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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 2024

HIGHLIGHTS

The Group Maintained Strong Market Position Amid Economic Instability

Net Profit Attributable to Owners Up to HK\$34 Million

- The sales growth of the Group was impacted by the downturn in the Chinese economy. Turnover dropped slightly by 0.6% year-on-year to HK\$1.56 billion, and sales volume decreased by 5% year-on-year to 136,000 tonnes.
- Gross profit margins of the inks and lubricants businesses showed significant improvements with year-on-year increases of 2.6 percentage points and 2.8 percentage points respectively. However, the Group's overall gross profit margin decreased slightly by 0.8 percentage point year-on-year to 23.1% as the gross profit of the coatings business continued to be affected by the downturn in the real estate market.
- The solvents associate recorded a stable growth in performance during the period under review.
- Net profit attributable to owners was up to HK\$34 million.
- The Group maintained its gearing ratio at a relatively low level of 18.3%.
- The Board has resolved to pay an interim dividend of HK3 cents per share (corresponding period of the preceding year: HK2 cents per share).

	For the six-month period ended 30 June 2024 (unaudited)	For the six-month period ended 30 June 2023 (unaudited)	% change
Revenue	HK\$1,557,365,000	HK\$1,566,874,000	-0.6%
Sales volume	136,000 metric tonnes	143,000 metric tonnes	-5%
Profit attributable to owners of the Company	HK\$34,057,000	HK\$16,260,000	+109%
Earnings per share	HK6.0 cents	HK2.9 cents	+107%
Interim dividend per share	HK3 cents	HK2 cents	+50%
	As of 30 June 2024 (unaudited)	As of 30 June 2023 (unaudited)	
Gearing ratio*	18.3%	0.1%	+18.2% points
* 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 2024 (the “period under review”).

During the period under review, the general operating environment was even grimmer and more challenging than what I expected last year. A number of unfavourable factors, such as the increasing containment of China by western countries, the slow progress of the Chinese government in intensively promoting the transformation of the growth model and heightened geopolitical tensions, still persisted. Further to that, it came as a disappointment to many that the market did not embark on a rate-cutting cycle during the period under review as expected. In addition, the package of government measures to revitalise the property market failed to produce significant results. The uncertainties in the internal and external environments seriously undermined consumer sentiment and resulted in a sluggish market. In this dire situation, players in all industries faced intense competition rarely seen in recent years and resorted to price wars in the hope of surviving or gaining market share. The architectural coatings sector has been particularly hard hit, and the Group bore the brunt as the sales and gross profit margin of the relevant segment were all adversely affected during the period under review. Nevertheless, the Group saw solid performance in other principal businesses and associate (please refer to the Report of the Chief Executive Officer for details) attributable to their well-established economies of scale as well as the satisfactory results of their cost control and export channel expansion efforts. In general, the Group’s overall business performance for the first half of the year lived up to our expectations. Sales for the period under review amounted to HK\$1.56 billion, representing a slight decrease of 0.6% compared to the corresponding period of the preceding year. Profit attributable to owners increased by HK\$18 million to HK\$34 million mainly as a result of increases of overall operating profit and share of results of solvents associate.

Regarding financial performance, the Group has tightened its credit policy in the face of the challenging operating environment. In addition, attributable to its effective and prudent treasury policy over the years, the Group has maintained a healthy overall financial position. As at 30 June 2024, the Group’s gearing ratio was at a relatively low level of 18.3%. 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 HK3 cents per share to all shareholders. Meanwhile, in order to demonstrate its value and seek greater benefits for its shareholders, the Group, for the first time, implemented a share buyback program on the market during the period under review (please refer to the announcement of the Company dated 17 June 2024 for details) and the effects remain to be seen.

