



China Gaoxian Fibre Fabric Holdings Ltd.

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

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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 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 ("2QFY2017") and half year ended 30 June 2017 ("1H FY2017") 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 Second quarter ("2Q") and six months ("1H") ended 30 June 2017.

|   | 30.06.17<br>RMB'000 | Unaudited<br>2Q ended<br>30.06.16<br>RMB'000 | Change<br>%    | 30.06.17<br>RMB'000 | Unaudited<br>1H ended<br>30.06.16<br>RMB'000 | Change<br>%    |
|---|---------------------|--|----------------|---------------------|--|----------------|
| <b>Revenue</b>  | 496,214             | 265,450                                      | 86.9%          | 1,057,984           | 297,421                                      | 255.7%         |
| Cost of sales   | (473,565)           | (303,649)                                    | 56.0%          | (1,026,489)         | (335,006)                                    | 206.4%         |
| <b>Gross profit/(loss)</b>  | 22,649              | (38,199)                                     | -159.3%        | 31,495              | (37,585)                                     | -183.8%        |
| <b>Other items of income</b>  |                     |  |                |                     |  |                |
| Financial income  | 457                 | 389  | 17.5%          | 1,734               | 1,625  | 6.7%           |
| Other income  | 8,007               | 2,791  | 186.9%         | 9,866               | 4,018  | 145.5%         |
| <b>Other items of expense</b>   |                     |  |                |                     |  |                |
| Selling and distribution expenses   | (841)               | (1,410)                                      | -40.3%         | (2,144)             | (1,780)                                      | 20.4%          |
| General and administrative expenses   | (29,576)            | (8,158)                                      | 262.5%         | (52,138)            | (57,018)                                     | -8.6%          |
| Financial expense   | (35,301)            | (20,294)                                     | 73.9%          | (71,314)            | (66,813)                                     | -6.7%          |
| <b>Loss before tax</b>  | <b>(34,605)</b>     | <b>(64,881)</b>                              | <b>-46.66%</b> | <b>(82,501)</b>     | <b>(157,553)</b>                             | <b>-47.64%</b> |
| Income tax  | -                   | -  | N.M.           | -                   | -  | N.M.           |
| <b>Net loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company</b> | <b>(34,605)</b>     | <b>(64,881)</b>                              | <b>-46.7%</b>  | <b>(82,501)</b>     | <b>(157,553)</b>                             | <b>-47.64%</b> |

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:

|   | <b>Group</b>     |                 |                  |                 |
|---|------------------|-----------------|------------------|-----------------|
|   | <b>2Q ended</b>  |                 | <b>1H ended</b>  |                 |
|   | <b>Unaudited</b> |                 | <b>Unaudited</b> |                 |
|   | <b>30.06.17</b>  | <b>30.06.16</b> | <b>30.06.17</b>  | <b>30.06.16</b> |
|   | <b>RMB'000</b>   | <b>RMB'000</b>  | <b>RMB'000</b>   | <b>RMB'000</b>  |
| Amortisation of land use rights               | 911              | 911             | 1,823            | 1,823           |
| Amortisation of cost of preparation of land   | 416              | 417             | 834              | 833             |
| Depreciation of property, plant and equipment | 24,845           | 30,986          | 60,647           | 64,293          |
| Payroll and related expenses                  | 18,732           | 13,631          | 38,153           | 18,143          |
| Foreign exchange, net                         | (22)             | (15)            | -                | 13              |
| Operating lease expenses                      | 3,000            | 3,000           | 6,000            | 6,000           |

