



Yip's Chemical Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 408)

ANNOUNCEMENT OF FINAL RESULTS FOR YEAR ENDED 31ST MARCH, 2007

HIGHLIGHTS

1. Group celebrates 35th anniversary since founding and 15th anniversary since listing on Stock Exchange with record results
2. Turnover was HK\$ 3,913,835,000, increased by 18% compared to same period last year
3. Net profit attributable to equity holders was HK\$ 223,636,000, increased by 33%
4. Earnings per share was HK 46.6 cents, increased by 31%
5. Final dividend was HK 12.0 cents per share, increased by 33%
6. Gearing ratio as at 31st March, 2007 was 14%

BUSINESS REVIEW

It gives me great pleasure to report to our shareholders our business performance for the financial year ended on 31st March, 2007. Over the past year, China's economy continued to grow, creating strong demand for the Group's products. At the same time, the Group successfully improved the competitiveness of each of the core businesses. As a result, both turnover and profit attributable to shareholders reached record levels of HK\$3,913,835,000 and HK\$223,636,000 respectively, representing increases of 18% and 33%, respectively. Furthermore, a series of pragmatic measures taken by the Group achieved the anticipated results: accounts receivable, inventory, and capital investments decreased and the quality of earnings improved. Despite the strong turnover growth, the Group's gearing ratio declined to only 14%, from 28% at 31st March, 2006 and 31% at 30th September, 2006. The Board recommends a final dividend of HK12.0 cents per share which, together with the interim dividend and special dividend of HK8.0 cents already paid, makes the total dividend for the year HK20.0 cents per share, representing a growth of 43% over last year's total dividend of HK14.0 cents. The Group's return on shareholders' funds remained at a relatively high level of over 22%.

During the period under review, Hong Kong's export industries continued to weaken and as a result, approximately 90% of the Group's turnover was made in Mainland China. This percentage is projected to be even higher in the future. The overall business environment in the past year was extremely challenging. In terms of costs, raw material prices were less volatile but remained at a high level, while various operating expenses continued to increase. Furthermore, due to intensifying competition within the industry, it was difficult to transfer the major hikes in costs to our customers. In addition, authorities in China expressed their mounting concerns for the safety of the chemicals industry and tightened their control and supervision over the industry. Under these circumstances, it was increasingly challenging to achieve sustainable growth in our core businesses and reach our targeted profitability levels. Over the past year, the

Group placed significant emphasis on controlling costs of the core businesses and was successful in improving net profit margin from 5.1% in the previous financial year to the current 5.7%. While the Group depends on sustainable growth in our core businesses, we also see the improvement of the quality of earnings and profitability as our top priority.

SOLVENTS

The solvents division, the largest of our core businesses, recorded unprecedented results during the period under review, with turnover reaching HK\$2,241,251,000, an increase of 14% over the previous year. Turnover volume for raw solvents remained stable compared to last year, as demand far exceeded our available supply. For the financial year ended 31st March, 2007, the solvents division recorded operating profit of HK\$252,324,000, a significant gain of 60% compared to 2006. While the considerable growth in operating profit could be partially attributed to the favourable but temporary operating environment for raw solvents in the first half of the year, the work of our “Solvents Task Force” also played an important role. The task force was able to pool the Group’s resources and efforts on research and development activities, optimize product formulation, reduce production costs and enhance profits.

Faced with increasing demand and intensifying competition in the market, in order to maintain our position as the largest solvent producer in China, our top priority is to increase our production capacity and further realize the advantages of economies of scale. In addition to the expanding production capacity at our current plant, the Group is also closely monitoring the solvents market, actively and diligently looking for potential acquisition opportunities to further boost sales and lower logistic costs.

