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Yip's Chemical Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 408)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

Robust Development of Core Businesses and Stringent Cost Control Achieved

Profit Attributable to Owners Increased to HK\$96.9 million

- Faced with a challenging business environment, the Group focused on the development of core businesses such as inks and industrial coatings, and navigated the effects of the downturn of the property market on the architectural coatings business, the Group's revenue and sales volume experienced a marginal decline by 1.7% and 9.6% respectively year-on-year to HK\$3.16 billion and 264,000 metric tonnes.
- Gross profit margins of the inks and lubricants businesses improved from the preceding year, but gross profit margin of the coatings business decreased due to the adverse market conditions of architectural coatings. Overall gross profit margin of the Group dropped to 23.5%, representing a year-on-year decrease of 0.8 percentage point.
- The solvents associate company recorded a strong growth in revenue, delivering a healthy return to the Group.
- Benefiting from the robust sales strategy and with effective stringent cost control, profit attributable to owners increased by 11.8% year-on-year to HK\$96.9 million.
- Gearing ratio continued to be at a relatively low level of 16.7% as compared to 14.0% in 2023, enhancing the flexibility of future investments in new growth projects.
- The Board recommended payment of a final dividend of HK11 cents per share.

	For the year ended 31 December 2024 (audited)	For the year ended 31 December 2023 (audited)	<i>% change</i>
Revenue	HK\$3,162,391,000	HK\$3,217,138,000	-1.7%
Sales volume	264,000 metric tonnes	292,000 metric tonnes	-9.6%
Profit attributable to owners of the Company	HK\$96,882,000	HK\$86,623,000	+11.8%
Earnings per share	HK17.2 cents	HK15.2 cents	+13.2%
Final dividend per share	HK11.0 cents	HK10.0 cents	+10.0%
Interim dividend per share	HK3.0 cents	HK2.0 cents	+50.0%
Dividend for the year per share	HK14.0 cents	HK12.0 cents	+16.7%
	As of 31 December 2024	As of 31 December 2023	
Gearing ratio*	16.7%	14.0%	+2.7% points
* Measured by net bank borrowings as a percentage of equity attributable to owners of the Company			

CHAIRMAN's STATEMENT – REVIEW AND OUTLOOK

Review

It is my pleasure to present to all shareholders (“Shareholder(s)”) of Yip’s Chemical Holdings Limited (the “Company” and together with its subsidiaries collectively referred to as “Yip’s Chemical” or the “Group”) an overview of the Group’s performance for the year ended 31 December 2024 (the “year under review”).

Looking back on the past year, the general operating environment was even grimmer and more challenging than what I expected last year. Although there were signs of recovery in the first quarter, people were generally optimistic about the market outlook, expecting that the market conditions could gradually return to normal after the pandemic. However, corporate investment and consumer sentiment remained sluggish, which was contrary to our expectations. Throughout the year under review, except the rate-cutting cycle commencing in the second half of the year under review which was the only favourable news, other internal and external factors unfavourable to the general operating environment showed no sign of being pacified and, on the contrary, intensified. From an external perspective, the Western bloc, led by the United States, joined forces to apply further pressure on China across various fronts. Several major Western countries went through changes in government, and sentiments of de-globalisation were spreading. Additionally, geopolitical tensions were escalating in many regions. Internally, the two main pillars supporting economic development – the real estate and stock markets – remained weak with prices lingering at low levels, severely affecting consumer sentiment. Although government authorities have introduced a series of fiscal policies and administrative measures since mid-year in an effort to stimulate corporate investment and boost consumer confidence, the effects were slow to materialise and were insufficient to address immediate challenges. Consequently, throughout the year under review, businesses across various sectors have faced considerable difficulties in both exports and domestic sales. The Group’s core businesses were inevitably impacted by such challenges, with the architectural coatings business bearing the brunt of the downturn, experiencing declines in both sales and operating profit. However, the decisive move to appoint a new leadership team for the inks segment at the end of last year proved instrumental. The new management team undertook significant and effective restructuring and reforms across multiple aspects, including management structure, sales strategies, and supply chain operations. These initiatives led to a remarkable doubling of performance compared to the previous year. Concurrently, the industrial coatings business demonstrated robust performance in both sales and contributions (please refer to the Report of the Chief Executive Officer for details). Furthermore, the Group’s solvents associate company achieved results that exceeded expectations, benefiting from economies of scale and sound management practices, thereby making a particularly significant contribution to the Group. For the year under review, the Group recorded a revenue of HK\$3.16 billion, representing a slight decrease of 1.7% compared to the corresponding period of the previous year, while profit attributable to owners increased by 11.8% year-on-year to HK\$96.9 million.

Regarding financial performance, the Group has adopted more stringent credit measures in the face of the challenging operating environment, with doubtful and bad debts remaining at a normal level, maintaining a healthy overall financial position of the Group. As at 31 December 2024, the Group's gearing ratio was at a relatively low level of 16.7%. After a comprehensive assessment of the Group's business prospects and future development strategies and considering the established practice of rewarding shareholders earnestly, the board (the "Board") of directors (the "Director(s)") of the Company has resolved to recommend the payment of a final dividend of HK11 cents per share to all shareholders, representing an increase of HK1 cent compared to the final dividend distributed during last year. Meanwhile, in order to demonstrate its potential value and seek greater benefits for its shareholders, the Group had implemented a share buyback program on the market during the year under review. However, the outcome fell below our expectation, with only approximately 10 million shares repurchased, representing approximately 1.8% of the total issued share capital (including treasury shares). The Group will continue to evaluate and explore the feasibility of various initiatives to better realise shareholder value in the future.

