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遠鼎投資股份有限公司
Yuang Ding Investment Corporation
(incorporated in Taiwan with limited liability)

遠東化聚工業股份有限公司*
Far Eastern Polychem Industries Limited
(incorporated in Bermuda with limited liability)
(Stock Code: 8012)

JOINT ANNOUNCEMENT

PROPOSED PRIVATISATION OF FAR EASTERN POLYCHEM INDUSTRIES LIMITED BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 99 OF THE COMPANIES ACT) AT THE CANCELLATION PRICE OF HK\$2.20 PER SCHEME SHARE AND SHARE REPURCHASE UNDER SHARE REPURCHASE CODE

DESPATCH OF SCHEME DOCUMENT

Financial adviser to Far Eastern Polychem Industries Limited
BNP PARIBAS PEREGRINE

The Scheme Document will be despatched to the Shareholders on Thursday, 6th October, 2005.

The respective notices of the Court Meeting and the SGM to be held on Monday, 31st October, 2005 are set out in the Scheme Document.

Independent Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendation in relation to the Proposal as set out in the letter from Somerley, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal.

Shareholders and/or potential investors should be aware that the Proposal is subject to a number of conditions being fulfilled or waived, as applicable, and therefore may or may not become effective. Subject to all the conditions of the Proposal being fulfilled or waived, as applicable, the Scheme is expected to become effective after 4:00 p.m. on Friday, 18th November, 2005. Details of these conditions are set out in the Scheme Document. The Scheme will lapse if it does not become effective on or before 31st March, 2006 (or such later date as YDIC and FEPI may agree or as the Court may direct) and the Shareholders will be notified accordingly by an announcement published on the GEM website and on FEPI's website at www.fepi.com.hk.

Shareholders and/or potential investors are advised to exercise extreme caution when dealing in the Shares.

INTRODUCTION

Reference is made to the joint announcement dated 30th August, 2005 made by Far Eastern Polychem Industries Limited ("FEPI") and Yuang Ding Investment Corporation ("YDIC"). Terms defined in the Announcement have the same meaning when used in this announcement unless otherwise defined herein.

DESPATCH OF THE SCHEME DOCUMENT

The document containing details of the Scheme of FEPI under Section 99 of the Companies Act ("Scheme Document") will be despatched to the Shareholders on Thursday, 6th October, 2005.

The Scheme Document contains, inter alia, further details about the Proposal, the Scheme, the expected timetable, the explanatory statement, information on FEPI, the letter from the Independent Board Committee referred to below, the letter from the independent financial adviser to the Independent Board Committee, the property valuation report, a notice of the Court Meeting and a notice of the SGM.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

Mr. Tak-Lung Tsim, Mr. Ying-Ho Wong and Mr. Shih-Hung Chan, the independent non-executive Directors, have been appointed by the Board to advise the Independent Shareholders in relation to the Proposal. Somerley has been appointed by FEPI as the independent financial adviser to advise the Independent Board Committee in connection with the Proposal. The Scheme Document contains, inter alia, a letter from Somerley giving its advice and recommendation to the Independent Board Committee on the Proposal.

Independent Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendation in relation to the Proposal as set out in the letter from Somerley before making a decision on the Proposal.

Actions to be taken by the Shareholders are set out in the Scheme Document.

INDEBTEDNESS

As at the close of business on 31st August, 2005, being the latest practicable date for this indebtedness statement prior to the publication of the Scheme Document, the FEPI Group had outstanding borrowings totalling HK\$2,024 million, comprising bank overdrafts of approximately HK\$12 million, bank loans of approximately HK\$1,833 million, and other loans of approximately HK\$179 million. Of these borrowings, bank and other loans of the FEPI Group were secured to the extent of approximately HK\$208 million.

As at 31st August, 2005, fixed assets of certain subsidiary companies amounting to HK\$563 million were used as collateral for certain of the borrowings.

