



China Gaoxian Fibre Fabric Holdings Ltd.

SGXNET ANNOUNCEMENT Unaudited Financial Statement and Dividend Announcement For the Financial Period ended 30 September 2018

Explanatory notes:

China Gaoxian Fibre Fabric Holdings Ltd. (the “Company”) was admitted into the Main Board of SGX-ST on 18 September 2009.

The financial information disclosed in this announcement includes financial information provided by the management of the Company’s principal subsidiaries, namely Zhejiang Huagang Polyester Industrial Co., Ltd (“HG”), Fujian New Huawei Fibre Dyeing Co., Ltd (“NHW”) and Huaxiang (China) Premium Fibre Co., Ltd. (“HX”).

On 20 April 2011, the Audit Committee appointed PricewaterhouseCoopers LLP as special auditors (“Special Auditors”) to conduct a review into the financial affairs of the Group, including its cash, bank and account receivable balances, as well as capital expenditures of the Group incurred during the financial year ended 31 December 2010 (“FY2010”) and the financial quarter ended 31 June 2011 (“1QFY2011”).

The Special Auditors have released their findings and a copy of their Executive Summary was announced by the Company on 4 May, 2012. Although the Special Auditors have completed their review into the financial affairs of the Group, they were not able to obtain the bulk of the Group’s accounting books and records for the period prior to 1 April 2011. Hence, the Special Auditors were not able to reconstruct the Group’s accounts as at 31 June 2011 based on the limited information provided to them. In this regard, the Company has on 2 July 2012 obtained from SGX-ST its approval for waiver of Rule 705(2) of the Listing Manual of SGX-ST (“Listing Manual”) in relation to the announcement of the Company’s 1QFY2011 financial results.

The Company also wishes to highlight that the preparation of the comparative financial information for the for the 3 months (“3QFY2018”) and nine months ended 30 September 2018 (“9MFY2018”) is subject to the Limitations set out in Item 5 of this announcement. In light of the above, the financial information disclosed in this announcement may be subject to further adjustments and revisions and the directors would like to advise shareholders to act with caution and take into consideration the Limitations when reviewing such financial information.

Discontinued operation and disposal group classified as held for sale

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

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

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

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

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

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

As at 30 September 2018, the assets and liabilities related to the Proposed Disposal Group have been presented in the balance sheet as “**Assets of disposal group classified as held for sale**” and “**Liabilities directly associated with disposal group classified as held for sale**”, and its results are presented separately on profit or loss as “**Loss from discontinued operation, net of tax**”.

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

- 1(a) (i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited group income statement for the third quarter ("3Q") and nine months ("9 months") ended 30 September 2018.

	Unaudited 3Q ended			Unaudited 9 months ended		
	30.09.18 RMB'000	30.09.17 RMB'000	Change %	30.09.18 RMB'000	30.09.17 RMB'000	Change %
<u>Continuing operations</u>						
Revenue	-	-		-	-	
Cost of sales	-	-		-	-	
Gross profit/(loss)	-	-		-	-	
Other items of income						
Financial income	-	22	-100%	1	22	-95%
Other income	-	179	-100%	-	479	-100%
Other items of expense						
Selling and distribution expenses	-	-		-	-	
General and administrative expenses	(5,680)	(4,352)	31%	(9,508)	(10,345)	-8%
Financial expense	(1,962)	(1,084)	81%	(4,094)	(3,315)	23%
Loss before tax from continuing operations	(7,642)	(5,235)	46%	(13,601)	(13,159)	3%
Income tax expense	-	-		-	-	
Loss from continuing operations, net of tax	(7,642)	(5,235)	46%	(13,601)	(13,159)	3%
<u>Discontinued operations</u>						
Loss from discontinued operations, net of tax	-	(16,943)	-100%	(63,874)	(91,520)	-30%
Net loss attributable to shareholders representing total comprehensive income for the period attributable to equity holders of the Company	(7,642)	(22,178)	-66%	(77,475)	(104,679)	-26%

