



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT
Unaudited Quarter Financial Statement and Dividend Announcement For the
Financial Period ended 30 September 2015

Explanatory notes:

China Gaoxian Fibre Fabric Holdings Ltd. (the "Company") was admitted into the Main Board of SGX-ST on 18 September 2009.

The financial information disclosed in this announcement includes financial information provided by the management of the Company's principal subsidiaries, namely Zhejiang Huagang Polyester Industrial Co., Ltd ("HG"), Fujian New Huawei Fibre Dyeing Co., Ltd ("NHW") and Huaxiang (China) Premium Fibre Co., Ltd. ("HX").

On 20 April 2011, the Audit Committee appointed PricewaterhouseCoopers LLP as special auditors ("Special Auditors") to conduct a review into the financial affairs of the Group, including its cash, bank and account receivable balances, as well as capital expenditures of the Group incurred during the financial year ended 31 December 2010 ("FY2010") and the financial quarter ended 31 March 2011 ("1QFY2011").

The Special Auditors have released their findings and a copy of their Executive Summary was announced by the Company on 4 May 2012. Although the Special Auditors have completed their review into the financial affairs of the Group, they were not able to obtain the bulk of the Group's accounting books and records for the period prior to 1 April 2011. Hence, the Special Auditors were not able to reconstruct the Group's accounts as at 31 March 2011 based on the limited information provided to them. In this regard, the Company has on 2 July 2012 obtained from SGX-ST its approval for waiver of Rule 705(2) of the Listing Manual of SGX-ST ("Listing Manual") in relation to the announcement of the Company's 1QFY2011 financial results.

The Company also wishes to highlight that the preparation of the comparative financial information for the for the 3 months ("3QFY2015") and nine months ("9MFY2015") ended 30 September 2015 is subject to the Limitations set out in Item 5 of this announcement. In light of the above, the financial information disclosed in this announcement may be subject to further adjustments and revisions and the directors would like to advise shareholders to act with caution and take into consideration the Limitations when reviewing such financial information.

- 1(a) (i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited group income statement for the third quarter (“3Q”) and 9 months (“9M”) ended 30 September 2015.

	30.09.15 RMB'000	Unaudited 3Q ended 30.09.14 RMB'000	Change %	30.09.15 RMB'000	Unaudited 9 months ended 30.09.14 RMB'000	Change %
Revenue	45,998	17,613	161.2	106,324	63,567	67.3
Cost of sales	(44,562)	(21,602)	106.3	(105,826)	(73,164)	44.6
Gross profit/(loss)	1,436	(3,989)	(136.0)	498	(9,597)	(105.2)
Other items of income						
Financial income	2,053	3,007	(31.7)	5,947	5,813	2.3
Other income	3,149	344	815.4	14,189	23,983	(40.8)
Other items of expense						
Selling and distribution expenses	(585)	(585)	0.0	(1,875)	(2,415)	(22.4)
General and administrative expenses	(24,749)	(26,897)	(8.0)	(81,272)	(90,904)	(10.6)
Financial expense	(69,979)	(36,204)	93.3	(151,254)	(100,610)	50.3
Loss before tax	(88,675)	(64,324)	37.9	(213,767)	(173,730)	23.0
Income tax	-	(122)	N.M.	-	(382)	N.M.
Net loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company	(88,675)	(64,446)	37.6	(213,767)	(174,112)	22.8

N.M.-not meaningful

- 1 (a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-

The Group's loss before tax is determined after charging/crediting the following:

	Group			
	3Q ended		9months ended	
	Unaudited		Unaudited	
	30.09.15	30.09.14	30.09.15	30.09.14
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of land use rights	912	912	2,735	2,735
Amortisation of cost of preparation of land	417	417	1,250	1,250
Depreciation of property, plant and equipment	5,592	7,905	24,616	23,733
Payroll and related expenses	11,807	1,868	30,685	15,693
Unrealized foreign exchange, net	(16)	(2,180)	2,528	(804)
Operating lease expenses	3,000	3,000	9,000	9,000

