LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED
(Incorporated in Bermuda)

VOLUNTARY UNCONDITIONAL GENERAL OFFER FOR LI HENG CHEMICAL FIBRE TECHNOLOGIES LIMITED

WAIVER OF RULE 705(1) OF THE LISTING MANUAL OF THE SGX-ST

1. INTRODUCTION

The Board of Directors of the Company (the "**Board**") refers to (i) the offer document dated 11 January 2016 ("**Offer Document**") in relation to the voluntary unconditional general offer (the "**Offer**") by Provenance Capital Pte. Ltd. ("**Provenance Capital**"), for and on behalf of Precious Joy Management Limited (the "**Offeror**"), to acquire all the issued and paid-up ordinary shares ("**Shares**") in the capital of the Company, other than those already owned or controlled by the Offeror and the parties acting in concert with it; (ii) the announcement dated 20 January 2016 issued by Provenance Capital for an on behalf of the Offeror in relation to the level of acceptances of the Offer (the "**Acceptances Level Announcement**"); (iii) the announcement dated 20 January 2016 issued by the Company in relation to the public float of the Company (the "**Public Float Announcement**"); and (iv) the circular dated 25 January 2016 issued by the Company to the shareholders of the Company ("**Shareholders**") in relation to the Offer ("**Offeree Circular**").

All capitalised terms herein shall have the same meanings ascribed to them in the Offeree Circular.

2. APPLICATION FOR WAIVER FROM RULE 705(1) OF THE LISTING MANUAL

2.1 Under Rule 705(1) of the Listing Manual, the Company would have to announce its financial statements for the full year ended 31 December 2015 ("**FY2015 Results**") not later than 60 days after the financial year ended 31 December 2015.

2.2 Further to the Acceptances Level Announcement and the Public Float Announcement, the Company made an application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") to seek the SGX-ST's consent for a waiver of compliance by the Company of Rule 705(1) of the Listing Manual of the SGX-ST ("**Listing Manual**") ("**Rule 705(1) Waiver**").

The Company sought the Rule 705(1) Waiver based on the following reasons:

(a) subject to the receipt of SGX-ST's approval, the Company expects to be delisted subsequent to the close of the Offer. It is also envisaged that the Shares will be suspended with effect from the close of the Offer, pending the delisting of the Shares. The Offeror has stated in the Offer Document that it does not intend to preserve the Company's listing status nor to take any steps to lift any trading suspension in the Shares. The Offeror has also stated that it intends to exercise its rights of compulsory acquisition under the Bermuda Companies Act where entitled;

(b) based on the above, Shareholders and investors are unlikely to be prejudiced by the non-release of the FY2015 Results as it is the intention that the trading in Shares will be

suspended as at the close of the Offer and will remain suspended until the Company is delisted; and

(c) accordingly, the release of the FY2015 Results in view of the pending delisting of the Shares will not be of material benefit to the minority Shareholders of the Company and would incur unnecessary compliance costs for the Company.

3. SGX-ST CONFIRMATION

3.1 The Board wishes to announce that the SGX-ST had by its letter dated 4 February 2016 informed the Company that it has no objection to the Company's application for the Rule 705(1) Waiver, subject to the following:

(a) the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions required under Rule 107;

(b) submission of a written confirmation from the Company that the waiver does not contravene and laws and regulations governing the Company and the articles of association of the Company; and

(c) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company.

3.2 The Company will be submitting the written confirmations sought by the SGX-ST referred to in paragraphs 3(b) and 3(c) above. As such, the Company will not be required to announce and will not be announcing the FY2015 Results.

4. WAIVER OF RULE 1308 OF THE LISTING MANUAL AND CONFIRMATION OF NON APPLICABILITY OF RULE 1309 OF THE LISTING MANUAL

4.1 An application has also been submitted to the SGX-ST on 25 January 2016 for (i) a waiver for compliance with Rule 1307 of the Listing Manual ("**Rule 1307 Waiver**") and (ii) a confirmation that Rule 1309 of the Listing Manual is not applicable ("**Rule 1309 Confirmation**").

4.2 The Rule 1307 Waiver and the Rule 1309 Confirmation were sought based on the following reasons:

(a) in respect of the Rule 1307 Waiver,

(I) as at 25 January 2016, the Offeror and the parties acting in concert with the Offeror already own or control, including valid acceptances of the Offer, 313,366,897 Shares, representing 92.167% of the total number of issued Shares. The percentage of Shares held by public Shareholders had fallen to 7.833%; and

(II) in view of the above paragraph 4.2(a)(I), if the delisting of the Company is to be put to a vote by Shareholders at a general meeting, the delisting resolution will be passed as a matter of course as the Offeror and parties acting in concert with it will

vote in favour of the delisting resolution, and there is less than 10% of the Shares available to vote against the delisting resolution; and

(b) in respect of the Rule 1309 Confirmation, pursuant to the Offer, the Offeror is already making a cash exit offer to the Public Shareholders. In addition, the IFA has advised on the Offer and given its opinion which is set out in the IFA Letter that the Offer is not fair but reasonable.

4.3 The Board wishes to announce that it understands from the Offeror that the SGX-ST had by its letter dated 4 February 2016 informed that:

(a) based on submissions and representations to the SGX-ST that the Company has received acceptances in excess of 90% of the Shares, the SGX-ST has no objection to the application for waiver of Rule 1307 of the Listing Manual subject to the following:

(I) the Company announcing the waiver granted, the reasons for seeking the waiver and the conditions required under Rule 107; and

(II) submission of a written confirmation from the Company that the waiver does not contravene and laws and regulations governing the Company and the articles of association of the Company; and

(b) the SGX-ST has no objection to the submission that Rule 1309 of the Listing Manual is not applicable to the Company.

4.4 The Company will be submitting the written confirmation sought by the SGX-ST referred to in paragraphs 4.3(a)(II) above.

5. RESPONSIBILITY STATEMENT

5.1 Given that the Rule 1307 Waiver and the Rule 1309 Confirmation have been obtained, the Company wishes to inform Shareholders that it may be submitting a formal delisting application to seek the delisting of the Shares. The delisting will still be subject to the approval by the SGX-ST.

5.2 The Company will make the relevant announcements in respect of the status of the delisting of the Shares when appropriate in accordance with the requirements under the Listing Manual and the Singapore Code on Take-overs and Mergers.

6. 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
4 February 2016