



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT
Unaudited Financial Statement and Dividend Announcement
For the Financial Period ended 31 December 2013

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 financial quarter ended 31 December 2013 ("4QFY2013") and the financial year ended 31 December 2013 ("FY2013") 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 fourth quarter ("4Q") and twelve months ended 31 December 2013.

	Unaudited			Unaudited		
	4Q ended			12 months ended		
	31.12.13	31.12.12	Change	31.12.13	31.12.12	Change
	3 months	3 months	%	12 months	12 months	%
	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	55,141	104,070	(47.0%)	271,734	491,069	(44.7%)
Cost of sales	(77,735)	(110,153)	(29.4%)	(309,563)	(473,952)	(34.7%)
Gross (loss) / profit	(22,594)	(6,083)	271.4%	(37,829)	17,117	(321.0%)
Other items of income						
Financial income	1,678	1,688	(0.6%)	5,506	2,677	105.7%
Other income	1,171	2,901	(59.6%)	8,508	7,530	13.0%
Other items of expense						
Other expense	(665)	(936)	(29.0%)	(726)	(1,448)	(49.9%)
Selling and distribution expenses	(1,067)	(262)	307.3%	(2,892)	(3,679)	(21.4%)
General and administrative expenses	(34,894)	(29,122)	19.8%	(85,834)	(86,517)	(0.8%)
Financial expense	(32,631)	(7,825)	317.0%	(86,495)	(19,935)	333.9%
Impairment loss	(14,509)	–	N.M.	(14,509)	–	N.M.
Loss before tax	(103,511)	(39,639)	161.1%	(214,271)	(84,255)	154.3%
Income tax	(203)	(498)	(59.2%)	(1,084)	(2,222)	(51.2%)
Net loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company	(103,714)	(40,137)	158.4%	(215,355)	(86,477)	149.0%

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:

	4Q ended Unaudited		Group 12 months ended Unaudited	
	31.12.13 RMB'000	31.12.12 RMB'000	31.12.13 RMB'000	31.12.12 RMB'000
Amortisation of land use rights	911	845	3,646	3,580
Amortisation of cost of preparation of land	417	855	1,667	3,393
Depreciation of property, plant and equipment	8,284	8,306	32,700	30,653
Payroll and related expenses	10,153	9,371	29,835	36,610
Fees in respect of the Special Investigation	–	3,162	–	7,850
Foreign exchange, net	789	(6,729)	858	(1,226)
Inventories written down	9,585	3,148	9,585	4,779
Operating lease expenses	3,000	3,000	12,000	12,001
Impairment of PPE	14,509	–	14,509	–

- 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 31.12.13 RMB'000	Audited 31.12.12 RMB'000 (restated)	Unaudited 31.12.13 RMB'000	Audited 31.12.12 RMB'000 (restated)
Assets				
Non-current assets				
Property, plant and equipment	1,846,560	1,150,552	–	–
Land use rights	159,438	163,085	–	–
Prepayments	167,555	304,653	–	–
Long term receivables	–	–	930,390	–
Investment in subsidiaries	–	–	271,772	1,089,421
	2,173,553	1,618,290	1,202,162	1,089,421
Current assets				
Land use rights	3,646	3,646	–	–
Inventories	28,941	43,646	–	–
Prepayments	1,297	9,804	–	3,437
Trade receivables	70,447	34,076	–	–
Amount due from subsidiaries	–	–	–	971,897
Bills and other receivables	156,869	25,447	60	1,650
Bank deposits pledged	303,871	162,706	–	–
Cash and cash equivalents	7,965	16,538	267	805
	573,036	295,863	327	977,789
Total Assets	2,746,589	1,914,153	1,202,489	2,067,210
Current liabilities				
Provision for income tax	(784)	(1,069)	–	–
Short term bank loans	(760,669)	(362,200)	–	–
Trade payables	(42,218)	(16,079)	–	–
Bills payables	(547,861)	(152,960)	–	–
Payables for the acquisition of property, plant and equipment	(205,248)	(159,295)	–	–
Other payables, liabilities, and provisions	(142,432)	(72,081)	(36,613)	(10,215)
	(1,699,212)	(763,684)	(36,613)	(10,215)
Net current (liabilities)/assets	(1,126,176)	(467,821)	(36,286)	967,574
Total Liabilities	(1,699,212)	(763,684)	(36,613)	(10,215)
Net Assets	1,047,377	1,150,469	1,165,876	2,056,995
Equity attributable to equity holders of the Company				
Share capital	(2,146,079)	(2,092,157)	(2,146,079)	(2,092,157)
Merger reserve	369,563	369,563	–	–
Warrants reserve	(58,341)	–	(58,341)	–
Accumulated loss	787,480	572,125	1,038,544	35,162
Total equity	(1,047,377)	(1,150,469)	(1,165,876)	(2,056,995)
Total equity and liabilities	(2,746,589)	(1,914,153)	(1,202,489)	(2,067,210)