Outlook

I am not optimistic about the business environment in 2025. In addition to the various unfavourable factors described in the Review that are difficult to eliminate in the short run, the change of the U.S. government this year and the fickle new governing team may bring more challenges and uncertainties to the world trade order – especially the "tariff war". However, I am more confident about the Group's business prospects for the current year compared to the year under review. Firstly, after nearly two years of internal business restructuring, the Group's core businesses have gradually found ways to overcome challenges and develop in a tough operating environment, the effectiveness of which will continue to manifest. Secondly, the Group is transforming from an enterprise of merely manufacturing and selling chemical products to a "leading development platform for chemical businesses". The Strategic Investment Department of the Group has been making relentless efforts in seeking acquisition opportunities of relevant domestic enterprises that may allow the Group to expand into related sectors and enhance its core businesses, while numerous SMEs are in dire need for support in areas such as funding, finance, human resource and supply chain under such unfavourable operating environment and are seeking suitable partners to sustain their operations. Given that, with over 50 years of successful operation and a sterling reputation in the industry, Yip's Chemical is expecting to create synergistic effects through successful collaborations with these enterprises, achieving a win-win outcome. I would like to see one or two pilot projects initiated during the year and thus gradually explore and refine a development model that may take the Group to the track of on-going growth. Finally, I am full of confidence in the sustained growth of the Chinese economy. Whether it is dealing with the international changes or addressing the domestic consumption weakness, I believe that there are sufficient financial and administrative policies that can be implemented to achieve the goal of continuous economic growth. As mentioned above, there are opportunities amidst crises. The Group is well-prepared to seek more business opportunities and accelerate its expansion

in such era of great changes with a view to constantly striving to create greater returns for its shareholders. At the same time, I would like to report to all shareholders that, as announced by the Group in January 2025, in order to optimise its resource allocation, the Group has decided to dispose the land use right of part of its certain idle land in Jinshan, Shanghai at a price of approximately HK\$74 million. It is expected to record a profit before tax of approximately HK\$58 million upon completion of the transaction.

On behalf of the Board, I would like to take this opportunity to express our deepest gratitude to all employees, shareholders, bankers, suppliers, customers, the Board members and the leadership teams at all levels of the Group for their unfailing support and efforts.

Ip Chi Shing

Chairman

21 March 2025

REPORT OF THE CHIEF EXECUTIVE OFFICER

Review

During the year under review, Yip's Chemical faced the complicated and ever-changing economic environment at home and abroad. On the one hand, the overall economic development in China encountered certain bottlenecks. On the other hand, the global trade climate was uncertain and the interest rate remained at a high level. Against this backdrop, through a robust sales strategy coupled with stringent cost control, the Group's overall business achieved stable sales and profit growth during the year under review. The Company's cash flow and gearing ratio are both at healthy level.

Key Business Highlights

- The Group recorded a revenue of HK\$3.16 billion and a sales volume of 264,000 metric tonnes, representing a slight decrease of 1.7% and 9.6% respectively compared to that of the preceding year.
- Overall gross profit margin of the Group decreased to 23.5%, representing a year-on-year decrease of 0.8 percentage point. The gross profit margins of the inks and lubricants businesses improved from the preceding year, but the gross profit margin of the coatings business decreased as a result of the adverse market conditions of architectural coatings.
- The solvents associate company recorded a strong growth in revenue during the year under review.
- The Group recorded a profit attributable to owners of HK\$96.9 million, which represents an increase of 11.8% compared to that of the corresponding period of the preceding year.
- Gearing ratio as at 31 December 2024 continued to be at a relatively low level of 16.7% as compared to 14.0% as at the year end of 2023, allowing the Group to have more flexibility and room in investments in new growth projects going forward.

Coatings

During the year under review, the Group's coatings segment recorded a decline of 16% to 184,000 metric tonnes in sales volume and a decline of 8% to HK\$1.46 billion in sales revenue, respectively. During the year under review, different product lines under the coatings segment exhibited varying development trends. The architectural coatings business faced challenges due to a sluggish real estate market. Amid shrinking demand and intense market competition, despite efforts made to expand their stores and distributor networks for the "Bauhinia" and "Camel" brands of the Group, sales has still significantly declined. In contrast, the industrial coatings and resin products continued to have good performance supported by the Group's advanced technology and high-quality product systems. Taking coatings

for plastic toys as an example, the Group's "Hang Cheung" (恒昌) brand is already in a leading position and has carried out in-depth cooperation with multiple well-known domestic and foreign toy brands in China. As for the protective coatings, the Group also achieved remarkable sales and profit growth in the niche market of professional high-performance protection. The coatings segment recorded a gross profit margin of 26.2%, a decrease of 1.6 percentage points compared to that of the preceding year. The segment results declined by 87% to HK\$7.2 million.

In the coming year, the Group will leverage the momentum of the development of industrial coatings and resin products, allocating additional resources to focus on driving the growth of these business segments. As for the architectural coatings sector, we will reassess this market and adopt more pragmatic strategies in both product offerings and branding to revitalise the business.

Inks

During the year under review, the Group's inks segment recorded a revenue of HK\$1.36 billion, representing an increase of 13% compared to that of the preceding year. Under the efforts of new management team, the inks segment has been able to gain more market share in a highly competitive market while effectively controlling supply chain costs. As a result, the business recorded a segment profit of HK\$77.2 million, marking a significant increase of 104% compared to that of the preceding year. Leveraging on its leading position in food packaging inks in China, the Group's brand Bauhinia Variegata Ink continued to expand its product lines, including inks for electronic products and specialised inks for industrial product decoration and other niche markets, laying a greater platform for future development.

Looking ahead to the coming year, although the overall demand for inks products is still somehow growing slowly, our management team will continue to use the current competitive advantage to expand the market share of food packaging inks in China's domestic demand market, while actively developing ink products in other niche markets to enrich the product lines.

