



## Regulatory Action - Singapore Exchange continues to enforce compliance with the listing rules on China Sky and its Directors

1. Singapore Exchange (“SGX”) has today applied to the High Court of Singapore for a Court Order to enforce its directive to China Sky Chemical Fibre Co. Ltd (“China Sky” 中国天宇化 有限公司) to appoint a Special Auditor. The application was made against China Sky and its directors, Huang Zhong Xuan (黄忠炫), Cheung Wing Lin ( ), Song Jian Sheng (宋建生) and Wang Zhi Wei (王志 ) (collectively, the “Directors”) pursuant to, *inter alia*, Section 25 of the Securities and Futures Act (Cap 289) (“SFA”) to compel compliance with the Listing Rules. The application is fixed for hearing on 16 January 2012. China Sky’s operating subsidiaries are based in the People’s Republic of China (please refer to Appendix for details).
2. On 16 November 2011, SGX directed China Sky to appoint a Special Auditor (“the Directive”) to investigate into certain interested party transactions between China Sky and its then Audit Committee Chairman, Lai Seng Kwoon, the aborted acquisition and development of land in China and certain repairs and maintenance costs (collectively, the “Special Audit Issues”). Despite every opportunity offered, China Sky persists in its non-compliance with the Directive. SGX, has therefore, escalated the matter to the High Court.
3. All three of China Sky’s independent directors have resigned on 5 January 2012, citing China Sky’s non-compliance with the Directive. Consequently, SGX has applied to the High Court for China Sky and its Directors to comply with Listing Rules 221 and 720(3), which require China Sky by appointing at least two independent directors resident in Singapore, and by obtaining the approval of SGX for the appointment of any director to the board, as well as to fill the vacancy within the audit committee within seven days or such other time as the High Court thinks fit.
4. SGX is committed to maintain the integrity of the marketplace and will take all necessary steps and measures to obtain compliance with its Listing Rules in the best interest of the investing public. The Listing Rules support market transparency and listed companies must comply with the Listing Rules at all times which they undertake at listing.

### Appendix

China Sky Chemical Fibre’s operating subsidiaries in the People’s Republic of China are:-

- i. Quanzhou Tianyu Chemical Fiber & Weaving Industry Co., Ltd. (泉州天宇化 造 有限公司) at the Jiangnan Industrial Garden, Licheng District, Quanzhou City, Fujian (福建省泉州市 城区南 路江南高新技 园区)
- ii. Tianjian Special Polymede Fibre Technology Fujian, Co., Ltd. (天健特 科技 (福建) 有限公司) and
- iii. Qingdao Zhongda Chemical Fibre Company Ltd (青 中达化 有限公司)

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