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Yip's Chemical Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 408)

PROFIT WARNING

This announcement is made by Yip's Chemical Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO").

The board of directors of the Company (the "Board") wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that based on the information currently available (including, among other things, the unaudited consolidated management accounts of the Group for the five months ended 31 May 2014), the Group is expected to record a significantly lower profit for the six months ending 30 June 2014 than the profit for the corresponding period last year. Such decline is mainly attributable to the fact that (i) there was incurrence of unrealised exchange loss of around HK\$46 million for the five months ended 31 May 2014 due to the depreciation of Renminbi ("RMB") and it is unlikely that the exchange rate of RMB would have substantial fluctuation during this month (the unrealised exchange gain for the six months ended 30 June 2013 was HK\$18 million); and (ii) there was a dividend income in significant amount of HK\$31.5 million received from available-for-sale investment for the six months ended 30 June 2013 while it is expected that there would be no such dividend income for the corresponding period this year.

Since the assets of the Group are mostly located in Mainland China and denominated in RMB, which are financed by equity, reserves and bank borrowings denominated mainly in Hong Kong dollars (or US dollars), the Group is subject to the risk of RMB exchange rate. According to accounting standards, part of the exchange difference needs to be reflected in the profit and loss account. The Board wishes to stress that the expected unrealised exchange loss is a non-cash item and has no material adverse effect to the Group's cash flow. Moreover,

the financial policy of the Group strictly restricts entering into speculative foreign exchange transactions unrelated to the business operations or for non-hedging purposes. Thus such exchange loss is not incurred as a result of any speculative foreign exchange transactions by the Group.

Turnover of the Group for the five months ended 31 May 2014 increased 7% as compared to the corresponding period last year. The Group devotes to achieving stable growth of the business and through the business consolidation, the Group expects the business operation to continue to improve.

The Company has not yet finalised the interim results of the Group for the six months ending 30 June 2014. The information contained in this announcement is only based on the preliminary assessment by the management with reference to the information currently available as aforesaid. Such information has not been audited or reviewed by the Company's auditor and the actual results of the Group for the six months ending 30 June 2014 may be different from what is disclosed herein. Further details of the financial information of the Group for the six months ending 30 June 2014 will be published in due course pursuant to the requirements of the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Yip's Chemical Holdings Limited
Ip Chi Shing
Chairman

Hong Kong, 18 June 2014

As at the date of this announcement, the Board comprises the following:-

Non-executive Directors:

Mr. Ip Chi Shing (Chairman)
Mr. Tong Wui Tung
Mr. Wong Kong Chi*
Mr. Li Chak Man*
Mr. Ku Yuen Fun*
Mr. Ng Siu Ping*

Executive Directors:

Mr. Yip Tsz Hin (Deputy Chairman)
Mr. Wong Kam Yim
Mr. Ho Sai Hou
Mr. Kwong Kwok Chiu

** Independent Non-executive Directors*