Lubricants

During the year under review, revenue from the lubricants business decreased by 6% to HK\$320 million, and the gross profit margin rose by 1.5 percentage points to 23.3%. This segment recorded a profit of HK\$9.5 million, representing a decrease of 12% compared to that of 2023. The demand for automotive lubricants was affected by the overall economic situation, so the sales volume of "Hercules" lubricants decreased slightly. Over the past few years, the management team has been investing in the expansion of specialised industrial oils, which are expected to be one of the highlights of future growth.

Looking ahead, the Group will continue to steadily develop the sales of automotive lubricants and increase the resources invested in the specialised industrial oils niche market.

Investment in Solvents Associate

The Group retains a 24% effective stake in “Handsome Chemical”, the largest acetate solvents company in the world. The solvents associate recorded a strong growth of 13% in sales volume in 2024, reaching a historical high of 1,540,000 metric tonnes. Among them, the sales volume of exports reached approximately 530,000 metric tonnes, which served as the major force of growth. Meanwhile, with its strong purchasing power and ability to consistently control costs, the solvents associate delivered a healthy return of HK\$96.0 million to the Group.

The Group believes that under the strong leadership of the associate’s management team, together with our business partnerships with “PAG” and “Qisheng”, the business will continue its prosperous trend. The new acetic acid and acetates solvents manufacturing plant owned by the associate in Hubei is expected to commence operation in the second half of 2025, which will enhance vertical integration of the production chain and economy of scale.

Outlook

To flexibly capture future market opportunities and continuously create long-term value for stakeholders, the Group’s leadership team has developed a new vision and strategy. We will build on our strengths and strive to establish a “leading development platform for chemical businesses” by leveraging our stable shareholder base with long term view, our position as a listed company in Hong Kong, our strong reputation, and our social resources and extensive experience of operations in China. The Group will continuously build and invest in strong chemical businesses with excellent business models driven by innovation in green technologies, services and branding in niche markets and grow its platform in the future. We strive towards a century of leadership in its respective chemical fields, generating stable returns and creating long-term value appreciation for shareholders and stakeholders.

In the coming year, the Group, guided by the new vision, will vigorously drive the organic growth in its core businesses to fortify its current market position and profit base. Simultaneously, we will actively seek strategic investment and acquisition opportunities that align with the future development of Yip’s Chemical to accelerate the growth of the “leading development platform for chemical businesses”. Furthermore, with the new manufacturing plant of our solvents associate in Hubei set to commence operation in the second half of 2025, the Group’s minority equity interest in this company will continue to yield positive results.

I believe that these initiatives will further fortify the Group’s profit growth and add new dimensions to our businesses, driving the Group towards a successful future and reach its new vision.

Ip Kwan (Francis)

Chief Executive Officer

21 March 2025

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group's gearing ratio (calculated by net bank borrowings as a percentage of equity attributable to owners of the Company) was 16.7% (31 December 2023: 14.0%), representing an increase of 2.7 percentage points as compared to that as at year end of 2023. The Group continued to maintain positive operating cash flow in 2024, however, with more cash spent on acquisition of investment-grade bonds and share repurchases to enhance shareholders' return, coupled with the impact of the depreciation of the RMB exchange rate, the gearing ratio has thus slightly risen compared to last year. Currently, the gearing ratio is still at a relatively low level, and the Group will leverage this advantage to continue seeking business development opportunities.

The RMB exchange rate recorded a depreciation of 3.7% in 2024. The Group remained prudent in managing its foreign exchange exposure such as increasing its RMB bank borrowings so as to minimise the impact of RMB fluctuation on its results. As for operating cash flow, the Group recorded a net cash inflow of HK\$86,546,000 during the year under review (2023: net cash inflow of HK\$236,544,000). As compared with the preceding year, although the profit before tax with adjusting items increased, the net cash inflow from operating activities has decreased mainly due to the growth in sales of the inks business, which led to a corresponding rise in its trade receivables.

As at 31 December 2024, gross bank borrowings of the Group amounted to HK\$1,226,713,000 (31 December 2023: HK\$1,401,793,000). After the deduction of short-term bank deposits, bank balances and cash amounting to HK\$594,377,000 (31 December 2023: HK\$854,247,000), net bank borrowings amounted to HK\$632,336,000 (31 December 2023: HK\$547,546,000). Of the gross bank borrowings, HK\$872,313,000 (31 December 2023: HK\$930,787,000) were short-term loans repayable within one year. Such loans were denominated in two currencies, HK\$474,265,000 in Hong Kong Dollars and HK\$398,048,000 in RMB (31 December 2023: \$721,667,000 in Hong Kong Dollars and HK\$209,120,000 in RMB). Long-term loans repayable after one year amounted to HK\$354,400,000 (31 December 2023: HK\$471,006,000), and they were all denominated in Hong Kong Dollars (31 December 2023: HK\$460,000,000 in Hong Kong Dollars, HK\$11,006,000 in RMB). The short-term bank deposits, bank balances and cash were denominated in the following currencies: HK\$68,329,000 in Hong Kong Dollars, HK\$503,804,000 in RMB, HK\$15,094,000 in US Dollars and HK\$7,150,000 in other currencies (31 December 2023: HK\$179,991,000 in Hong Kong Dollars, HK\$392,694,000 in RMB, HK\$272,974,000 in US Dollars and HK\$8,588,000 in other currencies).

With its currently ample liquidity, the Group has only signed a 3-year bilateral sustainability-linked loan of HK\$100,000,000 with a bank in Hong Kong in 2024. As at 31 December 2024, medium to long term loans (including portions repayable within one year amounted to HK\$205,600,000) accounted for 46% of the total bank loans. The Group will monitor the interest rate fluctuation closely and enter into interest rate swaps or fixed rate arrangement with the banks at appropriate time to hedge against the risk of interest rate fluctuation. As at 31 December 2024, the Group's loans under fixed rate arrangement constituted 38% of its medium to long term loans.