COATINGS

Over the past year, coatings-related industries such as real estate, publishing, packaging and manufacturing of light industrial products greatly benefited from the rapid growth of the Chinese economy. As a result, the Group’s coatings division was able to sustain its strong growth momentum and recorded turnover of HK\$1,442,874,000, an increase of 21% over the previous year, while operating profit increased 10% to HK\$88,501,000. Growth in operating profit was unable to match the growth in turnover and fell slightly short of management’s expectation primarily due to an increase in marketing expenses in order to further promote our brands. For many years, the Group’s vision for the coatings division has been the parallel development of both industrial coatings and domestic architectural paints. While the domestic architectural paints segment faces stiffer competition, it has higher growth potential relative to industrial coatings. Recently, international players in the paints industry have entered the coatings market in China, which has led to a considerable shake-up in the industry. The Group believes this is a tremendous opportunity to increase our market share and is determined to steadily increase spending on marketing campaigns to enhance the exposure of our brands and corporate image. We also strive to gain recognition as “China Top Brand” for our other brands under the coatings division.

The Group has also invested HK\$100 million to optimize logistics for the coatings division. The capacity expansion for our three factories in Chengdu, Shantou, and Shanghai is expected to be completed in the first half of the current financial year while the Tunxiang, Zhejiang plant is expected to be completed in August 2008. The capacity of four factories combined will be able to serve our expanding coatings business for the next five years.

LUBRICANTS

The operating environment for lubricants continued to be extremely difficult last year. While pressure on shortage of base oil supply alleviated and prices softened in the second half of the year, competition significantly intensified as our major competitors aggressively sold their products at substantial discounts to decrease their inventory levels. As a result, gross profit margin was severely eroded. The lubricants division recorded turnover of HK\$205,524,000, a decrease of 6% compared to last year while operating loss increased to HK\$6,384,000.

Over the past year, various aspects of the restructuring plan for the lubricants division were implemented, including the restructuring of the product portfolio, the continuing development of automotive and industrial lubricants, and the efforts to decrease expenses. In particular, the problem of decreasing turnover for both the industrial lubricants and specialty lubricants segments was under control and there was a marked improvement in turnover of 12% and 4%, respectively, and gross profit margins also improved. Furthermore, the agreement between the Group and Shell signed in October 2006 regarding the acquisition of Shell’s interest in the Zhanjiang blending plant became effective in January 2007. The Group believes that the acquisition will help the lubricants division decrease its operating costs in the future.

For the coming year, the focus of the division will continue to be developing the industrial and specialty lubricants segments and also controlling operating costs. As the price of base oils stabilize, we are optimistic that the lubricants business will become profitable in the coming year.

LOMON TITANIUM LIMITED (“Lomon”)

Since becoming a strategic investor with an 8% stake in July 2005, the Group has maintained a strong relationship with Lomon’s management and has closely monitored its operations through its management’s monthly reports. In October 2006, Lomon became the largest manufacturer of titanium dioxide in China after doubling its production capacity from 40,000 tons to 80,000 tons per year.

NEW GROUP MANAGEMENT STRUCTURE

Beginning on 1st April, 2008, the Group will gradually implement a new group management structure in which the role of the Chairman of the Board and the role of the Chief Executive Officer of the Group’s management committee will be separated and held by two individuals. The Board’s principal duties are setting policies, monitoring the execution of such policies, and providing assistance to the overall management of the Group. The Group’s management committee will be responsible for executing the policies and implementing strategic plans, supervising the performance of the business units, and ensuring targets set by the Board are met. While the responsibilities of the Board and the management committee are clearly separated, the two bodies will nevertheless work closely together. We believe that the new group management structure will significantly improve our corporate governance and will help the Group’s expansion in the future.

NEW LOGO OF THE GROUP

25th October, 2006 marked the 35th anniversary of the founding of the Group. We have chosen this special day to unveil a creative, new logo. The new logo signifies the Group’s determination to continuously innovate, reform, and develop. While the new logo is largely based on the old logo, it employs a new and refreshing jade green color as the focus. It demonstrates that the Group’s future progress will continue to be based on our core principles of dedication and professionalism, while moving forward with the times. The jade green color symbolizes the dynamism of our businesses as well as our commitment to the environment. We are filled with confidence that the new logo will lead the Group to a new passage to greater accomplishments and success.

