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 DECEMBER 2011

HIGHLIGHTS

	For the year ended 31 December 2011 (audited)	For the year ended 31 December 2010 (unaudited)*
Turnover	HK$8,275,569,000	HK$7,037,970,000
Net profit attributable to owners	HK$201,344,000	HK$309,492,000
Earnings per share	HK 36.3 cents	HK 56.4 cents
Final dividend	HK 12.0 cents	HK 10 cents+
Dividend for the year/period	HK 24.0 cents	HK 22 cents+

* As the Group changed its financial year end date from 31 March to 31 December in 2010, the unaudited figures for the year ended 31 December 2010 are presented here for comparison.

\+ For the nine-month period from 1 April 2010 to 31 December 2010.

CHAIRMAN'S STATEMENT - REVIEW

In honour of the 40th anniversary of the Group last year, a number of celebration and commemorative activities were held. One particularly touching event was the "reflection sharing" activity attended by some 3,000 employees or more than 60% of the entire staff of the Group. It was in this event that the most valuable experiences in the course of the extraordinary journey taken by the Group in the last 40 years were distilled into three corporate core values, namely, "respect for and cooperation with all stakeholders", "thirst for talent" and "undivided focus on core businesses". In particular, "respect for and cooperation with all stakeholders" takes primacy over everything else: from time to time it reminds the whole staff to be humble, trustworthy and to honour our commitments; and it also means respecting, caring and sharing with employees. I am convinced that, as such corporate culture takes root and flourishes in the Group, it will guide us towards a more prosperous next 40 years.

The past year was one with the worst business environment in the last decade. As the debt crisis in Europe kept spreading and with financial markets in turmoil, a number of countries adopted austerity policies. In the United States, the hovering high of the unemployment rate and the weaker-than-expected recovery of the economy brought substantial impact on the real economies globally. Under the influence of globalisation, the Chinese market could not stay unscathed. In the period the central government rolled out several rounds of administrative measures in an effort to bring down inflation and prevent the overheating of the economy. Particularly, in the second half of the year, due to the tightening of money supply and the influence of external factors, exports shrank precipitously and there was no way of fighting off the doldrums of the market. Subsequently competition among competitors became ever more white-hot. These, together with several cycles of unusual fluctuations in raw material prices in the period, constituted enormous pressure on the margins of the Group. In the meanwhile, the Group had, in order to maintain and consolidate its competitiveness and to meet the needs of sustained business growth, front-loaded investments for restructuring some business segments and for capacity expansion, brand building and R&D. Under the adverse impacts of all these factors, though the Group was able to register decent growth of 18% year on year in its revenue, reaching HK$8,275,569,000 during the reporting period, profit attributable to shareholders was only HK$201,344,000, decreased by 35% year on year, while net profit margin attributable to owners of the Company recorded a historical low at 2.4%.

Though the Group's results for the year of 2011 are not satisfactory, the confidence we have in our business prospects has not shaken one bit. This is so because, first, the Group's turnover for the year of 2011 at HK$8,275,569,000 is a record high. Based on such a foundation, there is good chance that the Group can reach its mid-term target of achieving HK$10 billion in annual turnover two years in advance in 2013. So we have the determination to double our turnover further to HK$20 billion by 2020. In fact, for this ambitious target, we have already started making necessary preparations in terms of capacity expansion, capital raising and personnel planning. Second, the Group's R&D centre that has been under planning for quite some time has already started operation this year and it is expected that we will see the benefits gradually within three to five years. By that time, these R&D results, coupled with the Group's expanding economy of scale and the growing reputation of its brands, would provide enormous far-reaching support towards the Group's efforts in relentlessly optimising its earning quality and raising its profitability. That is why the Group regards the unusual business situation of last year as temporary and surmountable. On the other hand, while the Group abides by its long-held principle of fiscal prudency to keep its financial situation always in good shape, it also sticks by its promise of actively passing on value to shareholders and providing them with stable returns. Taking all factors into consideration, the Board recommends a final dividend of HK12.0 cents per share. Together with the interim dividend and special dividend of HK12.0 cents per share, the total dividends for the year came to HK24.0 cents per share. The Board also recommends that, for the final dividend, shareholders can elect to take scrip dividend in lieu of all or part of cash.

PROSPECTS

The total operating environment in the current year is still not encouraging. In Europe the debt crisis is still threatening to spread. Recovery of the US domestic economy will take time. China as the most powerful engine for global economic growth has to deal with structural adjustments in switching from exports to domestic demand as a way of maintaining sustained economic growth. Moreover, in the year it is expected that conflicts in Sino-American trade will keep escalating. So in all the uncertainties and challenges this year simply cannot be underestimated. Nevertheless the Group still has absolute faith in the Chinese Government's macro-control ability; there will inevitably be untold challenges in the course of switching from exports to domestic demand, yet there will also be untold business opportunities. In this respect the Group is well prepared—both to confront challenges and to embrace opportunities. Also, honed by harsh environment for more than two years, the Group's competitiveness in various aspects has been boosted incessantly. In particular, in dealing with unusual volatilities in raw material prices, the Group has already implemented a number of effective measures that should be able to minimise any adverse impact. Thus the Group is confident in the improvement of overall operating efficiency, the effects of which should show up significantly beginning this year and will keep on surfacing in subsequent ones. In striving for ever better business results and in creating values for shareholders, the Group is also dedicated to reciprocating society and helping the underprivileged. The two goals are to be pursued together on an ongoing basis to realize the core values of the Group.