As stated above, the Group will continue to increase its RMB bank borrowings in Mainland China to finance its local operations to take advantage of the lower interest costs there as well as to mitigate the risk of RMB rate fluctuation. The Group will continue to strike an optimal balance between lowering borrowing costs and minimising currency exposure by structuring a favourable combination of Hong Kong Dollars, US Dollars, RMB or other foreign currency bank loans in Hong Kong and Mainland China. As at 31 December 2024, a total of 22 banks in Hong Kong and Mainland China granted banking facilities of an aggregate amount of HK\$2,957,066,000 to the Group. Of these banking facilities, 52% and 48% were denominated in Hong Kong Dollars and RMB respectively.

As at 31 December 2024, the Group did not have any pledged asset and significant contingent liabilities. The Group may explore potential opportunities to make investment and/or acquire capital assets to achieve sustainable growth.

HUMAN RESOURCES

As of 31 December 2024, the Group has a total number of 2,189 employees, including executive directors of the Company (2023: 2,561 employees), among which 59 and 8 of them are from Hong Kong and other country respectively while the remaining 2,122 are from different provinces in the Chinese Mainland.

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 programs, job rotations and participation in the Group's educational subsidy programs, facilitating self-development in knowledge and skills and to maximise their potential in their work. We offer suitable platform for development of highly committed and capable employees, regardless of their background, geographical location or educational level. The Group regularly identifies talented employees and tailors career plans to support their continuous development. With versatile experience in challenging roles in different areas, the current management team of the Group has risen through the ranks to positions of management. In addition to the focus of developing employees internally, the Group also seeks to attract external talents.

The Group offers a challenging work environment, and sets up different programs for motivating employees to strive for improvement and to advance their skills in order to drive the development of business. From time to time, the Group makes reference to market trends for reviewing its remuneration and reward policy so as to ensure reasonable and competitive compensation and benefits for its employees. These include basic salary as well as results and individual performance-based bonus to attract and retain talents.

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

During the year ended 31 December 2024, the Company repurchased a total of 10,024,000 Shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$14,833,500. All the repurchased Shares are subsequently held as treasury shares. The Directors believe that the repurchases of Shares would lead to an enhancement of the net assets value per Share and/or earnings per Share.

Particulars of the repurchases are as follows:

Month	Total number of repurchased Shares	Purchase price per Share		Aggregate consideration (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
July	2,300,000	1.50	1.50	3,450,000
August	3,024,000	1.47	1.47	4,445,280
September	4,700,000	1.53	1.43	6,938,220
	<u>10,024,000</u>			<u>14,833,500</u>

Saved as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standard of corporate governance so as to achieve the Group's objectives of maximising values for its employees, customers, suppliers, business partners and Shareholders, and safeguarding their interests. The Company has complied with the code provisions of Part 2 of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year under review.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established in November 1998. Major duties of the Audit Committee include reviewing financial information of the Group, overseeing the Group's financial reporting system, risk management and internal control procedures and monitoring the relationship between the Group and its external auditors. The audited consolidated financial statements of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Ku Yee Dao, Lawrence who is also the chairman of the Audit Committee, Mr. Ho Pak Chuen, Patrick and Ms. Yau Ching Man.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “Remuneration Committee”) was established in June 2005. Major duties of the Remuneration Committee include establishing a formal and transparent procedure for formulating 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. As at the date of this announcement, the Remuneration Committee comprises two independent non-executive Directors, namely Mr. Ho Pak Chuen, Patrick who is also the chairman of the Remuneration Committee, and Ms. Yau Ching Man.

NOMINATION COMMITTEE

The nomination Committee of the Company (the “Nomination Committee”) was established on 20 December 2021. Major duties of the Nomination Committee include the nomination and appointment of new directors, review of composition and membership of the Board and other functions performed by a nomination committee under the CG Code. As at the date of this announcement, the Nomination Committee comprises one non-executive Director, Mr. Ip Chi Shing (the Chairman of the Board) who is also the chairman of the Nomination Committee and two independent non-executive Directors, namely Mr. Ho Pak Chuen, Patrick and Ms. Yau Ching Man.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The health, safety and environment (“HSE”) committee of the Company (the “HSE Committee”) was formed on 1 January 2012 in order to enhance the awareness of the importance of the health, safety and environment protection works to the Group. Major duties of the HSE Committee include the adoption and review of the Group’s HSE policies, and review of the Group’s appetite for HSE risk and monitoring the Group’s environment for HSE matters, including organisation structure, reward and punishment systems, resource inputs, operation culture and substantiable development. As at the date of this announcement, the HSE Committee comprises two Directors, namely Mr. Ip Kwan who is also the chairman of the HSE Committee and Mr. Ho Pak Chuen, Patrick.

MODEL CODE FOR SECURITIES TRANSACTIONS 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 C3 to the Listing Rules as its own code of conduct governing dealing by all Directors in the securities of the Company. After making specific enquiries, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year under review.

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2024, together with comparative figures of the preceding year.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	3,162,391	3,217,138
Cost of sales		(2,418,745)	(2,434,868)
Gross profit		743,646	782,270
Other income	4a	90,935	104,609
Other gains and losses	4b	(40,641)	453
Selling and distribution expenses		(184,889)	(205,490)
General and administrative expenses		(529,340)	(571,624)
Finance costs		(60,048)	(63,521)
Impairment loss recognised on goodwill and intangible assets		–	(57,504)
Share of result of associates		96,024	94,672
Profit before taxation	5	115,687	83,865
Taxation	6	(19,993)	(23,269)
Profit for the year		95,694	60,596
Other comprehensive expense:			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(162,612)	(91,885)
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		(3,664)	(1,506)
		(166,276)	(93,391)

