



China Gaoxian Fibre Fabric Holdings Ltd

Annual General Meeting for FY2016
29 June 2017





Agenda

- 1. Huaxiang Project Review

- 2. Video of Huaxiang Facility

- 3. Huaxiang Project Update

- 4. Review and Outlook

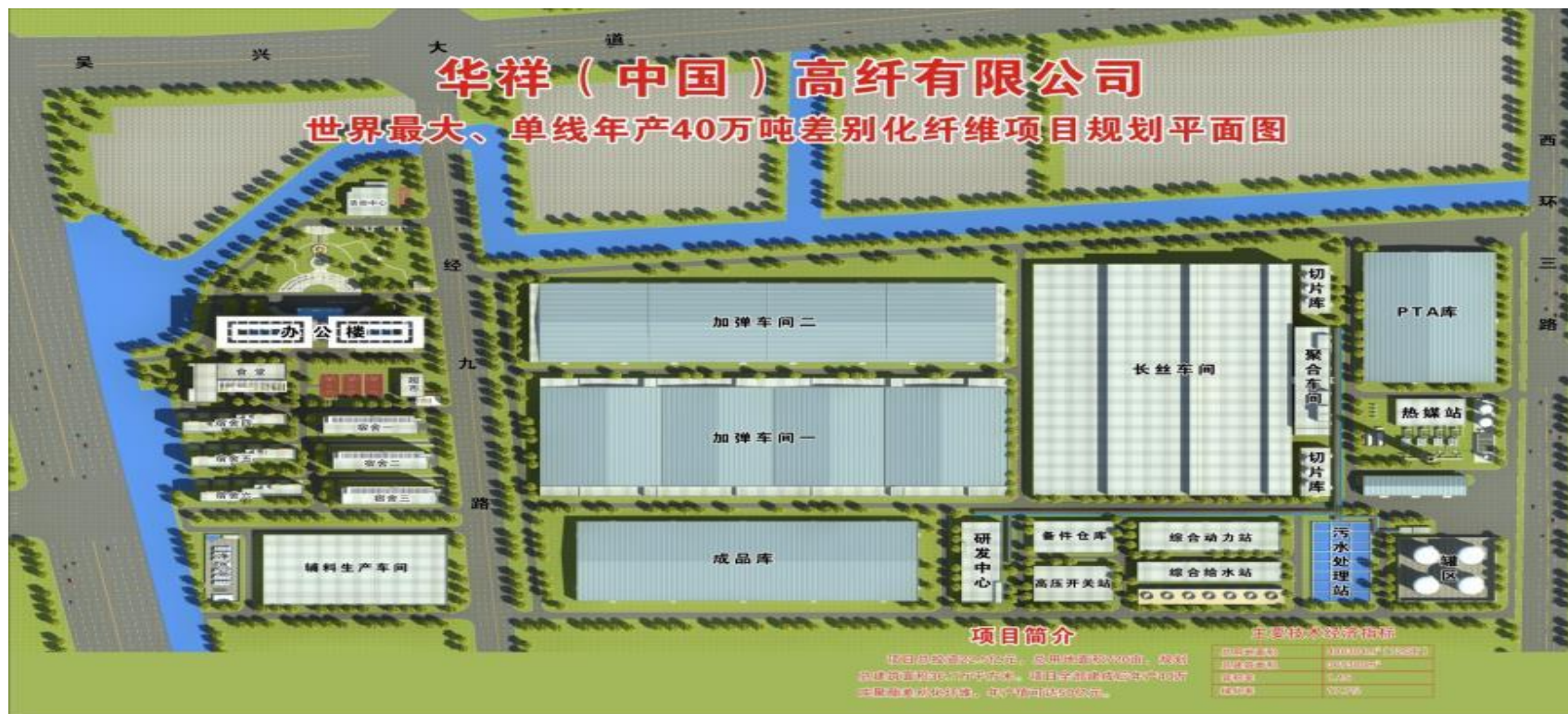
- 5. Question and Answers

□□ Huaxiang Project Review

Total investment	RMB 2.4 billion
Project Site	Balidian Industrial Zone, Wuxing, Huzhou, Zhejiang, PRC
Land area	Approx 480,000 m ²
Construction area	368,000 m ²
Project scope	<ul style="list-style-type: none">• 1 polymerisation plant• 20 direct spinning lines (8x POY, 12x FDY)• 20 DTY machines• Utilities and amenities e.g. office, dormitories
Capacity	400,000 tonnes annually
Product Range	<ul style="list-style-type: none">• POY, FDY, DTY, and• PET chips

