葉氏化工 YIP'S CHEMICAL

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 2009

HIGHLIGHTS

1. Turnover was HK$5,089,931,000, increased 9%
2. Net profit attributable to equity holders was HK$224,228,000, decreased 19%
3. Earnings per share was HK41.9 cents, decreased 26%
4. Final dividend at HK17.0 cents per share, increased HK2.0 cents
5. Dividends for the year at HK25.0 cents per share, same as last year
6. Net cash position of HK$369,131,000, compared with 10% gearing last year

CHAIRMAN'S STATEMENT - REVIEW

It gives me great pleasure to report to all of our shareholders our business performance for the financial year ended 31 March 2009. Turnover reached HK$5,089,931,000, representing an increase of 9% and reaching a historical high, while profit attributable to shareholders registered HK$224,228,000, which was a decline of 19% over last year.

The unprecedented financial tsunami commenced in August last year. Initially, turmoil in the financial markets and a sudden and drastic tightening of credit gave a tremendous shock to the economy, followed closely by a reduction in private sector consumption and a drastic decline in China's exports. The extent of the impact of this financial tsunami on the global economy during the third quarter of the last financial year was hitherto unseen. Operating under such difficult economic conditions, the Group's business results were inevitably affected. However, the Group took timely measures to deal with the challenges, and after a most difficult third quarter, the Group's overall core businesses have basically returned to normal. Taking the financial year as a whole, turnover continued to climb while profits showed a temporary reversal, but the Group was able to maintain a very strong positive cash flow. As at 31 March 2009, the Group had a net cash position of HK$369,131,000, compared to a net gearing ratio of 10% at the same time last year, which is a testimony for the Group's sound and prudent financial management under such a challenging economic environment.

Having considered all the relevant factors, the Board recommends a final dividend of HK17.0 cents per share which, together with the interim dividend of HK8.0 cents already paid, makes the total dividend for the year HK25.0 cents per share, unchanged from last year. This payout would also be the highest dividend payout ratio in recent years.

As far as the Group is concerned, the past year has been one which has been filled with challenges. Internally, the Group implemented the new management structure. The newly set up Board Executive Committee and the Group Management Committee have worked closely together, yet each according to its defined terms of reference. After a year of operation, the new structure is now functioning seamlessly. I am fully confident that this model of having the Board being responsible for leadership, and the Group Management Committee being responsible for execution will continue to raise the standards of corporate governance and set a firm foundation for the long term healthy development of the enterprise. The many awards that the Group has won over recent years can be seen as recognition of the Group's achievements in the area of corporate governance.

On the external business environment, extreme volatility in raw materials prices, coupled with rising cost pressures in the first half have constrained earnings growth to only 2%, despite a turnover growth of over 30%. In the second half, the global financial crisis inevitably took its toll, with the export industries in the Pearl River Delta taking the hardest hit. Moreover, the after-effects of the macro-economic control measures taken during earlier in the year, the credit crunch, and the consequent weakness in consumer demand had all impacted the Group's businesses, with the impact reaching its peak during the third quarter. However, with the Central Government taking effective measures to ease the monetary supply and to accelerate infrastructure construction projects to reflate the economy, business conditions improved. Although the export-related businesses were still weak during the fourth quarter, the businesses which were catering for domestic demand have all basically returned to normalcy. Accordingly, the Group believes that the end of the crisis is in sight, and moreover, within each crisis there are sure to be opportunities. We believe that a more challenging economic climate will actually provide more opportunities for the Group to more fully exploit its competitive advantages. During the past six months, the Group has taken a series of decisive actions to on the one hand effectively control capital expenditure and reduce receivables and inventories, and on the other to expand the businesses which cater to China's domestic demand and to increase the investments in brand building, thus improving the quality of our earnings. These measures have placed the Group in a strategically advantageous position to capture the business opportunities ahead: with a solid financial foundation, the Group is even better positioned to compete in our target markets. At the same time, in order to show its commitment to sharing the burden with all staff during times of hardship, it was unanimously decided to cut the Board's remuneration by 8%.

