



China Gaoxian Fibre Fabric Holdings Ltd.

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**SGXNET ANNOUNCEMENT**  
**Unaudited Financial Statement and Dividend Announcement**  
**For the Financial Period ended 31 March 2014**

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**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 March 2014 ("1QFY2014") 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 first quarter ("1Q") ended 31 March 2014.

	Unaudited	Unaudited	Change
	01.01.14 to 31.03.14 3 months RMB'000	01.01.13 to 31.03.13 3 months RMB'000	%
<b>Revenue</b>	20,291	72,153	(71.9%)
<b>Cost of sales</b>	(22,787)	(65,056)	(65.0%)
<b>Gross (loss)/profit</b>	<b>(2,496)</b>	<b>7,097</b>	<b>(135.2%)</b>
<b>Other items of income</b>			
Financial income	2,084	163	1178.5%
Other income	419	1,511	(72.3%)
<b>Other items of expense</b>			
Selling and distribution expenses	(1,241)	(465)	166.9%
General and administrative expenses	(26,307)	(11,650)	125.8%
Financial expense	(38,256)	(6,827)	460.4%
<b>Loss before tax</b>	<b>(65,797)</b>	<b>(10,171)</b>	<b>546.9%</b>
Income tax	(111)	(369)	(69.9%)
<b>Net loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company</b>	<b>(65,908)</b>	<b>(10,540)</b>	<b>523.3%</b>

- 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:

	01.01.14 to 31.03.14 (3 months) RMB'000	01.01.13 to 31.03.13 (3 months) RMB'000
Amortisation of land use rights	912	912
Amortisation of cost of preparation of land	416	848
Depreciation of property, plant and Equipment ("PPE")	7,913	8,097
Employee compensation	6,582	7,426
Foreign exchange (gain)/loss, net	(1,463)	(55)
Operating lease expenses	3,000	3,000

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

**Balance Sheets**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 31.03.14 RMB'000</b>	<b>Audited 31.12.13 RMB'000</b>	<b>Unaudited 31.03.14 RMB'000</b>	<b>Audited 31.12.13 RMB'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,938,641	1,846,560	–	–
Land use rights	158,527	159,438	–	–
Prepayments	183,632	167,555	–	–
Long term receivables	–	–	930,390	930,390
Investment in subsidiaries	–	–	271,772	271,772
	<u>2,280,800</u>	<u>2,173,553</u>	<u>1,202,162</u>	<u>1,202,162</u>
<b>Current assets</b>				
Land use rights	3,646	3,646	–	–
Inventories	29,389	28,941	–	–
Prepayments	5,947	1,331	–	–
Trade receivables	22,591	70,445	–	–
Bills and other receivables	234,161	156,835	–	60
Bank deposits pledged	322,633	303,870	–	–
Cash and cash equivalents	84,318	7,966	132	267
	<u>702,685</u>	<u>573,034</u>	<u>132</u>	<u>327</u>
<b>Total Assets</b>	<u>2,983,485</u>	<u>2,746,587</u>	<u>1,202,294</u>	<u>1,202,489</u>
<b>Current liabilities</b>				
Provision for income tax	(290)	(784)	–	–
Short term bank loans	(768,750)	(760,669)	–	–
Trade payables	(21,663)	(42,217)	–	–
Bills payables	(601,813)	(547,861)	–	–
Payables for the acquisition of property, plant and equipment	(193,080)	(205,248)	–	–
Financial lease liabilities	(38,942)	–	–	–
Other payables, liabilities, and provisions	(169,045)	(142,431)	(41,152)	(36,613)
	<u>(1,793,583)</u>	<u>(1,699,210)</u>	<u>(41,152)</u>	<u>(36,613)</u>
<b>Net current (liabilities)</b>	<u>(1,090,898)</u>	<u>(1,126,176)</u>	<u>(41,020)</u>	<u>(36,286)</u>
<b>Non-current liabilities</b>				
Long term bank loans	(146,000)	–	–	–
Financial lease liabilities	(62,433)	–	–	–
	<u>(208,433)</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Total Liabilities</b>	<u>(2,002,016)</u>	<u>(1,699,210)</u>	<u>(41,152)</u>	<u>(36,613)</u>
<b>Net Assets</b>	<u>981,469</u>	<u>1,047,377</u>	<u>1,161,142</u>	<u>1,165,876</u>
<b>Equity attributable to equity holders of the Company</b>				
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	853,388	787,480	1,043,278	1,038,544
<b>Total equity</b>	<u>(981,469)</u>	<u>(1,047,377)</u>	<u>(1,161,142)</u>	<u>(1,165,876)</u>
<b>Total equity and liabilities</b>	<u>(2,983,485)</u>	<u>(2,746,587)</u>	<u>(1,202,294)</u>	<u>(1,202,489)</u>