On behalf of the Board, I wish to thank all our employees for their efforts and their contributions, and all our business partners for their trust and their support.

THE GROUP'S NEW MANAGEMENT STRUCTURE

The Group took its first step in bolstering corporate governance in 2006. The general direction determined at that time was to separate gradually the functions of the Board of Directors and the management with the view to delineate clearly the "leadership and supervision" functions of the former from the "daily management" function of the latter. After a two-year planning period, a three-tier governance structure was established in 2008. Whereas the Board would be responsible for leadership and supervision, a Board Executive Committee formed by all executive directors would act as a bridge between the Board and the management. It would carry out frontline work in leadership and supervision on behalf of the Board and would also provide support to a Group Management Committee that would be responsible for the execution of daily management work.

After the new governance system had been implemented for three years, it was reviewed by the Board in 2011. It was to everyone's satisfaction that the division of labour in leadership and supervision on the one hand and in daily management on the other had already been ingrained as a culture and the running of the system was getting ever smoother. During this period, effective operating and supervision systems had been developed and a mechanism for their continuous improvement had been devised. Furthermore, the new generation of young senior executives who were either promoted from within or recruited from the outside were getting more experienced. For these, the Board deemed it the right moment to further reduce its participation in business operations and, instead, concentrate on the long-term planning of the Group.

Since 2012, the division of labour between the Board and the management has become ever clearer. The Board Executive Committee has been combined with the Group Management Committee to become the Group's highest management body. The new management body has been renamed Group Executive Committee and will be chaired by Mr. Yip Tsz Hin, the Deputy Chairman of the Group.

In the latest Board, 7 of the 11 members are non-executive directors (including myself) and four are independent non-executive directors. The remaining four executive directors, as core members of the Group Executive Committee, will jointly undertake the responsibility of leading the committee. The increase in the number of non-executive directors in the Board highlights the emphasis in and focus on the execution of the board's functions. I believe that the new governance structure will bring great benefits to the long-term development of the Group.

RETIREMENT OF DIRECTORS

Mr. Ting Hon Yam and Mr. Young Man Kim both retired as executive directors of the Group effective 1 January 2012. Having worked for the Group for respectively 28 years and 11 years, they have both dedicated themselves to the development of the Group at various stages and in various capacities. On behalf of the Board, I would like to express our utmost respect and sincere gratitude for their outstanding contributions, and would like to wish them health and happiness in their retirement.

CEO'S STATEMENT - BUSINESS REVIEW

SOLVENTS

In the period under review, turnover for the solvents segment attained a new high of HK$5,100,110,000, up 19% from the same period last year. Nevertheless, due to a drop in gross margin, operating profit was down 31% on the year to HK$219,477,000. During the period, as a result of the instability of the global economy and the volatility of oil prices, the supply and demand, as well as prices of upstream raw materials fluctuated repeatedly, thereby denting much of the gross margin of the solvents business. That is why, despite decent increase in sales was recorded for the whole year, operating profit was dragged down by the overall decline in gross margin to an unsatisfactory level.

Though business environment last year was direr than expected, the Group is still optimistic with the development of this business segment. Raw solvents and mixed solvents achieved record sales of 548,000 metric tons last year and raw solvents accounted for 518,000 metric tons. For raw solvents, the Group remains the world's largest producer of acetate solvents. As for production capacity, after expansions to the existing production facilities were completed last July, total capacity is now increased to 600,000 metric tons, providing necessary room for further sales growth this year. Furthermore, in order to meet the needs of sustained business growth in the future and strengthen the Group's position as the market leader in China's solvents market, capacity expansion plans for acetate solvents are now underway. To further expand product portfolio of the solvents segment and leverage the synergy in raw materials procurement, the production line for a new product, butyl acrylate, is being built at full speed. The annual capacity of the new product is 80,000 metric tons. It is expected that the new production line will be on stream in October this year and will bring an additional annual turnover of approximately HK$1 billion to the Group.

COATINGS

In the period, the turnover of the coatings business was up 17% from the same period last year to a record high of HK$2,821,351,000, while operating profit saw a decline of 8% from the corresponding period a year ago to HK$84,530,000. Last year, operating environment for the coatings business was severer than expected. As raw material costs remained high because of inflation and as demand slowed down and market competition turned tougher as a result of the mainland's economic austerity measures, overall gross margin was under pressure constantly. Faced with these changes in business conditions, the Group has adopted timely response measures to raise operational efficiency and competitiveness. These measures included, among others, the consolidation of some of the facilities of the production plants and the restructuring of the distribution network for household paints. But the required short-term investment for these measures has increased operation expenses, which has pulled down the overall operating profit of the coatings business to a level below that of the previous year, so much so that it could not grow in tandem with sales.