**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**

|   | <b>Group</b>              |                           | <b>Company</b>         |                        |
|---|---------------------------|---------------------------|------------------------|------------------------|
|   | <b>Unaudited</b>          | <b>Audited</b>            | <b>Unaudited</b>       | <b>Audited</b>         |
|   | <b>30.06.17</b>           | <b>31.12.16</b>           | <b>30.06.17</b>        | <b>31.12.16</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                                 | 1,266,489                 | 1,348,779                 | –                      | –                      |
| Investment Property-Construction work-in-progress             | 158,995                   | 156,780                   | –                      | –                      |
| Land use rights prepayments                                   | 147,453                   | 148,500                   | –                      | –                      |
| Prepayments   | 124,468                   | 125,302                   | –                      | –                      |
| Investment in subsidiaries                                    | –                         | –                         | –                      | –                      |
|   | <u>1,697,405</u>          | <u>1,779,361</u>          | <u>–</u>               | <u>–</u>               |
| <b>Current assets</b>   |                           |                           |                        |                        |
| Land use rights prepayments                                   | 3,646                     | 3,646                     | –                      | –                      |
| Inventories   | 44,454                    | 18,929                    | –                      | –                      |
| Prepayments   | 6,000                     | 12,000                    | –                      | –                      |
| Trade receivables   | 55,774                    | 31,065                    | –                      | –                      |
| Bills and other receivables                                   | 242,889                   | 252,542                   | –                      | –                      |
| Bank deposits pledged   | 35,805                    | 118,930                   | –                      | –                      |
| Cash and cash equivalents                                     | 9,484                     | 2,464                     | 38                     | 38                     |
|   | <u>398,052</u>            | <u>439,576</u>            | <u>38</u>              | <u>38</u>              |
| <b>Total Assets</b>   | <b><u>2,095,457</u></b>   | <b><u>2,218,937</u></b>   | <b><u>38</u></b>       | <b><u>38</u></b>       |
| <b>Current liabilities</b>                                    |                           |                           |                        |                        |
| Provision for income tax                                      | –                         | –                         | –                      | –                      |
| Short term loans  | (1,210,736)               | (1,693,928)               | –                      | –                      |
| Trade payables  | (143,346)                 | (120,772)                 | –                      | –                      |
| Bills payables  | (2,975)                   | (130,600)                 | –                      | –                      |
| Payables for the acquisition of property, plant and equipment | (84,655)                  | (91,909)                  | –                      | –                      |
| Obligations under finance leases                              | –                         | –                         | –                      | –                      |
| Other payables, liabilities, and provisions                   | (563,501)                 | (517,583)                 | (92,607)               | (91,022)               |
|   | <u>(2,005,213)</u>        | <u>(2,554,792)</u>        | <u>(92,607)</u>        | <u>(91,022)</u>        |
| <b>Net current liabilities</b>                                | <b><u>(1,607,617)</u></b> | <b><u>(2,115,216)</u></b> | <b><u>(92,569)</u></b> | <b><u>(90,984)</u></b> |
| <b>Non-current liabilities</b>                                |                           |                           |                        |                        |
| Long term bank loans  | (508,600)                 | –                         | –                      | –                      |
| Obligations under finance leases                              | –                         | –                         | –                      | –                      |
|   | <u>(508,600)</u>          | <u>–</u>                  | <u>–</u>               | <u>–</u>               |
| <b>Total Liabilities</b>                                      | <b><u>(2,513,813)</u></b> | <b><u>(2,554,792)</u></b> | <b><u>(92,607)</u></b> | <b><u>(91,022)</u></b> |
| <b>Net (Liabilities)</b>                                      | <b><u>(418,356)</u></b>   | <b><u>(335,855)</u></b>   | <b><u>(92,569)</u></b> | <b><u>(90,984)</u></b> |
| <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 losses  | 2,253,213                 | 2,170,712                 | 2,296,989              | 2,295,404              |
| <b>Total equity</b>   | <b><u>418,356</u></b>     | <b><u>335,855</u></b>     | <b><u>92,569</u></b>   | <b><u>90,984</u></b>   |
| <b>Total equity and liabilities</b>                           | <b><u>(2,095,457)</u></b> | <b><u>(2,218,937)</u></b> | <b><u>(38)</u></b>     | <b><u>(38)</u></b>     |