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

	Group	
	Unaudited 31.12.13 RMB'000	audited 31.12.12 RMB'000
Amount repayable in one year or less, or on demand		
- Secured	456,500	362,200
- Unsecured	304,169	–
	<u>760,669</u>	<u>362,200</u>
Amount repayable after one year		
- Secured	–	–
- Unsecured	–	–
	<u>–</u>	<u>–</u>

Details of any collateral

Short term bank loans

As at 31 December 2013, the short term bank loans are secured by pledge of land use right, production and office building, corporate guarantee from two third parties and personal guarantee from a shareholder, Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 31.12.13 RMB'000	audited 31.12.12 RMB'000
Land use rights	163,084	28,761
Production, Office buildings, Construction in Progress and Machineries	315,278	65,106
	<u>478,362</u>	<u>93,867</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 31 December 2013, the bills payable to banks are secured by pledge of bank deposits and corporate guarantee from an unrelated third party and personal guarantee from a shareholder, Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 31.12.13 RMB'000	audited 31.12.12 RMB'000
Bank deposits pledged	<u>303,871</u>	<u>162,706</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 fourth quarter ended 31 December 2013 ("4QFY2013")

	Group			
	4Q ended Unaudited		12 months ended Unaudited	
	31.12.13 RMB'000	31.12.12 RMB'000	31.12.13 RMB'000	31.12.12 RMB'000
Loss before tax	(103,511)	(39,639)	(214,271)	(84,255)
Adjustments:				
Amortisation of land use rights	911	845	3,646	3,580
Amortisation of costs of preparation of land	417	855	1,667	3,393
Bad debts written off	–	1,090	–	1,090
Depreciation of property, plant and equipment	8,284	8,306	32,700	30,653
Impairment of PP&E	14,509		14,509	
Interest expense	32,631	7,825	86,495	19,935
Interest income	(1,678)	(1,688)	(5,506)	(2,677)
Unrealised exchange gain	–	(1,945)	–	(1,945)
Inventories written off	–	3,148	–	4,779
Operating loss before working capital changes	(48,437)	(21,203)	(80,760)	(25,447)
(Increase) / decrease in:				
Inventories	25,606	11,278	14,705	(7,656)
Prepayments	17,277	2,424	8,507	944
Trade and other receivables	(40,056)	23,692	(167,793)	(33,026)
Increase in:				
Trade and other payables/ Other liabilities	26,378	(153,355)	131,429	107,373
Cash flows (used in)/ generated from operations	(19,232)	(137,164)	(93,912)	42,188
Interest income received	1,678	1,688	5,506	2,677
Income taxes paid	(302)	247	(1,369)	(1,793)
Net cash flows (used in) / generated from operating activities	(17,856)	(135,229)	(89,775)	43,072
Cash flows used in investing activities				
Purchase of property, plant and equipment	(79,378)	(53,011)	(600,839)	(494,564)
Net cash flows used in investing activities	(79,378)	(53,011)	(600,839)	(494,564)
Cash flows from/ (used in) financing activities				
Proceeds from short term financing loans	258,021	144,000	1,668,297	456,200
Repayment of short term financing loans	(258,228)	(90,000)	(1,269,828)	(184,500)
Increase in share capital (net of introducer fees)	–	–	112,263	–
Decrease / (increase) in bank deposits pledged	19,994	24,616	(141,165)	(135,331)
(Decrease) / increase in bills payable	(38,908)	–	394,901	–
Interest expense paid	(28,563)	(7,825)	(82,427)	(19,935)
Net cash (used in) / generated from financing activities	(47,684)	70,791	682,041	116,434
Net decrease in cash and cash equivalents	(144,918)	(117,449)	(8,573)	(335,058)
Cash and cash equivalents at beginning of financial period	152,883	133,987	16,538	351,596
Cash and cash equivalents at end of financial period (Note A)	7,965	16,538	7,965	16,538

