

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)

COMMENCEMENT OF PRODUCTION OF PET CHIPS AND POY PRODUCTS FROM PHASE 1 OF THE HUAXIANG PROJECT

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Company's Circular dated 29 May 2013.

The Board of Directors ("**Board**") of China Gaoxian Fibre Fabric Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to provide an update on Phase 1 of the Huaxiang Project as follows:-

- (i) The construction and development of the New Production Facilities and the Office Property of the Huaxiang Project (Phase 1 of the Huaxiang Project) has been completed.
- (ii) As stated in the Company's Circular dated 29 May 2013, in late 2009, the Company entered into the Investment Agreement with the People's Government of Wuxing District of Huzhou City (湖州市吴兴区人民政府), pursuant to which the Company agreed to expand its production facilities and increase its polyester production capacity by up to 1,000,000 tonnes in two phases.

Phase 1 of the aforesaid proposed expansion will involve the construction and operation of the New Production Facilities, comprising a new polyester polymer manufacturing facility which would have an estimated design annual production capacity of 400,000 tonnes of polyethylene terephthalate ("PET") chips, 180,000 tonnes of partially oriented yarn ("POY"), 180,000 tonnes of fully drawn yarn (FDY) and/or 130,000 tonnes of drawn textured yarn ("DTY") per annum.

While the New Production Facilities had initial design capacities of 180,000 tonnes of POY, 180,000 tonnes of FDY and 130,000 tonnes of DTY per annum, the Group then scaled down the size of its investment in view of its current financial conditions. As such, the New Production Facilities are expected to achieve revised design capacities of 110,000 tonnes of PET chips, 100,000 tonnes of POY, 150,000 tonnes of FDY and/or 25,000 tonnes of DTY per annum.

- (iii) In the Company's recent announcements, shareholders have been informed that as at end of 2014, the production facility in operation at the Huaxiang Project was the Texturing Workshop, which comprises 20 texturing machines for the production of DTY since June 2014.

The designed maximum capacity for the 20 machines is 25,000 tonnes per year as stated in the Circular dated 29 May 2013. During the testing phase from June 2014 to October 2014, as all the machines needed to be constantly calibrated in order to reach the optimum production capacity with the required product quality, the capacity utilization rate during the testing phase was around 19.7% with an output of 2,051 tonnes (from June 2014 to October 2014) compared to the maximal capacity of 10,417 tonnes (calculated based on a 5-month period).

After the five-month testing phase, from November 2014 onwards, the production for DTY had normalised with the required product quality, and the capacity utilization rate increased to 64.4% with actual production of 2,683 tonnes (from November 2014 to December 2014) compared to the maximal capacity of 4,167 tonnes (calculated based on a 2-month period).

- (iv) Subsequent to the completion of the construction and development of the New Production Facilities, the Group had commenced trial production at its Polymerization plant (which can produce PET chips and POY, and FDY melt which is used to produce POY/FDY in Spinning Plant) on 12 March 2015.

Following trial production, the Group has commenced actual production of the PET chips and 2 lines of the POY products on 6 April 2015. The current daily production capacity rates for PET chips and POY products are 250 tonnes and 150 tonnes respectively. The remaining 6 lines for the production of POY will be progressively rolled out.

- (v) Depending on the market situation, the Group will endeavour to commence production of the FDY products in due course. Further updates will be provided via announcement(s) once the Group is ready to commence production of the FDY products.

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
6 April 2015