有利集團有限公司*

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0406)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2014

HIGHLIGHTS

The Group reported an increase in revenue from HK$4,196,546,000 to HK$6,552,586,000.

The Group reported gross profit of HK$442,280,000 (2013: HK$397,213,000) in this year.

Profit for the year was HK$39,234,000 (2013: HK$65,310,000).

Basic and diluted earnings per share was approximately HK8.82 cents (2013: HK14.92 cents).

The net asset value attributable to equity holders of the Company as at 31 March 2014 was HK$1,531,610,000 (2013: HK$1,499,440,000), equivalent to HK$3.50 (2013: HK$3.42) per share based on the 438,053,600 (2013: 438,053,600) ordinary shares in issue.

* *For identification purpose only*

The Board of Directors (the "Board") of Yau Lee Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2014 together with comparative figures for the year ended 31 March 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 (Restated) HK$'000
Revenue	3	**6,552,586**	4,196,546
Cost of sales	5	**(6,110,306)**	(3,799,333)
Gross profit		**442,280**	397,213
Other income and gains	4	**41,514**	76,211
Distribution costs	5	**(29,238)**	(27,300)
Administrative expenses	5	**(360,849)**	(333,073)
Other operating expenses	5	**(8,174)**	(3,492)
Operating profit		**85,533**	109,559
Finance costs	6	**(38,818)**	(36,067)
Share of profit of associates		**362**	37
Share of loss of joint ventures		**(52)**	(39)
Profit before income tax		**47,025**	73,490
Income tax expense	7	**(7,791)**	(8,180)
Profit for the year		**39,234**	65,310
Attributable to:			
Equity holders of the Company		**38,615**	65,360
Non-controlling interests		**619**	(50)
		39,234	65,310
Dividend	8	**10,426**	10,426
Earnings per share (basic and diluted)	9	**8.82 cents**	14.92 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**39,234**	65,310
Other comprehensive income:		
Items that may be reclassified to profit or loss subsequently:		
Currency translation differences	**4,000**	1,406
Total comprehensive income for the year	**43,234**	66,716
Attributable to:		
Equity holders of the Company	**42,596**	66,766
Non-controlling interests	**638**	(50)
Total comprehensive income for the year	**43,234**	66,716

CONSOLIDATED BALANCE SHEET

As at 31 March 2014

	Note	**31 March 2014**	31 March 2013 (Restated)	1 April 2012 (Restated)
		HK$'000	*HK$'000*	*HK$'000*
ASSETS				
Non-current assets				
Property, plant and equipment		**1,138,264**	1,095,013	932,943
Investment properties		**329,115**	324,023	265,557
Leasehold land and land use rights		**59,480**	59,801	60,897
Intangible assets		**15,678**	16,734	17,790
Goodwill		**15,905**	15,905	15,905
Associates		**1,384**	1,402	1,479
Deferred income tax assets		**4,481**	3,681	9,727
Available-for-sale financial assets		**11,800**	–	–
Other non-current assets		**49,364**	45,164	96,786
		1,625,471	1,561,723	1,401,084
Current assets				
Cash and bank balances		**1,001,142**	651,364	650,964
Trade debtors, net	*10*	**1,190,512**	684,089	685,420
Prepayments, deposits and other receivables		**773,215**	377,874	285,888
Inventories		**115,622**	79,127	73,696
Prepaid income tax		**1,200**	3,574	904
Due from customers on construction contracts		**994,186**	617,768	496,599
Financial assets at fair value through profit or loss		**32,544**	42,402	44,021
Property under development for sale		**445,744**	386,926	347,810
Due from associates, net		**1,657**	159	458
Due from joint ventures/ joint operations		**4,026**	2,411	3,405
Due from other partners of joint operations		**56,797**	5,108	–
		4,616,645	2,850,802	2,589,165
Total assets		**6,242,116**	4,412,525	3,990,249
EQUITY				
Share capital		**87,611**	87,611	87,611
Other reserves		**452,497**	448,516	447,110
Retained profits				
Proposed final dividend		**6,045**	6,045	9,988
Others		**985,457**	957,268	902,334
Attributable to equity holders of the Company		**1,531,610**	1,499,440	1,447,043
Non-controlling interests		**1,660**	1,022	1,072
Total equity		**1,533,270**	1,500,462	1,448,115

