



China Gaoxian Fibre Fabric Holdings Ltd.

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**SGXNET ANNOUNCEMENT**  
**Unaudited Financial Statement and Dividend Announcement**  
**For the Financial Period ended 31 December 2014**

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**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 December 2014 ("4QFY2014") and the financial year ended 31 December 2014 ("FY2014") 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 fourth quarter ("4Q") and twelve months ended 31 December 2014.**

	Unaudited 4Q ended			Unaudited 12 months ended		Audited
	31.12.14 3 months RMB'000	31.12.13 3 months RMB'000	Change %	31.12.14 12 months RMB'000	31.12.13 12 months RMB'000	Change %
<b>Revenue</b>	27,143	55,141	(50.8)	90,709	271,734	(66.6)
Cost of sales	(24,848)	(77,735)	(68.0)	(98,008)	(309,563)	(68.3)
<b>Gross (loss) / profit</b>	<b>2,295</b>	<b>(22,594)</b>	<b>(110.2)</b>	<b>(7,299)</b>	<b>(37,829)</b>	<b>(80.7)</b>
<b>Other items of income</b>						
Financial income	2,929	1,678	74.6	8,742	5,506	58.8
Other income	3,346	1,171	185.7	27,415	8,508	222.2
<b>Other items of expense</b>						
Other expense	(1,162)	(665)	74.7	(1,248)	(726)	71.9
Selling and distribution expenses	(82)	(1,067)	(92.3)	(2,497)	(2,892)	(13.7)
General and administrative expenses	(16,113)	(49,403)	(67.4)	(107,017)	(100,343)	6.7
Financial expense	(38,191)	(32,631)	17.0	(138,801)	(86,495)	60.5
<b>(Loss) before tax</b>	<b>(46,978)</b>	<b>(103,511)</b>	<b>(54.6)</b>	<b>(220,705)</b>	<b>(214,271)</b>	<b>3.0</b>
Income tax	(12)	(203)	(94.1)	(394)	(1,084)	(63.7)
<b>Net (loss) attributable to shareholders representing total comprehensive (loss) for the period attributable to equity holders of the Company</b>	<b>(46,990)</b>	<b>(103,714)</b>	<b>(54.7)</b>	<b>(221,099)</b>	<b>(215,355)</b>	<b>2.7</b>

- 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:

	4Q ended		Group	
	Unaudited		Unaudited	Audited
	31.12.14	31.12.13	31.12.14	31.12.13
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of land use rights	911	911	3,646	3,646
Amortisation of cost of preparation of land	417	417	1,666	1,667
Depreciation of property, plant and equipment	8,998	8,284	32,731	32,700
Payroll and related expenses	4,198	10,153	19,891	29,835
Unrealized foreign exchange, net	(1,402)	789	(2,208)	858
Inventories written down	-	9,585	-	9,585
Allowance for doubtful debt	974	566	974	566
Operating lease expenses	3,000	3,000	12,000	12,000
Impairment of PPE	-	14,509	-	14,509

