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Yip's Chemical Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 408

CONNECTED TRANSACTIONS ACQUISITIONS OF MINORITY EQUITY INTEREST IN AND OF A SUBSIDIARY

INTRODUCTION

On 10 March 2023 (after trading hours), Yip's Ink (an indirect wholly-owned subsidiary of the Company) entered into the Agreements with the Partnerships (each as a Vendor) to acquire the Sale Interest (representing the remaining 8.24% equity interest in and of the Target Company other than that already held by Yip's Ink) at an aggregate consideration of approximately RMB69,320,000 (equivalent to approximately HK\$78,137,000). Among the Agreements, the Zhongshan Yumao Agreement was entered into by Yip's Ink with Zhongshan Yumao (one of the Key Employees' Partnerships and a connected person) for acquisition of Zhongshan Yumao Sale Interest representing approximately 0.53% equity interest in and of the Target Company at a consideration of approximately RMB4,468,000 (equivalent to approximately HK\$5,036,000).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. TH Yip and Mr. K Ip are limited partners and Mr. L Yip is the general partner of Zhongshan Yumao. Mr. TH Yip, Mr. K Ip and Mr. L Yip have contributed approximately 54.49%, 18.20% and 27.31% of its capital, respectively. Mr. TH Yip and Mr. K Ip are executive Directors, while Mr. L Yip, a son of Mr. TH Yip, is a director of the Target Company and its several subsidiaries. Accordingly, Zhongshan Yumao, being an entity controlled as to more than 30% by, and hence an associate of, Mr. TH Yip, is a connected person of the Company and the Zhongshan Yumao Agreement and the transactions contemplated thereunder constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the Zhongshan Yumao Agreement and the transactions contemplated thereunder are more than 0.1% but all are less than 5%, the Zhongshan Yumao Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Among the other Vendors, as at the date of this announcement, Zhongshan Yinghuang is an entity controlled as to more than 30% by, and hence an associate of, Ms. Suen with regard to her capital contribution as to 42.86% to Zhongshan Yinghuang and her role as the general partner thereof, and Zhongshan Yirong is an entity controlled as to more than 30% by, and hence an associate of, Mr. Kwong with regard to his capital contribution as to 66.62% to Zhongshan Yirong and his role as the general partner thereof. Hence, each of the aforesaid Vendors is a connected person of the Company at the subsidiary level and each of the Zhongshan Yirong Agreement and the Zhongshan Yinghuang Agreement and the respective transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules with connected persons at the subsidiary level. As all of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of each of the Zhongshan Yirong Agreement and the Zhongshan Yinghuang Agreement and the respective transactions contemplated thereunder are less than 1%, neither the Zhongshan Yirong Agreement nor the Zhongshan Yinghuang Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Except for Zhongshan Yumao, Zhongshan Yirong and Zhongshan Yinghuang, each of the Vendors under the remaining Agreements is an Independent Third Party. For the avoidance of doubt, as all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the Agreements, whether on a standalone basis or when aggregated with each other as if they were a series of transactions pursuant to Rule 14.22 of the Listing Rules, are less than 5%, none of the Agreements is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 28 May 2020, 21 July 2020, 4 February 2021, 5 February 2021, 5 August 2022 and the circular of the Company dated 17 August 2020 in respect of, among others, the proposed spin-off (“**Proposed Spin-off**”) and separate listing of the Target Company on the Chinext Board of the Shenzhen Stock Exchange, the application for which has been withdrawn with effect from 5 August 2022.

As disclosed in the aforesaid announcements and circular, the Partnerships were established in the PRC in April 2020 to enable the Investor, the Institutional Investors and the Key Employees to invest in and hold equity interests in the Target Company. As at the date of this announcement, the Target Company was held as to approximately 91.76% by Yip’s Ink, whereas the remaining approximately 8.24% was held by the Partnerships.

On 10 March 2023 (after trading hours), Yip’s Ink (an indirect wholly-owned subsidiary of the Company) entered into the Agreements with the Partnerships (each as a Vendor) to acquire the Sale Interest (representing the remaining 8.24% equity interest in and of the Target Company other than that already held by Yip’s Ink) at an aggregate consideration of approximately RMB69,320,000 (equivalent to approximately HK\$78,137,000). Among the Agreements, the Zhongshan Yumao Agreement was entered into by Yip’s Ink with Zhongshan Yumao (being one of the Key Employees’ Partnerships and a connected person) for acquisition of Zhongshan Yumao Sale Interest representing approximately 0.53% equity interest in and of the Target Company at a consideration of approximately RMB4,468,000 (equivalent to approximately HK\$5,036,000).