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.09.15	31.12.14	30.09.15	31.12.14
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	2,026,444	1,939,179	–	–
Investment Property-Construction work-in-progress	152,405	141,232	–	–
Land use rights prepayments	153,058	155,792	–	–
Prepayments	61,521	64,174	–	–
Long term receivables	71,397	72,646	930,390	930,390
Investment in subsidiaries	–	–	262,890	262,890
	<u>2,464,825</u>	<u>2,373,023</u>	<u>1,193,280</u>	<u>1,193,280</u>
Current assets				
Land use rights prepayments	3,646	3,646	–	–
Inventories	73,631	17,899	–	–
Prepayments	–	793	–	–
Trade receivables	60,000	103,322	–	–
Bills and other receivables	373,470	345,853	454	–
Bank deposits pledged	256,448	267,904	–	–
Cash and cash equivalents	9,917	66,473	149	25
	<u>777,112</u>	<u>805,890</u>	<u>603</u>	<u>25</u>
Total Assets	<u>3,241,937</u>	<u>3,178,913</u>	<u>1,193,883</u>	<u>1,193,305</u>
Current liabilities				
Provision for income tax	(784)	(784)	–	–
Short term loans	(1,119,770)	(698,165)	–	–
Trade payables	(58,746)	(88,836)	–	–
Bills payables	(511,474)	(532,592)	–	–
Payables for the acquisition of property, plant and equipment	(64,686)	(79,875)	–	–
Obligations under finance leases	(49,087)	(41,108)	–	–
Other payables, liabilities, and provisions	(317,911)	(207,366)	(82,526)	(66,381)
	<u>(2,122,458)</u>	<u>(1,648,726)</u>	<u>(82,526)</u>	<u>(66,381)</u>
Net current liabilities	(1,345,346)	(842,836)	(81,923)	(66,356)
Non-current liabilities				
Long term bank loans	(493,000)	(652,000)	–	–
Obligations under finance leases	(13,968)	(51,910)	–	–
	<u>(506,968)</u>	<u>(703,910)</u>	<u>–</u>	<u>–</u>
Total Liabilities	<u>(2,629,426)</u>	<u>(2,352,636)</u>	<u>(82,526)</u>	<u>(66,381)</u>
Net Assets	<u>612,511</u>	<u>826,277</u>	<u>1,111,357</u>	<u>1,126,924</u>
Equity attributable to equity holders of the Company				
Share capital	(2,190,580)	(2,190,580)	(2,190,580)	(2,190,580)
Merger reserve	369,563	369,563	–	–
Warrants reserve	(13,840)	(13,840)	(13,840)	(13,840)
Accumulated losses	1,222,346	1,008,580	1,093,063	1,077,496
Total equity	<u>(612,511)</u>	<u>(826,277)</u>	<u>(1,111,357)</u>	<u>(1,126,924)</u>
Total equity and liabilities	<u>(3,241,937)</u>	<u>(3,178,913)</u>	<u>(1,193,883)</u>	<u>(1,193,305)</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	Group	
	Unaudited 30.09.15 RMB'000	Audited 31.12.14 RMB'000
Amount repayable in one year or less, or on demand		
- Secured	1,119,770	698,165
- Unsecured	-	-
	<u>1,119,770</u>	<u>698,165</u>
Amount repayable after one year		
- Secured	493,000	652,000
- Unsecured	-	-
	<u>493,000</u>	<u>652,000</u>
Secured obligations under finance leases		
- Current portion	49,087	41,108
- Non-current portion	13,968	51,910
	<u>63,055</u>	<u>93,018</u>

