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Xinxiang Chemical Fibreâ??s RMB1.3 Bn bet on next generation of green fibres

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Chinaâ??s Xinxiang Chemical Fibre is pairing a major expansion of biomass-derived cellulose filament yarn with a dedicated Juncao R&D centre, signalling a shift from fibre production to deeper control over bio-based feedstocks and materials

Xinxiang Chemical Fibre Co., Ltd. is putting biomass at the centre of its next growth phase, with a proposed RMB1.3 billion fundraising plan that combines capacity expansion in cellulose filament yarn with a dedicated research centre focused on the high-value utilisation of Juncao.

According to the companyâ??s fundraising prospectus, net proceeds will be directed towards three areas: RMB970 million for a high-quality biomass-derived cellulose filament yarn project and supporting engineering; RMB70 million for a Juncao material high-value utilisation R&D centre; and RMB260 million to supplement working capital. The controlling shareholder, Bailu Group, together with Xinxiang State-owned Assets Group, has committed to subscribing for a combined amount of no less than RMB100 million.

The largest allocation is aimed squarely at the companyâ??s established cellulose filament yarn business. The project carries a total investment of RMB1.18 billion, is expected to take two years to construct and will add 20,000 tonnes a year of

biomass-derived cellulose filament yarn capacity once fully operational.

The expansion comes against a market position that is already unusually strong. Xinxiang Chemical Fibre has annual biomass-derived cellulose filament yarn capacity of 110,000 tonnes, giving it a domestic market share of more than 40 per cent and a global ranking of first. In the first half of 2026, capacity utilisation reached 93.96 per cent, leaving little spare capacity and providing a clear commercial rationale for further investment.

But the more consequential signal in the fundraising plan may be the RMB70 million earmarked for a standalone Juncao material high-value utilisation R&D centre.

From Fibre Experiment to Strategic Platform

Xinxiang Chemical Fibreâ??s Juncao strategy did not begin with the latest fundraising. Over the past three years, the company has moved progressively from laboratory work and pilot production towards an industrialisation model that could extend well beyond fibre.

In 2023, Xinxiang Chemical Fibre invested more than RMB30 million cumulatively in R&D, established a Juncao pulp pilot base and developed a â??three-component separationâ? technology for Juncao. By the first half of 2026, cumulative Juncao pulp production had reached 3,000 tonnes, while the company had secured seven authorised patents â?? six national invention patents and one international invention patent.

The company also commissioned three green-fibre routes in 2025: Juncao fibre, Shousaier fibre and Ruisaier fibre. Their underlying technologies address three different points in the sustainability equation. Juncao replaces wood as a pulp raw material; Shousaier uses a physical process aimed at zero emissions; and Ruisaier focuses on recycling waste textiles.

Of the three, Juncao appears to have moved most rapidly towards commercial scale.

In 2025, Tumushuke City in Xinjiang planned a 100,000-tonne-a-year Juncao fibre project. Under the plan, Juncao cultivation in Xinjiang was expected to expand from 666.67 hectares to 4,000 hectares in 2026, with the â??15th Five-Year Planâ? period expected to support nearly 200,000 tonnes of fibre production capacity.

The proposed R&D centre now gives that trajectory a more formal industrial architecture. Rather than treating Juncao simply as an alternative source of pulp, Xinxiang Chemical Fibre plans to investigate the high-value conversion of its full biomass components, including applications in bio-based aviation fuel and bio-based PTMEG.

That distinction matters.

PTMEG is a core raw material for elastane, and Xinxiang Chemical Fibre has polyurethane fibre capacity of 200,000 tonnes, making it one of Chinaâ??s major domestic producers. If the company succeeds in developing bio-based PTMEG from Juncao, the opportunity would extend across the value chain â?? from Juncao biomass to bio-based chemicals, intermediates and ultimately new-generation chemical fibres.

The proposition is therefore considerably larger than â??replacing wood with grassâ?. It is about converting an agricultural biomass resource into a broader platform for bio-based materials.

The Xinjiang Logic

The choice of Tumushuke for Juncao capacity also reflects a wider industrial and ecological proposition. Juncaoâ??s salt tolerance allows it to fit into agricultural systems where conventional crops or forestry resources may face greater constraints. In Tumushuke, the proposed model links Juncao cultivation with the local printing and dyeing industrial park through treated wastewater.

Under the circular model, printing and dyeing wastewater is processed into reclaimed water, which can then be used to irrigate Juncao. The harvested Juncao subsequently becomes a raw material for fibre production. The resulting chain â?? wastewater to reclaimed water, reclaimed water to biomass, and biomass to fibre â?? gives the project a resource-efficiency dimension that extends beyond the substitution of one feedstock for another.

Beyond Replacing Wood With Grass

The structure of Xinxiang Chemical Fibreâ??s fundraising plan reveals two parallel strategies. The first is relatively conventional: expand a core business where utilisation is already close to full capacity and where the company has a strong domestic and global position. The second is more strategic: develop alternative biomass feedstocks and push them further up

the value chain.

Juncao sits at the intersection of those two strategies. It can serve as a substitute for wood pulp while also providing a potential platform for bio-based chemicals and materials. Shousaier and Ruisaier, meanwhile, address the other two major levers in the green-fibre equation â?? cleaner processing and textile recycling.

Together, the three routes cover a broader industrial transition: raw-material substitution, process transformation and circularity.

That direction is also increasingly aligned with Chinaâ??s industrial policy.

In January 2026, the Ministry of Industry and Information Technology and the Ministry of Agriculture and Rural Affairs announced 25 key technology innovation cases for the innovative development of the non-grain bio-based materials industry, marking a move from policy formulation towards demonstration and commercial application.

The Guidance Catalogue for Industrial Restructuring (2024 edition) also places bio-based fibre materials among encouraged categories. The RMB1.3 billion fundraising is consequently more than a capacity expansion exercise. It represents a bet that the next competitive advantage in synthetic and regenerated fibres may increasingly lie upstream â?? in who controls the feedstock, who can convert it efficiently, and who can turn biomass into higher-value materials.

Juncao began as an alternative biomass resource. Xinxiang Chemical Fibre now appears to be testing whether it can become something much larger: the foundation of a new bio-based materials chain.