Outlook

I remain very cautious about the operating conditions for the second half of 2024. While the unfavourable factors described in the Review have far-reaching repercussions that look unlikely to lessen in the short run, we look forward to the following positives which may materialise during the period: (1) the rate-cutting cycle to kick in on a global scale, slightly dial down the pressure on economic growth in many countries and facilitate the recovery of the global economy; (2) China to speed up the transformation of its economic growth model with increasing effectiveness; (3) the Chinese government to further introduce effective measures in the second half of the year to reinvigorate the real estate market, which is an important pillar of the Chinese economy. It is hoped that these reasonable expectations will revive consumer sentiment and revitalise the market and the economy in general. On the other hand, the overall business structure of the Group has changed significantly as the Group disposed of the controlling equity interest in the solvents business in 2022 and withdrew from the “Damai” business in 2024. Such initiatives allow the Group to focus on improving and developing its existing core businesses. After a year of exploration and hard work, the Group has set clearer development goals for its core businesses and is striving to optimise its business, be well-prepared and adopt more comprehensive methods. It believes that the results of these initiatives will gradually become apparent after a period of time. Moreover, the Group continues to explore ways and to prepare itself to fully capitalise on its extensive experience and solid capital strength accumulated over the past five decades in the sector of fine chemicals, so as to grasp market information and actively conduct mergers and acquisitions and make investments in the relevant industries. With this two-pronged plan, it is expected that the Group’s business will enjoy faster growth. I am very confident that the new Senior Leadership Team will lead the Group to rise to the challenge and further realise the Company’s values, and that our efforts to add value for shareholders will continuously reap rewards.

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 team at all levels of the Group for their unfailing support and efforts!

Ip Chi Shing

Chairman

22 August 2024

REPORT OF THE CHIEF EXECUTIVE OFFICER

Review

Amid the downturn in the overall economy, Yip's Chemical faced significant challenges during the first half of 2024. On the macroeconomic front, global economic development was hindered by the ongoing instability in the Sino-US relations, and consumer sentiment fell as the performance of the Chinese economy was lacklustre. Rate cuts initially expected for the period under review did not materialise. The real estate industry, which is an important pillar of the Chinese economy, saw a limited recovery during the period under review despite some stimulus policies. From a micro perspective, major players in many industries have made price cuts in order to compete for market shares. Overall, sales of the Group dipped slightly due to the difficulties in pursuing sales growth. In spite of the intense competition faced by various businesses of the Group, effective control over costs and expenses has allowed the Group to maintain profitability and financial health during the period under review, with a growth in earnings as compared to the corresponding period of the preceding year. Besides the positive performance of the core businesses, the solvents associate also showed stable growth and contributed to the Group. Meanwhile, the Group has continued to capitalise on the current market environment to identify suitable strategic investments.

As the management is confident in the long-term prospects of Yip's Chemical, an on-market buyback of 2.3 million shares was made in July 2024 for the purpose of enhancing shareholders' interest in the long run.

KEY BUSINESS HIGHLIGHTS

- The Group recorded a revenue of HK\$1.56 billion and a total sales volume of 136,000 metric tonnes, representing slight decreases of 0.6% and 5% respectively as compared to the corresponding period of the preceding year.
- Gross profit margin of the Group was 23.1%, representing a slight decrease of 0.8 percentage point as compared to the corresponding period of the preceding year. This was primarily due to a certain decline in the gross profit margin of the coatings business during the period under review, which slightly dragged down the overall gross profit margin. There were notable improvements in the gross profit margins of the Group's other businesses during the period under review. This was a result of the Group's effective management of gross profit margins and portfolio of products with a focus on higher-end products and the relatively stable prices of raw materials.
- The solvents associate recorded a stable growth in performance during the period under review and the Group's share of its profits amounted to HK\$49.4 million.

- The Group’s net bank interest expenses for the period under review amounted to HK\$22.3 million, representing a difference of HK\$24.2 million as compared to the net bank interest income in the corresponding period of the preceding year. This was mainly due to the bank interest income arisen from a substantial amount of cash following the disposal of the solvents business in 2022, which decreased after paying the special dividend and being used in operations.
- The Group recorded a profit attributable to owners of HK\$34 million, which represents an increase of 109% compared to that of the corresponding period of the preceding year.
- Gearing ratio as at 30 June 2024 continued to be at a relatively low level of 18.3%, allowing the Group to maintain a strong overall financial position and have more flexibility in investments in new projects going forward.

Coatings

During the period under review, the coatings segment recorded a drop in sales volume of 10% to 98,000 metric tonnes and a mild decline in sales revenue of 6% to HK\$731 million. The gross profit margin was 25.5%, representing a decrease of 2.6 percentage points compared to the corresponding period of the preceding year. As a result, segment loss amounted to HK\$10.1 million.