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

|  | <b>Group</b>                              |   |
|--|---|---|
|  | <b>Unaudited<br/>30.06.17<br/>RMB'000</b> | <b>Audited<br/>31.12.16<br/>RMB'000</b> |
| Amount repayable in one year or less, or on demand |   |   |
| - Secured  | 1,210,736                                 | 1,693,928                               |
| - Unsecured  | -   | -                                       |
|  | <u>1,210,736</u>                          | <u>1,693,928</u>                        |
| Amount repayable after one year                    |   |   |
| - Secured  | 508,600                                   | -                                       |
| - Unsecured  | -   | -                                       |
|  | <u>508,600</u>                            | <u>-</u>                                |

**Details of any collateral**

Bank loans and finance lease

As at 30 June 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.

|  | <b>Group</b>                              |   |
|--|---|---|
|  | <b>Unaudited<br/>30.06.17<br/>RMB'000</b> | <b>Audited<br/>31.12.16<br/>RMB'000</b> |
| o  |   |   |
| Land use rights  | 134,847                                   | 152,212                                 |
| Production, Office buildings, Construction work in progress and<br>Machineries | 864,582                                   | 601,947                                 |
|  | <u>999,429</u>                            | <u>754,159</u>                          |

Bills payable to banks

The bills payable to banks have an maturity period of 90 days or 180 days and are interest-free as repayments were made within the credit periods granted. As at 30 June 2017, the bills payable to banks are secured by pledge of bank deposits and corporate guarantees from subsidiaries and personal guarantee from a shareholder, Cao Xiangbin and certain third parties. The carrying amounts of assets pledged are disclosed below.

|                       | <b>Group</b>                              |   |
|-----------------------|---|---|
|                       | <b>Unaudited<br/>30.06.17<br/>RMB'000</b> | <b>Audited<br/>31.12.16<br/>RMB'000</b> |
| Bank deposits pledged | <u>35,805</u>                             | <u>118,930</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 second quarter ended 30 June 2017 ("2QFY2017")**

|  | Group                 |                     |                       |                     |
|--|-----------------------|---------------------|-----------------------|---------------------|
|  | 2Q ended<br>Unaudited |                     | 1H ended<br>Unaudited |                     |
|  | 30.06.17<br>RMB'000   | 30.06.16<br>RMB'000 | 30.06.17<br>RMB'000   | 30.06.16<br>RMB'000 |
| <b>Loss before tax</b>   | <b>(34,605)</b>       | <b>(64,881)</b>     | <b>(82,501)</b>       | <b>(157,553)</b>    |
| Adjustments:   |                       |                     |                       |                     |
| Amortisation of land use rights  | 911                   | 912                 | 1,823                 | 1,823               |
| Amortisation of costs of preparation of land                           | 416                   | 418                 | 834                   | 833                 |
| Depreciation of property, plant and equipment                          | 24,845                | 30,986              | 60,647                | 64,293              |
| Interest expense   | 35,301                | 20,294              | 71,314                | 66,813              |
| Interest income  | (457)                 | (389)               | (1,278)               | (1,625)             |
| Unrealised exchange (gain)/ loss                                       | (22)                  | (15)                | -                     | (13)                |
| Operating profit/(loss) before working capital changes                 | 26,389                | (12,675)            | 50,839                | (25,429)            |
| (Increase)/ Decrease in:   |                       |                     |                       |                     |
| Inventories  | (22,991)              | (28,044)            | (25,525)              | (12,887)            |
| Trade and other receivables and prepayments                            | 104,200               | (27,572)            | (9,055)               | (14,864)            |
| Trade and other payables/ other liabilities                            | (104,619)             | 95,213              | 56,112                | 50,040              |
| Cash flows generated from/ (used in) operations                        | 2,979                 | 26,922              | 72,371                | (3,140)             |
| Interest income received   | 457                   | 389                 | 1,278                 | 1,625               |
| Income taxes paid  | -                     | -                   | -                     | -                   |
| <b>Net cash flows generated from/ (used in) operating activities</b>   | <b>3,436</b>          | <b>27,311</b>       | <b>73,649</b>         | <b>(1,515)</b>      |
| <b>Cash flows used in investing activities</b>                         |                       |                     |                       |                     |
| Purchase of property, plant and equipment                              | (881)                 | (7,444)             | (10,273)              | (33,295)            |
| <b>Net cash flows used in investing activities</b>                     | <b>(881)</b>          | <b>(7,444)</b>      | <b>(10,273)</b>       | <b>(33,295)</b>     |
| <b>Cash flows from/ financing activities</b>                           |                       |                     |                       |                     |
| Proceeds from short term financing loans                               | 515,250               | 245,880             | 804,500               | 996,520             |
| Repayment of short term financing loans                                | (496,465)             | (238,270)           | (779,092)             | (947,260)           |
| Repayment from long term financing loans                               | -                     | -                   | -                     | -                   |
| (Increase)/ decrease in bank deposits pledged                          | (16,662)              | (24,027)            | 83,125                | (46,492)            |
| Repayment of finance lease liabilities                                 | -                     | (2,455)             | -                     | (9,602)             |
| Decrease/ (increase) in bills payable                                  | 2,470                 | 11,450              | (127,625)             | (52,105)            |
| Proceeds of interest-free loan from certain government-linked entities | -                     | 15,000              | -                     | 165,000             |
| Interest expense paid  | (12,541)              | (18,329)            | (37,264)              | (67,053)            |
| <b>Net cash (used in)/generated from financing activities</b>          | <b>(7,948)</b>        | <b>(10,751)</b>     | <b>(56,356)</b>       | <b>39,008</b>       |
| <b>Net (decrease)/increase in cash and cash equivalents</b>            | <b>(5,393)</b>        | <b>9,116</b>        | <b>7,020</b>          | <b>4,198</b>        |
| <b>Cash and cash equivalents at beginning of financial period</b>      | <b>15,333</b>         | <b>5,010</b>        | <b>2,464</b>          | <b>9,928</b>        |
| <b>Cash and cash equivalents at end of financial period (Note A)</b>   | <b>14,126</b>         | <b>14,126</b>       | <b>9,484</b>          | <b>14,126</b>       |

