



China Sky Chemical Fibre Co., Ltd.
 (Co. Reg. No CT-146759)
 (Incorporated in the Cayman Islands)

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
 FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2015 (“9M2015”)**

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group 3 months ended			Group 9 months ended		
	30/09/2015	30/09/2014	Change	30/09/2015	30/09/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	484,902	508,644	(4.67)	1,365,500	1,534,226	(11.00)
Cost of sales	(562,491)	(489,985)	14.80	(1,548,484)	(1,431,581)	8.17
Gross (loss)/profit	(77,589)	18,659	NM	(182,984)	102,645	NM
Other operating income	671	2,479	(72.93)	2,006	5,242	(61.73)
Distribution expenses	(3,254)	(3,192)	1.94	(9,353)	(9,338)	0.16
Administrative expenses	(7,109)	(8,385)	(15.22)	(21,984)	(24,109)	(8.81)
Other operating expenses	(221)	(220)	0.45	(662)	(661)	0.15
(Loss)/Profit before income tax	(87,502)	9,341	NM	(212,977)	73,779	NM
Income tax expense	-	-	-	-	-	-
(Loss)/Profit, representing total comprehensive income for the period attributable to owners of the Company	(87,502)	9,341	NM	(212,977)	73,779	NM

NM – Not meaningful

1. (a) (ii) Other profit and loss items disclosure.

	Group			Group		
	3 months ended			9 months ended		
	30/09/2015	30/09/2014	Change	30/09/2015	30/09/2014	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
The following items were charged/(credited) to the consolidated statement of comprehensive income:-						
Depreciation expense	23,910	25,152	(4.94)	72,298	75,562	(4.32)
Foreign exchange (gain)/loss	(3)	46	NM	(162)	(66)	145.45
Interest income	(525)	(2,450)	(78.57)	(1,575)	(4,652)	(66.14)
Amortisation of land use rights	542	543	(0.18)	1,627	1,628	(0.06)

NM – Not meaningful

1. (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Cash and cash equivalents	247,117	594,308	47	47
Trade and other receivables	492,958	507,502	-	-
Inventories	300,112	67,326	-	-
	1,040,187	1,169,136	47	47
Non-current assets				
Investment in subsidiaries	-	-	283,355	283,355
Property, plant and equipment	1,088,517	1,160,815	-	-
Land use rights	95,562	97,189	-	-
Trade and other receivables	-	-	893,748	899,231
	1,184,079	1,258,004	1,177,103	1,182,586
Total assets	2,224,266	2,427,140	1,177,150	1,182,633
Current liabilities				
Trade and other payables	69,004	58,901	42,135	44,930
Current tax payable	3,829	3,829	-	-
	72,833	62,730	42,135	44,930
Non-current liability				
Deferred tax liabilities	7,902	7,902	-	-
Total liabilities	80,735	70,632	42,135	44,930
Equity attributable to equity holders of the Company				
Share capital	429,132	429,132	429,132	429,132
Share premium	768,145	768,145	768,145	768,145
Contribution surplus	117,747	117,747	117,747	117,747
Legal reserve	227,050	227,050	-	-
Share-based payments reserve	58,675	58,675	58,675	58,675
Retained earnings/(Accumulated losses)	542,782	755,759	(238,684)	(235,996)
Total equity	2,143,531	2,356,508	1,135,015	1,137,703
Total liabilities and equity	2,224,266	2,427,140	1,177,150	1,182,633

1. (b)(ii) Aggregate amount of group's borrowings and debt securities.

	Group			
	As at 30/09/2015		As at 31/12/2014	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-

Details of any collaterals

Not applicable.

