



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT

Unaudited Financial Statement and Dividend Announcement

For the Financial Period ended 31 December 2018

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 (“4QFY2018”) and year ended 31 December 2018 (“FY2018”) 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.

Discontinued operation and disposal group classified as held for sale

On 21 August 2018, the Company announced that it had entered into a sale and purchase agreement (“SPA”) with Kingwealth International Investments Limited (“Purchaser”), pursuant to which the Company agreed to sell to the Purchaser, and the Purchaser agreed to acquire, all of the issued and paid-up shares (“Sale Shares”) in the capital of Huaxiang China Gaoxian International Holdings Limited (“Huaxiang Hong Kong”), together with its subsidiaries, namely:

- (a) Huaxiang (China) Premium Fibre Co., Ltd. (“Huaxiang China”);
- (b) Changle Bole Trading Co., Ltd. (“Changle Bole”);
- (c) Huzhou Huaxiang Property Co., Ltd. (“Huaxiang Property”); and
- (d) Fujian New Huawei Fibre Dyeing Co., Ltd., (“Fujian New Huawei”),

(collectively, together with Huaxiang Hong Kong, the “Sale Subsidiaries”) on the terms and subject to the conditions of the SPA (“Proposed Disposal”).

The Proposed Disposal constitutes a “**major transaction**” under Chapter 10 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Accordingly, the Company will be seeking the approval of its shareholders for the Proposed Disposal as a major transaction under Chapter 10 of the Listing Manual at an extraordinary general meeting (“**EGM**”) to be convened.

Upon completion of the Proposed Disposal (“**Completion**”), the Sale Subsidiaries will cease to be subsidiaries of the Company. The Sale Subsidiaries operated the Group’s production facilities which utilised the direct melt-spinning technology (“**Huaxiang Project**”). The Group will cease operations of the Huaxiang Project following the Proposed Disposal.

However, the Group will continue to hold Zhejiang Huagang Polyester Industrial Co., Ltd. (“**Zhejiang Huagang**”) and its wholly-owned subsidiary, Changle Guangda Trading Co., Ltd. (“**Guangda**”, together with Zhejiang Huagang and the Company, the “**Huagang Group**”), which will continue operating, inter alia, the businesses of producing and selling polyester yarn and warp knit fabric and also the trading of textile related products, textile machine and related parts and construction material (“**Remaining Business**”).

As at 31 December 2018, the assets and liabilities related to the Proposed Disposal Group have been presented in the balance sheet as “**Assets of disposal group classified as held for sale**” and “**Liabilities directly associated with disposal group classified as held for sale**”, and its results are presented separately on profit or loss as “**Loss from discontinued operation, net of tax**”.

The basic and diluted loss per share from discontinued operation are calculated by dividing the loss from discontinued operation, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for basic earnings per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively.

- 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 the financial year (“12 months”) ended 31 December 2018.

	Unaudited 4Q ended			Unaudited 12 months ended		
	31.12.18 RMB'000	31.12.17 RMB'000	Change %	31.12.18 RMB'000	31.12.17 RMB'000	Change %
<u>Continuing operations</u>						
Revenue	-	-		-	-	
Cost of sales	-	-		-	-	
Gross profit	-	-		-	-	
Other items of income						
Financial income	9,420	629	N.M.	13,421	651	N.M.
Other income	491	229,993	-99%	491	230,472	-99%
Other items of expense						
Selling and distribution expenses	-	-		-	-	
General and administrative expenses	(3,869)	(3,222)	20%	(13,377)	(13,567)	-1.4%
Financial expense	(5,931)	(2,030)	N.M.	(10,025)	(5,345)	87%
Profit/(loss) before tax from continuing operations	111	225,370	-99%	(9,490)	212,211	-104%
Income tax expense	-	-		-	-	
Profit/(loss) from continuing operations, net of tax	111	225,370	-99%	(9,490)	212,211	-104%
<u>Discontinued operations</u>						
Loss from discontinued operations, net of tax	-	(235,716)	-100%	(63,874)	(327,236)	-80%
Net profit/(loss) attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company	111	(10,346)	-101%	(73,364)	(115,025)	-36%