THE ACQUISITIONS OF SALE INTEREST

Each of the Agreements contains substantially similar terms and conditions except for the identity of the Vendors named therein, percentage of the equity interest in and of the Target Company being acquired and the amount of the consideration payable by Yip’s Ink. Each of the Agreements is independent of and not inter-conditional on one another.

1. ZHONGSHAN YUMAO AGREEMENT

The principal terms of the Zhongshan Yumao Agreement are set out below:

- Date : 10 March 2023
- Parties : (1) Zhongshan Yumao, as the vendor; and
(2) Yip's Ink, as the purchaser
- Assets acquired : Pursuant to the Zhongshan Yumao Agreement, Zhongshan Yumao agreed to sell, and Yip's Ink agreed to buy, the Zhongshan Yumao Sale Interest, being approximately 0.53% of equity interest in and of the Target Company.
- Consideration : The consideration is approximately RMB4,468,000 (equivalent to approximately HK\$5,036,000) and shall be payable in cash by Yip's Ink within 5 business days after obtaining of the foreign exchange business registration certificate (外匯業務登記憑證) but subject to completion of the registration of the transfer of the Zhongshan Yumao Sale Interest.
- Transfer of ownership and registration : All corresponding rights, obligations and liabilities attached to the Zhongshan Yumao Sale Interest as prescribed under the Companies Law of the PRC and the constitution of the Target Company (free from all encumbrances and third party interests) shall pass to Yip's Ink upon the entering into of the Zhongshan Yumao Agreement. Registration of the change in ownership of the Zhongshan Yumao Sale Interest with the relevant authority in the PRC shall be completed within 12 business days after the entering of the Zhongshan Yumao Agreement.

2. OTHER AGREEMENTS

In addition to the Zhongshan Yumao Agreement entered into with Zhongshan Yumao, an Agreement was entered into by Yip's Ink with each of the remaining Partnerships (each as a Vendor), which is on substantially similar terms as the Zhongshan Yumao Agreement, save and except for the identity of the Vendor named therein, the percentage of equity interest in and of the Target Company being acquired and the amount of consideration payable by Yip's Ink, as summarised below:

Vendors	Percentage of equity interest in and of the Target Company being acquired by Yip's Ink from such Vendor(s)	Consideration (approximately)
Institutional Investors' Partnerships	3.23%	RMB27,144,000
Investor's Partnership	2.00%	RMB16,828,000
Zhongshan Yinghuang, a Key Employees' Partnership held in majority by Senior Management and a connected person at subsidiary level	0.34%	RMB2,847,000
Zhongshan Yirong, a Key Employees' Partnership held by Employees and a connected person at subsidiary level	0.43%	RMB3,654,000
The remaining Key Employees' Partnership held by Employees	1.71%	RMB14,379,000

The consideration under each of the Agreements (including the Zhongshan Yumao Agreement) was determined after arm's length negotiation between Yip's Ink and the relevant Vendor with reference to the sum of (i) the capital contribution to the Target Company attributable to the relevant Sale Interest, and (ii) the interest carrying cost of such capital contribution by the relevant Vendor calculated at a simple interest rate of 4% per annum over the period since the Key Employees, the Institutional Investors or the Investor acquired the relevant equity interest in the Partnerships from the Group in mid-2020 up to the date of payment of consideration under the relevant Agreement, less the dividend previously distributed to the relevant Vendor by the Target Company during the said period.

FINANCIAL INFORMATION OF THE TARGET COMPANY AND OTHER INFORMATION

The Target Company is a company established under the laws of the PRC with limited liability and, as at the date of this announcement, is an approximately 91.76%-owned subsidiary of Yip's Ink. The Target Group is principally engaged in the Ink Business.

The financial information of the Target Group for the two financial years ended 31 December 2022 as extracted from unaudited consolidated management accounts of the Group prepared in accordance with Hong Kong Financial Reporting Standards is set out below:

	For the year ended	
	31 December	
	2022	2021
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net Profit before taxation	10,535	47,007
Net Profit after taxation	6,758	45,621

As at 31 December 2022, the unaudited consolidated net asset value of the Target Group was approximately HK\$897.1 million.