**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.**

	<b>Group</b>		<b>Company</b>	
	<b>Unaudited</b>	<b>Audited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>31.12.14</b>	<b>31.12.13</b>	<b>31.12.14</b>	<b>31.12.13</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1,939,179	1,846,560	–	–
Investment Property – construction work in progress	141,232	–	–	–
Land use rights	155,792	159,438	–	–
Prepayments	64,966	93,242	–	–
Long term receivables	72,647	74,313	930,390	930,390
Investment in subsidiaries	–	–	262,890	271,772
	<u>2,373,816</u>	<u>2,173,553</u>	<u>1,193,280</u>	<u>1,202,162</u>
<b>Current assets</b>				
Land use rights	3,646	3,646	–	–
Inventories	17,899	28,941	–	–
Prepayments	2,790	1,331	–	–
Trade receivables	103,322	70,445	–	–
Bills and other receivables	343,063	156,835	–	60
Bank deposits pledged	267,904	303,870	–	–
Cash and cash equivalents	66,473	7,966	25	267
	<u>805,097</u>	<u>573,034</u>	<u>25</u>	<u>327</u>
<b>Total Assets</b>	<u>3,178,913</u>	<u>2,746,587</u>	<u>1,193,305</u>	<u>1,202,489</u>
<b>Current liabilities</b>				
Provision for income tax	(784)	(784)	–	–
Short term loans	(698,165)	(760,669)	–	–
Trade payables	(89,747)	(42,217)	–	–
Bills payables	(532,592)	(547,861)	–	–
Payables for the acquisition of property, plant and equipment	(79,875)	(205,248)	–	–
Financial lease liabilities	(41,108)	–	–	–
Other payables, liabilities, and provisions	(206,455)	(142,431)	(66,381)	(36,613)
	<u>(1,648,726)</u>	<u>(1,699,210)</u>	<u>(66,381)</u>	<u>(36,613)</u>
<b>Net current (liabilities)/assets</b>	<u>(843,629)</u>	<u>(1,126,176)</u>	<u>(66,356)</u>	<u>(36,286)</u>
<b>Non-current liabilities</b>				
Long term bank loans	(652,000)	–	–	–
Financial lease liabilities	(51,910)	–	–	–
	<u>(703,910)</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Total Liabilities</b>	<u>(2,352,636)</u>	<u>(1,699,210)</u>	<u>(66,381)</u>	<u>(36,613)</u>
<b>Net Assets</b>	<u>826,277</u>	<u>1,047,377</u>	<u>1,126,924</u>	<u>1,165,876</u>
<b>Equity attributable to equity holders of the Company</b>				
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 loss	1,008,580	787,480	1,077,496	1,038,544
<b>Total equity</b>	<u>(826,277)</u>	<u>(1,047,377)</u>	<u>(1,126,924)</u>	<u>(1,165,876)</u>
<b>Total equity and liabilities</b>	<u>(3,178,913)</u>	<u>(2,746,587)</u>	<u>(1,193,305)</u>	<u>(1,202,489)</u>

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

	<b>Group</b>	
	<b>Unaudited 31.12.14 RMB'000</b>	<b>Audited 31.12.13 RMB'000</b>
Amount repayable in one year or less, or on demand		
- Secured	698,165	760,669
- Unsecured	—	—
	<u>698,165</u>	<u>760,669</u>
Amount repayable after one year		
- Secured	652,000	—
- Unsecured	—	—
	<u>652,000</u>	<u>—</u>
Secured Finance Lease		
- Current portion	41,108	—
- Non-current portion	51,910	—
	<u>93,018</u>	<u>—</u>

**Details of any collateral**

Bank loans and finance lease

As at 31 December 2014, 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.

	<b>Group</b>	
	<b>Unaudited 31.12.14 RMB'000</b>	<b>Audited 31.12.13 RMB'000</b>
Land use rights	159,438	163,084
Production, Office buildings, Construction in Progress and Machineries	643,898	315,278
	<u>803,336</u>	<u>478,362</u>

Bills payable to banks

The bills payable to banks have an average maturity period of 180 days and are interest-free as repayments were made within the credit periods granted. As at 31 December 2014, 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.

	<b>Group</b>	
	<b>Unaudited 31.12.14 RMB'000</b>	<b>Audited 31.12.13 RMB'000</b>
Bank deposits pledged	<u>267,904</u>	<u>303,870</u>

