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HESHUN SPECIALISED FIBRE HOLDINGS LIMITED

和順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 various newspaper articles that were published on 12 January 2002 in relation to a claim made against the controlling shareholder, Mr. Chen Shunli, for approximately \$37,000,000.

The board of directors (the "Board") of Heshun Specialised Fibre Holdings Limited (the "Company") noted that several newspaper articles were published on 12 January 2002 in relation to a claim made against the controlling shareholder of the Company, Mr. Chen Shunli for approximately \$37,000,000.

The Board wishes to inform its investors that the claim is made against Mr. Chen Shunli in his personal capacity and it is not expected to have any material impact on the normal operations of the Company, including without limitations the Company's production lines in the People's Republic of China.

Reference is made to the prospectus of the Company dated 31 October 2000 in relation to, among other matters, the Company's investment in the development project for the production of spandex in the People's Republic of China. The Board announces that the plant construction is on schedule and it is expected that the plant construction will proceed to full capacity on 19 January 2002.

As regards the claim made against Mr. Chen Shunli, Mr. Chen Shunli has informed the Board that he would strenuously deny all the claims made against him.

This announcement is made by order of the board, the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the board
Heshun Specialised Fibre Holdings Limited
Chen Shunli
Chairman

Hong Kong, 14 January, 2002

* *for the purpose of identification only*