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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)

PROFIT WARNING

The board of directors (the “Board”) of Far Eastern Polychem Industries Limited (the “Company”) announce an expected erosion in profit margin due to the increase in costs of production on account of the surge in price of petrochemical raw materials and the imbalance between demand and supply within the PRC’s domestic polyester industry. It is expected that the Company will record a loss for the three months ended 31 March 2005 while the Company recorded a profit of approximately HK\$26,354,000 for the three months ended 31 March 2004.

As the Company’s results for the three months ended 31 March 2005 have not yet been finalized, the Board is not in a position to quantify precisely of the abovementioned factors at this stage.

By order of the Board
Far Eastern Polychem Industries Limited
Wai-Man Yim
Company Secretary

Hong Kong, 5 May 2005

As at the date of this announcement, Mr. Shi-Tong Hsu, Mr. Jar-Yi Shih, Mr. Champion Lee, Mr. Lih-the Chang and Mr. Chin-Sen Tu are Executive Directors of the Company; Mr. Shaw-Y Wang is a Non-executive Directors and 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 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 at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the day of its posting.

** For identification purpose only*