



Yip's Chemical Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 408)

ANNOUNCEMENT OF FINAL RESULTS FOR YEAR ENDED 31 MARCH 2008

HIGHLIGHTS

1. Turnover was HK\$ 4,648,386,000, increased by 19% compared to same period last year
2. Net profit attributable to equity holders was HK\$ 275,183,000, increased by 23%
3. Earnings per share was HK 56.7 cents, increased by 22%
4. Final dividend at HK 15.0 cents per share with total dividends for the year at HK25.0 cents per share, increased by 25%
5. Gearing ratio as at 31 March 2008 was 10%

BUSINESS REVIEW

It gives me great pleasure to report to all of our shareholders our business performance for the financial year ended 31 March 2008. Both turnover and profit attributable to shareholders reached their historical highs, with turnover reaching HK\$4,648,386,000, an increase of 19% over last year, and profit attributable to shareholders totaling HK\$275,183,000, an increase of 23% over last year. This year also marks the 4th consecutive year for us to reach double-digit growth, which serves as ample evidence for the consistent and steady development of the Group in recent years. Looking back, the business environment for the period under review was certainly a year not lacking in challenges. Oil prices continued to stay at high levels, causing operating costs to increase. Further as a result of inflation pressures and pressures on Renminbi to appreciate, the Chinese government has tightened credit and discouraged export, and that put a lot of pressure on companies in the industrial sectors relying on processing trade and export. To make things worse for the industry, the sub-prime mortgage crisis in the US began to surface during October of last year, and that touched off an immense shock and ripple effect on the world's financial markets. Operating under these adverse factors and sentiment, the Group's three core businesses were presented with a year full of severe and stern tests. Facing these challenges, the Group continued to give whole-hearted devotion to our core businesses thereby enhancing and exploiting our competitive advantages and professionalism, which are the core principles we have been adhering to since the inception of our Group in 1971. With our dedication as well as our relentless efforts to enhance our competitiveness as a whole and the precipitation of economies of scale over the last few years, our results served as a testimony to our ability to operate and excel even in a relatively difficult operating environment. At the same time when we strived to grow our core businesses at a consistent and steady pace, opportunities of acquisitions within the industry have also been arising more frequently. We will abide by our acquisition principals that we would only acquire businesses on a scale that we would be capable of handling and managing and that any such acquisitions must be able to bring about synergy with our core businesses. Within the confine of these two principals, the Group will

look out for opportunities to accelerate our growth and development.

As a result of our strong cash flow and our ability to appropriately control relevant measures, the Group's gearing ratio at year end was at a low level of 10%. Therefore, the Board recommends a final dividend of HK15.0 cents per share which, together with the interim dividend of HK10.0 cents already paid, makes the total dividends for the year of HK25.0 cents per share, representing a 25% growth over last year's total dividends of HK20.0 cents.

SOLVENTS

During the period under review, the solvents division recorded a turnover of HK\$2,745,605,000, an increase of 23% over the previous year, and operating profit of HK\$250,185,000, a slight decline of HK\$2.14 million as compared with the previous year. Sales of raw solvents for the entire year was extremely strong. During the first half of the year, demand regularly exceeded our supply capabilities. Further, the excellent performance of our coatings businesses during the year under review has also led to a very respectable growth in the turnover of our mixed solvents business. As such, in terms of turnover, the growth rate of the solvents division for the financial year ended 31 March 2008 was the highest in recent years. As for operating profit, it is difficult to compare results of this year with that of last year, which was brought about by the then temporarily favourable operating environment. Generally speaking, the nature of the solvents industry is such that maintaining operating profits at 8-10% should be considered normal and healthy.

It is expected that the turnover of our mixed solvents business will continue to increase at a steady pace as a result of its enhanced competitiveness as well as the consistent growth of our coatings business. The procedure of producing mixed solvents is comparatively automated; as such the advanced technology and facilities possessed by the Group at present should be able to satisfy the development requirements of the next five years. Regarding raw solvents, however, the Group has been adhering to the strategy of allowing production to determine sales, and therefore the pressing need is to elevate the production capacity of raw solvents as soon as practicable.

In order to resolve our production bottleneck situation, the Group has completed an expansion project at one of our original production sites in January this year and another expansion project is due to finish by September this year. These expansions are expected to increase our production capacity by 60,000 tonnes per year, and coupled with the acquisition of Shengda Chemical (盛達化工) in August of last year which brought in another increase in capacity of 45,000 tonnes per year, the Group's aggregate production capacity of raw solvents should reach 320,000 tonnes per year, a level that is expected to satisfy the demand for the products in the area.