CORPORATE CITIZENSHIP / SOCIAL RESPONSIBILITY

We fully understand that, as a Hong Kong-listed company with operations entrenched in China, we must fulfill our responsibility as good corporate citizens and give back to society by both actively participating in all levels of social work and providing monetary support to charities. However, we also recognize that it is extremely difficult for the Group to support the countless projects in society today in need of support, therefore, we strive to help projects that are in line with the Group’s core values, such as those related to environmental protection and education.

ENVIRONMENTAL PROTECTION

As a company engaged in the chemicals business, we recognize the importance of environmental protection; therefore, the Group constantly strives to educate and increase awareness of environmental protection among our employees. From using both sides of each piece of paper and switching off lights and air conditioning when not in use, to abiding to the strictest and most advanced environmental protection standards when designing our new plants, the Group has demonstrated our resolve to help protect the environment.

In addition, the Group has established a task force to further increase understanding of key environmental issues among our employees. We have participated in the “Tree Planting Challenge”, organized by the Friends of the Earth, in 2006 and 2007, to enhance enthusiasm of environmental protection through meaningful and charitable activities.

EDUCATION

The Group also believes that in order for China to remain stable and strong, it must start from education. To this end, we have greatly supported charitable projects benefiting education in China over the years. Last October, the Group collected donations totaling HK\$556,900 from its customers, suppliers, and associates to congratulate the Group's 35th anniversary, and donated it to the "Sowers Action" in subsidizing the organization to build schools for students in China. The Group also donated RMB100,000 to the Education Trust Fund for Machong Town in Guangdong. In the future, we plan to be actively involved in various charitable activities to earnestly fulfill our responsibility as good corporate citizens and give back to society.

LIQUIDITY AND FINANCIAL RESOURCES

Through the adoption of a prudent financial management strategy over the years with particular emphasis on the control of accounts receivable and inventory levels, and increasing cash inflow from strong profit growth helped the Group's gearing ratio to improve significantly. As at 31st March, 2007, the Group's gearing ratio (as measured by net bank borrowings as a percentage of shareholders' equity) was 14%, a significant improvement over the same period last year of 28%.

As at 31st March, 2007, the total gross bank borrowings of the Group was HK\$484,237,000 (at 31st March, 2006: HK\$513,518,000). Out of this total bank borrowings, HK\$428,601,000 was repayable within one year, and HK\$13,260,000 was denominated in Renminbi (at 31st March, 2006: HK\$347,633,000, and HK\$39,992,000 was denominated in Renminbi). Loans repayable after one year at 31st March, 2007 was HK\$55,636,000 (at 31st March, 2006: HK\$165,885,000). All these loans carried interest at floating rates.

As at 31st March, 2007, a total of 16 banks in Hong Kong and PRC granted banking facilities totaling HK\$1,446,560,000 to the Group (at 31st March, 2006: HK\$1,191,713,000), 74% of these facilities were denominated in Hong Kong Dollar and the rest in Renminbi. The Group's available banking facilities and its future cash flow from operations will provide sufficient funds to the Group to meet its present operational requirements as well as for the further development of its business in the foreseeable future.

On the back of China's trade surplus, Renminbi has shown considerable strength in the past year and it is expected that the Renminbi's strength will continue in the near future. In view of the current strength of the Renminbi, coupled with the fact that the majority of the Group's assets are located in the PRC, and the majority of its income is also generated in Renminbi, the management considers that no hedging measures are necessary at this stage, apart from using Renminbi bank borrowings to fund part of its operational requirements and investments. The Group will continue to strive to achieve the optimal balance between lowering the costs of borrowings and minimizing currency exposure by funding its investments through either Renminbi or Hong Kong dollar bank loans.

EMPLOYEES

As at 31st March, 2007, there were a total of 3791 employees of which 158 were based in Hong Kong and 3633 were based in other parts in the PRC.

Employees receive competitive remuneration packages including salary, variable bonus that is linked to attainment of the Group and individual performance as well as share options. The remuneration and incentive systems are reviewed from time to time, as to ensure the employees obtain equitable and fair packages and the Group is able to attract and retain competent employees.

