

Announcement of Appointment of Independent Non-Executive Director: Mr Ling Yew Kong

1. On 30 August 2016, China Sky Chemical Fibre Co., Ltd (“China Sky” or the “Company”) announced that it has received information regarding winding-up proceedings which have commenced against its wholly-owned subsidiary, Quanzhou Tianyu Chemical Fiber & Weaving Industry Co, Ltd (“泉州天宇化纤织造实业有限公司”) (“Tianyu”) in China.

On 30 September 2016, China Sky announced that it has received the results from the court searches performed by its PRC lawyer that there were 14 lawsuits filed against the Company's subsidiaries, Tianyu, Tianjian Special Polymede Fibre Technology Fujian Co., Ltd (“天健特种锦轮科技（福建）有限公司”) (“Tianjian”) and Qingdao Zhongda Chemical Fibre Company Ltd (“青岛中达化纤有限公司”). Based on the court searches, 13 of the lawsuits between the Company subsidiaries and the claimant, China Construction Bank Quanzhou Branch (“CCB”), of approximately RMB 1 billion have been settled. PRC Counsel has advised that these 13 lawsuits may be subject to further legal proceedings if the terms of the settlement are breached. 1 lawsuit remains outstanding, for a claim amount of RMB 41.7 million filed by Shanghai Pudong Development Bank Quanzhou Branch on 7 September 2016 against Tianyu and Mr Zheng Kaisu, a director of China Sky and legal representative of Tianyu. The independent directors of the Board, and the CEO of the Company, Mr Ling Yew Kong, had highlighted that they had no knowledge of and were not aware of any previous legal proceedings or the transactions leading to the legal proceedings with the claimants set out above and that these transactions have not been accounted for in the financial statements of the Company.

On 14 October 2016, China Sky announced that it has received property registration records of Tianyu from its PRC lawyer that there were 8 charges over the properties owned by Tianyu made to CCB on 14 April 2015 as securities for a loan amounting to RMB 98.173 million.

On 21 October 2016, China Sky announced that it has received auction notice for the auction of the properties and machineries of Tianyu and the machineries of Tianjian which will take place at 3.00pm on 28 October 2016 at the Quanzhou City Intermediate People's Court auction hall.

On 24 October 2016, China Sky had filed a lawsuit in the High Court of Singapore against Mr Zheng Kaisu for the fraudulent and/or unauthorised use of the Group's funds and the fraudulent and/or unauthorised use of the Group's assets as collateral for securing loans in the sum of approximately RMB 1,073,000,000.

On 27 October 2016, China Sky through its PRC lawyers, had made urgent oral applications to restrain the auction of the properties and machineries of Tianyu on the basis that the Company had made loans of approximately RMB 899,231,000 to Tianyu which have not been paid. The oral applications were not accepted by the Court. The PRC lawyers had also sent the applications to restrain the auction to the Court on 28 October 2016 morning for their further consideration. The Company understands that the auction was arose from 15 cases filed by CCB against Tianyu, 13 of which are the subject of previous announcements made by the Company, and 2 of which the PRC lawyers had since found are further cases instituted against Tianyu.

On 4 November 2016, China Sky announced that the auction of the properties and machineries of Tianyu and the auction of the machineries of Tianjian on 28 October 2016 was unsuccessful. The Company has been informed by its PRC solicitors that it is likely that a second round of auction will be held but the date has not been confirmed by the relevant authorities.

On 16 November 2016, China Sky appointed RSM Corporate Advisory Pte Ltd as Special Consultants to assist the Company and its subsidiaries in carrying out the winding-up and/or restructuring of these subsidiaries.

Full disclosure on the above details could be found in Regulatory Announcements released on 30 August 2016, 30 September 2016, 14 October 2016, 21 October 2016, 25 October 2016, 28 October 2016, 4 November 2016 and 16 November 2016.

2. Anwell Technologies Ltd's subsidiary in China, Dongguan Anwell and some of its executives and employees ("Dongguan Executives and Employees") were investigated for fraud and misrepresentation since 2013 concerning funds provided by the Guangdong government. The Dongguan Executives and Employees had been detained since then. Full disclosure on the details could be found in Regulatory Announcement released on 21 September 2015.

I was appointed onto the Board of Directors of Anwell Technologies Ltd ("Anwell") on 7 December 2015. It was noted that the above investigations had taken place before my appointment.

On 22 February 2016, the High Court of Singapore had granted Anwell's application to place itself under judicial management and Messrs Chee Yoh Chuang and Abuthahir Abdul Gafoor of M/s RSM Corporate Advisory Pte Ltd were appointed as the joint and several judicial managers of Anwell. The 1st Creditors' Meeting of Anwell was held on 5 September 2016 at which the Judicial Managers' Statement of Proposals for Anwell in accordance with Section 227N of the Companies Act, Cap. 50 were tabled and unanimously approved by the creditors. Full disclosure on the details could be found in Regulatory Announcements released on 18 August 2016 and 8 September 2016.

In addition, the Dongguan Executives and Employees were prosecuted and the Court hearing started on 22 August 2016 and was concluded on 31 August 2016. It is understood that the Court has reserved judgement and it may take some months before the judgement would be delivered.