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## Yip's Chemical Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 408)

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

#### **Effective Product Portfolio Optimisation and Stringent Cost Control Achieved**

##### **Profit Attributable to Owners Increased by 94% to HK\$66.1 million**

- Impacted by the domestic economic downturn, subdued consumer sentiment, coupled with the pressures of industry “involution”, the Group recorded a revenue of HK\$1.43 billion and sales volume of 117,000 metric tonnes, representing year-on-year declines of 8% and 14%, respectively.
- Through product portfolio optimisation and effective control of raw material costs, the gross profit margins of the coatings and inks businesses improved year-on-year, driving the Group’s overall gross profit margin up to 24.8%, representing an increase of 1.7 percentage points compared to the corresponding period of the preceding year.
- Solvents associate company continued to actively expand its export business, with a slight year-on-year increase in sales volume of 2%. However, due to intensified market competition, product unit prices declined, resulting in a year-on-year drop of approximately 22% in profit. The Group’s share of its profit also fell to HK\$38.6 million.
- Despite the reduction of fair values of certain properties, the disposal of idle land in Jinshan, Shanghai yielded gains, resulting in a contribution of HK\$47.2 million in operating profit (HK\$21.2 million in operating profit after tax) from the Group’s properties segment during the period under review.
- Profit attributable to owners increased by 94% year-on-year to HK\$66.1 million.
- Gearing ratio continued to be at a healthy level of 18.0%, enhancing the flexibility and room for growth in future new investment projects.
- The Board has resolved to pay an interim dividend of HK4 cents per share (corresponding period of the preceding year: HK3 cents per share).

	<b>For the six-month period ended 30 June 2025 (unaudited)</b>	<b>For the six-month period ended 30 June 2024 (unaudited)</b>	<b>% change</b>
Revenue	<b>HK\$1,430,396,000</b>	HK\$1,557,365,000	-8%
Sales volume	<b>117,000 metric tonnes</b>	136,000 metric tonnes	-14%
Profit attributable to owners of the Company	<b>HK\$66,112,000</b>	HK\$34,057,000	+94%
Earnings per share	<b>HK11.8 cents</b>	HK6.0 cents	+97%
Interim dividend per share	<b>HK4 cents</b>	HK3 cents	+33%
	<b>As of 30 June 2025 (unaudited)</b>	<b>As of 30 June 2024 (unaudited)</b>	
Gearing ratio*	<b>18.0%</b>	18.3%	-0.3% point
* Measured by net bank borrowings as a percentage of equity attributable to owners of the Company.			

## CHAIRMAN'S STATEMENT – REVIEW & OUTLOOK

### Review

It is my pleasure to present to all shareholders of Yip's Chemical Holdings Limited (the "Company") an overview of the business of the Company and its subsidiaries (collectively "Yip's Chemical" or the "Group") for the six months ended 30 June 2025 (the "period under review").

The operating environment in the first half of the year was fraught with numerous internal and external uncertainties and instabilities, presenting challenges rarely seen in recent years. Externally, escalating geopolitical tensions and outbreaks of conflicts in multiple regions have persisted. More significantly, the U.S. government has initiated a tariff war against global trading partners, particularly its efforts to apply further intensified pressure on China, which has had a substantial negative impact on the global economy. Looking back at the first half of the year, China's export business inevitably suffered a certain degree of impact. Although the Group's export sales from its core businesses in the Chinese Mainland account for only a minor proportion, it was indirectly affected by the adverse impact on the export operations of its downstream customers. Meanwhile, the domestic demand in China continued to be dragged down by declining asset prices and numerous economic uncertainties, leading to a significantly weakened private consumption market. Affected by these two major negative factors, the Group's overall revenue inevitably declined. Revenue for the period under review amounted to HK\$1.43 billion, representing a 8% decrease compared to the corresponding period of the preceding year. Despite the fact that the unit prices of some products during the period under review showed varying degrees of decline due to severe "involution", the Group still managed to maintain the same level of gross profit as that in the corresponding period of the preceding year, which was indeed attributable to the perseverance and unremitting efforts of the management teams at all levels. Profit attributable to owners reached HK\$66.1 million, marking an increase of 94% compared to the corresponding period of the preceding year.

Regarding financial performance, the Group has tightened its credit policy in response to the uncertain operating environment, thereby still maintaining a healthy overall financial position. As at 30 June 2025, the Group's gearing ratio was still at a relatively healthy level of 18.0%. 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 pay an interim dividend of HK4 cents per share to all shareholders.