PROSPECTS

Looking ahead, the Group anticipates that in the aftermath of the financial tsunami, the global economy will take time to heal. Demand in Europe and North America will continue to be weak in the days ahead, hence we cannot be overly optimistic about the outlook for the export businesses. However, the Chinese Government is continuing to pursue effective policies to expand domestic demand to reduce its dependence on exports and to achieve sustained economic growth. The Group is both optimistic and confident about the Chinese Government's efforts to pursue growth, and believes that therein lies our boundless opportunities for continued business development. We expect that domestic demand as a proportion of our overall business will grow from the current level of 90% to even higher levels. We have laid out long term development strategies for further growing both the scale and brand value of our core businesses: in our raw solvents business, we have begun construction of our plant in Eastern China, which together with expansion of our facilities in South China, will bring our total capacity to 430,000 tonnes, thus becoming the world's largest acetate solvents producer while at the same time expanding our markets from just the Pearl River Delta to cover the Yangtse Delta as well as the Baohai Basin and the northwestern hinterland. On the coatings side, we have increased our investments in brand promotions and also expanded our distribution coverage among the secondary and tertiary cities and towns, targeting to positioning ourselves to be among the leading brands in China within the next three years. Yip's Chemical is ready: the foundations have been laid; with China's continued economic development all but certain, time will provide the proof that Yip's will continue to grow and bring rich returns to our shareholders.

Lastly, on behalf of the Board, I wish to take this opportunity to thank all our employees for their dedicated efforts and outstanding contribution to the success of the Group, and to thank all our business partners for their confidence in us and their support.

CEO'S STATEMENT - BUSINESS REVIEW

SOLVENTS

The solvents business reached a record turnover of HK$2,976,563,000, representing an increase of 8% over last year. However, operating profits was only HK$212,682,000, which was a decline of 15%. In the first half of the reporting period, both raw solvents and mixed solvents benefitted from strong demand and the sustained growth of the coatings sector, but due to increases in raw materials and operating costs, profits only showed a slight increase. In the second half, as a result of the financial turmoil, demand weakened and prices of chemicals raw materials fell significantly. Consequently, the solvents business had a brief setback due to inventory loss. Although the situation has been rectified and the business has basically returned to normal during the fourth quarter, the business recorded a slight reduction in operating profit.

The impact of the financial turmoil on the economy and on the businesses is expected to continue at least in the immediate future. In the face of tightened credit and a shortage of funding in the market coupled with extreme price volatility, business conditions were unusually tough. However, we have been able to turn our ample cash flow, our long-established and stable relationship with raw materials suppliers and our economy of scale into significant competitive advantages, hence we were still able to achieve business growth during this difficult economic climate. Moreover, since the beginning of 2009, the relative prices of tapioca and corn have returned to favouring the tapioca process, allowing the Taixing Chemical plant acquired last year to return to profitability while at the same time making the case for producing acetate solvents in Eastern China even more robust. In order to further develop the Eastern China market, and to build onto the advantages of vertical integration on the one hand, and to enhance our economy of scale on the other, we will be investing HK$70 million to build a 120,000 ton manufacturing facility for acetate solvents. This project is currently under construction, and is expected to be on-stream within the current financial year. The project will bring our total capacity for acetate solvents to over 430,000 tonnes, making us the world's largest acetate solvents producer. It will also allow us to further improve our competitive advantage in the acetate solvents market, making us well-placed to take advantage of the new business opportunities which will emerge as China's economy continues to grow. At the same time, our capacities for mixed solvents is expected to be able to satisfy our requirements in the foreseeable future, and we fully expect the growth in the coatings business to further provide impetus for growth of the mixed solvents business. Meanwhile, we will continue to endeavour to optimize formulations and to reduce the costs of our mixed solvents through sustained R&D efforts, with a view to enhancing our margins in this business.

