



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT
Unaudited Financial Statement and Dividend Announcement
For the Financial Period ended 31 March 2015

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 2015 ("1QFY2015") 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 2015.

	Unaudited	Unaudited	Change
	01.01.15 to 31.03.15 3 months RMB'000	01.01.14 to 31.03.14 3 months RMB'000	%
Revenue	16,918	20,291	(16.6)
Cost of sales	(18,801)	(22,787)	(17.5)
Gross loss	(1,883)	(2,496)	(24.6)
Other items of income			
Financial income	2,147	2,084	3.0
Other income	714	419	70.4
Other items of expense			
Selling and distribution expenses	(426)	(1,241)	(65.7)
General and administrative expenses	(24,100)	(26,307)	(8.4)
Financial expense	(46,742)	(38,256)	22.2
Loss before tax	(70,290)	(65,797)	6.8
Income tax	-	(111)	N.M
Net loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company	(70,290)	(65,908)	6.6

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:

	01.01.15 to 31.03.15	01.01.14 to 31.03.14
	(3 months)	(3 months)
	RMB'000	RMB'000
Amortisation of land use rights prepayments	912	912
Amortisation of cost of preparation of land	416	416
Depreciation of property, plant and Equipment ("PPE")	9,464	7,913
Employee compensation	5,324	6,582
Foreign exchange gain, net	(3,155)	(1,463)
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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31.03.15	31.12.14	31.03.15	31.12.14
RMB'000	RMB'000	RMB'000	RMB'000	
Assets				
Non-current assets				
Property, plant and equipment	1,979,767	1,939,179	–	–
Investment Property-Construction work-in-progress	144,405	141,232	–	–
Land use rights prepayments	154,881	155,792	–	–
Prepayments	61,820	64,174	–	–
Long term receivables	72,230	72,646	930,390	930,390
Investment in subsidiaries	–	–	262,890	262,890
	<u>2,413,103</u>	<u>2,373,023</u>	<u>1,193,280</u>	<u>1,193,280</u>
Current assets				
Land use rights prepayments	3,646	3,646	–	–
Inventories	23,752	17,899	–	–
Prepayments	35,488	793	–	–
Trade receivables	62,429	103,322	–	–
Bills and other receivables	371,534	345,853	–	–
Bank deposits pledged	294,899	267,904	–	–
Cash and cash equivalents	19,384	66,473	174	25
	<u>811,132</u>	<u>805,890</u>	<u>174</u>	<u>25</u>
Total Assets	<u>3,224,235</u>	<u>3,178,913</u>	<u>1,193,454</u>	<u>1,193,305</u>
Current liabilities				
Provision for income tax	(784)	(784)	–	–
Short term loans	(838,081)	(698,165)	–	–
Trade payables	(36,713)	(88,836)	–	–
Bills payables	(551,595)	(532,592)	–	–
Payables for the acquisition of property, plant and equipment	(36,733)	(79,875)	–	–
Obligations under finance leases	(41,846)	(41,108)	–	–
Other payables, liabilities, and provisions	(269,380)	(207,366)	(71,997)	(66,381)
	<u>(1,775,132)</u>	<u>(1,648,726)</u>	<u>(71,997)</u>	<u>(66,381)</u>
Net current (liabilities) assets	(964,000)	(842,836)	(71,823)	(66,356)
Non-current liabilities				
Long term bank loans	(652,000)	(652,000)	–	–
Obligations under finance leases	(41,116)	(51,910)	–	–
	<u>(693,116)</u>	<u>(703,910)</u>	<u>–</u>	<u>–</u>
Total Liabilities	<u>(2,468,248)</u>	<u>(2,352,636)</u>	<u>(71,997)</u>	<u>(66,381)</u>
Net Assets	<u>755,987</u>	<u>826,277</u>	<u>1,121,457</u>	<u>1,126,924</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	1,078,870	1,008,580	1,082,963	1,077,496
Total equity	<u>(755,987)</u>	<u>(826,277)</u>	<u>(1,121,457)</u>	<u>(1,126,924)</u>

