



China Sky Chemical Fibre Co., Ltd.

(Registration No: CT-146759)

MISCELLANEOUS: TRADING RESUMPTION

Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the announcement dated 12 February 2015 in relation to the conditions of trading resumption.

The Board of Directors of China Sky Chemical Fibre Company Limited (the “Company”) wishes to update shareholders on the progress of trading resumption. As announced on 12 February 2015, SGX had no objection to the Company’s trading resumption proposal subject to the fulfilment of conditions imposed by the Exchange.

In view of the foregoing, the Company set out its responses to the conditions of trading resumption as follows:-

Conditions of Trading Resumption	Company’s Response
(a) A resolution passed by the Board of Director (the “Board”) to take all necessary actions to accept Mr Huang and/or Rock Mart Equities Ltd’s surrender of the Company’s shares pursuant to the Settlement Agreement between Mr Huang and the Monetary Authority of Singapore (“MAS”) in relation to the Company;	The resolution had been passed by the Board and the share surrender by Mr Huang and Rock Mart Equities Ltd was completed. Please refer to the announcement dated 4 March 2015 and 23 March 2015 for further details.
(b) An undertaking from the Board to appoint a suitable Chief Financial Officer, acceptable to the Exchange, within six months of trading resumption and a disclosure via SGXNET of the Board’s view of the adequacy of the Company’s current resource in its finance function;	The Board undertakes to appoint a suitable Chief Financial Officer, acceptable to the Exchange, within 6 months of trading resumption. The Company is currently in the midst of identifying a suitable Chief Financial Officer. The Company will make an appropriate announcement to update shareholders on the appointment of the Chief Financial Officer in due course. The Board is of the view that the Company’s

	current resource in its finance function is adequate.
(c) A confirmation from the Board of the appointment of compliance advisor, who will ensure the Company's compliance with Listing Rules and corporate governance matters, for a period of not less than 3 years from date of trading resumption and until such time the Audit Committee is satisfied that the Company and its subsidiaries' ("Group's") procedures to comply with its continuous listing obligations are robust and effective. Prior to the decommissioning of the Compliance Advisor, the Audit Committee is required to confirm their satisfaction of this matter to the Exchange and the basis for their views;	The Board confirms that Colin Ng & Partners LLP has been appointed as the compliance advisor of the Company, who will ensure the Company's compliance with the Listing Rules and corporate governance matters. The Board further confirms that the compliance advisor shall be appointed for a period of not less than 3 years from the date of trading resumption and until such time the Audit Committee is satisfied that the Group's procedures to comply with its continuous listing obligations are robust and effective.
(d) A confirmation from BDO LLP that they are satisfied that the Company has adequately addressed the internal control weakness raised in the internal audit report and those highlighted in Stone Forest Corporate Advisory Pte Ltd's Special Audit Report ("SFSAR") announced on 20 June 2013;	Other than the issue on the expiry of the Qingdao land use rights which is still in the process of being resolved, BDO is of the view that the Company has adequately addressed all the internal control weaknesses raised in the SFSAR and internal audit reports as highlighted in the BDO internal audit report dated 5 August 2015.
(e) An undertaking from the Board to commission annual internal controls audits by a suitable and qualified professional accounting firm for at least 3 years from date of trading resumption and until such time the Audit Committee is satisfied that the Group's internal control are robust and effective enough to mitigate the Group's internal control weakness. Prior to the decommissioning of this annual audit, the Board is required to report to the Exchange on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual	The Board undertakes to commission annual internal controls audits by a suitable and qualified professional accounting firm for at least 3 years from the date of trading resumption and until such time the Audit Committee is satisfied that the Group's internal control are robust and effective enough to mitigate the Group's internal control weaknesses. The Board further confirms that BDO has been appointed as the internal auditor of the Company.

