



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT
Unaudited Financial Statement and Dividend Announcement
For the Financial Year ended 31 December 2016

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 June 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 June 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 ("4QFY2016") and the financial year ended 31 December 2016 ("FY2016") 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 consolidated income statement for the Fourth Quarter ("4Q") and the financial year ("12 months") ended 31 December 2016.

	31.12.16 RMB'000	Unaudited 4Q ended 31.12.15 RMB'000	Change %	31.12.16 RMB'000	Unaudited 12 months ended 31.12.15 RMB'000	Change %
Revenue	485,879	40,681	1094.4%	1,166,237	147,006	693.3%
Cost of sales	(478,222)	(39,295)	1117.0%	(1,179,495)	(145,121)	712.8%
Gross profit/(loss)	7,657	1,386	452.1%	(13,258)	1,885	-803.4%
Other items of income						
Financial income	3,491	584	497.8%	5,944	6,531	-9.0%
Other income	7,096	5,932	19.6%	9,052	20,120	-55.0%
Other items of expense						
Selling and distribution expenses	(270)	(780)	-65.3%	(3,262)	(2,655)	22.9%
General and administrative expenses	(26,545)	(26,580)	-0.1%	(105,171)	(107,852)	-2.1 %
Impairment for PP&E	-	(504,459)	-100%	-	(504,459)	-100%
Financial expense	(42,321)	(49,358)	-14.3%	(150,931)	(200,612)	-24.8%
Loss before tax	(50,892)	(573,275)	-91.0%	(257,626)	(787,042)	-67.2%
Income tax	-	-	N.M.	-	-	N.M.
Net loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company	(50,892)	(573,275)	-91.0%	(257,626)	(787,042)	-67.2%

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		Group	
	Unaudited		12 months ended	
	31.12.16	31.12.15	31.12.16	31.12.15
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of land use rights	911	911	3,646	3,646
Amortisation of cost of preparation of land	416	417	1,665	1,667
Amortisation of intangible assets	28	12	66	12
Depreciation of property, plant and equipment	52,645	14,066	149,746	38,682
Payroll and related expenses	16,243	19,545	49,499	50,230
Foreign exchange, net	13	40	(8)	2,568
Operating lease expenses	3,000	3,000	12,000	12,000
Impairment of other receivable-non-performing loan	–	1,579	–	1,579
Impairment of property, plant and equipment and CWIP	–	504,459	–	504,459

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 As At 31 December 2016

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.12.16	31.12.15	31.12.16	31.12.15
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	1,460,723	1,530,276	–	–
Investment Property-Construction work-in-progress	156,780	154,060	–	–
Land use rights prepayments	148,500	152,146	–	–
Prepayments	55,988	55,988	–	–
Long term receivables	69,314	70,979	–	–
Investment in subsidiaries	–	–	–	–
	<u>1,891,305</u>	<u>1,963,449</u>	<u>–</u>	<u>–</u>
Current assets				
Land use rights prepayments	3,712	3,646	–	–
Inventories	19,999	36,357	–	–
Prepayments	–	15,984	–	–
Trade receivables	50,198	44,229	–	–
Bills and other receivables	246,702	261,173	–	–
Bank deposits pledged	110,011	238,056	–	–
Cash and cash equivalents	11,706	9,928	38	40
	<u>442,328</u>	<u>609,373</u>	<u>38</u>	<u>40</u>
Total Assets	<u>2,333,633</u>	<u>2,572,822</u>	<u>38</u>	<u>40</u>
Current liabilities				
Provision for income tax	(784)	(784)	–	–
Short term loans	(1,538,928)	(1,189,670)	–	–
Trade payables	(121,476)	(85,538)	–	–
Bills payables	(130,600)	(487,455)	–	–
Payables for the acquisition of property, plant and equipment	(77,381)	(63,290)	–	–
Obligations under finance leases	–	(44,821)	–	–
Other payables, liabilities, and provisions	(477,855)	(219,631)	(89,355)	(87,990)
	<u>(2,347,024)</u>	<u>(2,091,189)</u>	<u>(89,355)</u>	<u>(87,990)</u>
Net current liabilities	<u>(1,904,696)</u>	<u>(1,481,816)</u>	<u>(89,317)</u>	<u>(87,950)</u>
Non-current liabilities				
Long term bank loans	(205,000)	(432,000)	–	–
Obligations under finance leases	–	(10,398)	–	–
	<u>(205,000)</u>	<u>(442,398)</u>	<u>–</u>	<u>–</u>
Total Liabilities	<u>(2,552,024)</u>	<u>(2,533,587)</u>	<u>(89,355)</u>	<u>(87,990)</u>
Net (Liabilities)/ Assets	<u>(218,391)</u>	<u>39,235</u>	<u>(89,317)</u>	<u>(87,950)</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	2,053,248	1,795,622	2,293,737	2,292,370
Total equity	<u>218,391</u>	<u>(39,235)</u>	<u>89,317</u>	<u>87,950</u>
Total equity and liabilities	<u>(2,333,633)</u>	<u>(2,572,822)</u>	<u>(38)</u>	<u>(40)</u>

