

# China Gaoxian Fibre Fabric Holdings Ltd.

Annual General Meeting for FY2015

30 May 2016



# Agenda

- 1. Huaxiang Project Review**
- 2. Video of Huaxiang Project**
- 3. Huaxiang Project Status Update**
- 4. Market Reveiw and Outlook**
- 5. Questions and Answers**



# Huaxiang Project Review

<b>Total investment</b>	RMB 2.14 billion
<b>Project Site</b>	Balidian Industrial Zone, Wuxing, Huzhou, Zhejiang, PRC
<b>Land area</b>	Approx 480,000 m <sup>2</sup>
<b>Construction area</b>	368,000 m <sup>2</sup>
<b>Project scope</b>	<ul style="list-style-type: none"><li>• 1 polymerisation plant</li><li>• 20 direct spinning lines (8x POY, 12x FDY)</li><li>• 20 DTY machines</li><li>• Utilities and amenities e.g. office, dormitories</li></ul>
<b>Capacity</b>	400,000 tonnes annually
<b>Product Range</b>	<ul style="list-style-type: none"><li>• POY, FDY, DTY, and</li><li>• PET chips</li></ul>



# Huaxiang Project Review

## 项目简介

项目总投资22.5亿元，总用地面积720亩，规划总建筑面积36.8万平方米。计划2010年9月开始土建施工，2011年底建成投产。项目全部建成后年产40万吨聚酯差别化纤维，年产值可达50亿元。

## 主要技术经济指标

总用地面积	140304 m <sup>2</sup> (720亩)
总建筑面积	368400 m <sup>2</sup>
容积率	0.84
绿化率	21.5%

