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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)

(Stock Code: 8012)

Further deferral of completion of the acquisition of Business Assets from Dupont Suzhou Polyester Company Limited

The Board announces that FEPI and DSPC have agreed to further extend the long stop date for completion of the Agreement and the Investment Agreement to 31 July 2004 to facilitate the closing of the acquisition.

Reference is made to the announcement of Far Eastern Polychem Industries Limited (“FEPI”) dated 18 April 2002, the circular of FEPI dated 8 May 2002, the announcements dated 30 December 2002, 1 April 2003, 30 September 2003, 31 December 2003, 27 February 2004 and 30 April 2004 in respect of the acquisition of certain assets, raw materials and work-in-progress from Dupont Suzhou Polyester Company Limited (“DSPC”). Capitalised terms used herein have the same meanings as those defined in the announcements and the circular.

Pursuant to the Agreement and the Investment Agreement, completion was expected to take place on or before 31 December 2002, after all the conditions precedent set out in the Agreement and the Investment Agreement had been fulfilled (or waived). As stated in our announcements dated 30 December 2002, 1 April 2003, 30 September 2003, 31 December 2003, 27 February 2004 and 30 April 2004, due to certain approvals remaining outstanding from the PRC government authorities and /or administrative delay, the long stop date was extended to 31 March 2003, 30 September 2003, 31 December 2003, 29 February 2004, 30 April 2004 and 30 June 2004, respectively.

After entering into the Agreement and the Investment Agreement, the PRC government authorities required DuPont to acquire all the equity interest,

amounting to 18.9%, held by the Chinese joint-venture partner of DSPC, Suzhou Chemical Fibre Plant, with such acquisition being a pre-requisite to their approving the sale of DSPC's Business Assets to FEPI. Accordingly, DuPont has negotiated and agreed in principle with Suzhou Chemical Fibre Plant the terms on which Dupont would acquire the 18.9% equity interest held by Suzhou Chemical Fibre Plant. After a prolonged period of negotiation and obtaining government approvals, all necessary government approvals have been obtained and all conditions set out in the Agreement and the Investment Agreement have been fulfilled.

Due to the delay in the completion of the acquisition of the Business Assets from DSPC, the contracting parties have agreed that the cash consideration for the acquisition be adjusted from US\$35.12 million to US\$33.00 million. In addition, based on the Agreement, FEPI will also acquire raw materials and work-in-progress of DSPC, the quantities of which will be reassessed before completion of the Agreement. The Directors consider that the acquisition of the Business Assets at the reduced consideration is beneficial to the Group.

FEPI and DSPC are now in the process of closing the acquisition of the Business Assets, and FEPI and DSPC have agreed to further extend the long stop date for completion of the Agreement and the Investment Agreement to 31 July 2004, or such other date as the parties may otherwise agree. FEPI has not paid any of the consideration for the acquisition as of today. The consideration will be paid upon completion of the Agreement and the Investment Agreement.

Save for the above, the terms and conditions of the Agreement and Investment Agreement remain unchanged, and had been fulfilled as of the date of this announcement. No terms and conditions of the Agreement and Investment Agreement were waived. A further announcement will be made should completion of the Agreement and Investment Agreement not take place by 31 July 2004 or otherwise a further announcement will be made after completion of the Agreement and the Investment Agreement.

By Order of the Board
Far Eastern Polychem Industries Limited
Wai-Kit Kong
Company Secretary

Hong Kong, 30 June 2004

** for identification purposes only*

As at the date of this announcement, Mr. Shu-Tong Hsu, Mr. Jar-Yi Shih, Mr. Champion Lee, Mr. Lih-Teh Chang and Mr. Chin-Sen Tu are Executive Directors of the Company; Mr. Shaw-Y Wang is a Non-executive Director; Mr. Tak-Lung Tsim, Mr. Ying-Ho Wong and Mr. Shih-Hung Chan are Independent Non-executive Directors.

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.

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