

CHINA SKY CHEMICAL FIBRE CO., LTD
(Company Registration Number: CT-146759)
(Incorporated in the Cayman Islands on 29 March 2005)

UPDATE ON LEGAL PROCEEDINGS FILED AGAINST THE COMPANY'S SUBSIDIARIES

- OUTCOME OF THE AUCTION ON 28 OCTOBER 2016 IN RELATION TO THE PROPERTIES AND MACHINERIES OF QUANZHOU TIANYU CHEMICAL FIBER & WEAVING INDUSTRY CO. LTD AND MACHINERIES OF TIANJIAN SPECIAL POLYMEDE FIBRE TECHNOLOGY FUJIAN CO., LTD.

The Company refers to the previous announcements made by the Company on 15 August 2016, 30 August 2016, 30 September 2016, 14 October 2016, 21 October 2016, 25 October 2016 and 28 October 2016 in relation to the lawsuits and winding-up proceedings filed against the Company's subsidiaries.

The Company understands from its PRC solicitors that the auction of the properties and machineries of Quanzhou Tianyu Chemical Fiber & Weaving Industry Co. Ltd and the auction of the machineries of Tianjian Special Polymede Fibre Technology Fujian Co., Ltd. on 28 October 2016, 3.00pm, at the Quanzhou City Intermediate People's Court auction hall, 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. The Company is presently consulting with its PRC solicitors on its legal remedies.

The Company will keep shareholders informed of the next round of auction and will make further announcements as and when appropriate.

BY ORDER OF THE BOARD

Ling Yew Kong
Chief Executive Officer and Executive Director

4 November 2016