

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)

FURTHER INFORMATION ON THE COMPANY'S ANNOUNCEMENT DATED 14 JUNE 2018

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meanings as ascribed to them in the Company's First Quarter Results for the financial period ended 31 March 2018 which was released to the Singapore Exchange Securities Trading Limited ("SGX-ST") on 15 May 2018 ("Q1FY2018 Results Announcement") and Company's Response announcements released on 8 June 2018 and 14 June 2018 ("Company's Response").

The Board of Directors (the "**Board**") of China Gaoxian Fibre Fabric Holdings Ltd. (the "**Company**") and together with its subsidiaries, the "**Group**") refers to the Company's Response and wishes to provide further information as follows:-

SGX-ST's questions:-

- i. In the Company's Response to SGX Queries on 14 June 2018, the Company disclosed that "The payment-in-transit for loan repayment to a non-related non-financial institution was included in the advance to suppliers of RMB 60.0 million as at 31 March 2018 (see Page 13 of 1QFY2018 Results Announcement for details)". Please explain:*
- i. Why was the loan repayment to a non-related non-financial institution included in the advance to suppliers of RMB 60.0 million; and*
- ii. Reason for the extension of loans to third parties.*

Company's response:-

- i. Loan repayment to a non-related non-financial institution was wrongly classified as advance to suppliers of RMB 60.0 million due to inadvertent human error which has been amended on 14 June 2018.
- ii. As part of business strategy, the Company provides advance to suppliers to enjoy more favourable purchase price and trading term.

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
29 June 2018