

SINO TECHFIBRE LIMITED
(“the Company”)
(Incorporated in Bermuda)
(Company Registration Number: 38530)

**ANNOUNCEMENT PURSUANT TO RULE 704(5)(a) OF THE LISTING MANUAL:
DISCLAIMER OF OPINION BY INDEPENDENT AUDITORS ON FINANCIAL
STATEMENTS**

In compliance with Rule 704(5)(a) of the Listing Manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board of Directors of Sino Techfibre Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that the Company's auditors, Ernst & Young LLP, have issued a disclaimer of opinion in the Independent Auditors' Report on the Company's consolidated financial statements for the financial year ended 31 December 2010 ("FY2010").

A copy of the aforesaid Independent Auditors' Report together with the extract of the relevant note from the Company's consolidated financial statements for FY2010 is annexed to this announcement.

The Company's Annual Report for FY2010, which will contain the Independent Auditors' Report and the Company's consolidated financial statements for FY2010 will be despatched to shareholders and to the SGX-ST on or around 14 February 2012.

BY ORDER OF THE BOARD

Name: Low Siew Tian
Company Secretary
Date: 10 February 2012

Independent Auditors' Report
For the financial year ended 31 December 2010

To the members of Sino Techfibre Limited

We were engaged to audit the accompanying financial statements of Sino Techfibre Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 7 to 63, which comprise the balance sheets of the Group and the Company as at 31 December 2010, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Because of the matters described in the Basis for Disclaimer Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

During the course of our audit, we noted numerous discrepancies in the invoices supporting both the sales and purchases of all three of the Company's subsidiaries in the People's Republic of China. Those discrepancies raise doubts as to the authenticity of the supporting documents maintained by management in relation to the Group's sales and purchases transactions.

As disclosed in Note 1.2 to these financial statements, the Company had appointed Special Auditors to undertake an independent investigation covering among other matters, the discrepancies described above. The Special Auditors were unable to complete their engagement.

Accordingly, we are unable to satisfy ourselves as to the existence and validity of the sales and purchase transactions and the corresponding trade receivables and trade payables recorded by the Group in these financial statements. This also brings into question whether proper accounting records have been maintained by the Group and the consequent implications this has on the accuracy and reliability of these financial statements.

Independent Auditors' Report
For the financial year ended 31 December 2010

To the members of Sino Techfibre Limited

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants
Singapore
30 January 2012

Sino Techfibre Limited and its subsidiaries
Notes to the Financial Statements - 31 December 2010

1. Corporate information

1.2 Independent investigation

On 14 April 2011, the Company announced that in the course of their audit, the external auditors discovered certain discrepancies in invoices issued by the Company's subsidiaries in the PRC and their suppliers.

On 18 April 2011, the Company announced that the trading in its shares will be suspended on 19 April 2011. On 21 April 2011, the Company announced that a fire broke out in the early hours of the morning on 20 April 2011 at a part of the Company Lam Tin Tsong administrative premises of the production facility in Longkou City and on 19 May 2011, the Company announced that the fire may have been caused by an electrical short circuit.

On 24 May 2011, the Audit Committee (the "AC") commissioned and appointed KPMG Services Pte Ltd ("KPMG") as special auditors to *inter alia* conduct an independent investigation on the audit issues raised by the external auditors during the course of their audit.

On 21 November 2011, the AC of the Company received an independent report from KPMG. In the report, KPMG stated that they were not given access to five of the six computers used by the Company's and its subsidiaries' employees in order for them to perform their forensic technology procedures, and that the local tax bureau refused to accede to the Company's request. On 21 November 2011, the Company received an independent report from KPMG. the Company's PRC subsidiaries also received an independent report from KPMG. the Company's , KPMG stated that they were not given access to five of the six computers used by the Company's and its subsidiaries' employees in order to proceed.

In light of this, the AC decided to recommend the appointment of a firm of valuers, to carry out a valuation of the Company's assets and liabilities to ascertain what the current value of the Company is in the opinion of the valuer. Accordingly, on 3 January 2012, the AC appointed Stone Forest Corporate Advisory Pte Ltd (SFCA) to perform the business valuation of the Company. As at the date of this report, the aforesaid business valuation is still ongoing.