Details of any collateral

Short term bank loans

As at 30 September 2015, the short term and long term bank loans are secured by pledge of land use rights, production and office buildings, Construction work in process and Machineries, corporate guarantee from the subsidiaries and personal guarantee from a shareholder, Cao Xiang bin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 30.09.15 RMB'000	Audited 31.12.14 RMB'000
Land use rights	140,406	159,438
Production, Office buildings, Construction work in progress and Machineries	688,204	643,898
	<u>828,610</u>	<u>803,336</u>

Bills payable to banks

The bills payable to banks have an average maturity period of 90 to 180 days and are interest-free as repayments were made within the credit periods granted. As at 30 September 2015, the bills payable to banks are secured by pledge of bank deposits and corporate guarantee from subsidiaries and personal guarantee from a shareholder, Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 30.09.15 RMB'000	Audited 31.12.14 RMB'000
Bank deposits pledged	<u>256,448</u>	<u>267,904</u>

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited consolidated cash flow statements for the third quarter ("3QFY2015") and 9 months ("9MFY2015") ended 30 September 2015

	Group			
	3Q ended Unaudited		9months ended Unaudited	
	30.09.15 RMB'000	30.09.14 RMB'000	30.09.15 RMB'000	30.09.14 RMB'000
Loss before tax	(88,675)	(64,324)	(213,767)	(173,730)
Adjustments:				
Amortisation of land use rights	912	912	2,735	2,735
Amortisation of costs of preparation of land	417	417	1,250	1,250
Depreciation of property, plant and equipment	10,014	7,905	29,038	23,733
Interest expense	69,979	33,963	151,254	96,114
Interest income	(2,053)	(3,006)	(5,947)	(5,813)
Unrealized exchange loss	-(16)	(2,180)	2,528	(804)
Operating loss before working capital changes	(9,422)	(26,313)	(32,909)	(56,515)
(Increase)/Decrease in:				
Inventories	(205)	12,616	(55,732)	20,676
Trade and other receivables and prepayments	(36,625)	(30,524)	(52,258)	(35,708)
Trade and other payables/ other liabilities	60,997	(3,194)	56,172	(21,365)
Cash flows generate from/(used in) operations	14,745	(47,415)	(84,727)	(92,912)
Interest income received	2,053	3,007	5,947	5,813
Income taxes paid	-	(176)	-	(382)
Net cash flows generate from/(used in) operating activities	16,798	(44,584)	(78,780)	(87,481)
Cash flows used in investing activities				
Purchase of property, plant and equipment	(43,398)	(48,698)	(140,013)	(181,887)
Net cash flows (used in) investing activities	(43,398)	(48,698)	(140,013)	(181,887)
Cash flows from/ financing activities				
Proceeds from short term financing loans	103,000	174,973	801,333	1,423,289
Repayment of short term financing loans	(109,115)	(220,634)	(527,728)	(1,330,409)
Purchase of non-performing assets from Huarong	-	-	-	(83,905)
Proceeds(repaysment) from long term financing loans	-	67,000	(11,000)	400,000
(Increase)/ decrease in bank deposits pledged	111,598	67,700	11,455	(81,930)
Repayment of finance lease liabilities	(10,530)	(13,423)	(29,962)	(30,177)
Receipts of non-performing assets from China Huarong Assets Management Co., Ltd.	69,057	-	69,057	-
Increase in bills payable	(75,042)	(70,657)	(21,118)	104,496
Advances extended to lessees under operating leases	-	(21,700)	(300)	(21,700)
Repayment of guarantee fee to a shareholder	-	(11,176)	-	(11,176)
Interest expense paid	(55,776)	(34,860)	(129,499)	(96,114)
Net cash generated from/(used in) financing activities	33,192	(62,777)	162,238	272,374
Net increase/(decrease) in cash and cash equivalents	6,592	(156,059)	(56,556)	3,006
Cash and cash equivalents at beginning of financial period	3,325	167,031	66,473	7,966
Cash and cash equivalents at end of financial period (Note A)	9,917	10,972	9,917	10,972

Note to the unaudited consolidated cash flow statement

**9month ended
Unaudited**
30.09.2015 30.09.2014
RMB'000 RMB'000

Note A: Cash and cash equivalents

Cash and bank balances	266,365	396,772
Less: Bank deposits pledged	(256,448)	(385,800)
Cash and cash equivalents	9,917	10,972

1(d) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

The statement of comprehensive income is not presented as there are no items relating to Other Comprehensive Income for 3QFY2015 while the income statement has been presented in item 1(a).