internal control audit;	
<p>(f) A written undertaking from each of the Company's directors in the form as required by the Exchange and an undertaking from the Company to procure the same written undertaking from any new director appointed to the Company's board after the Company's resumption of trading;</p>	<p>The Board confirms that each of the Company's directors has provided a written undertaking in the form as required by the Exchange.</p> <p>The board further confirms that it has undertaken to the Exchange that the Board will procure the same written undertaking from any new director appointed to the Board after the Company's resumption of trading.</p>
<p>(g) Announcement via SGXNET of the following:</p> <p>(i) the trading resumption proposal and the detailed steps taken by the Company to address the findings arising from the Special Audit Report;</p> <p>(ii) the Board's opinion and bases that the Company and the Group will be able to operate as a going concern and has sufficient working capital adequacy for the next 12 months from the date of lifting of the trading suspension;</p> <p>(iii) the opinion of the Board, with the concurrence of the Audit Committee, on the adequacy of the internal controls including the basis of the opinion, a confirmation from the Board that they are satisfied that the Company has adequately and satisfactorily addressed all the points raised in BDO LLP's internal audit report and internal control weakness highlighted in Stone Forest Corporate Advisory</p>	<p>Please refer to the table below for further details.</p> <p>With the concurrence of the Management, the Board is of the view that based on our current balance sheet that reflects a strong cash balance and no significant payment obligations, the Company and the Group will be able to operate as a going concern and has sufficient working capital adequacy for the next 12 months from the date of lifting of the trading suspension.</p> <p>With the concurrence of the Audit Committee, based on the internal audit report and confirmation by BDO LLP, the internal auditors appointed by the Company, the Board is of the opinion that the internal controls are adequate.</p> <p>The Board confirms that it is satisfied that the Company has adequately and satisfactorily addressed all the points raised in BDO LLP's internal audit report and internal control weakness highlighted in the SFSAR .</p>

Pte Ltd's Special Audit Report.

With respect of the steps taken by the Company to address the findings arising from the SFSAR, the Company wishes to update as follows:

Special Auditor's Recommendations	Company's Response
1) Issue a clarification announcement on the SGXNET informing its shareholders of the correct material facts concerning the Fujian Land.	A clarification announcement was made on 31 July 2013.
2) Put in place a framework and mechanism to record and document key events (such as the return of the land) as well as the basis for Board's decisions in relation to these events.	<p>The Company has put in place standard operating procedures, such as management approval process, Board guidelines, review of announcements by the compliance advisor of the Company and annual review by the internal auditor of the Company ("Standard Operating Procedures"), for the recording and documenting of key events as well as the basis for the Board's decisions in relation to these events.</p> <p>The Board confirms that the annual internal controls audits to be conducted by the internal auditor of the Company will include a review of the Standard Operating Procedures in relation to the recommendations raised in the SFSAR.</p>
3) Consider the necessity of ratifying the execution of the Termination Agreement (through the convening of a general meeting of shareholders pursuant to Mainboard Rule 1014 if ratification is deemed necessary).	The Board after considering all relevant facts had decided that it was not necessary to ratify the execution of the Termination Agreement (through the convening of a general meeting of shareholders).
4) Circulate all intended announcements to each and every member of the Board (including the PRC directors) for comments/ approval.	The Company has put in place the Standard Operating Procedures as mentioned above.
5) The current audit committee members and/ or independent directors to abstain from providing any services to the Group. Any services if required to be rendered by the AC members and/ or IDs would require the prior approval of the Board and the	The Company has put in place the Standard Operating Procedures as mentioned above.

<p>other AC members who should consider potential conflict of interest issues before making a decision.</p>	
<p>6) The Board should put in place procedures such as the approval matrix to ensure that the contents of future announcements are accurate and approved by all directors before their release on the SGXNET.</p>	<p>The Company has put in place the Standard Operating Procedures as mentioned above.</p>
<p>7) Annual budgets be prepared prior to the commencement of each financial year and that all major projects or proposed expenditure be approved by the Board via the budgeting process. Where these items are not identified in the budgets, ad hoc approval should be sought from the Board.</p>	<p>The Company has put in place the required Standard Operating Procedures as mentioned above.</p>
<p>8) The Board / AC consider all the facts, including any relevant information or reports from the Company's external auditors, to decide on the appropriate accounting treatment of the Overhaul Costs in accordance with the Group's significant accounting policies.</p>	<p>The Board, with the recommendation of the Audit Committee and discussion with the Company's external auditors, has considered all the facts, including any relevant information or reports from its external auditors, and decided on the appropriate accounting treatment as set out in its audited financial statements for the financial year ended 31 December 2014 ("FY2014").</p>
<p>9) The Group review the remaining values of the Boiler System and Refrigeration System and determine if an impairment of the remaining net book values of the systems is required in the accounts for the financial year ended 31 December 2011.</p>	<p>The Board, with the recommendation of the Audit Committee and discussion with the Company's external auditors, has reviewed and determined the net book values as set out in its audited financial statements for FY2014.</p>

Based on the above, the Board is of the view that all conditions for the resumption of trading have been complied with.

Barring any unforeseen circumstances, the Company expects that resumption of trading in the Company's shares will commence on or after 10 September 2015.

By order of the Board

Song Jiansheng
Executive Director
9 September 2015