During the year ended 31 December 2022, as dampened by the pandemic and coupled with the one-off special expenses incurred in relation to the listing application for the A-shares of the Target Company on the Shenzhen Stock Exchange, the unaudited consolidated net profit after taxation of the Target Group decreased from HK\$45.6 million in 2021 to HK\$6.8 million.

As disclosed in the announcements of the Company dated 28 May 2020 and 10 June 2020 and the circular of the Company dated 17 August 2020, the Investor, the Institutional Investors and the Key Employees indirectly acquired the interest in the Target Company via the acquisition of the relevant equity interests in the Partnerships in mid-2020 from the Group. The original acquisition cost of the indirect interest in the Sale Interest via acquisition of the equity interests in the Partnerships are summarised below:

Partnership Acquired	Percentage of equity interest in and of the Target Company being held by such Partnership	Original Acquisition Cost (approximately)
Institutional Investors' Partnerships	3.23%	RMB25,648,000
Investor's Partnership	2.00%	RMB15,900,000
Zhongshan Yinghuang	0.34%	RMB2,690,000
Zhongshan Yirong	0.43%	RMB3,453,000
The remaining Key Employees' Partnership held by Employees	1.71%	RMB13,587,000
Zhongshan Yumao	0.53%	RMB4,221,000

GENERAL INFORMATION OF THE PARTIES

The Company is an investment holding company, and the Group and its associates are principally engaged in (i) manufacturing and trading of solvents, coatings, inks, lubricants and related products; (ii) property investment; and (iii) car maintenance operation and other chemical products related business.

Yip's Ink, a company incorporated under the laws of Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Zhongshan Yumao is a limited partnership established under the laws of the PRC and it is engaged in investment holding. As at the date of this announcement, Mr. TH Yip and Mr. K Ip are the limited partners, and Mr. L Yip is the general partner of Zhongshan Yumao. Mr. TH Yip, Mr. L Yip and Mr. K Ip have contributed approximately 54.49%, 27.31% and 18.20% of the capital of Zhongshan Yumao respectively. Mr. TH Yip and Mr. K Ip are executive Directors, while Mr. L Yip, a son of Mr. TH Yip, is a director of the Target Company and its several subsidiaries.

Out of the remaining Vendors,

- (i) Zhongshan Yinghuang is a limited partnership established under the laws of the PRC and it is engaged in investment holding. It is a Key Employees' Partnership held in majority by Senior Management. Mr. Ho, an executive Director, and Ms. Tse are the limited partners and Ms. Suen, a director of a subsidiary of the Company, is the general partner of Zhongshan Yinghuang. Mr. Ho, Ms. Tse and Ms. Suen have respectively contributed approximately 28.57%, 28.57% and 42.86% of its capital; and
- (ii) Zhongshan Yirong is a limited partnership established under the laws of the PRC and it is engaged in investment holding. It is a Key Employees' Partnership held by the Employees. Mr. Kwong, a director of certain subsidiaries of the Group, is the general partner of Zhongshan Yirong. Mr. Kwong has contributed approximately 66.62% of its capital.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, (A) as regards the Vendors, save for (i) Zhongshan Yumao; (ii) Zhongshan Yinghuang; and (iii) Zhongshan Yirong; and (B) as regards the ultimate beneficial owners of the Vendors, save for (i) Mr. TH Yip, Mr. L Yip and Mr. K Ip (being limited partners and/or general partner of Zhongshan Yumao as aforesaid); (ii) Mr. Ho, Ms. Suen and Ms. Tse (being limited partners and/or general partner of Zhongshan Yinghuang as aforesaid); and (iii) Mr. Kwong (being general partner of Zhongshan Yirong as aforesaid), each of the Vendors and its ultimate beneficial owners is an Independent Third Party.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the announcements of the Company dated 28 May 2020 and 10 June 2020 and the circular of the Company dated 17 August 2020, for the purpose and in the course of preparing for the Proposed Spin-off, with a view to broadening the shareholders base of the Target Company in preparation of the Proposed Spin-off and introducing employee shareholding platforms which serve as an employee incentive scheme to align the interest of key employees of the Group who are involved in the Ink Business, the Group in mid-2020 had disposed of an aggregate of approximately 8.24% indirect equity interest in and of the Target Company via disposal of the interest in the Partnerships established solely for the purpose of holding such equity interest in the Target Company. For details, please refer to the aforesaid announcements and circular of the Company.