It is expected that the operating environment confronting the coatings business will still be inundated with challenges, but the Group is nevertheless confident that the business will be able to maintain steady growth and it will strive to optimise the earning quality of this business segment. In fact, in the last particularly difficult year, sales growths were registered for resins, inks, as well as industrial and household coatings as overall sales volume grew to almost 150,000 metric tons, demonstrating that the overall competitiveness of the coatings business can overcome current challenges in the business environment. Looking forward, the Group believes that, as the effects of the response measures adopted last year emerge gradually, profit margin will turn for the better. In a bid to further improve gross margin, the Group will continue to optimise product formulations and speed up the vertical integration of certain raw materials, including the resins used for producing offset printing inks and architectural paints, which can eventually improve the gross margins of these two products. For household paints, the consolidation of the distribution network has progressed well. There are currently a total of approximately 1,800 exclusive shops of Bauhinia Paints in China and the point of sales has reached approximately 5,000. The consolidation can enhance pricing competitiveness and gross margin as it allows Bauhinia Paints to directly reach out to the third and fourth-tier cities in China and reduces the number of provincial and city-level distributors. Further, to meet the capacity demand for sustained growth, the expansion project of the Zhongshan Inks Plant has been completed and is now under trial production, while the new production line for offset printing inks in Tungxiang and the first phase of the new Jinshan Plant in Shanghai are both due for completion within this year. With the revamping and consolidating of existing plants and the completion of new production facilities, this growing business will boost economies of scale and raise marginal effectiveness and competitiveness. On the other hand, the Group R&D Centre in Zhangjiang Hi-Tech Park in Pudong, Shanghai has already come on line officially early 2012. The completion of this Centre will in the long-term be conducive to strengthening product R&D capability and boosting the competitive advantages of the Group's coatings business. The R&D Centre will strive to attract more technical personnel, facilitate related manufacturing-academic-research projects, bolster external technology cooperation and focus on the research and development of related product technologies. It is expected that in the next three to five years research results will start trickling in so that the Group's coatings business will see definite advantages in scale, brand and technology that will foster continuous growth.

LUBRICANTS

In the period, the turnover of the lubricants business grew 18% on the year to a record-high HK$416,201,000 while operating profit was HK$4,474,000. After discounting the special income from acquiring the Zhanjiang Plant which was booked in the same period last year, the earnings results would be more or less on a par with those for the same period a year ago. In the period, continued growth was recorded for the overall sales of the business. This is particularly so for automotive lubricants and anti-freeze, which for several years in a row have registered double-digit growth both in sales volume and sales amount. To cater to the growing demand for anti-freeze, the building of a new production line through conversion in the Qingpu Plant in Shanghai is already on the drawing board and it is expected that this new line will be operative before mid-2013. Last June, the minority interests of the specialty lubricants business have been acquired by the Group. This acquisition will be favourable to the consolidation of resources for the specialty lubricants business and the automotive lubricants business, thus helping towards enhancing the operational efficiency of the overall business in short to medium term.

CORPORATE SOCIAL RESPONSIBILITY

While continuing to develop and expand its business, Yip's Chemical will at the same time devote its utmost efforts to contribute to society by helping the underprivileged groups. The two goals are to be pursued on an ongoing basis. The Group treats corporate social responsibility ("CSR") as part of its mission, and sees it as a worthy, long-term commitment. Yip's Chemical is also committed to incorporating the concept of sustainable development into its business operations and management processes as a way of achieving an all-win situation and comprehensive development for the economy, society and the environment.

Safety First

In 2011, the "Group Health, Safety and Environment Department" continued to carry out safety checks on all plants with relevant employees of the subsidiaries in tow. It offered the subsidiaries a platform for exchanges and for learning and benchmarking best practices and strategies in health, safety and environment ("HSE"). After the initial checks, suggestions on improvements were offered and revisits were made afterwards to ensure all improvement suggestions had been solidly carried out.

In order to further enhance HSE standards in all plants, the Department plans to carry out plant checks at the subsidiary level in 2012. On top of the comprehensive safety checks initiated by the Group, subsidiaries are also encouraged to carry out their own inspections and review their safety policies on a regular basis.

To further tighten the Group's measures in safety production and illustrate its high priority for HSE work, a "Group Health, Safety and Environment Committee" was formed on 1 January 2012. This Committee is composed of five non-executive directors and will report to the Board regularly. Currently it is chaired by Mr. Ku Yuen Fun, one of the independent non-executive directors. The Committee is responsible for uplifting the standard of the Group's work on HSE, making sustained improvements in HSE matters and ensuring operational health and safety for employees and other stakeholders.

Environmental Protection

On top of the efforts at the Group headquarters level, all subsidiaries are implementing environmental protection measures in earnest in a bid to reduce polluting the environment in their operations.

In 2011 the Bauhinia Paints plant in Qingpu, Shanghai started implementing clean production practices which were funded by the Shanghai Government as a way of encouragement. In the production of oil-based coatings, Bauhinia Paints has been constantly improving its formulas to minimise the use of raw materials which contain volatile organic compounds so that emission of these compounds into the atmosphere during application is reduced. Through clean production, Bauhinia Paints is able to reduce effectively the emission of waste water, waste gases, noise and solid waste during production, thus reducing the impacts of these pollutants on the environment.

During the period under review, the Group's inks plants have also implemented a range of environmentally friendly and clean production measures. These measures have succeeded in reducing the release of volatile organic compounds into the workplace from raw materials. In addition, after centralised exhaust pipes have been installed, the emission of fine dust inside the plants has been reduced. Thus air quality in the plants is improved and the health of plant employees is protected.

In R&D, the Group has all along been committed to the development of environmentally advanced products which are certified by the Chinese Government. In September 2011, the Group's solvent products, ethyl acetate and butyl acetate, were granted respectively the "China Green Star" certificate by China Association of Environmental Protection Industry. The Group's offset printing inks have also been granted China Environmental Labelling Product Certificate by Ministry of Environment Protection, testifying that Chinese environmental protection criteria are fully met.