Note to the unaudited consolidated cash flow statement

31.12.2013 31.12.2012
RMB'000 RMB'000

Note A: Cash and cash equivalents

Cash and bank balances	311,836	179,244
Less: Bank deposits pledged	(303,871)	(162,706)
Cash and cash equivalents	<u>7,965</u>	<u>16,538</u>

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 4QFY2013 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 2013	2,092,157	—	(369,563)	(572,125)	1,150,469
Loss net of tax represents total comprehensive income for the period	—	—	—	(10,540)	(10,540)
At 31 March 2013	2,092,157	—	(369,563)	(582,665)	1,139,929
Loss net of tax represents total comprehensive income for the period	—	—	—	(49,243)	(49,243)
At 30 June 2013	2,092,157	—	(369,563)	(631,908)	1,090,686
Issue of Subscription Shares(net of introducer fee of RMB 3,472,000)	53,922	58,341	—	—	112,263
Loss net of tax represents total comprehensive income for the period	—	—	—	(51,858)	(51,858)
At 30 September 2013	2,146,079	58,341	(369,563)	(683,766)	1,151,091
Loss net of tax represents total comprehensive income for the period	—	—	—	(103,714)	(103,714)
At 31 December 2013	2,146,079	58,341	(369,563)	(787,480)	1,047,377

<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 2012	2,092,157	—	(369,563)	(485,648)	1,236,946
Loss net of tax represents total comprehensive income for the period	—	—	—	(6,902)	(6,902)
At 31 March 2012	2,092,157	—	(369,563)	(492,550)	1,230,044
Loss net of tax represents total comprehensive income for the period	—	—	—	(11,200)	(11,200)
At 30 June 2012	2,092,157	—	(369,563)	(503,750)	1,218,844
Loss net of tax represents total comprehensive income for the period	—	—	—	(28,180)	(28,180)
At 30 September 2012	2,092,157	—	(369,563)	(531,930)	1,190,664
Loss net of tax represents total comprehensive income for the period	—	—	—	(40,195)	(40,195)
At 31 December 2012	2,092,157	—	(369,563)	(572,125)	1,150,469

<u>The Company</u>	Share capital RMB'000	Warrant reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2013	2,092,157	—	(35,162)	2,056,995
Loss net of tax represents total comprehensive income for the period	—	—	(1,110)	(1,110)
At 31 March 2013	2,092,157	—	(36,272)	2,055,885
Loss net of tax represents total comprehensive income for the period	—	—	(4,708)	(4,708)
At 30 June 2013	2,092,157	—	(40,980)	2,051,177
Issue of Subscription Shares (net of introducer fee of RMB 3,472,000)	53,922	58,341	—	112,263
Loss net of tax represents total comprehensive income for the period	—	—	(4,195)	(4,195)
At 30 September 2013	2,146,079	58,341	(45,175)	2,159,245
Loss net of tax represents total comprehensive income for the period	—	—	(993,369)	(993,369)
At 31 December 2013	2,146,079	58,341	(1,038,544)	1,165,876