Note to the unaudited consolidated cash flow statement

| 1H ended<br>Unaudited |            |
|-----------------------|------------|
| 30.06.2017            | 30.06.2016 |
| RMB'000               | RMB'000    |

**Note A: Cash and cash equivalents**

|                             |              |               |
|-----------------------------|--------------|---------------|
| Cash and bank balances      | 45,289       | 298,674       |
| Less: Bank deposits pledged | (35,805)     | (284,548)     |
| Cash and cash equivalents   | <b>9,484</b> | <b>14,126</b> |

**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 2QFY2017 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><u>The Group</u></b>  | <b>Share capital<br/>RMB'000</b> | <b>Warrant Reserve<br/>RMB'000</b> | <b>Merger reserve<br/>RMB'000</b> | <b>Accumulated losses<br/>RMB'000</b> | <b>Total Equity<br/>RMB'000</b> |
|--|----------------------------------|------------------------------------|-----------------------------------|---------------------------------------|---------------------------------|
| <b>At 1 January 2017</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>(369,563)</b>                  | <b>(2,170,712)</b>                    | <b>(335,855)</b>                |
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | (47,896)                              | (47,896)                        |
| <b>At 31 March 2017</b>  | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>(369,563)</b>                  | <b>(2,218,608)</b>                    | <b>(383,751)</b>                |
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | (34,605)                              | (34,605)                        |
| <b>At 30 June 2017</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>(369,563)</b>                  | <b>(12,253,213)</b>                   | <b>(418,356)</b>                |

| <b><u>The Group</u></b>  | <b>Share capital<br/>RMB'000</b> | <b>Warrant Reserve<br/>RMB'000</b> | <b>Merger reserve<br/>RMB'000</b> | <b>Accumulated losses<br/>RMB'000</b> | <b>Total Equity<br/>RMB'000</b> |
|--|----------------------------------|------------------------------------|-----------------------------------|---------------------------------------|---------------------------------|
| <b>At 1 January 2016</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>(369,563)</b>                  | <b>(1,795,622)</b>                    | <b>39,235</b>                   |
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | (92,673)                              | (92,673)                        |
| <b>At 31 March 2016</b>  | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>(369,563)</b>                  | <b>(1,888,295)</b>                    | <b>(53,438)</b>                 |

