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 INTERIM RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2009

HIGHLIGHTS

1. Turnover was HK$2,675,814,000, decreased 13%
2. Net profit attributable to owners of the Company were HK$227,724,000, increased 44%
3. Earnings per share was HK42.5 cents, increased 43%
4. Interim dividend was HK12.0 cents per share, increased 50%
5. Net cash position of HK$155,024,000

CHAIRMAN'S STATEMENT - REVIEW & PROSPECTS

REVIEW

In face of the unprecedented challenges posed by the financial tsunami, the Group responded by steadfast commitment to the principle of focusing on its core businesses. With the management continuing to steer the business with a steady hand and fast response, coupled with the unselfish dedication of the entire workforce, the Group's businesses managed to stay robust. In fact, the challenging operating environment provided the ideal platform for the competitive strengths of the Group to shine through to allow the Group to catch the opportunities provided by the sustained development in China's domestic consumption markets. During the first half, the Group's results were highly gratifying: turnover at HK$2,675,814,000 was a decrease of 13% compared to the same period last year, but putting aside the general decline in unit selling prices, the volume of the core businesses actually grew at approximately 12%. Profits attributable to owners of the Company were HK$227,724,000, representing a 44% increase from a year ago. Cash flow also remained strong, with a net cash position of HK$155,024,000 at the end of the reporting period. Accordingly, the Board recommends an interim dividend of HK12.0 cents per share, representing an increase of 50% over last period's HK8.0 cents.

The global financial tsunami actually commenced in August last year, starting with sending shockwaves to the financial sectors, but the impact on the real economy only started to be manifested after October. Consumption grounded to a halt, and demand became almost non-existent, bringing immense pressures to all the export-oriented economies including Hong Kong and China. Accordingly, the Group's businesses were also affected, causing a temporary decline in our business performance in the second half of last year. However, the environment clearly improved since the beginning of this year. Although it will probably take one to two years for the global economy to recover, however in the case of China, with government taking a series of measures to increase domestic consumption and reduce its reliance on exports, the economy has resumed its strong growth, and the target of maintaining at least 8% growth for 2009 is no longer in question. The Group expects that the environment of low interest rates and low raw material prices will continue for a sustained period, and the after-effects of the financial tsunami will surely accelerate the weeding out of weaker players in all industries. Hence the Group considers this an ideal time to expand our businesses. Accordingly, since the end of last year, the Group has quickly made plans for its short, mid and long term development. In the short term, the Group plans to continue its efforts in brand investments and investing to further improve economy of scale to ensure that the Group will continue to grow in a balanced fashion. During the period under review, work has already started on the project to expand our solvents production capacity from 310,000 to 430,000 metric tons, and at the same time, the Group has become the world's largest producer of acetate solvents. Concurrently, the Group has increased its R & D and brand advertising expenditure in a number of coatings businesses, and the significant increases in both turnover and profits in the coatings division is a good reflection of our efforts in these areas.

PROSPECTS

In light of the excellent progress in the Group's businesses in the first half, we remain optimistic about the prospects for the second half. Traditionally, the second half should see weaker demand due to seasonal factors, and recently, there has been a trend for raw material prices to rise as a result of increases in demand. However these effects are not expected to have a major impact on our businesses. We expect that the global real economy will begin to recover during the forecast period, and by the middle of next year, the economy should be firmly on the road to recovery. On the other hand, China's domestic economy, which has a much bigger impact on the Group's businesses, should continue to grow strongly. Therefore, there is little question that the Group will benefit from a favorable external operating environment. We are fully prepared to exploit the opportunities offered by these favorable conditions in China to scale even greater heights in our business performance.

Lastly, I wish to give my heartiest thanks to all our employees for their loyal support, their unrelenting efforts and their tremendous contributions, and to our business partners for their trust and support.

CEO'S STATEMENT - BUSINESS REVIEW

SOLVENTS

The solvents division continued its steady development during the first half of the year, with turnover at HK$1,425,717,000 and segment result reaching HK$151,344,000, which is 6% higher than the same period last year. On the strength of its overall competitiveness, the Group's solvents business has shaken off the effects of last year's financial tsunami during the start of this year. On account of the decline in raw materials and commodities prices, turnover for the solvents business was lower than the same period last year, but delivered volume actually registered a healthy growth, with raw solvents reaching a record 197,000 metric tons, thus further enhancing the advantages of economy of scale. Mixed solvents benefited from efforts into optimizing the formulations to reduce costs. Altogether, the solvents division achieved improvements in both volume and segment result of 14% and 6% respectively.