COATINGS

Despite a difficult operating environment, the coatings business still recorded steady growth in the past year. Turnover and profits for the whole year were HK$1,852,881,000 and HK$128,112,000, representing growth of 11% and 3% respectively. During the first half of the year under review, the business experienced tremendous price volatility and costs increases, while in the second half, the business had to deal with the credit crunch, weakening of demand and a serious decline in the export markets. In accordance with the Group's laid-down strategy for continued development, the coatings division responded with timely action to: (1) Increase our investment in brand and promotion, and further expand our distribution network, targeting to improve the "brand-pull" in our marketing strategy; (2) Emphasize the development of the domestic Chinese market for both household and industrial paints. With the continued growth of our business in Eastern and in North-western China, the impact of the downturn in the Pearl River Delta has been largely offset; (3) Take timely action to adopt a more prudent credit management policy to effectively control the credit risks.

We do not expect the overall operating environment to recover from the impact of the financial tsunami in near future, especially in the sector of exports to Europe and to North America. However, with China taking effective steps to stimulate domestic demand, China's economy is expected to be one of the first to recover. We expect China's continued strong growth will provide ample opportunities for the Group's coatings businesses. To meet the needs of our long-term business development, we have commissioned the 6-hectare Tungxiang plant in May this year, thus providing a good production base for the Group's inks and industrial paints business to further expand in Eastern China. In the meantime, with the production of inks moving from Shanghai to Tungxiang, new production lines for household paints are being added to the original plant in Shanghai to further increase production capacity for decorative paints to meet the expanded demands in Eastern and North-western China. At the same time, the Group will continue to increase its investment in brand management, and continue to expand its distribution network in the secondary and tertiary cities and towns. The Group is fully confident about the prospects for its coatings business, and preparations are in hand to capture the business opportunities ahead.

LUBRICANTS

During the period under review, the lubricants business faced a even more difficult business environment than before. The business recorded a turnover of HK$257,446,000, 4% higher than a year ago, but operating results reversed from last year's profitable position to an operating loss of HK$7,284,000. Following a series of steps to restructure the business in recent years, the positive results were already starting to show, with the first half registering a welcome increase both in turnover and profits. However, the financial tsunami during the second half created havoc in both the markets and in the operating environment. Industrial specialty lubricants faced the brunt of the impact of demand weakness in the exports markets in South China hitting many of its customers, while its efforts to develop the Eastern China market still needs time to come to fruition. At the same time, automotive lubricants faced demand weakness and cut-throat competition. The situation was exacerbated by the sudden and drastic decline in base oil price which forced competitors into a race to reduce high-cost inventories through price-cutting. Accordingly, the business turned from a profitable to a loss position in the second half due to a decline in both turnover and margins.

The outlook for the operating environment remains daunting. Raw material prices have turned higher along with oil prices, but demand has yet showed no signs of recovery, especially for industrial lubricants. In the immediate future, the business is expected to continue to face cost and competition pressures. However, the Group will stay with the laid-out strategy to continue to restructure the business to consolidate the gains from synergy between our automotive and industrial lubricants businesses. For automotive lubricants, the emphasis will be on building the distribution outlets for the second and third tier cities and towns and to expand the market for anti-freeze in North China. For industrial lubricants, the challenge will be to accelerate market development in Eastern and Northern China, with the goal of overcoming adversity and reverting once again to profitability through consolidation and faster market development.

CORPORATE SOCIAL RESPONSIBILITY

The Group sees corporate social responsibility as a long term, meaningful commitment and is dedicated to fulfilling its corporate social responsibilities. The core of our CSR practice is to engage all our employees, clients, suppliers, and business partners to bring about positive changes to the communities which we live. The Group's CSR initiatives include education, environment, product custodian ship, and other philanthropic projects.

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 marathon etc.

The Group is also dedicated to fulfill its obligations of good corporate citizenship and participated in charity projects in China. In September 2008, through the Asian Foundation for the Prevention of Blindness, Yip' Chemical donated a mobile eye surgery centre to the Ningxia Hui Autonomous Region. The more than HK$2.2 million mobile eye surgery centre will be able to perform cataract removal and implants of artificial lenses for between 1,500 to 2,000 cataract patients a year to help them restore sight and color vision. The Group is confident that the mobile eye surgery centre is an effective platform to help the patients in the rural areas and provide them with the eye treatment.