Hua Xiang(China) Premium Fibre Co.,Ltd

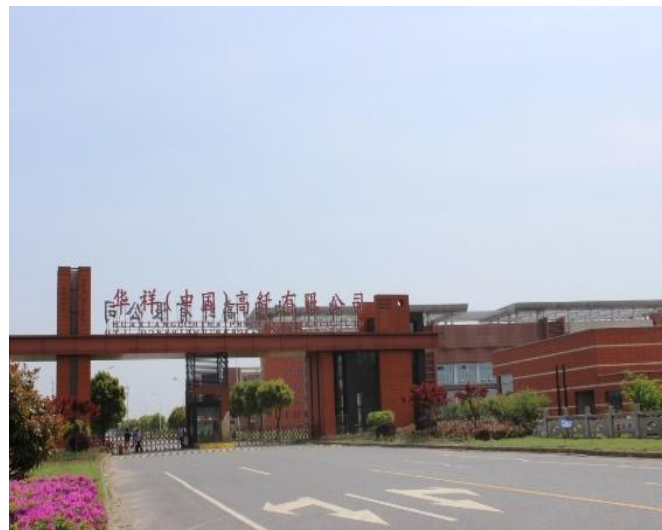


# Huaxiang Project Review





# Huaxiang Project Review

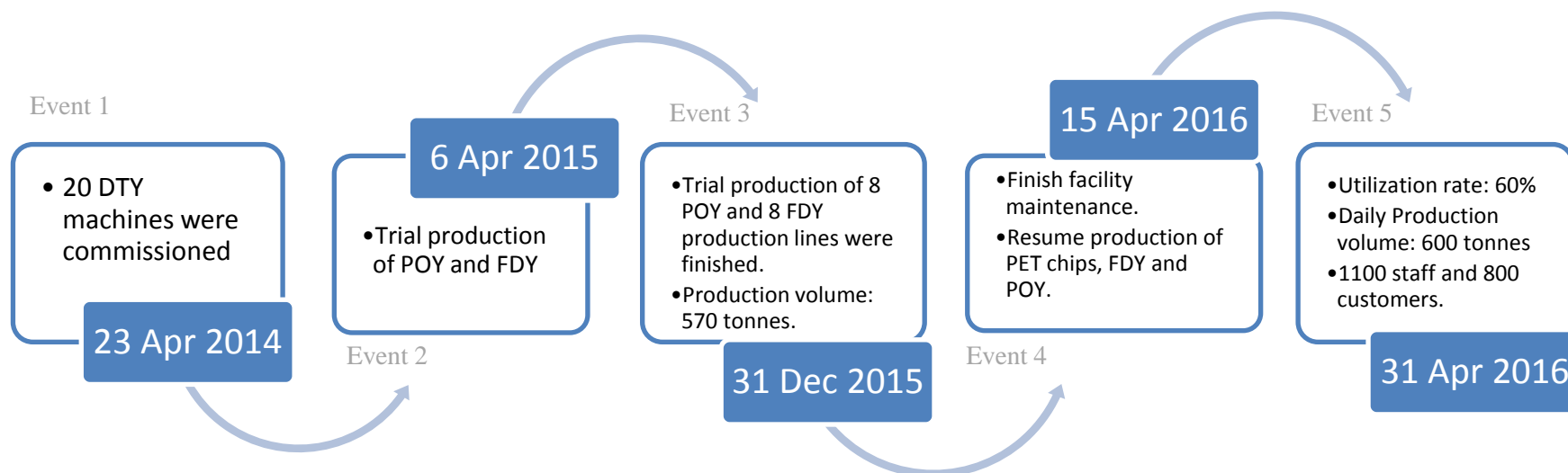


# Huaxiang Project Review



# Huaxiang Project Status Update

1. As announced on 25 April 2014, Huaxiang 20 units of the texturing machines (DTY machines) were successfully commissioned on 23 April 2014
2. Subsequent to the commission of texturing machines, the Group had commenced trial production at its Polymerization plant and its Spinning plant which can produce polyester yarn of POY&FDY on 12 March 2015 and 6 April 2015 respectively.
3. By the end of 31 December 2015, the Group had rolled out its all eight (8) POY production lines and eight (8) out of twelve (12) FDY production lines, the production indicators of these lines show that the said 16 lines had been successfully tested and the trial production for these lines had been finished. The production quality of finished goods have stabilized with its quality widely accepted by customers. The daily production output is around 570 tonnes, including 60 tonnes PET chips, 290 tonnes POY and 220 tonnes of FDY.





## Huaxiang Project Status Update

4. As announced on April 13, the Group decided shut off overhaul its Polymerization plant and Spinning plant on December 30 2015 after taking into account the following factors i) non profitable market situation, ii) seasonal holiday of China Spring Festival and iii) a need of comprehensive maintenance of huaxiang facilities after 9 months trial production.

5. The group has since resumed full production on 15 April 2016. as at the date of the AGM, the total 8 POY production lines and 8 FDY production lines out of total 12 production lines have been launched. The current utilization rate for the machines is around 60% with daily production capacity rates for PET chips, POY and FDY products are 60 tonnes, 300 tonnes and 240 tonnes respectively.

Phase 1 of Huaxiang Project will allow us to focus on finer denier yarn products which offer a competitive edge

Currently, sales and marketing team has been in place that is actively expanding its sales channels. To date, the Company has more than 800 customers, both old and new. The work staff number is stabilized around 1100 and enough for daily production.

## Market Review and Outlook

- ◆ Macro-economy and industry performance review: In 2015, China GDP growth rate further decreased to 6.9% compare to the 7.4% in 2014. Goods exported presented a negative growth rate and the textile industry was still in an oversupply situation.
- ◆ From a global perspective, the American economy has continued to recover and the employment rate has improved. However, Japan and Euro zone economic recovery has been very slow. The economy in most emerging countries was undergoing slow growth and faces even recession due to continued capital outflow, and decreasing international trade and the price of commodities.