- 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 2014 (“4QFY2014”)**

	Group			
	4Q ended Unaudited		12 months ended	
	31.12.14 RMB'000	31.12.13 RMB'000	Unaudited 31.12.14 RMB'000	Audited 31.12.13 RMB'000
<b>Loss before tax</b>	<b>(46,978)</b>	<b>(103,511)</b>	<b>(220,705)</b>	<b>(214,271)</b>
Adjustments:				
Amortisation of land use rights	911	911	3,646	3,646
Amortisation of costs of preparation of land	417	417	1,666	1,667
Depreciation of property, plant and equipment	8,998	8,284	32,731	32,700
Impairment of PP&E	–	14,509	–	14,509
Interest expense	38,191	32,631	138,801	86,495
Interest income	(2,929)	(1,678)	(8,742)	(5,506)
Operating loss before working capital changes (Increase) / decrease in:	(1,390)	(48,437)	(52,603)	(80,760)
Inventories	(9,634)	25,606	11,042	14,706
Prepayments	503	17,277	28,276	8,443
Trade and other receivables	(84,704)	(40,056)	(151,386)	(167,727)
Trade and other payables/ Other liabilities	137,229	26,378	115,059	104,913
Cash flows (used in)/ generated from operations	42,004	(19,232)	(49,612)	(120,425)
Interest income received	2,929	1,678	8,742	5,506
Income tax paid	(12)	(302)	(394)	(1,369)
<b>Net cash flows generated from / (used in) operating activities</b>	<b>44,921</b>	<b>(17,856)</b>	<b>(41,264)</b>	<b>(116,288)</b>
<b>Cash flows used in investing activities</b>				
Purchase of property, plant and equipment	(35,739)	(79,378)	(217,626)	(561,833)
<b>Net cash flows used in investing activities</b>	<b>(35,739)</b>	<b>(79,378)</b>	<b>(217,626)</b>	<b>(561,833)</b>
<b>Cash flows from/ (used in) financing activities</b>				
Proceeds from short-term financing loans	475,248	258,021	1,898,537	1,668,297
Repayment of short-term financing loans	(396,840)	(258,228)	(1,727,249)	(1,275,828)
Increase in share capital (net of introducer fees)	–	–	–	112,263
Decrease / (increase) in bank deposits pledged	117,897	19,994	35,967	(141,164)
(Decrease) / increase in bills payable	(119,765)	(38,908)	(15,269)	394,901
Repayment of shareholder's loan (net)	–	–	–	(5,000)
Payment of guarantee fee to a shareholder	–	–	(11,176)	(1,564)
Proceeds from long term financing loans	16,000	–	416,000	–
Purchase of non-performing assets from Huarong	–	–	(80,704)	–
Repayment of finance lease liabilities	(15,469)	–	(45,646)	–
Advances to lessees for short term working capital purposes	(2,441)	–	(24,141)	–
Interest expense paid	(28,311)	(28,563)	(128,922)	(82,427)
<b>Net cash generated from / (used in) financing activities</b>	<b>46,319</b>	<b>(47,684)</b>	<b>317,397</b>	<b>669,478</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>55,501</b>	<b>(144,917)</b>	<b>58,507</b>	<b>(8,572)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>10,972</b>	<b>152,883</b>	<b>7,966</b>	<b>16,538</b>
<b>Cash and cash equivalents at end of financial period (Note A)</b>	<b>66,473</b>	<b>7,966</b>	<b>66,473</b>	<b>7,966</b>

**Note to the unaudited consolidated cash flow statement**

	31.12.2014	31.12.2013
<b>Note A: Cash and cash equivalents</b>	<b>RMB'000</b>	<b>RMB'000</b>
Cash and bank balances	334,377	311,836
Less: Bank deposits pledged	(267,904)	(303,870)
Cash and cash equivalents	66,473	7,966

**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 4QFY2014 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.**

<b>The Group</b>	<b>Share capital RMB'000</b>	<b>Warrant Reserve RMB'000</b>	<b>Merger reserve RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total Equity RMB'000</b>
<b>At 1 January 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>(369,563)</b>	<b>(787,480)</b>	<b>1,047,377</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(65,908)	(65,908)
<b>At 31 March 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>(369,563)</b>	<b>(853,388)</b>	<b>981,469</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(43,756)	(43,756)
<b>At 30 June 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>(369,563)</b>	<b>(897,144)</b>	<b>937,713</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(64,446)	(64,446)
<b>At 30 September 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>(369,563)</b>	<b>(961,590)</b>	<b>873,267</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(46,990)	(46,990)
<b>At 31 December 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>(369,563)</b>	<b>(1,008,580)</b>	<b>826,277</b>