Social Responsibility

Donation of mobile eye surgery centres is the Group's flagship CSR programme. Up to 31 December 2011, this programme has succeeded in restoring vision for 9,617 needy cataract patients. All cataract patients in Jiangsu Province and Shandong Province were offered free surgeries in 2011. With ophthalmologists paying regular post-surgery visits to the patients to re-examine their conditions, the effectiveness and quality of the surgeries are greatly enhanced. In August 2011, the Group donated the fourth mobile eye surgery centre to Inner Mongolia. This centre is expected to be in service by the second quarter of 2012, marking the second centre covered under the Group's "Ten-Year Mobile Eye Surgery Centre Donation Plan". By 2020, there will at least be 12 mobile eye surgery centres donated by the Group for restoring vision for poverty-stricken cataract patients living in the hinterland in China.

In July 2011, a Corporate Volunteer Team composing of Group and subsidiary employees was formed. These volunteers aspire to participate in voluntary services, and they are the forerunners in bringing the concept of CSR to the employee level.

Yip's Chemical does not settle for just being a donor of mobile eye surgery centres, so its Corporate Volunteer Team comes forward to initiate volunteer programmes related to the surgery centres. In September 2011, 14 members of the Team kicked off the first visitation programme in Nanjing and Lianyungang. Their mission was to promote prevention of blindness and visit cataract patients. As the number of mobile eye surgery centres grows, the Corporate Volunteer Team will continue to disseminate basic knowledge about cataract and let more people understand the objective and significance of these centres.

Other than its flagship CSR programme, the Group has also participated actively in a variety of charity activities including the "River Walk" charity walk, the "Tree Planting Challenge", the charitable cookies sale and the "Green Festival" organised by local environmental concern group Friends of the Earth (HK) as well as the Standard Chartered Hong Kong Marathon. In 2011, 113 employees of the Group in Hong Kong, their relatives and friends, joined the Group's voluntary services and contributed 328 hours of services.

<u>Economic Contribution</u>
As at 2011 end, the Group boasted 15 plants and employed close to 5,000 employees. These employees are all offered jobs with promotion prospects as well as training and career development opportunities. The business of the Group spans all over China and its sustainable development is fostering economic and social development at the localities of operation. In 2011, the income tax payment of the Group amounted to HK$72,669,000.

<u>Awards</u>
In 2011, the Group won a number of major awards in corporate governance, CSR and investor relations. These awards testify to its commitment to CSR while maintaining continuous growth in its business. It is these efforts that won the Group's extensive acclaims, recognition and support from all quarters of society.

Asiamoney Magazine
Third place in the ranking in "Best for Shareholders' Rights and Equitable Treatment" in the eighth "Asiamoney Corporate Governance Poll 2010" for Hong Kong

Corporate Governance Asia Magazine
"7th Corporate Governance Asia Recognition Awards 2011"

Hong Kong Productivity Council
"2011 Hong Kong Outstanding Corporate Citizenship Award—Bronze–Enterprise Sector in Manufacturing Industry"

The Asset Magazine
"Gold Award for Social Responsibility and Investor Relations" in "The Asset Corporate Awards"

Quamnet
"Outstanding Investor Relations 2011" in the "Quamnet Outstanding Enterprise Awards 2011"

The Hong Kong Council of Social Service
5 Consecutive Years Caring Company Logo

China WTO Tribune
"2010 GoldenBee Honour Roll Listed Company Award"

China Association of Enterprises with Foreign Investment, China Foundation of Consumer Protection, China Private Economy Research Association and China Forum of Environmental Journalists
"2011 Good Enterprise Fulfilling Corporate Social Responsibility Award"

Corporate Public Relations Committee of China International Public Relations Association, China Public Relations Net and China International Public Relations Association
"2011 Corporate Social Responsibility Affair with the Most Public Influence"

2011 China Charity Festival (First Edition)
"2011 China Charity Festival – Collective Award"

Yip's Care Extension Foundation

"Yip's Care Extension Foundation" was founded by three founding shareholders of the Group in May 2011. The independently-run Foundation aims at subsidising the pursuing of better education by children of employees who need the additional financial help. Since its establishment, the management committee of the Foundation has gone to various subsidiaries to disseminate details of the subsidy programme to some 2,300 employees interested in participating. Responses have been enthusiastic and a lot of questions have been raised. Application for the first year sponsorships has been successfully closed and 50 applicants have been granted subsidy. Together with four cases of abrupt changes in financial situation, a total of HK$175,000 in subsidy has been dispensed.

In order to extend the help to more employees who have practical needs for education subsidy, the management committee will study in earnest the feasibility of lowering the income threshold for application and expanding the scope of courses for subsidy within the affordability of the Foundation.

LIQUIDITY AND FINANCIAL RESOURCES

The Group will continue to implement prudent financial management policy and adapt necessary measures to maintain its gearing ratio within acceptable level during expansion. As at 31 December 2011, the Group's gearing ratio (measured by net bank borrowings as a percentage of equity attributable to owners of the Company) was 40.4% (31 December 2010: 14.9%). The continued increase in gearing ratio over the past 2 years was mainly attributable to the Group's additional long-term bank loans for its investments in new factories and production facilities to capture new market and sales opportunity. The Group's business expansion in Eastern China also required longer credit period granted to customers and increased receipts of banker's acceptances (i.e. bills receivables) as compared to the market practices in Southern China. While such practices have helped to facilitate sales growth in new market development, the Group has applied stringent credit control policies and systems to govern the banker's acceptances issued by various financial institutions to monitor its liquidity and manage the lengthened cash collection cycle.