In February this year, the Group acquired Taixing Jinjiang Chemical Industry Company in Jiangsu (江蘇省泰興金江化工廠), which marked an important milestone for the development of our solvents business. Taixing is a producer of ethanol and has a production capacity of 60,000 tonnes per year, and ethanol is a major raw material for the production of ethyl acetate. At the same time of improving our technique and know-how in the production of ethanol, the Group has planned to expand the production at Taixing by building a production line of ethyl acetate which will, when finished, be able to produce 50,000 tonnes of ethyl acetate per year. With this vertical integration, we expect that we will be able to lower our costs of producing such solvents and enhance its competitiveness, providing a platform for our expansion into the Eastern China region. We have submitted the applications for the relevant approvals for the expansion project at Taixing and it is expected that the new production line should be commissioned by the beginning of next year.

COATINGS

The overall result of the coatings business for the period under review exceeded expectations. The encouraging results were a reflection of our commitment to relentlessly dedicate more resources in the promotion and marketing of our products over the past few years. Turnover and operating profit of the Group's coatings division were HK\$1,666,336,000 and HK\$124,046,000, representing an increase of 15% and 40% over the previous year, respectively. While price of raw materials and various other costs continued to rise during the year under review, a more widespread recognition of our various brands in the market has helped in improving our profit margin, thereby enabling us to achieve a reasonable level of operating profit.

With the consistently steady growth of the Chinese economy in recent years, internal demand has been on the rise and that has also attracted reputable international coatings companies to accelerate their entry into the market in China. The future of the coatings industry in China is expected to be a bright one, while competition from within the industry is also expected to be more intense. We have a strategy in place to (1) elevate the reputation of our brands, by strengthening our marketing division and escalating the promotion of our brands from year to year, narrowing the

gap between our brands and those of highly recognized international companies; (2) bolster production capacity, by actively expanding our existing plants and building new ones. Expansion plans at our existing plants in Zhongshan, Chengdu, and Shanghai have been confirmed and they are expected to be completed by this year and 2009. The construction of our new plant in Tungxiang, Zhejiang is expected to be completed and commissioned by the end of this year and once finished, the production capacity of our coatings business will reach 230,000 tonnes per year with production value at HK\$3,500 million; and (3) integrate both vertically and horizontally, by paying extra attention to the changes occurring in the industry, and making appropriate acquisitions. In fact, in June of this year, we successfully acquired a company in Hebei with an ink production plant, Fusen Ink Chemical Company (福森油墨化工). With proper modifications, that plant can become a new comprehensive plant for our coatings division in the Northern China region, giving us a platform based on which we could further develop our coating businesses in the Northern China region. In April this year, the Group also acquired the businesses of Pak Lam Chemicals (柏林化工), a business primarily located in the Guangdong region with a specialty in electronic casing coatings. Its business with expected sales over \$100 million per year has become part of our Hang Cheung Coatings division located in Hui Yang, Guangdong. Further, Pak Lam has a presence in the Eastern China region. With the completion of the Tungxiang plant looming in the horizon, Hang Cheung will be able to leverage on the existing platform of the Pak Lam business in the region to accelerate its penetration of electronic casing coating businesses in Eastern China.

All in all, the development of our coatings business will be a diversified one, with its core values inevitably a result of larger economies of scale and an elevation of brand recognition.

LUBRICANTS

The operating environment for lubricants continued to be extremely difficult during the period under review. The price of its major raw material, base oil, has been on the rise continuously throughout the year. Competition significantly intensified as major oil companies around the world began to enter the Chinese market. However, after undergoing major restructuring over the past two years, results finally showed as our lubricants business succeeded in turning itself around. The turnover of the lubricants division increased 21% from last year to HK\$248,656,000, and operating profit reached HK\$9,493,000, a significant improvement over last year's loss of HK\$6,384,000.

For the coming year, the lubricants business will look to continue to consolidate its position in the market, with our division of the Best Lubricants concentrating on automotive engine oils and the Pacoil division focusing on specialty lubricants, actively developing quality and competitive products in their respective segments. Further, more efforts will be made to strengthen the central management of procurement and logistics with the aim of producing better synergy between the two divisions. It is hoped that these measures will further enable the business to move away fundamentally from the difficult circumstances it was facing and continue to operate profitably in the future.