CONSOLIDATED BALANCE SHEET *(Continued)*
As at 31 March 2014

	Note	**31 March 2014** *HK$'000*	31 March 2013 (Restated) *HK$'000*	1 April 2012 (Restated) *HK$'000*
LIABILITIES				
Non-current liabilities				
Long-term borrowings		**1,280,525**	1,015,590	755,715
Deferred income tax liabilities		**3,846**	7,235	6,601
		1,284,371	1,022,825	762,316
Current liabilities				
Short-term bank loans		**1,098,821**	649,372	686,734
Current portion of long-term borrowings		**71,066**	69,371	35,099
Derivative financial liabilities		**15,127**	26,952	21,785
Payables to suppliers and subcontractors	*11*	**591,416**	316,632	350,714
Accruals, retention payables and other liabilities		**567,139**	355,956	283,635
Income tax payable		**12,242**	590	3,778
Obligation in respect of joint ventures		**1,343**	1,291	1,252
Due to customers on construction contracts		**985,298**	440,295	387,457
Due to joint operations		**60,090**	27,047	–
Due to other partners of joint operations		**21,933**	1,732	9,364
		3,424,475	1,889,238	1,779,818
Total liabilities		**4,708,846**	2,912,063	2,542,134
Total equity and liabilities		**6,242,116**	4,412,525	3,990,249
Net current assets		**1,192,170**	961,564	809,347
Total assets less current liabilities		**2,817,641**	2,523,287	2,210,431

BALANCE SHEET
As at 31 March 2014

	2014	2013
	HK$'000	*HK$'000*
ASSETS		
Non-current asset		
Subsidiaries	**571,615**	571,615
Current assets		
Cash and bank balances	**18,528**	8,757
Prepayments, deposits and other receivables	**1,538**	306
Prepaid income tax	**–**	19
Financial assets at fair value through profit or loss	**9,232**	19,048
Due from subsidiaries	**1,125,729**	1,114,406
Due from an associate	**63**	43
Due from a joint venture	**200**	120
	1,155,290	1,142,699
Total assets	**1,726,905**	1,714,314
EQUITY		
Share capital	**87,611**	87,611
Other reserves	**414,135**	414,135
Retained profits		
Proposed final dividend	**6,045**	6,045
Others	**956,196**	974,132
Total equity	**1,463,987**	1,481,923
LIABILITIES		
Current liabilities		
Short-term bank loans	**30,000**	30,000
Accruals and other liabilities	**568**	1,042
Due to subsidiaries	**232,350**	201,349
Total liabilities	**262,918**	232,391
Total equity and liabilities	**1,726,905**	1,714,314
Net current assets	**892,372**	910,308
Total assets less current liabilities	**1,463,987**	1,481,923

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital redemption reserve	Currency translation reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2013	**87,611**	**413,776**	**359**	**34,381**	**963,313**	**1,499,440**	**1,022**	**1,500,462**
Comprehensive income:								
Profit for the year	**–**	**–**	**–**	**–**	**38,615**	**38,615**	**619**	**39,234**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**3,981**	**–**	**3,981**	**19**	**4,000**
2013 final dividend	**–**	**–**	**–**	**–**	**(6,045)**	**(6,045)**	**–**	**(6,045)**
2014 interim dividend	**–**	**–**	**–**	**–**	**(4,381)**	**(4,381)**	**–**	**(4,381)**
As at 31 March 2014	**87,611**	**413,776**	**359**	**38,362**	**991,502**	**1,531,610**	**1,660**	**1,533,270**
As at 1 April 2012	87,611	413,776	359	32,975	912,322	1,447,043	1,072	1,448,115
Comprehensive income:								
Profit/(loss) for the year	–	–	–	–	65,360	65,360	(50)	65,310
Other comprehensive income:								
Currency translation differences	–	–	–	1,406	–	1,406	–	1,406
2012 final dividend	–	–	–	–	(9,988)	(9,988)	–	(9,988)
2013 interim dividend	–	–	–	–	(4,381)	(4,381)	–	(4,381)
As at 31 March 2013	87,611	413,776	359	34,381	963,313	1,499,440	1,022	1,500,462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations. The Group is also engaged in other activities which mainly include computer software development and architectural and engineering services.

