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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)*

**DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT  
AND  
DESPATCH OF ANNUAL REPORT**

The publication of announcement of the Audited Final Results of the Group for the year ended 31 December 2002 is postponed to on or before 31 July 2003 and the dispatch of the Annual Report for the same period is expected to be distributed to its shareholders on or before 11 August 2003. The Unaudited Results for the same period is expected to be published on or before 15 June 2003.

The Board acknowledges that the delay in publication of the Audited Final Results and Unaudited Results of the Company and the dispatch of the Annual Report of the Company for the financial year ended 31 December 2002 constitute breaches of paragraphs 11(1), 11(3)(i)(c) and 8(1) of the Listing Agreement of the Company respectively. The Stock Exchange reserves its rights to take appropriate actions against the Company and/or its directors in respect of such breaches.

At the request of the Company, trading in the securities of the Company has been suspended with effect from 2:30 p.m. on Tuesday, 26 November 2002 and will remain temporarily suspended pending the release of the announcement in relation to the change in the shareholding structure of the Company.

The publication of announcement of the audited final consolidated results of China Specialised Fibre Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) for the year ended 31 December 2002 (“Audited Final Results”) is postponed to on or before 31 July 2003 and the annual report of the Group for the year ended 31 December 2002 (“Annual Report”) is expected to be distributed to its shareholders on or before 11 August 2003. Unaudited consolidated results of the Group for the year ended 31 December 2002 (“Unaudited Results”) is expected to be published on or before 15 June 2003.

The board of directors (the “Board”) of the Company, except the two independent non-executive directors, Mr. Chen Dajun and Mr. Jiang Xixia, has resolved the approval of the delay in publication of the Unaudited Results and the Audited Final Results and the dispatch of the Annual Report. In respect of the opinion of the two independent non-executive directors, Mr. Chan Dajun and Mr. Jiang Xixia, they disagreed the above-proposed timetable and pointed out that the Company should try its best to publish the Unaudited Results, Audited Final Results and distribution of the Annual Report earlier. The Board acknowledged the recommendations of the two independent non-executive directors. However, the Board approved the proposed timetable as the Board is of the opinion that (i) the Board of the Company needs more time, taking into the consideration of the current Group’s state of affairs, to evaluate the current projects, including spandex project, ultra fine pre-oriented yarn and island staple projects (the “Projects”), being undertaken by the Group. As mentioned in the Company’s announcement dated 17 April 2003, approximately HK\$172 million bank loans have been overdue. The continuity of these Projects is highly dependent on the support of these bankers and future cash flows of the Group as a whole. The Group is currently under negotiations with the bankers to renew/ reschedule the bank loans and to seek their ongoing support to the Group. There is no significant progress regarding the negotiation with the banks as of the date of this announcement. As at 31 December 2001, these Projects amounted to approximately RMB394 million, and consequently, the decision on continuity of these Projects will have a material impact on the Group’s Audited Final Results for the year ended 31 December 2002; and (ii) the ongoing negotiation between the Group’s substantial shareholder and the potential investor, Gangsu San Zhou Industrial Holdings Limited (the “Investor”), further delays the above-mentioned publication because of the due diligent review exercise being carried out by the Investor recently. The Group has devoted the Group’s resource to facilitate the said due diligent review. In addition, the success of the negotiation will also have a material impact on the Group’s Audited Final Results, and consequently, the Board would also like to have more information in this respect to finalise the Unaudited Results.

The Board acknowledges that the delay in publication of the said Audited Final Results and Unaudited Results and dispatch of the Annual Report constitute breaches of paragraphs 11(1), 11(3)(i)(c) and 8(1) of the Listing Agreement by the Company respectively. The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) reserves its rights to take appropriate actions against the Company and/or its directors in respect of such breaches.

As mentioned in the Company’s announcement dated 17 April 2003, the substantial shareholder of the Company, Gigalink Group Limited (“Gigalink”), is negotiating with the Investor, in disposing an interest in the share capital of the Company. Mr. Chen Shunli (“Mr. Chen”), chairman and chief executive officer of the Company, currently holds the 100% interest in the share capital of Gigalink and is also the sole director of Gigalink. It is expected that the negotiation will be finalised in the near

future and will be completed before the above-mentioned publication. The Company will make a further announcement giving the details on this matter as soon as possible. The said disposal may constitute a breach of the appendix 10 “Model Code for Securities Transactions by Directors of Listed Companies” (“Mode Code”) of the Rules Governing the Listing of Securities on the Stock Exchange. The Stock Exchange reserves its rights to take appropriate actions against Mr. Chen if the said disposal constitutes a breach to the Model Code.

Save as disclosed above, the directors of the Company have confirmed that they and their respective associates have not dealt in any securities of the Company since 27 November 2002 and have undertaken to the Stock Exchange that they and their respective associates will not deal in the securities of the Company until the Audited Final Results and the Annual Report of the Company are published.

At the request of the Company, trading in the securities of the Company has been suspended with effect from 2:30 p.m. on Tuesday, 26 November 2002 and will remain temporarily suspended pending the release of the announcement in relation to the change in the shareholding structure of the Company.

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

By order of the Board  
**China Specialised Fibre Holdings Limited**  
**Chen Shunli**  
*Chairman & Chief Executive Officer*

Hong Kong, 27 May 2003

\* *for identification purpose only*

Please also refer to the published version of this announcement in The Standard.