LOMON TITANIUM LIMITED (“Lomon”)

To complement the restructuring of Lomon's shareholdings during June of last year, the Group sold some of its interests in Lomon, which resulted in a decrease in our shareholding in Lomon from 8% to 5% and recorded a profit of HK\$11,591,000. Lomon is one of the largest manufacturers of titanium dioxide in China, with its production capacity of titanium dioxide reaching 80,000 tonnes per year. As part of its restructuring exercise, Lomon has declared dividends to its shareholders during the year and the Group received RMB7.6 million as a result of such distribution.

NEW GROUP MANAGEMENT STRUCTURE

After years of preparation, a new management structure was implemented with effect from 1 April 2008. Under the new management structure, the Board will focus on setting and monitoring strategies and policies while the Group's management committee will concentrate on implementing the day-to-day operations of the Group. With this segregation, the Board and the management committee will have clearly defined roles but at the same time will be able to work together on important matters. I will continue my role as the Chairman of the Board, but have stepped down as chairman of the management committee, as this role will be assumed by our Chief Executive Officer. It is also my pleasure to announce that Mr. Wong Kam Yim, Kenny, previously in the role of our Deputy Chief Executive Officer since 1 April 2006, has been, with effect from 1 April 2008, appointed as the Chief Executive Officer of the Group responsible for leading the management team. I firmly believe that the implementation of this new management structure represents a step forward and our commitment to elevate the level of the Group's corporate governance and will enable the Board to widen its horizons. The new management team will also be younger and be composed of

more professionals, which I believe lays the foundation on which further development of the Group will be made.

CORPORATE CITIZENSHIP / SOCIAL RESPONSIBILITY

The Group sees corporate social responsibility as a long term, meaningful commitment and is dedicated in fulfilling its corporate social responsibilities. As our business is chemicals manufacturing, attention to safety is paramount in all our operations. The Group is also a keen supporter of charitable causes. Each year, the Group organizes and participates in various events such as green Christmas, tree planting, and Walk for Million etc.

The Group recognizes the importance of environmental protection. Stringent measures have been implemented for greener productions and wastage reductions. R&D also put effort in developing green products such as water-based and lead-free coatings to address the growing global concern on environmental protection. The Group shares this belief with its employees; “Yip’s Green Force” was established in 2007 with the aim of raising awareness of environmental protection among employees and making it an enduring pursuit.

The earthquake in Sichuan in May this year has devastated the lives of hundreds of thousands of people in the area. To help alleviate the pain and suffering and to help the reconstruction process, the Group appealed to all its employees to lend a helping hand through generous donations, and matched the donations raised, a total of RMB887,000 was raised with the proceeds going to the Red Cross Society of China for the earthquake relief fund.

Awards

“Small Cap Corporate of the Year – Hong Kong”

In 2007, the Group was named by Asiamoney as the “Small Cap Corporate of the Year – Hong Kong”, which is a tribute to the company’s corporate strategy and business management. As the award is nominated and voted on annually by the investment community, the Group regards it as a vote of confidence by the professional investors, and is pleased to receive this most prestigious acknowledgement of excellence.

“Best Mid-cap of the Year”

Following the award by Asiamoney, in June 2008, the Group was again recognized as “Best Mid-cap” of the year in Finance Asia’s 2008 Asia’s Best Managed Companies Poll - Hong Kong. It also ranked eighth among the “Best Managed Companies”, “Best Corporate Governance” and “Best Investor Relations”. The award reflects the strong recognition from the investment community for the Group’s achievements as an effective and responsible business corporation.

“Prime Awards for Eco-Business 2008”

In May 2008, the Group has been awarded “Prime Awards for Eco-Business 2008” by Prime Magazine, which honours companies in Hong Kong that have demonstrated a commitment to environmental management and also highlights outstanding achievements on green policies by companies. The panels of judges include professionals from environmental organizations and environmental protectionists and gave awards to 23 companies and 4 leaders in SME.

“Astrid Awards”

The Group also received recognition by Astrid Awards, which is an international competition honoring outstanding achievement in design communications, with judging by leading designers and art directors from all over the world. In the Astrid Awards, the Group received the Silver award in the “Graphic Design - Logo” category for our outstanding new logo design.

“Caring Company Awards”

For two consecutive years, the Group has been awarded the Caring Company logo by Hong Kong Council of Social Service. The award of Caring Company is a recognition of Yip’s Chemical’s enduring efforts in caring for the community and commitment to good corporate social responsibilities, in particular in the areas of “Caring for the Environment”, “Volunteering”, “Employees Friendly” and “Giving”.