As at 31 December 2011, the gross bank borrowings of the Group amounted to HK$2,159,433,000 (31 December 2010: HK$1,237,261,000). Out of this amount, HK$938,600,000 (31 December 2010: HK$945,428,000) were short-term loans and repayable within one year. Such loans were denominated in three currencies, namely HK$617,751,000 in Hong Kong Dollar, HK$315,925,000 in US Dollar and HK$4,924,000 in Renminbi (31 December 2010: HK$616,226,000 in Hong Kong Dollar, HK$315,828,000 in US Dollar and HK$13,374,000 in Renminbi). Long-term loans repayable after one year amounted to HK$1,220,833,000 (31 December 2010: HK$291,833,000) and they were all denominated in Hong Kong Dollar. Both short-term and long-term loans carried interests at floating or fixed rates. As at 31 December 2011, the short-term bank deposits, bank balances and cash of the Group amounted to HK$1,161,489,000 (31 December 2010: HK$895,491,000), resulting in net bank borrowings of HK$997,944,000 (31 December 2010: HK$341,770,000).

As at 31 December 2011, a total of 12 banks in Hong Kong, Macau and PRC granted banking facilities totaling HK$3,991,731,000 (31 December 2010: HK$2,819,013,000) to the Group and provided sufficient funds to meet its present working capital and expansion. 78%, 10% and 12% of these banking facilities were denominated in Hong Kong Dollar, Renminbi and US Dollar respectively. During this year, the Group obtained 5-year bilateral long-term loans of HK$1,150,000,000 from several banks at competitive interest rates to support for the Group's expected growth and development in capital expenditure and working capital requirement. One more 5-year bilateral loan of HK$350,000,000 was subsequently signed in early 2012, resulting in total 5-year long-term loans of HK$1.5 billion.

Since some of the borrowings of the Group carry interests at floating rate, our funding costs are subject to interest rate fluctuation. While the Group arranges most of its Hong Kong Dollar bank loans in Hong Kong and converts to Renminbi for its China operations to enjoy the relatively low borrowing rate as well as the benefit of potential upward appreciation of Renminbi, the deteriorating debt crisis in Europe and tight money supply in Mainland have caused three months or shorter Hong Kong Dollar inter-bank interest rate and local borrowing costs to rise as compared to last year. In view of the increased long-term bank loans and the fluctuation of interest rate, the Group used interest rate swaps to hedge against interest rate fluctuation of certain bank loans according to the currency, amount and duration of the loans. Besides, the Group is exposed to Renminbi exchange rate risk as the Group's assets are mainly located on the mainland China and most of its income is generated in Renminbi. It is expected that economic development in China will remain strong and Renminbi will appreciate at a steady pace. Thus, the management considers that no hedging measure against Renminbi exchange rate exposure is necessary at this stage but will closely monitor its fluctuations. The Group will strike a balance between lowering borrowing cost and minimizing currency exposure by structuring an optimal combination of Hong Kong Dollar, US Dollar or Renminbi bank loans.

EMPLOYEES

As of December 31, 2011, the Group has a total number of 4,875 employees. 128 employees are from Hong Kong and Macau and 4,747 employees are from different provinces in China.

The Group places great emphasis on the management and development of human capital. The employees are encouraged to strive for improvement through internal and external training program, on-the-job training and participation in the Group's educational subsidies, allowing for self-development in knowledge and skills and to maximize their potential in their work. We offer excellent platform for development of highly committed and capable employees, regardless of their background, geographical region or educational levels. Through versatile experience in challenging roles, the current leadership of the Group has come through the ranks to advance to positions of management. Besides the focus of developing employees internally, the Group seeks to attract talent from outside and also recruit top graduates from the best tertiary institutions in Hong Kong, in the Mainland China, and abroad and provide them with training and development opportunities. The Management Trainee Program has been implemented for many years. Management trainees have demonstrated excellence and some of the former trainees have already advanced to positions of leadership within the Group, either as a General Manager of a subsidiary company or Head of functional department.

The Group offers a challenging work environment, sets up different programs to motivate employees to strive for improvement and to upgrade their skills in order to sustain the development of business. From time to time, the Group will make reference to market trends in remuneration policy, providing reasonable and competitive compensation and benefits. This includes basic salary and performance-based bonus to attract and retain talents.

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

During the year ended 31 December 2011, 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. The Company has complied with all code provisions of 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 December 2011 except for an incident of the deviation from Code provision A.5.4 in relation to the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (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 2011 Annual Report.

AUDIT COMMITTEE

The Audit Committee was formed in November 1998 and currently comprises three non-executive Directors and four independent non-executive Directors and is chaired by Mr. Wong Kong Chi. Mr. Ng Siu Ping and Mr. Ip Chi Shing were appointed as members of the Audit Committee on 1 July 2011 and 1 January 2012 respectively. Major duties 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 20 March 2012 to review the Group's audited consolidated financial statements for the year ended 31 December 2011.