1. (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	3 months ended		9 months ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Cash flows from operating activities</u>				
(Loss)/Profit before income tax	(87,502)	9,341	(212,977)	73,779
Adjustments for :-				
Depreciation expense	23,910	25,152	72,298	75,562
Interest income	(525)	(2,450)	(1,575)	(4,652)
Amortisation of land use rights	542	543	1,627	1,628
Operating cash flows before movements in working capital	(63,575)	32,586	(140,627)	146,317
Trade and other receivables	(16,372)	74,447	14,544	194,341
Inventories	18,184	6,329	(232,786)	(103,597)
Trade and other payables	(1,337)	(4,226)	10,103	7,943
Cash (used in)/generated from operations	(63,100)	109,136	(348,766)	245,004
Income tax paid	-	-	-	-
Net cash (used in)/generated from operating activities	(63,100)	109,136	(348,766)	245,004
<u>Cash flows from investing activity</u>				
Interest received	525	2,450	1,575	4,652
Net cash generated from investing activity	525	2,450	1,575	4,652
Net (decrease)/increase in cash and cash equivalents	(62,575)	111,586	(347,191)	249,656
Cash and cash equivalents at beginning of the period	309,692	405,463	594,308	267,393
Cash and cash equivalents at end of the period	247,117	517,049	247,117	517,049

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:-

	Group	
	30/09/2015	30/09/2014
	RMB'000	RMB'000
Cash in hand and bank balances	247,117	220,049
Short-term fixed deposit		297,000
	247,117	517,049

1. (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY	Share capital RMB'000	Share premium RMB'000	Contri- bution surplus RMB'000	Legal reserve RMB'000	Share- based payments reserve RMB'000	Retained earnings /(Accumul- ated (losses) RMB'000	Total RMB'000
Group							
Balance at 1 Jan 2014	429,132	768,145	117,747	227,050	58,675	741,201	2,341,950
Total comprehensive income for the period	-	-	-	-	-	64,438	64,438
Balance at 30 Jun 2014	429,132	768,145	117,747	227,050	58,675	805,639	2,406,388
Total comprehensive income for the period	-	-	-	-	-	9,341	9,341
Balance at 30 Sep 2014	429,132	768,145	117,747	227,050	58,675	814,980	2,415,729
Balance at 1 Jan 2015	429,132	768,145	117,747	227,050	58,675	755,759	2,356,508
Total comprehensive loss for the period	-	-	-	-	-	(125,475)	(125,475)
Balance at 30 Jun 2015	429,132	768,145	117,747	227,050	58,675	630,284	2,231,033
Total comprehensive loss for the period	-	-	-	-	-	(87,502)	(87,502)
Balance at 30 Sep 2015	429,132	768,145	117,747	227,050	58,675	542,782	2,143,531
Company							
Balance at 1 Jan 2014	429,132	768,145	117,747	-	58,675	(184,404)	1,189,295
Total comprehensive loss for the period	-	-	-	-	-	(2,779)	(2,779)
Balance at 30 Jun 2014	429,132	768,145	117,747	-	58,675	(187,183)	1,186,516
Total comprehensive loss for the period	-	-	-	-	-	(1,177)	(1,177)
Balance at 30 Sep 2014	429,132	768,145	117,747	-	58,675	(188,360)	1,185,339
Balance at 1 Jan 2015	429,132	768,145	117,747	-	58,675	(235,996)	1,137,703
Total comprehensive loss for the period	-	-	-	-	-	(1,950)	(1,950)
Balance at 30 Jun 2015	429,132	768,145	117,747	-	58,675	(237,946)	1,135,753
Total comprehensive loss for the period	-	-	-	-	-	(738)	(738)
Balance at 30 Sep 2015	429,132	768,145	117,747	-	58,675	(238,684)	1,135,015

- 1. (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share capital

There were no changes in the Company's share capital since 30 June 2015 up to 30 September 2015. The share capital of the Company as at 30 June 2015 and 30 September 2015 is as below:-

	Number of shares	Issued and paid-up capital (RMB)
Issued and fully paid-up ordinary shares as at 30 June 2015 and 30 September 2015	814,576,470	429,132,000

Convertibles – share options

As at 30 September 2015, the number of options outstanding was 23,545,000 (30 September 2014: 23,545,000).

Date of grant of options	Exercise price per share	Number of share options			Exercise period
		Options outstanding at 30/09/2014	Options renounced / exercised / cancelled	Options outstanding at 30/09/2015	
01/09/2009	S\$0.32	23,545,000	-	23,545,000	28/08/2010 to 27/08/2019

During 1Q2015, the Company has accepted 80,000 shares surrendered by Mr Huang Zhong Xuan and 15,336,121 shares held through Rock Mart Equities Ltd, the substantial shareholder of the Company following to the civil penalty settlement reach between the Monetary Authority of Singapore and Mr Huang.

