



[For Immediate Release]

## Yip's Chemical's Proposed Spin-off of Ink Business Receives Approval from the Hong Kong Stock Exchange

(Hong Kong, 21 July 2020) — **Yip's Chemical Holdings Limited** (SEHK: 00408) (“Yip's Chemical” or the “Group”) is pleased to announce today that the Group has achieved new progress in relation to the proposed spin-off of the A shares of Bauhinia Variegata Ink & Chemicals (Zhejiang) Limited (“Bauhinia Variegata Zhejiang”), which is principally engaged in the ink business, for a separate listing on the Shenzhen Stock Exchange. The proposed spin-off has obtained approval from the Hong Kong Stock Exchange. An EGM will be convened to obtain approval from the independent shareholders of the Group. On the assumption that the proposed offering size shall represent 25% of the enlarged issued share capital of Bauhinia Variegata Zhejiang, it is currently expected that the total gross proceeds to be raised under the proposed A share listing would be around RMB400 million to 450 million. The actual amount will be subject to the actual number of new A shares to be issued, the offer price, the regulatory approvals by the Shenzhen Stock Exchange and China Securities Regulatory Commission, as well as the market conditions, amongst other factors.

The proceeds will be used as follows: (i) approximately RMB50 million to 60 million will be used for improvement and enhancement of the existing technology projects of Bauhinia Variegata Zhejiang and its subsidiaries (“the Bauhinia Variegata Zhejiang Group”); (ii) approximately RMB120 million to 135 million will be used for the project of constructing a production base of environmentally friendly inks for the ink business; (iii) approximately RMB110 million to 120 million will be used for the project of setting up a research and development and testing centre for the Bauhinia Variegata Zhejiang Group; and (iv) approximately RMB120 million to 135 million will be used as general working capital of the Bauhinia Variegata Zhejiang Group.

**Mr. Yip Tsz Hin, Chief Executive Officer of Yip's Chemical**, said, “We are pleased to have obtained the approval from the Hong Kong Stock Exchange for the proposed spin-off of the ink business. The proposed A-share spin-off marks a major milestone in the development of Yip's Chemical. The Bauhinia Variegata Zhejiang Group is the largest ink manufacturer in the PRC in terms of annual sales volume in 2019 and one of the top 20 ink manufacturers internationally. The spin-off will not only provide an independent financing platform for the ink business, but it will also reflect the potential of the Group's businesses and will be beneficial to unlock the Group's intrinsic values.”

Based on the current timetable, Bauhinia Variegata Zhejiang is expected to submit an application for the proposed A share listing to the relevant regulatory bodies of the PRC in early 2021. The listing of the A shares of Bauhinia Variegata Zhejiang on the Shenzhen Stock Exchange, if approved and proceeded with, is expected to be around the end of 2021. It is expected that upon completion of the proposed A share listing, the Group will indirectly control approximately 68.82% interest in Bauhinia Variegata Zhejiang and Bauhinia Variegata Zhejiang will remain a subsidiary of the Group. As its largest shareholder, the Group will continue to benefit from the development and potential upside of the ink business.

The spin-off will provide capital to the Bauhinia Variegata Zhejiang Group for its operations and expansion plans. Through the separate listing platform, the Bauhinia Variegata Zhejiang Group will have access to both the debt and equity capital markets directly, which in turn may provide greater aggregate financing capacity to the Group to deploy funds. In addition, the separate listing will enhance the Bauhinia Variegata Zhejiang Group's profile amongst its customers, suppliers and other business partners. The proposed spin-off separates the ink business from the remaining businesses of the Group, thereby enabling investors to appraise on a standalone basis to reflect the true market value of respective businesses, while the management teams may adopt more suitable business strategies and models for their respective businesses, so as to create better return of value to the shareholders of Yip's Chemical and Bauhinia Variegata Zhejiang Group.

-End-

**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".

\*According to China Inks Association (中國油墨協會), Bauhinia Variegata Zhejiang Group is the largest ink manufacturer in the PRC in terms of annual sales volume in 2019. It ranked 14<sup>th</sup> in the "2019 Top International Ink Companies" released by the US inks magazine *Ink World* in terms of sales revenue.

#Bauhinia Paints ranked 60<sup>th</sup> in the "2020 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:

 

### **Media and Investor Enquiries**

Yip's Chemical Holdings Limited

Eunice Lai                   Tel: (852) 2675 2450

Candy Chan                 Tel: (852) 2675 2377

Email: [eunice.lai@yipschemical.com](mailto:eunice.lai@yipschemical.com)

Email: [candy.chan@yipschemical.com](mailto:candy.chan@yipschemical.com)

Fax: (852) 2675 2468

Cornerstones Communications Ltd.

Harriet Lau                 Tel: (852) 2903 9290

Sharis Siu                  Tel: (852) 2903 9292

Sylvia Wong                Tel: (852) 2903 9299

Orianna Ou                 Tel: (852) 2903 9211

Email: [harriet.lau@cornerstonescom.com](mailto:harriet.lau@cornerstonescom.com)

Email: [sharis.siu@cornerstonescom.com](mailto:sharis.siu@cornerstonescom.com)

Email: [sylvia.wong@cornerstonescom.com](mailto:sylvia.wong@cornerstonescom.com)

Email: [orianna.ou@cornerstonescom.com](mailto:orianna.ou@cornerstonescom.com)

Fax: (852) 2887 1712