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:

	3Q ended Unaudited		Group 9 months ended Unaudited	
	30.09.18 RMB'000	30.09.17 RMB'000	30.09.18 RMB'000	30.09.17 RMB'000
Continued operations				
Amortisation of land use rights	68	68	204	204
Depreciation of property, plant and equipment	2,806	1,922	4,210	5,767
Payroll and related expenses	662	(123)	1,011	638
Discontinued operations				
Amortisation of land use rights	-	844	1,687	2,530
Amortisation of cost of preparation of land	-	416	833	1,250
Depreciation of property, plant and equipment	-	22,923	70,224	86,496
Payroll and related expenses	-	18,855	35,204	32,386
Foreign exchange, net	-	(22)	17	-

1(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheets

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.09.18	31.12.17	30.09.18	31.12.17
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	49,101	1,192,518	-	-
Investment Property-Construction work-in-progress	-	159,045	-	-
Land use rights prepayments	9,308	144,854	-	-
Prepayments	-	55,988	-	-
Long term receivables	-	67,647	-	-
	<u>58,409</u>	<u>1,620,052</u>	<u>-</u>	<u>-</u>
Current assets				
Land use rights prepayments	271	3,646	-	-
Inventories	-	18,275	-	-
Prepayments	-	7,402	-	-
Trade receivables	-	67,136	-	-
Bills and other receivables	74,652	155,834	-	-
Bank deposits pledged	-	17,767	-	-
Cash and cash equivalents	212	15,964	17	18
	<u>75,135</u>	<u>286,024</u>	<u>17</u>	<u>18</u>
Assets of disposal group classified as held for sale	1,742,260	-	-	-
Total Assets	1,875,804	1,906,076	17	18
Current liabilities				
Short term loans	(457,547)	(1,139,080)	-	-
Trade payables	-	(105,005)	-	-
Bills payables	-	(17,596)	-	-
Payables for the acquisition of property, plant and equipment	-	(61,867)	-	-
Other payables, liabilities, and provisions	(66,082)	(489,367)	(96,617)	(94,142)
	<u>(523,629)</u>	<u>(1,812,915)</u>	<u>(96,617)</u>	<u>(94,142)</u>
Net current liabilities	(444,494)	(1,526,891)	(96,600)	(94,124)
Non-current liabilities				
Long term bank loans	-	(523,000)	-	-
	<u>-</u>	<u>(523,000)</u>	<u>-</u>	<u>-</u>
Liabilities directly associated with disposal group classified as held for sale	(1,859,489)	-	-	-
Total Liabilities	(2,383,118)	(2,335,915)	(96,617)	(94,142)
Net (Liabilities)	(503,314)	(429,839)	(96,600)	(94,124)
Equity attributable to equity holders of the Company				
Share capital	(2,190,580)	(2,190,580)	(2,190,580)	(2,190,580)
Merger reserve	369,563	369,563	-	-
Warrants reserve	(13,840)	(13,840)	(13,840)	(13,840)
Accumulated losses	2,342,171	2,264,696	2,301,020	2,298,544
Reserve of disposal group classified as held for sale				
Total equity	507,314	429,839	96,600	94,124
Total equity and liabilities	(1,875,804)	(1,906,076)	(17)	(18)

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

	Group	
	Unaudited	Audited
	30.09.18	31.12.17
	RMB'000	RMB'000
Amount repayable in one year or less, or on demand		
- Secured	457,547	1,139,080
- Unsecured	-	-
	<u>457,547</u>	<u>1,139,080</u>
Amount repayable after one year		
- Secured	-	523,000
- Unsecured	-	-
	<u>-</u>	<u>523,000</u>

Details of any collateral

Bank loans and finance lease

As at 30 September 2018, the short term and long term bank loans are secured by pledge of land use rights, production and office buildings, corporate guarantees from the subsidiaries and certain third parties, personal guarantee from a shareholder, Mr. Cao Xiangbin. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited	Audited
	30.09.18	31.12.17
	RMB'000	RMB'000
Land use rights	9,579	152,146
Production, Office buildings, Construction work in progress and Machineries	43,861	614,638
	<u>53,440</u>	<u>766,784</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 31 December 2017, the bills payable to banks were secured by pledge of bank deposits and corporate guarantees from subsidiaries and personal guarantee from a shareholder, Cao Xiangbin and certain third parties. The carrying amounts of assets pledged are disclosed below.