The coatings segment comprises two major businesses: (1) architectural coatings and (2) industrial coatings and resins. The architectural coatings business faced significant challenges during the first half of 2024, mainly due to fewer new residential and infrastructure projects amid the sluggish real estate market in China. Meanwhile, consumer sentiment for home refurbishments declined. Although the national policies to bolster consumer confidence in the real estate market have begun, the coating market had yet to reap benefits in the first half of 2024. The Group’s brand “Bauhinia” continued to carry on its market development efforts during the period under review, such as expanding its store network throughout China, extending its brand influence through the sponsorship of the China Women’s National Football Team and placing large-scale advertisements across the high-speed railway network. Nevertheless, the performance of this brand was still hard hit. On the other hand, the industrial coatings and resins business performed relatively well and recorded steady growth during the period under review as we continued to develop the technologies of our high-end plastic coatings, infrastructure-related protective coatings and resin products.

In the second half of the year, we expect that the real estate and infrastructure markets will continue to face relatively strong headwinds. However, considering that the future of the Chinese architectural coatings market is still promising in the long run, the Group will continue to support the store network and brand development of “Bauhinia” and “Camel” architectural coatings businesses. At the same time, we will promote our high-end industrial coatings and resin products in order to improve the results of the coatings business.

Inks

Even though the inks market as a whole was sluggish, the inks business of the Group saw a strong improvement in performance attributable to its effective and aggressive sales strategy as well as stringent control over costs and expenses. During the period under review, the Group's inks segment recorded a revenue of HK\$645 million, representing an increase of 16% compared to that of the corresponding period of the preceding year. The gross profit margin of the inks segment increased by 2.6 percentage points to 20%. The business recorded a segment profit of HK\$31.2 million, achieving a turnaround from the corresponding period of the preceding year and marking a significant improvement in business performance.

Our inks segment successfully attracted major customers and gained market share in the food packaging sector. Meanwhile, we also developed specialised ink products for new niche markets in order to expand inks' applications, such as special printing effects for electronics, floorings and household appliances. In addition, overall profitability has also improved due to stringent control on raw materials and operating costs.

As the top food packaging inks producer in China, we have a strong platform to further grow our packaging inks business. Notwithstanding the current economic uncertainties, we have adequate financial resources and operating capacity to venture into new product lines, speed up the development of the inks segment and set the stage for future growth.

Lubricants

During the period under review, revenue from the lubricants business dropped by 11% to HK\$173 million. We maintained the sales outlets of our automotive lubricants products under our "Hercules" brand while embarking on the OEM business to spread the fixed costs. With respect to gross profit margin, we focused on the development of medium to high-end products, optimised the product portfolio and raised the gross profit margin by 2.8 percentage points to 23.6%. This segment maintained its profitability and recorded a profit of HK\$6.9 million.

Looking ahead to the second half of the year, although overall consumption will remain relatively slow, we will still continue to extend the sales outlets of automotive lubricants throughout the distributor network in China, with a view of becoming a top local lubricants brand. At the same time, we will also continue to develop more industrial lubricants for niche markets as new sources of sales growth.

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 growth of 24% in sales volume to 776,000 metric tonnes. The solvents associate delivered a return of HK\$49.4 million to the Group.

The solvents associate has begun constructing a new manufacturing plant with capacity of 600,000-tonne acetic acid and 600,000-tonne acetates solvents in Hubei, targeting to commence operation in the second half of 2025. The progress of this project has been satisfactory. This strategic development will enhance the vertical integration and improve the profit margins of the associate.

Outlook

Amidst the current intense competition and unstable economic development, the Group's businesses have been able to maintain their profitability and financial health during the period under review. For the second half of the year, the Group will continue to concentrate its resources on improving its core businesses. On the one hand, we will continue to push ahead with the development of new inks, industrial coatings, resins and lubricants products. On the other hand, we will make an effort to increase the level of awareness of the "Bauhinia" brand in the architectural coatings industry. With all the measures as mentioned above, we expect our sales growth to accelerate and our profitability to rise as the economy revives.

Furthermore, the Group will continue to capitalise on its healthy financial position and years of experience in the Chinese fine chemicals industry to identify strategic investments suitable for our core businesses with the aim of speeding up the expansion of the core businesses and bringing additional sources of long-term growth to the Group.

Ip Kwan (Francis)

Chief Executive Officer

22 August 2024

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group's gearing ratio (measured by net bank borrowings as a percentage of equity attributable to owners of the Company) was 18.3% (30 June 2023: 0.1%), representing an increase of 4.3 percentage points as compared to last year end. In the second half of 2023, in addition to the distribution of special dividends, the Group also used its funds for business expansion and investments, causing the gearing ratio to continue rising compared to the corresponding period of the preceding 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 2.8% during the period under review. The Group will remain prudent in managing its foreign exchange exposure to minimise the impact of RMB fluctuation on its results. As regards operating cash flow, the Group recorded a net cash outflow of HK\$91,075,000 during the period under review (six months ended 30 June 2023: net cash inflow of HK\$51,761,000). Compared to the corresponding period of the preceding year, although the profit before tax with adjusting items increased, the overall impact of the changes in working capital resulted in a net cash outflow for the period under review.