During the period under review, the solvents business of the Group's associate company "Handsome Chemical" also faced the adverse impact of "involution" and declining unit prices of its products. Nevertheless, through more proactive expansion of export sales to ASEAN regions, the business continued to make good progress, resulting in sales volumes remaining essentially flat compared to the corresponding period of the preceding year, while profits declined by approximately 22% compared to that of the corresponding period of the preceding

year. Its strong profits continued to make a notably significant contribution to the Group. More encouragingly, the new 600,000 metric tonnes acetic acid plant in Jingmen City, Hubei, constructed by this business, was successfully commissioned as scheduled in May this year, under the relentless efforts of the management team and at a cost significantly below the original investment budget. Moreover, the quality of the new product has received positive recognition from the industry. Meanwhile, the construction of a new 600,000 metric tonnes acetate production line at the same site progressed smoothly and commenced production in July this year. The successive completion and commissioning of these two production lines at the new plant in Jingmen City marks a new milestone in Handsome Chemical's development. Vertical integration of the product lines is expected to reduce costs and enhance competitiveness. The expanded production capacity for acetates will further leverage economies of scale. I am confident that Handsome Chemical will continue to deliver growing profit contributions to the Group moving forward.

## **Outlook**

In the second half of the year, while the U.S. government's proposed "reciprocal tariffs" policy is expected to become clearer, its adverse impact on the global economy will be profound. Geopolitical tensions in various regions are also anticipated to ease somewhat. Concurrently, capital markets are projected to enter an interest rate reduction cycle. Overall, these factors are expected to create a favorable external environment for global economic recovery. Domestically, through successive rounds of Sino-U.S. strategic competition in recent years, the Chinese government has developed effective countermeasures to respond with composure. As the domestic economy maintains steady growth, I am confident that this year's growth targets are likely to be achieved. However, regarding the two most critical factors affecting the Group's business – the yet-to-recover consumer sentiment and the gradual mitigation of "involution" pressures – I remain cautiously reserved. It is impossible that these deep-seated issues can be resolved in the short term, though it is encouraging to witness that relevant authorities in China have recently rolled out a series of targeted measures, demonstrating the government's acute awareness of the severity of these issues and its resolute commitment to addressing them. Against this macroeconomic backdrop, the Group will prioritise stability while stepping up efforts to implement substantive cost saving measures across all operational facets. Only through continuous enhancement of our core competitiveness can we proactively identify merger and acquisition targets while safeguarding our fundamental operations, so as to amplify synergistic effects and facilitate business expansion of the Group, thereby laying a more robust foundation for the vision of becoming a century-old corporation.

On behalf of the Board, I would like to take this opportunity to express our deepest gratitude to all employees, shareholders, the Board and the management teams at all levels of the Group for their unfailing support and efforts!

**Ip Chi Shing**  
*Chairman*

21 August 2025

## REPORT OF THE CHIEF EXECUTIVE OFFICER

### Review

During the first half of 2025, Yip's Chemical faced the ever-changing economic environment at home and abroad, posing significant challenges to the Group's business expansion efforts. On the one hand, the overall economic development in China was relatively sluggish, consumer sentiment weakened, and the competitive environment was in a state of "involution". Meanwhile, the tariffs advocated by the U.S. have created substantial uncertainties for global trade. Against this backdrop, the Group continued to strive towards its vision of becoming "a leading development platform for chemical businesses", continuing to enhance internal performance while seeking new development opportunities suitable for the Group. During the period under review, the Group encountered bottlenecks in its business expansion, leading to a decline in revenue. However, improved gross profit margins and effective cost control measures contributed to a year-on-year increase in profitability. The Group's cash flow and gearing ratio are both at a healthy level.

### Key Business Highlights

- The Group recorded a revenue of HK\$1.43 billion and a sales volume of 117,000 metric tonnes, representing decreases of 8% and 14% respectively compared to the corresponding period of the preceding year.
- Overall gross profit margin of the Group rose to 24.8%, representing a year-on-year increase of 1.7 percentage points. Despite the downward pressure on prices caused by industry "involution", the gross profit margins of both coatings and inks businesses improved over the preceding year through product portfolio optimisation and effective control of raw material costs.
- The solvents associate business experienced a decline in product prices during the period under review as a result of the overall market downturn, leading to a decrease in the Group's share of its profit, which amounted to HK\$38.6 million.
- The Group's properties segment contributed HK\$47.2 million in operating profit (HK\$21.2 million in operating profit after tax) during the period under review, driven by gains from the disposal of idle land in Jinshan, Shanghai, though partially offset by the reduction of fair values of certain properties held by the Group.
- The Group recorded a profit attributable to owners of HK\$66.1 million, which represents an increase of 94% compared to that of the corresponding period of the preceding year.
- The Group's gearing ratio as at 30 June 2025 continued to be at a relatively low level of 18.0%, allowing the Group to have more flexibility and room in investing in new growth projects going forward.