REMUNERATION COMMITTEE

The Remuneration Committee was formed in June 2005. It currently consists of three non-executive Directors and four independent non-executive Directors and is chaired by Mr. Au-Yeung Tsan Pong, Davie. Mr. Ng Siu Ping and Mr. Ip Chi Shing were appointed as members of the Remuneration Committee on 1 July 2011 and 1 January 2012 respectively. Major roles and functions of the Remuneration Committee include establishing a formal and transparent procedure for developing remuneration policy, making recommendation to the Board on the Group's policy and structure for the remuneration of Directors and senior management and determining the remuneration packages of all executive Directors and senior management.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

In recognition of the importance of the health, safety and environmental protection works to the Group, the Board established a Health, Safety and Environment Committee on 1 January 2012. This Committee comprises of two Non-executive Directors and three Independent Non-executive Directors, including Mr. Ip Chi Shing, Mr. Wong Kong Chi, Mr. Ng Siu Ping and Mr. Li Chak Man, and is chaired by Mr. Ku Yuen Fun. The Health, Safety and Environment Committee is primarily responsible for advising and strengthening the health, safety and environmental protection works of the Group.

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. On 15 March 2011, Mr. Li Chak Man, an independent non-executive Director of the Company, sold and purchased 4,000 shares of the Company each time. As the transaction date falls into the black-out period during which directors are prohibited from trading in the shares of the Company, the transactions constituted non-compliance to the Model Code. On 16 March 2011, i.e. the next day after the transaction, Mr. Li promptly reported such inadvertence to the Stock Exchange. Having reviewed and considered the submission and the background of the case, the Stock Exchange confirmed that no disciplinary action would be taken against Mr. Li for the said non-compliance. After making specific enquiries, 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 during the year ended 31 December 2011.

The Board of Directors of Yip's Chemical Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011, together with comparative figures of last nine-month period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Notes	**1.1.2011 to 31.12.2011 HK$'000**	1.4.2010 to 31.12.2010 HK$'000
Turnover	3	**8,275,569**	5,654,783
Cost of sales		**(7,136,083)**	(4,718,268)
Gross profit		**1,139,486**	936,515
Other income		**94,630**	56,368
Other gains and losses		**59,005**	44,781
Selling and distribution expenses		**(348,169)**	(256,764)
Administrative expenses		**(619,193)**	(409,969)
Interest expense		**(28,742)**	(12,735)
Profit before taxation	4	**297,017**	358,196
Taxation	5	**(54,850)**	(41,357)
Profit for the year/period		**242,167**	316,839
Other comprehensive income (expense)			
Exchange differences arising on translation		**108,505**	107,101
Net adjustments on cash flow hedges		**(8,830)**	(2,007)
Total comprehensive income for the year/period		**341,842**	421,933
Profit for the year/period attributable to:			
Owners of the Company		**201,344**	264,509
Non-controlling interests		**40,823**	52,330
		242,167	316,839
Total comprehensive income attributable to:			
Owners of the Company		**286,772**	356,472
Non-controlling interests		**55,070**	65,461
		341,842	421,933
Earnings per share	7		
- Basic		**HK 36.3 cents**	HK 48.0 cents
- Diluted		**HK 36.1 cents**	HK 47.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**1,153,357**	983,340
Prepaid lease payments		**218,518**	119,922
Goodwill		**71,462**	71,462
Intangible assets		**19,204**	25,178
Available-for-sale investment		**23,167**	22,200
Deposits paid for acquisition of property, plant and equipment and land use rights		**47,017**	28,225
Other non-current asset		**4,600**	4,600
		1,537,325	1,254,927
Current assets			
Inventories		**877,150**	765,643
Trade and bills receivables	8	**2,560,983**	1,976,265
Other debtors and prepayments		**295,678**	232,305
Prepaid lease payments		**5,003**	2,926
Short-term bank deposits			
-with original maturity within three months		**120,128**	13,155
-with original maturity more than three months		**445,337**	336,599
Bank balances and cash		**596,024**	545,737
		4,900,303	3,872,630
Asset classified as held for sale		**2,814**	-
		4,903,117	3,872,630
Current liabilities			
Creditors and accrued charges	9	**1,386,825**	1,185,201
Taxation payable		**77,028**	94,310
Dividend payable to a non-controlling shareholder of a subsidiary		**-**	3,496
Derivative financial instruments		**2,795**	7,777
Bank borrowings - amount due within one year		**938,600**	944,369
Bank overdrafts		**-**	1,059
		2,405,248	2,236,212
Net current assets		**2,497,869**	1,636,418
Total assets less current liabilities		**4,035,194**	2,891,345
Non-current liabilities			
Derivative financial instruments		**11,052**	-
Bank borrowings - amount due after one year		**1,220,833**	291,833
Consideration payable for acquisition of additonal interests in a subsidiary		**2,400**	-
Deferred taxation liabilities		**8,848**	6,557
		1,243,133	298,390
		2,792,061	2,592,955
Capital and reserves			
Share capital		**55,515**	55,304
Reserves		**2,416,766**	2,241,843
Equity attributable to owners of the Company		**2,472,281**	2,297,147
Non-controlling interests		**319,780**	295,808
		2,792,061	2,592,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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.

The Company changed its financial year end date from 31 March to 31 December in the last financial period. The consolidated financial statements now presented cover a period of twelve months from 1 January 2011 to 31 December 2011. Accordingly, the corresponding comparative amounts (which cover a period of nine months from 1 April 2010 to 31 December 2010) for the consolidated statement of comprehensive income and related notes may not be comparable with amounts shown for the current year.