<u>The Group</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
<b>At 1 January 2013</b>	<b>2,092,157</b>	<b>—</b>	<b>(369,563)</b>	<b>(572,125)</b>	<b>1,150,469</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(10,540)	(10,540)
<b>At 31 March 2013</b>	<b>2,092,157</b>	<b>—</b>	<b>(369,563)</b>	<b>(582,665)</b>	<b>1,139,929</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(49,243)	(49,243)
<b>At 30 June 2013</b>	<b>2,092,157</b>	<b>—</b>	<b>(369,563)</b>	<b>(631,908)</b>	<b>1,090,686</b>
Issue of Subscription Shares(net of introducer fee of RMB 3,472,000)	98,423	13,840	—	—	112,263
Loss net of tax represents total comprehensive income for the period	—	—	—	(51,858)	(51,858)
<b>At 30 September 2013</b>	<b>2,190,580</b>	<b>13,840</b>	<b>(369,563)</b>	<b>(683,766)</b>	<b>1,151,091</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(103,714)	(103,714)
<b>At 31 December 2013</b>	<b>2,190,580</b>	<b>13,840</b>	<b>(369,563)</b>	<b>(787,480)</b>	<b>1,047,377</b>
<u>The Company</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
<b>At 1 January 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>—</b>	<b>(1,038,544)</b>	<b>1,165,876</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(4,734)	(4,734)
<b>At 31 March 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>—</b>	<b>(1,043,278)</b>	<b>1,161,142</b>
Loss net of tax represents total comprehensive income for the period	—	—	—	(10,556)	(10,556)
<b>At 30 June 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>—</b>	<b>(1,053,834)</b>	<b>1,150,586</b>
Loss net of tax represents total					

comprehensive income for the period	–	–	–	(6,919)	(6,919)
<b>At 30 September 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>–</b>	<b>(1,060,753)</b>	<b>1,143,667</b>
Loss net of tax represents total comprehensive income for the period	–	–	–	(16,743)	(16,743)
<b>At 31 December 2014</b>	<b>2,190,580</b>	<b>13,840</b>	<b>–</b>	<b>(1,077,496)</b>	<b>1,126,924</b>

<b><u>The Company</u></b>	<b>Share capital RMB'000</b>	<b>Warrant reserve RMB'000</b>	<b>Merger reserve RMB'000</b>	<b>Accumulated losses RMB'000</b>	<b>Total Equity RMB'000</b>
<b>At 1 January 2013</b>	<b>2,092,157</b>	<b>–</b>	<b>-</b>	<b>(35,162)</b>	<b>2,056,995</b>
Loss net of tax represents total comprehensive income for the period	–	–	–	(1,110)	(1,110)
<b>At 31 March 2013</b>	<b>2,092,157</b>	<b>–</b>		<b>(36,272)</b>	<b>2,055,885</b>
Loss net of tax represents total comprehensive income for the period	–	–	–	(4,708)	(4,708)
<b>At 30 June 2013</b>	<b>2,092,157</b>		<b>–</b>	<b>(40,980)</b>	<b>2,051,177</b>
Issue of Subscription Shares (net of introducer fee of RMB 3,472,000)	98,423	13,840	-	–	112,263
Loss net of tax represents total comprehensive income for the period	–	–	–	(4,195)	(4,195)
<b>At 30 September 2013</b>	<b>2,190,580</b>	<b>13,840</b>		<b>(45,175)</b>	<b>2,159,245</b>
Loss net of tax represents total comprehensive income for the period	–	–	–	(993,369)	(993,369)
<b>At 31 December 2013</b>	<b>2,190,580</b>	<b>13,840</b>	<b>–</b>	<b>(1,038,544)</b>	<b>1,165,876</b>

