



[For Immediate Release]

Yip's Chemical to Sell 51% Effective Interest in Solvents Business to PAG for HK\$2,688 million

Companies to Jointly Develop Upstream Raw Material for Solvents Business and Accelerate Environmentally Friendly Projects

(Hong Kong, 26 July 2022) — **Yip's Chemical Holdings Limited** (SEHK: 00408) ("Yip's Chemical" or the "Group") today announced the signing of an agreement to sell a 51% effective interest in Handsome Chemical Group Limited ("Handsome Chemical"), a subsidiary of the Group's solvents business, to PAG for RMB 2,295 million (approximately HK\$2,688 million or US\$340 million). PAG will work with Yip's Chemical and other existing shareholders to further build up the business, vertically integrating Handsome Chemical's production of feedstock chemicals and supporting the Group's environmentally friendly strategy through reduced greenhouse gas emissions.

Handsome Chemical, a subsidiary of Yip's Chemical's solvents business, is a leading solvents producer with an extensive distribution network in China and globally. It is the world's largest acetate solvents manufacturer, with an annual production capacity of more than 1.6 million tons.

Leveraging its strategic partnership with PAG, Handsome Chemical will enter the upstream raw material market of acetic acid, and construct an acetic acid plant with an annual production capacity of 600,000 tons in Jingmen Chemical Recycling Industrial Park ("Jingmen Park") located in Hubei Province in China, at a cost of approximately RMB1,740 million. The added capacity of acetic acid production will ensure the sufficient supply of raw materials for Handsome Chemical, and also allow for flexible operations by adjusting the amount of acetic acid consumed internally or sold to the market.

Handsome Chemical will source carbon monoxide, one of the key feedstocks for acetic acid, from Yingde Gases, part of PAG-controlled AirPower Technologies Group, China's largest supplier of industrial gases, which is also located in Jingmen Park. The partnership brings mutual benefits due to the low cost of short-distance transportation for Handsome Chemical, and the reduction of over 300,000 tons of carbon emissions per year for Yingde Gases. The strategic gas supply agreement between the two parties is expected to be finalized in the coming weeks.

Upon completion of the transaction, the Group will hold a 24% effective interest in Handsome Chemical, and will continue to benefit from the considerable growth and profit contribution of the solvents business in future. Yip's Chemical is expected to receive net proceeds of approximately HK\$2,451 million and record an unaudited gain of HK\$1,188 million. The proceeds will be used for the Group's strategic investments in new materials and technology, accelerating plans to become more "environmentally friendly, end-user focused and service oriented", paving the way for the Group to achieve its long-term development goals. Furthermore, the proceeds will be used to repay bank loans and meet the general working capital needs of the Group.

Mr Ip Chi Shing, Chairman of Yip's Chemical, said, "Despite the pandemic and the increasing supply chain challenges globally, the supply chain of the Chinese industrial sector has shown incredible resilience. The Group feels more confident than ever in our future development. We believe that joining forces with PAG to advance the solvents business will create more value for its business partners and shareholders. Looking ahead, while focusing on consolidating its core businesses, the Group will also strive to explore business diversification to build a robust chemical platform and achieve its vision to become a century-old corporation."

Mr Weijian Shan, Executive Chairman of PAG, commented, "This deal is very handsome for both parties. It further shows PAG's ability to invest and create value in unique and industry-leading businesses by leveraging upon the capabilities of its portfolio companies. We are particularly excited about the positive impact on the environment that this investment will make."

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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 one of the top 10 coatings manufacturers in China#. On top of products, the Group has strived to provide value-added services to consumers in recent years, such as automobile lubricant changing and maintenance as well as personal and household sanitizing.

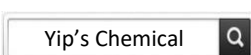
Coating brands operated under the Group are "Bauhinia", "Camel", "Aquapro", "Hang Cheung" for industrial paints and "Da Chang" for resins. The Group also owns brands including "Bauhinia Variegata" for inks, "Hercules" for automotive lubricants and "PACOIL" for industrial and specialty lubricants. The automotive maintenance brand "Damai" and sanitizing brand "EUCA" are also brands under Yip's Chemical.

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 Ink ranked 1st and 2nd in terms of production volume and sales revenue respectively in the PRC in 2021. It ranked 16th in the "2021 Top International Ink Companies" released by the US inks magazine *Ink World* in terms of sales revenue.

Bauhinia Paints ranked 65th in the "2021 Global Ranking of the Top Manufacturers of Paints and Coatings" released by the US coatings magazine *Coatings World* and was among the top 10 in the PRC in terms of sales revenue.

Learn more about Yip's Chemical on:



About PAG

PAG is a leading investment firm focused on Asia with three core strategies: Private Equity, Credit & Markets and Real Assets. Based in Asia, it has offices in all the major markets in Asia. As of 30 June 2022, PAG had more than USD50 billion in assets under management. For more information, please visit www.pag.com.

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