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

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS"s), HKFRSs, amendments and interpretations ("INT"s) (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC)* - INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments

* IFRIC represents the IFRS Interpretations Committee.

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years/period and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRS 7	Disclosures - Transfers of financial assets[1]
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax - Recovery of underlying assets[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HKAS 19 (Revised 2011)	Employee benefits[2]
HKAS 27 (Revised 2011)	Separate financial statements[2]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[2]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Except for available-for-sale investment, the directors anticipate that the application of HKFRS 9 will not affect the classification and measurement of the Group's other financial assets and liabilities as at 31 December 2011. Regarding the Group's available-for-sale investment, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. Other than the application of the disclosure standard of HKFRS 12, the directors consider that the application of the other four standards may not have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. Other than available-for-sale investment, the application of the new Standard may not affect the measurement and presentation of the Group's other assets and liabilities reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Other than those disclosed above, the directors of the Company anticipate that the application of the other new and revised standards will have no material impact on the results and financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Turnover

Turnover represents the amount received and receivable for goods sold to customers during the year/period, net of discounts and sales related taxes.

Segment information

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

Principal activities of the Group's reportable segments 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, dividend income, fair value change on derivative financial instruments, gain or loss on disposal of corporate assets, central administration costs and interest expense. This is the information reported to the Chief Executive Officer, 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 reportable and operating segments for the year/period under review is as follows:

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Reportable Segment total HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
Year ended 31 December 2011							
Segment revenue							
External sales	**4,988,517**	**2,821,351**	**416,201**	**8,226,069**	**49,500**	**-**	**8,275,569**
Inter-segment sales	**111,593**	**-**	**-**	**111,593**	**-**	**(111,593)**	**-**
Total	**5,100,110**	**2,821,351**	**416,201**	**8,337,662**	**49,500**	**(111,593)**	**8,275,569**
Results							
Segment result	**219,477**	**84,530**	**4,474**	**308,481**	**1,043**	**3,064**	**312,588**
Fair value change on derivative financial instruments							**(5,498)**
Unallocated income							**41,978**
Unallocated expenses							**(23,309)**
Interest expense							**(28,742)**
Profit before taxation							**297,017**

	Solvents HK$'000	Coatings HK$'000	Lubricants HK$'000	Reportable Segment total HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
Period from 1 April 2010 to 31 December 2010							
Segment revenue							
External sales	3,356,111	1,947,839	283,742	5,587,692	67,091	-	5,654,783
Inter-segment sales	89,391	-	-	89,391	-	(89,391)	-
Total	3,445,502	1,947,839	283,742	5,677,083	67,091	(89,391)	5,654,783
Results							
Segment result	244,312	109,836	5,799	359,947	4,979	4,099	369,025
Fair value change on derivative financial instruments							(5,954)
Unallocated income							23,780
Unallocated expenses							(15,920)
Interest expense							(12,735)
Profit before taxation							358,196

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

4. PROFIT BEFORE TAXATION

	1.1.2011 to 31.12.2011 HK$'000	1.4.2010 to 31.12.2010 HK$'000
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	**6,321**	4,318
Auditors' remuneration		
- current year/period	**4,073**	4,071
- underprovision in prior year	**138**	150
Depreciation of property, plant and equipment	**78,915**	56,408
Net loss on disposal/written off of property, plant and equipment and land use rights**	**-**	2,631
Impairment loss of property, plant and equipment	**-**	120
Fair value change on derivative financial instruments**	**5,498**	5,954
Operating lease payments in respect of rented premises	**22,488**	12,425
Release of prepaid lease payments	**3,486**	2,178
Staff costs, including directors' remuneration	**535,889**	363,056
and after crediting:		
Net exchange gain**	**63,565**	52,633
Compensation for early termination for operating lease* (Note)	**21,515**	-
Interest income*	**20,175**	10,701
Government grants recognised*	**13,684**	9,987
Dividend income from available-for-sale investment*	**8,590**	-
Net gain on disposal/written off of property, plant and equipment and land use rights**	**3,972**	-

* Included in other income

**Included in other gains and losses

Note: Pursuant to an agreement entered into with an independent third party (the "Landlord") in April 2011, the Group received a compensation of HK$21,515,000 as the Landlord would like to early terminate an operating lease agreement in respect of a parcel of land leased to the Group located in the Mainland China.

5. TAXATION

	1.1.2011 to 31.12.2011 HK$'000	1.4.2010 to 31.12.2010 HK$'000
Current tax - Hong Kong		
Current year/period	**295**	801
Overprovision in previous years	**(505)**	-
	(210)	801
Current tax - Mainland China		
Current year/period	**65,970**	61,568
Overprovision in previous years	**(13,201)**	(20,729)
	52,769	40,839
	52,559	41,640
Deferred taxation		
Hong Kong	**(260)**	242
Mainland China	**2,551**	(525)
	2,291	(283)
	54,850	41,357

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both reporting periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in Mainland China is 25% from 1 January 2008 onwards.

