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Yip's Chemical Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 408)**

## **DISCLOSEABLE TRANSACTION PROPOSED ACQUISITION OF PROPERTY**

The Board is pleased to announce that on 10 November 2016, the Provisional Agreement in relation to the proposed acquisition of the Property at the consideration of HK\$130,000,000 was entered into among the Purchaser, the Vendor and the Agent.

As one or more of the applicable percentage ratios (as defined in Rule 14.04(9) of the Listing Rules) in respect of the Proposed Acquisition are more than 5% but all the applicable percentage ratios are less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules.

### **INTRODUCTION**

The Board is pleased to announce that on 10 November 2016, the Provisional Agreement in relation to the proposed acquisition of the Property (the “**Proposed Acquisition**”) by the Purchaser from the Vendor at the consideration of HK\$130,000,000 was entered into among the Purchaser, the Vendor and the Agent.

### **THE PROVISIONAL AGREEMENT DATED 10 NOVEMBER 2016**

#### **Parties**

Vendor: Atlantic Treasure Limited

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry, the Vendor and its beneficial owners are third parties independent of the Company and the connected persons of the Company.

Purchaser: Radiant New Limited, an indirect wholly-owned subsidiary of the Company.

Agent: Midland Realty (Comm.) Ltd.  
The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry, the Agent and its beneficial owners are third parties independent of the Company and the connected persons of the Company.

### **Property to be acquired**

- (1) Office: 27<sup>th</sup> Floor, Fortis Bank Tower, Nos. 77, 78-79 Gloucester Road, Hong Kong
- (2) Carpark Space: Space Nos. 3 and 4 on 1<sup>st</sup> Floor, Fortis Bank Tower, Nos. 77, 78-79 Gloucester Road, Hong Kong

As at the date of this announcement, the said Space No. 4 of the Carpark Space is being rented to an independent third party at a monthly rental of HK\$4,400 under a tenancy agreement for a period of 2 years from 1 March 2015 to 28 February 2017 (both days inclusive); and the Purchaser has no intention to rent out the said Space No. 4 after the expiration of the said tenancy agreement.

### **Payment terms**

The consideration for the sale and purchase of the Property is HK\$130,000,000 and is payable by the Purchaser in cash (but not in kind) in the following manner:

- (1) a sum of HK\$6,500,000 has been paid by the Purchaser upon the signing of the Provisional Agreement to the Vendor as initial deposit;
- (2) a sum of HK\$6,500,000 shall be paid on or before 29 November 2016 as further deposit; and
- (3) a sum of HK\$117,000,000 shall be paid upon completion as balance of the purchase price.

The Consideration was arrived at after arm's length negotiations and with reference to comparable sales transactions of similar properties in similar location of the Property.

### **Completion**

Completion of the sale and purchase of the Property will take place on or before 18 January 2017.

### **Commission**

In consideration of the services rendered by the Agent to the Purchaser, the Agent shall be entitled to receive from the Purchaser commission in the sum of HK\$500,000. Such commission shall be paid upon completion.

## **Guarantee**

Upon signing of the Provisional Agreement, the Company executed a guarantee in favour of the Vendor to secure the due and punctual payment by the Purchaser of the Consideration and the due observance and performance by the Purchaser of other terms and conditions contained in the Provisional Agreement.

## **Other terms**

The Purchaser is purchasing the Property in "as is" condition.

## **REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION**

The Group intends to hold the Property for self-use as its office purpose. The Group is currently using its own property in Fanling (the "**Fanling Property**") as headquarters in Hong Kong. As announced before, the Board has been assessing the cost effectiveness and the economic benefits of disposing (in whole) or renting (in whole or in part) of the Fanling Property, and considered disposing the Fanling Property via an open tender in March 2015. Due to change in property market condition and the fact that the Group is still occupying part of such property, the Group has not been able to secure a disposal or leasing since then. The Board considers that the purchase of the Property will enable the Group to deliver immediate vacant possession of the Fanling Property and facilitate more potential buyers or tenants to conclude a purchase or lease, hence strengthening the asset and/or income base of the Group. The Board also believes that the moving of the Hong Kong office of the Group is beneficial to the long term operation of the Group.

On the above basis, the Board is of the view that the terms of the Provisional Agreement and the Proposed Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

## **FUNDING ARRANGEMENT**

The Group intends to finance the Consideration by internal resources.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in the manufacture of and trading in solvents, coatings, inks and lubricants.

## **INFORMATION ON THE VENDOR**

As at the date of this announcement, to the best of the Directors' knowledge, the Vendor is principally engaged in the business of property investment.

## **GENERAL**

Since one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Proposed Acquisition are more than 5% but all the applicable percentage ratios are less than 25%, the Proposed Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

## TERMS USED IN THIS ANNOUNCEMENT

Unless the context otherwise requires, the following expressions shall have the following meanings in this announcement:-

“Agent”	Midland Realty (Comm.) Ltd., a company incorporated in Hong Kong, which is principally engaged in property agency
“Board”	the board of Directors
“Carpark Space”	Space Nos. 3 and 4 on 1 <sup>st</sup> Floor, Fortis Bank Tower, Nos. 77, 78-79 Gloucester Road, Hong Kong
“Company”	Yip’s Chemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the sale and purchase of the Property, i.e. HK\$130,000,000
“Director(s)”	director(s) of the Company (including the non-executive and independent non-executive directors of the Company)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“Office”	27 <sup>th</sup> Floor, Fortis Bank Tower, Nos. 77, 78-79 Gloucester Road, Hong Kong
“Property”	the Office and the Carpark Space
“Provisional Agreement”	the provisional agreement for sale and purchase dated 10 November 2016 entered into among the Vendor, the Purchaser and the Agent in relation to the sale and purchase of the Property
“Purchaser”	Radiant New Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Shareholders”	shareholders of the Company

“Stock Exchange”

the Stock Exchange of Hong Kong Limited

“Vendor”

Atlantic Treasure Limited, a company incorporated in the British Virgin Islands

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

Hong Kong, 10 November 2016

*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. Ku Yuen Fun\*

Mr. Ng Siu Ping\*

*Executive Directors:*

Mr. Yip Tsz Hin (Deputy Chairman)

Mr. Wong Yuk

Mr. Ho Sai Hou

Mr. Kwong Kwok Chiu

*\* Independent Non-executive Directors*