As such, number of shares held as treasury shares as at 30 September 2015 was 15,416,121 (30 September 2014: nil). Save as disclosed above, the Company does not have other outstanding convertibles as at 30 September 2015 and 30 September 2014.

- 1. (d) (iii) To show the total number of issued shares excluding treasury shares, as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares excluding treasury shares of the Company as at 31 December 2014 was 814,576,470 and as at 30 September 2015 was 799,160,349.

Number of shares held as treasury shares as at 30 September 2015 was 15,416,121 (31 December 2014: nil).

- 1. (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During 1Q2015, the Company has accepted 80,000 shares surrendered by Mr Huang Zhong Xuan and 15,336,121 shares held through Rock Mart Equities Ltd, the substantial shareholder of the Company following to the civil penalty settlement reach between the Monetary Authority of Singapore and Mr Huang.

As such, number of shares held as treasury shares as at 30 September 2015 was 15,416,121 (31 December 2014: nil).

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditor.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Saved as disclosed in Paragraph 5 of this announcement, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements for the financial year ended 31 December 2014.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In the current reporting period, the Group adopted all of the new or revised standards and interpretations issued by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB that are relevant to its operations and are effective for the first-time adoption during the current financial year. The adoption of these new and revised standards and interpretations has no material impact on the accounting policies and financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		Group	
	3 months ended		9 months ended	
Earnings per ordinary share ("EPS") for the current period after deducting any provision for preference dividends if any:-	30/09/2015	30/09/2014	30/09/2015	30/09/2014
Profit/(Loss) attributable to equity holders of the Company	(87,502,000)	9,341,000	(212,977,000)	73,779,000
Weighted average number of ordinary shares	813,206,148	814,576,470	803,790,833	814,576,470
Earnings/(Losses) per ordinary share ("EPS") (Basic and diluted) (in RMB cents)	(10.76)	1.15	(26.50)	9.06

The basic EPS is calculated by dividing earnings for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares issued during the financial period under review.

Diluted earnings per share is calculated on the same basis as the basic earnings per share except that the weighted average number of shares issued during the financial period under review is adjusted for the effects of all dilutive potential ordinary shares. The Company were no potential dilutive ordinary shares outstanding as at 30 September 2015 and 30 September 2014. The outstanding share options granted under the China Sky Employees' Share Option Scheme have not been included in the calculation of diluted EPS as they are anti-dilutive.

For the purpose of basic and diluted earnings per share computation, the weighted average number of shares for the 3 months and 9 months as at 30 September 2015 represents:

	3 months ended 30/09/2015	9 months ended 30/09/2015
The number of shares issued	814,576,470	814,576,470
The weighted average of shares surrender on 23 March 2015	(1,370,322)	(10,785,637)
Weighted average number of shares	813,206,148	803,790,833

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
Net asset value per ordinary share based on existing issued share capital as at the end of the period (in RMB cents)	268.22	289.29	142.03	139.67
No of ordinary shares	799,160,349	814,576,470	799,160,349	814,576,470

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

8. (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.**

REVIEW OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Revenue

Analysis of 3-months period ended 30 September 2015 ("3Q2015") compared with 3-months period ended 30 September 2014 ("3Q2014")

The Group's revenue decreased by RMB 23.7 million or 4.7% from RMB 508.6 million from 3Q2014 to RMB 484.9 million in 3Q2015.

Full Drawn Yarn ("FDY") / High Oriented Yarn ("HOY") segment's revenue decreased RMB 14.9 million or 3.4% from RMB 433.9 million in 3Q2014 to RMB 419.0 million in 3Q2015.

Drawn Texture Yarn ("DTY") segment's revenue decreased by RMB 8.9 million or 11.9% from RMB 74.8 million in 3Q2014 to RMB 65.9 million in 3Q2015.

Total sale volume for FDY/HOY segment and DTY segment has increased 47.7% and 11.1% respectively in 3Q2015 compared to 3Q2014. However, the average selling price for both segments dropped by 34.0% and 20.7% respectively compared to 3-months period ended 30 September 2014 due to higher market competitions, resulted lower revenue generated during the current quarter.