Total equity and liabilities (3,224,235) (3,178,913) (1,193,454) (1,193,305)

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

	Group	
	Unaudited 31.03.15 RMB'000	Audited 31.12.14 RMB'000
Amount repayable in one year or less, or on demand		
- Secured	838,081	698,165
- Unsecured	-	-
	838,081	698,165
Amount repayable after one year		
- Secured	652,000	652,000
- Unsecured	-	-
	652,000	652,000
Secured obligations under finance leases		
- Current portion	41,846	41,108
- Non-current portion	41,116	51,910
	82,962	93,018

Details of any collateral

Bank loans and finance lease

As at 31 March 2015, the short term and long term bank loans are secured by pledge of land use right, production and office building, corporate guarantee from the subsidiaries, personal guarantee from a shareholder, Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 31.03.15 RMB'000	Audited 31.12.14 RMB'000
Land use rights	141,994	159,438
Production, Office buildings, Construction work in progress and Machineries	518,054	643,898
	660,047	803,336

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 March 2015, the bills payable to banks are secured by pledge of bank deposits and corporate guarantee from subsidiaries and personal guarantee from a shareholder, Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited 31.03.15 RMB'000	Audited 31.12.14 RMB'000
Bank deposits pledged	294,899	267,904

- 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 2015
("1QFY2015")

	unaudited 01.01.15 to 31.03.15 3 months RMB'000	unaudited 01.01.14 to 31.03.14 3 months RMB'000
Loss before tax	(70,290)	(65,797)
Adjustments:		
Amortisation of land use rights prepayments	912	912
Amortisation of costs of preparation of land	416	416
Depreciation of property, plant and equipment	9,464	7,913
Interest expense	46,742	38,256
Interest income	(2,146)	(2,084)
Unrealised exchange gain, net	(3,155)	(1,463)
Operating loss before working capital changes	<u>(18,057)</u>	<u>(21,847)</u>
(Decrease) / increase in:		
Inventories	(5,853)	(448)
Prepayments	(33,695)	(34,090)
Trade and other receivables	14,512	46,466
Trade and other payables/ Other liabilities	10,406	
Cash flows used in operations	<u>(32,687)</u>	<u>(9,919)</u>
Interest income received	2,147	2,084
Income tax paid	-	(605)
Net cash flows used in operating activities	<u>(30,540)</u>	<u>(8,440)</u>
Cash flows used in investing activities		
Purchase of property, plant and equipment	(94,015)	(59,203)
Net cash flows used in investing activities	<u>(94,015)</u>	<u>(59,203)</u>
Cash flows from/ (used in) financing activities		
Proceeds from short-term financing loans	427,833	670,556
Repayment of short-term financing loans	(287,917)	(516,475)
(Increase) in bank deposits pledged	(26,996)	(18,763)
Increase in bills payable	19,004	53,952
Repayment of finance lease liabilities	(10,055)	(7,019)
Advances extended to lessees under operating leases	(300)	-
Interest expense paid	(44,103)	(38,256)
Net cash generated from financing activities	<u>77,466</u>	<u>143,995</u>
Net increase/(decrease) in cash and cash equivalents	(47,089)	76,352
Cash and cash equivalents at beginning of financial period	66,473	7,966
Cash and cash equivalents at end of financial period (Note A)	<u>19,384</u>	<u>84,318</u>

Note to the unaudited consolidated cash flow statement

	31.03.2015	31.03.2014
	RMB'000	RMB'000
<u>Note A: Cash and cash equivalents</u>		
Cash and bank balances	314,283	406,951
Less: Bank deposits pledged	(294,899)	(322,633)
Cash and cash equivalents	19,384	84,318

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 1QFY2015 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 31 December 2014	2,190,580	13,840	(369,563)	(1,008,580)	826,277
Loss net of tax represents total comprehensive income for the period	–	–	–	(70,290)	(70,290)
At 31 March 2015	2,190,580	13,840	(369,563)	(1,078,870)	755,987

<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 31 December 2014	2,190,580	13,840	-	(1,077,496)	1,126,924
Loss net of tax represents total comprehensive income for the period	-	-	-	(5,467)	(5,467)
At 31 March 2015	2,190,580	13,840	-	(1,082,963)	1,121,457
<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 2014, 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 2014, 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.

