



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT
Unaudited Financial Statement and Dividend Announcement
For the Financial Period ended 30 September 2017

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 ("3QFY2017") and nine months ended 30 September 2017 ("9MFY2017") 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 third quarter ("3Q") and nine months ("9 months") ended 30 September 2017.

	Unaudited 3Q ended			Unaudited 9 months ended		
	30.09.17 RMB'000	30.09.16 RMB'000	Change %	30.09.17 RMB'000	30.09.16 RMB'000	Change %
Revenue	755,386	382,937	97.3%	1,813,370	680,358	166.5%
Cost of sales	(715,957)	(366,267)	95.5%	(1,742,446)	(701,273)	148.5%
Gross profit/(loss)	39,429	16,670	136.5%	70,924	(20,915)	-439.1%
Other items of income						
Financial income	571	828	-31.0%	2,305	2,453	-6.0%
Other income	24	-	N.M.	9,890	1,956	405.6%
Other items of expense						
Selling and distribution expenses	(363)	(1,212)	-70.0%	(2,507)	(2,992)	-16.2%
General and administrative expenses	(24,943)	(23,669)	5.4%	(77,081)	(78,626)	-2.0%
Financial expense	(36,896)	(41,798)	-11.6%	(108,210)	(108,610)	-0.4%
Loss before tax	(22,178)	(49,181)	-54.91%	(104,679)	(206,734)	-49.37%
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	(22,178)	(49,181)	-54.91%	(104,679)	(206,734)	-49.37%

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:

	3Q ended		Group	
	Unaudited		9 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of land use rights	911	911	2,734	2,734
Amortisation of cost of preparation of land	416	416	1,250	1,249
Depreciation of property, plant and equipment	31,548	32,808	92,263	97,101
Loss on disposal of property, plant and equipment	1,680	-	1,680	-
Payroll and related expenses	17,345	15,113	55,498	33,256
Foreign exchange, net	45	5	-	(8)
Operating lease expenses	3,000	3,000	9,000	9,000

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.09.17	31.12.16	30.09.17	31.12.16
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	1,238,173	1,348,779	–	–
Investment Property-Construction work-in-progress	158,959	156,780	–	–
Land use rights prepayments	146,519	148,500	–	–
Prepayments	124,052	125,302	–	–
Investment in subsidiaries	–	–	–	–
	<u>1,667,703</u>	<u>1,779,361</u>	–	–
Current assets				
Land use rights prepayments	3,646	3,646	–	–
Inventories	38,000	18,929	–	–
Prepayments	3,000	12,000	–	–
Trade receivables	42,869	31,065	–	–
Bills and other receivables	276,883	252,542	–	–
Bank deposits pledged	8,230	118,930	–	–
Cash and cash equivalents	9,189	2,464	19	38
	<u>381,817</u>	<u>439,576</u>	<u>19</u>	<u>38</u>
Total Assets	<u>2,049,520</u>	<u>2,218,937</u>	<u>19</u>	<u>38</u>
Current liabilities				
Short term loans	(1,099,497)	(1,693,928)	–	–
Trade payables	(219,032)	(120,772)	–	–
Bills payables	(3,450)	(130,600)	–	–
Payables for the acquisition of property, plant and equipment	(80,371)	(91,909)	–	–
Other payables, liabilities, and provisions	(508,904)	(517,583)	(92,783)	(91,022)
	<u>(1,911,254)</u>	<u>(2,554,792)</u>	<u>(92,783)</u>	<u>(91,022)</u>
Net current liabilities	<u>(1,529,439)</u>	<u>(2,115,216)</u>	<u>(92,764)</u>	<u>(90,984)</u>
Non-current liabilities				
Long term bank loans	(578,800)	–	–	–
	<u>(578,800)</u>	–	–	–
Total Liabilities	<u>(2,490,054)</u>	<u>(2,554,792)</u>	<u>(92,783)</u>	<u>(91,022)</u>
Net (Liabilities)	<u>(440,534)</u>	<u>(335,855)</u>	<u>(92,764)</u>	<u>(90,984)</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	2,275,391	2,170,712	2,297,184	2,295,404
Total equity	<u>440,534</u>	<u>335,855</u>	<u>92,764</u>	<u>90,984</u>
Total equity and liabilities	<u>(2,049,520)</u>	<u>(2,218,937)</u>	<u>(19)</u>	<u>(38)</u>