The award is a testament to the Group’s dedication to fulfill its corporate social responsibilities. Looking ahead, the Group will continue to fulfill its corporate social responsibilities through various means to serve the community.

LIQUIDITY AND FINANCIAL RESOURCES

By adopting prudent financial management strategy over the years with particular emphasis on the control of accounts receivable and inventory levels, and increasing cash inflow from continuous profit growth, gearing ratio of the Group continued to improve. As at 31 March 2008, the Group's gearing ratio (as measured by net bank borrowings as a percentage of equity attributable to equity holders of the Company) was 10%, an improvement of 4% over the same period last year's 14%.

As at 31 March 2008, the gross bank borrowings of the Group was HK\$875,716,000 (at 31 March 2007: HK\$484,237,000). Out of this HK\$738,799,000 was repayable within one year, of which HK\$12,561,000 was denominated in Renminbi and HK\$291,002,000 was denominated in US Dollar (at 31 March 2007: HK\$428,601,000, of which HK\$13,260,000 was denominated in Renminbi and nil in US Dollar). Loans repayable after one year at 31 March 2008 was HK\$136,917,000 (at 31 March 2007: HK\$55,636,000). All these loans carried interest at floating rates.

During the year, the Group raised HK\$210,000,000 floating rate medium term loans from 5 banks, which are repayable by quarterly repayments within 3 years. As at 31 March 2008, a total of 16 banks in Hong Kong, Macau and PRC granted banking facilities totaling HK\$2,037,988,000 to the Group (at 31 March 2007: HK\$1,446,560,000), 89% of these facilities were denominated in Hong Kong Dollar or US Dollar and the rest in Renminbi. Moreover, in April 2008, the Company successfully raised approximately HK\$268,312,000 through the placing of 50,000,000 shares (conducted via the placing of existing shares followed by the subscription of new shares) to investors at the price of HK\$5.50 per share. The placing shares represent approximately 9.30% of the Company's then issued share capital as enlarged by and immediately following the placing and subscription. The Group's available banking facilities, together with the net proceeds from the placing and the subscription will strengthen the capital base of the Group and provide sufficient funds to the Group to meet its present operational requirements and organic growth in the coming few years. In the future, if there are major investment or mergers and acquisitions, the Group may obtain bank loans or raise funds from the equity market.

The majority of the Group's assets are located in the Mainland China, and most of its income is generated in Renminbi. Since Renminbi exchange rate has shown considerable strength as China's trade surplus continues to rise, and this trend is expected to continue in the near future, the management considers that no hedging measures are necessary at this stage. The Group will continue to strike a balance between lowering borrowing cost and minimizing currency exposure by funding its investments through either Hong Kong Dollar, US Dollar or Renminbi bank loans.

APPOINTMENT OF NEW DIRECTORS

The Group appointed two new directors, Mr. Li Wai Man, Peter and Mr. Ku Yuen Fun, Andy, as an executive director and an independent non-executive director on 1 April 2008 and 1 July 2008, respectively. On behalf of the Group, I would like to express my sincere welcome to them.

EMPLOYEES

As at 31 March 2008, there were a total of 4165 employees of which 155 were based in Hong Kong and 4010 were based in other provinces in the PRC.

The Group provides competitive remuneration packages including salary, variable bonus linked to both the Group and employees' individual performance, as well as share option. The remuneration and incentive policy are reviewed from time to time, ensuring it is fair and equitable to attract and retain competent employees.

The Group is committed to maintain its edge by employing and developing top talent. With the Trainee Program already in place for years, top graduates from tertiary institutes in Hong Kong, China and overseas are recruited and trained to be management or technical experts, thereby sharpening the competitive edge of the Group in management and technology. The Group also supports its employees to achieve continuous self-improvement. Various in-house and external training programs are regularly provided to our employees to increase their competencies. Besides, the Group has an educational subsidy scheme to encourage employees to upgrade themselves both in their work and in

personal development.