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

	Group	
	Unaudited 31.12.16 RMB'000	Audited 31.12.15 RMB'000
Amount repayable in one year or less, or on demand		
- Secured	1,538,928	1,189,670
- Unsecured	-	-
	<u>1,538,928</u>	<u>1,189,670</u>
Amount repayable after one year		
- Secured	205,000	432,000
- Unsecured	-	-
	<u>205,000</u>	<u>432,000</u>
Secured obligations under finance leases		
- Current portion	-	44,821
- Non-current portion	-	10,398
	<u>-</u>	<u>55,219</u>

Details of any collateral

Bank loans and finance lease

As at 31 December 2016, the short term and long term bank loans are secured by pledge of land use rights, production and office buildings, corporate guarantees from the subsidiaries, personal guarantee from a shareholder, Mr. Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 31.12.16 RMB'000	Audited 31.12.15 RMB'000
Land use rights	152,212	155,792
Production, Office buildings, Construction work in progress and Machineries	754,514	502,036
	<u>906,726</u>	<u>657,828</u>

Bills payable to banks

The bills payable to banks have an maturity period of 90 days or 180 days and are interest-free as repayments were made within the credit periods granted. As at 31 December 2016, the bills payable to banks are secured by pledge of bank deposits and corporate guarantees from subsidiaries and personal guarantee from a shareholder, Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 31.12.16 RMB'000	Audited 31.12.15 RMB'000
Bank deposits pledged	<u>110,011</u>	<u>238,056</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 ("4Q FY2016") and the financial year ended 31 December 2016 ("FY2016")

	Group			
	4Q ended Unaudited		12 months ended Unaudited	
	31.12.16 RMB'000	31.12.15 RMB'000	31.12.16 RMB'000	31.12.15 RMB'000
Loss before tax	(50,892)	(573,275)	(257,626)	(787,042)
Adjustments:				
Amortisation of land use rights	911	911	3,646	3646,
Amortisation of costs of preparation of land	416	417	1,665	1,667
Depreciation of property, plant and equipment	52,673	9,645	149,812	38,694
Amortization of intangible assets	–	12	–	12
Interest expense	42,321	49,357	150,931	200,612
Interest income	(3,491)	(584)	(5,944)	(6,531)
Impairment of other receivable	–	1,579	–	1,579
Impairment of PP&E	–	504,459	–	504,459
Write off PP&E	–	39	–	39
Unrealised exchange loss/(gain)	13	40	(8)	2,568
Operating profit/(loss) before working capital changes	41,951	(7,400)	42,475	(40,309)
(Increase)/ Decrease in:				
Inventories	7,726	37,274	(16,358)	(18,458)
Trade and other receivables and prepayments	(2,131)	(6,057)	(24,487)	(46,202)
Trade and other payables/ other liabilities	11,441	11,705	14,692	67,877
Cash flows generated from/ (used in) operations	58,987	47,636	98,012	(37,092)
Interest income received	3,491	584	5,944	6,531
Income taxes paid	–	–	–	–
Net cash flows generated from/ (used in) operating activities	62,478	48,220	103,956	(30,561)
Cash flows used in investing activities				
Purchase of property, plant and equipment	(511)	(15,503)	(51,568)	(155,516)
Net cash flows used in investing activities	(511)	(15,503)	(51,568)	(155,516)
Cash flows from financing activities				
Proceeds from short term financing loans	87,678	210,920,	1,290,148	1,012,253
Repayment of short term financing loans	(75,550)	(202,020)	(1,107,890)	(729,748)
Repayment from long term financing loans	–	–	–	(11,000)
(Increase)/ decrease in bank deposits pledged	21,360	18,392	128,045	29,847
Repayment of finance lease liabilities	(41,489)	(7,837)	(55,219)	(37,799)
Increase/decrease in bills payable	(27,700)	(24,019)	(356,855)	(45,137)
Receipts of non-performing assets from China Huarong Asset management Co., Ltd	–	–	–	69,057
Advances extended to lessees under operating lease	–	–	–	(300)
Proceeds of interest-free loan from certain government-linked entities	–	–	165,000	–
Interest expense paid	(26,415)	(28,142)	(113,839)	(157,641)
Net cash (used in)/generated from financing activities	(62,116)	(32,706)	(50,610)	129,532
Net (decrease)/increase in cash and cash equivalents	(149)	11	1,778	(56,545)
Cash and cash equivalents at beginning of financial period	11,557	9,917	9,928	66,473
Cash and cash equivalents at end of financial period	11,706	9,928	11,706	9,928