With the effects of the financial tsunami on the wane, the advantages of economy of scale for the solvents business will further be enhanced, and the business is expected to come to another phase of steady growth. For raw solvents, Taixing Jinjiang Chemical Industry Co., Limited in Jiangsu has been generating steady profits, while the 120,000 metric tons production facility for acetate solvents will come on stream at end 2009, bringing the total acetate capacity of the Group to 430,000 metric tons and making the Group the world's leading acetate solvents producer, and further improving our competitiveness in Eastern China. This investment will also drive the development of the Group's solvents business in this important region and provide further impetus to the sustained growth of the solvents business. For mixed solvents, since thinners are an integral package for coatings, the business will benefit from the continued growth of the coatings business, and will continue to contribute to the Group's steady growing profitability.

COATINGS

The results for the coatings division were highly gratifying during the reporting period. Whilst at HK$1,092,724,000, turnover only grew at 3%, but segment result reached HK$146,657,000, an increase of 129% from the same period last year. During this period, the Group's laid-down development plans and strategies to improve our coatings business achieved notable results in face of the opportunities offered by the growth of domestic demand, superimposed upon the challenges of operating under the impact of the financial turmoil. Household paints benefited from the strategy of heavier investment in the brand and expanding and improving the distribution network, while the new coatings plant in Tungxiang, Zhejiang which was commissioned in May this year also gave additional impetus to the growth of the inks and industrial coatings businesses in Eastern China. These measures together has enabled the overall coatings business to register a 12% volume growth after adjusting for the changes in product selling prices. In particular, the household paints business and the inks business have had increases of 23% by volume. The volume growth, coupled with improvements in brand value, favourable changes in raw materials prices, and development of a new line of environmentally friendly products, and cost reductions as a result of plant rationalizations, have all contributed to significant improvements in gross margins, leading to a 129% increase in segment result.

Looking ahead, the Group remains confident about the prospects for the coatings business. To cater for the needs of a huge and continuously growing domestic market, we will continue to place our resources in capacity expansions, brand management, distribution network growth and new product developments, in order to further strengthen our competitive advantage and to cope with all the business opportunities which await us. In terms of hardware, apart from the new plant in Tungxiang which only just opened in May, we are accelerating the expansion of Bauhinia Paint's production facilities in Shanghai and the Ink production facilities in Bauhinia Variegata Ink & Chemicals (Hebei) Limited. At the same time, we have acquired 90 acres of land adjacent to our Tungxiang plant, and 30 acres of land adjacent to our Zhongshan Inks plant to further expand our coatings production facilities to cater for our future needs. We anticipate that all of these expansion products will be commissioned in phases, with final completion by end 2012, by which time the total capacity for coatings will increase by at least 60%. At the same time, the airing of Bauhinia's television commercials on CCTV, the face-lifting of Bauhinia's distribution outlets, and the expansion of distribution coverage in the secondary and tertiary towns have all generated very positive results in the market. It is planned that the face-lifting of Bauhinia's distribution outlets will be completed by the middle of next year. In new products development, the Group will continue to increase our investment in R&D to upgrade our capacity for new product development, with particular emphasis on the development and promotion of safe, healthy and environmentally friendly new products.

LUBRICANTS

During the period under review, the operating environment for lubricants division have been relatively more severe. Turnover during the first half was HK$138,024,000, a 10% decline from a year ago. Segment result of the business was a loss of HK$552,000, compared to a profitable position a year ago, but nevertheless a significant improvement over the much larger operating loss in the second half of the last financial year. During the period under review, the industrial specialty lubricants business was still affected by the decline in export markets, leading to a decline in demand. On the other hand, automotive engine oils mainly serve the domestic market where sales have rebounded, but due to the twin effects of cut-throat competition and the need to work off the high-priced inventory, gross margins have declined, thus adversely affecting the operating results. Looking ahead, the prospects for the lubricants division is expected to improve. The specialty lubricants business is expected to benefit from the gradual picking up of the export market together with growth in Eastern China. Automotive lubricants, on the other hand, will continue to develop the distribution network in the secondary and tertiary towns and in developing the market for anti-freeze in Northern China, while gross margins should improve with the high-priced inventories being progressively used up.

CORPORATE SOCIAL RESPONSIBILITY

The Group seeks to fulfill its responsibilities to all stakeholders by fulfilling its corporate social responsibilities. As a company which is engaged in the business of chemicals manufacturing and distribution, commitment to the highest standards in health, safety and environment is at the core of the Group's CSR programmes, and are committed to engage all of our employees, clients, suppliers and business partners to engage in meaningful CSR activities, such as Green Christmas, tree planting, marathon and Walk-for-a-Million.