Company	Unaudited 31.03.2015	audited 31.12.2014
Total number of issued share capital excluding treasuryshares	<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 2015, 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 2015, 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 2015. 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 1QFY2015 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 1QFY2015 financial results and there is no assurance that there are no material facts not known to the current management that may require the 1QFY2015 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	
	1Q ended	
	31.03.15	31.03.14
Loss per share ("LPS")		
Basic and diluted (RMB cents)	(3.09)	(2.90)

Loss per share for 1QFY2015 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.**

	Group		Company	
	Unaudited	audited	Unaudited	audited
	31.03.15	31.12.14	31.03.15	31.12.14
Net asset value per share (RMB Yuan)	0.33	0.36	0.49	0.50

Net asset value per share is calculated based on the shareholders' equity of the Group and of the Company as at 31 March 2015 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 1QFY2015 FINANCIAL RESULTS

The Group's 1QFY2015 revenue decreased by 16.6% to RMB16.9 million from RMB20.3million for the first quarter ended 31 March 2015 ("1QFY2015"). As announced previously, the Group continued to face challenging market conditions in the current downturn of the industry cycle for the quarter under review, which has impacted sales volume and average selling prices. For 1QFY2015, the PRC textile industry continues to be impacted by the slowdown of the PRC economy. As announced previously, the decline in operating revenue was mainly attributable to the Group suspending its own production at HG and NHW, and leasing out HG and NHW's production facilities as previously announced in August 2014. The Group's 1QFY2015 revenue is therefore mainly attributable to the sales of Drawn Textured Yarn ("DTY") produced from the texturing workshop of the Huaxiang Project.

Correspondingly, cost of sales also decreased to RMB18.8million from RMB22.8 million for the first quarter ended 31 March 2015. This resulted in a gross loss of RMB1.9million for 1QFY2015 compared to a gross loss of RMB2.5 million for 1QFY2014. The Group was not able to generate gross profit in 1QFY2015 as in 4Q2014 due to the deteriorating market condition since 4Q2014 which impacted the average selling price and production volume, especially during the Chinese New Year period, the production volume during the said period was low and the difference between the cost of DTY finished goods and its raw material (i.e. POY) was not able to offset the fixed costs (depreciation and factory utilities) and relating other variable costs.

Financial income in 1QFY2015 increased by 3% to RMB2.15 million from RMB2.08 million, mainly due to more fixed deposits pledged against more bills payables additions during the 1QFY2015. Other income increased by 70.4% from RMB0.4million in 1QFY2014 to RMB0.7million in 1QFY2015, mainly due to (i) operating leasing income from HG and NHW, and (ii) DTY subcontracting fee income of Huaxiang China.

Selling and distribution expenses for 1QFY2015 comprising sales department's salaries and distribution costs, amounted to RMB0.4 million, a 65.7% decrease compared to RMB1.2 million in 1QFY2014. The decrease was due to the suspension of production at HG and NHW. As a result, no payment was required to be made for commission fees to NHW's sales agent during the quarter under review.

General and administrative expenses in 1QFY2015 decreased by 8.4% to RMB24.1 million compared to RMB26.3 million in 1QFY2014, which was mainly due to lower staff and related expenses and administrative expenses following the suspension of production at HG and NHW.