PROSPECTS

Without a doubt, uncertainties still linger in the short run, affecting the Group's various businesses. In recent months, the substantial increase in crude oil prices, the gradual rise in prices of various raw materials, and the striking of unfortunate natural disasters, including the earthquake in Sichuan and flooding in Southern China, would further affect the businesses of the Group. However, looking ahead, I am still full of confidence about the development of the Group in the coming year. My belief is based on a few reasons. First, the unfavourable effects of the sub-prime mortgage crisis affecting the United States has abated and the world's financial markets are gradually getting stabilized. Second, as a result of the change in political powers in Taiwan and the relationships between China and Japan being on the mend, the once tense relationships of China with Taiwan and Japan have shown signs of improvement, and these will bring about a more stable external environment for China to sustain its economic growth. The expected success of the Olympics will also further stimulate internal demand. These two factors, a stable external environment and internal demand, have been the cornerstone fueling the growth of the Chinese economy in the recent years and as the three core businesses of the Group have been closely linked with the Chinese economy, we will be abound with future opportunities. Third, our determination to implement fully the new management structure will elevate our corporate governance to a higher level. Fourth, our ability to successfully raise funds in the market in April this year, amid a difficult financial market environment, not only serves to prove that the investment community recognizes our success, it also provides support to our future expansion plan and allows flexibility in pursuing acquisition opportunities. Last but not least, our corporate culture of recognizing the importance of human capital and sharing has been further deepened within the Group, and that provides a sound base for both existing and new employees to devote their best for the success of the Group.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to our employees for their dedication and contribution to the success of the Group, and also to our business associates from all sectors for their continued trust and support.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance so as to achieve the Group's objectives of maximizing values for its employees, customers, suppliers, business partners and shareholders, and safeguarding the interests of them.

Throughout the year ended 31 March 2008, the Company has complied with the Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviation from Code provision A.2.1 on the roles of chairman and chief executive officer which should be separated and should not be performed by the same individual. Effective 1 April 2008, the Group has implemented a new group management structure. As part of that change, Mr. Ip Chi Shing, Tony has resigned from his post as the Managing Director of the Company but he remains as the Chairman of the Board, and Mr. Wong Kam Yim, Kenny has been appointed as the Chief Executive Officer of the Company, a role that was previously occupied by Mr. Ip as Managing Director. Accordingly, the Company has complied with provision A.2.1 of the Code, which states that the roles of chairman of the board and chief executive officer should be separated and should not be performed by the same individual. With his role being more distinctly defined, Mr. Ip will focus on leading the Board as an overseeing body of the Group. The implementation of the new group management structure, including the clear demarcation of the roles of the chairman of the board and the chief executive officer, is a commitment undertaken by the Group to raise its level of corporate governance.

Further information will also be included in the 2007/08 Annual Report.

AUDIT COMMITTEE

The Audit Committee was formed in November 1998 and currently comprises one Non-executive Director and four Independent Non-executive Directors and is chaired by Mr. Wong Kong Chi. Major roles and functions of the Audit

Committee include reviewing financial information of the Group, overseeing the Group's financial reporting system and internal control procedures and monitoring the relationship between the Group and its external auditors. An audit committee meeting was held on 25 June 2008 to review the Group's audited consolidated financial statements for the year ended 31 March 2008.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as its own code of conduct regarding Directors' securities transactions. After making specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code.

The Board of Directors of Yip's Chemical Holdings Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2008, together with comparative figures of last year.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2008	2007
	Notes	HK\$'000	HK\$'000
Turnover	3	4,648,386	3,913,835
Cost of sales		(3,788,194)	(3,121,237)
Gross profit		860,192	792,598
Other income		97,250	26,420
Selling and distribution expenses		(129,196)	(106,407)
Administrative expenses		(401,299)	(364,660)
Other expenses		(13,944)	-
Profit from operations	3 & 4	413,003	347,951
Interest expense		(30,215)	(26,251)
Profit before taxation		382,788	321,700
Taxation	5	(63,354)	(51,982)
Profit for the year		319,434	269,718
Attributable to:			
Equity holders of the Company		275,183	223,636
Minority interests		44,251	46,082
		319,434	269,718
Earnings per share	7		
- Basic		HK 56.7 cents	HK 46.6 cents
- Diluted		HK 55.9 cents	HK 46.1 cents