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

	<b>Group</b>	
	<b>Unaudited 31.03.14 RMB'000</b>	<b>audited 31.12.13 RMB'000</b>
Amount repayable in one year or less, or on demand		
- Secured	768,750	760,669
- Unsecured		
	<u>768,750</u>	<u>760,669</u>
Amount repayable after one year		
- Secured	146,000	—
- Unsecured	—	—
	<u>—</u>	<u>—</u>

**Details of any collateral**

Short term bank loans

As at 31 March 2014, 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.

	<b>Group</b>	
	<b>Unaudited 31.03.14 RMB'000</b>	<b>audited 31.12.13 RMB'000</b>
Land use rights	161,970	163,084
Production, Office buildings, Construction in Progress and Machineries	825,497	315,278
	<u>987,467</u>	<u>478,362</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 March 2014, 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.

	<b>Group</b>	
	<b>Unaudited 31.03.14 RMB'000</b>	<b>audited 31.12.13 RMB'000</b>
Bank deposits pledged	<u>322,633</u>	<u>303,870</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 first quarter ended 31 March 2014 ("1QFY2014")

	unaudited 01.01.14 to 31.03.14 3 months RMB'000	audited 01.01.13 to 31.03.13 3 months RMB'000
<b>Loss before tax</b>	(65,797)	(10,171)
Adjustments:		
Amortisation of land use rights	912	912
Amortisation of costs of preparation of land	416	848
Depreciation of property, plant and equipment	7,913	8,097
Interest expense	38,256	6,726
Interest income	(2,084)	(163)
Unrealised exchange gain	(1,463)	(55)
<b>Operating (loss)/profit before working capital changes</b>	<b>(21,847)</b>	<b>6,194</b>
Decrease/ (increase) in:		
Inventories	(448)	(13,590)
Trade and other receivables	(34,090)	5,498
Trade, and other payables/liabilities	46,466	(55,124)
<b>Cash flows generated from operations</b>	<b>(9,919)</b>	<b>(57,022)</b>
Interest income received	2,084	163
Interest expense paid	(38,256)	(6,726)
Income taxes paid	(605)	(487)
<b>Net cash flows used in operating activities</b>	<b>(46,696)</b>	<b>(64,072)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment, representing net cash flows used in investing activity	(59,203)	(77,880)
<b>Net cash flows used in investing activities</b>	<b>(59,203)</b>	<b>(77,880)</b>
<b>Financing activities</b>		
Proceeds from financing loans	670,556	240,091
Repayment of short term financing loans	(516,475)	(88,600)
Repayment of finance lease liabilities	(7,019)	-
Decrease/(increase) in bank deposits pledged	(18,763)	(39,474)
Increase in bills payable	53,952	49,060
<b>Net cash generated from financing activities</b>	<b>182,251</b>	<b>161,077</b>
<b>Net increase in cash and cash equivalents</b>	<b>76,352</b>	<b>19,125</b>
<b>Cash and cash equivalents at beginning of financial period/year</b>	<b>7,966</b>	<b>16,538</b>
<b>Cash and cash equivalents at end of financial period/year (Note A)</b>	<b>84,318</b>	<b>35,663</b>

**Note to the unaudited consolidated cash flow statement**

	31.03.2014 RMB'000	31.03.2013 RMB'000
<b><u>Note A: Cash and cash equivalents</u></b>		
Cash and bank balances	406,951	237,844
Less: Bank deposits pledged	(322,633)	(202,181)
Cash and cash equivalents	84,318	35,663

**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 1QFY2014 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 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

  

<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

- 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.**

<b>Company</b>	<b>Unaudited 31.03.2014</b>	<b>audited 31.12.2013</b>
Total number of issued share capital excluding treasury shares	<u>2,275,000,010</u>	<u>2,275,000,010</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. As at 31 March 2014, 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 2014, 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 2014. 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 1QFY2014 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 1QFY2014 financial results and there is no assurance that there are no material facts not known to the current management that may require the 1QFY2014 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.**

	<b>Unaudited Group 1Q ended</b>	
	<b>31.03.14</b>	<b>31.03.13</b>
<b>Loss per share ("LPS")</b>		
Basic and diluted (RMB Cents)	(2.90)	(10.22)