The group pledges always to enable our employees to achieve continuous self-improvement. With the Trainee Program already in place for several years, top graduates from tertiary institutes in Hong Kong, China and overseas are recruited and trained to join management level or become technical experts, thereby sharpening the competitive edge of the Group in management and technology. The group promotes lifelong learning. In-house and external training programs are offered to enrich the competencies of our employees. Moreover, the group has an educational subsidy scheme to encourage employees to upgrade themselves both in their work and in personal development.

PROSPECTS

Looking ahead, I am fully confident of the Group's future development as we can see increasing stability on China's political situation, healthy and sustainable rapid growth in the economy, growing domestic demand will extend to the less-developed regions and provinces of China. At the same time, China is solidifying its role as "World's factory". Yesterday's Pearl River Delta, today's Yangtze River Delta, and tomorrow's Bohai River Delta all provide an appealing investment environment that will attract more and more international manufacturing companies to China. For these reasons, the Group will continue to have unlimited opportunities for long-term growth and development. Yip's Chemical, as before, will be dedicated and focused on the Chinese market and the chemicals industry. We will continue to seek opportunities to grow our business. At the same time, we will actively develop our human capital, recruit the elite from all ends of the spectrum to join the Group and provide ample development opportunities such that they can contribute to our future and continue to gain greater returns for our shareholders.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to our employees for their relentless hard work and contribution to the success of the Group, and also to our friends and business associates from all sectors for their continued trust and support.

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

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to adopt and maintain a high standard of corporate governance. The board of directors of the Company (the "Board") believes that good governance is essential to achieving the Group's objectives of maximizing values for its employees, customers, suppliers, business partners and shareholders, and safeguarding the interests of them.

Throughout the year ended 31st March, 2007, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited save for the deviation from Code provision A.2.1 on the roles of chairman and chief executive officer which should be separated and should not be performed by the same individual. In the opinion of the Board, the role of the chief executive officer is equivalent to that of the managing director in the Group and Mr. Ip Chi Shing, Tony is now acting both as the Chairman of the Board and the Managing Director of the Company. Beginning on 1st April, 2008, the Group will gradually implement a new group management structure in which the role of the Chairman of the Board and the role of the Chief Executive Officer of the Group's management committee will be separated and held by two individuals.

Further information will also be included in the 2006/07 Annual Report.

AUDIT COMMITTEE

The Audit Committee was formed in November 1998 and currently comprises one Non-executive and three Independent Non-executive Directors and is chaired by Mr. Wong Kong Chi. Major roles and functions of the Audit Committee include review of financial information of the Group, oversight of the Group's financial reporting system and internal control procedures and monitoring of the relationship between the Group and its external auditors. An audit committee meeting was held on 27th June, 2007 to review the Group's audited consolidated financial statements for the year ended 31st March, 2007.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as its own code of conduct regarding Directors' securities transactions. After making specific enquiry, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code.

The Board of Directors of Yip's Chemical Holdings Limited (the "Company") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2007, together with comparative figures of last year.

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31st March,	
		2007 HK\$'000	2006 HK\$'000
Turnover	3	3,913,835	3,329,670
Cost of sales		(3,121,237)	(2,667,211)
Gross profit		792,598	662,459
Other income		26,420	16,240
Selling and distribution expenses		(106,407)	(98,611)
Administrative expenses		(364,660)	(340,135)
Profit from operations	3 & 4	347,951	239,953
Interest expense		(26,251)	(21,538)
Profit before taxation		321,700	218,415
Taxation	5	(51,982)	(21,681)
Profit for the year		269,718	196,734
Attributable to:			
Equity holders of the Company		223,636	168,389
Minority interests		46,082	28,345
		269,718	196,734
Earnings per share	7		
- Basic		HK 46.6 cents	HK 35.5 cents
- Diluted		HK 46.1 cents	HK 35.2 cents