Huaxiang Project Review





□□ 3. Huaxiang Project Update

- The group has since resumed full production on 15 April 2016 and reached a full production capacity in December 2016, after a temporary cessation of production for the PET, FDY and POY production lines on 30 December 2015.
- As at the date of the AGM, the Huaxiang project's total daily production capacity of spinning and polymerization plant is approximately 1000 tonnes, comprising approximately 700 tonnes of POY and FDY and 300 tonnes of PET polyester chips. The total employees of Huaxiang China is about 1100.
- On 1 December 2016, Huaxiang China entered into a framework supply chain cooperation agreement with a SOE Zhejiang Materials Industry Chemical group for a period of 3 years.
- Huaxiang China 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, the Company has more than 800 customers, both existing and new, and has been receiving a stable number of orders from repeat customers.

4. Review and outlook

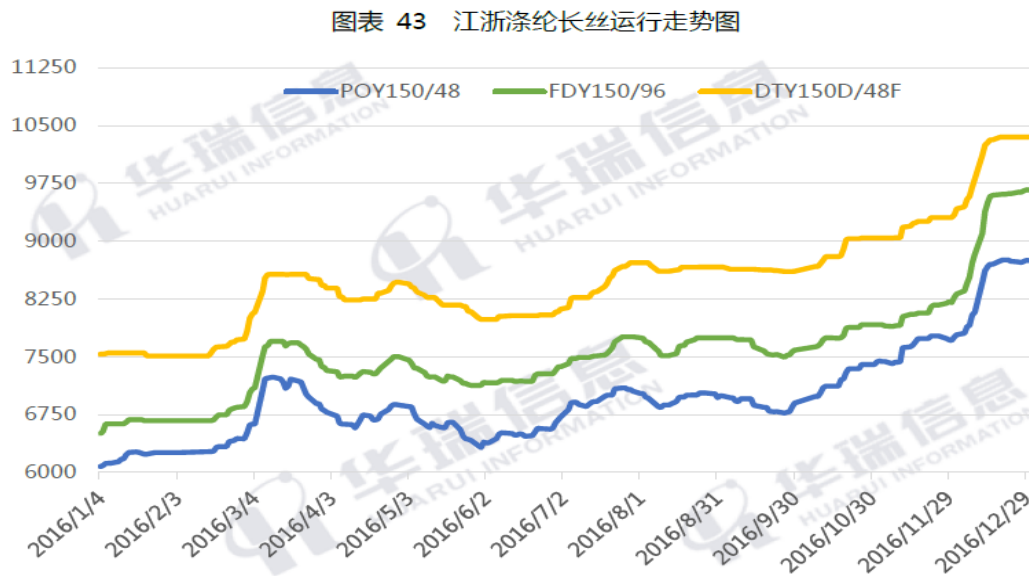
- Macro economy: The China GDP growth rate was 6.7% . Foreign economists and media are generally believe that China's overall economy policy has been effective in the context of the global economic downturn. Textile industry was still in an oversupply situation.
- Crude oil price: during the year of 2016, the Brent crude oil price was climbing up to \$55 in December 2016 from \$30 pe barrel in January 2016.

图表 1 2015-2016 年石脑油和布伦特原油现货走势图



4. Review and outlook

- The graph below showed the prices trend of the chemical fiber industry's 3 common finished goods (POY150/48, FDY150/96, DTY150/48f) from January to December 2016. The product pricing in year of 2016 has been increased.



□□ 4. Review and outlook

- The Company believes that the macro-environment for the financial year ending 31 December 2017 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, the Company has more than 800 customers, both existing and new, and has been receiving a stable number of orders from repeat customers.
- Although the Huaxiang plant has resumed to full production capacity level, the Management believes that the market situation is still challenging. However, the Management has taken some concrete measures to handle the situation, including negotiating with local government and banks for more financial assistances and working capital supports, postponing the repayment of the bank loans' interest and principal, as well as internal cost-saving programs. As such, the Management believes that the Group will be able to sustain itself with these efforts.
- The operating environment in 2017 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.

Q&A

Thanks