	<i>NOTE</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Items that may be reclassified subsequently to profit or loss:			
Net adjustment arising from hedging instruments		(1,525)	(3,264)
Exchange differences arising on translation of foreign operations		21,463	35,149
Fair value (loss) gain on debt instruments at FVTOCI		(31)	1,394
Provision for impairment loss recognised for debt instruments at FVTOCI		100	–
Release upon disposal of debt instruments at FVTOCI		(621)	–
		19,386	33,279
Other comprehensive expense for the year		(146,890)	(60,112)
Total comprehensive (expense) income for the year		(51,196)	484
Profit (loss) for the year attributable to:			
– Owners of the Company		96,882	86,623
– Non-controlling interests		(1,188)	(26,027)
		95,694	60,596
Total comprehensive (expense) income for the year attributable to:			
– Owners of the Company		(48,630)	25,566
– Non-controlling interests		(2,566)	(25,082)
		(51,196)	484
Earnings per share	8		
– Basic		HK17.2 cents	HK15.2 cents
– Diluted		HK17.2 cents	HK15.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

		2024	2023
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		962,000	1,032,307
Investment properties		222,451	222,900
Interests in associates		1,237,645	1,241,342
Equity instruments at FVTOCI		16,101	20,444
Financial assets at fair value through profit or loss ("FVTPL")		856,057	857,411
Debt instruments at FVTOCI		70,357	22,492
Debt instruments at amortised cost		140,982	135,200
Goodwill		59,089	55,105
Intangible assets		58,745	60,794
Amount due from an associate		73,998	76,817
Deposits paid for acquisition of property, plant and equipment and investment properties		16,724	37,883
Derivative financial instruments		68	97
Deferred tax assets		2,496	2,727
		3,716,713	3,765,519
Current assets			
Inventories		360,100	393,246
Trade receivables	9	1,308,119	1,240,923
Other debtors and prepayments		96,307	163,561
Derivative financial instruments		162	1,531
Short-term bank deposits with original maturity more than three months		–	238,154
Bank balances and cash		594,377	616,093
		2,359,065	2,653,508

		2024	2023
	NOTES	HK\$'000	HK\$'000
Current liabilities			
Creditors and accrued charges	10	925,172	961,029
Derivative financial instruments		89	–
Contract liabilities		34,174	31,956
Taxation payables		30,888	28,270
Lease liabilities		4,454	15,170
Borrowings – amount due within one year		932,313	930,787
		<u>1,927,090</u>	<u>1,967,212</u>
Net current assets		<u>431,975</u>	<u>686,296</u>
Total assets less current liabilities		<u>4,148,688</u>	<u>4,451,815</u>
Non-current liabilities			
Derivative financial instruments		38	–
Lease liabilities		9,464	27,689
Borrowings – amount due after one year		294,400	471,006
Deferred tax liabilities		33,304	38,018
		<u>337,206</u>	<u>536,713</u>
		<u>3,811,482</u>	<u>3,915,102</u>
Capital and reserves			
Share capital	11	56,848	56,848
Reserves		3,732,279	3,869,501
Equity attributable to owners of the Company		<u>3,789,127</u>	<u>3,926,349</u>
Non-controlling interests		<u>22,355</u>	<u>(11,247)</u>
		<u>3,811,482</u>	<u>3,915,102</u>

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>NOTES</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Net cash from operating activities		86,546	236,544
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(38,760)	(21,648)
Acquisition of financial assets at FVTPL		(5,392)	(670,287)
Acquisition of equity instruments at FVTOCI		–	(11,319)
Acquisition of debt instruments at amortised cost		(18,448)	(135,126)
Acquisition of debt instruments at FVTOCI		(65,553)	(21,351)
Proceeds from disposal of financial assets at FVTPL		698	–
Proceeds from disposal of debt instruments at amortised cost and FVTOCI		32,468	–
Proceeds from disposal of property, plant and equipment		1,707	668
Proceeds from disposal of investment properties		158	–
Dividend received from an associate		53,449	43,120
Dividend received from financial assets at FVTPL		2,599	–
Loan to an entity		–	(34,520)
Net cash inflow from acquisition of a subsidiary	12	327	–
Net cash outflow on acquisition of partial interest of a non-wholly owned subsidiary		–	(78,137)
Net proceeds from disposal of subsidiaries		–	1,795,206
Net cash outflow on disposal of subsidiaries	13	(3,426)	–
Deposits paid for acquisition of property, plant and equipment and investment properties		(1,443)	(10,215)
Interest received		29,526	37,145
Withdrawal of bank deposits with original maturity more than three months		238,154	–
Placement of bank deposits with original maturity more than three months		–	(238,154)
Net cash from investing activities		226,064	655,382

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
FINANCING ACTIVITIES		
Borrowings raised	1,284,394	1,888,563
Repayment of borrowings	(1,446,535)	(2,667,245)
Dividends paid	(73,730)	(466,158)
Interest paid	(62,387)	(65,704)
Payments on repurchase of shares	(14,834)	–
Transaction costs related to repurchase of shares	(74)	–
Dividends paid to non-controlling shareholders of subsidiaries	–	(16,526)
Payment of lease liabilities	(8,551)	(19,646)
Cash received from the settlement of the derivative financial instruments used to hedge interest rate risk	2,463	3,558
Net cash used in financing activities	(319,254)	(1,343,158)
Net decrease in cash and cash equivalents	(6,644)	(451,232)
Cash and cash equivalents at beginning of the year	616,093	1,076,006
Effect of foreign exchange rate changes	(15,072)	(8,681)
Cash and cash equivalents at end of the year	594,377	616,093
Analysis of balances of cash and cash equivalents		
Short-term bank deposits with original maturity within three months	90,280	229,166
Cash and cash equivalents	504,097	386,927
	594,377	616,093

NOTES

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Yip's Chemical Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its principal subsidiaries and associates are engaged in the manufacture of and trading in solvents, coatings, inks and lubricants, property investment as well as other businesses.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

A. Revenue

Revenue represents the amount received and receivable for goods sold and services provided to customers, net of discounts and value-added tax, and rental income received and receivable from tenants during the year.

