

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)

UPDATE ON THE SECOND TRANCHE TRANSACTIONS

*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 ("**Circular**").*

The Board of Directors ("**Board**") of China Gaoxian Fibre Fabric Holdings Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that following the successful completion of the First Tranche Transactions on 18 September 2013, the Company, China Success Group (International Holdings) Limited ("**China Success**") and Fleur Growth Fund Limited had mutually agreed not to proceed with the completion of the Second Tranche Transactions as the Company has not received the full Syndicated Loan Facility of RMB500 million; to-date RMB333 million had been disbursed. The Company is arranging with the lender of the Syndicated Loan Facility ("**Lenders**") to drawdown RMB83 million in early October 2014 and the remaining amount will be disbursed after the Company has completed the arrangement of certain collaterals as may be required by the Lenders. Notwithstanding the Syndicated Loan Facility, to ensure the smooth running of the Group's operations, as mentioned in the announcements dated 14 August 2014 and 28 August 2014, the Group had secured short-term financing (including short-term loans from financial institutions, third-party institutions and bill payable facilities) and a 3-year unsecured term loan amounting to RMB242 million from China Citic Bank (Fujian Branch).

In view of the above, the Company shall:

- (i) on behalf of China Success, dispose of all or any of the 70,000,000 Second Tranche Transfer Shares at such time, to such person (not being China Success or its related party) and on such terms as the Board shall at its sole discretion deem fit. The Company shall be entitled to retain the net proceeds from the aforesaid disposal(s) without any payment or liability to China Success; and
- (ii) in the event that the Company is unable to complete the disposal of all the Second Tranche Transfer Shares by 17 March 2015, the Company shall be entitled to acquire such number of remaining Second Tranche Transfer Shares from China Success at a nominal consideration of One Singapore Dollar (S\$1) only in accordance with applicable law and retain such Shares as treasury shares.

Further updates will be provided to shareholders on the disposal of the 70,000,000 Second Tranche Transfer Shares when available.

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
21 September 2014