Analysis of 9 months period ended 30 September 2015 ("9M2015") compared with 9 months period ended 30 September 2014 ("9M2014")

The Group's revenue decreased by RMB 168.7 million or 11.0% from RMB 1,534.2 million for the financial period ended 9M2014 to RMB 1,365.5 million in 9M2015.

Full Drawn Yarn ("FDY") / High Oriented Yarn ("HOY") segment's revenue decreased by RMB 101.5 million or 7.9% from RMB 1,287.9 million in 9M2014 to RMB 1,186.4 million in 9M2015.

Drawn Texture Yarn ("DTY") segment's revenue decreased by RMB 67.2 million or 27.3% from RMB 246.3 million in 9M2014 to RMB 179.1 million in 9M2015.

The decrease in the revenue was mainly due to the decrease in average selling price due to the market competition.

Cost of sales

Cost of sales of the Group increased by RMB 72.5 million or 14.8% from RMB 490.0 million in 3Q2014 to RMB 562.5 million in 3Q2015.

Cost of sales of the Group increased by RMB 116.9 million or 8.2% from RMB 1,431.6 million in 9M2014 to RMB 1,548.5 million in 9M2015.

The increase is mainly due to the continual decrease in overall product selling prices and the higher production costs as a result of the unfavourable fluctuation of the raw materials price.

Gross (loss)/profit

The Group suffered a gross loss of RMB 77.6 million in 3Q2015 compared with the gross profit of RMB 18.7 million in 3Q2014 and recorded a cumulative gross loss of RMB 183.0 million in 9M2015 compared to a gross profit of RMB 102.6 million in 9M2014.

The main reason for the Group incurring losses is due to the continuing weak market demand for textile, in particular the nylon market where the textile market is currently facing an oversupply of nylon products and this situation has yet to reach a stabilized stage. This has resulted in falling average selling price of nylon products due to the sluggish downstream demand, coupled with manufacturers trying to clear their excess inventories by lowering their selling price to push their sales, has put further pressure on the already falling average selling price of nylon products.

Accordingly, notwithstanding the declining global crude oil price which has resulted in lower raw materials costs, the sharp decline in our average selling price of nylon products due to reasons mentioned above has more than offset the saving from the lower raw materials costs, resulting in the Group incurring losses.

Other Income Statement Items

Other operating income decreased by RMB 3.2 million from RMB 5.2 million in 9M2014 to RMB 2.0 million in 9M2015. The decrease was mainly due to the decrease in interest income of RMB 3.1 million as a result of redemption of short term deposits from the financial institutions at the end of December 2014 and lesser income from the disposal of scrap materials.

(Loss)/Profit before tax

The Group recorded loss before tax of RMB 87.5 million in 3Q2015 (3Q2014: profit before tax of RMB 9.3 million, and the Group recorded loss before tax of RMB 213.0 million in 9M2015 (9M2014: profit before tax of RMB 73.8 million).

8. (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF STATEMENTS OF FINANCIAL POSITION

Non-current assets

Carrying amount of property, plant and equipment decreased from RMB 1,160.8 million as at 31 December 2014 to RMB 1,088.5 million as at 30 September 2015. The decrease was mainly due to the depreciation charged on property, plant and equipment of RMB 72.3 million during the current financial period.

Land use rights decreased from RMB 97.2 million as at 31 December 2014 to RMB 95.6 million as at 30 September 2015. The decrease in land use rights was due to incurred amortisation expenses of RMB 1.6 million during the current financial period.

Working capital

The working capital of the Group as at 30 September 2015 and as at 31 December 2014 are set out below:-

(RMB' million)	As at 30 September 2015	As at 31 December 2014
Total current assets	1,040.2	1,169.1
Total current liabilities	72.8	62.7
Working capital	967.4	1,106.4

The Group had positive working capital of RMB 967.4 million as at 30 September 2015, as compared to RMB 1,106.4 million as at 31 December 2014.

Current Assets

Trade and other receivables	As at 30 September 2015 (RMB'000)	As at 31 December 2014 (RMB'000)	Variance (RMB'000)	%
Trade receivables	316,199	253,414	62,785	24.8

Other receivables	176,759	254,088	(77,329)	(30.4)
	492,958	507,502	(14,544)	(2.9)

The increase in trade receivables was mainly due to slower collections in view of the the continuous unstable economic conditions in China. The credit terms of the trade receivables are between 30 – 90 days.