Awards

"FinanceAsia's Best Managed Companies Poll – Hong Kong"
In May 2009, Yip's Chemical was ranked fifth in "Best Investor Relations", and tenth in "Best Corporate Governance" in FinanceAsia's 2009 Asia's Best Managed Companies Poll. This is the second consecutive year that the company was honoured in the regional poll. The recognition represents endorsement of the investment community for the Group's efforts to grow Yip's Chemical into an excellent business and well-governed corporation.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continue to implement prudent financial management strategy with particular emphasis on the control of accounts receivable, inventory and capital expenditure. As a result of the cash inflow generated by profit and the net proceeds from the placing of shares in April 2008, the Group accumulated net cash of HK$369,131,000 as at 31 March 2009. Compared with the gearing ratio of 10% as at 31 March 2008 (as measured by net bank borrowings as a percentage of equity attributable to equity holders of the Company), the Group's financial position is getting stronger and stronger.

As at 31 March 2009, the gross bank borrowings of the Group amounted to HK$516,853,000 (at 31 March 2008: HK$875,716,000). Out of this amount, HK$449,464,000 (at 31 March 2008: HK$738,799,000) was repayable within one year, of which HK$273,920,000 was denominated in Hong Kong Dollars, HK$143,993,000 in US Dollar and the balance in Renminbi (at 31 March 2008: HK$435,236,000 was denominated in Hong Kong Dollars, HK$291,002,000 in US Dollar and the balance in Renminbi). Loans repayable after one year as at 31 March 2009 amounted to HK$67,389,000 (at 31 March 2008: HK$136,917,000). These loans carried interest at floating or fixed rates.

As at 31 March 2009, a total of 13 banks in Hong Kong, Macau and PRC granted banking facilities totaling HK$2,132,788,000 (at 31 March 2008: HK$2,037,988,000) to the Group, of which 68% were denominated in Hong Kong Dollar, 16% in Renminbi and the rest US Dollar. In April 2008, the Company successfully raised net proceeds of HK$268,233,000 by placing 50,000,000 shares to independent investors at a price of HK$5.50 per share. The shares issued represented approximately 9.3% of the Company's enlarged issued share capital of the Company. The proceeds from this placing exercise, together with banking facilities available to the Group, will provide ample funds to the Group to meet its present operational requirements and organic growth in the coming few years. If major investment or mergers and acquisitions opportunities emerge in the future, the Group may obtain funding by either drawing bank loans or raising funds in the equity market. On the other hand, the Company spent HK$8,167,000 on repurchasing 3,786,000 shares in the equity market between February and March 2009. All the shares repurchased were cancelled subsequently.

Since the borrowings of the Group carry interest at floating or fixed rates, some of our funding costs are subject to interest rate fluctuation. At the start of the global financial crisis, loss of confidence among the banks in Hong Kong dried up liquidity in the money market and pushed up the inter-bank interest rate. It has gradually returned to normal as Banks gradually regained confidence. Recently, enormous inflow of hot money has driven the three months or shorter inter-bank interest rate down to a very low level. Besides that, the Group is exposed to Renminbi exchange rate risk as the Group's assets are mainly located in the Mainland China and most of its income is generated in Renminbi. Renminbi exchange rate had been quite stable in the past year after a few years of sharp appreciation. It is expected that economic development in China will remain strong, although the growth in export surplus and foreign currency reserves was affected by world recession, the growth trend is expected to continue and the Renminbi exchange rate will remain stable or appreciate gently. Thus, the management considers that no hedging measures are necessary at this stage. The Group will strike a balance between lowering borrowing cost and minimizing currency exposure by combining it's investments in either Hong Kong Dollar, US Dollar or Renminbi bank loans.

EMPLOYEES

As at 31 March 2009, there were a total of 4028 employees, of which 138 were from Hong Kong, and 3890 were based in different provinces in the PRC.