CONSOLIDATED BALANCE SHEET

	Notes	At 31st March	
		2007	2006
		HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		516,368	453,693
Prepaid lease payments		75,728	74,669
Goodwill		30,491	19,231
Intangible asset		1,000	2,000
Available-for-sale investment		17,653	16,841
Deposits paid for acquisition of property, plant and equipment		17,774	-
Deferred taxation assets		-	691
Other non-current assets		4,600	4,600
		663,614	571,725
Current assets			
Inventories		417,767	341,742
Trade debtors	8	751,288	610,849
Other debtors and prepayments		99,762	85,825
Prepaid lease payments		2,212	2,280
Derivative financial instruments		4	2
Short-term bank deposits		94,481	26,804
Bank balances and cash		234,077	237,097
		1,599,591	1,304,599
Current liabilities			
Creditors and accrued charges	9	487,226	359,403
Taxation payable		56,163	18,388
Obligations under a finance lease - amount due within one year		-	33
Bank borrowings - amount due within one year		428,508	347,390
Bank overdrafts		93	210
		971,990	725,424
Net current assets		627,601	579,175
Total assets less current liabilities		1,291,215	1,150,900
Non-current liabilities			
Bank borrowings - amount due after one year		55,636	165,885
Deferred taxation liabilities		1,892	1,794
		57,528	167,679
		1,233,687	983,221
Capital and reserves			
Share capital		48,164	47,656
Reserves		1,055,644	846,295
Equity attributable to equity holders of the Company		1,103,808	893,951
Minority interests		129,879	89,270
		1,233,687	983,221

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2007

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"s) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied, for the first time, a number of new HKFRSs, Hong Kong Accounting Standards ("HKAS"s), amendments of HKAS ("Amendment"s), revisions of HKAS ("Revised") and Interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA which are either effective for the accounting periods beginning on or after 1st December, 2005, 1st January, 2006, or 1st March, 2006. The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment, revision and interpretations that have been issued but are not yet effective. The directors of the Company anticipate the application of these new standards, amendment, revision and interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKAS 23 (Revised)	Borrowing costs ²
HKFRS 7	Financial instruments: Disclosures ¹
HKFRS 8	Operating segments ²
HK(IFRIC)* - INT 8	Scope of HKFRS 2 ³
HK(IFRIC) - INT 9	Reassessment of embedded derivatives ⁴
HK(IFRIC) - INT 10	Interim financial reporting and impairment ⁵
HK(IFRIC) - INT 11	HKFRS 2 - Group and treasury share transactions ⁶
HK(IFRIC) - INT 12	Service concession arrangements ⁷

¹ Effective for annual periods beginning on or after 1st January, 2007.

² Effective for annual periods beginning on or after 1st January, 2009.

³ Effective for annual periods beginning on or after 1st May, 2006.

⁴ Effective for annual periods beginning on or after 1st June, 2006.

⁵ Effective for annual periods beginning on or after 1st November, 2006.

⁶ Effective for annual periods beginning on or after 1st March, 2007.

⁷ Effective for annual periods beginning on or after 1st January, 2008.

* IFRIC represents the International Financial Reporting Interpretations Committee.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

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

Principal activities are as follows:

Solvents - manufacture of and trading in solvents and related products
Coatings - manufacture of and trading in coatings and related products
Lubricants - manufacture of and trading in lubricants products

(i) An analysis of the Group's turnover and results by business segments is as follows:

	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Year ended 31st March, 2007						
Segment revenue						
External sales	2,194,656	1,398,708	205,085	115,386	-	3,913,835
Inter-segment sales	46,595	44,166	439	5,341	(96,541)	-
Total	2,241,251	1,442,874	205,524	120,727	(96,541)	3,913,835
Results						
Segment result	252,324	88,501	(6,384)	13,952	111	348,504
Interest income						5,375
Unallocated corporate expenses						(5,928)
Profit from operations						347,951
Interest expense						(26,251)
Profit before taxation						321,700
Taxation						(51,982)
Profit for the year						269,718
	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Year ended 31st March, 2006						
Segment revenue						
External sales	1,902,480	1,149,882	219,058	58,250	-	3,329,670
Inter-segment sales	71,101	46,152	256	5,773	(123,282)	-
Total	1,973,581	1,196,034	219,314	64,023	(123,282)	3,329,670
Results						
Segment result	157,262	80,568	(296)	5,736	(260)	243,010
Interest income						1,713
Unallocated corporate expenses						(4,770)
Profit from operations						239,953
Interest expense						(21,538)
Profit before taxation						218,415
Taxation						(21,681)
Profit for the year						196,734

