



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT
Unaudited Quarter Financial Statement and Dividend Announcement For the
Financial Period ended 31 December 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 financial quarter ended 31 December 2015 ("4QFY2015") and the financial year ended 31 December 2015 ("FY2015") 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 2015.

	Unaudited 4Q ended			Unaudited 12 months ended		
	31.12.15 RMB'000	31.12.14 RMB'000	Change %	31.12.15 RMB'000	31.12.14 RMB'000	Change %
Revenue	40,681	27,143	49.9	147,006	90,709	62.1
Cost of sales	(39,295)	(24,848)	58.1	(145,121)	(98,008)	48.1
Gross profit/(loss)	1,386	2,295	(39.6)	1,885	(7,299)	(125.8)
Other items of income						
Financial income	584	2,929	(80.1)	6,531	8,742	(25.3)
Other income	5,932	2,184	171.6	20,120	26,167	(23.1)
Other items of expense						
Selling and distribution expenses	(780)	(82)	851.2	(2,655)	(2,497)	6.3
General and administrative expenses	(26,580)	(16,113)	65.0	(107,852)	(107,017)	0.8
Impairment for PP&E	(504,459)	-	N.M.	(504,459)	-	N.M.
Financial expense	(49,358)	(38,191)	29.2	(200,612)	(138,801)	44.5
Loss before tax	(573,275)	(46,978)	1120.3	(787,042)	(220,705)	256.6
Income tax	-	(12)	N.M.	-	(394)	N.M.
Net loss attributable to shareholders representing total comprehensive loss for the period attributable to equity holders of the Company	(573,275)	(46,990)	1120.0	(787,042)	(221,099)	256.0

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		Group	
	Unaudited		12 months ended	
	31.12.15	31.12.14	31.12.15	31.12.14
	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	417	417	1,667	1,667
Amortisation of intangible assets	12	-	12	-
Depreciation of property, plant and equipment	14,066	8,998	38,682	32,731
Payroll and related expenses	19,545	4,198	50,230	19,891
Unrealized foreign exchange, net	40	(1,402)	2,568	(2,208)
Allowance for doubtful debt	-	974	-	974
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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.12.15	31.12.14	31.12.15	31.12.14
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	1,529,781	1,939,179	–	–
Investment Property-Construction work-in-progress	154,060	141,232	–	–
Land use rights prepayments	152,146	155,792	–	–
Prepayments	55,988	64,174	–	–
Long term receivables	70,980	72,646	–	930,390
Intangible assets	490	–	–	–
Investment in subsidiaries	–	–	–	262,890
	<u>1,963,445</u>	<u>2,373,023</u>	<u>–</u>	<u>1,193,280</u>
Current assets				
Land use rights prepayments	3,646	3,646	–	–
Intangible assets	4	–	–	–
Inventories	36,357	17,899	–	–
Prepayments	15,983	793	–	–
Trade receivables	44,229	103,322	–	–
Bills and other receivables	365,621	345,853	454	–
Bank deposits pledged	238,056	267,904	–	–
Cash and cash equivalents	9,928	66,473	40	25
	<u>713,824</u>	<u>805,890</u>	<u>494</u>	<u>25</u>
Total Assets	<u>2,677,269</u>	<u>3,178,913</u>	<u>494</u>	<u>1,193,305</u>
Current liabilities				
Provision for income tax	(784)	(784)	–	–
Short term loans	(1,189,670)	(698,165)	–	–
Trade payables	(85,538)	(88,836)	–	–
Bills payables	(487,455)	(532,592)	–	–
Payables for the acquisition of property, plant and equipment	(63,290)	(79,875)	–	–
Obligations under finance leases	(46,606)	(41,108)	–	–
Other payables, liabilities, and provisions	(324,078)	(207,366)	(87,990)	(66,381)
	<u>(2,197,421)</u>	<u>(1,648,726)</u>	<u>(87,990)</u>	<u>(66,381)</u>
Net current liabilities	<u>(1,483,597)</u>	<u>(842,836)</u>	<u>(87,496)</u>	<u>(66,356)</u>
Non-current liabilities				
Long term bank loans	(432,000)	(652,000)	–	–
Obligations under finance leases	(8,613)	(51,910)	–	–
	<u>(440,613)</u>	<u>(703,910)</u>	<u>–</u>	<u>–</u>
Total Liabilities	<u>(2,638,034)</u>	<u>(2,352,636)</u>	<u>(87,990)</u>	<u>(66,381)</u>
Net Assets	<u>39,235</u>	<u>826,277</u>	<u>(87,496)</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	1,795,622	1,008,580	2,291,916	1,077,496
Total equity	<u>(39,235)</u>	<u>(826,277)</u>	<u>87,496</u>	<u>(1,126,924)</u>
Total equity and liabilities	<u>(2,677,269)</u>	<u>(3,178,913)</u>	<u>(494)</u>	<u>(1,193,305)</u>