As the Proposed Spin-off has now been terminated due to, among others, changes in the economic and market environment as more particularly disclosed in the Company's announcement dated 5 August 2022 and the Company would like to consolidate its control and ownership in the Target Company, the Company proposed to acquire all the remaining equity interest in and of the Target Company held by the Partnerships by entering into the Agreements, such that upon completion of the acquisitions contemplated under the Agreements, the Target Company will become an indirect wholly-owned subsidiary of the Company.

Taking into account that (i) the acquisitions contemplated under the Agreements are to enable the Group to consolidate its control in the Target Group; (ii) the consideration for such acquisitions represents the investment costs paid by the Key Employees, the Institutional Investors and the Investor for acquisition of the interest in the Partnerships plus interest carrying costs at interest rate of 4% per annum since they acquired the interest in the Partnerships in mid-2020 (less dividends distributed and paid by the Target Company to such Partnerships) up to the date of payment of consideration under the Agreements, which is determined with reference to and is comparable to the prevailing benchmark interest rate for mid to long-term (1 to 5 years) RMB loan among commercial banks in the PRC during the period and is at a slight premium over the underlying net asset value of the Target Group attributable to the Sale Interest; and (iii) whilst the Vendors comprise both connected person (being Zhongshan Yumao, Zhongshan Yirong and Zhongshan Yinghuang) and Independent Third Parties (being the remaining Vendors) (see the paragraphs headed “GENERAL INFORMATION OF THE PARTIES” and “LISTING RULES IMPLICATIONS” for details), the consideration payable by Yip’s Ink under each of the Agreements is determined on the same basis which is pro rata to the percentage of the equity interest in and of the Target Company to be acquired from the Vendors under the Agreements, the Directors (including the independent non-executive Directors) consider that the Agreements (including the Zhongshan Yumao Agreement) are on normal commercial terms, the terms of the Agreements (including the Zhongshan Yumao Agreement) are fair and reasonable and the acquisitions of the Sale Interest (including the acquisition of Zhongshan Yumao Sale Interest) are incidental to the ordinary and usual course of business of the Group and are in the interests of the Company and its shareholders as a whole.

Since Zhongshan Yumao is an associate of Mr. TH Yip, he is considered to have a material interest in the acquisition of Zhongshan Yumao Sale Interest, and hence he has abstained from voting on the resolution at the Board meeting approving the Zhongshan Yumao Agreement. Further, whilst none of Zhongshan Yumao and Zhongshan Yinghuang is an associate of Mr. K Ip and Mr. Ho, in view of their respective interests in Zhongshan Yumao and Zhongshan Yinghuang (as set out in the paragraph headed “GENERAL INFORMATION OF THE PARTIES” above), to avoid any potential conflict of interest and for good corporate governance, Mr. K Ip and Mr. Ho have respectively abstained from voting on the resolutions at the Board meeting approving the Zhongshan Yumao Agreement and the Zhongshan Yinghuang Agreement. Notwithstanding that Mr. Ip Chi Shing, the chairman of the Group and a non-executive Director, does not hold any interest in Zhongshan Yumao, he is the brother of Mr. TH Yip and the father of Mr. K Ip, both of whom are limited partners of Zhongshan Yumao and have contributed approximately 54.49% and 18.20% of its capital respectively. Hence, for good corporate governance, Mr. Ip Chi Shing has abstained from voting on the resolution at the Board meeting approving the Zhongshan Yumao Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. TH Yip and Mr. K Ip are limited partners and Mr. L Yip is the general partner of Zhongshan Yumao. Mr. TH Yip, Mr. K Ip and Mr. L Yip have contributed approximately 54.49%, 18.20% and 27.31% of its capital respectively. Mr. TH Yip and Mr. K Ip are executive Directors, while Mr. L Yip, a son of Mr. TH Yip, is a director of the Target Company and its several subsidiaries. Accordingly, Zhongshan Yumao, being an entity controlled as to more than 30% by, and hence an associate of, Mr. TH Yip, is a connected person of the Company and the Zhongshan Yumao Agreement and the transactions contemplated thereunder constitute connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the Zhongshan Yumao Agreement and the transactions contemplated thereunder are more than 0.1% but all are less than 5%, the Zhongshan Yumao Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Among the other Vendors, as set out in section "GENERAL INFORMATION OF THE PARTIES", as at the date of this announcement, Zhongshan Yinghuang is an entity controlled as to more than 30% by, and hence an associate of, Ms. Suen with regard to her capital contribution as to 42.86% to Zhongshan Yinghuang and her role as the general partner thereof, and Zhongshan Yirong is an entity controlled as to more than 30% by, and hence an associate of, Mr. Kwong with regard to his capital contribution as to 66.62% to Zhongshan Yirong and his role as the general partner thereof. Hence, each of the aforesaid Vendors is a connected person of the Company at the subsidiary level and each of the Zhongshan Yirong Agreement and the Zhongshan Yinghuang Agreement and the respective transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules with connected persons at the subsidiary level. As all of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of each of the Zhongshan Yirong Agreement and the Zhongshan Yinghuang Agreement and the respective transactions contemplated thereunder are less than 1%, neither the Zhongshan Yirong Agreement nor the Zhongshan Yinghuang Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