Financial expenses in 1QFY2015 increased by 22.2% to RMB46.7million compared to RMB38.3 million in 1QFY2014. This was largely attributable to the accrued loans interest unpaid and additional short term and long loans used to finance the Huaxiang Project. As at 31 March 2015, the balance of bank loans and loans from non-financial institutions amounted to approximately RMB 1.49 billion (31 March 2014: RMB914.8 million), thereof higher interest paid compare to 1QFY2014.

3 months ended 31 March 2015

The Group recorded a loss before tax of RMB70.3 million for the 1QFY2015 compared to a gross loss RMB65.8 million in 1Q2014 mainly due to an increase in financial costs, With the commencement of the Huaxiang Project, the Group believes that the cash flow situation will be improved, and the Group will repay part of non financial institution loans which bear higher interest rate.

Consolidated Balance Sheet

As at 31 March 2015, the Group's PPE amounted to RMB1.98 billion as compared to RMB1.94 billion as at 31 December 2014, The increase was due to transfer of costs from "prepayment" to "PPE" upon receipts of the assets physically on site 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 RMB158.5 million as at 31 March 2015, compared to RMB159.4 million as at 31 December 2014. The decrease was due to amortisation charge.

The investment property amounted RMB144.4million as at 31 March 2015 compare to RMB141.2 million as at 31 December 2014, mainly due to additional construction payment to the construction supplier. The Office building is still not ready for intended use as the Group has not yet (i) obtained the building safety certificates from relevant Government Authority; and (ii) completed the installation of utilities.

Prepayments (non-current portion), including prepayments for Huaxiang Project Phase 2 land cost of RMB56.0million, and prepayment made in respect of acquisition of machinery for the Huaxiang Project of RMB5.8 million, the decrease from RMB64.2 million as at 31 December 2014 compared to RMB61.8 million as at 31 March 2015 as additional prepayments made in respect of the PPE for the Huaxiang Project were transferred to “construction-in-progress” under property, plant and equipment on the receipt of the equipment on site.

Long term receivables mainly comprise land preparation cost for Huaxiang project. The decrease was mainly due to normal amortisation over the remaining lease period.

In terms of current assets, the Group’s inventories increased to RMB23.8million as at 31 March 2015 from RMB17.9 million as at 31 December 2014. The increase in inventories was mainly due to chellancing market condition during the quarter and for the quarter, inventory turnover days was 100 days, which is expected, and in line with the industry downturn.

Trade receivables decreased to RMB62.4 million as at 31 March 2015 from RMB103.3million as at 31 December 2014, mainly due partial collection of the final settlement for last year’s back-to-back sales and purchase arrangement entered with customers and suppliers.

The increase in prepayment (current portion) from RMB0.8 million as at 31 December 2014 to RMB35.5 million as at 31 March 2015 was mainly due to advance of RMB34.4 million to raw material suppliers for preparing trial production by Huaxiang polymerization plant and spinning plant trial production in March.

Bills and Other receivables increased to RMB371.5 million from RMB345.9 million mainly due to (i) one-year interest-free working capital loans amounting to RMB0.3 million to Huali according to the operation lease agreement entered into between Huali and HG. (ii) higher VAT receivables from domestic machines purchased for the Huaxiang Project following the verification of the VAT invoice by the China Tax Department during the financial year. The VAT receivable can be used to set off future Output VAT generated by the sales from Huaxiang sales.

In terms of current liabilities, the Group’s trade payables decreased to RMB36.7 million as at 31 March 2015 from RMB88.9 million as at 31 December 2014 as the Group made payments of the final settlement from the back-to-back transactions.

Over the same period, short term loans increased to RMB838.1million from RMB698.2 million due to the additional loans obtained to support the Huaxiang Project.

Payables for the acquisition of PPE decreased to RMB36.7 million as at 31 March 2015 from RMB79.9 million as at 31 December 2014 mainly due to the settlement of payables to equipments and construction suppliers.

Finance leases payables related to equipment finance lease with Hua Rong Finance Lease Co., Ltd for the equipment finance lease arrangement.