As at 31st August, 2005, FEPI had given guarantees of approximately HK\$630 million in favour of banks for securing banking facilities granted to subsidiaries.

Save as disclosed above, the FEPI Group did not have any other outstanding bank overdrafts, loans or other similar indebtedness, mortgages, charges, or guarantees or other material contingent liabilities as at 31st August, 2005.

The Directors have confirmed that there has been no material changes in FEPI's indebtedness, commitments or contingent liability position since 31st August, 2005.

MEETINGS

The Court Meeting and the SGM (the "Meetings") will be held at 10:30a.m. and 11:00a.m. (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) respectively on Monday, 31st October, 2005 at the Bamboo Peacock Room, 1st Floor, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong. Notices of the Meetings are set out in the Scheme Document. For the purpose of the Meetings, dealings in the Shares are expected to be suspended from 9:30 a.m. on Monday, 31st October, 2005 and expected to be resumed at 9:30 a.m. on Tuesday, 1st November, 2005.

A further announcement will be made by FEPI in relation to, inter alia, the voting results of the Court Meeting and the SGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of Independent Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the SGM, the register of members of FEPI will be closed from Thursday, 27th October, 2005 to Monday, 31st October, 2005 (both dates inclusive). During such period no transfer of Shares will be effected. In order to qualify to vote at the Meetings, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar of FEPI in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (the "Registrar") by not later than 4:00 p.m. on Wednesday, 26th October, 2005.

Provided that the Proposal is approved, the last day for dealing in the Shares on GEM will be Tuesday, 15th November, 2005. To qualify for entitlements under the Scheme, all transfers accompanied by the relevant share certificates must be lodged with the Registrar no later than 4:00 p.m. on Thursday, 17th November, 2005.

CONDITIONS OF THE PROPOSAL

Shareholders and/or potential investors are reminded that the Proposal is subject to a number of conditions being fulfilled or waived, as applicable, and therefore may or may not become effective. Subject to all the conditions of the Proposal being fulfilled or waived, as applicable, the Scheme is expected to become effective after 4:00 p.m. on Friday, 18th November, 2005. Details of these conditions are set out in the explanatory statement contained in the Scheme Document. The Scheme will lapse if it does not become effective on or before 31st March, 2006 (or such later date as YDIC and FEPI may agree or as the Court may direct) and Shareholders will be notified accordingly an announcement published on the GEM website and on FEPI's website at www.fepi.com.hk.

The directors of FEPI intend that the listing of the Shares on GEM will be withdrawn if the Scheme is implemented and be maintained in the event that the Scheme is not approved or it lapses.

Shareholders and potential investors are advised to exercise extreme caution when dealing in the Shares.

EXPECTED TIMETABLE

Hong Kong time 2005

Latest time for lodging transfers of
the Shares to qualify for attending
and voting at the Court Meeting and
the SGM 4:00 p.m. on Wednesday,
26th October

Register closed for determination of
entitlements of Independent Shareholders
to attend and vote at the Court Meeting
and of Shareholders to attend and
vote at the SGM Thursday, 27th October to
Monday, 31st October
(both dates inclusive)

Latest time for lodging forms of proxy
in respect of
Court Meeting (*Note 1*) 10:30 a.m. on Saturday, 29th October