Note to the unaudited consolidated cash flow statement

	12 months ended	
	Unaudited	
	31.12.2016	31.12.2015
	RMB'000	RMB'000
<u>Note A: Cash and cash equivalents</u>		
Cash and bank balances	121,717	247,984
Less: Bank deposits pledged	(110,011)	(238,056)
Cash and cash equivalents	11,706	9,928

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 4QFY2016 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 2016	2,190,580	13,840	(369,563)	(1,795,622)	39,235
Loss net of tax represents total comprehensive income for the period	—	—	—	(92,673)	(92,673)
At 31 March 2016	2,190,580	13,840	(369,563)	(1,888,295)	(53,438)
Loss net of tax represents total comprehensive income for the period	—	—	—	(64,880)	(64,880)
At 30 June 2016	2,190,580	13,840	(369,563)	(1,953,175)	(118,318)
Loss net of tax Represents total comprehensive Income for the period	—	—	—	(49,181)	(49,181)
At 30 September 2016	2,190,580	13,840	(369,563)	(2,002,356)	(167,499)
Loss net of tax Represents total comprehensive Income for the period	—	—	—	(50,892)	(50,892)
At 31 December 2016	2,190,580	13,840	(369,563)	(2,053,248)	(218,391)

<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
Loss net of tax Represents total Comprehensive Income for the period	–	–	–	(573,275)	(573,275)
At 31 December 2015	2,190,580	13,840	(369,563)	(1,795,622)	39,235
<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 2016	2,190,580	13,840	-	(2,292,370)	(87,950)
Loss net of tax represents total comprehensive income for the period	–	–	–	33	33
At 31 March 2016	2,190,580	13,840	–	(2,292,337)	(87,917)
Loss net of tax represents total comprehensive income for the period	–	–	–	(641)	(641)
At 30 June 2016	2,190,580	13,840	–	(2,292,978)	(88,558)
Loss net of tax Represents total					

Comprehensive Income for the period	–	–	–	(319)	(319)
At 30 September 2016	2,190,580	13,840	–	(2,293,297)	(88,877)
Loss Net of tax Represents total Comprehensive Income for the period	–	–	–	(440)	(440)
At 31 December 2016	2,190,580	13,840	–	(2,293,737)	(89,317)
<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
Loss net of tax Represents total Comprehensive Income for the period	–	–	–	(1,198,853)	(1,198,853)
At 31 December 2015	2,190,580	13,840	–	(2,291,916)	(87,496)

- 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.**

There were no changes in the share capital of the Company as at 31 December 2016.

As at 31 December 2016, the Company has an issued and paid-up share capital comprising 113,749,997 Shares (31 December 2015: 113,749,997 Shares). Assuming that all of the remaining 56,874,996 Warrants (31 December 2015: 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. The Company does not have any treasury shares.

- 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 31.12.2016	Audited 31.12.2015
Total number of issued share capital excluding treasury shares	<u>113,749,997</u>	<u>113,749,997</u>
Total number of warrants	<u>56,874,996</u>	<u>56,874,996</u>

The Company does not have treasury shares.

- 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 31 December 2016, 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 2016, 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 2016. 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 4QFY2016 are as follows ("Limitations"):

Financial period from 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 as described in the preceding paragraphs, the Company is unable to ascertain the impact, if any, on the 4QFY2016 financial results and there is no assurance that there are no material facts not known to the current management that may require the 4QFY2016 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 31.12.16	31.12.15	12 months ended 31.12.16	31.12.15
Loss per share ("LPS")				
Basic and diluted (RMB)	(0.45)	(5.04)	(2.26)	(6.92)

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 31.12.16	Audited 31.12.15	Unaudited 31.12.16	Audited 31.12.15
Net asset value per share (RMB)	(1.92)	0.34	(0.79)	(0.77)

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 4QFY2016 FINANCIAL RESULTS

The Group's revenue for the fourth quarter ended 31 December 2016 ("4QFY2016") increased by RMB 445.2 million or 1094.4% to RMB 485.9 million from RMB 40.7 million for the fourth quarter ended 31 December 2015 ("4QFY2015").