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>The Group</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2015	2,190,580	13,840	(369,563)	(1,008,580)	826,277
Loss net of tax represents total comprehensive income for the period	-	-	-	(70,290)	(70,290)
At 31 March 2015	2,190,580	13,840	(369,563)	(1,078,870)	755,987
Loss net of tax represents total comprehensive income for the period	-	-	-	(54,802)	(54,802)
At 30 June 2015	2,190,580	13,840	(369,563)	(1,133,672)	701,185
Loss net of tax represents total comprehensive income for the period	-	-	-	(88,675)	(88,675)
At 30 September 2015	2,190,580	13,840	(369,563)	(1,222,347)	612,510

<u>The Group</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2014	2,190,580	13,840	(369,563)	(787,480)	1,047,377
Loss net of tax represents total comprehensive income for the period	–	–	–	(65,908)	(65,908)
At 31 March 2014	2,190,580	13,840	(369,563)	(853,388)	981,469
Loss net of tax represents total comprehensive income for the period	–	–	–	(43,756)	(43,756)
At 30 June 2014	2,190,580	13,840	(369,563)	(897,144)	937,713
Loss net of tax represents total comprehensive income for the period	–	–	–	(64,446)	(64,446)
At 30 September 2014	2,190,580	13,840	(369,563)	(961,590)	873,267

<u>The Company</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2015	2,190,580	13,840	–	(1,077,496)	1,126,924
Loss net of tax represents total comprehensive income for the period	–	–	–	(5,467)	(5,467)
At 31 March 2015	2,190,580	13,840	–	(1,082,963)	1,121,457
Loss net of tax represents total comprehensive income for the period	–	–	–	(3,972)	(3,972)
At 30 June 2015	2,190,580	13,840	–	(1,086,935)	1,117,485
Loss net of tax represents total comprehensive income for the period	–	–	–	(6,128)	(6,128)
At 30 September 2015	2,190,580	13,840	–	(1,093,063)	1,111,357

The Company	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2014	2,190,580	13,840	–	(1,038,544)	1,165,876
Loss net of tax represents total comprehensive income for the period	–	–	–	(4,734)	(4,734)
At 31 March 2014	2,190,580	13,840	–	(1,043,278)	1,161,142
Loss net of tax represents total comprehensive income for the period	–	–	–	(10,556)	(10,556)
At 30 June 2014	2,190,580	13,840	–	(1,053,834)	1,150,586
Loss net of tax represents total comprehensive income for the period	–	–	–	(6,919)	(6,919)
At 30 September 2014	2,190,580	13,840	–	(1,060,753)	1,143,667

1(e)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 18 September 2014, the Company has allotted and issued:

- (a) 235,000,000 Shares to Fleur Growth Fund Limited ("**Investor**") at an issue price of S\$0.10 per Share, and
- (b) 1,137,500,000 free Warrants to all existing Shareholders (including the Investor).

On 21 November 2014, the Company has further allotted and issued 10 Shares pursuant to the exercise of 10 Warrants at the exercise price of S\$0.10 for each new Share.

The consolidation of every twenty (20) existing Shares registered in the name, or standing to the credit of the CDP securities account (as the case may be), of each Shareholder into one (1) Consolidated Share has been completed with effect from 9.00 a.m. on 23 June 2015.

