

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

- ATTEMPTED RESTRAINT OF THE AUCTION ON 28 OCTOBER 2016 IN RELATION TO PROPERTIES AND MACHINERIES OF THE COMPANY'S SUBSIDIARY, QUANZHOU TIANYU CHEMICAL FIBER & WEAVING INDUSTRY 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 and 25 October 2016 in relation to the lawsuits and winding-up proceedings filed against the Company's subsidiaries.

The Company had sought legal advice from its PRC lawyer in relation to the auction of the properties and machineries of Quanzhou Tianyu Chemical Fiber & Weaving Industry Co. Ltd ("**Tianyu**") that is to take place at 3.00pm on 28 October 2016 at the Quanzhou City Intermediate People's Court ("**the Court**") auction hall. The Company understands that the auction arose from the 15 cases filed by China Construction Bank Quanzhou Branch against Tianyu, 13 of which are the subject of previous announcements by the Company, and 2 of which the Company's PRC lawyer had since found are further cases instituted against Tianyu.

On the advice of the Company's PRC lawyers, the Company had made urgent oral applications through its PRC lawyers to restrain the auction of the properties and machineries of Tianyu on the afternoon of 27 October 2016 at 3.00pm, on the basis that the Company had made loans of approximately RMB 899,231,000 to Tianyu which have not been repaid. The oral applications were not accepted by the Court. The PRC lawyer had also sent the applications to restrain the auction to the Court this morning for their further consideration.

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

BY ORDER OF THE BOARD

Ling Yew Kong
Chief Executive Officer and Executive Director

28 October 2016