Loss per share for 1QFY2014 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.**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited 31.03.14</b>	<b>audited 31.12.13</b>	<b>Unaudited 31.03.14</b>	<b>audited 31.12.13</b>
Net asset value per share (RMB Cents)	0.43	0.50	0.51	0.55

Net asset value per share is calculated based on the shareholders' equity of the Group and of the Company as at 31 March 2014 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 1QFY2014 FINANCIAL RESULTS**

The Group's revenue decreased by 71.9% to RMB20.3 million from RMB72.2 million for the first quarter ended 31 March 2014 ("1QFY2014"). For the quarter under review, the Group continued to face challenging market conditions in the current downturn of the industry cycle, which has impacted sales volume and average selling prices. The PRC textile industry continues to be impacted by the slowdown of the PRC economy in 1QFY2014, which was caused by weak external demand.

Correspondingly, cost of sales also decreased to RMB22.8 million from RMB65.1 million. This resulted in a gross loss of RMB2.5 million for 1QFY2014 compared to a gross gain of RMB7.1 million for 1QFY2013.

Financial income in 1QFY2014 increased by 1178.5% to RMB2.1 million from RMB0.16 million, mainly due to more cash pledged in bank securing the bills payable. Other income decreased by

72.3% from RMB1.5 million in 1QFY2013 to RMB0.42 million in 1QFY2014, mainly due to less scrap polyester yarn being sold.

Selling and distribution expenses comprising sales department salaries and distribution costs amounted to RMB1.2 million, a 166.9% increase compared to RMB0.47 million in 1QFY2013. This was mainly due to new expenses incurred by Fujian New Huawei Fibre Dyeing Co., Ltd ("NHW") relating to sales administrative fees and advertisement fees payments made to trading companies, amounting to RMB0.5 million and RMB0.2 million respectively, during the quarter under review.

General and administrative expenses in 1QFY2014 increased by 125.8% to RMB26.3 million as compared to RMB11.7 million in 1QFY2013, mainly due to more staff and its related expenses for Huaxiang Project of approximately RMB1.4 million, an increase in accrual for shareholder's guarantee fees for Huaxiang Project loan of approximately RMB2.9 million, the reclassification of subsidiaries' Cost of Goods Sold to depreciation costs relating to idle machines amounting to approximately RMB5.8 million, and financial lease service fee amounting to RMB1.2 million.

Financial expenses in 1QFY2014 increased by 460.4% to RMB38.3 million compared to RMB6.8 million in 1QFY2013. This was largely attributable to the additional RMB255 million short term loans used to finance the Huaxiang Project. During 1QFY2014, the Group obtained more non-financial institution loans amounting to approximately RMB48.7 million (31 December 2013: RMB196.9 million), which bear a higher interest rate than normal financial institution bank loans.

### 3 months ended 31 March 2014

The Group recorded a loss before tax of RMB65.8 million, other than the pre-operating expenses incurred by the Huaxiang Project of RMB10.4 million and the holding company's operating expenses of RMB4.7 million, Zhejiang Huagang Polyester Industrial Co., Ltd ("HG") and NHW would have recorded a loss before tax of RMB12.4 million excluding the interest expenses incurred for the Huaxiang Project. Total interest expenses used for Huaxiang Project amounted to RMB38.3 million,

### Consolidated Balance Sheet

As at 31 March 2014, the Group's property, plant and equipment ("PPE") amounted to RMB1.94 billion as compared to RMB1.85 billion as at 31 December 2013 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 are located, amounted to RMB158.5 million as at 31 March 2014, compared to RMB159.4 million as at 31 December 2013. The decrease was due to amortisation charge.

Prepayments (non-current portion), consist of prepayments for Huaxiang land preparation cost of RMB73.9 million, the Huaxiang Project Phase 2 land cost of RMB56.0 million and prepayments made in respect of the acquisition of machinery for the Huaxiang Project of RMB53.7 million. Prepayments (non-current portion) has increased to RMB183.6 million as at 31 March 2014 compared to RMB167.6 million as at 31 December 2013 as additional prepayments were made in respect of the PPE for the Huaxiang Project.

In terms of current assets, the Group's inventories increased to RMB29.4 million as at 31 March 2014 from RMB28.9 million as at 31 December 2013. The increase in inventories is mainly due lower sales compared to the same period of the previous year. For the quarter, inventory turnover days was 115 days, which is expected, given the current industry downturn.