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

	Group	
	Unaudited 30.09.17 RMB'000	Audited 31.12.16 RMB'000
Amount repayable in one year or less, or on demand		
- Secured	1,099,497	1,693,928
- Unsecured	-	-
	1,099,497	1,693,928
Amount repayable after one year		
- Secured	578,800	-
- Unsecured	-	-
	578,800	-

Details of any collateral

Bank loans and finance lease

As at 30 September 2017, 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 and certain third parties, personal guarantee from a shareholder, Mr. Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 30.09.17 RMB'000	Audited 31.12.16 RMB'000
Land use rights	134,053	152,212
Production, Office buildings, Construction work in progress and Machineries	860,103	601,947
	994,156	754,159

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 30 September 2017, 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 and certain third parties. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 30.09.17 RMB'000	Audited 31.12.16 RMB'000
Bank deposits pledged	8,230	118,930

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 third quarter ended 30 September 2017
("3QFY2017")

	Group			
	3Q ended Unaudited		9 months ended Unaudited	
	30.09.17 RMB'000	30.09.16 RMB'000	30.09.17 RMB'000	30.09.16 RMB'000
Loss before tax	(22,178)	(49,181)	(104,679)	(206,734)
Adjustments:				
Amortisation of land use rights	911	911	2,734	2,734
Amortisation of costs of preparation of land	416	416	1,250	1,249
Depreciation of property, plant and equipment	31,616	32,808	92,263	97,101
Interest expense	36,896	41,798	108,210	108,610
Interest income	(1,027)	(828)	(2,305)	(2,453)
Loss on disposal of property, plant and equipment	1,680	-	1,680	-
Unrealised exchange loss/(gain)	45	5	45	(8)
Operating profit before working capital changes	48,359	25,929	99,198	499
(Increase)/ Decrease in:				
Inventories	6,454	(11,197)	(19,071)	(24,084)
Trade and other receivables and prepayments	(18,091)	(7,492)	(27,146)	(22,356)
Trade and other payables/ other liabilities	5,193	34,627	61,305	84,668
Cash flows generated from operations	41,915	41,867	114,286	38,727
Interest income received	1,027	828	2,305	2,453
Income taxes paid	-	-	-	-
Net cash flows generated from operating activities	42,942	42,695	116,592	41,180
Cash flows used in investing activities				
Proceeds from disposal of property, plant and equipment	2,604	-	2,604	-
Purchase of property, plant and equipment	(4,363)	(17,762)	(14,636)	(51,057)
Net cash flows used in investing activities	(1,759)	(17,762)	(12,032)	(51,057)
Cash flows from/ financing activities				
Proceeds from short term financing loans	192,950	205,950	997,450	1,202,470
Repayment of short term financing loans	(233,989)	(85,080)	(1,013,081)	(1,032,340)
Decrease in bank deposits pledged	27,575	153,177	110,700	106,685
Repayment of finance lease liabilities	-	(4,128)	-	(13,730)
Decrease/ (increase) in bills payable	475	(277,050)	(127,150)	(329,155)
Proceeds of interest-free loan from certain government-linked entities	-	-	-	165,000
Interest expense paid	(28,489)	(20,371)	(65,753)	(87,424)
Net cash used in financing activities	(41,478)	(27,502)	(97,834)	11,506
Net (decrease)/increase in cash and cash equivalents	(295)	(2,569)	6,725	1,629
Cash and cash equivalents at beginning of financial period	9,484	14,126	2,464	9,928
Cash and cash equivalents at end of financial period (Note A)	9,189	11,557	9,189	11,557

Note to the unaudited consolidated cash flow statement

**9 months ended
Unaudited**

30.09.2017	30.09.2016
RMB'000	RMB'000

Note A: Cash and cash equivalents

Cash and bank balances	17,419	142,928
Less: Bank deposits pledged	(8,230)	(131,371)
Cash and cash equivalents	9,189	11,557

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 3QFY2017 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 2017	2,190,580	13,840	(369,563)	(2,170,712)	(335,855)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(47,896)	(47,896)
At 31 March 2017	2,190,580	13,840	(369,563)	(2,218,608)	(383,751)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(34,605)	(34,605)
At 30 June 2017	2,190,580	13,840	(369,563)	(2,253,213)	(418,356)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(22,178)	(22,178)
At 30 September 2017	2,190,580	13,840	(369,563)	(2,275,391)	(440,534)

<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 loss 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 loss 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 loss for the period	-	-	-	(49,181)	(49,181)
At 30 September 2016	2,190,580	13,840	-	(2,002,356)	(167,499)

<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 2017	2,190,580	13,840	-	(2,295,404)	(90,984)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(591)	(591)
At 31 March 2017	2,190,580	13,840	-	(2,295,995)	(91,575)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(994)	(994)
At 30 June 2017	2,190,580	13,840	-	(2,296,989)	(92,569)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(195)	(195)
At 30 September 2017	2,190,580	13,840	-	(2,297,184)	(92,764)

<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 loss 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 loss for the period	-	-	-	(319)	(319)
At 30 September 2016	2,190,580	13,840	-	(2,293,297)	(88,877)

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 30 September 2017.

