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CHINA SPECIALISED FIBRE HOLDINGS LIMITED **中國特種纖維控股有限公司** *

(Incorporated in Bermuda with limited liability)

Announcement

This announcement is made at the request of the Company to clarify the situation of the litigation between Mr Chen Shunli and Young Champion Finance Limited.

The litigation between Mr Chen Shunli and Young Champion Finance Limited was dismissed by a consent order dated 16 July 2002.

Reference is made to an announcement by the Company dated 14 January 2002 in relation to a claim made against the controlling shareholder, Mr Chen Shunli for approximately HK\$37,000,000.

The board of directors of the Company was informed by Mr Chen Shunli that the litigation between Young Champion Finance Limited (as Plaintiff) and Mr Chen Shunli, the controlling shareholder and executive director of the Company (as Defendant), was dismissed by a consent order sealed by the Hong Kong Court dated 16 July 2002. The board of directors of the Company believes that the abovementioned matter does not have any material impact on the Company's normal operation.

By Order of the Board
China Specialised Fibre Holdings Limited
Chen Shunli
Chairman

Hong Kong, 18 July 2002

* *For identification purpose only*