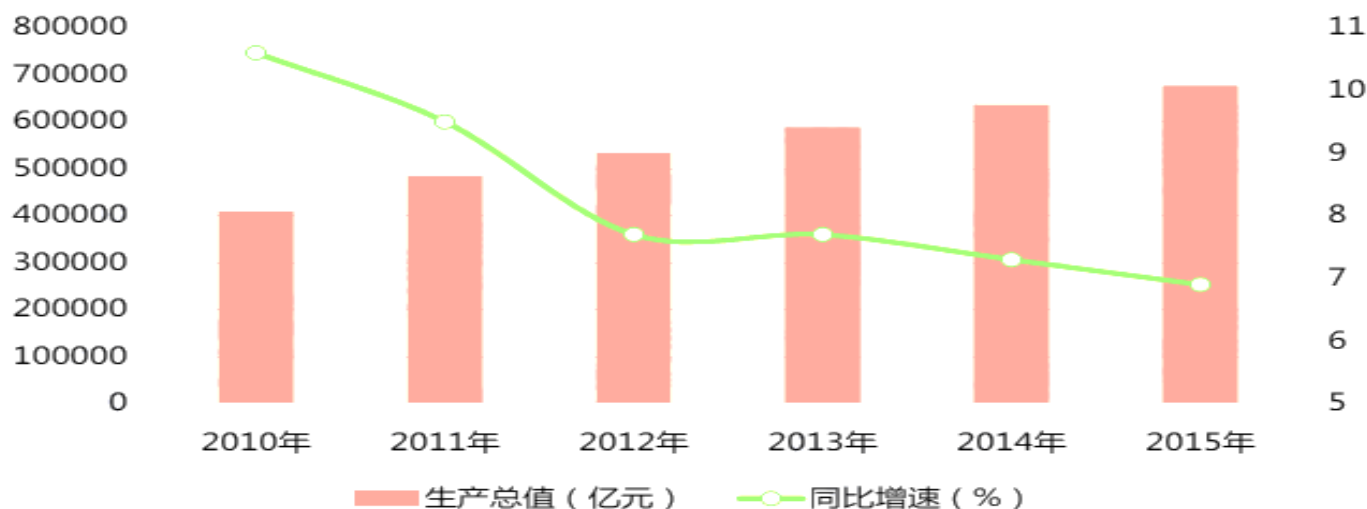
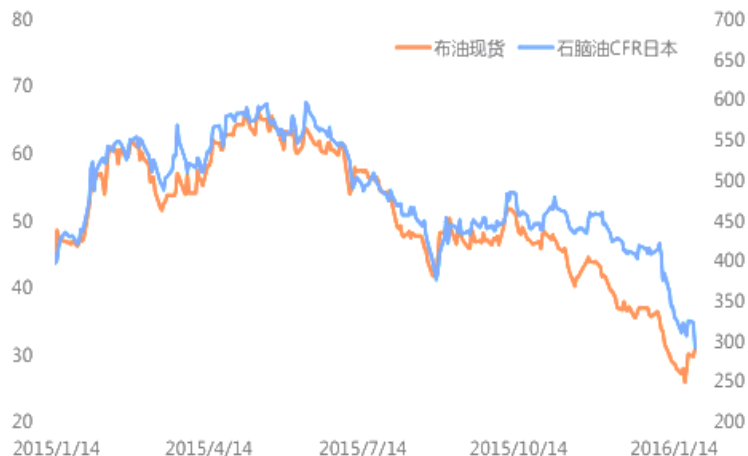


图1 2010-2015 年国内生产总值及其增长速度

# Market Review and Outlook

- ◆ Market performance: the price of crude oil, raw materials (PTA&MEG) and finished goods continually decreased

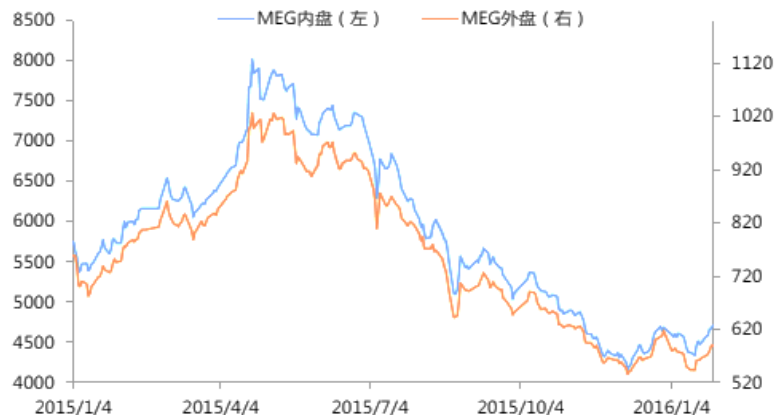
图表 1 2015-2016 年石脑油和布伦特原油现货走势图



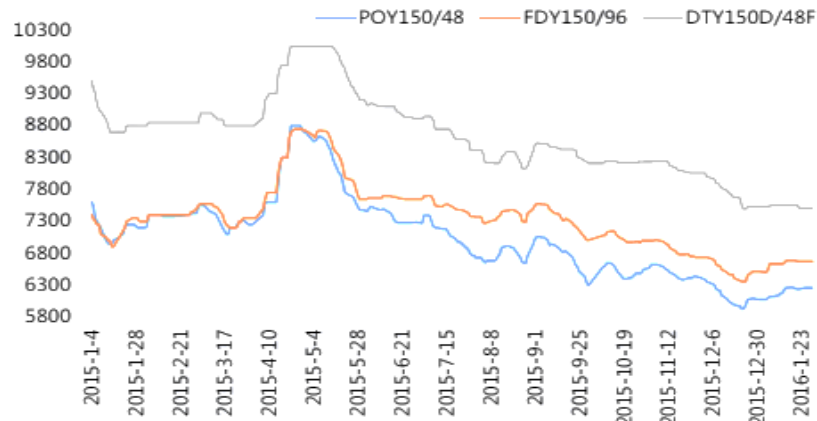
图表 9 2015 年 1 月-2016 年 1 月 PTA 内外盘现货价格走势