Disaggregation of revenue

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Recognised at a point in time:		
Revenue from sales of products		
– coatings	1,461,221	1,584,770
– inks	1,364,529	1,205,915
– lubricants	323,580	344,282
– car maintenance and other chemical products	1,632	33,734
Recognised over time:		
Car maintenance service	2,800	37,795
Revenue from contracts with customers	3,153,762	3,206,496
Rental income from properties	8,629	10,642
	3,162,391	3,217,138
Geographical market based on location of customers:		
Chinese Mainland	3,062,260	3,113,792
Hong Kong	64,394	69,692
Overseas (mainly including countries in South East Asia)	35,737	33,654
	3,162,391	3,217,138

B. Segment information

Segment revenue and results

Information reported to and reviewed by the executive directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of allocating resources to segments and assessing their performance focuses on nature of the Group’s businesses and operations.

For management purposes, the Group’s reportable segments under HKFRS 8 *Operating Segments* included four business divisions, namely (i) coatings, (ii) inks, (iii) lubricants and (iv) properties. These divisions are the basis on which the Group reports its operating segments information.

Principal activities of the Group’s reportable segments are as follows:

Coatings	–	manufacture of and trading in coatings and related products
Inks	–	manufacture of and trading in inks and related products
Lubricants	–	manufacture of and trading in lubricants products
Properties	–	property investment and holding of the Group’s properties not used for production plants, central administration office, and not used for other operating segments, including but not limited to properties for rental

In addition, the Group’s operation relating to the manufacture of and trading in other chemical products together with the business engaging in trading of car maintenance products and car maintenance services do not meet the quantitative threshold for reportable segment in both years. Accordingly, these businesses were aggregated and presented in 'others' in the segment table in this note.

Segment results represent the profit or (loss) for the year by each segment without allocation of share of result of associates, impairment loss recognised on goodwill and intangible assets, unallocated income, unallocated expenses which mainly include central administration expenses and directors' salaries, and finance costs. This is the information reported to the CODM for the purposes of resource allocation and performance assessment.

An analysis of the Group's segment revenue and results by reportable and operating segments for the year under review is as follows:

	Coatings	Inks	Lubricants	Properties	Reportable segment total	Others	Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2024								
Segment revenue								
Revenue from contracts with customers								
External sales	1,461,221	1,364,529	323,580	-	3,149,330	4,432	-	3,153,762
Inter-segment sales	36	228	435	-	699	-	(699)	-
External rental income	-	-	-	8,629	8,629	-	-	8,629
Inter-segment rental income	-	-	-	348	348	-	(348)	-
Total	<u>1,461,257</u>	<u>1,364,757</u>	<u>324,015</u>	<u>8,977</u>	<u>3,159,006</u>	<u>4,432</u>	<u>(1,047)</u>	<u>3,162,391</u>
Results								
Segment results	<u>7,219</u>	<u>77,199</u>	<u>9,536</u>	<u>(5,738)</u>	<u>88,216</u>	<u>(716)</u>	<u>195</u>	87,695
Share of result of associates								96,024
Unallocated income								47,860
Unallocated expenses								(55,844)
Finance costs								<u>(60,048)</u>
Profit before taxation								<u>115,687</u>

	Coatings HK\$'000	Inks HK\$'000	Lubricants HK\$'000	Properties HK\$'000	Reportable segment total HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Year ended 31 December 2023								
Segment revenue								
Revenue from contracts with customers								
External sales	1,584,770	1,205,915	344,282	–	3,134,967	71,529	–	3,206,496
Inter-segment sales	37	321	662	–	1,020	4	(1,024)	–
External rental income	–	–	–	10,642	10,642	–	–	10,642
Inter-segment rental income	–	–	–	356	356	–	(356)	–
Total	<u>1,584,807</u>	<u>1,206,236</u>	<u>344,944</u>	<u>10,998</u>	<u>3,146,985</u>	<u>71,533</u>	<u>(1,380)</u>	<u>3,217,138</u>
Results								
Segment results	<u>57,250</u>	<u>37,861</u>	<u>10,849</u>	<u>30,869</u>	<u>136,829</u>	<u>(44,759)</u>	<u>–</u>	92,070
Share of result of associates								94,672
Impairment loss recognised on goodwill and intangible assets								(57,504)
Unallocated income								72,777
Unallocated expenses								(54,629)
Finance costs								<u>(63,521)</u>
Profit before taxation								<u>83,865</u>

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES

(a) The Group's other income comprises:

	2024 HK\$'000	2023 HK\$'000
Interest income	23,082	47,239
Government grants	19,139	23,232
Dividend income from financial assets at FVTPL	25,547	17,855
Consignment products processing income	10,830	–
Others	12,337	16,283
	<u>90,935</u>	<u>104,609</u>

(b) The Group's other gains (losses) comprises:

	2024 HK\$'000	2023 HK\$'000
Net exchange loss arising from foreign currency balances and transactions	(13,246)	(18,656)
Impairment loss recognised on property, plant and equipment	–	(14,967)
Impairment loss reversed (recognised) on debt instruments at FVTOCI and amortised cost under expected credit losses (“ECL”) model, net of reversal	65	(640)
Impairment loss (recognised) reversed on trade and other receivables under ECL model, net of reversal	(12,248)	37
Fair value (loss) gain on financial assets at FVTPL	(1,618)	7,172
Fair value (loss) gain on investment properties	(11,739)	27,891
Net loss on disposal/written off of property, plant and equipment	(1,704)	(937)
Gain on disposal of investment in debt instrument	848	–
Gain relating to termination of lease contracts	37	553
Loss on disposal of subsidiaries (<i>Note 13</i>)	(1,036)	–
	<u>(40,641)</u>	<u>453</u>