The Group places a high degree of emphasis on the management of human capital, from the identification of the talent pool, to providing training and development and all the way to offering proper opportunities for them to perform to their fullest potential. Through both in-house and external training programs, on-the-job training, and participation in subsidized educational courses, employees are able to improve their performance and enhance their value to the Group. We offer excellent opportunities for development for those employees who have the potential and the commitment, regardless of their background, geographical region, or educational levels. The current management of the Group includes some who have started from junior positions and have come through the ranks to advance to positions of management. In addition to promotion from within, the Group also seeks to attract talent from outside. The Group also recruits from the best tertiary institutions in Hong Kong, in the Mainland, and abroad and provides them with training and development opportunities. The Group has been running this Management Trainee program for some years, and some of the former trainees have already advanced to positions of leadership within the Group, either as a General Manager of a subsidiary or a member of the Group Management Committee.

The Group offers a challenging work environment, and has a variety of programs to encourage employees to strive for their best and to upgrade their skills in order that the Group has sufficient talent to move forward and to continue its business development. Based on references to the relevant market data, the Group seeks to provide reasonable and competitive remuneration packages which include basic salary and performance-based bonuses and stock options to attract and retain good performers.

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

During the year, the Company repurchased 3,786,000 shares at an aggregate consideration of HK$8,167,000 on the Stock Exchange. The Directors consider that the Company's shares were trading at a discount to the net asset value per share, and the repurchase would increase the net asset value per share of the Company. Details of the repurchases are as follows :-

Month/year	Number of shares repuchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration HK$'000
February 2009	80,000	2.10	2.10	168
March 2009	3,706,000	2.25	2.05	7,999
	3,786,000			8,167

Out of 3,786,000 shares repurchased, 3,274,000 shares were cancelled during the year while remaining 512,000 shares repurchased on 23 March 2009 were cancelled subsequent to the year.

Other than as disclosed above, neither the Company nor any of its subsidaries purchased, sold or redeemed any of the Company's listed securities during the year.

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.   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") throughout the year ended 31 March 2009 except for the deviation from Code provision A.5.4. in relation to the compliance of the Model Code as mentioned in the paragraph headed "Model Code for Securities Transactions by Directors" below.

Further information will also be included in the 2008/09 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 26 June 2009 to review the Group's audited consolidated financial statements for the year ended 31 March 2009.

REMUNERATION COMMITTEE

The Remuneration Committee, which comprises one Non-executive Director and four Independent Non-executive Directors, is chaired by Mr. Au-Yeung Tsan Pong, Davie and was formed in June 2005. Major roles and functions of the Remuneration Committee include making recommendation to the Board on the Group's policy and structure for all remuneration of Directors and senior management and determining the remuneration packages of all Executive Directors and senior management.

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") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. In November 2008, share options were offered to Executive Directors of the Company under the Company's share option scheme. The offer was made (at which time the terms of the share options were fixed) more than one month preceding the date on which the Company approved its results announcement for the 6 months ended 30 September 2008 (the "black-out period"). However, as a result of administrative arrangements, the acceptances by the Executive Directors of their respective offers were made within the black-out period. Accordingly, the grant of such share options were technically made during the black-out period and the Company and the Executive Directors were in breach of the Model Code. After making specific enquiry, all Directors have confirmed that, save for the incident described above, 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 31 March 2009, together with comparative figures of last year.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 March 2009 HK$'000	2008 HK$'000
Turnover	3	**5,089,931**	4,648,386
Cost of sales		**(4,146,092)**	(3,788,194)
Gross profit		**943,839**	860,192
Other income		**78,125**	97,250
Selling and distribution expenses		**(206,187)**	(129,196)
Administrative expenses		**(458,342)**	(401,299)
Change in fair value of derivative financial instruments		**18,195**	(13,944)
Profit from operations	4	**375,630**	413,003
Interest expense		**(29,443)**	(30,215)
Profit before taxation		**346,187**	382,788
Taxation	5	**(82,145)**	(63,354)
Profit for the year		**264,042**	319,434
Attributable to:			
Equity holders of the Company		**224,228**	275,183
Minority interests		**39,814**	44,251
		264,042	319,434
Earnings per share	7		
- Basic		**HK 41.9 cents**	HK 56.7 cents
- Diluted		**HK 41.6 cents**	HK 55.9 cents