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

	Group	
	Unaudited 31.12.15 RMB'000	Audited 31.12.14 RMB'000
Amount repayable in one year or less, or on demand		
- Secured	1,189,670	698,165
- Unsecured	–	–
	<u>1,189,670</u>	<u>698,165</u>
Amount repayable after one year		
- Secured	432,000	652,000
- Unsecured	–	–
	<u>432,000</u>	<u>652,000</u>
Secured obligations under finance leases		
- Current portion	46,606	41,108
- Non-current portion	8,613	51,910
	<u>55,219</u>	<u>93,018</u>

Details of any collateral

Short term bank loans

As at 31 December 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 31.12.15 RMB'000	Audited 31.12.14 RMB'000
Land use rights	139,611	159,438
Production, Office buildings, Construction work in progress and Machineries	668,297	643,898
	<u>807,908</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 31 December 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 31.12.15 RMB'000	Audited 31.12.14 RMB'000
Bank deposits pledged	<u>238,056</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 fourth quarter ("4QFY2015") and 12 months ("12MFY2015") ended 31 December 2015.

	Group			
	4Q ended Unaudited		12months ended Unaudited	
	31.12.15 RMB'000	31.12.14 RMB'000	31.12.15 RMB'000	31.12.14 RMB'000
Loss before tax	(573,275)	(46,978)	(787,042)	(220,705)
Adjustments:				
Amortisation of land use rights	911	911	3,646	3,646
Amortisation of costs of preparation of land	417	417	1,667	1,667
Depreciation of property, plant and equipment	9,645	8,998	38,682	32,730
Amortization of intangible assets	12	–	12	–
Interest expense	49,357	38,191	200,612	138,801
Interest income	(584)	(2,929)	(6,531)	(8,742)
Impairment of other receivables	1,579	–	1,579	–
Impairment of PP&E	504,459	–	504,459	–
Written off PP&E	39	–	39	–
Unrealized exchange loss	40	–	2,568	–
Operating loss before working capital changes	(7,400)	(1,390)	(40,309)	(52,603)
(Increase)/Decrease in:				
Inventories	37,274	(9,634)	(18,458)	11,042
Trade and other receivables and prepayments	6,057	(84,201)	(46,202)	(123,110)
Trade and other payables/ other liabilities	11,705	137,229	67,877	115,059
Cash flows generate from/(used in) operations	47,636	42,004	(37,092)	(49,612)
Interest income received	584	2,929	6,531	8,742
Income taxes paid	–	(12)	–	(394)
Net cash flows generate from/(used in) operating activities	48,220	44,921	(30,561)	(41,264)
Cash flows used in investing activities				
Purchase of property, plant and equipment	(15,503)	(35,739)	(155,516)	(217,626)
Net cash flows used in investing activities	(15,503)	(35,739)	(155,516)	(217,626)
Cash flows from financing activities				
Proceeds from short term financing loans	210,920	475,248	1,012,253	1,898,537
Repayment of short term financing loans	(202,020)	(396,840)	(729,748)	(1,727,249)
Purchase of non-performing assets from Huarong	–	–	–	(80,704)
Proceeds/(repayment) from long term financing loans	–	16,000	(11,000)	416,000
Decrease in bank deposits pledged	18,392	117,897	29,847	35,967
Repayment of finance lease liabilities	(7,837)	(15,469)	(37,799)	(45,646)
Receipts of non-performing assets from China Huarong Assets Management Co., Ltd.	–	–	69,057	–
Decrease in bills payable	(24,019)	(119,765)	(45,137)	(15,269)
Advances extended to lessees under operating leases	–	(2,441)	(300)	(24,141)
Repayment of guarantee fee to a shareholder	–	–	–	(11,176)
Interest expense paid	(28,142)	(28,311)	(157,641)	(128,922)
Net cash generated from/(used in) financing activities	(32,706)	46,319	129,532	317,397
Net increase/(decrease) in cash and cash equivalents	11	55,501	(56,545)	58,507
Cash and cash equivalents at beginning of financial period	9,917	10,972	66,473	7,966
Cash and cash equivalents at end of financial period (Note A)	9,928	66,473	9,928	66,473

