

For Immediate Release

Yip's Chemical to Construct Bauhinia Paints Production Plant in Jinshan, Shanghai

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Enhanced Eastern China Development Plan to Capture Opportunities Arising from Increasing Demand from the Country's Architectural Paints Industry

(Hong Kong, 11 July 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, signed an investment agreement with Shanghai Fine Chemical Industry Park on 9 July 2010. Yip's Chemical also announced that through its subsidiary, Bauhinia Paints, the Group will invest RMB1 billion (approximately HK\$1.15 billion) in constructing a new coatings production plant in the Industry Park to meet strong demand from the architectural paints market in China.

Occupying an area of approximately 21.8 hectares, Bauhinia Paints Shanghai Jinshan Project has a planned annual production capacity of 280,000 tonnes of coatings products and ancillary solvents. Annual turnover is expected to reach a value of RMB4 billion (approximately HK\$4.6 billion). The Group plans to design the plant in one phase but will construct and acquire equipment in two phases. The first stage of construction is expected to be completed before 2013 with turnover reaching RMB2 billion (approximately HK\$2.3 billion).

Located in the Shanghai Fine Chemical Industry Park (Industrial Zone 2), the only professional fine chemical industrial park in Shanghai; this enables the factory to generate synergies with its upstream chemical industrial peers. Being also connected by two highways, it takes less than an hour to reach the Shanghai Pudong Airport and Shanghai Hongqiao Airport, allowing convenient transportation and accessibility. Since the factory is located near materials hubs, it can benefit from a stable supply of raw materials and take advantage of low delivery costs as well. With comprehensive ancillary chemical services, the Industry Park enjoys quality resources and geographical advantages.

Mr. Wong Kam Yim, Kenny, Chief Executive Officer of Yip's Chemical, said, "The Group has been supportive of Bauhinia Paints' development direction. Higher personal income and accelerated urbanization have created increasing demand for better living standards; hence, we believe that the demand for architectural paints will likewise increase. To facilitate the development of Bauhinia Paints, we have provided support and worked closely with them in areas ranging from factory planning, product development to staff training. Such efforts are also aimed at enabling Bauhinia Paints to seize opportunities arising from robust economic growth in China, thereby boosting our coating business."

Mr. Francis Ip, Deputy General Manager of Bauhinia Paints, added, "Bauhinia Paints selected Jinshan, Shanghai, in Eastern China to build a new production plant to ensure a long-term supply of products to cities in the region, corresponding with plants in Northern and Southern China that address their respective markets. This latest initiative will thus enable Bauhinia Paints to capture greater market opportunities and strengthen its position as a reputable brand in China's domestic paints sector."

The signing ceremony was held at the convention center of the Jinshan District Municipal Government in Shanghai. Mr. Wong Kam Yim, Kenny, the Group's Chief Executive Officer; and Ms. Dai Hong Hui, General Manager of Shanghai Jinshan Industrial Zone II Investment Co., Ltd., signed the agreement. The ceremony was also attended by representatives from Yip's Chemical, Bauhinia Paints and Fine Chemical Industry Park, along with officials from Jinshan District.

Photo caption

Mr. Wong Kam Yim, Kenny, Chief Executive Officer of Yip's Chemical Holdings Limited, and Ms. Dai Hong Hui, General Manager of Shanghai Jinshan Industrial Zone II Investment Co., Ltd., signed an investment agreement in relation to the Bauhinia Paints Shanghai Jinshan Project.



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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.

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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