The Company is a limited liability company incorporated in Bermuda on 25 June 1991. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 24 June 2014.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, and investment properties which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group

The following relevant new/revised standards, amendments and interpretations have been published that are effective for the accounting period of the Group beginning 1 April 2013.

HKAS 1 (Amendment)	Presentation of Financial Statements – Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

Annual Improvements 2009 – 2011 Cycle
Annual Improvements 2012 – Amendment to HKFRS 13 "Fair Value Measurement"
Annual Improvements 2013 – Amendment to HKFRS 1 "First Time Adoption"

The application of the above new/revised standards, amendments and interpretations in the current year had no material impact on the Group's consolidated financial statements except for the retrospective application of HKFRS 11 and certain disclosures in respect of HKAS 1 (Amendment), HKFRS 12 and HKFRS 13.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group *(Continued)*

HKFRS 11 Joint Arrangements

Under HKFRS 11, the classification of joint arrangements focus on the rights and obligations of the parties to the arrangement. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities in the arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses in the joint operation in its own financial statements, while equity accounting is required for all joint ventures.

The Directors concluded that all of the Group's unincorporated joint arrangements (which previously were classified as joint ventures under HKAS 31 and accounted for using the equity method) should be classified as joint operations under HKFRS 11. The assessment on the classification has taken into account the relevant joint arrangement agreements that specified the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements. The comparative figures have been restated to reflect the change (see below for details).

The effect of the application of HKFRS 11 on the Group's consolidated financial statements for the prior years are as follows:

Impact on the results for the years ended 31 March 2014 and 2013 by line items presented in the consolidated income statement is as follows:

	2014	2013
	HK$'000	*HK$'000*
Increase in revenue	**1,538,798**	510,602
Increase in cost of sales	**(1,522,210)**	(463,266)
Increase/(decrease) in other income and gains, net	**476**	(1,076)
Increase in administrative expenses	**(702)**	(754)
Increase in other operating expenses	**(2)**	–
Increase in finance costs	**(882)**	(2,056)
Decrease in share of profit of joint ventures	**(7,128)**	(43,456)
(Increase)/decrease in income tax expense	**(8,350)**	6
Net change in profit for the year	**–**	–

There is no impact on earnings per share.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group *(Continued)*

Impact on the consolidated balance sheet of the Group as at 1 April 2012 is as follows:

	At 1 April 2012 as previously reported *HK$'000*	Adoption of HKFRS 11 *HK$'000*	At 1 April 2012 (Restated) *HK$'000*
Non-current assets			
Property, plant and equipment	923,271	9,672	932,943
Joint ventures	16,468	(16,468)	–
Current assets			
Cash and bank balances	570,027	80,937	650,964
Trade debtors, net	636,042	49,378	685,420
Prepayments, deposits and other receivables	307,723	(21,835)	285,888
Prepaid income tax	634	270	904
Due from customers on construction contracts	448,373	48,226	496,599
Due from joint ventures	5,077	(1,672)	3,405
	2,907,615	148,508	3,056,123
Non-current liability			
Deferred income tax liabilities	5,565	1,036	6,601
Current liabilities			
Short-term bank loans	578,734	108,000	686,734
Payables to suppliers and subcontractors	335,850	14,864	350,714
Accruals, retention payables and other liabilities	275,829	7,806	283,635
Income tax payable	3,778	–	3,778
Due to customers on construction contracts	373,019	14,438	387,457
Due to joint ventures	7,000	(7,000)	–
Due to other partners of joint operations	–	9,364	9,364
	1,579,775	148,508	1,728,283
Other assets and liabilities	120,275	–	120,275
Total net assets	1,448,115	–	1,448,115