In 4QFY2016, 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 57.2 million, FDY of RMB 192.2 million, POY of RMB 167.1 million and PET Chips of RMB 69.4 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 438.9 million from RMB 39.3 million in 4QFY2015 to RMB 478.2 million in 4QFY2016. This resulted in a gross profit of RMB 7.7 million for 4QFY2016 compared to a gross profit of RMB 1.39 million for 4QFY2015. The gross profit was mainly due to higher products selling price and higher sales volume.

Financial income in 4QFY2016 increased by RMB 2.91 million or 497.8% to RMB 3.49 million from RMB 0.58 million in 4QFY2015, mainly due to more fixed deposits pledged against bills payables in 4QFY2016 compared to 4QFY2015.

Other income in 4QFY2016 increased by RMB 1.17 million or 19.6% to RMB 7.1 million from RMB 5.9 million in 4QFY2015, mainly due to more revenue generate from trading business in 4QFY2016 compared to 4QFY2015.

Selling and distribution expenses comprised sales department's salaries and distribution costs. It amounted to RMB 0.27 million for 4QFY2016, a decrease of 65.3%, compared to RMB 0.78 million in 4QFY2015 due to lesser salary expenses during the quarter under review.

General and administrative expenses in 4QFY2016 increased by 1.6% to RMB 27.0 million compared to RMB 26.58 million in 4QFY2015, mainly due to more management fees incurred during the quarter under review.

Financial expenses in 4QFY2016 decreased by RMB 7.0 million or 14.3% to RMB 42.3 million compared to RMB 49.4 million in 4QFY2015. The lower interest expenses were also attributed to the lower applicable bank loan interest rate in 4QFY2016 compared to the same period in FY2015.

3 months ended 31 December 2016 ("4QFY2016")

The Group registered a loss of RMB 50.9 million for 4QFY2016. The loss before tax was mainly attributed to the depreciation of property, plant and equipment ("PPE") amounted to RMB 52.6 million. In addition, the high financial expense was also a factor of the net loss. The net profit would be RMB 44.1 million if such factors are being excluded.

Consolidated Balance Sheet

As at 31 December 2016, the Group's PPE amounted to RMB 1.46 billion as compared to RMB 1.53 billion as at 31 December 2015. The decrease was mainly due to the depreciation charge 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 RMB 152.2 million as at 31 December 2016, compared to RMB 155.8 million as at 31 December 2015. The decrease was due to amortisation charge for the financial period under review.

The investment property amounted to RMB 156.8 million as at 31 December 2016 compared to RMB 154.1 million as at 31 December 2015, mainly due to additional construction payments to the construction suppliers. Pending some finishing works, the construction of office building is completed and the Group expects to obtain the building certificates from relevant government authorities by 1QFY2017, instead of 4QFY2016 as stated in last quarter's results announcement.

Prepayment (non-current portion) relates to the prepayment for the Huaxiang Project's Phase 2 land cost of RMB 56.0 million.

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

In terms of current assets, the Group's inventories decreased to RMB 20.0 million as at 31 December 2016 from RMB 36.4 million as at 31 December 2015, mainly due to the resumption of production to normal level at the Huaxiang plant. Turnover days of finished goods was approximately 7 days for the period under review.

Trade receivables increased by RMB 6.0 million to RMB 50.2 million as at 31 December 2016 from RMB 44.2 million as at 31 December 2015, mainly due to more credit sales made during 4QFY2016.

The decrease in prepayment (current portion) by RMB 16.0 million from RMB 16.0 million as at 31 December 2015 to nil balance as at 31 December 2016, was mainly due to the receipt of goods from suppliers during the financial quarter under review.

Bills and other receivables decreased by RMB 14.4 million to RMB 246.7 million as at 31 December 2016 from RMB 261.2 million as at 31 December 2015. Other receivables mainly comprised:

- (i) RMB 139.9 million of 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 the Huaxiang plant;
- (ii) a remaining RMB 10.1 million of receivables from Huarong Asset Management Company for transferring the DiBang Group non-performance debts as announced previously;
- (iii) RMB 30 million of deposits paid to Zhejiang Materials Industry Group Co., Ltd, (please refer to the announcement dated 19 December 2016);
- (iv) Other receivables from lessees amounted to RMB 8.8 million;
- (v) Advances to suppliers of RMB 4.3 million;
- (vi) Advance to third parties (non-trade) of RMB 40.7 million; and
- (vii) Rental deposit of RMB 1.0 million.