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 profit/(loss) before tax is determined after charging/crediting the following:

	4Q ended Unaudited		Group 12 months ended Unaudited	
	31.12.18 RMB'000	31.12.17 RMB'000	31.12.18 RMB'000	31.12.17 RMB'000
Continued operations				
Amortisation of land use rights	67	67	271	271
Depreciation of property, plant and equipment	2,834	1,244	7,044	7,011
Payroll and related expenses	281	177	1,292	815
Discontinued operations				
Amortisation of land use rights	-	935	2,565	3,465
Amortisation of cost of preparation of land	-	417	-	1,667
Depreciation of property, plant and equipment	-	59,740	70,224	146,236
Payroll and related expenses	-	45,755	35,204	78,141
Foreign exchange, net	-	47	17	164

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 31.12.18 RMB'000	Audited 31.12.17 RMB'000	Unaudited 31.12.18 RMB'000	Audited 31.12.17 RMB'000
Assets				
Non-current assets				
Property, plant and equipment	46,268	1,192,518	-	-
Investment properties (construction-work-in-progress)	-	159,045	-	-
Land use rights prepayments	9,240	144,854	-	-
Prepayments	-	55,988	-	-
Long term receivables	-	67,647	-	-
	55,508	1,620,052	-	-
Current assets				
Land use rights prepayments	271	3,646	-	-
Inventories	-	18,275	-	-
Prepayments	-	7,402	-	-
Trade receivables	-	67,136	-	-
Bills and other receivables	19,072	155,834	-	-
Bank deposits pledged	-	17,767	-	-
Cash and cash equivalents	133	15,964	17	18
	19,476	286,024	17	18
Assets of disposal group classified as held for sale	1,742,260	-	-	-
Total Assets	1,817,244	1,906,076	17	18
Current liabilities				
Short term loans	(388,722)	(1,139,080)	-	-
Trade payables	-	(105,005)	-	-
Bills payables	-	(17,596)	-	-
Payables for the acquisition of property, plant and equipment	-	(61,867)	-	-
Other payables, liabilities, and provisions	(72,237)	(489,367)	(96,906)	(94,142)
	(460,959)	(1,812,915)	(96,906)	(94,142)
Net current liabilities	(441,483)	(1,526,891)	(96,889)	(94,124)
Non-current liabilities				
Long term bank loans	-	(523,000)	-	-
	-	(523,000)	-	-
Liabilities directly associated with disposal group classified as held for sale	(1,859,489)	-	-	-
Total Liabilities	(2,320,448)	(2,335,915)	(96,906)	(94,142)
Net liabilities	(503,204)	(429,839)	(96,889)	(94,124)
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	2,338,061	2,264,696	2,301,309	2,298,544
Reserve of disposal group classified as held for sale	-	-	-	-
Total equity	503,204	429,839	96,889	94,124
Total equity and liabilities	(1,817,244)	(1,906,076)	(17)	(18)

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

	Group	
	Unaudited 31.12.18 RMB'000	Audited 31.12.17 RMB'000
Amount repayable in one year or less, or on demand		
- Secured	388,722	1,139,080
- Unsecured	-	-
	388,722	1,139,080
Amount repayable after one year		
- Secured	-	523,000
- Unsecured	-	-
	-	523,000

Details of any collateral

Bank loans and finance lease

As at 31 December 2018 and 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 31.12.18 RMB'000	Audited 31.12.17 RMB'000
Land use rights	9,511	152,146
Production, Office buildings, Construction work in progress and Machineries	43,861	614,638
	53,372	766,784

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 31 December 2018 and 2017, the bills payable to banks were 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 31.12.18 RMB'000	Audited 31.12.17 RMB'000
Bank deposits pledged	-	17,767

- 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 ended 31 December 2018 (“4QFY2018”)