CONSOLIDATED BALANCE SHEET

	Notes	At 31 March 2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**775,543**	674,165
Prepaid lease payments		**111,703**	108,611
Goodwill		**71,462**	71,462
Intangible assets		**25,258**	14,419
Available-for-sale investment		**12,360**	12,209
Deposit paid for acquisition of a subsidiary		**-**	9,989
Deposits paid for acquisition of property, plant and equipment		**13,613**	6,696
Other non-current assets		**4,600**	4,600
		1,014,539	902,151
Current assets			
Inventories		**386,859**	486,995
Trade debtors	8	**832,991**	961,554
Other debtors and prepayments		**111,932**	117,405
Prepaid lease payments		**2,608**	2,950
Derivative financial instruments		**4,868**	-
Pledged bank deposits		**-**	12,764
Short-term bank deposits			
-with original maturity within three months		**290,313**	95,819
-with original maturity more than three months		**156,456**	263,483
Bank balances and cash		**439,215**	359,956
		2,225,242	2,300,926
Current liabilities			
Creditors and accrued charges	9	**606,090**	614,757
Taxation payable		**75,360**	56,958
Dividend payable to a minority shareholder of a subsidiary		**8,427**	-
Derivative financial instruments		**-**	13,940
Bank borrowings - amount due within one year		**449,322**	738,282
Bank overdrafts		**142**	517
		1,139,341	1,424,454
Net current assets		**1,085,901**	876,472
Total assets less current liabilities		**2,100,440**	1,778,623
Non-current liabilities			
Bank borrowings - amount due after one year		**67,389**	136,917
Deferred taxation liabilities		**7,175**	7,337
Consideration payable for acquisition of subsidiaries		**-**	5,404
		74,564	149,658
		2,025,876	1,628,965
Capital and reserves			
Share capital		**53,576**	48,741
Reserves		**1,776,820**	1,400,036
Equity attributable to equity holders of the Company		**1,830,396**	1,448,777
Minority interests		**195,480**	180,188
		2,025,876	1,628,965

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2009

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 the following amendments of Hong Kong Accounting Standards ("HKAS"s) and interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassificiation of financial assets
HK(IFRIC)* - INT 12	Service concession arrangements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

* IFRIC represents the International Financial Reporting Interpretations Committee

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of financial statements[3]
HKAS 23 (Revised)	Borrowing costs[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKAS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[3]
HKFRS 3 (Revised)	Business combinations[4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[3]
HKFRS 8	Operating segments[3]
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded derivatives[5]
HK(IFRIC) - INT 13	Customer loyalty programmes[6]
HK(IFRIC) - INT 15	Agreements for the construction of real estate[3]
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation[7]
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners[4]
HK(IFRIC) - INT 18	Transfers of assets from customers[8]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2009
[4] Effective for annual periods beginning on or after 1 July 2009
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for annual periods beginning on or after 1 July 2008
[7] Effective for annual periods beginning on or after 1 October 2008
[8] Effective for transfer on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or 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 2009						
Segment revenue						
External sales	**2,898,851**	**1,852,881**	**257,446**	**80,753**	**-**	**5,089,931**
Inter-segment sales	**77,712**	**-**	**-**	**-**	**(77,712)**	**-**
Total	**2,976,563**	**1,852,881**	**257,446**	**80,753**	**(77,712)**	**5,089,931**
Results						
Segment result	**212,682**	**128,112**	**(7,284)**	**6,101**	**(371)**	**339,240**
Unallocated corporate income						**53,650**
Unallocated corporate expenses						**(17,260)**
Profit from operations						**375,630**
Interest expense						**(29,443)**
Profit before taxation						**346,187**
Taxation						**(82,145)**
Profit for the year						**264,042**