## Coatings

During the period under review, the Group's coatings segment recorded a decline in sales volume of 20% to 79,000 metric tonnes and a decrease in revenue of 7% to HK\$676 million. The product lines under the coatings segment exhibited varying development trends. On the one hand, amid the ongoing downturn in China's real estate market, the architectural coatings business continued to expand its high-quality distributor networks for "Bauhinia" and "Camel" brands and invested resources in brand building, but overall revenue declined. On the other hand, the industrial coatings business performed well. In particular, the plastic coatings business under the "Hang Cheung" (恒昌) brand has benefited from the boom of Chinese toy brands in recent years, coupled with the Group's continuous development of new products tailored for toy manufacturers, resulting in strong growth in both revenue and profits. The coatings segment recorded a gross profit margin of 28.8%, representing an increase of 3.3 percentage points compared to the corresponding period of the preceding year. The segment results increased to HK\$19.1 million, achieving a turnaround from loss to profit.

The Group will leverage the momentum of the development of industrial coatings and resins businesses, allocating additional resources to focus on driving the growth of these business segments. The Group has decided to establish a production base in Vietnam to accelerate its expansion in Southeast Asia and better serve local industrial coatings customers. This base can serve as a growth engine for industrial coatings while mitigating potential impacts from prolonged trade wars in the future.

## Inks

During the period under review, the Group's inks segment recorded a sales volume of 28,000 metric tonnes and a revenue of HK\$591 million, which remained flat and decreased by 8% respectively, as compared to that of the corresponding period of the preceding year. The inks segment faced significant challenges brought on by industry "involution". Although the sales volume remained flat compared to the corresponding period of the preceding year, revenue declined due to reduction in selling prices. Thanks to the management team's effective control of raw material and operating costs, the gross profit margin reached 20.9%, representing a year-on-year increase of 0.9 percentage point and indicating a relatively healthy level. However, due to the recent elevation in credit risk levels among certain customers, overall bad debt provisions have increased. This eventually led to a segment profit of HK\$11.3 million for the inks business, representing a decrease of 64% compared to the corresponding period of the preceding year.

Looking ahead to the second half of the year, the ink market continues to experience fierce "involution". The Group will maintain vigilant in monitoring and mitigating bad debt risks associated with customers. Concurrently, leveraging the market leadership of "Bauhinia Variegata" in the food packaging industry, we will research and develop new product lines including inks for electronic products and inkjet applications to enable us serving a broader customer base.

## **Lubricants**

Revenue from the lubricants business declined by 7% to HK\$160 million, and the gross profit margin dropped by 1.7 percentage points to 21.9% during the period under review. This segment recorded a profit of HK\$6.1 million, representing a decrease of 12% compared to the corresponding period of the preceding year. The demand for automotive lubricants was impacted by the overall adverse economic environment, leading to a relatively flat sales volume for “Hercules” lubricants. 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 to the second half of the year, the Group will continue to steadily grow automotive lubricant sales volume by expanding into third and fourth tier cities and increase the resources invested in the 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. During the period under review, the solvents associate recorded a slight growth of 2% in sales volume while its profit was impacted by the decrease in selling prices. The solvents associate delivered a return of HK\$38.6 million to the Group.

The associate completed the construction of an acetic acid plant in Hubei in the first half of the year. The new production capacities of 600,000 metric tonnes of acetic acid and 600,000 metric tonnes of acetates will be gradually released in the second half of the year, bringing greater economy of scale to the associate. The Group believes that under the effective leadership of the associate’s management team and in collaboration with its business partners “PAG” and “Qisheng”, the business will continue its prosperous trend.

## **Outlook**

To better seize future market opportunities and continuously create long-term value for stakeholders, the Group’s leadership has formulated a new vision and strategy. We will build on our strengths and leverage our long-term stable shareholder base, our position as a Hong Kong-listed company, strong reputation, and extensive social resources and experience gained from years of operations in China to strive to establish “a leading development platform for chemical businesses”.



In line with this vision, the management is currently enhancing and fortifying the Group's leading market position in coatings, inks, and lubricants segments through development of new product lines and stringent cost control. At the same time, we are actively exploring strategic investments and acquisition opportunities that align with Yip's Chemical's future growth and focusing on enterprises that create synergies with the Group's businesses, in order to accelerate the development of the platform. I believe that these initiatives will steadily drive the Group's business forward in a dynamic and challenging economic environment, delivering long-term returns for shareholders.

**Ip Kwan (Francis)**

*Chief Executive Officer*

21 August 2025



## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group's gearing ratio (measured by net bank borrowings as a percentage of equity attributable to owners of the Company) was 18.0% (30 June 2024: 18.3%), representing a decrease of 0.3 percentage point year-on-year. The Group's gearing ratio remains at a relatively low level and it will leverage this advantage to continue seeking business development opportunities while also optimising its resource allocation such as disposal of certain idle assets.