|  |                                  |                                    |                                   |                                       |                                 |
|--|----------------------------------|------------------------------------|-----------------------------------|---------------------------------------|---------------------------------|
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | (64,880)                              | (64,880)                        |
| <b>At 30 June 2016</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>(369,563)</b>                  | <b>(1,953,175)</b>                    | <b>(118,318)</b>                |
| <b><u>The Company</u></b>  | <b>Share capital<br/>RMB'000</b> | <b>Warrant Reserve<br/>RMB'000</b> | <b>Merger reserve<br/>RMB'000</b> | <b>Accumulated losses<br/>RMB'000</b> | <b>Total Equity<br/>RMB'000</b> |
| <b>At 1 January 2017</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>-</b>                          | <b>(2,295,404)</b>                    | <b>(90,984)</b>                 |
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | (591)                                 | (591)                           |
| <b>At 31 March 2017</b>  | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>—</b>                          | <b>(2,295,995)</b>                    | <b>(91,575)</b>                 |
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | (994)                                 | (994)                           |
| <b>At 30 June 2017</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>—</b>                          | <b>(2,296,989)</b>                    | <b>(92,569)</b>                 |
| <b><u>The Company</u></b>  | <b>Share capital<br/>RMB'000</b> | <b>Warrant Reserve<br/>RMB'000</b> | <b>Merger reserve<br/>RMB'000</b> | <b>Accumulated losses<br/>RMB'000</b> | <b>Total Equity<br/>RMB'000</b> |
| <b>At 1 January 2016</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>-</b>                          | <b>(2,292,370)</b>                    | <b>(87,950)</b>                 |
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | 33                                    | 33                              |
| <b>At 31 March 2016</b>  | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>—</b>                          | <b>(2,292,337)</b>                    | <b>(87,917)</b>                 |
| Loss net of tax represents total comprehensive income for the period | —                                | —                                  | —                                 | (641)                                 | (641)                           |
| <b>At 30 June 2016</b>   | <b>2,190,580</b>                 | <b>13,840</b>                      | <b>—</b>                          | <b>(2,292,978)</b>                    | <b>(88,558)</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.**

There were no changes in the share capital of the Company as at 30 June 2017.

As at 30 June 2017, the Company has an issued and paid-up share capital comprising 113,749,997 Shares (30 June 2016: 113,749,997 Shares). Assuming that all of the remaining 56,874,996 Warrants (30 June 2016: 56,874,996 Warrants) have been exercised by the Warrant holders, a further 56,874,996 Shares will be issued by the Company to such Warrant holders. The Company does not have any treasury shares.

- 1(e)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

| <b>Company</b>   | <b>Unaudited<br/>30.6.2017</b> | <b>Audited<br/>31.12.2016</b> |
|--|--------------------------------|-------------------------------|
| Total number of issued share capital excluding treasury shares | <u>113,749,997</u>             | <u>113,749,997</u>            |
| Total number of warrants                                       | <u>56,874,996</u>              | <u>56,874,996</u>             |

The Company does not have treasury shares.

- 1(e)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. As at 30 June 2017, there were no treasury shares.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial information of the Group and the Company for the financial period reported have neither been audited nor reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 January 2017, the same accounting policies and methods of computation have been applied. The adoption of Amendments to FRSs did not have any effect on the financial performance or position of the Group and the Company.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted all the amendments to FRSs that are effective for the annual periods beginning on or after 1 January 2017. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

In addition, the background and limitations relating to the preparation of the financial information for 2QFY2017 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 2QFY2017 financial results and there is no assurance that there are no material facts not known to the current management that may require the 2QFY2017 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 |          |          |          |
|-------------------------------|-----------------|----------|----------|----------|
|                               | 2Q ended        |          | 1H ended |          |
|                               | 30.06.17        | 30.06.16 | 30.06.17 | 30.06.16 |
| <b>Loss per share ("LPS")</b> |                 |          |          |          |
| Basic and diluted (RMB)       | (0.30)          | (0.58)   | (0.73)   | (1.39)   |

