

For Immediate Release

Yip's Chemical Signs Contract to Establish Research and Development Centre in Shanghai Zhangjiang Hi-Tech Park

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Phase 1 to Commence Operation in the Second Half of Next Year

(Hong Kong, 14 December 2010) – **Yip's Chemical Holdings Limited** (HKEx: 0408) ("Yip's Chemical" or the "Group"), the world's largest manufacturer of acetate solvents and one of China's largest manufacturers of petrochemical products, announced it has signed a ten-year agreement with Shanghai Zhangjiang Biotech & Pharmaceutical Base Development Co., Ltd. to rent a four-storey building in Shanghai Zhangjiang Hi-Tech Park. The building with an area of 5,625 sq.m. (approximately 56,250 sq.ft.) floor space will serve as the Group's Research and Development Centre. The Centre is expected to commence operation in the second half of next year and the number of R&D professionals is expected to reach 100 by 2015. Investment for Phase 1 will be around US\$5,000,000 (approximately HK\$39,000,000), which is going to be financed through internal resources of the Group.

Located in central Pudong New District, Shanghai Zhangjiang Hi-Tech Park is a major high-technology park in China, attracting hundreds of organisations and enterprises, as well as serving as the regional technology incubation base and advanced chemical R&D centre for many multi-national enterprises, such as Dow Chemical, DuPont, GE and Celanese. The Research Institute of Fudan University in Shanghai is also located in the Park, thus facilitating technology exchanges among industries and attracting related experts. In addition, the Park enjoys a geographical advantage, being only 30 minutes drive to either Pudong Airport or Hongqiao Airport, and just 17 km away from the Shanghai Railway Station.

The signing ceremony held at the Hong Kong Convention and Exhibition Centre is co-organised by The People's Government of Pudong New Area and Hong Kong Trade Development Council. Mr Wong Kam Yim, Kenny, Chief Executive Officer of Yip's Chemical, and Mr Wang Lan Zhong, General Manager of Shanghai Zhangjiang Biotech & Pharmaceutical Base Development Co., Ltd. signed the agreement.

Mr Wong Kam Yim, Kenny, Chief Executive Officer of Yip's Chemical, said, "We hope our R&D Centre will become an advanced R&D institution in the industry in the coming three to five years. This will further enhance our R&D capability, facilitate our development of more new products and generate greater synergies with our existing businesses, thereby helping us achieve our sales target of HK\$10 billion by 2014."

Photo Caption:

Photo 1: Mr Wong Kam Yim, Kenny, Chief Executive Officer of Yip's Chemical (left) and Mr Wang Lan Zhong, General Manager of Shanghai Zhangjiang Biotech & Pharmaceutical Base Development Co., Ltd. (middle), together signed the agreement.



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

Yip's Chemical Holdings Limited ("Yip's Chemical"), 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 largest producer of acetate solvents in the world. The Group is headquartered in Hong Kong, with 17 manufacturing plants across China and a nation-wide sales network covering every major Chinese province and city. Brands operated under the Group include the "Bauhinia" for paints, "Bauhinia Variegata" for inks, "Golaxxo" for specialty varnishes, "Da Chang" for resins, "Ad-Coat" for electronic insulating coatings, "Pak Lam Choice" for digital electronic coatings, "Hercules" for lubricants and "Pacoil" for specialty lubricants. In 2009, the Group was named "Asiamoney's Best-managed Small-cap Corporate – Hong Kong". It also received the "Titanium Awards for Corporate Governance and Investor Relations" of "The Asset Corporate Awards" and ranked 3rd in Asiamoney's "Best Overall for Corporate Governance in Hong Kong". In 2010, it has made prominent rankings in the FinanceAsia's 10th Annual Poll of Asia's Top Companies, as well as awarded the "Corporate Governance Asia Recognition Awards 2010" by the magazine Corporate Governance Asia. Besides, the Group has been recognised by the Hong Kong Productivity Council in its "2010 Hong Kong Outstanding Corporate Citizenship Award", earning a "Certificate of Merit – Enterprise Sector in Manufacturing Industry".

Yip's Chemical is a constituent stock in the MSCI (Morgan Stanley Capital Investment) China Small Cap Index Series. For more information, please visit www.yipschemical.com

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