The RMB exchange rate recorded an appreciation of 3.4% during the period under review. The Group will remain prudent in managing its foreign exchange exposure such as increasing bank borrowings denominated in RMB with relatively low interest costs, so as to minimise the impact of RMB exchange rate fluctuation on its results. As regards operating cash flow, the Group recorded a net cash outflow of HK\$48,116,000 during the period under review (six months ended 30 June 2024: net cash outflow of HK\$91,075,000). Compared to the corresponding period of the preceding year, the impact of the changes in working capital on the overall cash outflow was reduced, which was mainly due to the lower extent of increase in trade receivables. As a result, the net cash outflow was lower during the period under review.

As at 30 June 2025, gross bank borrowings of the Group amounted to HK\$1,103,146,000 (31 December 2024: HK\$1,226,713,000). After the deduction of short-term bank deposits and bank balances and cash amounting to HK\$398,146,000 (31 December 2024: HK\$594,377,000), net bank borrowings amounted to HK\$705,000,000 (31 December 2024: HK\$632,336,000). Of the gross bank borrowings, according to the repayment schedule of the bank borrowings without considering the repayable on demand clause, (i) HK\$851,546,000 (31 December 2024: HK\$872,313,000) were short-term loans repayable within one year which were denominated in two currencies, HK\$532,464,000 in Hong Kong Dollars and HK\$319,082,000 in RMB (31 December 2024: \$474,265,000 in Hong Kong Dollars and HK\$398,048,000 in RMB) and (ii) HK\$251,600,000 (31 December 2024: HK\$354,400,000) were long-term loans repayable after one year which were all denominated in Hong Kong Dollars (31 December 2024: all denominated in Hong Kong Dollars). The short-term bank deposits, bank balances and cash were denominated in the following currencies: HK\$20,289,000 in Hong Kong Dollars, HK\$360,880,000 in RMB, HK\$14,143,000 in US Dollars and HK\$2,834,000 in other currencies (31 December 2024: 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).

In the first half of 2025, the Group did not incur any significant expenditures or investments, and thus no additional medium to long term loans were arranged. As at 30 June 2025, medium to long term loans (including portions repayable within one year amounting to HK\$205,600,000) accounted for 41% of the total bank loans. In order to hedge against the risk of interest rate and exchange rate fluctuations, and to reduce financing costs, the Group entered into interest rate swap and cross currency swap arrangements agreements with banks during the period under review. As at 30 June 2025, the Group's loans under fixed rate arrangement (including the above swap arrangements) constituted 63% of its medium to long term loans.

On the other hand, the Group will continue to strike an optimal balance between lowering borrowing costs and minimising currency exposure by structuring a favourable combination of bank loans denominated in Hong Kong Dollars, US Dollars, RMB or other foreign currencies in Hong Kong and the Chinese Mainland. As at 30 June 2025, a total of 22 banks in Hong Kong and the Chinese Mainland granted banking facilities of an aggregate amount of HK\$2,819,931,000 to the Group. Of these banking facilities, 51% were denominated in Hong Kong Dollars and 49% were denominated in RMB.

As at 30 June 2025, the Group did not have any pledged asset and significant contingent liabilities. The Group is actively exploring opportunities to develop related or new businesses and may invest in and/or acquire capital assets for sustainable growth in the second half of 2025. Save as the plan disclosed above and disclosed in this interim results announcement, the Group does not have any other immediate or concrete plans for material investments or capital asset acquisitions.

## **HUMAN RESOURCES**

As of 30 June 2025, the Group has a total number of 2,151 employees, including executive Directors, among which 60 and 11 of them are from Hong Kong and other countries respectively while the remaining 2,080 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 by organising management trainee and executive development programs from time to time.

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**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the six months ended 30 June 2025.

The number of treasury shares held by the Company as of 30 June 2025 was 10,024,000 Shares.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2025, the Company has complied with the code provisions of Part 2 of the Corporate Governance 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").

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") was formed in November 1998. As of 30 June 2025, the Audit Committee comprised the three independent non-executive Directors, namely Mr. Ku Yee Dao, Lawrence, Mr. Ho Pak Chuen, Patrick and Ms. Yau Ching Man, and was chaired by Mr. Ku Yee Dao, Lawrence. 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 of the relationship between the Group and its external auditor.

An Audit Committee meeting was held on 19 August 2025 to review the Group's unaudited interim financial statements for the six months ended 30 June 2025. Deloitte Touche Tohmatsu, the Group's external auditor, has reviewed the Group's unaudited interim financial statements for the six months ended 30 June 2025, which is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF A LISTED COMPANY**

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 with each of the Directors, all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code during the six months ended 30 June 2025.

