



China Sky Chemical Fibre Co., Ltd.

(Registration No: CT-146759)

MISCELLANEOUS: CONDITIONS OF TRADING RESUMPTION

The Board of Directors of China Sky Chemical Fibre Company Limited (the “Company”) wishes to update shareholders that the Company has received the response from Singapore Exchange Securities Trading Limited (“SGX” or the “Exchange”) regarding the trading resumption proposal submitted by the Company on 12 May 2014.

SGX has no objection to the Company’s trading resumption proposal subject to the following:-

- (a) A resolution passed by the Board of Director (the “Board”) to take all necessary actions to accept Mr Huang and/or Rock Mart Equities Ltd’s surrender of the Company’s shares pursuant to the Settlement Agreement between Mr Huang and the Monetary Authority of Singapore (“MAS”) in relation to the Company;
- (b) An undertaking from the Board to appoint a suitable Chief Financial Officer, acceptable to the Exchange, within six months of trading resumption and a disclosure via SGXNET of the Board’s view of the adequacy of the Company’s current resource in its finance function;
- (c) A confirmation from the Board of the appointment of compliance advisor, who will ensure the Company’s compliance with Listing Rules and corporate governance matters, for a period of not less than 3 years from date of trading resumption and until such time the Audit Committee is satisfied that the Company and its subsidiaries (“Group”) procedures to comply with its continuous listing obligations are robust and effective. Prior to the decommissioning of the Compliance Advisor, the Audit Committee is required to confirm their satisfaction of this matter to the Exchange and the basis for their views;
- (d) A confirmation from BDO LLP that they are satisfied that the Company has adequately addressed the internal control weakness raised in the Internal Audit Report and those highlighted in Stone Forest Corporate Advisory Pte Ltd’s Special Audit Report announced on 20 June 2013;
- (e) An undertaking from the Board to commission annual internal controls audits by a suitable and qualified professional accounting firm for at least 3 years from date of trading resumption and until such time the Audit Committee is satisfied that the Group’s internal control are robust and effective enough to mitigate the Group’s internal control weakness. Prior to the decommissioning of this annual audit, the Board is required to report to the

Exchange on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit;

- (f) A written undertaking from each of the Company's directors in the form as required by the Exchange and an undertaking from the Company to procure the same written undertaking from any new director appointed to the Company's board after the Company's resumption of trading;
- (g) Announcement via SGXNET of the following:
 - (i) the trading resumption proposal and the detailed steps taken by the Company to address the findings arising from the Special Audit Report;
 - (ii) the Board's opinion and bases that the Company and the Group will be able to operate as a going concern and has sufficient working capital adequacy for the next 12 months from the date of lifting of the trading suspension;
 - (iii) the opinion of the Board, with the concurrence of the Audit Committee, on the adequacy of the internal controls including the basis of the opinion, a confirmation from the Board that they are satisfied that the Company has adequately and satisfactorily addressed all the points raised in BDO LLP's internal audit report and internal control weakness highlighted in Stone Forest Corporate Advisory Pte Ltd's Special Audit Report.

In addition to the foregoing, the Exchange reserves the right to amend and/or vary the above confirmation/decision and such confirmation/decision is subject to changes in the Exchange's policies.

The Company will make the necessary announcements as and when there are material developments on the above matters.

By order of the Board

Ling Yew Kong
Chief Executive Officer and Executive Director
12 February 2015