Following our donation of a mobile eye-surgery centre to the Ningxia Huizu Autonomous Region last year, the Group has donated another mobile eye-surgery centre to the Jiangsu Province in October 2009 through the Asian Foundation for the Prevention of Blindness. These mobile eye-surgery centres, at a cost of over HK$2.3 million each, are designed to be able to reach the poorest and the most remote regions to restore eye-sight for the needy. The Group considers it a worthy cause, and has made a long term commitment to donate at least ten more over the next decade.

Awards

FinanceAsia's "2009 Asia's Best Managed Companies Poll"

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.

LIQUIDITY AND FINANCIAL RESOURCES

The first half of the financial year is traditionally peak season of the Group and more working capital is required. Net cash of the Group decreased to HK$155,024,000 as at 30 September 2009 (at 31 March 2009: HK$369,131,000). It is anticipated that net cash will increase in the second half of the year as we move away from the peak season. The Group will continue to implement prudent financial management policy and maintain a reasonable amount of net cash for daily operation.

As at 30 September 2009, the gross bank borrowings of the Group amounted to HK$555,660,000 (at 31 March 2009: HK$516,853,000). Out of this amount, HK$439,660,000 (at 31 March 2009: HK$449,464,000) was repayable within one year, of which HK$272,364,000 was denominated in Hong Kong Dollar, HK$160,887,000 in US Dollar and HK$6,409,000 in Renminbi (at 31 March 2009: HK$273,920,000 was denominated in Hong Kong Dollar, HK$143,993,000 in US Dollar and HK$31,551,000 in Renminbi). Loans repayable after one year as at 30 September 2009 amounted to HK$116,000,000 (at 31 March 2009: HK$67,389,000). These loans carried interest at floating or fixed rates.

As at 30 September 2009, a total of 13 banks in Hong Kong, Macau and PRC granted banking facilities totaling HK$2,147,400,000 (at 31 March 2009: HK$2,132,788,000) to the Group, of which 68% were denominated in Hong Kong Dollar, 16% in Renminbi and 16% in US Dollar.

Since the borrowings of the Group carry interest at floating or fixed rates, some of our funding costs are subject to interest rate fluctuation. From the beginning of this year, enormous inflow of hot money into Hong Kong 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 majority of assets of the Group are located in the Mainland China and most of its income is generated in Renminbi. Renminbi exchange rate had been quite stable in the recent years after a few years of sharp appreciation. Although world recession has slow down the growth in export surplus and foreign currency reserves, it is expected that economic development in Mainland China will remain strong, 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 its investments in either Hong Kong Dollar, US Dollar or Renminbi bank loans.

EMPLOYEES

As at 30 September 2009, there were a total of 4,243 employees, of which 127 were from Hong Kong, and 4,116 were based in Mainland China.

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 leadership 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 provide 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 market trend analyses, 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 six months ended 30 September 2009, the Company cancelled 512,000 shares which were repurchased on 23 March 2009. Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months period ended 30 September 2009, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

AUDIT COMMITTEE

The Audit Committee was formed in November 1998 and currently consists of a 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 of the relationship between the Group and its external auditors.

An audit committee meeting was held on 23 November 2009 to review the Group's unaudited interim financial statements for the six months ended 30 September 2009. Deloitte Touche Tohmatsu, the Group's external auditors, have carried out a review of the Group's unaudited interim financial statements for the six months ended 30 September 2009, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

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 as set out in the Model Code during the six months ended 30 September 2009.