The consolidation of every twenty (20) Outstanding Warrants held by Warrant holders into one (1) Consolidated Warrant with the adjusted Exercise Price of S\$2.00 has been completed with effect from 5.00 p.m. on 22 June 2015.

As at the date of the announcement, the Company has an issued and paid-up share capital comprises 113,749,997 Shares. Assuming that all of the remaining 56,874,996 Warrants have been exercised by the Warrant holders, a further 56,874,996 Shares will be issued by the Company to such Warrant holders.

1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Company	Unaudited 30.09.2015	Audited 31.12.2014
Total number of issued share capital excluding treasury shares	113,749,997*	2,275,000,010
Total number of warrants	56,874,996*	1,137,499,990

*After the completion of share consolidation on 23 June 2015.

1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. As at 30 September 2015, there were no treasury shares.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial information of the Group and the Company for the financial period reported have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 January 2015, the same accounting policies and methods of computation have been applied. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted all the amendments to FRSs that are effective for the annual periods beginning on or after 1 January 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

In addition, the background and limitations relating to the preparation of the financial information for 3QFY2015 are as follows ("Limitations"):

1 January 2011 to 31 June 2011 ("1QFY2011")

As mentioned in the Explanatory Notes at the beginning of this announcement, the bulk of the Group's accounting books and records for the period prior to 1 April 2011 could not be located. Hence, the Special Auditors were unable to reconstruct the Group's accounts as at 31 December 2010 and 31 June 2011 based on the limited information provided to them. While the Company is seeking to recover these missing records, the chance of recovering the aforesaid records within a reasonable amount of time may be remote. Moreover, even if the aforesaid missing records could

be recovered, there is no assurance that these financial records would be complete or that all material supporting documents and information required for reconstructing the Group's accounts as at 31 December 2010 and 31 June 2011 would be available.

Balance sheet as at 31 June 2011

31 June 2011 balance sheets had been prepared based on information and supporting documents available to the then management (comprising *inter alia*, the Company's former interim CEO, Jerome Tham and former CFO, Chen Guo Dong) after they took over the finance functions and records of the Group in May 2011.

Further to the release of the Special Auditors' findings, based on the information and supporting documents available to the current management as aforesaid, no further adjustment would be made to the balance sheet as at 31 June 2011 as announced by the Company on 28 October 2011.

Cautionary Note

In view of the matters described in the preceding paragraphs, the Company is unable to ascertain the impact, if any, on the 3QFY2015 and 9 months ended on 30 September 2015 financial results and there is no assurance that there are no material facts not known to the current management that may require the above mentioned financial results to be further adjusted.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Unaudited Group			
	3Q ended		9months ended	
	30.09.15	30.09.14	30.09.15	30.09.14
Loss per share ("LPS")				
Basic and diluted (RMB Yuan)	(0.78)	(0.57)	(1.88)	(1.53)

The Company had on 23 June 2015 consolidated 20 ordinary shares into 1 ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the calculation of earnings per share as at 30 September 2014 had been adjusted for the effect of the share consolidation.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	Unaudited 30.09.15	Audited 31.12.14	Unaudited 30.09.15	Audited 31.12.14
Net asset value per share (RMBYuan)	5.39	7.20	9.77	9.90

The Company had on 23 June 2015 consolidated 20 ordinary shares into 1 ordinary share in the capital of the Company and the weighted average number of ordinary shares used for the net asset value per share as at 31 December 2014 had been adjusted for the effect of the share consolidation.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (i) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF 3QFY2015 FINANCIAL RESULTS

The Group's 3QFY2015 revenue increased by 161.2% to RMB 46.0 million from RMB17.6 million for the third quarter ended 30 September 2015 ("3QFY2015").

In 3QFY2015, 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 increase in revenue was mainly attributed to the sales of Drawn Textured Yarn ("DTY") produced from the texturing workshop of the Huaxiang Project and there were no such sales for Huaxiang in the third quarter ended 30 September 2014 ("3QFY2014"). The current DTY production volume has stabilised at approximately 55 tonnes per day for the 20 DTY machines.

