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FAR EASTERN POLYCHEM INDUSTRIES LIMITED

(遠東化聚工業股份有限公司)*

(Incorporated in Bermuda with limited liability)

PROFIT WARNING FOR THE YEAR ENDED 31 DECEMBER 2002

The Board wishes to state that although sales volume increased, polyester products' unit selling prices declined at a greater extent throughout 2002, which led to an erosion to the Company's profit margin. Based on the Company's unaudited management accounts for the year ended 31 December 2002, it is expected that the profit of the Company for 2002 will decrease by more than 50 percent compared to that for 2001.

Shareholders of the Company and potential investors are accordingly urged to exercise caution when dealing in the shares of the Company.

The board of directors (the "Board") of Far Eastern Polychem Industries Limited (the "Company") wishes to state that, notwithstanding positive business developments for the Company in 2002, the imbalance between demand and supply within the PRC's domestic polyester industry meant that although sales volume increased, polyester products' unit selling prices declined at a greater extent throughout 2002, which led to an erosion to the Company's profit margin. Based on the Company's unaudited management accounts for the year ended 31 December 2002, it is expected that the profit of the Company for 2002 will decrease by more than 50 percent compared to that for 2001. The Company's actual results for the year ended 31 December 2002 remain subject to audit and the audited results are expected to be published before 31 March 2003.

Shareholders of the Company and potential investors are accordingly urged to exercise caution when dealing in the shares of the Company.

By Order of the Board
Shun Fai Liu
Company Secretary

Hong Kong, 28 January 2003

* *For identification purpose only*

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting.