, Huaxiang China is only required to repay RMB 76 million in FY2016 instead of RMB 205 million. The Management is currently in the midst of negotiating with the consortium banks for a further revision to its repayment schedule of the Syndicated Loan Facility.

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
1 March 2017