As at 30 June 2024, gross bank borrowings of the Group amounted to HK\$1,186,477,000 (31 December 2023: HK\$1,401,793,000). After the deduction of short-term bank deposits, bank balances and cash amounting to HK\$493,539,000 (31 December 2023: HK\$854,247,000), net bank borrowings amounted to HK\$692,938,000 (31 December 2023: HK\$547,546,000). Of the gross bank borrowings, HK\$758,579,000 (31 December 2023: HK\$930,787,000) were short-term loans repayable within one year. Such loans were denominated in two currencies, HK\$458,210,000 in Hong Kong Dollars and HK\$300,369,000 in RMB (31 December 2023: HK\$721,667,000 in Hong Kong Dollars and HK\$209,120,000 in RMB). Long-term loans repayable after one year amounted to HK\$427,898,000 (31 December 2023: HK\$471,006,000), and they were denominated in two currencies, HK\$417,200,000 in Hong Kong Dollars and HK\$10,698,000 in RMB (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\$36,865,000 in Hong Kong Dollars, HK\$338,019,000 in RMB, HK\$112,495,000 in US Dollars and HK\$6,160,000 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 the first half of 2024. As at 30 June 2024, medium to long term loans (including portions repayable within one year amounted to HK\$136,133,000) accounted for 47% 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 30 June 2024, the Group's loans under fixed rate arrangement constituted 35% of its medium to long term loans.

On the other hand, 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 30 June 2024, a total of 18 banks in Hong Kong and Mainland China granted banking facilities of an aggregate amount of HK\$2,615,919,000 to the Group. Of these banking facilities, 53% and 47% were denominated in Hong Kong Dollars and RMB respectively.

As at 30 June 2024, the Group did not have any pledged asset and significant contingent liabilities. Save as disclosed in this announcement, the Group did not have any immediate concrete plans for material investments or capital assets for the second half of 2024 but the Group may explore potential opportunities to make investment and/or acquire capital assets to achieve sustainable growth.

HUMAN RESOURCES

As of 30 June 2024, the Group has a total number of 2,308 employees, among which 58 and 10 of them are from Hong Kong and other countries respectively while the remaining 2,240 are from different provinces in Mainland China.

The Group places great emphasis on the management and development of human capital. The employees are encouraged to strive for improvement through internal and external training programs, job rotations and participation in the Group's educational subsidy programs, facilitating self-development in knowledge and skills and to maximize 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2024.

CORPORATE GOVERNANCE

During the six months ended 30 June 2024, 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 2024, the Audit Committee comprised the three independent non-executive Directors, namely Mr. Ku Yee Dao, Lawrence, Mr. Ho Pak Chuen 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 2024 to review the Group’s unaudited interim financial statements for the six months ended 30 June 2024. Deloitte Touche Tohmatsu, the Group’s external auditor, has reviewed the Group’s unaudited interim financial statements for the six months ended 30 June 2024, 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 2024.

UNAUDITED INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024, 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 2024

	NOTES	Six months ended 30 June	
		2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	1,557,365	1,566,874
Cost of sales		<u>(1,198,121)</u>	<u>(1,191,852)</u>
Gross profit		359,244	375,022
Other income	4a	42,281	48,195
Other gains and losses	4b	(21,113)	(17,650)
Selling and distribution expenses		(97,550)	(112,541)
General and administrative expenses		(260,977)	(286,696)
Finance costs		(31,997)	(28,403)
Share of results of associates		<u>49,449</u>	<u>32,145</u>
Profit before taxation	5	39,337	10,072
Taxation	6	<u>(5,786)</u>	<u>(1,177)</u>
Profit for the period		<u>33,551</u>	<u>8,895</u>
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation to presentation currency		(124,557)	(182,361)
Fair value changes on financial assets at fair value through other comprehensive income ("FVTOCI")		<u>(3,240)</u>	<u>11</u>
		<u>(127,797)</u>	<u>(182,350)</u>

