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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)

DISCLOSURE OF A TRADE RECEIVABLE PURSUANT TO RULES 17.15 AND 17.17 OF THE GEM LISTING RULES

As at 31st December 2004, there were 410,296,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$1.494 per share as stated in the Stock Exchange's daily quotation sheets for the trading days from 23rd December 2004 to 30th December 2004 (both days inclusive), being the five business days immediately preceding 31st December 2004, the total market capitalisation of the Company was approximately HK\$613 million as at 31st December 2004.

This announcement is made pursuant to rules 17.15 and 17.17 of the GEM Listing Rules to disclose a trade receivable of the Group which exceeds 8% of the Company's total market capitalisation as at 31st December 2004.

According to rules 17.15 and 17.17 of the Rules Governing the Listing of Securities (the "GEM Listing Rules") on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), a disclosure obligation arises where the relevant advance to an entity from Far Eastern Polychem Industries Limited (the "Company") and its subsidiaries (collectively the "Group") exceeds 8% of the Company's total market capitalisation.

As at 31st December 2004, there were 410,296,000 shares of the Company in issue. Based on the average closing price of the Company's shares of HK\$1.494 per share as stated in the Stock Exchange's daily quotation sheets for the trading days from 23rd December 2004 to 30th December 2004 (both days inclusive), being the five business days immediately preceding 31st December 2004, the total market capitalisation of the Company was approximately HK\$613 million as at 31st December 2004.

As at 31st December 2004, the following trade receivable (the “Trade Receivable”) arising from sales transactions on polyester products exceeded 8% of the Company’s total market capitalisation as at 31st December 2004:

		% of Total Market HK\$ Capitalisation
Chuang Yuan Limited (“Chuang Yuan”)	84,944,000	13.9

Chuang Yuan is a customer of the Group and a third party independent of any of the Directors, chief executive, management shareholders or substantial shareholders of the Company, its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

The Trade Receivable resulted from sales of polyester products to Chuang Yuan by the Group in its ordinary course of business and on normal commercial terms. It is unsecured and interest free, and with payment terms ranging from 30 to 90 days. Up to the date of this announcement, the Group does not experience any collectibility problem from Chuang Yuan.

Due to the nature of the transactions and business practice, trade receivables can only be finalised after month end, which also need to be verified and confirmed by customers pursuant to the normal trading practices in respect of such receivables and the relevant trade terms. As the Directors of the Company believed that it is the best practice to comply with 17.15 and 17.17 of the GEM Listing Rules as soon as possible, the Company therefore issues this announcement as soon as it can update its books and records so as to comply with Rules 17.15 and 17.17 of the GEM Listing Rules.

The Company will comply with the relevant disclosure requirements pursuant to Rule 17.22 of the GEM Listing Rules for so long as the circumstances giving rise to such disclosure obligation continue to exist.

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

Hong Kong, 17th January 2005

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 collectively and individually accept full responsibility, includes particulars given in compliance with the Rules governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (i) the information contained in the announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its publication.

** for identification purposes only*