Except for Zhongshan Yumao, Zhongshan Yirong and Zhongshan Yinghuang, each of the Vendors under the remaining Agreements is an Independent Third Party. For the avoidance of doubt, as all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the Agreements, whether on a standalone basis or when aggregated with each other as if they were a series of transactions pursuant to Rule 14.22 of the Listing Rules, are less than 5%, none of the Agreements are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Agreements”	the agreements (including the Zhongshan Yumao Agreement, the Zhongshan Yirong Agreement and the Zhongshan Yinghuang Agreement) dated 10 March 2023 each entered into between a Partnership as vendor and Yip’s Ink as purchaser in relation to the acquisitions of Sale Interest, and each an “Agreement”
“associate”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day(s)”	any day(s) (other than a Saturday, Sunday, PRC statutory holiday or Hong Kong public holiday) on which banks in the PRC are generally open for normal banking business to the public
“Company”	Yip’s Chemical Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 408)
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

“Employees”	certain employees of the Target Group (including a director of certain subsidiaries of the Company) who together held an approximately 2.14% indirect equity interest in the Target Company through two of the Key Employees’ Partnerships, namely 中山市源邦投資諮詢合夥企業(有限合夥) (Zhongshan Yuanbang Investment Advisory Partnership (Limited Partnership)*) and Zhongshan Yirong, as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and its connected persons
“Ink Business”	the manufacturing and trading of inks and related products undertaken by the Target Group
“Institutional Investors”	two institutional investors who are Independent Third Parties and held an aggregate of approximately 3.23% indirect equity interest in the Target Company through the Institutional Investors’ Partnerships as at the date of this announcement
“Institutional Investors’ Partnerships”	collectively, (i) 中山市創好投資諮詢合夥企業(有限合夥) (Zhongshan Chuanghao Investment Advisory Partnership (Limited Partnership)*); (ii) 中山市超浚投資諮詢合夥企業(有限合夥) (Zhongshan Chaojun Investment Advisory Partnership (Limited Partnership)*); and (iii) 中山市卓迅投資諮詢合夥企業(有限合夥) (Zhongshan Zhuoxun Investment Advisory Partnership (Limited Partnership)*), each a limited partnership established in the PRC

“Investor”	an individual investor who is an Independent Third Party and held an approximately 2.00% indirect equity interest in the Target Company through the Investor’s Partnership as at the date of this announcement
“Investor’s Partnership”	中山市好利投資諮詢合夥企業（有限合夥）(Zhongshan Haoli Investment Advisory Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Key Employees”	the Senior Management and the Employees
“Key Employees’ Partnerships”	collectively, (i) 中山市源邦投資諮詢合夥企業（有限合夥）(Zhongshan Yuanbang Investment Advisory Partnership (Limited Partnership)*) held by certain Employees; (ii) Zhongshan Yirong; (iii) Zhongshan Yinghuang; and (iv) Zhongshan Yumao, each a limited partnership established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ho”	Mr. Ho Sai Hou, an executive Director and the chief financial officer of the Company
“Mr. Kwong”	Mr. Kwong Kwok Chiu, a director of certain subsidiaries of the Group
“Mr. K Ip”	Mr. Ip Kwan, an executive Director and the chief executive officer of the Company
“Mr. L Yip”	Mr. Yip Long, a son of, and hence an associate of, Mr. TH Yip
“Mr. TH Yip”	Mr. Yip Tsz Hin, an executive Director and the deputy chairman of the Company
“Ms. Suen”	Ms. Suen Kit Fong, a director of a subsidiary of the Company