	NOTE	Six months ended 30 June	
		2024	2023
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Items that may be reclassified subsequently to profit or loss:			
Net adjustment arising from hedging instruments		(49)	(1,832)
Exchange differences arising on translation of foreign operations		15,948	46,406
Fair value changes on debt instruments at FVTOCI		15	–
Provision for impairment loss for debt instruments at FVTOCI included in profit or loss		75	–
Release upon disposal of debt instruments at FVTOCI		(120)	–
		<u>15,869</u>	<u>44,574</u>
Other comprehensive expense for the period		<u>(111,928)</u>	<u>(137,776)</u>
Total comprehensive expense for the period		<u><u>(78,377)</u></u>	<u><u>(128,881)</u></u>
Profit (loss) for the period attributable to:			
– Owners of the Company		34,057	16,260
– Non-controlling interests		(506)	(7,365)
		<u>33,551</u>	<u>8,895</u>
Total comprehensive expense for the period attributable to:			
– Owners of the Company		(76,852)	(122,731)
– Non-controlling interests		(1,525)	(6,150)
		<u>(78,377)</u>	<u>(128,881)</u>
Earnings per share	8		
– Basic		<u>HK6.0 cents</u>	<u>HK2.9 cents</u>
– Diluted		<u>HK6.0 cents</u>	<u>HK2.9 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		30 June 2024	31 December 2023
	<i>NOTES</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
Non-current assets			
Property, plant and equipment	9	1,000,528	1,032,307
Investment properties	9	233,896	222,900
Interests in associates		1,222,419	1,241,342
Financial assets at fair value through profit or loss (“FVTPL”)		851,516	857,411
Financial assets at FVTOCI		16,669	20,444
Debt instruments at FVTOCI		41,086	22,492
Debt instruments at amortised cost		143,620	135,200
Goodwill		59,089	55,105
Intangible assets		59,763	60,794
Amounts due from associates		74,668	76,817
Deposits paid for acquisition of property, plant and equipment and investment properties		21,060	37,883
Derivative financial instruments		502	97
Deferred tax assets		2,519	2,727
		3,727,335	3,765,519
Current assets			
Inventories		363,199	393,246
Trade receivables	10	1,369,395	1,240,923
Other debtors and prepayments	10	94,174	163,561
Derivative financial instruments		1,077	1,531
Short-term bank deposits with original maturity more than three months		62,362	238,154
Cash and cash equivalents		431,177	616,093
		2,321,384	2,653,508

		30 June 2024	31 December 2023
	<i>NOTE</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Current liabilities			
Creditors and accrued charges	11	885,686	961,029
Contract liabilities		26,030	31,956
Taxation payables		27,297	28,270
Dividend payables		56,848	–
Lease liabilities		3,891	15,170
Borrowings – amount due within one year		798,579	930,787
		1,798,331	1,967,212
Net current assets		523,053	686,296
Total assets less current liabilities		4,250,388	4,451,815
Non-current liabilities			
Lease liabilities		10,651	27,689
Borrowings – amount due after one year		387,898	471,006
Deferred tax liabilities		35,748	38,018
		434,297	536,713
		3,816,091	3,915,102
Capital and reserves			
Share capital		56,848	56,848
Reserves		3,735,847	3,869,501
Equity attributable to owners of the Company		3,792,695	3,926,349
Non-controlling interests		23,396	(11,247)
		3,816,091	3,915,102

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

		Six months ended 30 June	
	<i>NOTES</i>	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Net cash (used in) from operating activities		(91,075)	51,761
Cash flows from (used in) investing activities			
Purchases of property, plant and equipment		(11,940)	(6,690)
Deposits paid for acquisition of property, plant and equipment and investment properties		(12,281)	(4,328)
Dividend received from financial assets at FVTPL		122	–
Proceeds from disposal of financial assets at FVTPL		478	–
Proceeds from disposal of debt instruments at amortised cost and FVTOCI		5,996	–
Acquisition of debt instruments at amortised cost and FVTOCI		(31,481)	–
Acquisition of financial assets at FVTPL		(5,392)	(662,867)
Acquisition of financial assets at FVTOCI		–	(11,319)
Net cash (outflow) inflow from disposal of subsidiaries	13	(3,426)	1,799,286
Dividend received from associates		33,408	31,179
Interest received		19,113	29,906
Proceeds from disposal of property, plant and equipment		1,373	276
Net cash inflow on acquisition of subsidiaries	12	327	–
Net cash outflow on acquisition of interest in a subsidiary from non-controlling shareholders		–	(78,137)
Withdrawal (placement) of bank deposits with original maturity more than three months		175,792	(127,985)
Net cash from investing activities		172,089	969,321
Cash flows (used in) from financing activities			
Borrowings raised		671,439	729,207
Repayment of borrowings		(886,755)	(1,654,074)
Interest paid		(34,226)	(27,938)
Dividends paid to non-controlling shareholders of subsidiaries		–	(16,526)
Payment of lease liabilities		(5,241)	(10,099)
Net cash received in relation to the settlement of the derivative financial instruments used to hedge interest rate risk		1,541	1,707
Net cash used in financing activities		(253,242)	(977,723)

