

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
- SECOND AUCTION NOTICE

Reference is made to the announcements made by the Company on 15 August 2016, 30 August 2016, 30 September 2016, 14 October 2016, 21 October 2016, 25 October 2016, 28 October 2016, 4 November 2016, 16 November 2016 and 6 January 2017 in relation to the lawsuits and winding-up proceedings filed against the Company's subsidiaries. Unless otherwise defined herein, all capitalised terms and references used in these announcements shall have the same meanings as ascribed to them in this announcement.

The Board of Directors of China Sky Chemical Fibre Co., Ltd (the "**Company**") wishes to announce that it has received the second auction notice for the auction of the properties and machineries of Quanzhou Tianyu Chemical Fiber & Weaving Industry Co., Ltd ("泉州天宇化纤织造实业有限公司") ("Tianyu") located at Quanzhou Licheng District South Ring Road Jiangnan High Tech Park (泉州市鲤城区南环路江南高新园区) and the machineries of Tianjian Special Polymede Fibre Technology Fujian Co., Ltd ("天健特种锦纶科技(福建)有限公司") ("Tianjian"). The auction will take place at 3.00pm on 10 February 2017 at the Quanzhou City Intermediate People's Court auction hall ("泉州市中级人民法院拍卖大厅"). The auction of the properties and machineries of Tianyu and Tianjian is bundled with the auction of the machineries of Quanzhou Yong Xing Chemical Fiber & Weaving Industry Co., Ltd ("泉州市永兴化纤织造实业有限公司") ("Yong Xing") at an auction starting price of RMB241.18 million and security deposit of RMB25 million. Yong Xing is not related to the Company.

The Company is currently seeking legal advice from its lawyer. The Company will keep shareholders informed of any further developments and will make such further announcements as and when appropriate.

BY ORDER OF THE BOARD

Ling Yew Kong
Chief Executive Officer and Executive Director

25 January 2017