In terms of current liabilities, the Group's trade payables increased by RMB 35.9 million to RMB 121.4 million as at 31 December 2016 from RMB 85.5 million as at 31 December 2015 as the Group made lesser repayments to the suppliers.

Over the same period, short term loans increased by RMB 349.3 million to RMB 1.54 billion as at 31 December 2016 from RMB 1.19 billion as at 31 December 2015. This was mainly due to partial bill payables have been reclassified as short term loans by the banks as at 31 December 2016.

Payables for the acquisition of PPE increased by RMB 14.1 million to RMB 77.4 million as at 31 December 2016 from RMB 63.3 million as at 31 December 2015 was mainly due to accrued for final settlement of machineries with certain suppliers.

Finance lease payable relates to the lease of production equipment from HuaRong Finance Lease Co., Ltd ("Lessor"). The decrease in finance lease payable was due to full settlement of the finance lease obligations.

Other payables, liabilities and provision increased by RMB 258.2 million to RMB 477.8 million as at 31 December 2016 from RMB 219.6 million as at 31 December 2015. As at 31 December 2016, other payables, liabilities and provision comprised:

- (i) Proceeds of interest free loans from 2 state-owned entities amounting to RMB 255.2 million;
- (ii) Advances received from customers amounting to RMB 2.1 million;
- (iii) Consultancy and guarantee fees due to a shareholder amounting to RMB 25.3 million;
- (iv) Interest payables amounted to RMB95.0 million;
- (v) Non trade amounts due to third parties of RMB60.5 million; and
- (vi) Salary related costs payables of RMB 8.4 million.

Bills payable decreased by RMB 356.9 million to RMB 130.6 million as at 31 December 2016 from RMB 487.5 million as at 31 December 2015.

As at 31 December 2016, the Group reported a deficiency in net working capital amounting to RMB 1.91 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 the operations of the Huaxiang plant.

Consolidated Cash Flow Statement

Cash and cash equivalents increased by RMB 1.8 million from RMB 9.9 million as at 31 December 2015 to RMB 11.7 million as at 31 December 2016, mainly due to cash inflows from operating activities amounting to RMB 103.9 million and cash outflow from payments of capital expenditures amounting to RMB 51.5 million. Cash inflows from financing activities amounted to RMB 50.6 million.

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

The 4QFY2016 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

As announced previously, the Group had resumed production on 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 700 tonnes, comprising approximately 530 tonnes of POY and FDY and approximately 100 tonnes PET polyester chips. The total number of employees of the Group is approximately 1,100. As at December 2016, the Group has started trial production of two lines (out of four polyester) with luster production line.

Market Outlook

The Company believes that the macro-environment for the next twelve months remains challenging due to the slowing down of economic growth in the PRC economy, intense competition within the industry and rising production costs.

In view of the challenging business environment, the management will continue to take constructive measures to make sure the Group is able to sustain itself, including to control operating costs and finance costs, and monitor its receivables and collections closely.

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

Update on the Non-Performing Loan

The Fujian Fuzhou City Supreme Court ("the Court") has issued a statement relating to the update on the status of disputed proceeds in February 2016. According to the statement, only RMB 10.0 million was left to be distributed amongst 13 Creditors (including the Group's subsidiary, NHW). Based on this statement, Management has made an assessment of its remaining credit exposure of RMB 11.6 million and has accordingly recognised an impairment loss of RMB1.6 million in the statement of comprehensive income. To-date, there is no further update on this matter.

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 ended 31 December 2016, even if the Disputed Equity Shares cannot be 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 920(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.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results operating 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"), Partially Oriented Yarn ("POY"), and Polyester ("PET") chips.

FY2016 (12 months)	FDY RMB'000	DTY RMB'000	POY RMB'000	PET Chips RMB'000	Total RMB'000
Group Revenue					
Sales to external customers	461,464	157,128	381,812	165,833	1,166,237
Results					
Gross loss					(13,258)
Unallocated expenses, net					
Financial income					5,994
Financial expense					(150,931)
Loss before tax					(257,626)
Income tax					-
Net loss attributable to shareholders					(257,626)
Other segment information					
Depreciation of property, plant and equipment					(149,746)
Amortisation of land use rights and cost of preparation of land					(5,313)

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Not applicable.

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividend was declared and paid in FY2016 and FY2015.

- 18. Disclosure of person occupying 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).**

There is no other person occupying managerial position in the Company or its principal subsidiaries that are related to any director or 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**

1 March 2017