

CHINA GAOXIAN FIBRE FABRIC HOLDINGS LTD.

(中国高纤控股有限公司)

(Company Registration No. 200817812K)

(Incorporated in Singapore on 9 September 2008)

PROJECT HUAGANG

The Board of Directors of China Gaoxian Fibre Holdings Ltd. (the “**Company**”) wishes to announce that the Company’s wholly owned subsidiary, Zhejiang Huagang Polyester Industrial Co., Ltd. (“**Zhejiang Huagang**”) plans to upgrade its existing production facilities and ancillary machinery and equipment for the production and sales of new Fully Drawn Yarn (“**FDY**”) products and new Partially Oriented Yarn (“**POY**”) products, which include Fire-Retardant POY, Nylon Filament POY, Black Yarn FDY, High shrinkage FDY and Regenerated FDY (the “**Project Huagang**”) in response to the increased demand in the People’s Republic of China and technology readiness for the production of new FDY and POY products.

Zhejiang Huagang expects to complete the Project Huagang within 12 months and the implementation phases are summarised as follows:-

- (a) Phase 1: to upgrade 3 existing production lines for the production of new FDY products with an estimated investment cost of RMB2.0 million and targets to commence the production in 4QFY2018; and
- (b) Phase 2: to lease 3 new production lines for the production of new POY products with an estimated annual leasing cost of not more than RMB6.9 million and targets to commence the production in 3QFY2019.

Upon completion of the Project Huagang and barring any unforeseen circumstances, Zhejiang Huagang expects to achieve a full production capacity of an annual production of 2,600 tonnes for FDY products and 6,600 tonnes for POY products with a total estimated Earnings Before Interests, Taxes depreciation and Amortisations (“**EBITDA**”) of approximately RMB12.3 million, of which comprising FDY products of approximately RMB4.8 million and POY products of approximately RMB7.5 million.

The Company will continue to expand Zhejiang Huagang to continue its success in the past. The Company will also put in place the financing and will make strategic decisions and continue to explore new product development and research including mergers and acquisitions activities to continue to enhance the shareholders’ value.

The Project Huagang will be funded through the Group’s internal resources and is not expected to have any material impact on the Group’s earnings or net assets for the financial year ending 31 December 2018.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Project Huagang, save for their respective shareholdings in the Company (if any).

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome

Executive Director

27 July 2018