For Immediate Release

LI HENG POSTED NET LOSS IN 3Q FY15 FROM WEAKER NYLON YARN PRICES

Singapore, 10 November 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 28.0% from RMB614.7 million at 30 September 2014 ("3Q14") to RMB442.8 million as at 30 September 2015 ("3Q15") from a drop in average selling prices of its nylon yarn products of approximately 19.5% from RMB22,800 per metric ton ("mt") to RMB18,353 per mt as well as a reduction in its sales volume.

Summary of results

RMB'million	3Q15	3Q14	% Change	9M15	9M14	% Change
Revenue	442.8	614.7	-28.0	1,517.6	1,934.0	-21.5
Gross profit	9.3	29.5	-68.4	42.1	97.1	-56.6
Gross profit margin (%)	2.1	4.8	-2.7ppt	2.8	5.0	-2.2ppt
(Loss)/Profit before tax	(25.6)	5.9	NM	(40.3)	15.3	NM
Taxation	-	(3.3)	-100.0	(1.8)	(5.1)	-65.9
Net (loss)/profit	(25.6)	2.6	NM	(42.0)	10.1	NM
Net profit margin (%)	-	0.4	NM	-	0.5	NM
(Losses)/EPS(RMB cts)[1]	(7.54)	0.76	N.A	(12.36)	2.98	N.A

[1] Calculated based on the weighted average of 340,000,000 ordinary shares in issue at 30 September 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 September 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.

Nylon yarn sales volume reduced approximately 10.5% to 24,130mt compared to 26,960mt sold in 3Q14 last year as market demand for nylon yarn products decreased amid slowing economic activity in China and its overseas markets.

Decrease in both sales volume and cost of raw materials led to a decrease in cost of sales by 25.9% to RMB433.5 million in 3Q15. As a result of the decline in revenue as well as a disproportionate decline in cost of

sales, gross profit dropped 68.4% to RMB9.3 million while gross profit margin dropped from 4.8% in 3Q14 to 2.1% in 3Q15.

For 3Q15, other income decreased 57.0% from RMB7.7 million in 3Q14 to RMB3.2 million due to a net exchange gain of RMB4.9 million recorded in 3Q14 last year. In comparison to 3Q15, a net exchange loss of RMB10.1 million as a result of the strengthening USD and the EUR against the RMB, was recorded under administrative expenses. As a result, administrative expenses which included mainly staff cost, depreciation and local levies increased 47.4% to RMB29.9 million in 3Q15. Selling and distribution expenses which mainly comprised sales personnel commission and transportation costs dropped approximately 24.3% to RMB5.4 million in line with lower amount of sales. As a result of the continued drop in nylon yarn prices and lower sales volume, the Group posted a net loss of RMB25.6 million for 3Q15.

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. In the nine months ended 30 September 2015, the Group had income tax expenses of RMB1.8 million owing to PRC tax levied on the Group's operating subsidiary in China, Liheng (PRC). The Group's high effective tax rate for the period 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. 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 the nine months ended 30 September 2015 with efficient use of its operating cash. Net current assets of the Group at 30 September 2015 amounted to approximately RMB1,702.3 million, representing an improvement of RMB200.6 million from RMB1,501.7 million at end of FY14. Cash and bank balance stood at RMB1,089.1 million at 30 September 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.

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