

[For Immediate Release]

Yip's Chemical Acquires PRC Ethanol Manufacturer

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Strategic Move to Expand Solvents Business to Eastern China

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Vertical Integration to Strengthen Ethyl Acetate Business

(Hong Kong, 20 December 2007) – **Yip's Chemical Holdings Limited** (HKEx: 0408) ("Yip's Chemical" or the "Group"), one of China's largest manufacturers of petrochemical products, today announced that its 75%-owned subsidiary, Concord Chemical Storing Limited, has entered into a Business Transfer Agreement ("Agreement") with Mr. Ching Hak (the "Vendor") to purchase the business of Taixing Jinjiang Chemical Industry Co., Ltd (the "Company" / "Taixing Jinjiang") at a consideration of RMB31,793,215 (approximately HK\$33,466,542.11). The consideration will be paid in cash and funded by internal funding.

The main purpose of the business transfer is to acquire certain major assets of Taixing Jinjiang such as land, plant and machinery for the manufacturing and sale of ethanol. The business transfer is expected to be completed by 1 February 2008, after which the Company will become an indirectly 75%-owned subsidiary of Yip's Chemical.

The principal activity of the Company is the manufacture and sales of ethanol and carbon dioxide. Its production capacity reached 80,000 tonnes and 15,000 tonnes per annum for ethanol and anhydrous ethanol respectively.

Mr. Tony Ip, Chairman and Managing Director of Yip's Chemical, said, "We are pleased to be making this strategic acquisition. Taixing Jinjiang is located at the key industrial district in the Taixing Economic Development Zone of Jiangsu Province and has well established infrastructure, which provides an excellent opportunity for the Group to add ethyl acetate production facilities to the existing plant, and thus giving the Group an immediate and firm foothold for expanding solvents business in Eastern China where demand is huge. With a solid foundation and expertise in the solvents business, we believe this acquisition will extend our geographical coverage and generate fruitful returns for the Group and its shareholders in the long run."

Mr. Robert Young, Director of Yip's Chemical, added, "The acquisition is another step we are making to achieve vertical integration for enhancing our competitiveness in the business of ethyl acetate production and distribution as Taixing Jinjiang is a key producer of ethanol, an essential raw material for producing ethyl acetate. This acquisition will increase the reliability of supply of key raw materials and reduce the cost of acquiring raw material. Moreover, the acquisition will greatly reduce cost and time in setting up a new production plant."

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Mr. Ip concluded, "We are currently the largest producer of acetate solvents in China and the fourth-largest in the world. This strategic acquisition will not only create great

synergy with our current solvents business, but will also give us a competitive advantage as we enter the solvents market in Eastern China. We are confident of turning around Taixing Jinjiang's business and derive satisfactory results from it in the years to come."

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About Yip's Chemical Holdings Limited (SEHK : 0408)

Yip's Chemical Holdings Limited, formerly known as Hang Cheung Hong, was established in 1971 and listed on the Hong Kong Stock Exchange in 1991. The Group focuses on the production and sale of petrochemical products. Its three core businesses are solvents, coatings and lubricants. It is one of China's largest manufacturers of petrochemical products, and the fourth and largest manufacturer of acetate solvents in the world and in China respectively. The Group is headquartered in Hong Kong, with 15 manufacturing plants across China, a huge sales network covering every major Chinese province and city, and a total staff of 3,800. In 2005, the Group attained international recognition by being named by Forbes Asia as a "Best under a Billion" company.

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