CONSOLIDATED BALANCE SHEET

		At 31 March	
		2008	2007
	Notes	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		674,165	516,368
Prepaid lease payments		108,611	75,728
Goodwill		71,462	30,491
Intangible assets		14,419	1,000
Available-for-sale investment		12,209	17,653
Deposit paid for acquisition of a subsidiary		9,989	-
Deposits paid for acquisition of property, plant and equipment		6,696	17,774
Other non-current assets		4,600	4,600
		902,151	663,614
Current assets			
Inventories		486,995	417,767
Trade debtors	8	961,554	751,288
Other debtors and prepayments		117,405	99,762
Prepaid lease payments		2,950	2,212
Derivative financial instruments		-	4
Pledged bank deposits		12,764	-
Short-term bank deposits			
-with original maturity within three months		95,819	94,481
-with original maturity more than three months		263,483	-
Bank balances and cash		359,956	234,077
		2,300,926	1,599,591
Current liabilities			
Creditors and accrued charges	9	614,757	487,226
Taxation payable		56,958	56,163
Derivative financial instruments		13,940	-
Bank borrowings - amount due within one year		738,282	428,508
Bank overdrafts		517	93
		1,424,454	971,990
Net current assets		876,472	627,601
Total assets less current liabilities		1,778,623	1,291,215
Non-current liabilities			
Bank borrowings - amount due after one year		136,917	55,636
Deferred taxation liabilities		7,337	1,892
Consideration payable for acquisition of subsidiaries		5,404	-
		149,658	57,528
		1,628,965	1,233,687
Capital and reserves			
Share capital		48,741	48,164
Reserves		1,400,036	1,055,644
Equity attributable to equity holders of the Company		1,448,777	1,103,808
Minority interests		180,188	129,879
		1,628,965	1,233,687

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2008

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"s) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), amendment of Hong Kong Accounting Standards ("HKASs") and interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 April 2007. The adoption of the new HKFRSs has no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment and interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) - INT 12	Service concession arrangements ³
HK(IFRIC) - INT 13	Customer loyalty programmes ⁴
HK(IFRIC) - INT 14	HKAS 19 – The limit on defined benefit asset, minimum funding requirements and their interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009.

² Effective for annual periods beginning on or after 1 July 2009.

³ Effective for annual periods beginning on or after 1 January 2008.

⁴ Effective for annual periods beginning on or after 1 July 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group's operations are currently classified under three business divisions, namely solvents, coatings and lubricants. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Solvents - manufacture of and trading in solvents and related products
 Coatings - manufacture of and trading in coatings and related products
 Lubricants - manufacture of and trading in lubricants products

(i) An analysis of the Group's turnover and results by business segments is as follows:

	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Year ended 31 March 2008						
Segment revenue						
External sales	2,681,926	1,616,463	247,123	102,874	-	4,648,386
Inter-segment sales	63,679	49,873	1,533	742	(115,827)	-
Total	2,745,605	1,666,336	248,656	103,616	(115,827)	4,648,386
Results						
Segment result	250,185	124,046	9,493	9,461	(473)	392,712
Unallocated corporate income						45,193
Unallocated corporate expenses						(24,902)
Profit from operations						413,003
Interest expense						(30,215)
Profit before taxation						382,788
Taxation						(63,354)
Profit for the year						319,434
	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Year ended 31 March 2007						
Segment revenue						
External sales	2,194,656	1,398,708	205,085	115,386	-	3,913,835
Inter-segment sales	46,595	44,166	439	5,341	(96,541)	-
Total	2,241,251	1,442,874	205,524	120,727	(96,541)	3,913,835
Results						
Segment result	252,324	88,501	(6,384)	13,952	111	348,504
Unallocated corporate income						5,375
Unallocated corporate expenses						(5,928)
Profit from operations						347,951
Interest expense						(26,251)
Profit before taxation						321,700
Taxation						(51,982)
Profit for the year						269,718

Inter-segment sales are charged at the similar terms as outsiders.

(ii) Other information

	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Corporate Level HK\$'000	Consolidated HK\$'000
Year ended 31 March 2008						
Capital additions	148,971	60,650	3,158	1,452	648	214,879
Depreciation and amortisation of property, plant and equipment	15,539	27,404	4,278	57	1,524	48,802
Release of prepaid lease payments (Reversal of impairment loss)	591	1,494	-	-	335	2,420
impairment of property, plant and equipment	-	(316)	59	-	-	(257)
Amortisation of intangible assets	934	1,076	-	-	-	2,010
Loss on disposal of property, plant and equipment	84	832	99	-	39	1,054

	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Corporate Level HK\$'000	Consolidated HK\$'000
Year ended 31 March 2007						
Capital additions	15,301	66,673	12,671	-	1,269	95,914
Depreciation and amortisation of property, plant and equipment	12,018	22,517	3,278	54	1,614	39,481
Release of prepaid lease payments	345	1,492	-	-	335	2,172
Impairment loss (reversal of impairment loss) of property, plant and equipment	14	(775)	-	-	-	(761)
Amortisation of intangible asset	-	1,000	-	-	-	1,000
Loss on disposal of property, plant and equipment	129	447	228	-	2	806

(b) Geographical segments

As over 90% of the Group's turnover and trading results are derived from Mainland China and the assets are substantially located in Mainland China, an analysis of the consolidated turnover, trading results by geographical market and assets by geographical location is not presented.

