

[For Immediate Release]

Yip's Chemical Increases Its Equity Stake in Damai to 61% Seizes Business Opportunities in the Automobile Aftermarket Develops Diversified Business Model

(Hong Kong, 3 March 2020) — Yip's Chemical Holdings Limited (SEHK: 00408) ("Yip's Chemical" or the "Group") announced that it further injected RMB41 million in Damai, a car maintenance chain brand in China, increasing its shareholding in the company to 61%. By increasing its shareholding in Damai, the Group further seized the business opportunities in the automobile aftermarket and accelerated its operational transformation from asset-oriented to service and end-user oriented, to establish a sound foundation for the Group to develop a diversified business.

Since its establishment, Damai has won the attention of the industry for its nationwide car maintenance chain-store business model. Yip's Chemical acquired 28% equity interest in Damai initially in 2018 and increased its shareholding to 39% in 2019, to support the development of its car maintenance chain outlets business. As of the end of December 2019, Damai has 85 stores across the country, covering Guangdong, Shandong, Jiangsu, Hunan and Hebei provinces. After the increase in shareholding, Yip's Chemical becomes the single largest controlling shareholder of Damai. The Group will continue to work closely with the founding team of Damai to support its network expansion in the form of chain stores. The store network of Damai will be expanded through direct operated stores and franchised stores, in order to rapidly penetrate the Greater China region and serve tens of millions of end users. The number of stores is expected to reach more than 150 this year.

Mr. Ip Kwan, Deputy Chief Executive Officer of Yip's Chemical, said, "The Group has been actively exploring business opportunities related to 'home' and 'car'. Since we have strategically invested in Damai, the two parties have created good synergies and seized the opportunities brought by the development of the automobile aftermarket. The increase in shareholding is in line with the Group's mid- to long-term business plan and helps the Group to further develop a diversified business model. The automobile market in Mainland China is enormous, which will see the rising prevalence of major retail chains and brands. Therefore, we are confident in the prospects of Damai's chain-store operating model and the automobile aftermarket. It will be the 50th anniversary of the Group's establishment next year. Building upon the continuous quality optimisation of its core businesses, the Group will keep on implementing the operating principles of 'environmentally friendly', 'end-user focused' and 'service-oriented'. We will also increase the development of B2C business and are committed to providing value-added services to consumers, so as to move towards our vision of 'Towards a Century of Revered Leadership'."

Mr. Liu Yongjie, Chief Executive Officer of Damai, said, “Since Yip’s Chemical strategically invested in Damai in 2018, we have jointly utilised our complementary strengths to expand our presence in the automobile aftermarket in China. The additional investment from Yip’s Chemical will create stronger synergies, further integrate resources and help to promote the development of the industry. We believe that with the support of Yip’s Chemical, the competitive advantages of Damai will continue to grow, which will help us to strengthen our footprint in cities with high purchasing power and provide our customers with innovative, professional and cost-effective car maintenance service.”



Photo Caption: Yip's Chemical has further increased its shareholding in Damai to 61%.

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 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.

#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:



Yip's Chemical



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