## UNAUDITED INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2025, together with comparative figures for the corresponding period of the preceding year. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company's auditor and the Audit Committee.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2025*

		Six months ended 30 June	
		2025	2024
	NOTES	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3	1,430,396	1,557,365
Cost of sales		(1,076,102)	(1,198,121)
Gross profit		354,294	359,244
Other income	4	41,833	42,281
Other gains and losses	4	35,001	(21,113)
Selling and distribution expenses		(90,920)	(97,550)
General and administrative expenses		(256,693)	(260,977)
Finance costs		(21,161)	(31,997)
Share of result of associates		38,599	49,449
Profit before taxation	5	100,953	39,337
Taxation	6	(36,043)	(5,786)
Profit for the period		64,910	33,551
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		145,255	(124,557)
Fair value loss on equity instruments at fair value through other comprehensive income ("FVTOCI")		(524)	(3,240)
		144,731	(127,797)

		Six months ended 30 June	
		2025	2024
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
NOTE			
Items that may be reclassified subsequently to profit or loss:			
Net adjustment arising from hedging instruments			
		(2,211)	(49)
Exchange differences arising on translation of foreign operations			
		(18,493)	15,948
Fair value gain on debt instruments at FVTOCI			
		1,646	15
Provision for impairment loss recognised for debt instruments at FVTOCI			
		–	75
Release upon disposal of debt instruments at FVTOCI			
		(330)	(120)
		<u>(19,388)</u>	<u>15,869</u>
Other comprehensive income (expense) for the period			
		<u>125,343</u>	<u>(111,928)</u>
Total comprehensive income (expense) for the period			
		<u><b>190,253</b></u>	<u><b>(78,377)</b></u>
Profit (loss) for the period attributable to:			
– Owners of the Company			
		66,112	34,057
– Non-controlling interests			
		<u>(1,202)</u>	<u>(506)</u>
		<u><b>64,910</b></u>	<u><b>33,551</b></u>
Total comprehensive income (expense) for the period attributable to:			
– Owners of the Company			
		190,091	(76,852)
– Non-controlling interests			
		<u>162</u>	<u>(1,525)</u>
		<u><b>190,253</b></u>	<u><b>(78,377)</b></u>
Earnings per share			
– Basic			
	8	<u><b>HK11.8 cents</b></u>	<u><b>HK6.0 cents</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
	NOTES		
<b>Non-current assets</b>			
Property, plant and equipment	9	944,622	962,000
Investment properties	9	218,606	222,451
Interests in associates		1,284,984	1,237,645
Equity instruments at FVTOCI		16,114	16,101
Financial assets at fair value through profit or loss ("FVTPL")		897,710	856,057
Debt instruments at FVTOCI		72,982	70,357
Debt instruments at amortised cost		146,166	140,982
Goodwill		59,089	59,089
Intangible assets		57,742	58,745
Amounts due from an associate		–	73,998
Deposits paid for acquisition of property, plant and equipment and investment properties		17,970	16,724
Derivative financial instruments		–	68
Deferred tax assets		5,649	2,496
		<u>3,721,634</u>	<u>3,716,713</u>
<b>Current assets</b>			
Inventories		365,905	360,100
Trade receivables	10	1,400,192	1,308,119
Other debtors and prepayments		165,853	96,307
Amounts due from an associate		76,510	–
Derivative financial instruments		–	162
Short-term bank deposits with original maturity more than three months		3,689	–
Bank balances and cash		394,457	594,377
		<u>2,406,606</u>	<u>2,359,065</u>

		<b>30 June 2025</b>	31 December 2024
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current liabilities</b>			
Creditors and accrued charges	11	<b>880,764</b>	925,172
Derivate financial instruments		<b>4,151</b>	89
Contract liabilities		<b>32,026</b>	34,174
Dividend payables		<b>61,431</b>	–
Taxation payables		<b>56,963</b>	30,888
Lease liabilities		<b>3,683</b>	4,454
Borrowings – amount due within one year		<b>891,546</b>	932,313
		<b>1,930,564</b>	1,927,090
<b>Net current assets</b>		<b>476,042</b>	431,975
<b>Total assets less current liabilities</b>		<b>4,197,676</b>	4,148,688
<b>Non-current liabilities</b>			
Derivative financial instruments		<b>450</b>	38
Lease liabilities		<b>9,282</b>	9,464
Borrowings – amount due after one year		<b>211,600</b>	294,400
Deferred tax liabilities		<b>36,040</b>	33,304
		<b>257,372</b>	337,206
<b>Net assets</b>		<b>3,940,304</b>	3,811,482
<b>Capital and reserves</b>			
Share capital		<b>56,848</b>	56,848
Reserves		<b>3,860,939</b>	3,732,279
<b>Equity attributable to owners of the Company</b>		<b>3,917,787</b>	3,789,127
<b>Non-controlling interests</b>		<b>22,517</b>	22,355
		<b>3,940,304</b>	3,811,482