The Group's subsidiaries operating in Mainland China are eligible for certain tax holidays and concessions. Pursuant to the relevant laws and regulations in Mainland China, certain subsidiaries of the Company in Mainland China 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 up to 2012. Enterprise income tax of Mainland China has been provided for after taking these tax incentives into account.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. DIVIDENDS

	1.1.2011 to 31.12.2011 HK$'000	1.4.2010 to 31.12.2010 HK$'000
Dividend recognised as distribution during the year/period:		
2011 interim dividend of HK8.0 cents *(1.4.2010 to 31.12.2010: nine months ended 31 December 2010 of HK12.0 cents)* per share	**44,412**	66,353
2011 special dividend of HK4.0 cents *(1.4.2010 to 31.12.2010: nil)* per share	**22,206**	-
31 December 2010 final dividend of HK10.0 cents *(1.4.2009 to 31.3.2010: 31 March 2010 final dividend of HK20.0 cents)* per share	**55,496**	110,211
	122,114	176,564

The final dividend equivalent to HK12.0 cents per share totalling not less than HK$66,000,000, with an option to receive shares of the Company, in respect of the year ended 31 December 2011 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

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

	1.1.2011 to 31.12.2011 HK$'000	1.4.2010 to 31.12.2010 HK$'000
Profit for the year/period attributable to owners of the Company and earnings for the purposes of calculating basic and diluted earnings per share	**201,344**	264,509

	Number of shares '000	'000
Weighted average number of shares for the purpose of calculating basic earnings per share	**554,365**	550,582
Effect of dilutive potential ordinary shares: Share options	**3,293**	5,403
Weighted average number of shares for the purpose of calculating diluted earnings per share	**557,658**	555,985

8. TRADE AND BILLS RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade receivables	**1,585,300**	1,365,243
Less: Allowance for doubtful debts	**(25,978)**	(24,850)
	1,559,322	1,340,393
Bills receivables	**1,001,661**	635,872
	2,560,983	1,976,265

An aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	2011 HK$'000	2010 HK$'000
0 - 3 months	**1,314,430**	1,148,182
4 - 6 months	**226,109**	183,425
Over 6 months	**18,783**	8,786
	1,559,322	1,340,393

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.

Bills receivables represent 銀行承兌匯票("banker's acceptances"), i.e. time drafts accepted and guaranteed for payment by PRC banks. The Group accepts the settlement of trade receivables by customers using banker's acceptances accepted by PRC banks on a case by case basis.

These banker's acceptances are issued to or endorsed to the Group and with due dates not longer than six months from the date of issuance. Those banks accepting the banker's acceptances, which are state-owned banks or commercial banks in the PRC, are the primary obligors for payment on the due date of such banker's acceptances.

9. CREDITORS AND ACCRUED CHARGES

At the end of the reporting period, the balance of creditors and accrued charges included trade creditors of HK$1,063,254,000 (31 December 2010:HK$863,801,000). Remaining balances mainly consist of receipts in advance from customers, payable of staff salaries and benefits, sales commission, storage and transporation etc.

An aged analysis of trade creditors at the end of the reporting period based on the invoice date is as follows:

	2011 HK$'000	2010 HK$'000
0 - 3 months	**982,834**	823,007
4 - 6 months	**73,903**	35,529
Over 6 months	**6,517**	5,265
	1,063,254	863,801

FINAL DIVIDEND

The Board of Directors has resolved to recommend a final dividend of HK12.0 cents (nine-month period ended 31 December 2010 : HK10.0 cents) per share for the year ended 31 December 2011 to shareholders of the Company whose names are on the register of members on 1 June 2012. The final dividend will be paid to shareholders by way of cash with an option to elect to receive wholly or partly an allotment and issue of shares of the Company credited as fully paid in lieu of cash payment under the scrip dividend scheme ("Scrip Dividend Scheme").

The Scrip Dividend Scheme is conditional upon the approval by the shareholders of the Scrip Dividend Scheme at the Company's forthcoming annual general meeting and the grant by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of, and permission to deal in the new shares of the Company to be allotted pursuant thereto. A circular containing details of the Scrip Dividend Scheme together with an election form will be sent to shareholders of the Company.

CLOSURE OF REGISTER OF MEMBERS

The Hong Kong branch register of members of the Company will be closed from 23 May 2012 to 25 May 2012 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting. No transfer of Shares may be registered on those dates. In order to qualify for the shareholders' entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 22 May 2012.

The Hong Kong branch register of members of the Company will be closed from 31 May 2012 to 1 June 2012 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. No transfer of Shares may be registered on those dates. In order to qualify for the shareholders' entitlement to the proposed final dividend, all transfer forms accompanied by the relevant share certificates should be lodged with the Company's Branch Registrar in Hong Kong, Tricor Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 30 May 2012.

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 2011 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
Chairman

Hong Kong, 27 March 2012

As at the date of announcement hereof, the Board of Directors of the Company comprises the following Directors:-

Non-executive Directors :
Mr. Ip Chi Shing (Chairman)
*Mr. Wong Kong Chi**
*Mr. Au-Yeung Tsan Pong, Davie**
*Mr. Li Chak Man**
*Mr. Ku Yuen Fun**
Mr. Tong Wui Tung
Mr. Ng Siu Ping

Executive Directors :
Mr. Yip Tsz Hin (Deputy Chairman)
Mr. Wong Kam Yim (Chief Executive Officer)
Mr. Li Wai Man, Peter (Chief Operations Officer)
Mr. Ho Sai Hou (Chief Financial Officer)

**Independent non-executive Directors*