Other payables, liabilities and provision increased to RMB269.4 million as at 31 March 2015 from RMB207.4 million as at 31 December 2014, mainly due to increase in the advances extended from a third party amounting to RMB50 million and a state-owned enterprise amounting to RMB10 million.

Bills payable increased to RMB551.6 million as at 31 March 2015 from RMB532.6million as at 31 December 2014 as more financial support for Huaxiang Project.

As at 31 March 2015, the Group reported a deficiency in net working capital amounting to RMB964.0million as 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 Huaxiang Project.

Consolidated Cash Flow Statement

Cash and cash equivalents decreased from RMB66.5 million as at 31 March 2015 to RMB19.4 million as at 31 December 2014, mainly due to proceeds from financing activities amounting to RMB77.5 million offset by cash outflows from operating activities and the purchase of plant and equipment that the Group amount to RMB30.5 million and RMB94.0 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 1QFY2015 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

Following the completion of the construction and development of the New Production Facilities under Phase 1 of the Huaxiang project, the Group had announced that it had commenced trial production at its Polymerisation Plant on 12 March 2015. The Polymerisation Plant can produce PET chips, POY melt and FDY melt which is used to produce POY / FDY at the Spinning Plant.

Following a successful trial production, the Group has commenced actual production of the PET chips and 2 lines of the POY products on 6 April 2015. To-date the remaining 6 lines have also been rolled out. The current daily production capacity rates for PET chips and POY products are 180 tonnes and 340 tonnes respectively. Depending on the market situation, the Group endeavours to commence trial production of FDY products at end of May. Further updates will be provided via announcement(s) once the Group is ready to commence trial production of the said FDY products.

As at 31 March 2015, Phase 1 of Huaxiang project has a contractual amount of approximately RMB2.1 billion. To date, the Group has expended approximately RMB1.95 billion and a remaining RMB190.2 million is required to be paid for the Huaxiang Project.

Market Outlook

The Company believes that the macro-environment for the year ending 31 December 2015 ("FY2015") is likely to continue to remain challenging, due to the ongoing uncertainties in the global economy and the slowdown in the PRC economy. However, with a gradual market pick up since April 2015 from the lows in the preceding three months, this seems to be general signs of recovery in the PRC chemical fibre industry.

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, Company has more than 150 customers, both old and new, and has been receiving an increasing number of orders from repeat customers.

Update on the Non-Performing Loan

Reference is made to the announcements dated 7 September 2014, 10 September 2014, 28 February 2015, 20 March 2015 and 10 May 2015 with respect to the Company's 3-year RMB242 million term loan extended by China Citic Bank (Fujian Branch) which the Company had to acquire from Citic Bank a Non-performing loan by Fujian DiBang Group Co., Ltd which was transferred through China Huarong Asset Management Co., Ltd ("China Huarong").

The aforeseaid non-performing loan was backed by 40.63 million equity shares in Rural Commercial Bank of Fuzhou and a commercial unit located on the 12th floor of Fuzhou Wuyi Center Building and underground carpark (collectively the "DB assets").

As announced on 10 May 2015, as the first time auction of the DB Assets on 9 March 2015 was not successful, the PRC Court in Fuzhou had auction the DB Assets again on 7 May 2015 ("Second Auction") after providing a 10% discount on the auction starting price. Subsequent to the above, the Second Auction for the equity shares closed at RMB78.7 million and the commercial unit closed at RMB9.4 million, aggregating to RMB88.1 million.

Pending completion of all administrative processes for the Second Auction, the Company will provide further updates to shareholders on the final amount to be disbursed to the Company by the PRC Court of Fuzhou after (i) deducting the expenses to be paid to the PRC Court and any other ancillary expenses and (ii) adding the interest receivable of the Non-Performing Loan from Dibang Group, in due course.

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

14 May 2015

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 1QFY2015 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 2015 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.

Liu De Huang
Executive Director and CEO

Tham Wan Loong, Jerome
Executive Director

14 May 2015