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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 preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2020 (the "**May 2020 Management Accounts**") and the information currently available to the Board, the Group is expected to record a profit for the six months ending 30 June 2020 which would be approximately 30% to 45% lower than the profit for the six months ended 30 June 2019.

The aforesaid expected decline of profit of the Group is mainly attributable to certain one-off expenses comprising exchange losses, taxation and professional costs incurred totalling approximately HK\$19 million in the first half of 2020 as a result of corporate restructuring of the inks group in preparation for its proposed spin-off and separate listing on the Shenzhen Stock Exchange.

Overall, based on the May 2020 Management Accounts, the Group is expected to record a lower turnover for the 6 months ending 30 June 2020 when compared with that for the 6 months ended 30 June 2019. The lockdown in the mainland China due to the outbreak of COVID-19 pandemic in early 2020 has brought a negative impact on the Group's businesses in mainland China, in particular for coatings and lubricants. Furthermore, the ongoing volatile international economic conditions have also affected the Group's export-related businesses for solvents and coatings. However, the local consumption demand for solvents and inks business has remained stable and both businesses (excluding the impact of the above one-off expenses for the inks business) still managed to generate their profit contribution from normal operations.

In response to the current challenging operating environment, the Group will continue to closely monitor the market situations and make necessary adjustments to its strategies and operations to improve efficiency and profitability.

The information contained in this announcement is only based on the preliminary assessment by the management with reference to the information currently available. Such information has not been audited or reviewed by the Company's auditor and the actual results of the Group for the 6 months ending 30 June 2020 may be different from what is disclosed herein. Further details of the financial information of the Group for the 6 months ending 30 June 2020 will be published 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, 23 June 2020

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

Non-executive Directors:

Mr. Ip Chi Shing (*Chairman*)
Mr. Wong Yuk
Mr. Wong Kong Chi*
Mr. Ku Yuen Fun*
Mr. Ho Pak Chuen, Patrick*

Executive Directors:

Mr. Yip Tsz Hin (*Deputy Chairman and Chief Executive Officer*)
Mr. Ip Kwan (*Deputy Chief Executive Officer*)
Mr. Ho Sai Hou (*Chief Financial Officer*)

* *Independent Non-executive Directors*