During 3QFY2015, the Group has commenced production of PET Chips and trial production for eight lines of POY and four lines of FDY and in October 2015 another two additional FDY production lines commenced trial production.

All production for POY and FDY are currently in the trial production phase as the "AA" quality rates for the finished goods are still not stable at or above 95%, which is the normal industry production standard. The sales and the corresponding cost of sales for the above finished goods during the trial production phase amounted to RMB497.1 million and RMB506.2 million respectively. The resultant gross loss of RMB9.1 million was capitalised as part of "Construction Work-in-Progress" with Property, Plant and Equipment in accordance with the prescribed accounting standards.

Correspondingly, cost of sales also increased from RMB21.6 million in 3QFY2014 to RMB 44.6 million in 3QFY2015. This resulted in a gross gain of RMB1.4 million for 3QFY2015 compared to a gross loss of RMB4.0 million for 3QFY2014. The gross gain was mainly due to the positive difference between the selling price of DTY finished goods and its unit cost, especially since the Group started the DTY production using its own POY material produced by the Huaxiang Spinning workshop from April 2015 onwards, which was cheaper than the material purchased from third party POY suppliers.

Financial income in 3QFY2015 decreased by 31.7% to RMB2.1 million from RMB3.0 million in 3QFY2014, mainly due to less fixed deposits pledged against more bills payables additions during the 3QFY2015 comparing to 3QFY2014.

Other income increased by 815.4% from RMB0.3 million in 3QFY2014 to RMB3.1 million in 3QFY2015, mainly comprising HG and NHW's operating lease rental fee and HX's scrap sales.

Selling and distribution expenses for 3QFY2015 comprising the sales department's salaries and distribution costs, amounted to RMB0.6 million, which had no change from 3QFY2014.

General and administrative expenses in 3QFY2015 decreased by 8% to RMB24.7 million compared to RMB26.9 million in 3QFY2014, mainly due to lesser guarantee fees accrued for the Consultant of the Huaxiang Project during the quarter under review. During 3QFY2014, the Company had paid a guarantee fee to the Consultant for the syndicated bank loan amounting to RMB333 million, and there was no such guarantee fee payable to the Consultant during the quarter under review.

Financial expenses in 3QFY2015 increased by 93.3% to RMB70.0 million compared to RMB36.2 million in 3QFY2014. This was largely attributable to the interest paid, accrued unpaid interest and additional short term and long term loans used to finance the Huaxiang Project and its daily working

capital needs. As at 30 September 2015, the balance of bank loans and loans from non-financial institutions amounted to approximately RMB1.6 billion (30 September 2014: RMB 1.25 billion).

3 months ended 30 September 2015 (“3QFY2015”)

The Group registered a loss of RMB88.7 million for the 3QFY2015. The higher loss before tax can be attributable to higher finance expenses in the current period.

Consolidated Balance Sheet

As at 30 September 2015, the Group’s PPE amounted to RMB2.02 billion as compared to RMB1.94 billion as at 31 December 2014. The increase was due to transfer of costs from “prepayment” to “PPE” upon receipts of the assets physically on site during the period under review. Land use rights over the four plots of state-owned land in the PRC where the Group’s manufacturing premises reside, amounted to RMB156.7 million as at 30 September 2015, compared to RMB159.4 million as at 31 December 2014. The decrease was due to amortisation charge.

The investment property amounted to RMB152.4 million as at 30 September 2015 compared to RMB141.2 million as at 31 December 2014, mainly due to additional construction payment to the construction supplier. The office building is still not ready for intended use as the Group has not yet obtained the building safety certificates from relevant Government Authority and completed the installation of utilities and elevators.

