For Immediate Release

LI HENG'S NET LOSS IN 1H FY15 AMID DOWNWARD NYLON YARN PRICES

Singapore, 13 August 2015 – Mainboard-listed Li Heng Chemical Fibre Technologies Limited (力恒化纤科技有限公司) ("Li Heng", or together with its subsidiaries, "the Group"), one of the PRC's leading vertically integrated manufacturers of high end polyamide chips ("PA chips") and nylon fibres, today announced that its revenue decreased by 18.5% from RMB1,319.3 million at 30 June 2014 ("1H14") to RMB1,074.7 million as at 30 June 2015 ("1H15") as a result of a drop in average selling prices ("ASP") of its nylon yarn products of approximately 19.1% from RMB23,620 per metric ton ("mt") to RMB19,110 per mt.

Summary of results

RMB'million	2Q15	2Q14	% Change	1H15	1H14	% Change
Revenue	533.0	639.0	-16.6	1,074.7	1,319.3	-18.5
Gross profit	14.7	32.7	-55.0	32.8	67.6	-51.5
Gross profit margin (%)	2.0	5.1	-3.1ppt	3.1	5.1	-2.0ppt
(Loss)/Profit before tax	(12.5)	3.2	NM	(14.6)	9.4	NM
Taxation	-	(1.0)	-100.0	(1.7)	(1.8)	-4.9
Net (loss)/profit	(12.5)	2.2	NM	(16.4)	7.6	NM
Net profit margin (%)	-	0.4	NM	-	0.6	NM
(Losses)/EPS(RMB cts)[1]	(3.67)	0.66	N.A	(4.82)	2.22	N.A

[1] Calculated based on the weighted average of 340,000,000 ordinary shares in issue at 30 June 2015 during the three months and nine months ended 30 September. Every five ordinary shares of the Company were consolidated into one ordinary share of the Company on 22 May 2015. The basic EPS for the three months and six months ended 30 June 2014 have been restated to illustrate what the basic EPS for the three months and six months then ended would have been if the Company's share consolidation had taken place during the three months and six months then ended.

The general softer demand for high -end nylon yarn products amid slowing economic activity in China and its overseas markets impacted on the Group's ASPs of quality nylon yarn products even as nylon yarn sales volume remained stable at 56,200mt compared to 55,900mt sold in 1H14 last year.

With the decrease in raw materials cost, cost of sales decreased by 16.8% to RMB1,041.9 million in 1H15. As a result of the decline in revenue as well as a disproportionate decline in cost of sales, gross profit dropped 51.5% to RMB32.8 million while gross profit margin dropped from 5.1% in 1H14 to 3.1% in 1H15.

For 1H15, other income increased 88.8% from RMB5.6 million in 1H14 to RMB10.5 million due to an interest income of RMB6.2 million from average higher bank deposits balances and a net exchange gain of RMB4.3 million from a relatively stronger RMB against the USD and the EUR as well as the increase in overseas raw material purchases. Selling and distribution expenses which mainly comprised sales personnel commission and transportation costs dropped approximately 13.5% to RMB13.0 million. Administrative expenses also lowered 0.6% to RMB40.3 million on reduced business travelling costs and other miscellaneous expenses. As a result of softening ASPs of nylon yarn products against a weak operating textile environment, the Group recorded a net loss of RMB16.4 million for 1H15.

The changes in the effective tax rates were due to changes in geographic earnings/losses mix and differences in treatment for certain expenses and income by different jurisdictions. The Group had income tax expenses of RMB1.7 million owing to PRC tax levied on the Group's operating subsidiary in China, Liheng (PRC). The Group's high effective tax rate for 1H15 was due to Liheng (PRC)'s taxable exchange gains on its Singapore Dollar denominated loans from the Company as a result of a strong RMB against the Singapore Dollar during 1H15. These exchange gains, however, are effectively eliminated in the Group's consolidated financial statements.

The Group managed to maintain a stable and liquid financial position in 1H15 with efficient use of its operating cash. Net current assets of the Group at 1H15 amounted to approximately RMB1,644.6 million, representing an improvement of RMB142.9 million from RMB1,501.7 million at 1H14. Cash and bank balance stood at RMB1,160.9 million at 30 June 2015.

For FY15, the Group expects to face uncertainty as China has slowed considerably in the first few months of 2015 and the overall downstream demand continues to be weak. Li Heng's downstream customers have experienced setbacks with their overseas and domestic orders and price reduction. The Group has experienced more difficulties in overdue trade balances from customers in recent months. In view of the situation, the Group's management is keeping a close watch and will take appropriate actions, legal or otherwise, to protect the Group's interests. Nevertheless, the Group believes with a well-established business operation, strong and experienced management team, healthy financial position and established relationships with customers and suppliers, Li Heng is well-positioned for the challenges ahead.

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About Li Heng Chemical Fibre Technologies Limited

Listed on SGX-ST on the 12 March 2008, Li Heng Chemical Fibre Technologies Limited is principally engaged in the manufacturing and sale of a wide range of high-end nylon yarn products and polyamide chips in the PRC. All its nylon yarns products are marketed under brand names, "力源" ("Liyuan") and "力恒" ("Liheng"), where the former is already an established brand name in the PRC, synonymous with high quality and reliable high end nylon yarn products.

The group's products can be used to manufacture high-end casual wear, sportswear, swimwear, skiwear, lingerie, hosiery and undergarments. It can also be applied for commercial uses in the manufacture of home furnishing articles, shoes, bags, luggage, umbrellas and parachutes.

Li Heng's clientele are mostly the textile and fabric manufacturers spanning across the Fujian Province, Zhejiang Province, Guangdong Province and Jiangsu Province in the PRC.

The Group has two production plants located at Changle City, Fujian Province, Liyuan Production Facilities in Binhai Industrial Zone (滨海工业区) and Liheng Production Facilities in Jinfeng Industrial Zone (金峰工业区) with a total production capacity of approximately 257,200 mt of nylon yarns per annum from the existing 61 nylon POY/ HOY/ FDY production lines and 30 units of nylon DTY texturising machines currently under commercial production. Polyamide chips production stands at 170,000mt per annum at 2 state- of -the -art facilities located also in Binhai Industrial Zone.

For enquiries, please kindly contact:

John Chan
Li Heng Chemical Fibre Technologies Limited
Contact : +86 (591)2851 3333
Email : ir@lihengchem.com