- 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 2013, 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 2013, 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.**

<b>Company</b>	<b>Unaudited 31.12.2014</b>	<b>audited 31.12.2013</b>
Total number of issued share capital excluding treasury shares	<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. At 31 December 2014 and 31 December 2013, 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 2014, 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 2014. 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 4QFY2014 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 sheet 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 4QFY2014 financial results and there is no assurance that there are no material facts not known to the current management that may require the 4QFY2014 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		12months ended	
	31.12.14	31.12.13	31.12.14	31.12.13
<b>Loss per share ("LPS")</b>				
Basic and diluted (RMB Cents)	(2.07)	(4.56)	(9.72)	(10.22)

Loss per share for 4QFY2014 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
	31.12.14	31.12.13	31.12.14	31.12.13
Net asset value per share (RMB Yuan)	0.36	0.50	0.50	0.55

Net asset value per share is calculated based on the shareholders' equity of the Group and of the Company as at 31 December 2014 and 31 December 2013 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 4QFY2014 FINANCIAL RESULTS**

The Group's 4QFY2014 revenue decreased by 50.8% to RMB27.1 million from RMB55.1 million for the fourth quarter ended 31 December 2013 ("4QFY2013"). 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 4QFY2014, 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 4QFY2014 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 RMB24.8 million from RMB77.7 million for the fourth quarter ended 31 December 2014. This resulted in a gross profit of RMB2.3 million for 4QFY2014 compared to a gross loss of RMB22.6 million for 4QFY2013. The Group was able to generate gross profit in 4QFY2014 due to sale of DTY from the Huaxiang Project following the completion of the testing phase of production. The New Production Facilities at Huaxiang China, using newly imported Barmag machines, are more efficient and hence incurs lower cost of production. In addition, the suspension of production at HG and NHW improved the Group's performance as it cuts down on unnecessary fixed overhead costs.

Financial income in 4QFY2014 increased by 74.6% to RMB2.9 million from RMB1.7 million, mainly due to more fixed deposits pledged against more bills payables additions during the 4QFY2014. Other income increased by 185.7% from RMB1.2 million in 4QFY2013 to RMB3.3 million in 4QFY2014, mainly due to operating leasing income from HG and NHW, DTY OEM income earned by Huaxiang China.

Selling and distribution expenses for 4QFY2014 comprising sales department's salaries and distribution costs, amounted to RMB0.08 million, a 92.3% decrease compared to RMB1.1 million in 4QFY2013. The decrease was due to the suspension of production at HG and NHW. This resulted in no payment made for commission fees to sales agent of NHW during the quarter under review. Huaxiang China is in the progress of forming a new sales team and the sales incentive scheme has only begun in December 2014.

General and administrative expenses in 4QFY2014 decreased by 67.4 % to RMB16.1 million compared to RMB49.4 million in 4QFY2013, which was mainly due to (i) the impairment loss for property plant and equipment amounting to RMB14.5 million made in 4QFY2013 and there was no impairment charge in 4QFY2014; (ii) reversal the prior year accruals which are no longer required in current quarter and; (iii) lower staff and related expenses and administrative expenses following the suspension of production at HG and NHW.

Financial expenses in 4QFY2014 increased by 17.0% to RMB38.2 million compared to RMB32.6 million in 4QFY2013. This was largely attributable to additional short term loans used to finance the Huaxiang Project. As at 31 December 2014, the balance of loans from non-financial institutions amounted to approximately RMB 320.4million (31 December 2013: RMB 196.9 million), which bears higher interest rate compared to loans from financial institutions.

#### 12 months ended 31 December 2014

The Group recorded a loss before tax of RMB220.7 million for the FY2014. The gross loss improved from RMB37.8 million in FY 2013 to RMB 7.3 million in FY 2014 due to suspension of production at HG and NHW and leasing out the production facilities, which cuts down on unnecessary fixed overhead costs. With the commencement of the Huaxiang Project, the Group believes that its gross profit should be improved.