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Net cash used in operating activities</b>	<b>(48,116)</b>	<b>(91,075)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(28,701)	(11,940)
Deposits paid for acquisition of property, plant and equipment and investment properties	(1,861)	(12,281)
Dividend received from financial assets at FVTPL	65	122
Proceeds from disposal of financial assets at FVTPL	46	478
Proceeds from disposal of debt instruments at amortised cost and FVTOCI	41,059	5,996
Acquisition of debt instruments at amortised cost	(13,619)	(11,133)
Acquisition of debt instruments at FVTOCI	(29,402)	(20,348)
Acquisition of financial assets at FVTPL	(4,270)	(5,392)
Net cash outflow on disposal of subsidiaries	–	(3,426)
Dividend received from an associate	33,180	33,408
Interest received	6,257	19,113
Proceeds from disposal of property, plant and equipment	1,309	1,373
Proceeds from disposal of a land use right	20,817	–
Proceeds from disposal of investment properties	1,655	–
Net cash inflow from acquisition of a subsidiary	–	327
Placement of bank deposits with original maturity more than three months	(3,689)	–
Withdrawal of bank deposits with original maturity more than three months	–	175,792
Deposit paid to an entity	(32,886)	–
Repayment of loan receivables	7,069	–
<b>Net cash (used in) from investing activities</b>	<b>(2,971)</b>	<b>172,089</b>
<b>FINANCING ACTIVITIES</b>		
Borrowings raised	550,957	671,439
Repayment of borrowings	(685,057)	(886,755)
Interest paid	(22,135)	(34,226)
Payment of lease liabilities	(2,818)	(5,241)
Cash (paid to) received from the settlement of the derivative financial instruments used to hedge interest rate risk	(332)	1,541
<b>Net cash used in financing activities</b>	<b>(159,385)</b>	<b>(253,242)</b>

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Net decrease in cash and cash equivalents	<b>(210,472)</b>	(172,228)
Cash and cash equivalents at beginning of the period	<b>594,377</b>	616,093
Effect of foreign exchange rate changes	<b>10,552</b>	(12,688)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>394,457</b>	431,177
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Short-term bank deposits with original maturity within three months	<b>90,280</b>	134,169
Cash and cash equivalents	<b>304,177</b>	297,008
	<hr/>	<hr/>
	<b>394,457</b>	431,177
	<hr/> <hr/>	<hr/> <hr/>

## NOTES

*For the six months ended 30 June 2025*

### 1. BASIS OF PREPARATION

The condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair value at the end of the reporting period.

The accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

### 3. REVENUE AND SEGMENT INFORMATION

#### 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 period.

	Six months ended 30 June	
	2025 HK\$’000 (Unaudited)	2024 HK\$’000 (Unaudited)
Geographical market based on location of customers:		
Chinese Mainland	1,378,350	1,513,038
Hong Kong	29,256	30,123
Overseas (mainly including countries in South East Asia)	22,790	14,204
	<u>1,430,396</u>	<u>1,557,365</u>

## Segment information

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

Segment results represent the profit for the period by each segment without allocation of share of result of associates, unallocated income, unallocated expenses which mainly include central administration expenses, directors' salaries and finance costs. This is the information reported to 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 segment revenue and results by reportable and operating segments for the period under review is as follows:

	Coatings HK\$'000	Inks HK\$'000	Lubricants HK\$'000	Properties HK\$'000 (note (i))	Reportable segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<b>Six months ended 30 June 2025</b>							
<b>(unaudited)</b>							
Segment revenue							
Revenue from contracts with customers							
– recognised at a point in time	676,413	590,661	160,274	–	1,427,348	–	1,427,348
External sales	676,413	590,661	160,274	–	1,427,348	–	1,427,348
Inter-segment sales	47	81	40	–	168	(168)	–
Rental income							
External rental income	–	–	–	3,048	3,048	–	3,048
Inter-segment rental income	–	–	–	174	174	(174)	–
Total	676,460	590,742	160,314	3,222	1,430,738	(342)	1,430,396
Results							
Segment results	19,120	11,315	6,093	47,226	83,754	81	83,835
Share of result of associates							38,599
Unallocated income							29,458
Unallocated expenses							(29,778)
Finance costs							(21,161)
Profit before taxation							100,953

*Note (i):* The results of properties segment for the six months ended 30 June 2025 include the pre-tax gain on disposal of a land use right of HK\$60,023,000.