	Group	
	Unaudited	Audited
	30.09.18	31.12.17
	RMB'000	RMB'000
Bank deposits pledged	-	17,767

- 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Unaudited consolidated cash flow statements for the third quarter ended 30 September 2018 ("3QFY2018")

	Group			
	3Q ended Unaudited		9 months ended Unaudited	
	30.09.18 RMB'000	30.09.17 RMB'000	30.09.18 RMB'000	30.09.17 RMB'000
Loss before tax				
- Continuing operations	(7,642)	(5,235)	(13,601)	(13,159)
- Discontinued operations	-	(16,943)	(63,874)	(91,520)
	(7,642)	(22,178)	(77,475)	(104,679)
Adjustments:				
Amortisation of land use rights	68	911	1,891	2,734
Amortisation of costs of preparation of land	-	416	833	1,250
Depreciation of property, plant and equipment	2,806	31,616	74,434	92,263
Interest expense	1,962	36,896	69,405	108,210
Interest income	-	(1,027)	(586)	(2,305)
Loss on disposal of property, plant and equipment	-	1,680	-	1,680
Unrealised exchange loss/(gain)	-	45	17	45
Operating profit before working capital changes	(2,806)	48,359	68,520	99,198
(Increase)/ Decrease in:				
Inventories	-	6,454	(26,651)	(19,071)
Trade and other receivables and prepayments	(72,703)	(18,091)	(1,162)	(27,146)
Trade and other payables/ other liabilities	12,866	5,193	4,547	61,305
Cash flows generated from operations	(62,643)	41,915	45,254	114,286
Interest income received	-	1,027	586	2,305
Income taxes paid	-	-	-	-
Net cash flows generated from/(used in) operating activities	(62,643)	42,942	45,840	116,592
Cash flows used in investing activities				
Proceeds from disposal of property, plant and equipment	-	2,604	-	2,604
Purchase of property, plant and equipment	-	(4,363)	(19,936)	(14,636)
Net cash flows generated from/(used in) investing activities	-	(1,759)	(19,936)	(12,032)
Cash flows from/ financing activities				
Proceeds from short term financing loans	129,607	192,950	778,114	997,450
Repayment of short term financing loans	(64,637)	(233,989)	(765,590)	(1,013,081)
Decrease in bank deposits pledged	19,995	27,575	17,767	110,700
Repayment of finance lease liabilities	-	-	-	-
Decrease/ (increase) in bills payable	-	475	45,748	(127,150)
Interest expense paid	(2,243)	(28,489)	(69,405)	(65,753)
Net cash generated from/(used) in financing activities	82,722	(41,478)	6,634	(97,834)
Net increase/(decrease) in cash and cash equivalents	20,079	(295)	32,538	6,725
Cash and cash equivalents at beginning of financial period	28,423	9,484	15,964	2,464
Cash and cash equivalents classified as held-for-sales	(48,290)	-	(48,290)	-
Cash and cash equivalents at end of financial period (Note A)	212	9,189	212	9,189

Note to the unaudited consolidated cash flow statement

9 months ended Unaudited	
30.09.2017	30.09.2016
RMB'000	RMB'000

Note A: Cash and cash equivalents

Cash and bank balances	212	17,419
Less: Bank deposits pledged	-	(8,230)
Cash and cash equivalents	212	9,189

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 3QFY2018 while the income statement has been presented in item 1(a).