#### Consolidated Balance Sheet

As at 31 December 2014, the Group's PPE amounted to RMB1.9 billion as compared to RMB1.8 billion as at 31 December 2013. The increase was due to transfer of costs from "prepayment" to "PPE" upon receipts of the assets physically on site during the financial year. Land use rights over the four plots of state-owned land in the PRC where the Group's manufacturing premises reside, amounted to RMB159.4 million as at 31 December 2014, compared to RMB163.1 million as at 31 December 2013. The decrease was due to amortisation charge.

As at 31 December 2014, the Group has incurred RMB141.2 million on the construction of the investment properties – office building (excluding the land use right of RMB18.5 million). The office building is not ready for intended use as the Group has 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 RMB56.0 million and prepayments made in respect of acquisition of machinery for the Huaxiang Project of RMB9.0 million, the decrease from RMB65.0 million as at 31 December 2014 compared to RMB93.2 million as at 31 December 2013 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 decreased to RMB17.9 million as at 31 December 2014 from RMB28.9 million as at 31 December 2013. The decrease in inventories was mainly due to clearance of inventories for cessation of production at Huagang and New Huawei. For the quarter, inventory turnover days was 48 days, which is expected, and in line with the current industry downturn.

Trade receivables increased to RMB103.3 million as at 31 December 2014 from RMB70.4 million as at 31 December 2013, mainly due to back-to-back sales and purchase arrangement entered with customers and suppliers. These trade receivables have yet been collected as of the balance sheet date. As of the date of this announcement, the Group has collected RMB36.8 million from the customers.

The increase in prepayment from RMB1.3 million as at 31 December 2013 to RMB2.8 million as at 31 December 2014 was mainly due to more advances to suppliers paid during the quarter.

Bills and Other receivables increased to RMB343.1 million from RMB156.8 million mainly due to (i) receivable from Huarong Finance Asset Management (“Huarong”) amounting to RMB80.7 million relating to a payment made to Huarong for the transfer of non-performing assets of Dibang Group, (ii) a deposit of RMB29.8 million paid to Hua Rong Finance Lease Co., Ltd as part of the equipment finance lease arrangement; (iii) 1-year interest-free working capital loans amounting to RMB20.0 million and RMB3.2 million respectively extended by the Group to Yunfeng & Huali as part of the lease agreements entered during the year, (iv) 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 increased to RMB89.7 million as at 31 December 2014 from RMB42.2 million as at 31 December 2013 as the Group entered into some back-to-back transactions which have yet been settled as of the balance sheet date.

Over the same period, short term loans decreased to RMB698.2 million from RMB760.7 million due to the Group securing long term loans in 2014, part of which was used to settle the short term loans.

Payables for the acquisition of PPE decreased to RMB80.0 million as at 31 December 2014 from RMB205.2 million as at 31 December 2013 mainly due to the settlement of payables to 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 RMB206.5 million as at 31 December 2014 from RMB142.4 million as at 31 December 2013, mainly due to increase in the advances extended from third parties amounting to RMB73.4 million.

Bills payable decreased to RMB532.6 million as at 31 December 2014 from RMB547.9 million as at 31 December 2013 as some bills payable for the Huaxiang Project's have either expired or settled during the financial year.

As at 31 December 2014, the Group reported a deficiency in net working capital amounting to RMB843.6 million 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. With the subsequent draw-down of the New Project Finance, the deficiency in net working capital has improved, compared to RMB1.1 billion as at 31 December 2013.

#### Consolidated Cash Flow Statement

Cash and cash equivalents increased from RMB8.0 million as at 31 December 2013 to RMB66.5 million as at 31 December 2014, mainly due to proceeds from financing activities amounting to RMB317.4 million offset by cash outflows from operating activities and the purchase of plant and equipment that the Group amount to RMB41.3 million and RMB217.6 million respectively.