Prepayments (non-current portion), include prepayments for the Huaxiang Project Phase 2 land cost of RMB56.0 million, and prepayment made in respect of acquisition of machinery for the Huaxiang Project of RMB5.5 million. The decrease from RMB64.2 million as at 31 December 2014 compared to RMB61.5 million as at 30 September 2015 was due to transfer the prepayments to PPE for the Huaxiang Project.

Long term receivables mainly comprised land preparation cost for Huaxiang project. The decrease was mainly due to amortisation over the remaining lease period.

In terms of current assets, the Group’s inventories increased to RMB 73.6 million as at 30 September 2015 from RMB17.9 million as at 31 December 2014. The increase in inventories was mainly due to Huaxiang’s commencement of trial production for its new product line in the beginning of April with a current daily output around 570 tonnes. The inventories mainly include its raw material stock and finished goods comprising of trial production inventories, such as PET, POY and FDY, amounting to RMB42.7 million and other full production finished goods such as DTY and raw materials amounting to RMB 30.9 million. DTY inventory turnover days for the quarter was 19 days.

Trade receivables decreased to RMB60.0 million as at 30 September 2015 from RMB103.3 million as at 31 December 2014, mainly due to more receivables collected back during 3QFY2015.

The decrease in prepayment (current portion) from RMB0.8 million as at 31 December 2014 to Nil as at 30 September 2015, was mainly due to the utilisation of the prepayment to suppliers when the goods are delivered to HX’s Plant as at 30 September 2015.

Bills and other receivables increased to RMB373.5 million from RMB345.9 million. Other receivables mainly comprising of:

- (i) one-year interest-free working capital loans amounting to RMB23.5 million for two operating lessees according to the operating lease agreement;
- (ii) RMB161.4 million input VAT receivables from domestic machines purchased for the Huaxiang Project which can be used to set off future VAT payment generated by the sales from HX;
- (iii) a remaining RMB11.6 million in receivables from Huarong Asset Management Company for transferring the DiBang Group non-performance debts as announced previously;
- (iv) RMB30.2 million deposit paid to the financial leasing lesser; and
- (v) other receivables from third parties amounting to RMB138.2 million.

In terms of current liabilities, the Group's trade payables decreased to RMB58.7 million as at 30 September 2015 from RMB88.8 million as at 31 December 2014 as the Group made payments of the final settlement from the previous back-to-back transactions to the suppliers.

Over the same period, short term loans increased to RMB1.12 billion from RMB698.2 million due to loans from financial and non-financial institutions and working capital requirements for Huaxiang project to commence operations.

Payables for the acquisition of PPE decreased to RMB64.7million as at 30 September 2015 from RMB79.9 million as at 31 December 2014 mainly due to the settlement of payables to equipments and construction suppliers.

Finance leases payables related to equipment finance lease with Hua Rong Finance Lease Co., Ltd for the equipment finance lease arrangement. The decrease in finance lease payables is mainly due to quarterly repayments to the lessor – Hua Rong.

Other payables, liabilities and provision increased to RMB317.9 million as at 30 September 2015 from RMB207.4 million as at 31 December 2014. As at 30 September 2015, they comprised of:

- (i) the advances extended from third parties amounting to RMB109.4 million;
- (ii) the advances amounting to RMB76.2 million from a state-owned enterprise to the Group in support of the Huaxiang Project;
- (iii) other accrued staff payroll and related costs amounting to RMB 8.2 million;
- (iv) accruals for guarantee fee to Huaxiang project consultant amounting to RMB 22.3 million;
- (v) accrued interest expenses amounting to RMB 29.3 million;
- (vi) an advance from customers amounting to 22.2 million; and
- (vii) rental payable amounting RMB 9.0million.

Bills payable slightly decreased to RMB511.5 million as at 30 September 2015 from RMB532.6 million as at 31 December 2014 due to the Group's need for continued financial support for the Huaxiang Project and also the working capital requirements for starting the operations at the Huaxiang plant.