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group *(Continued)*

Impact on the consolidated balance sheet of the Group as at 31 March 2013 is as follows:

	At 31 March 2013 as previously reported *HK$'000*	Adoption of HKFRS 11 *HK$'000*	At 31 March 2013 (Restated) *HK$'000*
Non-current assets			
Property, plant and equipment	1,086,815	8,198	1,095,013
Joint ventures	48,524	(48,524)	–
Current assets			
Cash and bank balances	453,507	197,857	651,364
Trade debtors, net	635,960	48,129	684,089
Prepayments, deposits and other receivables	385,684	(7,810)	377,874
Prepaid income tax	130	3,444	3,574
Due from customers on construction contracts	611,282	6,486	617,768
Due from joint ventures	2,411	–	2,411
Due from other partners of joint operations	–	5,108	5,108
	3,224,313	212,888	3,437,201
Non-current liability			
Deferred income tax liabilities	6,349	886	7,235
Current liabilities			
Short-term bank loans	619,372	30,000	649,372
Payables to suppliers and subcontractors	274,363	42,269	316,632
Accruals, retention payables and other liabilities	328,609	27,347	355,956
Income tax payable	590	–	590
Due to customers on construction contracts	293,526	146,769	440,295
Due to joint ventures	63,162	(36,115)	27,047
Due to other partners of joint operations	–	1,732	1,732
	1,585,971	212,888	1,798,859
Other assets and liabilities	(137,880)	–	(137,880)
Total net assets	1,500,462	–	1,500,462

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group *(Continued)*

Impact on the consolidated balance sheet of the Group as at 31 March 2014 is as follows:

	At 31 March 2014	Adoption of HKFRS 11	At 31 March 2014 (As presented)
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Property, plant and equipment	**1,131,608**	**6,656**	**1,138,264**
Joint ventures	**55,652**	**(55,652)**	**–**
Current assets			
Cash and bank balances	**742,110**	**259,032**	**1,001,142**
Trade debtors, net	**1,047,184**	**143,328**	**1,190,512**
Prepayments, deposits and other receivables	**408,507**	**364,708**	**773,215**
Prepaid income tax	**378**	**822**	**1,200**
Due from customers on construction contracts	**906,795**	**87,391**	**994,186**
Due from joint ventures	**6,313**	**(2,287)**	**4,026**
Due from other partners of joint operations	**–**	**56,797**	**56,797**
	4,298,547	**860,795**	**5,159,342**
Non-current liability			
Deferred income tax liabilities	**3,846**	**–**	**3,846**
Current liabilities			
Short-term bank loans	**1,056,821**	**42,000**	**1,098,821**
Payables to suppliers and subcontractors	**534,711**	**56,705**	**591,416**
Accruals, retention payables and other liabilities	**415,353**	**151,786**	**567,139**
Income tax payable	**14,438**	**(2,196)**	**12,242**
Due to customers on construction contracts	**353,574**	**631,724**	**985,298**
Due to joint ventures	**101,247**	**(41,157)**	**60,090**
Due to other partners of joint operations	**–**	**21,933**	**21,933**
	2,479,990	**860,795**	**3,340,785**
Other assets and liabilities	**(285,287)**	**–**	**(285,287)**
Total net assets	**1,533,270**	**–**	**1,533,270**

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group *(Continued)*

HKFRS 12 'Disclosure of Interests in Other Entities' requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Disclosure required includes significant judgements and assumptions made in determining whether an entity controls, jointly controls, significantly influences or has some other interest in other entities.

HKFRS 13 'Fair Value Measurement' requires entities to disclose information about the valuation techniques and inputs used to measure fair value, as well as information about the uncertainty inherent in fair value measurements. The standard applies to both financial and non-financial items measured at fair value. Fair value is now defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Amendments to HKAS 1 'Presentation of Items of Other Comprehensive Income' improve the consistency and clarity of the presentation of items of other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. Items that will not be reclassified will be presented separately from items that may be reclassified in the future. The amounts of tax related to the two groups are required to be allocated on the same basis.