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net (decrease) increase in cash and cash equivalents	(172,228)	43,359
Cash and cash equivalents at beginning of the period	616,093	1,088,116
Effect of foreign exchange rate changes	(12,688)	(19,787)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	431,177	1,111,688
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Short-term bank deposits with original maturity within three months	134,169	710,832
Bank balance and cash	297,008	400,856
	<hr/>	<hr/>
	431,177	1,111,688
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” 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 statements have 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.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed 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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

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 sales related taxes, and rental income received and receivable from tenants during the period.

	Six months ended 30 June	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
Geographical market based on location of customers:		
People's Republic of China (the "PRC")	1,513,038	1,516,604
Hong Kong	30,123	33,894
Overseas (mainly including countries in South East Asia)	14,204	16,376
	<u>1,557,365</u>	<u>1,566,874</u>

Segment information

For management purposes, the Group's reportable segments under HKFRS 8 included four business divisions, namely (i) coatings, (ii) inks, (iii) lubricants and (iv) properties.

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 manufacturing 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 current and prior periods. Accordingly these were aggregated and presented in "Others".

Segment results represent the profit earned or loss incurred for the period by each segment without allocation of share of results of associates, interest income, central administration costs, finance costs and unallocated other income. This is the information reported to the Chief Executive Officer of the Company, 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	Reportable segment total HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
Six months ended 30 June 2024								
(unaudited)								
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)	-
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 results of associates								49,449
Unallocated income								23,519
Unallocated expenses								(29,898)
Finance costs								(31,997)
Profit before taxation								<u>39,337</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
Six months ended 30 June 2023 (unaudited)								
Segment revenue								
Revenue from contracts with customers								
– recognised at a point in time	775,063	553,880	193,761	–	1,522,704	18,629	–	1,541,333
– recognised over time	–	–	–	–	–	20,122	–	20,122
External sales	775,063	553,880	193,761	–	1,522,704	38,751	–	1,561,455
Inter-segment sales	32	38	331	–	401	–	(401)	–
External rental income	–	–	–	5,419	5,419	–	–	5,419
Inter-segment rental income	–	–	–	182	182	–	(182)	–
Total	775,095	553,918	194,092	5,601	1,528,706	38,751	(583)	1,566,874
Results								
Segment results	15,596	(4,012)	5,726	(1,391)	15,919	(14,012)	(12)	1,895
Share of results of associates								32,145
Unallocated income								40,905
Unallocated expenses								(36,470)
Finance costs								(28,403)
Profit before taxation								10,072

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(a) The Group's other income mainly comprises:		
Interest income	14,043	29,906
Government grants recognised	7,979	2,564
Dividend income from financial assets at FVTPL	11,591	6,364

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(b) The Group's other gains (losses) comprise of:		
Impairment loss recognised on debt instruments at FVTOCI and amortised cost under expected credit loss ("ECL") model	(110)	–
Net (impairment loss) reversal of impairment loss recognised on trade and other receivables under ECL model	(6,048)	5,805
Loss on disposal of subsidiaries (<i>note 13</i>)	(1,036)	–
Release upon disposal of debt instruments at FVTOCI	120	–
Net gain on disposal of debt instruments at amortised cost	56	–
Loss on fair value change of investment properties	(2,737)	(5,183)
Net (loss) gain from change in fair value of financial assets at FVTPL	(2,291)	4,634
Net exchange loss arising from foreign currency balances and transactions	(7,754)	(22,942)
Net (loss) gain on disposal/written off of property, plant and equipment	(1,313)	36
	(21,113)	(17,650)

5. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit before taxation has been arrived at after charging:		
Amortisation of intangible assets	1,016	1,443
Cost of inventories recognised as expense (<i>note</i>)	1,198,121	1,191,852
Depreciation of property, plant and equipment	49,980	65,071

Note: During the six months ended 30 June 2024, net allowance recognised on inventories amounting to HK\$2,993,000 (six months ended 30 June 2023: HK\$2,595,000). Written off of inventories amounting to HK\$725,000 (six months ended 30 June 2023: HK\$2,460,000) was recognised as an expense during the current interim period.