UNAUDITED INTERIM RESULTS

The Board of Directors of Yip's Chemical Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009, together with comparative figures for the corresponding period of last year. The interim financial report has not been audited, but has been reviewed by the Company's auditors and audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Six months ended 30 September 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Turnover	3	**2,675,814**	3,084,885
Cost of sales		**(2,012,711)**	(2,575,947)
Gross profit		**663,103**	508,938
Other income		**21,585**	52,894
Selling and distribution expenses		**(145,604)**	(83,923)
Administrative expenses		**(238,476)**	(240,500)
Change in fair value of derivative financial insruments		**(1,544)**	22,517
Profit from operations	3 & 4	**299,064**	259,926
Interest expense		**(3,708)**	(16,005)
Profit before taxation		**295,356**	243,921
Taxation	5	**(45,976)**	(51,669)
Profit for the period		**249,380**	192,252
Other comprehensive income			
Exchange differences arising on translation		**36**	47,690
Total comprehensive income for the period		**249,416**	239,942
Profit for the period attributable to:			
Owners of the Company		**227,724**	157,952
Minority interests		**21,656**	34,300
		249,380	192,252
Total comprehensive income attributable to:			
Owners of the Company		**227,767**	200,797
Minority interests		**21,649**	39,145
		249,416	239,942
Earnings per share	7		
- Basic		**HK 42.5 cents**	HK 29.7 cents
- Diluted		**HK 42.0 cents**	HK 29.4 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2009 (Unaudited) HK$'000	At 31 March 2009 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**820,775**	775,543
Prepaid lease payments		**110,213**	111,703
Goodwill		**71,462**	71,462
Intangible assets		**23,305**	25,258
Available-for-sale investment		**12,360**	12,360
Deposits paid for acquisition of property, plant and equipment		**31,017**	13,613
Deferred tax assets		**2,978**	-
Other non-current assets		**4,600**	4,600
		1,076,710	1,014,539
Current assets			
Inventories		**490,395**	386,859
Trade debtors	8	**1,212,082**	832,991
Other debtors and prepayments		**120,350**	111,932
Prepaid lease payments		**2,620**	2,608
Derivative financial instruments		**-**	4,868
Short-term bank deposits			
-with original maturity within three months		**203,937**	290,313
-with original maturity more than three months		**198,909**	156,456
Bank balances and cash		**307,838**	439,215
		2,536,131	2,225,242
Current liabilities			
Creditors and accrued charges	9	**785,817**	606,090
Taxation payable		**82,531**	75,360
Dividend payables to a minority shareholder of a subsidiary		**-**	8,427
Derivative financial instruments		**1,721**	-
Bank borrowings - amount due within one year		**439,074**	449,322
Bank overdrafts		**586**	142
		1,309,729	1,139,341
Net current assets		**1,226,402**	1,085,901
Total assets less current liabilities		**2,303,112**	2,100,440
Non-current liabilities			
Bank borrowings - amount due after one year		**116,000**	67,389
Deferred tax liabilities		**7,010**	7,175
		123,010	74,564
		2,180,102	2,025,876
Capital and reserves			
Share capital		**53,740**	53,576
Reserves		**1,917,641**	1,776,820
Equity attributable to owners of the Company		**1,971,381**	1,830,396
Minority interests		**208,721**	195,480
		2,180,102	2,025,876

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009.

In the current interim period, the Group has applied, for the first time, the following new Hong Kong Financial Reporting Standard ("HKFRS"), revised Hong Kong Accounting Standards ("HKAS"s), amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)* - INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) - INT 13	Customer loyalty programmes
HK(IFRIC) - INT 15	Agreements for the construction of real estate
HK(IFRIC) - INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) - INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

*IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the adoption of those new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

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)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related party disclosures[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 2 (Amendment)	Group cash-settled share based payments transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[5]
HK(IFRIC) - INT 17	Distributions of non-cash assets to owners[1]

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 January 2013.

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 financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, “Segment Reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of the measurement of segment profit or loss.

For management purposes, the Group's operations are currently classified under the following business divisions, namely solvents, coatings and lubricants and others. These divisions are the basis on which the Group reports its operating 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

Segment profit represents the profit earned by each segment without allocation of interest income, change in fair value of derivative financial instruments, gain on corporate assets and liabilities, central administration costs and interest expense. This is the measure reported to Chief Executive Officer ("CEO"), the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment.

Segment revenue and results

An analysis of the Group's turnover and results by operating segments for the period under review is as follows:

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
Six months ended 30 September 2009						
Segment revenue						
External sales	**1,372,661**	**1,092,724**	**138,024**	**72,405**	**-**	**2,675,814**
Inter-segment sales	**53,056**	**-**	**-**	**-**	**(53,056)**	**-**
Total	**1,425,717**	**1,092,724**	**138,024**	**72,405**	**(53,056)**	**2,675,814**
Results						
Segment result	**151,344**	**146,657**	**(552)**	**6,792**	**(979)**	**303,262**
Interest income						**4,833**
Change in fair value of derivative financial instruments						**(1,544)**
Unallocated corporate income						**17**
Unallocated corporate expenses						**(7,504)**
Profit from operations						**299,064**
Interest expense						**(3,708)**
Profit before taxation						**295,356**
Taxation						**(45,976)**
Profit for the period						**249,380**