“Ms. Tse”	Ms. Tse Yi Chu, a former director of a subsidiary of the Company in the past 12 months
“Partnerships”, or “Vendors”	collectively, the Investor’s Partnership, the Institutional Investors’ Partnerships and the Key Employees’ Partnerships, the vendors of the Sale Interest, and each a “Partnership” or “Vendor”
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purposes of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	collectively, approximately 8.24% of the equity interest in and of the Target Company acquired by Yip’s Ink subject to and in accordance with the terms of the Agreements
“Senior Management”	certain senior management of the Group (including certain current and former directors of the Company and its subsidiaries, namely Mr. TH Yip, Mr. K Ip, Mr. L Yip, Mr. Ho and Ms. Tse) who together held an approximately 0.87% indirect equity interest in the Target Company through two of the Key Employees’ Partnerships, namely Zhongshan Yinghuang and Zhongshan Yumao, as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly
“Target Company”	洋紫荊油墨(浙江)有限公司(Bauhinia Variegata Ink & Chemicals (Zhejiang) Limited*) (formerly known as 洋紫荊油墨股份有限公司(Bauhinia Ink Company Limited)), a company incorporated under the laws of the PRC with limited liability and an approximately 91.76%-owned subsidiary of Yip’s Ink

“Target Group”	the Target Company and its subsidiaries
“Yip’s Ink”	Yip’s Ink & Chemicals (Group) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Zhongshan Yinghuang”	中山市盈煌投資諮詢合夥企業(有限合夥)(Zhongshan Yinghuang Investment Advisory Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the Key Employees’ Partnerships held in majority by Senior Management
“Zhongshan Yinghuang Agreement”	the Agreement dated 10 March 2023 entered into between Zhongshan Yinghuang as vendor and Yip’s Ink as purchaser in relation to the acquisition of approximately 0.34% of the equity interest in and of the Target Company held by Zhongshan Yinghuang as at the date of this announcement
“Zhongshan Yirong”	中山市溢榮投資諮詢合夥企業(有限合夥)(Zhongshan Yirong Investment Advisory Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the Key Employees’ Partnerships held by the Employees
“Zhongshan Yirong Agreement”	the Agreement dated 10 March 2023 entered into between Zhongshan Yirong as vendor and Yip’s Ink as purchaser in relation to the acquisition of approximately 0.43% of the equity interest in and of the Target Company held by Zhongshan Yirong as at the date of this announcement
“Zhongshan Yumao”	中山市裕貿投資諮詢合夥企業(有限合夥)(Zhongshan Yumao Investment Advisory Partnership (Limited Partnership)*), a limited partnership established in the PRC and one of the Key Employees’ Partnerships held by Senior Management

“Zhongshan Yumao Agreement”	the Agreement dated 10 March 2023 entered into between Zhongshan Yumao as vendor and Yip’s Ink as purchaser in relation to the acquisition of Zhongshan Yumao Sale Interest
“Zhongshan Yumao Sale Interest”	approximately 0.53% of the equity interest in and of the Target Company acquired by Yip’s Ink subject to and in accordance with the terms of the Zhongshan Yumao Agreement
“%”	per cent

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

Hong Kong, 10 March 2023

* *The English translation/transliteration of the Chinese names denoted in this announcement is for illustration purpose only. Should there be any inconsistencies, the Chinese names shall prevail.*

For the purpose of illustration only, amounts denominated in RMB in this announcement have been converted into HK\$ at the rate of RMB1 = HK\$1.1272. Such translations should not be construed as a representation that the amounts have been, could have been or could be converted at such rate or at all.

As at the date of this announcement, the Board comprises:–

Non-executive Directors:

Executive Directors:

Mr. Ip Chi Shing (*Chairman*)
Mr. Wong Yuk*
Mr. Ho Pak Chuen, Patrick*
Mr. Ku Yee Dao, Lawrence*

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

* *Independent Non-executive Directors*