6. TAXATION

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax – the PRC		
Current period	4,270	3,781
Withholding tax	59	331
	4,329	4,112
Current tax – Overseas	200	453
	4,529	4,565
Overprovision in respect of prior years – the PRC	(1,272)	(4,999)
Deferred tax charge	2,529	1,611
	5,786	1,177

No provision for Hong Kong Profits Tax has been made as the Company and subsidiaries did not generate any assessable profits or have available tax losses brought forward from prior years to offset against assessable profits generated.

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 PRC is 25% from 1 January 2008 onwards.

Certain of the Group’s subsidiaries operating in the PRC 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%. EIT of the PRC has been provided for after taking these tax incentives into account.

The withholding tax represented taxation recognised in respect of interest income derived from loans to subsidiaries in the PRC and dividends to be distributed from profits earned by certain subsidiaries in the PRC starting from 1 January 2008. The withholding tax is recognised for interest income derived from the PRC at tax rate of 7% and dividends to be distributed from profits earned by certain subsidiaries in the PRC in accordance with the Implementation Regulation of the EIT Law of the PRC that requires withholding tax with tax rate at 5% for dividend upon the distribution of such profits to the shareholders.

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

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into accounts the dividends to be distributed from profits earned by certain subsidiaries in the PRC starting from 1 January 2008 under the Implementation Regulation of the EIT Law of the PRC that requires withholding tax with tax rate at 5% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributed retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK\$191,874,000 (31 December 2023: HK\$198,016,000) as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

7. DIVIDENDS

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.

During the six months ended 30 June 2023, final dividend of HK5 cents and special dividend of HK75 cents per share totalling approximately HK\$454,788,000 in respect of the year ended 31 December 2022 were declared and subsequently paid in July 2023.

Subsequent to 30 June 2024, the directors of the Company resolved to declare an interim dividend of HK3 cents per share totalling approximately HK\$16,986,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: an interim dividend of HK2 cents per share totalling approximately HK\$11,370,000). The interim dividend will be payable on or about 9 October 2024 to the shareholders of the Company whose names appear on the Company's register of members on 11 September 2024.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company and earnings for the purposes of calculating basic and diluted earnings per share	34,057	16,260
	Number of shares	
	'000	'000
Weighted average number of shares for the purpose of calculating basic and diluted earnings per share	568,484	568,484

There were no potential diluted ordinary shares in existence for the six months ended 30 June 2024. For the six months ended 30 June 2023, the computation of diluted earnings per share does not assume the exercise of the Company's options of exercise prices of HK\$5.942 because the exercise prices of those options were higher than the average market price for shares from 1 January 2023 until lapse of share option on 10 January 2023.

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

During the six months ended 30 June 2024, the Group incurred approximately HK\$26,462,000 (six months ended 30 June 2023: HK\$23,970,000) to acquire property, plant and equipment for its operations.

During the six months ended 30 June 2024, the Group did not enter into any new lease agreements. During the six months ended 30 June 2023, the Group entered into new lease agreements with lease terms ranged from 1 to 5 years. On lease commencement, the Group recognised HK\$4,859,000 of right-of-use assets, included in property, plant and equipment, and HK\$4,859,000 of lease liabilities during the six months ended 30 June 2023.

During the six months ended 30 June 2024, the Group acquired investment properties of approximately HK\$20,266,000 (six months ended 30 June 2023: HK\$1,421,000). During the six months ended 30 June 2023, investment property with fair value at the date of transfer of HK\$6,295,000 (six months ended 30 June 2024: nil) was transferred to owned property due to change in use of that portion of property. During the six months ended 30 June 2024, a net decrease in fair value of investment properties of HK\$2,737,000 (six months ended 30 June 2023: HK\$5,183,000) has been recognised directly in profit or loss. The valuations are carried out by an independent qualified professional valuer, who is not connected with the Group. The valuations performed by the independent qualified professional valuer are arrived by direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market, or by using income approach taking into account the current market rent passing of the property interest with due provision of any reversionary income potential. The direct comparison approach is based on market observable recent transactions of similar properties in similar location. The income approach is based on market observable recent rental income of similar properties in similar location.