The Company

	Share capital RMB'000	Warrant reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2012	2,092,157	–	(12,847)	2,079,310
Loss net of tax represents total comprehensive income for the period	–	–	(2,802)	(2,802)
At 31 March 2012	2,092,157	–	(15,649)	2,076,508
Loss net of tax represents total comprehensive income for the period	–	–	(7,506)	(7,506)
At 30 June 2012	2,092,157	–	(23,155)	2,069,002
Loss net of tax represents total comprehensive income for the period	–	–	(3,620)	(3,620)
At 30 September 2012	2,092,157	–	(26,775)	2,065,382
Loss net of tax represents total comprehensive income for the period	–	–	(8,387)	(8,387)
At 31 December 2012	2,092,157	–	(35,162)	2,056,995

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 2013, 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 2013, 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.

As at the date of the announcement, the Company has an issued and paid-up share capital consisting of 2,275,000,010 Shares. Assuming that all of the remaining 1,137,499,990 Warrants have been exercised by the Warrantheolders, a further 1,137,499,990 Shares will be issued by the Company to such Warrantheolders.

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 31.12.2013	audited 31.12.2012
Total number of issued share capital excluding treasuryshares	<u>2,275,000,010</u>	<u>2,040,000,000</u>

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. At 31 December 2013 and 31 December 2012, 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 2013, 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 2013. 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 4QFY2013 and FY2013 are as follows ("Limitations"):

1 January 2011 to 31 March 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 March 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 March 2011 would be available.

Balance sheet as at 31 March 2011

31 March 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 March 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 4QFY2013 and FY2013 financial results and there is no assurance that there are no material facts not known to the current management that may require the 4QFY2013 and FY2013 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			
	4Q ended		12months ended	
	31.12.13	31.12.12	31.12.13	31.12.12
Loss per share ("LPS")				
Basic and diluted (RMB Cents)	(4.56)	(1.97)	(10.22)	(4.24)

Loss per share for 4QFY2013 is calculated by dividing the Group's net loss attributable to shareholders by the weighted average of ordinary shares in issue for the financial period.

Diluted loss per share is similar to basic loss per share as there are no potential dilutive ordinary shares.

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	audited	Unaudited	audited
	31.12.13	31.12.12	31.12.13	31.12.12
Net asset value per share (RMB Cents)	0.50	0.56	0.55	1.01

Net asset value per share is calculated based on the shareholders' equity of the Group and of the Company as at 31 December 2013 and 31 December 2012 and the issued share capital of ordinary shares.

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 4QFY2013 FINANCIAL RESULTS

The Group's 4QFY2013 revenue decreased by 47.0% to RMB55.1 million from RMB104.1 million for the fourth quarter ended 31 December 2012 ("4QFY2012"). As announced previously, the Group continued to face challenging market conditions in the current downturn of the industry cycle in the quarter under review, which have impacted sales volume and average selling prices. For 4QFY2013, the PRC textile industry continues to be impacted by the slowdown of the PRC economy which was caused by weak external demand.

Correspondingly, cost of sales also decreased to RMB77.7 million from RMB110.2 million. This resulted in a gross loss of RMB22.6 million for 4QFY2013 compared to a gross loss of RMB6.1 million for 4QFY2012. The higher gross loss in 4QFY2013 was attributable to higher inventory write-down of RMB9.6 million for FY2013 as compared to RMB3.1 million in 4QFY2012.

Financial income in 4QFY2013 decreased by 0.6% to RMB 1.68 million from RMB1.69 million, other income decreased by 59.6% from RMB2.9 million in 4QFY2012 to RMB1.2 million in 4QFY2013, mainly due to less selling of scrap polyester yarn.