As at 30 September 2017, the Company has an issued and paid-up share capital comprising 113,749,997 Shares (30 September 2016: 113,749,997 Shares). Assuming that all of the remaining 56,874,996 Warrants (30 September 2016: 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 30.9.2017	Audited 31.12.2016
Total number of issued share capital excluding treasury shares	113,749,997	113,749,997
Total number of warrants	56,874,996	56,874,996

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 30 September 2017, 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 2017, 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 2017. 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 3QFY2017 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 3QFY2017 financial results and there is no assurance that there are no material facts not known to the current management that may require the 3QFY2017 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			
	3Q ended		9 months ended	
	30.09.17	30.09.16	30.09.17	30.09.16
Loss per share ("LPS")				
Basic and diluted (RMB)	(0.19)	(0.43)	(0.92)	(1.82)

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.09.17	31.12.16	30.09.17	31.12.16
Net asset value per share (RMB)	(3.87)	(2.95)	(0.82)	(0.80)

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 3QFY2017 FINANCIAL RESULTS

The Group's revenue for the third quarter ended 30 September 2017 ("3QFY2017") increased by RMB 372.4 million or 97.3% to RMB 755.3 million from RMB 382.9 million for the third quarter ended 30 September 2016 ("3QFY2016"). In 3QFY2017, 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 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 and the supply chain cooperation agreement with Zhejiang Materials.

Correspondingly, cost of sales also increased by RMB 349.6 million from RMB 366.3 million in 3QFY2016 to RMB 715.9 million in 3QFY2017. This resulted in a gross profit of RMB 39.4 million for 3QFY2017 compared to a gross profit of RMB 16.7 million for 3QFY2016. The gross profit was mainly due to higher product selling prices and higher sales volume.

Financial income in 3QFY2017 decreased by RMB 0.26 million or 31% to RMB 0.57 million from RMB 0.83 million in 3QFY2016, mainly due to decrease in cash and cash equivalent during 3QFY2017 compared to 3QFY2016.

There is no significant changes in other income in Q3FY2017 compared to 3QFY2016.

Selling and distribution expenses, comprised sales department's salaries and distribution costs, amounted to RMB 0.36 million for 3QFY2017, an decrease of 70.0%, compared to RMB 1.21 million in 3QFY2016 due to less salary expenses during the quarter under review.

General and administrative expenses in 3QFY2017 slightly increased by 5.4% to RMB 24.9 million compared to RMB 23.7 million in 3QFY2016.

Financial expenses in 3QFY2017 decreased by RMB 4.9 million or 11.7% to RMB 36.9 million compared to RMB 41.8 million in 3QFY2016.

3 months ended 30 September 2017 ("3QFY2017")

The Group registered a loss of RMB 22.2 million for 3QFY2017. The higher loss before tax was mainly attributed to the depreciation of property, plant and equipment ("PPE") amounted to RMB 31.5 million. In addition, the high financial expense amounted to 36.9 million is also a factor of the net loss. The net profit would be RMB 46.2 million if such factors are being excluded.

Consolidated Balance Sheet

As at 30 September 2017, the Group's PPE amounted to RMB 1.24 billion as compared to RMB 1.35 billion as at 31 December 2016. 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 146.5 million as at 30 September 2017, compared to RMB 148.5 million as at 31 December 2016. The decrease was due to amortisation charge for the financial period under review.

The investment property amounted to RMB 159.0 million as at 30 September 2017 compared to RMB 156.8 million as at 31 December 2016, mainly due to additional construction payments to the construction suppliers. Pending some finishing works, the construction of office building has been completed and the Group expects to obtain the building certificates from relevant government authorities by 4QFY2017, instead of 3QFY2017 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 and land preparation cost for the Huaxiang Project of RMB 68.1 million. The decrease was mainly due to amortisation over the remaining lease period.