Note to the unaudited consolidated cash flow statement

12month ended Unaudited	
31.12.2015	31.12.2014
RMB'000	RMB'000

Note A: Cash and cash equivalents

Cash and bank balances	247,984	334,377
Less: Bank deposits pledged	(238,056)	(267,904)
Cash and cash equivalents	9,928	66,473

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 4QFY2015 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

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 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
Loss net of tax represents total comprehensive income for the period	–	–	–	(46,990)	(46,990)
At 31 December 2014	2,190,580	13,840	(369,563)	(1,008,580)	826,277
<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				(3,972)	(3,972)

comprehensive income for the period	–	–	–		
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)

<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 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
Loss net of tax represents total comprehensive income for the period	–	–	–	(16,743)	(16,743)
At 31 December 2014	2,190,580	13,840	–	(1,077,496)	1,126,924

- 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 Warrantholders, a further 56,874,996 Shares will be issued by the Company to such Warrantholders.

- 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 31.12.2015	Audited 31.12.2014
Total number of issued share capital excluding treasury shares	<u>113,749,997*</u>	<u>2,275,000,010</u>
Total number of warrants	<u>56,874,996*</u>	<u>1,137,499,990</u>

*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 31 December 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 4QFY2015 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 4QFY2015 and 12 months ended on 31 December 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			
	4Q ended		12months ended	
	31.12.15	31.12.14	31.12.15	31.12.14
Loss per share ("LPS")				
Basic and diluted (RMB Yuan)	(5.04)	(0.41)	(6.92)	(1.94)

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 31 December 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 31.12.15	Audited 31.12.14	Unaudited 31.12.15	Audited 31.12.14
Net asset value per share (RMB Yuan)	0.34	7.20	(0.77)	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 4QFY2015 FINANCIAL RESULTS

The Group's 4QFY2015 revenue increased by 49.9% to RMB 40.7 million from RMB 27.1 million for the fourth quarter ended 31 December 2015 ("4QFY2015").

In 4QFY2015, 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. The current DTY production volume has stabilised at approximately 55 tonnes per day for the 20 DTY machines.

During 4QFY2015, the Group has commenced production of PET Chips and trial production for eight lines of POY and six lines of FDY and in December 2015 another two additional FDY production lines commenced trial production.

All production for PET chips, POY and FDY is currently in the trial production phase. The sales and the corresponding cost of sales for the above finished goods during the trial production phase amounted to RMB 773.7 million and RMB 777.8 million respectively. The resultant gross loss of RMB 4.1 million was capitalized as part of "Construction Work-in-Progress" with Property, Plant and Equipment ("PPE") in accordance with the prescribed accounting standards.

Correspondingly, cost of sales also increased from RMB 24.8 million in 4QFY2014 to RMB 39.3 million in 4QFY2015. This resulted in a gross profit of RMB 1.4 million for 4QFY2015 compared to a gross profit of RMB 2.3 million for 4QFY2014. The gross profit 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 4QFY2015 decreased by 80.1% to RMB 0.6 million from RMB 2.9 million in 4QFY2014, mainly due to less fixed deposits pledged against more bills payables additions during the 4QFY2015 comparing to 4QFY2014.