(ii) Relevant new and amended standards have been issued but are not effective for the financial year beginning 1 April 2013 and have not been early adopted

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable amount Disclosures for Non-financial assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HKFRS 9	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HK(IFRIC)-Int 21	Levies
Annual Improvements to HKFRS 2010-2012 Cycle	
Annual Improvement to HKFRS 2011-2013 Cycle	

The Group will adopt the above new and amended standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group, but is not yet in a position to state whether these would have a significant impact on its result of operations and financial position.

3 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations.

	2014	2013
		(Restated)
	HK$'000	*HK$'000*
Revenue		
Construction	**4,893,720**	2,808,348
Electrical and mechanical installation	**1,457,294**	1,070,483
Building materials supply	**72,056**	250,361
Property investment and development	**2,076**	2,063
Hotel operations	**115,671**	52,792
Others	**11,769**	12,499
	6,552,586	4,196,546

The chief operating decision makers have been identified as the Executive Directors. In accordance with the Group's internal financial reporting provided to the Executive Directors, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are as follows:

- Construction – Contracting of building construction, plumbing, renovation, maintenance and fitting-out projects
- Electrical and mechanical installation – Provision of electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services
- Building materials supply – Supply of construction and building materials
- Property investment and development
- Hotel operations

Other operations of the Group mainly comprise computer software development and architectural and engineering services which are not of a sufficient size to be reported separately.

3 REVENUE AND SEGMENT INFORMATION *(continued)*

	Construction *HK$'000*	Electrical & Mechanical Installation *HK$'000*	Building Materials Supply *HK$'000*	Property Investment and Development *HK$'000*	Hotel Operations *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 March 2014							
Total sales	4,977,813	1,749,961	533,733	2,076	115,671	46,940	7,426,194
Inter-segment sales	(84,093)	(292,667)	(461,677)	–	–	(35,171)	(873,608)
External sales	4,893,720	1,457,294	72,056	2,076	115,671	11,769	6,552,586
Segment results	34,245	31,973	4,476	2,981	28,120	(10,724)	91,071
Share of profit of associates	–	362	–	–	–	–	362
Share of loss of joint ventures	–	–	(52)	–	–	–	(52)
	34,245	32,335	4,424	2,981	28,120	(10,724)	91,381
Unallocated expenses							(5,538)
Finance costs							(38,818)
Profit before income tax							47,025
Income tax expense							(7,791)
Profit for the year							39,234

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction	Electrical & Mechanical Installation	Building Materials Supply	Property Investment and Development	Hotel Operations	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Restated							
Year ended 31 March 2013							
Total sales	2,901,317	1,362,218	512,165	2,063	52,792	30,978	4,861,533
Inter-segment sales	(92,969)	(291,735)	(261,804)	–	–	(18,479)	(664,987)
External sales	2,808,348	1,070,483	250,361	2,063	52,792	12,499	4,196,546
Segment results	68,391	(883)	5,856	53,905	(2,328)	(14,870)	110,071
Share of profit of associates	–	37	–	–	–	–	37
Share of loss of joint ventures	–	–	(39)	–	–	–	(39)
	68,391	(846)	5,817	53,905	(2,328)	(14,870)	110,069
Unallocated expenses							(512)
Finance costs							(36,067)
Profit before income tax							73,490
Income tax expense							(8,180)
Profit for the year							65,310

4 OTHER INCOME AND GAINS

	2014	2013 (Restated)
	HK$'000	*HK$'000*
Other income		
Dividend income from investments	**74**	296
Bank interest income	**4,757**	2,679
Interest income from subcontractors	**14,260**	13,160
Management service income from a joint venture and a joint operation	**499**	795
Sundry income	**14,049**	3,672
	33,639	20,602
Other gains		
Gain on disposal of property, plant and equipment, net	**–**	32
Fair value gain on investment properties, net	**4,310**	54,951
Gain on financial assets at fair value through profit or loss	**940**	626
Gain on derivative financial liabilities, net	**2,541**	–
Exchange gain, net	**84**	–
	7,875	55,609
	41,514	76,211