	Group			
	4Q ended Unaudited		12 months ended Unaudited	
	31.12.18 RMB'000	31.12.17 RMB'000	31.12.18 RMB'000	31.12.17 RMB'000
Loss before tax				
- Continuing operations	4,110	225,370	(9,491)	212,211
- Discontinued operations	-	(235,716)	(63,874)	(327,236)
	4,110	(10,346)	(73,365)	(115,025)
Adjustments:				
Amortisation of land use rights	67	912	1,959	3,646
Amortisation of costs of preparation of land	-	417	833	1,667
Depreciation of property, plant and equipment	2,834	66,879	77,268	159,142
Impairment of trade and other receivables	-	10,068	-	10,068
Impairment on investment	-	(29,993)	-	(29,993)
Interest expense	-	12,563	69,405	120,773
Interest income	-	(468)	(586)	(2,773)
Loss on disposal of property, plant and equipment	-	19	-	1,699
Unrealised exchange (gain)/loss	-	(45)	17	-
Operating profit before working capital changes	7,011	50,005	75,531	149,203
(Increase)/ Decrease in:				
Inventories	-	19,725	(26,651)	654
Trade and other receivables and prepayments	55,580	112,306	54,418	85,160
Trade and other payables/ other liabilities	6,155	(123,745)	10,702	(62,440)
Cash flows generated from operations	68,746	58,291	114,000	172,577
Interest income received	-	468	586	2,773
Income taxes paid	-	-	-	-
Net cash flows generated from operating activities	68,746	58,759	114,586	175,350
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	18	-	2,622
Purchase of property, plant and equipment	-	(24,873)	(19,936)	(39,509)
Net cash flows used in investing activities	-	(24,855)	(19,936)	(36,887)
Cash flows from financing activities				
Proceeds from short term financing loans	-	210,730	778,114	1,208,180
Repayment of short term financing loans	(68,825)	(226,947)	(834,415)	(1,240,028)
Decrease in bank deposits pledged	-	(9,537)	17,767	101,163
Decrease/ (increase) in bills payable	-	14,146	45,748	(113,004)
Interest expense paid	-	(15,522)	(69,405)	(81,275)
Net cash flows used in financing activities	(68,825)	(27,130)	(62,191)	(124,964)
Net (decrease)/increase in cash and cash equivalents	(79)	6,774	32,459	13,500
Cash and cash equivalents at beginning of financial period/year	212	9,189	15,964	2,464
Cash and cash equivalents classified as held-for-sales	-	-	(48,290)	-
Cash and cash equivalents at end of financial period/year (Note A)	133	15,964	133	15,964

Note to the consolidated cash flow statement

12 months ended
Unaudited
Unaudited Audited
31.12.2018 31.12.2017
RMB'000 RMB'000

Note A: Cash and cash equivalents

Cash and bank balances	133	33,731
Less: Bank deposits pledged	-	(17,767)
Cash and cash equivalents	<u>133</u>	<u>15,964</u>

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 4QFY2018 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 2018	2,190,580	13,840	(369,563)	(2,264,696)	(429,839)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(8,897)	(8,897)
At 31 March 2018	2,190,580	13,840	(369,563)	(2,273,593)	(438,736)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(60,936)	(60,936)
At 30 June 2018	2,190,580	13,840	(369,563)	(2,334,529)	(499,672)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(7,642)	(7,642)
At 30 September 2018	2,190,580	13,840	(369,563)	(2,342,171)	(507,314)
Loss net of tax represents total comprehensive loss for the period	-	-	-	4,110	4,110
At 31 December 2018	2,190,580	13,840	(369,563)	(2,338,061)	(503,204)