As at 30 September 2015, the Group reported a deficiency in net working capital amounting to RMB1.34 billion as the Group currently uses short term financing, including short term loans from financial institutions and non-financial institutions and bill payable facilities to finance its long-term Huaxiang Project and also the working capital requirements for commencing the operations of the Huaxiang plant.

Consolidated Cash Flow Statement

Cash and cash equivalents decreased from RMB10.9 million as at 31 December 2014 to RMB10.0 million as at 30 September 2015, mainly due to cash outflows from operating activities and the payments of capital expenditure amounting to RMB78.8 million and RMB140.0 million respectively, offset by proceeds from financing activities amounting to RMB162.2 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The 3QFY2015 results are in line with the information described in paragraph 10 of the previous results announcement.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Production Update

Following the completion of the construction and development of the New Production Facilities under Phase 1 of the Huaxiang project, the Group had announced that it had commenced trial

production at its Polymerisation Plant on 12 March 2015. The Polymerisation Plant can produce PET chips, POY melt and FDY melt which is used to produce POY / FDY at the Spinning Plant.

Following a successful trial production, the Group had commenced actual production of the PET chips and all eight (8) lines of the POY products as at 14 May 2015. The Group had also commenced trial production of two (2) FDY production lines on 2 June 2015 and an additional two (2) FDY production lines in early July 2015.

Consequent to the above, the Group had commenced trial production of additional two (2) FDY lines on 16 October 2015.. The remaining six (6) FDY production lines will be rolled out depending on the market situation. The current daily production capacity rates for PET chips, POY and FDY products are 60 tonnes, 290 tonnes and 220 tonnes respectively.

As at 30 September 2015, Phase 1 of Huaxiang project has a contractual amount of approximately RMB2.14 billion. To date, the Group has expended approximately RMB1.97 billion and a remaining RMB167 million is required to be paid for the Huaxiang Project.

Market Outlook

The Company believes that the macro-environment for the year ending 31 December 2015 (“FY2015”) is likely to continue to remain challenging, due to the ongoing uncertainties in the global economy and the slowdown in the PRC economy.

On an individual scale, 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. To date, Company has more than 700 customers, both old and new, and has been receiving a stable number of orders from repeat customers.

Update on the Non-Performing Loan

There was no further update on the Disputed Equity Shares since the Company’s Second Quarter Results ended 30 June 2015 released to the SGX-ST on 14 August 2015 (“2QFY2015 Results Announcement”).

Up to the date of this announcement, the dispute parties have not reached an agreement on how to divide the remaining proceeds, and the case is still being heard in the Fuzhou Court. As such, the Company does not have any new information on whether any further amount can be collected from the PRC Court of Fuzhou and/or Citic Bank on the Disputed Equity Shares. Should there be further updates in due course, the Company will update the shareholders via an announcement.

Insofar as the Board is aware, the above transaction is not expected to have any material impact on the Group’s net tangible assets and earnings per share for the financial year ending 31 December 2015, even if the Disputed Equity Shares could not recovered in the future as a worse case scenario.

For the background and more information on the Disputed Equity Shares, please refer to the 2QFY2015 Results Announcement.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) Other comments relating to Dividend

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 930(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for Interested Person Transactions.

BY ORDER OF THE BOARD

China Gaoxian Fibre Fabric Holdings Ltd.

Tham Wan Loong, Jerome

Executive Director

9 November 2015

Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, being two directors of China Gaoxian Fibre Fabric Holdings Ltd. (the "Company"), wish to highlight that the preparation of the 3QFY2015 Results is subject to the Limitations set out in Item 5 of this announcement.

Subject to the above, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors which may render the financial results of the Company and the Group for the financial quarter ended 30 September 2015 to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
China Gaoxian Fibre Fabric Holdings Ltd.

Lin Xingdi
Executive Director

Tham Wan Loong, Jerome
Executive Director

9 November 2015