SGM (*Note 1*) 11:00 a.m. on Saturday, 29th October

Suspension of dealings in the Shares 9:30 a.m. on Monday, 31st October

Court Meeting (<i>Note 1</i>)	10:30 a.m. on Monday, 31st October
SGM (<i>Note 1</i>)	11:00 a.m. on Monday, 31st October or so soon thereafter the Court Meeting shall have been concluded or adjourned
An announcement of the results of the Court Meeting and the SGM on the GEM website	7:00 p.m. on Monday, 31st October
Resumption of dealings in the Shares	9:30 a.m. on Tuesday, 1st November
Court hearing of the petition to sanction the Scheme (<i>Note 2</i>)	Monday, 14th November
An announcement of the result of the Court hearing to sanction the Scheme on the GEM website	7:00 p.m. on Tuesday, 15th November
Last day for dealing in the Shares	4:00 p.m. on Tuesday, 15th November
Latest time for lodging transfers of the Shares to qualify for entitlements under the Scheme	4:00 p.m. on Thursday, 17th November
Record Date	4:00 p.m. on Friday, 18th November
Effective Date (<i>Note 3</i>)	after 4:00 p.m. on Friday, 18th November
Withdrawal of the listing of the Shares on GEM becomes effective (<i>Note 3</i>)	9:30 a.m. on Monday, 21st November
An announcement on the Effective Date and withdrawal of listing of the Shares on the GEM website	Monday, 21st November
Cheques for cash entitlements under the Scheme to be despatched on or before	Wednesday, 23rd November

Shareholders should note that the above timetable, which is mainly dependent on the availability of the dates for the Court to hear the proceedings relating to the Scheme, is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- Forms of proxy should be lodged with Computershare Hong Kong Investor Services Limited, the branch share registrar of FEPI in Hong Kong, by hand or by post, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event no later than the times

and dates stated above. In the case of the pink form of proxy in respect of the Court Meeting, it may be handed to the chairman of the Court Meeting at the Court Meeting if it is not so lodged. In order to be valid, the white form of proxy for the SGM must be lodged not later than the time and date stated above. Completion and return of a form of proxy for the Court Meeting or the SGM will not preclude a Shareholder from attending the relevant meetings and voting in person. In such event, the returned form of proxy will be deemed to have been revoked.

2. All references in this document to times and dates are references to Hong Kong times and dates, other than references to expected dates for the Court hearing of the petition to sanction the Scheme, which are references to the relevant times and dates in Bermuda. Bermuda time is 11 hours behind Hong Kong time until 30th October, 2005 when Bermuda will be 12 hours behind Hong Kong.
3. The Scheme will become effective when it is sanctioned (with or without modification) by the Court and a copy of the Court order is delivered to the Registrar of Companies in Bermuda for registration and is registered. Registration is expected to take place in the morning on Friday, 18th November, 2005 (Bermuda time) (which will be the evening on Friday, 18th November, 2005 (Hong Kong time)). However, in the event that not all of the conditions of the Proposal have been fulfilled (or, as applicable, waived) by Monday, 14th November, 2005, being the proposed date of the Court hearing of the petition to sanction the Scheme, the timetable of events thereafter will be subject to change. Scheme Shareholders should note the conditions of the Proposal as set out in the Scheme Document. If the Scheme becomes effective, it is expected that the listing of the Shares on GEM will be withdrawn with effect from 9:30 a.m. on Monday, 21st November, 2005.

By Order of the board of
Yuang Ding Investment Corporation
Jar-Yi Shih, Shaw-Y Wang
Director

By Order of the board of
Far Eastern Polychem Industries Limited
Champion Lee, Chin-Sen Tu
Director

Hong Kong, 5th October, 2005

As at the date of this announcement, the board of directors of FEPI comprises: (1) executive directors: Shu-Tong HSU, Jar-Yi SHIH, Champion LEE, Lih-Teh CHANG, and Chin-Sen TU; (2) non-executive director: Shaw-Y WANG; and (3) independent non-executive directors: Tak-Lung TSIM, Ying-Ho WONG and Shih-Hung CHAN.

This announcement, for which the directors of FEPI collectively and individually accept full responsibility, includes particulars given in compliance with the rules governing the listing of securities on GEM for the purpose of giving information with regard to FEPI. 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 that 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.

The directors of YDIC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to FEPI and its subsidiaries) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will remain on the GEM website located at www.hkgem.com on the "Latest Company Announcement" page for at least 7 days from the day of its posting and on the website of FEPI at www.fepi.com.hk.

** for identification purposes only*