<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)
Loss net of tax represents total comprehensive loss for the period	–	–	–	10,695	10,695
At 31 December 2017	2,190,580	13,840	(369,563)	(2,264,696)	(429,839)
<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 2018	2,190,580	13,840	-	(2,295,404)	(90,984)
Loss net of tax represents total comprehensive loss for the period	–	–	–	398	398
At 31 March 2018	2,190,580	13,840	-	(2,298,146)	(93,726)
Loss net of tax represents total comprehensive loss for the period	–	–	–	(1,252)	(1,252)
At 30 June 2018	2,190,580	13,840	-	(2,299,398)	(94,978)
Loss net of tax represents total comprehensive loss for the period	–	–	–	(1,622)	(1,622)
At 30 September 2018	2,190,580	13,840	-	(2,301,020)	(96,600)

Loss net of tax represents total comprehensive loss for the period					
At 31 December 2018	2,190,580	13,840	–	(2,301,309)	(96,889)
	Share capital	Warrant Reserve	Merger reserve	Accumulated losses	Total Equity
The Company	RMB'000	RMB'000	RMB'000	RMB'000	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					
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					
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					
At 30 September 2017	2,190,580	13,840	–	(2,297,184)	(92,764)
Loss net of tax represents total comprehensive loss for the period					
At 31 December 2018	2,190,580	13,840	–	(2,298,545)	(94,125)

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 31 December 2018.

As at 31 December 2018, the Company has an issued and paid-up share capital comprising 113,750,147 Shares (31 December 2017: 113,749,997 Shares). The Company does not have any treasury shares and warrants.

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 31.12.2018	Audited 31.12.2017
Total number of issued share capital excluding treasury shares	<u>113,750,147</u>	<u>113,749,997</u>

The Company does not have treasury shares as at 31 December 2018 and 2017.

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 2018, 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 2018, 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 2018. 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 4QFY2018 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 4QFY2018 financial results and there is no assurance that there are no material facts not known to the current management that may require the 4QFY2018 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		12 months ended	
	31.12.18	31.12.17	31.12.18	31.12.17
Loss per share ("LPS")				
Basic and diluted (RMB)	0.00	(0.09)	(0.64)	(1.01)

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
	31.12.18	31.12.17	31.12.18	31.12.17
Net asset value per share (RMB)	(4.42)	(3.78)	(0.85)	(0.83)

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 4QFY2018 FINANCIAL RESULTS

Continued Operation

The continued operation including the company, Huagang, and Guangda which are currently inactive. Therefore, there is no revenue and corresponding cost of sales.

Financial income in 4QFY2018 increased by RMB 8.79 million or 1397% to RMB 9.42 million from RMB 0.69 million in 4QFY2017.

Other income in 4QFY2018 increased by RMB 0.49 million or 100% to RMB 0.49 million from RMB nil in 4QFY2017.

Selling and distribution expenses is nil.

General and administrative expenses in 4QFY2018 increased by 20% to RMB 3.87 million from RMB 3.22 million in 4QFY2017.

Financial expenses in 4QFY2018 increased by RMB 3.90 million to RMB 5.93 million from RMB 2.03 million in 4QFY2017.

3 months ended 31 December 2018 ("4QFY2018")

The Group registered a profit of RMB 0.11 million for 4QFY2018.

Consolidated Balance Sheet

As at 31 December 2018, the Group's PPE amounted to RMB 46.2 million.

Land use rights over the one plots of state-owned land in the PRC where the Group's manufacturing premises reside, amounted to RMB 9.24 million as at 31 December 2018.

In terms of current assets, bills and other receivables amounted to RMB 19.07 million as at 31 December 2018. Other receivables are mainly comprised:

- (i) Non-trade amount due from a third party-Huaao Fibre tech Co., Ltd of RMB 10.5 million; and
- (ii) Non-trade amount due from a third party-Huarui sewing thread Co., Ltd of RMB 5.6 million.

In terms of current liabilities, short term loans amounted to RMB 388.72 million as at 31 December 2018.