Trade receivables decreased to RMB22.6 million as at 31 March 2014 from RMB70.4 million as at 31 December 2013 due to shorter credit terms given to customers. The increase in prepayments from RMB1.3 million as at 31 December 2013 to RMB5.9 million as at 31 March 2014 was mainly due to more advances to suppliers during the quarter. Bills and Other receivables increased to RMB234.2 million from RMB156.8 million mainly due to VAT receivables related to domestic machines purchased for the Huaxiang Project.

In terms of current liabilities, the Group's trade payables decreased to RMB21.7 million as at 31 March 2014 from RMB42.2 million as at 31 December 2013 was due to lesser purchases of materials on credit terms. Over the same period, short term bank loans increased to RMB768.8 million from RMB760.7 million due to additional utilisation of short term loans for the Huaxiang

Project. Payables for the acquisition of PPE decreased to RMB193.1 million as at 31 March 2014 from RMB205.2 million as at 31 December 2013 mainly due to the payment of accrued additional liability related to the Huaxiang Project. Other payable, liabilities, and provision increased to RMB169.0 million as at 31 March 2014 from RMB142.4 million as at 31 March 2014 was mainly due to more short term advances from customers. Bills payable increased to RMB601.8 million as at 31 March 2014 from RMB547.9 million as at 31 December 2013 due to the additional utilisation of bills payable for the Huaxiang Project's PPE.

In terms of non-current liabilities, the long term bank loans are recorded as RMB146 million during the quarter under review, and the financial lease liabilities payable to Huarong financial lease company is recorded at RMB62.4 million.

As at 31 March 2014, the Group reported a deficiency in net working capital amounting to RMB1.1 billion, the reason being the Group currently uses short term financing, including short term loans from financial institutions and third party institutions and bill payable facilities to finance its long-term capital project in Huaxiang China. With subsequent drawn-down on the Huaxiang China Project Finance loan, the deficiency in net working capital should improve.

#### Consolidated Cash Flow Statement

Cash and cash equivalents increased from RMB8.0 million as at 31 March 2013 to RMB84.3 million as at 31 March 2014, mainly due to proceeds from financing activities amounting to RMB182.3 million which was offset by cash outflows operating activities and the Group's purchase of plant and equipment amounting to RMB46.7 million and RMB59.2 million respectively.

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

It was previously announced that Phase 1 of the Huaxiang Project was scheduled to be completed by the second quarter of 2014. However due to technical and other delays that were unforeseen, the Huaxiang Project is now scheduled to be completed in the third quarter of 2014, subject to the successful commissioning of the new plants.

Save as disclosed above, the 1Q2014 financial results announcement is in line with the statement made in paragraph 10 disclosed in the FY2013 financial results announcement dated 28 February 2014.

**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's new management team remains focused on the completion of Phase 1 of the Huaxiang Project. Barring any unforeseen circumstances, the Company's Office Property, which is part of the overall Huaxiang Project, is scheduled to be completed in early part of the second quarter ended 30 June 2014.

#### Phase 1 of the Huaxiang Project

On 25 April 2014, the Group has announced that it has successfully commissioned 20 units of the texturing machines on 23 April 2014. The Company will complete the precise calibration of all the 20 units for the commencement of production of drawn-textured yarn (DTY) in June 2014. Pending the successful initial production run and barring any unforeseen circumstances, actual production from the 20 units is targeted to commence in June 2014. The machinery at the Polymerisation Plant and the Spinning Plant are in the process of being installed and commissioned, with trial production expected to commence in the third quarter. As a result, Phase 1 of the Huaxiang Project is scheduled to be completed in the third quarter of 2014.

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 March 2014, the Company has expended approximately RMB1.7 billion and would require approximately another RMB150 million to complete Phase 1 of the Huaxiang Project.

#### Outlook

The Company believes that the operating environment for the rest of the financial year ended 31 December 2014 ("FY2014") is likely to continue to remain challenging, due to the 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.**

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

BY ORDER OF THE BOARD

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

15 May 2014

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

We, being two directors of China Gaoxian Fibre Fabric Holdings Ltd. (the “Company”), wish to highlight that the preparation of the 1QFY2014 Results is subject to the Limitations set out in Item 5 of this announcement.

Subject to the above, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors which may render the financial results of the Company and the Group for the financial quarter ended 31 March 2014 to be false or misleading in any material aspect.

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

Tham Wan Loong, Jerome  
Executive Director

Low Chai Chong  
Non-Executive and Non-Independent Chairman

15 May 2014