In terms of current assets, the Group's inventories increased to RMB 38.0 million as at 30 September 2017 from RMB 18.9 million as at 31 December 2016. With the supply chain cooperation with Zhejiang Materials Industry Group Co., Ltd ("Zhejiang Materials Industry"), the Company was able to maintain a higher inventory level in order to take advantage of market price fluctuation. Turnover days of finished goods was approximately 14 days for the period under review.

Trade receivables increased by RMB 11.8 million to RMB 42.9 million as at 30 September 2017 from RMB 31.1 million as at 31 December 2016, mainly due to the share of profit of the Group for 3QFY2017 pursuant to the supply chain cooperation agreement entered with Zhejiang Materials Industry as announced on 19 December 2016.

The decrease in prepayment (current portion) by RMB 9.0 million from RMB 12.0 million as at 31 December 2016 to RMB 3.0 million as at 30 September 2017, was mainly due to utilisation of the prepaid rental during the 3QFY2017.

Bills and other receivables increased by RMB 24.4 million to RMB 276.9 million as at 30 September 2017 from RMB 252.5 million as at 31 December 2016. Other receivables are mainly comprised:

- (i) RMB 108.6 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;

- (iv) Other receivables from lessees amounted to RMB 8.8 million;
- (v) Advances to suppliers of RMB 28.0 million;
- (vi) Advance to a third party (non-trade) of RMB 24.4 million;
- (vii) Non-trade amounts due from five 3rd parties suppliers of RMB 52.2 million;
- (viii) Non-trade amount extended to a local authority of RMB 2.8 million;
- (ix) Rental deposit of RMB 1.0 million;
- (x) Deposit of RMB 1.7 million; and
- (xi) Staff loans and others of RMB 3.6 million.

In terms of current liabilities, the Group's trade payables increased by RMB 98.2 million to RMB 219.0 million as at 30 September 2017 from RMB 120.8 million as at 31 December 2016 which is in line with the sales increase for the quarter.

Over the same period, short term loans decreased by RMB 0.59 billion to RMB 1.10 billion as at 30 September 2017 from RMB 1.69 billion as at 31 December 2016. This was mainly due to partial short-term loans being reclassified as long-term loans by the banks as at 30 September 2017.

Payables for the acquisition of PPE decreased by RMB 11.5 million to RMB 80.4 million as at 30 September 2017 from RMB 91.9 million as at 31 December 2016 was mainly due to settlement of certain payables to the construction suppliers.

Other payables, liabilities and provision decreased by RMB 8.7 million to RMB 508.9 million as at 30 September 2017 from RMB 517.6 million as at 31 December 2016. As at 30 September 2017, they comprised mainly of:

- (i) Proceeds of interest-free loans from 2 state-owned entities amounting to RMB 255.2 million;
- (ii) Consultancy and guarantee fees due to a shareholder amounting to RMB 25.3 million;
- (iii) Interest payables amounted to RMB 156.5 million;
- (iv) Non-trade amount amounts due to a 3rd party of RMB 50.0 million;
- (v) Non-trade advances of RMB 5.0 million extended by Mr Cao Xiangbin, a shareholder; and
- (vi) Salary-related costs payables of RMB 13.2 million; and
- (vii) Other accruals and payables of RMB 3.7 million.

Bills payable decreased by RMB 127.1 million to RMB 3.5 million as at 30 September 2017 from RMB 130.6 million as at 31 December 2016 as partial bills payable had been repaid to the banks.

As at 30 September 2017, the Group reported a deficiency in net working capital amounting to RMB 1.5 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 6.7 million from RMB 2.5 million as at 31 December 2016 to RMB 9.2 million as at 30 September 2017 was mainly due to cash inflows from operating activities amounted to RMB 116.6 million. Cash outflows from payments of capital expenditures and financing activities amounted to RMB 12.0 million and RMB 97.8 million respectively.

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

The 3QFY2017 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 1,000 tonnes, comprising approximately 700 tonnes of POY and FDY approximately 300 tonnes PET polyester chips and approximately 60 tonnes of DTY. The total number of employees of the Group is approximately 1,100.

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 controlling operating costs and finance costs, and monitoring 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, Huaxiang had on 1 December 2016 entered into a framework supply chain cooperation agreement with Zhejiang Materials Industry, 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 30 September 2017, 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 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.

BY ORDER OF THE BOARD

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

14 November 2017

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 3QFY2017 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 30 September 2017 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.

Lin Xingdi
Executive Director

Tham Wan Loong, Jerome
Executive Director

14 November 2017