4. PROFIT FROM OPERATIONS

	Year ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of intangible assets (included in administrative expenses)	2,010	1,000
Depreciation and amortisation of property, plant and equipment	48,802	39,481
Release of prepaid lease payments	2,420	2,172
Change in fair value of derivative financial instruments (included in other expenses)	13,944	-
and after crediting:		
Gain on disposal of available-for-sale investment	11,591	-
Interest income	11,090	5,375
Net exchange gain	13,755	1,427
Dividend income from available-for-sale investment	8,168	1,240
Gain on disposal of a subsidiary	-	487

5. TAXATION

	Year ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
Current tax - Hong Kong		
Current year	3,461	4,377
(Over)underprovision in previous years	(24)	25
	3,437	4,402
Current tax - Mainland China		
Current year	63,463	46,892
Overprovision in previous years	(3,249)	(101)
	60,214	46,791
	63,651	51,193
Deferred taxation		
Hong Kong	(297)	789
	63,354	51,982

Hong Kong Profits Tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profit for the year. Enterprise income tax in Mainland China has been provided at the rates prevailing in the respective jurisdictions.

Pursuant to the relevant laws and regulations in Mainland China, certain of the Company's Mainland China subsidiaries are entitled to exemption from enterprise income tax of Mainland China for the first two years commencing from their first profit-making year of operation and thereafter, these subsidiaries in Mainland China will be entitled to a 50% relief from enterprise income tax of Mainland China for the following three years. Enterprise income tax of Mainland China has been provided for after taking these tax incentives into account.

On 16 March 2007, Mainland China promulgated the Law of Mainland China on Enterprise Income Tax (the "New Law") by Order No.63 of Mainland China. On 6 December 2007, the State Council of Mainland China issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the existing tax rates from 15% to 25% progressively over 5 years for certain subsidiaries from 1 January 2008 and 27% and 33% to 25% for certain subsidiaries from 1 January 2008 respectively. The enactment of the New Law is not expected to have any significant financial effect on the amounts accrued in the consolidated balance sheet in respect of taxation payable and deferred taxation.

Certain of the Group's subsidiaries that are currently entitled to exemption and reduction from enterprise income tax rate of Mainland China would continue to enjoy such tax benefits until the exemption and reduction period expire, but not beyond 2012.

6. DIVIDENDS

	Year ended 31 March	
	2008 HK\$'000	2007 HK\$'000
Dividend recognised as distribution during the year:		
2008 interim dividend of HK10.0 cents (2007: HK6.0 cents) per share	48,663	28,871
2007 special dividend of HK2.0 cents (2008: nil) per share	-	9,624
2007 final dividend of HK12.0 cents (2006: HK9.0 cents) per share	58,343	43,202
	107,006	81,697

The final dividend of HK15.0 cents (2007: HK12.0 cents) per share has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	2008 HK\$'000	2007 HK\$'000
Profit for the year attributable to equity holders of the Company and earnings for the purposes of calculating basic and diluted earnings per share	275,183	223,636
	Number of shares	'000
Weighted average number of shares for the purpose of calculating basic earnings per share	485,549	479,441
Effect of dilutive potential shares:		
Share options	6,787	5,618
Weighted average number of shares for the purpose of calculating diluted earnings per share	492,336	485,059

8. TRADE DEBTORS

An aged analysis of trade debtors at the balance sheet date is as follows:

	2008 HK\$'000	2007 HK\$'000
0 - 3 months	783,227	587,061
4 - 6 months	164,338	135,082
Over 6 months	13,989	29,145
	961,554	751,288

The Group allows a credit period ranging from 30 to 90 days to its trade customers. A longer credit period may be granted to large or long established customers with good payment history.