Selling and distribution expenses comprising sales department salaries and distribution costs, amounted to RMB1.07 million, a 307.3% increase compared to RMB0.26 million in 4QFY2012. This was mainly due to accrual of selling agent commission fee for FY2013 during the quarter under review. General and administrative expenses in 4QFY2013 increased by 19.8% to RMB34.9 million as compared to RMB29.1 million in 4QFY2012, which was mainly due to more staff and its related expenses and increase in accrual for professional fees of approximately RMB2.9 million.

Financial expenses in 4QFY2013 increased by 317.0% to RMB32.6 million as compared to RMB7.8 million in 4QFY2012. This was largely attributable to additional RMB398.5 million short term loans used to finance the Huaxiang Project. During FY2013, the Group obtained non-financial institution loans amounting to approximately RMB196.9 million (31 December 2012: RMB6.0 million), which bear higher interest rate than normal financial institution bank loans.

12 months ended 31December2013

The Group recorded a loss before tax of RMB214.3million, other than the pre-operating expenses incurred by the Huaxiang Project of RMB52.2 million and the holding company's operating expenses of RMB22.6 million, impairment loss on HG and NHW's PPE of RMB14.5million, HG and NHW would have recorded a loss before tax of RMB38.5million excluding the interest expenses of RMB86.5 million incurred for Huaxiang project.

Consolidated Balance Sheet

As at 31 December 2013, the Group's PPE amounted to RMB1.85billion as compared to RMB1.15 billion as at 31 December 2012 due to the additional acquisition of PPE for the Huaxiang Project. Land use rights over the four plots of state-owned land in the PRC where the Group's manufacturing premises reside, amounted to RMB159.4 million as 31 December 2013, compared to RMB163.1 million as at 31 December 2012. The decrease was due to amortisation charge.

Prepayments (non-current portion),consisting of prepayments for Huaxiang land preparationcost of RMB74.3 million, the Huaxiang Project Phase 2 land cost of RMB56.0 million and prepayments made in respect of acquisition of machinery for the Huaxiang Project of RMB37.3 million.

Prepayments (non-current portion) has decreased to RMB167.6 million as at 31 December 2013 as compared to RMB304.7million as at 31December 2012 as additional prepayments made in respect of the PPE for the Huaxiang Project were transferred to construction-in-progress.

In terms of current assets, the Group's inventories decreased to RMB28.9 million as at 31 December 2013 from RMB43.6million as at 31December 2012. The decrease in inventories comprise mainly oflowerproduction compared to the same period of the previous year.For the quarter, inventory turnover days was 48 days, which is expected, given the current industry downturn.

Trade receivables increased to RMB70.4 million as at 31 December 2013 from RMB34.1 million as at 31 December 2012 due to longer credit terms given to customers. The decrease in prepayments from RMB9.8 million as at 31 December 2012 to RMB1.3 million as at 31 December 2013 was mainly due to the lesser advances to suppliers paid during the quarter. Bills and Other receivables increased to RMB156.9 million from RMB25.4 million mainly due to VAT receivables related to the imported Barnag machineries and other domestic machines purchased for the Huaxiang Project.

In terms of current liabilities, the Group's trade payables increased to RMB42.2 million as at 31 December 2013 from RMB16.1 million as at 31 December 2012was due to more purchases of materials on credit terms. Over the same period, short term bank loans increased to RMB760.7 million from RMB362.2 million due to additional utilisation of short term loans for supporting the Huaxiang Project. Payables for the acquisition of PPE increased to RMB205.2 million as at 31 December 2013 from RMB159.3 million as at 31 December 2012 mainly due to accrual for additional liability related to the Huaxiang Project. Other payable, liabilities, and provision increased to RMB142.4 million as at 31 December 2013 from RMB72.1 million as at 31 December 2012 was mainly due to accruals for the Huaxiang Project unpaid VAT expenses to China custom of RMB20.9 million, New Huawei accrual for rental expenses of RMB12.0 million, advance from a state owned company of RMB28.2 million and advance from a third party of RMB4.0 million which are unsecured, interest free and repayable on demand. Bills payable increased to RMB547.9 million as at 31 December 2013 from RMB153.0 million as at 31 December 2012 due to the additional utilisation of bills payable to pay for the Huaxiang Project's PPE.