	Coatings HK\$'000	Inks HK\$'000	Lubricants HK\$'000	Properties HK\$'000	Reportable segment total HK\$'000	Others HK\$'000 (note (ii))	Elimination HK\$'000	Consolidated HK\$'000
<b>Six months ended</b>								
<b>30 June 2024</b>								
<b>(unaudited)</b>								
Segment revenue								
Revenue from								
contracts with								
customers								
– recognised at a								
point in time	730,974	644,371	172,285	–	1,547,630	1,630	–	1,549,260
– recognised over								
time	–	–	–	–	–	2,800	–	2,800
External sales	730,974	644,371	172,285	–	1,547,630	4,430	–	1,552,060
Inter-segment sales	8	154	306	–	468	–	(468)	–
Rental income								
External rental								
income	–	–	–	5,305	5,305	–	–	5,305
Inter-segment rental								
income	–	–	–	174	174	–	(174)	–
Total	<u>730,982</u>	<u>644,525</u>	<u>172,591</u>	<u>5,479</u>	<u>1,553,577</u>	<u>4,430</u>	<u>(642)</u>	<u>1,557,365</u>
Results								
Segment results	<u>(10,076)</u>	<u>31,171</u>	<u>6,949</u>	<u>101</u>	<u>28,145</u>	<u>(119)</u>	<u>238</u>	28,264
Share of result of								
associates								49,449
Unallocated income								25,810
Unallocated expenses								(32,189)
Finance costs								<u>(31,997)</u>
Profit before taxation								<u>39,337</u>

*Note (ii):* The Group's operation relating to the manufacturing of and trading in other chemical products together with the business engaging in trading of car maintenance products and car maintenance services did not meet the quantitative threshold for reportable segment. Accordingly, these businesses were aggregated and presented in "others" in the segment table in this note. The Group disposed of the entities operating the businesses engaging in trading of car maintenance products and car maintenance services during the six months ended 30 June 2024 and the Group ceased the business relating to the manufacturing of and trading in other chemical products during the six months ended 30 June 2025.

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:

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Interest income	7,324	14,043
Government grants	6,926	7,979
Dividend income from financial assets at FVTPL	11,075	11,591
Consignment products processing income	10,751	–
Others	5,757	8,668
	<u>41,833</u>	<u>42,281</u>

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

	Six months ended 30 June	
	2025	2024
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Impairment loss recognised on debt instruments at FVTOCI and amortised cost under expected credit loss ("ECL") model	–	(110)
Impairment loss recognised on trade and other receivables under ECL model, net of reversal ( <i>note (i)</i> )	(25,487)	(6,048)
Loss on disposal of subsidiaries	–	(1,036)
Gain on disposal of investment in debt instruments	473	176
Fair value loss on investment properties	(9,773)	(2,737)
Fair value gain (loss) on financial assets at FVTPL	306	(2,291)
Fair value loss on derivative financial instruments	(2,493)	–
Net exchange gain (loss) arising from foreign currency balances and transactions	12,344	(7,754)
Net loss on disposal/written off of property, plant and equipment	(392)	(1,313)
Gain on disposal of a land use right ( <i>note (ii)</i> )	60,023	–
	<u>35,001</u>	<u>(21,113)</u>

*Note (i):* During the six months ended 30 June 2025, the Group provided ECL allowance on trade and other receivables of HK\$25,487,000 (six months ended 30 June 2024: HK\$6,048,000). In particular, a specific loss allowance of HK\$20,454,000 was made to trade receivables of an individual customer which was due to material uncertainty of recovery.



*Note (ii):* 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 agreed to acquire, and the Group 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 (the “PRC”) (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. Details of this transaction are set out in the Company’s announcement on 17 January 2025 and the transaction was completed in June 2025. During the six months ended 30 June 2025, the Group recognised a pre-tax gain of HK\$60,023,000 for this disposal and received proceeds of HK\$20,817,000. The remaining consideration of HK\$54,810,000 was subsequently received in July 2025.

## 5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Cost of inventories recognised as cost of sales	1,076,102	1,198,121
Amortisation of intangible assets	1,015	1,016
Depreciation of property, plant and equipment	48,990	49,980
Less: Capitalised in inventories	(29,480)	(27,180)
	<u>19,510</u>	<u>22,800</u>

## 6. TAXATION

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Chinese Mainland		
Enterprise income tax (“EIT”)	10,235	4,270
Land appreciation tax (“LAT”)	26,674	–
Withholding tax	52	59
Current tax – Overseas	<u>270</u>	<u>200</u>
	37,231	4,529
Over-provision in respect of prior years – Chinese Mainland	<u>(940)</u>	<u>(1,272)</u>
	<u>36,291</u>	<u>3,257</u>
Deferred tax charge (credit)		
Hong Kong	38	–
Chinese Mainland	<u>(286)</u>	<u>2,529</u>
	<u>(248)</u>	<u>2,529</u>
	<u><u>36,043</u></u>	<u><u>5,786</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 condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both periods.

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

Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures.

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.

The withholding tax mainly represented taxation recognised in respect of interest income derived from loans to subsidiaries in the Chinese Mainland and dividends to be distributed from profits earned by certain subsidiaries in the Chinese Mainland starting from 1 January 2008. The withholding tax is recognised for interest income derived from the Chinese Mainland at tax rate of 7% and dividends to be distributed from profits earned by certain subsidiaries in the Chinese Mainland in accordance with the Implementation Regulation of the EIT Law of the PRC that requires withholding tax with tax rate at 10% for dividend upon the distribution of such profits to the shareholders. According to the “Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income” where the Hong Kong resident company directly owns at least 25% of the capital of the company in the Chinese Mainland, 5% dividend withholding tax rate is applicable.