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

(ii) Other information

	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Corporate Level HK\$'000	Consolidated HK\$'000
Year ended 31st March, 2007						
Capital additions	14,136	56,578	12,671	-	1,269	84,654
Depreciation and amortisation of property, plant and equipment	12,018	22,517	3,278	54	1,614	39,481
Release of prepaid lease payments	345	1,492	-	-	335	2,172
Impairment loss (reversal of impairment loss) in respect of property, plant and equipment	14	(775)	-	-	-	(761)
Amortisation of intangible asset	-	1,000	-	-	-	1,000
Loss on disposal of property, plant and equipment	129	447	228	-	2	806
	Solvents HK\$'000	Coatings HK\$'000	Lubricants HK\$'000	Others HK\$'000	Corporate Level HK\$'000	Consolidated HK\$'000
Year ended 31st March, 2006						
Capital additions	18,234	65,879	3,675	7	1,223	89,018
Depreciation and amortisation of property, plant and equipment	11,017	22,814	2,788	104	2,242	38,965
Release of prepaid lease payments	411	1,523	-	-	336	2,270
Impairment losses in respect of property, plant and equipment	35	1,536	-	-	-	1,571
Amortisation of intangible asset	-	1,000	-	-	-	1,000
Loss (gain) on disposal of property, plant and equipment	390	1,205	(252)	-	199	1,542

(b) Geographical segments

As over 90% of the Group's turnover and trading results are derived from Mainland China and the assets are substantially located in Mainland China, an analysis of the consolidated turnover, trading results by geographical market and assets by geographical location is not presented.

4. PROFIT FROM OPERATIONS

	Year ended 31st March,	
	2007 HK\$'000	2006 HK\$'000
Profit from operations has been arrived at after charging:		
Amortisation of intangible asset (included in administrative expenses)	1,000	1,000
Depreciation and amortisation of property, plant and equipment	39,481	38,965
Release of prepaid lease payments	2,172	2,270
and after crediting:		
Gain on disposal of a subsidiary	487	-
Interest income	5,375	1,713

5. TAXATION

	Year ended 31st March,	
	2007 HK\$'000	2006 HK\$'000
Current tax - Hong Kong		
Current year	4,377	3,532
Under(over)provision in previous years	25	(251)
	4,402	3,281
Current tax - Mainland China		
Current year	46,892	17,035
(Over)underprovision in previous years	(101)	1,403
	46,791	18,438
	51,193	21,719
Deferred taxation		
Hong Kong	789	(38)
	51,982	21,681

Hong Kong Profits Tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Enterprise income tax in Mainland China has been provided at the rates prevailing in the respective jurisdictions.

Pursuant to the relevant laws and regulations in Mainland China, certain of the Company's Mainland China subsidiaries are entitled to exemption from enterprise income tax of Mainland China for the first two years commencing from their first profit-making year of operation and thereafter, these subsidiaries in Mainland China will be entitled to a 50% relief from enterprise income tax of Mainland China for the following three years. Enterprise income tax of Mainland China has been provided for after taking these tax incentives into account.

6. DIVIDENDS

	Year ended 31st March,	
	2007 HK\$'000	2006 HK\$'000
Dividend recognised as distribution during the year:		
2007 interim dividend of HK6.0 cents (2006: HK5.0 cents) per share	28,871	23,765
2007 special dividend of HK2.0 cents (2006: nil) per share	9,624	-
2006 final dividend of HK9.0 cents (2005: HK7.5 cents) per share	43,202	35,605
	81,697	59,370

The final dividend of HK12.0 cents (2006: HK9.0 cents) per share has been proposed by the directors and are subject to approval by the shareholders in the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements.