Consolidated Cash Flow Statement

Cash and cash equivalents decreased from RMB16.5 million as at 31 December 2012 to RMB8.0 million as at 31 December 2013, mainly due to proceeds from financing activities amounting to RMB682.0 million offset by cash outflows operating activities and the purchase of plant and equipment that the Group amount to RMB89.8 million and RMB600.8 million respectively.

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

Not applicable.

- 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.**

The Company has resumed trading of its shares on the SGX-ST on 18 September 2013 under the stewardship of a largely new Board of Directors and the leadership of a new CEO, Mr Liu Dehuang, and a new CFO, Ms Liu Minqin. The new management team focused on the completion of Phase 1 of the Huaxiang Project. The Company's Office Property, which is part of the overall Huaxiang Project is scheduled to be completed in early part of Q2FY2014.

Phase 1 of the Huaxiang Project

Phase 1 of the Huaxiang Project is scheduled to be completed in the second quarter of 2014 subject to the successful commissioning of the new plants. As mentioned previously, the Huaxiang Project will enable the Group to offer finer denier yarn products, which its existing production facilities are unable to produce and command a better average selling price as compared to mainstream yarn products. The Huaxiang Project's production facilities will also be utilising faster and more efficient technology, thereby yielding substantial labour, raw material and operating cost savings for the Group. The Group remains optimistic that these newer and more competitive products from the Huaxiang Project's facilities will help to improve its performance.

As of 31 December 2013, the Company has expended approximately RMB1,690 million and would require approximately another RMB193 million to complete Phase 1 of the Huaxiang Project. Since the resumption of trading, the Company has been working towards finalising the project for the new production facilities at the Huaxiang Project ("New Project Finance"). As per the announcements on 27 December 2013 and 9 January 2014, the Company's wholly-owned PRC subsidiary, Huaxiang (China) Premium Fibre Co., Ltd. ("Huaxiang China"), has successfully secured New Project Finance amounting to RMB800 million (approximately S\$166 million) comprising a 4-year syndicated loan facility of RMB500 million and equipment lease financing of up to RMB300 million, details of which are in the aforesaid announcements.

Outlook

The Company believes that the operating environment for the financial year ended 31 December 2014 ("FY2014") is likely to continue to remain challenging, due to ongoing uncertainties in the global economy and the slowdown in the PRC economy.

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 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT general mandate has been obtained for the duration of 4QFY2013.

14. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business segments

The Group's primary format for reporting segment information is business segments, with each segment representing a product line. The Group's business segment is organised into five business segments, namely Fully Drawn Yarn ("FDY"), Drawn Textured Yarn ("DTY"), Blended Yarn ("BY"), Warp Knit Fabric ("WKF"), and Triangular-fibre Yarn ("TFY").

FY2013(12months)	FDY RMB '000	DTY RMB '000	POY RMB '000	BY RMB '000	TFY RMB '000	WKF RMB '000	Total RMB '000
Group Revenue							
Sales to external customers	135,185	57,056	5,129	8,347	404	65,613	271,734
Results							
Gross (loss)/profit	(22,160)	3,214	(1,703)	496	(39)	(17,637)	(37,829)
Unallocated expenses, net							(93,752)
Financial income							5,506
Financial expense							(88,196)
Loss before tax							(214,271)
Income tax							(1,084)
Net loss attributable to shareholders							(215,355)
Other segment information							
Depreciation of property, plant and equipment							(32,700)
Amortisation of land use rights and cost of preparation of land							(5,313)

15. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

China Gaoxian Fibre Fabric Holdings Ltd.

Tham Wan Loong, Jerome

Executive Director

28 February 2014