5. PROFIT BEFORE TAXATION

	2024 HK\$'000	2023 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	103,905	124,066
Less: capitalised in inventories	<u>(60,474)</u>	<u>(61,015)</u>
	<u>43,431</u>	<u>63,051</u>
Staff costs, including directors' remuneration	505,230	528,217
Less: capitalised in inventories	<u>(177,283)</u>	<u>(171,364)</u>
	<u>327,947</u>	<u>356,853</u>
Short-term leases expense	4,945	5,578
Amortisation of intangible assets	2,032	2,863
Auditor's remuneration	1,445	1,700
Cost of inventories recognised as cost of sales (<i>note</i>)	<u><u>2,418,745</u></u>	<u><u>2,434,868</u></u>

Note: During the year ended 31 December 2024, provision of allowance on slow-moving inventories amounting to HK\$2,322,000 (2023: reversal of allowance of HK\$356,000) and written off of inventories amounting to HK\$4,025,000 (2023: HK\$4,758,000) were recognised as cost of sales.

6. TAXATION

	2024 HK\$'000	2023 HK\$'000
Current tax – Chinese Mainland		
Enterprise income tax (“EIT”)	14,690	7,974
Withholding tax	114	395
Current tax – overseas	<u>556</u>	<u>1,000</u>
	<u>15,360</u>	<u>9,369</u>
Overprovision in respect of prior years – Chinese Mainland	<u>(1,115)</u>	<u>(4,999)</u>
	<u>14,245</u>	<u>4,370</u>
Deferred tax charge (credit)		
Hong Kong	(19)	(30)
Chinese Mainland	<u>5,767</u>	<u>18,929</u>
	<u>5,748</u>	<u>18,899</u>
	<u><u>19,993</u></u>	<u><u>23,269</u></u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate on 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the Chinese Mainland is 25% from 1 January 2008 onwards.

Certain of the Group’s subsidiaries operating in the Chinese Mainland are either eligible as High and New Technology Enterprise or operating in encouraged industries in Western Region of China, and are entitled to an income tax rate of 15% from 2021 to 2030. The PRC’s EIT has been provided for these subsidiaries after taking these tax incentives into account.

7. DIVIDENDS

Dividends recognised as distribution during the year:

	2024 HK\$’000	2023 HK\$’000
Interim dividend for 2024 of HK3 cents (2023: interim dividend for 2023 of HK2 cents) per share	16,882	11,370
Final dividend for 2023 of HK10 cents (2023: final dividend for 2022 of HK5 cents) per share	56,848	28,425
Special dividend for 2022 of HK75 cents per share	—	426,363
	73,730	466,158

The dividends declared and set out above were settled in full in the respectively years.

Subsequent to the end of the reporting period, a final dividend for the year ended 31 December 2024 of HK11 cents (2023: HK10 cents) per share with total amount of approximately HK\$61,431,000 (2023: HK\$56,848,000) has been recommended by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting of the Company.

8. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings for the purposes of calculating basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	<u>96,882</u>	<u>86,623</u>
	Number of shares <i>'000</i>	<i>'000</i>
Weighted average number of shares for the purpose of calculating basic and diluted earnings per share (<i>note</i>)	<u>564,885</u>	<u>568,484</u>

Note: The weighted average number of shares for the purpose of calculating basic and diluted earning per share has been adjusted for the repurchase of shares, which are held as treasury shares, during the year ended 31 December 2024.

9. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from contracts with customers	1,372,606	1,298,050
Less: allowance for credit losses	<u>(64,487)</u>	<u>(57,127)</u>
	<u>1,308,119</u>	<u>1,240,923</u>

An aged analysis of trade receivables, which is net of allowance for credit losses (excluding bills held by the Group for future settlement) and presented based on the invoice date at the end of the reporting period, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–3 months	609,804	590,704
4–6 months	252,477	239,962
Over 6 months	<u>130,857</u>	<u>85,070</u>
	<u>993,138</u>	<u>915,736</u>

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.

10. CREDITORS AND ACCRUED CHARGES

	2024 HK\$'000	2023 HK\$'000
Trade creditors	418,549	488,755
Bills payables	284,187	227,535
Other creditors and accrued charges	222,436	244,739
	<u>925,172</u>	<u>961,029</u>

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

	2024 HK\$'000	2023 HK\$'000
0–3 months	358,797	410,648
4–6 months	55,646	71,523
Over 6 months	4,106	6,584
	<u>418,549</u>	<u>488,755</u>

11. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January 2023, 31 December 2023 and 2024	<u>800,000</u>	<u>80,000</u>
	Number of shares '000	Amount HK\$'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023 and 2024	<u>568,484</u>	<u>56,848</u>

All shares issued rank pari passu with the then existing shares in issue in all respects.

During the year ended 31 December 2024, the Company repurchased its own ordinary shares through the Stock Exchange and held as treasury shares as follows:

Date of repurchase	Number of ordinary shares of HK\$0.10 each '000	Price per share		Aggregate consideration paid (excluding transaction costs) HK\$'000	Transaction costs HK\$'000
		Highest HK\$	Lowest HK\$		
July 2024	2,300	1.5	1.5	3,450	16
August 2024	3,024	1.47	1.47	4,446	24
September 2024	4,700	1.53	1.43	6,938	34
	<u>10,024</u>			<u>14,834</u>	<u>74</u>

No ordinary shares were repurchased and cancelled during the year ended 31 December 2023.

10,024,000 (2023: nil) ordinary shares were repurchased and held as treasury shares during the year ended 31 December 2024. There was no sale or transfer of treasury shares held by the Group since the repurchase and these treasury shares remained as outstanding at the end of the reporting period.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during both years.