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

Not applicable.

**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.**

#### Phase 1 of the Huaxiang Project

The Company's new management team remains focused on the completion of Phase 1 of the Huaxiang Project. As mentioned previously, the Huaxiang Project will enable the Group to offer finer denier yarn products, which its existing production facilities are unable to produce and command a better average selling price as compared to mainstream yarn products. The Huaxiang Project's production facilities will also be utilising faster and more efficient technology, thereby yielding substantial labour, raw material and operating cost savings for the Group. The Group remains optimistic that these newer and more competitive products from the Huaxiang Project's facilities will help to improve its performance.

The Company has completed the calibration of all the 20 texturing machines used for the production of drawn-textured yarn (DTY) in July 2014. The machinery at the Polymerisation Plant and the Spinning Plant are currently in the process of being installed and commissioned.

It was stated in the Company's 3Q2014 Results Announcement that the Company has expended approximately RMB2.0 billion and would require another RMB118.5 million. The said RMB2.0 billion as stated in 3Q2014 is the contractual amount. The actual capital expenditure amount expended as at 3Q2014 should be RMB1.88 billion instead of RMB2.0 billion.

As at 31 December 2014, the contractual amount of Phase 1 of the Huaxiang Project is about RMB2.1 billion, compared to RMB2.0 billion as at 30 September 2014. The increase is due to higher construction costs incurred as a result of project delays and variation orders. As at 31 December 2014, the Group has expended approximately RMB1.92 billion and will require a further RMB224.3 million to complete Phase 1 of the Huaxiang Project.

#### Outlook

The Company believes that the operating environment for the financial year 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.

As previously announced, the Company's original plans to commence production of the New Production Facilities (Phase 1 of the Huaxiang Project) in December 2014 was delayed by the difficulties in recruiting operators. However, with the improvement to the labour issue in the PRC during the Chinese New Year, as well as the efforts put in by the Group in its recruitment exercises, the previous shortage of labour has been resolved. Therefore, the Company targets to commence production on 18 March 2015.

#### Updates on the Non-Performing Loan

Reference is made 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").

As previously announced, 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 12<sup>th</sup> floor of Fuzhou Wuyi Center Building and underground carpark (collectively the "DB assets").

The Company has been informed by China Citic Bank (Fuzhou Branch) that the DB assets have been put up for sale via auction. The assessed value and starting auction price of the equity shares are all approximately RMB73.4 million. As for the commercial unit, its valuation is approximately RMB12.3 million and its auction price will start from RMB10.4 million. The auction for the DB assets will commence from 9 March 2015 and the Company will provide further updates to shareholders once there are material developments.

#### **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.**

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. **Segmented revenue and results for business or geographical 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 five business segments, namely Fully Drawn Yarn ("FDY"), Drawn Textured Yarn ("DTY"), Blended Yarn ("BY"), Warp Knit Fabric ("WKF"), and Triangular-fibre Yarn ("TFY").

<b>FY2014(12months)</b>	<b>FDY</b>	<b>DTY</b>	<b>POY</b>	<b>BY</b>	<b>TFY</b>	<b>WKF</b>	<b>Total</b>
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	'000	'000	'000	'000	'000	'000	'000
<b>Group Revenue</b>							
Sales to external customers	16,371	54,102	-	388	-	19,848	90,709
<b>Results</b>							
Gross (loss)/profit							(7,299)
Unallocated expenses, net							(83,347)
Financial income							8,742
Financial expense							(138,801)
Loss before tax							(220,705)
Income tax							(394)
Net loss attributable to shareholders							(221,099)
<b>Other segment information</b>							
Depreciation of property, plant and equipment							(32,731)
Amortisation of land use rights and cost of preparation of land							(1,666)

15. **Disclosure of person occupying a 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) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, 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

28 February 2015