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

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

|                                 | Group     |          | Company   |          |
|---------------------------------|-----------|----------|-----------|----------|
|                                 | Unaudited | audited  | Unaudited | audited  |
|                                 | 30.06.17  | 31.12.16 | 30.06.17  | 31.12.16 |
| Net asset value per share (RMB) | (3.68)    | (2.95)   | (0.81)    | (0.80)   |

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (i) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(ii) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

#### **REVIEW OF 2QFY2017 FINANCIAL RESULTS**

The Group's revenue for the second quarter ended 30 June 2017 ("2QFY2017") increased by RMB 230.8 million or 86.9% to RMB 496.2 million from RMB 265.4 million for the second quarter ended 30 June 2016 ("2QFY2016").

In 2QFY2017, the PRC textile industry continued to be impacted by the slowdown of the PRC economy and the market conditions for the fibre industry did not improve. The Group's revenue consisted of sales of DTY of RMB 41.5 million, FDY of RMB 194.5 million, POY of RMB 100.0 million and PET Chips of RMB 133.8 million and revenue generated from share of profit from Supply Chain Cooperation Agreement with Zhejiang Materials of RMB 25.0 million. The increase in revenue was mainly due to the resumption of Huaxiang Plant's full production capacity for FDY, POY and PET chips since the second quarter for the financial year ended 31 December 2016 and the supply chain cooperation agreement with Zhejiang Materials.

Correspondingly, cost of sales also increased by RMB 169.9 million from RMB 303.6 million in 2QFY2016 to RMB 473.5 million in 2QFY2017. This resulted in a gross profit of RMB 22.6 million for 2QFY2017 compared to a gross loss of RMB 38.20 million for 2QFY2016. The gross profit was mainly due to higher product selling prices and higher sales volume.

Financial income in 2QFY2017 increased by RMB 68,000 or 17.5% to RMB 0.46 million from RMB 0.38 million in 2QFY2016, mainly due to increase in cash and cash equivalent during 2QFY2017 compared to 2QFY2016.

Other income in 2QFY2017 increased by RMB 5.2 million or 186.9% to RMB 8.0 million from RMB 2.8 million in 2QFY2016, mainly due to more revenue generated from trading business in 2QFY2017 compared to 2QFY2016.

Selling and distribution expenses, comprised sales department's salaries and distribution costs, amounted to RMB 0.84 million for 2QFY2017, an decrease of 40.3%, compared to RMB 1.4 million in 2QFY2016 due to less salary expenses during the quarter under review.

General and administrative expenses in 2QFY2017 increased by 262.5% to RMB 29.6 million compared to RMB 8.2 million in 2QFY2016, mainly due to increase of depreciation expenses.

Financial expenses in 2QFY2017 increased by RMB 15.0 million or 73.9% to RMB 35.3 million compared to RMB 20.3 million in 2QFY2016.

### 3 months ended 30 June 2017 ("2QFY2017")

The Group registered a loss of RMB 34.6 million for 2QFY2017. The higher loss before tax was mainly attributed to the depreciation of property, plant and equipment ("PPE") amounted to RMB 24.8 million. In addition, the high financial expense is also a factor of the net loss. The net profit would be RMB 19.5 million if such factors are being excluded.

### Consolidated Balance Sheet

As at 30 June 2017, the Group's PPE amounted to RMB 1.27 billion as compared to RMB 1.35 billion as at 31 December 2016. The decrease was mainly due to the depreciation charge during the period under review.

Land use rights over the four plots of state-owned land in the PRC where the Group's manufacturing premises reside, amounted to RMB 147.4 million as at 30 June 2017, compared to RMB 148.5 million as at 31 December 2016. The decrease was due to amortisation charge for the financial period under review.