1(e)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>The Group</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2018	2,190,580	13,840	(369,563)	(2,264,696)	(429,839)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(8,897)	(8,897)
At 31 March 2018	2,190,580	13,840	(369,563)	(2,273,593)	(438,736)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(60,936)	(60,936)
At 30 June 2018	2,190,580	13,840	(369,563)	(2,334,529)	(499,672)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(7,642)	(7,642)
At 30 September 2018	2,190,580	13,840	(369,563)	(2,342,171)	(507,314)

<u>The Group</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2017	2,190,580	13,840	(369,563)	(2,170,712)	(335,855)
Loss net of tax represents total comprehensive loss for the period	—	—	—	(47,896)	(47,896)
At 31 March 2017	2,190,580	13,840	(369,563)	(2,218,608)	(383,751)
Loss net of tax represents total comprehensive loss for the period	—	—	—	(34,605)	(34,605)
At 30 June 2017	2,190,580	13,840	(369,563)	(2,253,213)	(418,356)
Loss net of tax represents total comprehensive loss for the period	—	—	—	(22,178)	(22,178)
At 30 September 2017	2,190,580	13,840	(369,563)	(2,275,391)	(440,534)
<u>The Company</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2018	2,190,580	13,840	-	(2,295,404)	(90,984)
Loss net of tax represents total comprehensive loss for the period	—	—	—	398	398
At 31 March 2018	2,190,580	13,840	—	(2,298,146)	(93,726)
Loss net of tax represents total comprehensive loss for the period	—	—	—	(1,252)	(1,252)
At 30 June 2018	2,190,580	13,840	—	(2,299,398)	(94,978)
Loss net of tax represents total comprehensive loss for the period	—	—	—	(1,622)	(1,622)
At 30 September 2018	2,190,580	13,840	—	(2,301,020)	(96,600)

<u>The Company</u>	Share capital RMB'000	Warrant Reserve RMB'000	Merger reserve RMB'000	Accumulated losses RMB'000	Total Equity RMB'000
At 1 January 2017	2,190,580	13,840	-	(2,295,404)	(90,984)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(591)	(591)
At 31 March 2017	2,190,580	13,840	-	(2,295,995)	(91,575)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(994)	(994)
At 30 June 2017	2,190,580	13,840	-	(2,296,989)	(92,569)
Loss net of tax represents total comprehensive loss for the period	-	-	-	(195)	(195)
At 30 September 2017	2,190,580	13,840	-	(2,297,184)	(92,764)

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 September 2018.

As at 30 September 2018, the Company has an issued and paid-up share capital comprising 113,750,147 Shares (30 September 2017: 113,749,997 Shares). The Company does not have any treasury shares and warrants.

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

Company	Unaudited 30.9.2018	Audited 31.12.2017
Total number of issued share capital excluding treasury shares	<u>113,750,147</u>	<u>113,749,997</u>

The Company does not have treasury shares.

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 September 2018, there were no treasury shares.

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

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

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

Not applicable.

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

Except for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 January 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 3QFY2018 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 3QFY2018 financial results and there is no assurance that there are no material facts not known to the current management that may require the 3QFY2018 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			
	3Q ended		9 months ended	
	30.09.18	30.09.17	30.09.18	30.09.17
Loss per share ("LPS")				
Basic and diluted (RMB)	(0.07)	(0.19)	(0.68)	(0.92)

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
	30.09.18	31.12.17	30.09.18	31.12.17
Net asset value per share (RMB)	(4.42)	(3.78)	(0.85)	(0.83)

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

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

REVIEW OF 3QFY2018 FINANCIAL RESULTS

Continued Operation

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

Financial income in 3QFY2018 decreased by RMB 0.02 million or 100% to RMB nil from RMB 0.02 million in 3QFY2017.

Other income in 3QFY2018 decreased by RMB 0.18 million or 100% to RMB nil from RMB 0.18 million in 3QFY2017.