12. ACQUISITION OF A SUBSIDIARY

In January 2024, the Group converted the outstanding loan receivable of RMB31,365,000 (equivalent to HK\$34,520,000) of 湖北惠瑪新材料科技有限公司 (“湖北惠瑪”) into paid up capital of 湖北惠瑪. Upon completion of the transaction, the Group acquired 59.91% equity interest in 湖北惠瑪. The acquisition has been accounted for as acquisition of business using the acquisition method. The amount of goodwill arising as a result of acquisition was HK\$3,984,000.

Assets acquired and liabilities recognised at the date of acquisition were as follows:

	At the date of acquisition HK\$'000
Property, plant and equipment	34,397
Inventories	4,895
Trade receivables and other debtors	21,031
Bank balances and cash (<i>note</i>)	327
Creditors and accrued charges	<u>(9,678)</u>
	<u>50,972</u>

Note: The bank balances and cash were represented by cash and cash equivalents.

Consideration transferred:

HK\$'000

Other debtors – loan receivables	34,520
----------------------------------	--------

Goodwill arising on the acquisition:

HK\$'000

Consideration transferred	34,520
Add: non-controlling interests	20,436
Less: net assets acquired	(50,972)
	<u>3,984</u>

The non-controlling interests (i.e. 40.09%) in 湖北惠瑪 recognised at the date of acquisition were measured at the non-controlling interests' proportionate share of the recognised amounts of the identifiable net assets of 湖北惠瑪.

The consideration paid included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of 湖北惠瑪 and these result in goodwill arising on the acquisition. These benefits were not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill arising from the acquisition was not expected to be deductible for tax purposes.

Net cash inflow arising on the acquisition:

HK\$'000

Consideration paid in cash	–
Add: bank balances and cash acquired	327
	<u>327</u>

Impacts of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2024, loss amounting to HK\$1,373,000 was attributable to the business operation from 湖北惠瑪. Revenue of the Group for the year ended 31 December 2024 included HK\$45,708,000 which was generated from 湖北惠瑪.

13. DISPOSAL OF SUBSIDIARIES

In January 2024, the Group entered into an agreement to dispose of 61% equity interest of 河北大麥汽車維修服務有限公司(“河北大麥”) and its subsidiaries (collectively referred to as the “Disposal Group”), to the other shareholder of 河北大麥, i.e. a non-controlling shareholder, at a cash consideration of RMB1. The transaction was completed in January 2024.

The net liabilities of the Disposal Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Inventories	5,329
Trade receivables and other debtors	4,991
Bank balances and cash (<i>note</i>)	3,426
Amount due to a fellow subsidiary	(33,018)
Creditors and accrued charges	(17,560)
Lease liabilities	(10,928)
	<hr/>
Net liabilities disposed of	(47,760)
	<hr/> <hr/>

Note: Bank balances and cash were represented by cash and cash equivalents.

Loss of disposal of subsidiaries:

	<i>HK\$'000</i>
Total consideration	–
Add: non-controlling interests	(15,778)
Less: net liabilities disposed of	47,760
	<hr/>
	31,982
Impairment loss on amount due from 河北大麥 under ECL model	(33,018)
	<hr/>
Loss on disposal of the Disposal Group	(1,036)
	<hr/> <hr/>

Net cash outflow from the disposal:

	<i>HK\$'000</i>
Consideration received in cash	–
Less: bank balances and cash disposed of	(3,426)
	<hr/>
	(3,426)
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14. EVENT AFTER THE END OF THE REPORTING PERIOD

On 17 January 2025, the Group, Shanghai Jinshan District Land Reserve Centre (上海市金山區土地儲備中心) (the “Land Reserve Centre”) and the Shanghai Carbon Valley Green Bay Industrial Park Management Committee (上海碳谷綠灣產業園管理委員會) entered into the state-owned land reserve agreement pursuant to which the Land Reserve Centre has agreed to acquire, and the Group has agreed to surrender and dispose of the land use right of a parcel of land situated at No. 1288, Hua Tong Road, Jinshanwei Town, Jinshan District, Shanghai, the People's Republic of China (中國上海市金山區金山衛鎮華通路1288號), with a site area of approximately 46,666.93 square meters, for a consideration of RMB69,110,000 (equivalent to approximately HK\$74,342,000). Details of this transaction are set out in the Company's announcement on 17 January 2025.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK11 cents in cash per Share, payable to Shareholders whose names appear on the register of members of the Company on Monday, 16 June 2025. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the “AGM”) to be held on Thursday, 5 June 2025. Subject to the aforesaid approval, the recommended final dividend for the year ended 31 December 2024 will be payable on or around Tuesday, 15 July 2025.

CLOSURE OF REGISTER OF MEMBERS

For entitlement to the final dividend

The Hong Kong branch register of members of the Company will be closed from Friday, 13 June 2025 to Monday, 16 June 2025 (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 proposed final dividend, all transfer forms accompanied by the relevant Share certificates should be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 June 2025.

For attendance of 2025 AGM

The Hong Kong branch register of members of the Company will be closed from Friday, 30 May 2025 to Thursday, 5 June 2025 (both dates inclusive) for the purpose of ascertaining Shareholders’ entitlement to attend and vote at the forthcoming AGM. No transfer of shares may be registered on those dates. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates should be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 29 May 2025.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.yipschemical.com>). The Company’s 2024 annual report containing all the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Yip’s Chemical Holdings Limited
Ip Chi Shing
Chairman

Hong Kong, 21 March 2025

As at the date of this announcement, the Board comprises the following:

Non-executive Directors:

Mr. Ip Chi Shing (*Chairman*)
Mr. Ho Pak Chuen, Patrick*
Mr. Ku Yee Dao, Lawrence*
Ms. Yau Ching Man*

Executive Directors:

Mr. Yip Tsz Hin (*Deputy Chairman*)
Mr. Ip Kwan (*Chief Executive Officer*)
Mr. Ho Sai Hou (*Chief Financial Officer*)

* *Independent Non-executive Directors*