The decrease in other receivables was mainly due to;

- the reclassification of RMB 253.2 million advance payments for realising the purchase of raw materials to cost of sales to match off the revenue and a portion of value added taxes on the purchase of raw materials have been realised to VAT receivables accounts.
- this decrease was offsetted by an increase in VAT receivables of RMB 65.7 million. In view of the purchases being higher compare to the sales during the current financial period, the VAT payables of RMB 4.7 million as at 31 December 2014 has been fully utilised from purchases incurred during the current financial period. An excess of VAT of RMB 61.0 million had been recorded in other receivables. The VAT receivables will be used to offset against the VAT payables incurred for subsequent sales. And
- an additional advance payment of RMB 114.1 million to suppliers as at 30 September 2015 to secure the supply of raw materials to meet the production needs.

Inventory	As at 30 September 2015 (RMB'000)	As at 31 December 2014 (RMB'000)	Variance (RMB'000)	%
Raw materials	169,114	11,255	157,859	1,402.6%
Finished goods	130,998	56,071	74,927	133.6
	300,112	67,326	232,786	345.8

The increase in both raw materials and finished goods were mainly due to the increase in purchase of raw materials and the increase in productions of finished goods in anticipation of subsequent sales.

Current liabilities

Trade and other payables	As at 30 September 2015 (RMB'000)	As at 31 December 2014 (RMB'000)	Variance (RMB'000)	%
Trade payables	23,506	5,613	17,893	318.8
Other payables	45,498	53,288	(7,790)	(14.6)
	69,004	58,901	10,103	17.2

The increase in trade payables was mainly due to the increase in purchase of other raw materials.

Other payables consists mainly of provision for staff salaries, bonuses and provident funds as well as accrual of professional fees incurred by the Group. The decrease in the other payables was mainly due to payments of expenses subsequent to year end.

REVIEW OF CONSOLIDATED STATEMENT OF CASH FLOWS

In 3Q2015, the Group's net cash used in operating activities amounted to RMB 63.1 million. This was mainly due to the operating loss for the financial period and increase in trade and other receivables of RMB 16.4 million, offsetted by the increase in inventories of RMB 18.2 million and trade and other payables of RMB 1.3 million.

Net cash generated from investing activity amounted to RMB 0.5 million in 3Q2015 as a result of the interest received during the 3-months period ended 30 September 2015.

As a result of the above, there was a net decrease of RMB 62.6 million in cash and cash equivalents, from RMB 309.7 million as at 30 June 2015 to RMB 247.1 million as at 30 September 2015.

During 9M2015, the Group's net cash used in operating activities amounted to RMB 348.8 million. This was mainly due to the operating loss for the period, increases in inventories of RMB 232.8 million and trade and other payables of RMB 10.1 million, offsetted by the decrease in trade and other receivables of RMB 14.5 million,

Net cash generated from investing activity amounted to RMB 1.6 million in 9M2015 as a result of the interest received during the current financial period.

As a result of the above, there was a net decrease of RMB 347.2 million in cash and cash equivalents, from RMB 594.3 million as at 31 December 2014 to RMB 247.1 million as at 30 September 2015.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The results for the financial period ended 30 September 2015 is in line with the Company's results announcement on 15 August 2015.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In view of the sluggish overall market in China, the economic environment is challenging and the fluctuation of crude oil prices will have a direct impact on the production cost of the Group. The management will continue to adjust the production structure, develop new quality products and aim for better margin in response to the changing market condition.

11. If a decision regarding dividend has been made:

(a) Whether an interim (Final) ordinary dividend has been declared (recommended); and

No.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

13. Interested person transaction

The Group did not obtain a general mandate from shareholders for Interest Person Transactions ("IPTs") and no IPTs during current financial period under review.

14. Negative assurance confirmation on the interim financial results pursuant to Rule 705(5) of the Listing Manual.

The Board hereby confirm to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the third quarter ended 30 September 2015 to be false or misleading in any material aspects.

**BY ORDER OF THE BOARD
CHINA SKY CHEMICAL FIBRE CO., LTD.**

**Song Jian Sheng
Executive Director**

**Ye Chang Liu
Executive Director**

13 November 2015