图表 16 2015 年 1 月-2016 年 1 月 MEG 内外盘 CCF 价格走势



图表 42 江浙涤纶长丝运行走势图

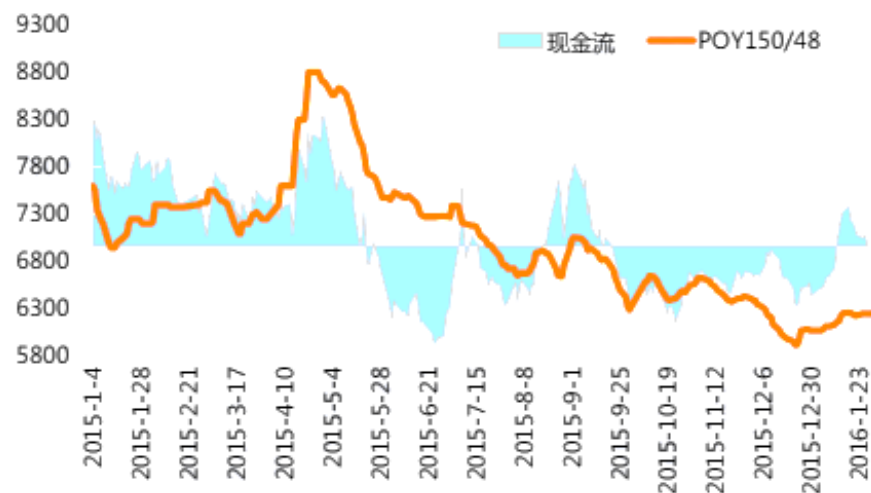




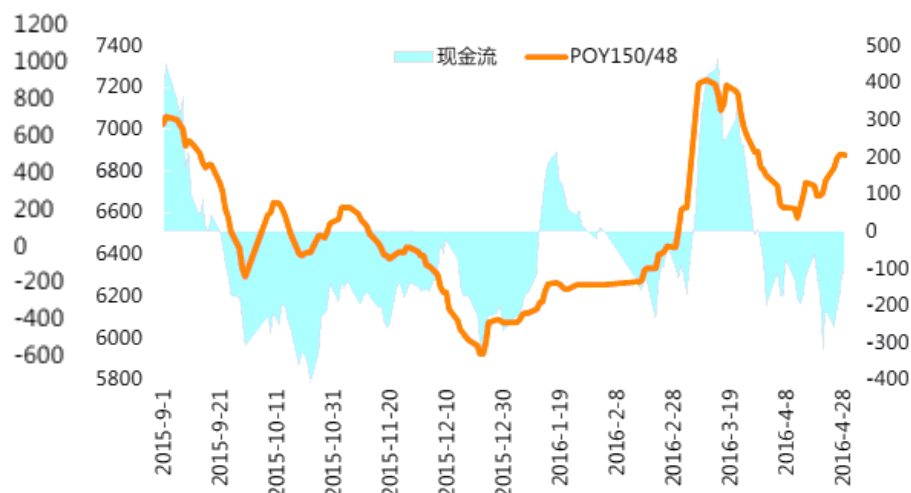
# Market Review and Outlook

- ◆ Market performance: Looking at the whole industry, taking POY150d/48f products as an example, the EBITDA cash flow for POY150d/48f was getting worse since 2015 mainly due to the poor margin between final goods and raw materials. But this indicator was getting better since March 2016.
- ◆ In general, the domestic and foreign economy was pessimistic in 2015, the textile industry was still in a recession cycle, but the situation is getting better but still unclear for the future.

图表 46 POY150D 价格和现金流走势图



图表 46 POY150D 价格和现金流走势图



## Market Review and Outlook

---

- ◆ The Company believes that the macro-environment for the financial year 2016 is likely to continue to remain challenging due to the ongoing uncertainties in the global economy and the slowdown in the PRC economy.
- ◆ On individual scale, Management has taken some concrete measures to handle the challenging situation, including negotiating with local government/banks for more policies and fund support, postponing the repayment of bank loans interests and principal, as well as internal cost-saving programs. As such, Management believes that the Group will be able to sustain itself with these efforts.
- ◆ The operating environment in 2016 is likely to be challenging due to ongoing uncertainties but with the leadership of the Board, the unwavering support of the shareholders and the right steering by management, we are committed to the success of the Huaxiang Project.