10. TRADE RECEIVABLES, OTHER DEBTORS AND PREPAYMENTS

(a) Trade receivables

	30 June 2024	31 December 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Trade receivables from contracts with customers	1,430,263	1,298,050
Less: allowance for ECL	(60,868)	(57,127)
	<u>1,369,395</u>	<u>1,240,923</u>

Bills received by the Group which represent 銀行承兌匯票 (“banker’s acceptances”) i.e. time drafts accepted and guaranteed for payment by the PRC banks, amounting to HK\$294,510,000 (31 December 2023: HK\$325,187,000). The Group accepts the settlement of trade receivables by customers using banker’s acceptances accepted by the PRC banks on a case-by-case basis.

These banker’s acceptances are issued to or endorsed to the Group and with maturity date in general not longer than twelve months from the date of issuance. The banker’s acceptances will be settled by the banks, which are state-owned banks or commercial banks or financial institutions in the PRC, on the maturity date of such banker’s acceptances.

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0–3 months	761,799	590,704
4–6 months	198,375	239,962
Over 6 months	114,711	85,070
	<u>1,074,885</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.

(b) Other debtors and prepayments

Other debtors and prepayments mainly consist of payments in advance to suppliers, commission receivable from suppliers and value-added tax recoverable.

11. CREDITORS AND ACCRUED CHARGES

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
Trade creditors	653,473	716,290
Other creditors and accrued charges	232,213	244,739
	<u>885,686</u>	<u>961,029</u>

Other creditors and accrued charges mainly consist of payables of acquisition of property, plant and equipment, payables of staff salaries and benefits (including sales commission), payable of storage and transportation.

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

	30 June 2024 HK\$'000 (Unaudited)	31 December 2023 HK\$'000 (Audited)
0–3 months	525,341	548,586
4–6 months	121,983	161,121
Over 6 months	6,149	6,583
	<u>653,473</u>	<u>716,290</u>

12. ACQUISITION OF A SUBSIDIARY

In January 2024, the Group converted the outstanding loan of RMB31,365,000 (approximately HK\$34,520,000) of 湖北惠瑪新材料科技有限公司 (“惠瑪”) into shares of 惠瑪. Upon completion of the transaction, the Group has acquired 59.91% equity interest in 惠瑪. 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 date of acquisition <i>HK\$'000</i>
Property, plant and equipment	34,397
Inventories	4,895
Trade and other receivables	21,031
Cash and cash equivalents	327
Trade and other payables	<u>(9,678)</u>
	<u>50,972</u>

Consideration transferred:

	<i>HK\$'000</i>
Other receivables	<u>34,520</u>

Goodwill arising on acquisition:

	<i>HK\$'000</i>
Consideration transferred	34,520
Plus: non-controlling interests	20,436
Less: net assets acquired	<u>(50,972)</u>
Goodwill arising on acquisition	<u>3,984</u>

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

Net cash inflow arising on acquisition:

	<i>HK\$'000</i>
Consideration paid in cash	–
Add: bank balances and cash acquired	<u>327</u>
	<u>327</u>

Impacts of acquisition on the results of the Group

Included in the Group's profit for the six months ended 30 June 2024, loss amounting of HK\$415,000 was attributable to the business operation from 惠瑪. Revenue of the Group for the six months ended 30 June 2024 included HK\$21,822,000 which was generated from 惠瑪.

13. DISPOSAL OF SUBSIDIARIES

In January 2024, the Group entered into an agreement to dispose of the 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, 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 河北大麥 and its subsidiaries at the date of disposal were as follows:

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

Loss of disposal of subsidiaries:

	<i>HK\$'000</i>
Consideration received	–
Add: non-controlling interest	(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 subsidiaries	(1,036)
	<hr/> <hr/>

Net cash outflow from disposal:

	<i>HK\$'000</i>
Cash consideration received	–
Less: bank balances and cash disposed of	(3,426)
	<hr/>
	(3,426)
	<hr/> <hr/>

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3 cents per share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK2 cents per share). The interim dividend will be payable on or about 9 October 2024 to shareholders whose names appear on the register of members of the Company on 11 September 2024.

CLOSURE OF REGISTER OF MEMBERS

The Hong Kong branch register of members of the Company will be closed from 6 September 2024 to 11 September 2024 (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 Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 5 September 2024.

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 2024 interim report containing all the information required by the Listing Rules will be despatched to the shareholders and 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, 22 August 2024

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*