



LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED
(Incorporated in Bermuda)

**VOLUNTARY UNCONDITIONAL GENERAL OFFER FOR
LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED**

DESPATCH OF COMPULSORY ACQUISITION NOTICE

The Board of Directors of the Company (the “**Board**”) refers to the announcement dated 23 August 2016 by the Company in relation to the update on the Compulsory Acquisition (“**Update Announcement**”).

All capitalised terms herein shall have the same meanings ascribed to them in the Update Announcement.

Further to the Update Announcement, the Company wishes to inform shareholders of the Company that the Company has been informed by the Offeror that it has, on 20 December 2016, despatched the compulsory acquisition notice (“**Acquisition Notice**”) under Section 103(1) of the Companies Act 1981 of Bermuda to the remaining shareholders of the Company. The Compulsory Acquisition is expected to complete on or around 25 January 2017.

A copy of the Acquisition Notice is attached to this announcement for information.

By Order of the Board
Li Heng Chemical Fibre Technologies Limited

Tan Siok Sing
Lead Independent Director
23 December 2016

ATTENTION: **The Central Depository (Pte) Limited**
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

20 December 2016

Dear Sir

Re: Notice of Intention to Compulsorily Acquire Shares in accordance with Section 103 of the Companies Act 1981 of Bermuda, as amended (Act)

Registered holder of shares

1. Reference is made to the ordinary shares of par value S\$0.50 each (**Shares**) of LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED (**Company**), an exempted company incorporated in Bermuda with limited liability. You are a registered holder of Shares as indicated by the register of members (**Register**) maintained by Codan Services Limited (**Secretary**).
2. Precious Joy Management Limited, a company incorporated in the British Virgin Islands (**Precious Joy**), together with the following entities and persons (collectively the **Purchasers**), are holders of 334,957,089 Shares in the Company, which represent approximately 98.52% of the Shares in the Company:
 - (a) Upper Win Investments Limited
 - (b) Proud City Management Limited
 - (c) Chen Jianlong
 - (d) Mingwin Technology Limited
 - (e) Li Jia
 - (f) Wang Lili
 - (g) Pan Debiao
 - (h) Li Zhaoxin
 - (i) Li Yi
 - (j) Chen Eryuan
 - (k) Lin Xueyou
 - (l) Chen Chuanfei
 - (m) Gao Tijiang
 - (n) Gao Jinzhi
 - (o) Chen Yidong

Section 103 Notice

3. Section 103(1) of the Act permits the holders of not less than 95% of the shares or any class of shares in a Bermuda company to give notice to the remaining shareholders or class of shareholder of the intention to acquire their shares on the terms set out in the notice. When such a notice is given and the same terms are offered to all the remaining shareholders on the terms set out in the notice the purchasers shall be entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder applies to the Supreme Court of Bermuda (**Court**) as described below.
4. Any remaining shareholder to whom a notice under section 103(1) of the Act has been given may apply to the Court within one (1) month of receiving a notice, for an appraisal of the value of the shares to be purchased from him, and the purchasers shall be entitled either to acquire all the shares involved at the price fixed by the Court, or cancel the notice given.
5. Pursuant to an offer document dated 11 January 2016 (**Offer Document**), Precious Joy made an offer to acquire all the issued and paid-up Shares of the Company at the price of S\$1.00 in cash for each Share other than those already owned or controlled by Precious Joy and the other Purchasers, subject to the terms and conditions set out in the Offer Document (**Offer**). Following the acquisition of Shares pursuant to the Offer Document, as at the date hereof, Precious Joy and the other Purchasers, collectively, are the holders of not less than 95% of all the issued Shares of the Company.
6. Accordingly, this letter (**Notice**) is given by Precious Joy (for itself and on behalf of the other Purchasers) to you as a person named as a member (**Remaining Member**) on the Register of Members of the Company, contains important information relating to the holding by Precious Joy and other Purchasers of Shares and the consequences thereof under Section 103 of the Act, and constitutes notice pursuant to section 103(1) of the Act from Precious Joy, for itself and on behalf of the other Purchasers, of their intention to acquire all the Shares held by the Remaining Member (other than the Shares held by Precious Joy and other Purchasers) (collectively, the **Minority Shares**) on the terms set out herein.
7. The Remaining Member is deemed to have received this Notice on 22 December 2016, being 2 (two) days following the date upon which this Notice was couriered to the Remaining Member.