Other payables, liabilities and provision amounted to RMB 72.24 million as at 31 December 2018. they comprised mainly:

- (ii) Deposit received amounted to RMB 6.89 million; and
- (iii) Non-trade amount due to a third party Changguang project development Co., Ltd amounted to RMB 21.04 million

As at 31 December 2018, the Group reported a deficiency in net working capital amounting to RMB 441.5 million 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 is amounted RMB 0.13 million as at 31 December 2018 was mainly due to net cash generated from operating activities amounted to RMB 114.59 million. Cash used in payments of capital expenditures and financing activities amounted to RMB 19.93 million and RMB 62.19 million respectively, and reclassification of cash and cash equivalents of discontinued operation amounting to RMB 48.3 million.

Discontinued operation and disposal group classified as held for sale

Balance sheet disclosures

The major classes of assets and liabilities of the Proposed Disposal classified as held for sale and the related asset revaluation reserve as at 31 December 2018 are as follows:

	31.12.18
	RMB'000
Assets	
Property, plant and equipment	1,074,623
Investment Property-Construction work-in-progress	156,387
Prepayments	55,988
Inventories	44,926
Prepayments	137,030
Trade receivables	39,161
Bills and other receivables	185,854
Cash and cash equivalents	48,290
	<hr/>
	1,742,260
	<hr/>
Liabilities	
Short term loans	(722,450)
Trade payables	(183,402)
Bills payables	(63,344)
Other payables, liabilities, and provisions	(483,294)
Long term bank loans	(407,000)
	<hr/>
	(1,859,489)
	<hr/>

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

The 4QFY2018 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.

Business Update

The AC and the Board have considered various options to revive the Company. On 27 July 2018, the Company announced that the Company's wholly owned subsidiary, Zhejiang Huagang Polyester Industrial Co., Ltd. ("Zhejiang Huagang") plans to upgrade its existing production facilities and ancillary machinery and equipment for the production and sales of new Fully Drawn Yarn ("FDY") products and new Partially Oriented Yarn ("POY") products, which include Fire-Retardant POY, Nylon Filament POY, Black Yarn FDY, High shrinkage FDY and Regenerated FDY (the "Project Huagang") in

response to the increased demand in the People's Republic of China and technology readiness for the production of new FDY and POY products.

In contrast with the Huaxiang Project, the Huagang Project requires relatively lesser capital to upgrade its existing production plant and machinery for its production based on the projections made by Management. The products to be produced from the Huagang Project are mainly sold to fabric manufacturers who produce: (i) environmental friendly fabric, and (ii) fire resistant fabric, pursuant to the increased demand in the PRC and technology readiness. This is a niche market where the Management believes the Company can generate a stable income.

Market Outlook

From a macro perspective, the Company believes that the market conditions in the PRC remain challenging for the next twelve months in view of the looming trade disputes between the PRC and the United States of America and the impending global tightening monetary policy. The Company expects that the PRC's economy will remain sluggish in the foreseeable future.

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/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FY2018 as the Group does not have profits available for the declaration of dividend.

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.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 15. Segmented revenue and results operating 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 six business segments, namely the share of profit from Zhejiang Material, Blended Yarn ("BY"), Fully Drawn Yarn ("FDY"), Drawn Textured Yarn ("DTY"), Partially Oriented Yarn ("POY"), and Polyester ("PET") chips.

FY2017 (12 months)	Share of profit RMB'000	BY RMB'000	FDY RMB'000	DTY RMB'000	POY RMB'000	PET Chips RMB'000	Total RMB'000
Group Revenue							
Sales to external customers	156,785	2,231	960,660	159,105	533,086	702,330	2,514,197
Results							
Gross profit							79,028
Unallocated expenses, net							
Financial income							2,773
Financial expense							<u>(120,773)</u>
Loss before tax							(115,025)
Income tax							<u>-</u>
Net loss attributable to shareholders							<u>(115,025)</u>
Other segment information							
Depreciation of property, plant and equipment							(153,247)
Amortisation of land use rights and cost of preparation of land							<u>(5,313)</u>

- 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Not applicable.

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividend was declared and paid in FY2018 and FY2017.

- 18. Disclosure of person occupying managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).**

There is no other person occupying managerial position in the Company or its principal subsidiaries that are related to any director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

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

1 March 2019