The investment property amounted to RMB 159.0 million as at 30 June 2017 compared to RMB 156.8 million as at 31 December 2016, mainly due to additional construction payments to the construction suppliers. Pending some finishing works, the construction of office building has been completed and the Group expects to obtain the building certificates from relevant government authorities by 3QFY2017, instead of 2QFY2017 as stated in last quarter's results announcement.

Prepayment (non-current portion) relates to the prepayment for the Huaxiang Project's Phase 2 land cost of RMB 56.0 million.

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

In terms of current assets, the Group's inventories increased to RMB 44.4 million as at 30 June 2017 from RMB 18.9 million as at 31 December 2016. With the supply chain cooperation with Zhejiang Materials Industry Group Co., Ltd ("Zhejiang Materials Industry"), the Company was able to maintain a higher inventory level in order to take advantage of market price fluctuation. Turnover days of finished goods was approximately 11 days for the period under review.

Trade receivables increased by RMB 24.7 million to RMB 55.8 million as at 30 June 2017 from RMB 31.1 million as at 31 December 2016, mainly due to the share of profit of the Group for 2QFY2017 pursuant to the supply chain cooperation agreement entered with Zhejiang Materials Industry as announced on 19 December 2016.

The decrease in prepayment (current portion) by RMB 6.0 million from RMB 12.0 million as at 31 December 2016 to RMB 6 million as at 30 June 2017, was mainly due to utilisation of the prepaid rental during the 2QFY2017.

Bills and other receivables decreased by RMB 4.1 million to RMB 242.9 million as at 30 June 2017 from RMB 252.5 million as at 31 December 2016. Other receivables are mainly comprised:

- (i) RMB 133.3 million of Input VAT receivables from domestic machines purchased for the Huaxiang Project which can be used to set off future VAT payment generated by the sales from the Huaxiang plant;
- (ii) a remaining RMB 10.1 million of receivables from Huarong Asset Management Company for transferring the DiBang Group non-performance debts as announced previously;
- (iii) RMB 20 million of deposits paid to Zhejiang Materials Industry;
- (iv) Other receivables from lessees amounted to RMB 8.8 million;
- (v) Advances to suppliers of RMB 23.4 million;
- (vi) Advance to third parties (non-trade) of RMB 34.7 million;
- (vii) Non-trade amount extended to a local authority of RMB2.8 million;
- (viii) Rental deposit of RMB 1.0 million;
- (ix) Deposit of RMB 1.6 million; and
- (x) Staff loans and others of RMB 3.4 million.

In terms of current liabilities, the Group's trade payables increased by RMB 22.5 million to RMB 143.3 million as at 30 June 2016 from RMB 120.8 million as at 31 December 2016 which is in line with the sales increase for the quarter.

Over the same period, short term loans decreased by RMB 0.48 billion to RMB 1.21 billion as at 30 June 2017 from RMB 1.69 billion as at 31 December 2016. This was mainly due to partial short-term loans being reclassified as long-term loans by the banks as at 30 June 2017.

Payables for the acquisition of PPE decreased by RMB 7.2 million to RMB 84.7 million as at 30 June 2017 from RMB 91.9 million as at 31 December 2016 was mainly due to accrued for final settlement of machineries with certain suppliers.

Other payables, liabilities and provision increased by RMB 45.9 million to RMB 563.5 million as at 30 June 2017 from RMB 517.6 million as at 31 December 2016. As at 30 June 2017, they comprised mainly of:

- (i) Proceeds of interest-free loans from 2 state-owned entities amounting to RMB 255.2 million;
- (ii) Advances received from customers amounting to RMB 61.4 million;
- (iii) Consultancy and guarantee fees due to a shareholder amounting to RMB 25.3 million;
- (iv) Interest payables amounted to RMB 134.2 million;
- (v) Non-trade amounts due to five 3rd parties suppliers of RMB 14.4 million;
- (vi) Non-trade amount amounts due to a 3rd party of RMB 50.0 million;
- (vii) Non-trade advances of RMB 5.0 million extended by Mr Cao Xiangbin, a shareholder; and
- (viii) Salary-related costs payables of RMB 12.3 million; and
- (ix) Other accruals and payables of RMB 5.5 million.