Selling and distribution expenses is nil.

General and administrative expenses in 3QFY2018 increased by 31% to RMB 5.68 million compared to RMB 4.35 million in 3QFY2017.

Financial expenses in 3QFY2018 increased by RMB 0.88 million or 81% to RMB 1.96 million compared to RMB 1.08 million in 3QFY2017.

3 months ended 30 September 2018 ("3QFY2018")

The Group registered a loss of RMB 7.64 million for 3QFY2018.

Consolidated Balance Sheet

As at 30 September 2018, the Group's PPE amounted to RMB 49.1 million.

Land use rights over the one plots of state-owned land in the PRC where the Group's manufacturing premises reside, amounted to RMB 9.3 million as at 30 September 2018.

In terms of current assets, bills and other receivables amounted to RMB 74.65 million as at 30 September 2018. Other receivables are mainly comprised:

- (i) Non-trade amount due from a third party-Huayi trading Co., Ltd of RMB 31.96 million;
- (ii) Non-trade amount due from a third party-Jiujiang mingrui trading Co., Ltd of RMB 17 million;
- (iii) Non-trade amount due from a third party-Huao Fibre tech Co., Ltd of RMB 10.5 million;
- (iv) Non-trade amount due from a third party-Huarui sewing thread Co., Ltd of RMB 5.6 million; and
- (v) Non-trade amount due from a third party-Fujian Xiangwei development Co., Ltd of RMB 9.59 million.

In terms of current liabilities, short term loans amounted to RMB 457.55 million as at 30 September 2018. Other payables, liabilities and provision amounted to RMB 66.08 million as at 30 September 2018. they comprised mainly of:

- (i) Non-trade amount amounts due to a third party Fujian Huawei chemical fibre Co., Ltd of RMB 50 million;
- (ii) Deposit received amounted to RMB 5.95 million; and
- (iii) Non-trade amount due to a third party Changguang project development Co., Ltd.

As at 30 September 2018, the Group reported a deficiency in net working capital amounting to RMB 444.5 million as the Group currently uses short term financing, including short term loans from financial institutions and non-financial institutions and bill payable facilities to finance its long-term Huaxiang Project and also the working capital requirements for the operations of the Huaxiang plant.

Consolidated Cash Flow Statement

Cash and cash equivalents is amounted RMB 0.21 million as at 30 September 2018 was mainly due to net cash used in operating activities amounted to RMB 62.64 million. Cash generated from payments of capital expenditures and financing activities amounted to RMB nil and RMB 82.72 million respectively, and reclassification of cash and cash equivalents of discontinue operation amounting to RMB 48.3 million.

Discontinued operation and disposal group classified as held for sale

Balance sheet disclosures

The major classes of assets and liabilities of the Proposed Disposal classified as held for sale and the related asset revaluation reserve as at 30 September 2018 are as follows:

	30.09.18
Assets	RMB'000
Property, plant and equipment	1,074,623
Investment Property-Construction work-in-progress	156,387
Prepayments	55,988
Inventories	44,926
Prepayments	137,030
Trade receivables	39,161
Bills and other receivables	185,854
Cash and cash equivalents	<u>48,290</u>

1,742,260

Liabilities

Short term loans	(722,450)
Trade payables	(183,402)
Bills payables	(63,344)
Other payables, liabilities, and provisions	(483,294)
Long term bank loans	(407,000)
	(1,859,489)

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

The 3QFY2018 results are in line with the information described in paragraph 10 of the previous results announcement.

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

Business Update

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

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

In addition, the Group is in the midst of finalising the lease agreement to rent out the unutilised factor space for rental income. The Group expects to receive an annual rental income of approximately RMB 5.0 million to RMB 6.0 million and will release announcement when the lease agreement is finalised.

Market Outlook

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

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) Other comments relating to Dividend

Not applicable.

12. If no dividend has been declared/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 November 2018

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 3QFY2018 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 September 2018 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 November 2018