

[For Immediate Release]

Yip's Chemical Announces Plan to Spin off Ink Business

Seeks Separate Listing on the Shenzhen Stock Exchange to Accelerate Expansion

(Hong Kong, 28 May 2020) — **Yip's Chemical Holdings Limited** (SEHK: 00408) (“Yip's Chemical” or the “Group”) today announces a proposed spin-off and separate listing of its ink business operated under Yip's Ink & Chemicals (Group) Limited (“Yip's Ink Group”), an indirect wholly-owned subsidiary of Yip's Chemical and the holding company of Bauhinia Variegata Ink & Chemicals (Zhejiang) Limited (“Bauhinia Variegata Zhejiang”), on the Shenzhen Stock Exchange. Bauhinia Variegata Zhejiang will become the listing vehicle and the holding company of the Group's subsidiaries which are engaged in the ink business. The Bauhinia Variegata Zhejiang Group (Bauhinia Variegata Zhejiang and its subsidiaries) is the largest ink manufacturer in the PRC and one of the top 20 ink manufacturers internationally by annual sales in 2019.

Mr. Yip Tsz Hin, Chief Executive Officer of Yip's Chemical, said, “After years of growth and development, we are delighted that the ink business is poised to excel as a standalone entity through a spin-off and separate listing in Shenzhen. The spin-off will be beneficial to the Group as a whole because the separate listing will provide capital to the ink business to meet its expansion needs. It will also enhance the ink business' profile amongst its customers, suppliers and other business partners. The spin-off will enable the ink business and the Group to have their own fund raising platforms to access both the debt and equity capital markets. By separating the ink business and the remaining business of the Group, investors are able to value the respective business on a standalone business, thereby reflecting its true intrinsic value.”

To facilitate the separate listing of the ink business, Yip's Ink Group entered into agreements to dispose of (1) an approximately 0.87% indirect equity interest in Bauhinia Variegata Zhejiang to certain senior management of the Group for an aggregate consideration of approximately HK\$7.6 million; (2) an aggregate of approximately 2.14% indirect equity interest in Bauhinia Variegata Zhejiang to certain senior management and employees of the Bauhinia Variegata Zhejiang Group for an aggregate consideration of approximately HK\$18.6 million; and (3) an approximately 2.00% indirect equity interest in Bauhinia Variegata Zhejiang to an individual investor for a consideration of approximately HK\$17.3 million. The disposals aim at broadening the shareholder base and serve as an employee incentive scheme to align the interests of the key employees of the Group who have significant contribution to the development of the ink business with Bauhinia Variegata Zhejiang.

Upon completion of the disposals, the Group will remain to be the major shareholder with a 94.99% equity interest in Bauhinia Variegata Zhejiang. It will continue to benefit from any potential upside of the ink business upon completion of the spin-off as Bauhinia Variegata Zhejiang will remain to be a subsidiary of the Group.

Sold under the “Bauhinia Variegata” brand, the principal products of the Bauhinia Variegata Zhejiang Group include plastic printing inks and paper printing inks which are mainly used in food and drinks packaging, gift packaging and paper printing. With the production facilities located in Zhongshan, Guangdong Province and Tongxiang, Zhejiang Province, the ink products are mainly

sold nationwide in the PRC, with a small portion being sold to overseas markets including Philippines and Vietnam.

The Group filed an application for the spin-off to the Stock Exchange of Hong Kong Limited (“Stock Exchange”) on 28 May 2020. The spin-off is subject to certain conditions including, but not limited to, approval from the Stock Exchange as well as the Group’s shareholders. As at the date of this press release, Bauhinia Variegata Zhejiang has not yet submitted any listing application with relevant regulatory authorities in the PRC. The Group will make further announcement(s) when appropriate as required under the listing rules regarding the spin-off or the listing application of Bauhinia Variegata Zhejiang.

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About Yip’s Chemical Holdings Limited (Incorporated in the Cayman Islands with limited liability) (SEHK: 00408)

Yip’s Chemical Holdings Limited (“Yip’s Chemical” or the “Group”) was established in 1971 and listed on the Hong Kong Stock Exchange in 1991. The Group focuses on the production and sales of petrochemical products, including solvents, coatings, inks and lubricants, with its nationwide sales network covering all major provinces and cities across China. It is the largest producer of acetate solvents in the world, China’s largest manufacturer of inks and one of the top 20 ink manufacturers globally*, as well as top 10 coatings manufacturer in China#. On top of products, The Group has strived to provide value-added services to consumers in recent years, such as investing in automobile lubricant changing and maintenance chain business.

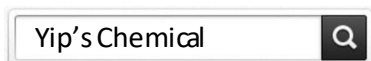
Coating brands operated under the Group are “Bauhinia”, “Camel”, “Aquapro”, “Hang Cheung” for industrial paints and “Da Chang” for resins. The Group also owns brands including “Bauhinia Variegata” for inks and “Hercules” for automotive lubricants.

To achieve long-term sustainable development, the Group will continue to move in the direction supportive of green living, embracing development that is “environmentally friendly”, “end-user oriented” and “service oriented”.

*Bauhinia Variegata Ink ranked 1st, in terms of production volume and sales revenue, in 2018 by the China Chemistry Industrial Association — Branch of Inks. It ranked 14th in the “2019 Top International Ink Companies” released by the US inks magazine *Ink World* in terms of sales revenue.

#Bauhinia Paints ranked 60th in the “2019 Global Ranking of the Top Manufacturers of Paints and Coatings” released by the US coatings magazine *Coatings World* and is among the top 10 in the PRC in terms of sales revenue.

Learn more about Yip’s Chemical on:



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