Other income increased by 171.6% from RMB 2.2 million in 4QFY2014 to RMB 5.9 million in 4QFY2015, mainly comprising HG and NHW's operating lease rental fee and HX's scrap sales.

Selling and distribution expenses for 4QFY2015 comprising the sales department's salaries and distribution costs, amounted to RMB 0.8 million increased by 851.2% compare to RMB 0.08 million in 4Q2014. In 4Q2014, the Company only has DTY sales, the sales department has not been established and the salaries and distribution fees were low.

General and administrative expenses in 4QFY2015 increased by 65% to RMB 26.6 million (excluding the RMB 504.5 million impairment loss for the Group's PPE) compared to RMB 16.1 million in 4QFY2014, mainly due to more payroll and related cost paid and accrued compared to the same period of FY2014. The total number of staff by the end of December 2015 was about 1200 and the number of staff at the end of December 2014 was about 480. The increase in staffs related cost was around RMB 7.5 million.

Financial expenses in 4QFY2015 increased by 29.2% to RMB 49.4 million compared to RMB 38.2 million in 4QFY2014. 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 31 December 2015, the balance of bank loans and loans from non-financial institutions amounted to approximately RMB1.62 billion (31 December 2014: RMB 1.35 billion).

3 months ended 31 December 2015 ("4QFY2015")

The Group registered a loss of RMB 573.3 million for the 4QFY2015. The higher loss before tax can be attributable to higher finance expenses and the Group's RMB 504.5 million PPE impairment loss in the current period. The net loss would be RMB 68.8 million if excludes such PPE impairment loss.

Consolidated Balance Sheet

As at 31 December 2015, the Group's PPE amounted to RMB 1.53 billion as compared to RMB 1.94 billion as at 31 December 2014. The decrease was mainly due to impairment loss of the subsidiaries' PPE of RMB 504 million during the period under review. In FY2015, Chinese textile industry continue to face the downturn cycle due to the global and domestic economy recession, the lower crude oil price and the oversupply production capacity in China domestic market, etc. which continually impacted the Company's assets profitability. According to the independent appraisal company's report, the Company has adjusted the PPE value of 3 principal subsidiaries, thereby resulting in an impairment loss of RMB 504 million.

Land use rights over the four plots of state-owned land in the PRC where the Group's manufacturing premises reside, amounted to RMB 156 million as at 31 December 2015, compared to RMB 159 million as at 31 December 2014. The decrease was due to amortisation charge.

The investment property amounted to RMB 154 million as at 31 December 2015 compared to RMB 141 million as at 31 December 2014, mainly due to additional construction payment to the construction supplier. The office building is almost ready to use and the Group estimates to obtain the building safety certificates from relevant Government Authority by the end of April 2016.

Prepayment (non-current portion), is the prepayment for the Huaxiang Project Phase 2 land cost of RMB 56.0 million. The decrease from RMB 56 million as at 31 December 2015 compared to RMB 64 million as at 31 December 2014 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.

Intangible assets is the a newly installed ERP system recognized under the quarter review with an amount RMB 0.49 million.

In terms of current assets, the Group's inventories increased to RMB 36.4 million as at 31 December 2015 from RMB 17.9 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 with a current daily output around 570 tonnes. The inventories mainly include its raw material, auxiliary stock and finished goods comprising of trial production inventories, such as PET, POY and FDY, amounting to RMB 18.6 million and other full production finished goods such as DTY and raw materials amounting to RMB 17.8 million. DTY inventory turnover days for the quarter was 23 days.

Trade receivables decreased to RMB 44.2 million as at 31 December 2015 from RMB 103.3 million as at 31 December 2014, mainly due to more receivables collected back during 4QFY2015.

The increase in prepayment (current portion) from RMB 0.8 million as at 31 December 2014 to RMB 16.0 as at 31 December 2015, was mainly due to the raw material and other minor procurement to suppliers for Huaxiang daily business utilization as at 31 December 2015.

Bills and other receivables increased to RMB 365.6 million from RMB 345.9 million. Other receivables mainly comprising of:

- (i) RMB 160 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 Huaxiang;
- (ii) a remaining RMB 10.1 million in receivables from Huarong Asset Management Company for transferring the DiBang Group non-performance debts as announced previously;
- (iii) RMB 30.7 million deposit paid to the financial leasing lessor; and
- (iv) Other receivables from third parties amounting to RMB131.5 million.