	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

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 2009						
Capital additions	**37,645**	**133,500**	**2,720**	**2,656**	**6,647**	**183,168**
Depreciation of property, plant and equipment	**22,826**	**30,034**	**4,518**	**123**	**2,348**	**59,849**
Release of prepaid lease payments	**1,140**	**1,548**	**-**	**-**	**335**	**3,023**
Impairment loss of property, plant and equipment	**466**	**1,673**	**30**	**-**	**-**	**2,169**
Amortisation of intangible assets	**2,114**	**2,448**	**-**	**-**	**-**	**4,562**
Loss (gain) on disposal of property, plant and equipment	**757**	**1,361**	**46**	**-**	**(6,652)**	**(4,488)**

	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 of property, plant and equipment	15,539	27,404	4,278	57	1,524	48,802
Release of prepaid lease payments	591	1,494	-	-	335	2,420
(Reversal of impairment loss) impairment loss 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

(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 based on location of manufacture of products and assets by geographical location of assets is not presented.

4. PROFIT FROM OPERATIONS

	Year ended 31 March 2009 HK$'000	2008 HK$'000
Profit from operations has been arrived at after charging:		
Amortisation of intangible assets	**4,562**	2,010
Depreciation of property, plant and equipment	**59,849**	48,802
Impairment loss of property, plant and equipment	**2,169**	59
Release of prepaid lease payments	**3,023**	2,420
and after crediting:		
Interest income	**20,452**	11,090
Net exchange gain	**5,910**	13,755
Dividend income from available-for-sale investment	**1,680**	8,168
Gain on disposal of available-for-sale investment	**-**	11,591

5. TAXATION

	Year ended 31 March 2009 HK$'000	2008 HK$'000
Current tax - Hong Kong		
Current year	**941**	3,461
Overprovision in previous years	**(7)**	(24)
	934	3,437
Current tax - Mainland China		
Current year	**78,830**	63,463
Under(over)provision in previous years	**2,746**	(3,249)
	81,576	60,214
	82,510	63,651
Deferred taxation		
Hong Kong		
-current year	**(255)**	(297)
-attributable to change in tax rate	**(110)**	-
	(365)	(297)
	82,145	63,354

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of 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, the Law of Mainland China on Enterprise Income Tax (the "New Law") was enacted by the President's Order No.63. On 6 December 2007, the State Council of Mainland China issued Implementation Regulations of the New Law (the "Implementation Regulations"). 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.

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	
	2009	2008
	HK$'000	HK$'000
Dividend recognised as distribution during the year:		
2009 interim dividend of HK8.0 cents *(2008: 2008 interim dividend of HK10.0 cents)* per share	**43,115**	48,663
2008 final dividend of HK15.0 cents *(2008: 2007 final dividend of HK12.0 cents)* per share	**80,827**	58,343
	123,942	107,006

The final dividend of HK17.0 cents (2008: HK15.0 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:

	2009	2008
	HK$'000	HK$'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	**224,228**	275,183

	Number of shares	
	'000	'000
Weighted average number of shares for the purpose of calculating basic earnings per share	**535,628**	485,549
Effect of dilutive potential shares: Share options	**3,610**	6,787
Weighted average number of shares for the purpose of calculating diluted earnings per share	**539,238**	492,336

8. TRADE DEBTORS

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

	2009	2008
	HK$'000	HK$'000
0 - 3 months	**660,617**	783,227
4 - 6 months	**161,807**	164,338
Over 6 months	**10,567**	13,989
	832,991	961,554

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$343,203,000 (2008: HK$388,490,000) and consideration payable for acquisition of subsidiaries of HK$9,238,000 (2008: nil). An aged analysis of trade creditors at the balance sheet date is as follows:

	2009 **HK$'000**	2008 HK$'000
0 - 3 months	**334,865**	385,882
4 - 6 months	**7,125**	1,512
Over 6 months	**1,213**	1,096
	343,203	388,490

FINAL DIVIDEND

The Board of Directors has resolved to recommend a final dividend of HK17.0 cents (2008: HK15.0 cents) per share for the year ended 31 March 2009. Upon approval by shareholders in the forthcoming annual general meeting, the final dividend will be payable on 1 September 2009 to shareholders whose names appear on the Register of Members of the Company on 24 August 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 19 August 2009 to 24 August 2009 (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 18 August 2009.

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 2009 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, 2 July 2009

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.