Bills payable decreased by RMB 127.6 million to RMB 3.0 million as at 30 June 2017 from RMB 130.6 million as at 31 December 2016 as partial bills payable had been repaid to the banks.

As at 30 June 2017, the Group reported a deficiency in net working capital amounting to RMB 1.6 billion as the Group currently uses short term financing, including short term loans from financial institutions and non-financial institutions and bill payable facilities to finance its long-term Huaxiang Project and also the working capital requirements for the operations of the Huaxiang plant.

#### Consolidated Cash Flow Statement

Cash and cash equivalents increased by RMB 7.0 million from RMB 2.4 million as at 31 December 2016 to RMB 9.5 million as at 30 June 2017 was mainly due to cash inflows from operating activities amounted to RMB 73.6 million. Cash outflows from payments of capital expenditures and financing activities amounted to RMB 10.3 million and RMB 56.4 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 2QFY2017 results are in line with the information described in paragraph 10 of the previous results announcement.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Production Update

As announced previously, the Group had resumed production on 15 April 2016 after the temporary cessation of production for the PET, FDY and POY production lines on 30 December 2015.

Since the second quarter for the financial year ended 31 December 2016, the production level has improved to full capacity. As at the date of announcement, total daily production volume of Huaxiang's spinning and polymerisation plant is approximately 1,000 tonnes, comprising approximately 700 tonnes of POY and FDY approximately 300 tonnes PET polyester chips and approximately 60 tonnes of DTY. The total number of employees of the Group is approximately 1,100.

Market Outlook

The Company believes that the macro-environment for the next twelve months remains challenging due to the slowing down of economic growth in the PRC economy, intense competition within the industry and rising production costs.

In view of the challenging business environment, the management will continue to take constructive measures to make sure the Group is able to sustain itself, including controlling operating costs and finance costs, and monitoring its receivables and collections closely.

The Company has seen market acceptance of the quality of its products and is actively expanding its sales channels, which includes working with trade agencies to increase its market presence. As announced on 19 December 2016, Huaxiang had on 1 December 2016 entered into a framework supply chain cooperation agreement with Zhejiang Materials Industry, an independent third party, for a period of 3 years, commencing from 1 December 2016 to 31 December 2019. Such arrangement is believed to be in the interest of and of commercial benefits to the Group.

Update on the Non-Performing Loan

The Fujian Fuzhou City Supreme Court ("the Court") has issued a statement relating to the update on the status of disputed proceeds in February 2016. According to the statement, only RMB 10.0 million was left to be distributed amongst 13 Creditors (including the Group's subsidiary, NHW). Based on this statement, Management has made an assessment of its remaining credit exposure of RMB 11.6 million and has accordingly recognised an impairment loss of RMB1.6 million in the statement of comprehensive income. To-date, there is no further update on this matter.

Insofar as the Board is aware, the above transaction is not expected to have any material impact on the Group's net tangible assets and earnings per share for the financial year ended 30 June 2017, even if the Disputed Equity Shares cannot be recovered in the future as a worse-case scenario.

For the background and more information on the Disputed Equity Shares, please refer to the 2QFY2015 Results Announcement.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Not applicable.

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**(e) Other comments relating to Dividend**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect.**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for Interested Person Transactions.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**BY ORDER OF THE BOARD**

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

14 August 2017

**Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

We, being two directors of China Gaoxian Fibre Fabric Holdings Ltd. (the "Company"), wish to highlight that the preparation of the 2QFY2017 Results is subject to the Limitations set out in Item 5 of this announcement.

Subject to the above, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the financial results of the Company and the Group for the financial quarter ended 30 June 2017 to be false or misleading in any material aspect.

For and on behalf of the  
Board of Directors of  
**China Gaoxian Fibre Fabric Holdings Ltd.**

Lin Xingdi  
Executive Director

Tham Wan Loong, Jerome  
Executive Director

14 August 2017