In terms of current liabilities, the Group's trade payables decreased to RMB 85.5 million as at 31 December 2015 from RMB 88.8 million as at 31 December 2014 as the Group made more repayments to the suppliers.

Over the same period, short term loans increased to RMB 1.19 billion from RMB 698.2 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 RMB 63.3 million as at 31 December 2015 from RMB 79.9 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.

Other payables, liabilities and provision increased to RMB 324.1 million as at 31 December 2015 from RMB 207.4 million as at 31 December 2014. As at 31 December 2015, they comprised mainly of:

- (i) the advances extended from third parties amounting to RMB 104.4 million;
- (ii) a state-owned enterprise amounting to RMB 89.2 million;
- (iii) other accrued staff payroll and related costs amounting to RMB 11.2 million;
- (iv) accruals for guarantee fee to Huaxiang project consultant amounting to RMB 25.2 million; and
- (v) accrued interest expenses amounting to RMB 57.9 million.

Bills payable slightly decreased to RMB 487.5 million as at 31 December 2015 from RMB 532.6 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 31 December 2015, the Group reported a deficiency in net working capital amounting to RMB 1.48 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 RMB 66.5 million as at 31 December 2014 to RMB 9.9 million as at 31 December 2015, mainly due to cash outflows from operating activities and the payments of capital expenditure amounting to RMB 30.6 million and RMB 155.5 million respectively, offset by proceeds from financing activities amounting to RMB 129.5 million.

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

The 4QFY2015 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 two (2) FDY production lines in early July 2015, and additional two (2) FDY Production lines on 16 October 2015.

Consequent to the above, the Group had commenced trial production of additional two (2) FDY lines at the beginning of December 2015. The remaining four 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.

In considering below factors, Management had decided to temporarily cease production for the PET, FDY and POY productions lines on 30 December 2015 and resumed production in April 2016

- (i) The market situation was not profitable as expected till the end of December 2015, especially when the crude oil price continually declined and eventually impacted the filaments final good's prices during the fourth quarter under review;
- (ii) Most staffs were going back to hometown by end of January 2016 due to the seasonal Chinese New Year festival; and
- (iii) There is a need for comprehensive maintenance as the Huaxiang Facilities had been running for almost 9 months continuously for trial production..

As at 31 December 2015, Phase 1 of Huaxiang project had a total contractual amount of approximately RMB 2.14 billion. To date, the Group has expended approximately RMB 1.99 billion and a remaining RMB 152.6 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 2016 ("FY2016") 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 800 customers, both old and new, and has been receiving a stable number of orders from repeat customers.

As the date of the announcement, the Huaxiang plant has restarted production although Management believes that the market situation is still challenging. However, Management has taken some concrete measures including negotiating with local government/banks for more policies and fund support, postponing the repayment of bank loans interests and principal, and internal cost-saving programs. As such, Management believes that the Group will be able to sustain itself through these efforts.

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 recognized an impairment loss of RMB 1.6 million in the statement of comprehensive income.

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 2015, even if the Disputed Equity Shares could not 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 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.

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"), Partially Oriented Yarn ("POY"), and Polyester ("PET") chips.

FY2015(12months)	FDY	DTY	POY	BY	PET chips	Total
	RMB	RMB	RMB	RMB	RMB	RMB
	'000	'000	'000	'000	'000	'000
Group Revenue						
Sales to external customers	-	146,661	-	345	-	147,006
Results						
Gross profit						1,885
Unallocated expenses, net						
Financial income						6,531
Financial expense						(200,612)
Loss before tax						(787,042)
Income tax						-
Net loss attributable to shareholders						(787,042)
Other segment information						
Depreciation of property, plant and equipment						(38,682)
Amortisation of land use rights and cost of preparation of land						(5,313)

BY ORDER OF THE BOARD

China Gaoxian Fibre Fabric Holdings Ltd.
Tham Wan Loong, Jerome
 Executive Director

13 April 2016