Purchase Price

8. In the absence of any application to the Court for appraisal by a Remaining Member, Precious Joy, for itself and on behalf of the other Purchasers, intends to acquire the Minority Shares of the Remaining Member on or around 25 January 2017 (**Acquisition Date**) at a purchase price of S\$1.00 per Minority Share (**Purchase Price**). The Purchase Price, which is identical to the price paid pursuant to the Offer, is at a significant premium above the historical market prices of the Shares over the last 12-month period.
9. Payment will be made for the Minority Shares and Precious Joy shall acquire the Minority Shares of the Remaining Member, on the Acquisition Date.

Appraisal Rights

10. Precious Joy has received Bermuda legal advice and notes that a Remaining Member is entitled under section 103(2) of the Act to apply to the Court to appraise the value of the Minority Shares to be acquired by Precious Joy, for itself and on behalf of other Purchasers, from the Remaining Member, and Precious Joy, for itself and on behalf of the other Purchasers, shall be entitled to acquire such Minority Shares at the price so fixed by the Court. Such application must be made within one month of the date the Remaining Member receives this Notice (**Notice Period**).
11. In the event that the Remaining Member makes such an application to the Court for appraisal, within one (1) month of the Court appraising the value of the Shares, Precious Joy, for itself and on behalf of the other Purchasers, shall either: (a) acquire all the Minority Shares at the price fixed by the Court or (b) cancel this Notice.
12. Precious Joy, for itself and on behalf of the other Purchasers, further notes that: (a) no appeal shall lie from an appraisal by the Court; and (b) the costs of the making of any application for appraisal will be in the discretion of the Court.

Completion of the acquisition

13. If: (a) Precious Joy, for itself and on behalf of the other Purchasers, is entitled and bound to acquire the Minority Shares of the Remaining Member pursuant to section 103(1) of the Act; or (b) has determined in accordance with section 103(3)(a) of the Act to proceed to buy the shares involved at the price fixed by the Court, then Precious Joy, for itself and on behalf of the other Purchasers, shall procure that all the Minority Shares of the Remaining Member are transferred to Precious Joy pursuant to section 103 of the Act, and the acquisition will be completed by entry on the Register on either (a) if no application has been made to the Court for the appraisal, the Acquisition Date; or (b) if an application is made to the Court to appraise the value of the Minority Shares, within one (1) month from the date that the application has been disposed of. The aggregate Purchase Price (together with any additional consideration due as a result of the Minority Shares' appraised value) will be paid and deposited by Precious Joy with the Company which will pay over the consideration to the Remaining Member, The Central Depository (Pte) Limited (**CDP**), for distribution to the depositors on the registry of depositors maintained by CDP (other than us and the other Purchasers) (**Remaining Depositors**). Please note that interest will not be payable, under any circumstances, on amounts representing the Purchase Price for any Minority Shares. All share certificates evidencing the Minority Shares will be cancelled.
14. Cheques will be sent by CDP to all the Remaining Depositors by ordinary post at their own risk to their respective addresses as recorded on the Company's depository register (**Depository Register**) or, in the case of joint holders, at the address appearing in the Depository Register of the joint holder whose name stands first in the Depository Register in respect of the relevant joint holding.
15. Cheques which are returned or which are unclaimed will be held by the Company in a separate non interest-bearing bank account for the benefit of the relevant Remaining Member. Any cheques or consideration due to the Remaining Depositors which are returned or which are unclaimed will be held by CDP for a period of six (6) months after the date the Company is delisted and thereafter they shall be returned to the Company to be held in a separate non-interest bearing bank account for the benefit of the relevant Remaining Depositors. Any consideration unclaimed after a period of six years from the Acquisition Date shall be forfeited and shall belong to the Company absolutely.

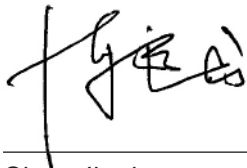
16. Remaining Member who wishes to exercise their rights under the Act are advised to seek independent professional advice.
17. Please contact the following person for any questions regarding this Notice or the acquisition:

Mr. John Chan of Precious Joy Management Limited

Unit G, 10/F, Tower 5, Sausalito
Ma On Shan, Hong Kong
Tel: +852 9470 7670
Fax: +852 8147 0841

If you are in any doubt as to any of the matters referred to in this Notice, you should consult an appropriate professional advisor immediately.

Yours faithfully



Chen Jianlong
Director and Authorized Signatory
For and on behalf of
Precious Joy Management Limited
For itself and on behalf of the other Purchasers