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 first quarter ended 31 March 2017 ("1QFY2017") increased by RMB 602.5 million or 1884.6% to RMB 634.5 million from RMB 32.0 million for the first quarter ended 31 March 2016 ("1QFY2016").

In 1QFY2017, the PRC textile industry continued to be impacted by the slowdown of the PRC economy and the market conditions for the fibre industry did not improve. The Group's revenue consisted of sales of DTY of RMB 48.7 million, FDY of RMB 262.2 million, POY of RMB 165.0 million and PET Chips of RMB 158.6 million. The increase in revenue was mainly due to the resumption of Huaxiang Plant's full production capacity for FDY, POY and PET chips since the second quarter for the financial year ended 31 December 2016.

Correspondingly, cost of sales also increased by RMB 599.1 million from RMB 31.4 million in 1QFY2016 to RMB 630.5 million in 1QFY2017. This resulted in a gross profit of RMB 4.0 million for 1QFY2017 compared to a gross profit of RMB 0.61 million for 1QFY2016. The gross profit was mainly due to higher product selling prices and higher sales volume.

The Group reported a net loss of RMB 52.8 million.

As at 31 March 2017, the cash and cash equivalents was RMB15.3 million.

Update on Future Direction

As announced previously, the Group had resumed production in 15 April 2016 after the temporary cessation of production for the PET, FDY and POY production lines on 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 1000 tonnes, comprising approximately 670 tonnes of POY and FDY and approximately 300 tonnes PET polyester chips. The total number of employees of the Group is approximately 1,100.

The Company believes that the macro-environment for the next twelve months remains is likely to continue to remain challenging due to the ongoing uncertainties in the global economy and the slowdown in the PRC economy.

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 had on 1 December 2016 entered into a framework supply chain cooperation agreement with Zhejiang Materials Industry Chemical Group Co., Ltd ("Zhejiang Materials Industry"), 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.

Although the Huaxiang Plant has restarted production, the management believes that the market situation is still challenging.

In addition, Huaxiang (China) Premium Fibre Co., Ltd (“Huaxiang China”) has been included in the list of local enterprises shortlisted by the People’s Government of Huzhou City to receive financial assistance from its principal bankers. This is part of the government wide initiatives to assist local enterprises who are facing financial difficulties. An official 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 these concrete measures to handle the situation, including cooperation with Zhejiang Mateial Industry (a fortune 500 company), negotiation with the local government and banks for more assistance and fund support, postponing the repayment of bank loans interests and principal, as well as internal cost-saving programs, the management believes that the Group will be able to sustain itself with these efforts. Nonetheless, the management continues to remain cautious and conservative in its outlook.

BY ORDER OF THE BOARD

Tham Wan Loong, Jerome
Executive Director
15 May 2017