



China Sky Chemical Fibre Co., Ltd.

(Registration No: CT-146759)

RESPONSE TO SGX QUERIES ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors of China Sky Chemical Fibre Company Limited (the “**Company**”) and its subsidiaries (the “**Group**”) wishes to respond to the query raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 26 April 2016 with regards to the Company’s annual report for the financial year ended 31 December 2015 (the “**Annual Report**”) as follows:

Query 1:

Guideline 2.4 of the Code of Corporate Governance (the “**Code**”) states that “The independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.” Please state clearly if the independence of Mr Er Kwong Wah has been subject to particularly rigorous review.

Company’s Response:

Mr. Er Kwong Wah (“**Mr Er**”) was initially appointed as an independent director of the Company in 2005. We wish to highlight that as disclosed in the Annual Report, Mr Er subsequently resigned on 5 January 2012 and was re-appointed as an independent director of the Company on 13 September 2012.

Notwithstanding, in determining the independence of a director, the Board takes into consideration, with the affected director abstaining from the review, *inter alia*, Guideline 2.3 of the Code, whereby the Board may consider a Director independent if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere with his exercise of independent business judgment.

Furthermore, the Board also notes that Mr Er is not involved in any interested party transactions with the Group or the substantial shareholders of the Company that might affect his independence. The Board has observed his performance at Board meetings and other occasions and have no reason to doubt his independence in the course of discharging his duties.

Hence, the Board is of the view that Mr Er should be considered independent as there are no circumstances which might affect his judgment. The Board wishes to retain Mr Er for his strength of character, objectivity and wealth of useful and relevant experience which would enable him to be effective an independent director notwithstanding his long tenure.

By Order of the Board

Song Jiansheng
Executive Director
28 April 2016