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

## 7. DIVIDENDS

During the six months ended 30 June 2025, final dividend of HK11 cents per share totalling approximately HK\$61,431,000 in respect of the year ended 31 December 2024 was declared and subsequently paid in July 2025.

During the six months ended 30 June 2024, final dividend of HK10 cents per share totalling approximately HK\$56,848,000 in respect of the year ended 31 December 2023 was declared and subsequently paid in July 2024.

Subsequent to 30 June 2025, the directors of the Company resolved to declare an interim dividend of HK4 cents per share totalling approximately HK\$22,338,000 (excluding 10,024,000 ordinary shares which are held as treasury shares) for the six months ended 30 June 2025. The interim dividend will be payable on or about 31 October 2025 to the shareholders of the Company whose names appear on the Company's register of members on 24 September 2025.

## 8. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
For the purpose of calculating basic earnings per share:		
Profit for the period attributable to owners of the Company	<b>66,112</b>	<b>34,057</b>
	<b>Number of shares</b>	
	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>'000</b>	<b>'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of shares for the purpose of calculating basic earnings per share ( <i>note</i> )	<b>558,460</b>	<b>568,484</b>

*Note:* The weighted average number of shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2025 was adjusted for 10,024,000 ordinary shares which are held as treasury shares.

No diluted earnings per share for the six months ended 30 June 2025 and 2024 were presented as there were no potential ordinary shares in issue for both periods.

## 9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 June 2025, the Group incurred approximately HK\$25,157,000 (six months ended 30 June 2024: HK\$26,462,000) to acquire property, plant and equipment for its operations.

During the six months ended 30 June 2025, the Group entered into new lease agreements with lease terms ranged from 1 to 5 years (six months ended 30 June 2024: from 1 to 5 years). On lease commencement, the Group recognised HK\$1,428,000 (six months ended 30 June 2024: HK\$4,859,000) of right-of-use assets, included in property, plant and equipment, and HK\$1,428,000 (six months ended 30 June 2024: HK\$4,859,000) of lease liabilities.

During the six months ended 30 June 2025, the Group disposed of investment properties with carrying amount of HK\$1,278,000 (six months ended 30 June 2024: nil) for a cash consideration of HK\$1,278,000. During the six months ended 30 June 2025, a net decrease in fair value of investment properties of HK\$9,773,000 (six months ended 30 June 2024: HK\$2,737,000) was recognised in profit or loss. The Group's investment properties at the end of the current interim period were valued by the management of the Group with the assistance from independent qualified professional valuers, which are not connected with the Group.

## 10. TRADE RECEIVABLES

	<b>30 June 2025 HK\$'000 (Unaudited)</b>	<b>31 December 2024 HK\$'000 (Audited)</b>
Trade receivables from contracts with customers	<b>1,490,864</b>	1,372,606
Less: allowance for credit loss	<b>(90,672)</b>	(64,487)
	<b><u>1,400,192</u></b>	<b><u>1,308,119</u></b>

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:

	<b>30 June 2025 HK\$'000 (Unaudited)</b>	<b>31 December 2024 HK\$'000 (Audited)</b>
0–3 months	<b>710,714</b>	609,804
4–6 months	<b>193,820</b>	252,477
Over 6 months	<b>167,768</b>	130,857
	<b><u>1,072,302</u></b>	<b><u>993,138</u></b>

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.

## 11. CREDITORS AND ACCRUED CHARGES

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
Trade creditors	419,115	418,549
Bills payables	257,457	284,187
Other creditors and accrued charges	204,192	222,436
	<u>880,764</u>	<u>925,172</u>

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

	30 June 2025 <i>HK\$'000</i> (Unaudited)	31 December 2024 <i>HK\$'000</i> (Audited)
0–3 months	368,629	358,797
4–6 months	45,304	55,646
Over 6 months	5,182	4,106
	<u>419,115</u>	<u>418,549</u>

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK4 cents per share for the six months ended 30 June 2025 (six months ended 30 June 2024: HK3 cents per share). The interim dividend will be payable on or about 31 October 2025 to shareholders whose names appear on the register of members of the Company on 24 September 2025.

## **CLOSURE OF REGISTER OF MEMBERS**

The Hong Kong branch register of members of the Company will be closed from 19 September 2025 to 24 September 2025 (both dates inclusive) for the purpose of determining the entitlements of the members of the Company to the interim dividend. No transfer of shares may be registered during the said period. In order to qualify for the interim 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, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 18 September 2025.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM 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 2025 interim 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 August 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*