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
Six months ended 30 September 2008						
Segment revenue						
External sales	1,855,725	1,039,520	154,214	35,426	-	3,084,885
Inter-segment sales	46,438	24,166	-	-	(70,604)	-
Total	1,902,163	1,063,686	154,214	35,426	(70,604)	3,084,885
Results						
Segment result	143,438	64,144	7,502	2,752	338	218,174
Interest income						11,612
Change in fair value of derivative financial instruments						22,517
Unallocated corporate income						18,254
Unallocated corporate expenses						(10,631)
Profit from operations						259,926
Interest expense						(16,005)
Profit before taxation						243,921
Taxation						(51,669)
Profit for the period						192,252

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

4. PROFIT FROM OPERATIONS

	Six months ended 30 September	
	2009 HK$'000	2008 HK$'000
Profit from operations has been arrived at after charging:		
Amortisation of intangible assets	**2,249**	1,963
Depreciation of property, plant and equipment	**32,829**	29,219
Release of prepaid lease payments	**1,478**	1,532
and after crediting:		
Interest income	**4,833**	11,612
Net exchange gain	**2,541**	9,756
Net gain on disposal of property, plant and equipment	**-**	6,208

5. TAXATION

	Six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
The charge comprises:		
Current tax		
Hong Kong	**1,678**	1,370
Mainland China	**47,441**	50,345
	49,119	51,715
Deferred taxation		
Current period	**(3,143)**	64
Attributable to change in tax rate	**-**	(110)
	(3,143)	(46)
	45,976	51,669

Hong Kong Profits Tax has been provided at the rate of 16.5% of the estimated assessable profit for the period under review. Enterprise income tax in Mainland China has been provided at the rates prevailing in the respective jurisdictions.

Certain of the Group's subsidiaries in Mainland China 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.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributable retained profits earned by the subsidiaries in Mainland China amounting to HK$580,738,000 (31 March 2009: HK$356,294,000) starting from 1 January 2008 under the Law of Mainland China on Enterprise Income Tax that requires withholding tax upon the distribution of such profits to the shareholders as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DIVIDENDS

During the period, a final dividend of HK 17.0 cents per share in respect of the year ended 31 March 2009 amounting to HK$91,262,000 was paid (six months ended 30 September 2008: HK15.0 cents per share was paid for the year ended 31 March 2008 amounting to HK$80,827,000).

Subsequent to 30 September 2009, the directors resolved to declare an interim dividend of HK12.0 cents per share for the six months ended 30 September 2009 (six months ended 30 September 2008: HK8.0 cents per share). The interim dividend is payable on 24 December 2009 to the shareholders of the Company whose names appear on the Company's register of members on 17 December 2009.

7. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2009	2008
	HK$'000	HK$'000
Earnings for the purposes of calculating basic and diluted earnings per share	**227,724**	157,952
	Number of shares	
	'000	'000
Weighted average number of shares for the purpose of calculating basic earnings per share	**535,961**	532,606
Effect of dilutive potential ordinary shares: Share options	**5,624**	5,271
Weighted average number of shares for the purpose of calculating diluted earnings per share	**541,585**	537,877

8. TRADE DEBTORS

An aged analysis of trade debtors at the end of the reporting period is as follows:

	At 30 September 2009 HK$'000	At 31 March 2009 HK$'000
0 - 3 months	**1,061,141**	660,617
4 - 6 months	**144,361**	161,807
Over 6 months	**6,580**	10,567
	1,212,082	832,991

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

Included on creditors and accrued charges are trade creditors of HK$503,428,000 (31 March 2009: HK$343,203,000), the aged analysis of which is as follows:

	At 30 September 2009 HK$'000	At 31 March 2009 HK$'000
0 - 3 months	**489,562**	334,865
4 - 6 months	**12,558**	7,125
Over 6 months	**1,308**	1,213
	503,428	343,203

INTERIM DIVIDEND

The directors have declared an interim dividend of HK12.0 cents per share for the six months ended 30 September 2009 (six months ended 30 September 2008 : HK8.0 cents per share). The interim dividend is payable on 24 December 2009 to shareholders whose names appear on the Register of Members of the Company on 17 December 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 15 December 2009 to 17 December 2009 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim 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, Hong Kong not later than 4:00p.m. on 14 December 2009.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the HKEx website (http://www.hkex.com.hk) and the Company's website (http://www.yipschemical.com). The 2009-10 interim 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, 26 November 2009

As at the date of announcement, Mr. Ip Chi Shing, Tony, Ms. Ip Fung Kuen, Mr. Yip Tsz Hin, Stephen, Mr. Ting Hon Yam, Mr. Young Man Kim, Robert, Mr. Wong Kam Yim, Kenny, Mr. Ng Siu Ping, George 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.