7. EARNINGS PER SHARE

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

	2007 HK\$'000	2006 HK\$'000
Profit for the year attributable to equity holders of the Company and earnings for the purposes of calculating basic and diluted earnings per share	<u>223,636</u>	<u>168,389</u>
	Number of shares '000	'000
Weighted average number of shares for the purpose of calculating basic earnings per share	479,441	474,816
Effect of dilutive potential shares: Share options	<u>5,618</u>	<u>3,445</u>
Weighted average number of shares for the purpose of calculating diluted earnings per share	<u>485,059</u>	<u>478,261</u>

8. TRADE DEBTORS

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

	2007 HK\$'000	2006 HK\$'000
0 - 3 months	587,061	494,158
4 - 6 months	135,082	93,653
Over 6 months	<u>29,145</u>	<u>23,038</u>
	<u>751,288</u>	<u>610,849</u>

The Group allows a credit period ranging from 30 to 90 days to its trade customers.

9. CREDITORS AND ACCRUED CHARGES

At the balance sheet date, the balance of creditors and accrued charges included trade creditors of HK\$309,674,000 (2006: HK\$221,912,000). An aged analysis of trade creditors at the balance sheet date is as follows:

	2007 HK\$'000	2006 HK\$'000
0 - 3 months	305,584	217,544
4 - 6 months	3,579	3,229
Over 6 months	<u>511</u>	<u>1,139</u>
	<u>309,674</u>	<u>221,912</u>

10. POST BALANCE SHEET EVENT

On 27th June, 2007, Jiangmen Handsome Chemical Development Ltd. and Yip's Industrial Holdings Limited (companies incorporated in Mainland China and Hong Kong respectively with limited liability, both of which are indirect 75% owned subsidiaries of the Company) (the "Purchasers") entered into a share transfer agreement (the "Share Transfer Agreement") with Hang Sing Chemical Trading Company Limited ("Hang Sing") and Heng Feng Industrial Group Limited ("Heng Feng") (companies incorporated in Hong Kong and Mainland China respectively with limited liability) (the "Vendors") and 盛達化工有限公司 (the "Target Company"), a sino-foreign equity joint venture company established in Mainland China, currently owned as to 60% by Heng Feng and 40% by Hang Sing. Under the Share Transfer Agreement, the Purchasers agreed to purchase from the Vendors the entire equity interest in the Target Company at a consideration of approximately RMB71,626,000 (equivalent to approximately HK\$73,775,000), subject to adjustment. Upon Completion, the Target Company will become an indirect 75% owned subsidiary of the Company.

Details of the Sales and Purchase Agreement have been published in the Company's announcement dated 27th June, 2007.

FINAL DIVIDEND

The Board of Directors has resolved to recommend a final dividend of HK12.0 cents (2006: HK9.0 cents) per share for the year ended 31st March, 2007. Upon approval by shareholders in the forthcoming annual general meeting, the final dividend will be payable on 12th September, 2007 to shareholders whose names appear on the Register of Members of the Company on 4th September, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 29th August, 2007 to 4th September, 2007 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's Share Registrars in Hong Kong, Secretaries Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00p.m. on 28th August, 2007.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the HKEx website (<http://www.hkex.com.hk>) and the Company's website (<http://www.yipschemical.com>). The 2007 annual report containing all the information required by the Rules Governing the Listing of Securities on the Stock Exchange will be published on the HKEx website and the Company's website in due course.

By Order of the Board
Ip Chi Shing, Tony
Chairman

Hong Kong, 3rd July, 2007

As at the date of announcement, Mr. Ip Chi Shing, Tony, Ms. Ip Fung Kuen, Mr. Yip Tsz Hin, Stephen, Mr. Ng Siu Ping, George, Mr. Ting Hon Yam, Mr. Wong Kam Yim, Kenny and Mr. Young Man Kim, Robert are executive directors of the Company, Mr. Tong Wui Tung, Ronald is a non-executive director of the Company and Mr. Wong Kong Chi, Mr. Au-Yeung Tsan Pong, Davie and Mr. Li Chak Man, Chuck are independent non-executive directors of the Company.