9. CREDITORS AND ACCRUED CHARGES

At the balance sheet date, the balance of creditors and accrued charges included trade creditors of HK\$388,490,000 (2007: HK\$309,674,000). An aged analysis of trade creditors at the balance sheet date is as follows:

	2008 HK\$'000	2007 HK\$'000
0 - 3 months	385,882	305,584
4 - 6 months	1,512	3,579
Over 6 months	1,096	511
	388,490	309,674

10. POST BALANCE SHEET EVENTS

(a)

On 18 April 2008, the Company entered into (i) a subscription agreement with Mr. Ip Chi Shing, Tony ("Mr. Ip"), an executive director and the chairman of the board of directors of the Company, for the subscription of 50,000,000 new shares of the Company at the price of HK\$5.50 per share (the "Subscription"), and (ii) a placing agreement with Mr. Ip and Macquarie Capital Securities Limited (the "Placing Agent") pursuant to which Mr. Ip agreed to sell and the Placing Agent agreed to procure the sale of 50,000,000 existing shares of the Company (the "Placing Shares") at a price of HK\$5.50 per share (the "Placing"). Completion of the Placing of the 50,000,000 Placing Shares took place on 22 April 2008 and the Placing Shares were placed to more than six placees who are independent of and not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates (as defined in Listing Rules). Completion of the Subscription took place on 30 April 2008. The Placing Shares represent approximately 9.30% of the Company's issued share capital as enlarged by and immediately following the Subscription.

The net proceeds of the Subscription amounted to approximately HK\$268 million. The Company intended to use the net proceeds from the Subscription principally as general working capital, and for capital expenditure and business expansion.

Details of the Placing and Subscription were published in the Company's announcements dated 18 April 2008 and 30 April 2008.

(b)

On 7 April 2008, Hang Cheung Petrochemical Limited ("HCP"), a Hong Kong incorporated indirect wholly-owned subsidiary of the Company, entered into a businesses and assets transfer agreement (the "Businesses and Assets Transfer Agreement") with Pak Lam Chemical Company Limited and Mayland Chemical Company Limited (the "Sellers"), both Hong Kong incorporated companies not connected to the Group. Under the Businesses and Assets Transfer Agreement, HCP agreed to purchase the businesses relating to the manufacturing, selling, promoting, trading and testing of coatings for electronic appliances, machine cases, toys and corresponding solvent products which are under the name and style of "Pak Lam Group", "Pak Lam" and "Mayland", including technology and intellectual property rights in relation to these businesses from the Sellers. The consideration is RMB33,000,000 (equivalent to approximately HK\$36,627,000) and is subject to adjustment. The acquisition was completed in May 2008 and will be accounted for using the purchase method. The Group is in the process of assessing the fair values of the identifiable assets and liabilities of the acquiree, therefore the financial effects of the acquisition are not presented.

(c)

The Group entered into a Share Transfer Agreement with third parties to acquire the entire equity interest of 河北福森油墨化工有限公司(the "Target Company") on 29 February 2008 at a consideration of RMB23,800,000 (equivalent to approximately HK\$26,500,000), subject to adjustment. As at 31 March 2008, RMB 9,000,000 (equivalent to approximately HK\$9,989,000) has been paid as a deposit for acquisition of the Target Company. The acquisition was completed in June 2008 and will be accounted for using the purchase method. The Group is in the process of assessing the fair values of the identifiable assets and liabilities of the acquiree, therefore the financial effects of the acquisition are not presented.

FINAL DIVIDEND

The Board of Directors has resolved to recommend a final dividend of HK15.0 cents (2007: HK12.0 cents) per share for the year ended 31 March 2008. Upon approval by shareholders in the forthcoming annual general meeting, the final dividend will be payable on 17 September 2008 to shareholders whose names appear on the Register of Members of the Company on 9 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 4 September 2008 to 9 September 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00p.m. on 3 September 2008.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the HKEx website (<http://www.hkex.com.hk>) and the Company's website (<http://www.yipschemical.com>). The 2008 annual report containing all the information required by the Rules Governing the Listing of Securities on the Stock Exchange will be published on the HKEx website and the Company's website in due course.

By Order of the Board
Ip Chi Shing, Tony
Chairman

Hong Kong, 3 July 2008

As at the date of announcement, Mr. Ip Chi Shing, Tony, Ms. Ip Fung Kuen, Mr. Yip Tsz Hin, Stephen, Mr. Ng Siu Ping, George, Mr. Ting Hon Yam, Mr. Wong Kam Yim, Kenny, Mr. Young Man Kim, Robert and Mr. Li Wai Man, Peter are executive directors of the Company, Mr. Tong Wui Tung, Ronald is a non-executive director of the Company and Mr. Wong Kong Chi, Mr. Au-Yeung Tsan Pong, Davie, Mr. Li Chak Man, Chuck and Mr. Ku Yuen Fun, Andy are independent non-executive directors of the Company.