

RESPONSE TO SGX QUERIES

China Sky Chemical Fibre Co., Ltd (the "**Company**") together with its subsidiaries, collectively the "**Group**") wishes to announce that the Company has received a request from SGX on 19 July 2018 to provide further information on the lawsuit filed in the High Court of Singapore against Mr Zheng Kai Su ("**Mr Zheng**") on 24 October 2016, for the fraudulent and/or unauthorised use of the Group's funds and/or assets as collateral for securing loans in the sum of approximately RMB 1,073,000,000. In this request, SGX had set out a list of queries to be answered by the Company, and has requested that the questions and corresponding answers be disclosed in the announcement. Accordingly, the Company sets out the questions and answers below.

1. We refer to China Sky Chemical Fibre Co., Ltd's (the "**Company**") announcements on 5 February 2018 and 12 February 2018 on the Legal Proceedings filed by the Company in the High Court of Singapore against Mr Zheng on 24 October 2016, for the fraudulent and/or unauthorised use of the Group's funds and/or assets as collateral for securing loans in the sum of approximately RMB 1,073,000,000. The Company disclosed in an Update Announcement on 5 February 2018 that "The Company's lawyers have applied for the renewal of the Writ for a year to 23 October 2018. The renewal application has since been granted by the Court on 20 December 2017". As the Writ will be expiring on 23 October 2018, please disclose:

- (i) What steps have been taken by the Company to serve the Writ prior to 20 Dec 2017;

Ans: As Mr Zheng's last known address was in the People's Republic of China ("**China**"), the Company made a request to the Singapore Court on 13 March 2017 to have the Writ served on Mr Zheng at his last known address in China through the proper channels, including but not limited to: (1) the government of China (where the government is willing to effect service); (2) the judicial authority of China; and/or (3) a Singapore consular authority at China. With this request, the service process is left in the hands of the Court and the Ministry of Foreign Affairs ("**MFA**"), who would work together to have the Writ served through the proper channels, and the Company has no control of the process.

Nonetheless, the Company sought regular updates from the Court, but was informed that the process had not been completed prior to 20 December 2017.

- (ii) Since the extension of time granted on 20 Dec 2017, what further steps have been taken by the Company to serve the Writ;

Ans: As mentioned above, since the Company has no control of the process, the Company can and has been regularly asking the Court for updates on the service process. In an update in May 2018, the Company was informed that the MFA had sought clarification on the address of Mr Zheng. The Company responded promptly to provide the clarification sought. In the latest update on 25 July 2018, the Company was informed that there are no further updates on service at the moment.

(iii) What does the Company intend to do to serve the writ by 23 Oct 2018 and what it is the timeline for doing so; and

Ans: As the Company has no control of the service process, it intends to continue seeking updates from the Court on the service process.

(iv) Will the Company be able to apply for the extension of the Writ if it is unable to serve the writ by 23 Oct 2018.

Ans: Yes.

2. On 12 February 2018, the Company responded to SGX Queries as to why the Company has not received notification that the Writ issued against Mr Zheng Kaisu has been successfully served on him. The Company disclosed that “the Company has no control over the speed at which the Court documents are served on Mr Zheng in China, and can only check on the progress of this by asking for regular updates from the Court – which has been done at regular intervals since 13 March 2017”. Please:

(i) Disclose identity of who is serving these Court Documents to Mr Zheng Kaisu;

Ans: Based on the update received from the Court on 25 July 2018, the Company has been informed that the Court Documents are being served on Mr Zheng by the People’s Republic of China Supreme People’s Court, as forwarded to them by the Singapore Embassy in Beijing (“Beijing Mission”).

(ii) What is the status of the service of the Writ on Mr Zheng Kaisu; and

Ans: The Beijing Mission has not received an update on the service.

(iii) Disclose when the Company last checked for updates from the Court on the successful service of the writ, how regularly the Company checks for updates and what was the difficulty faced by the server resulting in the delay in service.

Ans: The Company last checked for an update from the Court on 20 July 2018. In the update from the Court, it was stated that the Beijing Mission was not informed of the difficulties (if any) faced in the service of the Court Documents on Mr Zheng.

The Company regularly checks for updates a short time before each Pre-Trial Conference date before the Court - which would typically occur every 1 to 2 months. At present, the next Pre-Trial Conference is fixed for 29 August 2018. The Company will check for a further update closer to the next Pre-Trial Conference date.

The Company will continue to keep its shareholders informed should there be any substantive progress in the service of the Court Documents on Mr. Zheng, and will make such further announcements as and when appropriate.

On behalf of the Board

Ho Soo Jeow
Executive Director

25 July 2018