LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED
(Incorporated in Bermuda)

VOLUNTARY UNCONDITIONAL GENERAL OFFER FOR LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED

PUBLIC FLOAT FALLS BELOW 10%

1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") refers to:

(a) the offer document dated 11 January 2016 ("**Offer Document**") issued by Provenance Capital Pte. Ltd. ("**Provenance Capital**") for and on behalf of Precious Joy Management Limited ("**Offeror**") in connection with the voluntary unconditional cash offer ("**Offer**") to acquire all the issued and paid-up ordinary shares ("**Shares**") in the capital of the Company, other than those Shares already owned, controlled or agreed to be acquired, directly or indirectly, by the Offeror and the parties acting in concert with it; and

(b) the announcement dated 20 January 2016 made by Provenance Capital Pte. Ltd., for and on behalf of the Offeror, in relation to the level of acceptances of the Offer as at 19 January 2016 (the "**Relevant Announcement**").

2. PUBLIC FLOAT

As stated in the Relevant Announcement, as at 5.00 p.m. (Singapore time) on 19 January 2016, the Offeror has (i) received valid acceptances amounting to 29,363,571 Shares, representing approximately 8.636% of the total number of issued Shares of the Company and (ii) acquired an aggregate of 2,140,000 Shares, representing approximately 0.629% of the total number of issued Shares of the Company. It was also stated in the Relevant Announcement that as at 22 December 2015, being the date of the announcement issued by Provenance Capital for and on behalf of the Offeror in relation to the Offer, the Offeror and parties acting in concert with it collectively owned or controlled an aggregate of 275,401,320 Shares, representing approximately 81.000% of the total number of issued Shares of the Company. Accordingly, as at 5.00 p.m. (Singapore time) on 19 January 2016, the total number of (A) Shares owned, controlled or agreed to be acquired by the Offeror and parties acting in concert with it; and (B) valid acceptances to the Offer, amount to an aggregate of 306,904,891 Shares, representing approximately 90.266% of the total number of issued Shares of the Company.

The Company wishes to announce that based on the information in the Relevant Announcement, the percentage of Shares held by the public[1] as at the date hereof is approximately 9.734% and is therefore less than the requisite 10% of the total number of issued Shares (excluding treasury shares) as required under Rule 723 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

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[1] Under the Listing Manual, "public" comprises Shareholders other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company or its subsidiaries, and their respective associates.

Under Rule 724(1) of the Listing Manual, if the percentage of Shares held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact, and the SGX-ST may suspend the trading of the Shares. In addition, Rule 724(2) of the Listing Manual provides that the SGX-ST may allow the Company a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares in public hands to at least 10%, failing which the Company may be removed from the official list of the SGX-ST.

Shareholders of the Company ("**Shareholders**") should also note that pursuant to Rule 1303(1) of the Listing Manual, in a take-over situation, where the offeror succeeds in garnering acceptances exceeding 90% of the issuer's total number of issued shares (excluding treasury shares), thus causing the percentage of an issuer's total number of issued shares (excluding treasury shares) held in public hands to fall below 10%, the SGX-ST will suspend trading of the listed securities of the issuer only at the close of the take-over offer.

3. LISTING STATUS

The Offeror has stated in the Offer Document that in the event that the trading of the Shares on the SGX-ST is suspended pursuant to Rule 724(1), Rule 1105 or Rule 1303(1) of the Listing Manual, the Offeror does not intend to undertake or support any action for any such trading suspension by the SGX-ST to be lifted. It is the intention of the Offeror to privatise the Company and to delist the Company from the SGX-ST, should the option be available to the Offeror.

The Offeror has now stated in the Relevant Announcement that it intends to take steps to delist the Company from the SGX-ST following the close of the Offer.

4. OFFEREE CIRCULAR

A circular (the "**Offeree Circular**") containing, *inter alia*, the advice of Xandar Capital Pte. Ltd. (the "**IFA**"), the independent financial adviser to the Directors of the Company who are considered independent for the purposes of the Offer (the "**Independent Directors**"), and the recommendations of the Independent Directors on the Offer, will be sent to Shareholders within 14 days from the date of despatch of the Offer Document, i.e. no later than 25 January 2016.

In the meantime, Shareholders are advised to exercise caution when dealing in their Shares and refrain from taking any action in relation to their Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations of the Independent Directors as well as the advice of the IFA set out in the Offeree Circular to be issued in due course.

The Company will make an announcement to inform Shareholders of the despatch of the Offeree Circular in due course.

5. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who have delegated detailed supervision of this Announcement) have taken all reasonable care to ensure that the facts stated and the opinions expressed in this Announcement (other than those relating to the Offeror) are fair and accurate, and that there are no material facts not contained in this Announcement, the omission of which would make any statement in this Announcement misleading. Where any information has been

extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors of the Company has been to ensure that through reasonable enquiries such information has been accurately extracted from such sources, or as the case may be, reflected or reproduced in this Announcement. The Directors of the Company jointly and severally accept full responsibility accordingly.

By Order of the Board
Li Heng Chemical Fibre Technologies Limited

Tan Siok Sing
Lead Independent Director
20 January 2016