5 EXPENSES BY NATURE

	2014	2013 (Restated)
	HK$'000	*HK$'000*
Cost of construction	**4,798,613**	2,795,502
Cost of inventories sold	**405,673**	366,272
Staff costs (excluding directors' emoluments)	**939,614**	701,906
Directors' emoluments	**18,375**	17,386
Depreciation		
Owned property, plant and equipment	**86,693**	67,653
Leased property, plant and equipment	**6,197**	3,602
	92,890	71,255
Operating lease rentals of		
Land and buildings	**14,723**	13,800
Other equipment	**103,760**	69,524
	118,483	83,324
Amortisation of leasehold land and land use rights	**1,447**	1,451
Amortisation of intangible assets	**1,056**	1,056
Write off of impaired receivables	**–**	614
Provision for impaired receivables, net of write back of impaired receivables	**224**	176
Auditor's remuneration	**5,224**	4,423
Loss on disposal of property, plant and equipment, net	**3,020**	–
Exchange loss, net	**–**	12
Direct operating expenses arising from investment properties		
– Generate rental income	**414**	301
– Not generate rental income	**32**	28
Distribution costs	**29,238**	27,300
Others	**94,264**	92,192
Total cost of sales, distribution costs, administrative and other operating expenses	**6,508,567**	4,163,198

6 FINANCE COSTS

	2014	2013
		(Restated)
	HK$'000	*HK$'000*
Interest on overdrafts and short-term bank loans	**26,899**	29,424
Interest on long-term bank loans repayable within five years	**14,921**	5,711
Interest on long-term bank loans repayable after five years	**11,097**	4,884
Interest element of finance lease payments	**479**	315
Total borrowing costs incurred	**53,396**	40,334
Less: Classified as cost of construction	**(8,652)**	(4,317)
Capitalised in construction in progress	**–**	(4,584)
Capitalised in investment properties	**(1,871)**	(1,570)
Capitalised in property under development for sale	**(4,055)**	(4,708)
	38,818	25,155
Loss on financial assets at fair value through profit or loss	**–**	1
Loss on derivative financial liabilities	**–**	10,911
	38,818	36,067

7 INCOME TAX EXPENSE

	2014	2013
		(Restated)
	HK$'000	*HK$'000*
Hong Kong profits tax provision for the year	**883**	47
Overseas tax provision for the year	**12,059**	1,564
Over-provision in prior years	**(997)**	(223)
Deferred income tax relating to the origination and reversal of temporary differences	**(4,154)**	6,792
	7,791	8,180

Hong Kong profits tax was calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

8 DIVIDEND

	2014	2013
	HK$'000	*HK$'000*
Interim dividend paid during the year		
Interim – HK1.00 cent (2013: HK1.00 cent) per ordinary share	**4,381**	4,381
Proposed final dividend		
Final – HK1.38 cents (2013: HK1.38 cents) per ordinary share	**6,045**	6,045
	10,426	10,426

In the Board meeting held on 24 June 2014, the Board recommended the payment of a final dividend at HK1.38 cents (2013: HK1.38 cents) per share, totalling HK$6,045,000 (2013: HK$6,045,000) for the year ended 31 March 2014.

9 EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of earnings per share is based on:

	2014	2013
	HK$'000	*HK$'000*
Net profit attributable to the equity holders of the Company	**38,615**	65,360

	2014	2013
Weighted average number of shares in issue during the year	**438,053,600**	438,053,600

Diluted earnings per share for the years ended 31 March 2014 and 2013 are not presented as there are no potential dilutive shares in issue during the years.

10 TRADE DEBTORS, NET

	31 March 2014	31 March 2013	1 April 2012
		(Restated)	(Restated)
	HK$'000	*HK$'000*	*HK$'000*
Trade debtors	**800,323**	433,279	454,329
Retention receivables	**392,332**	252,729	233,772
Provision for impairment	**(2,143)**	(1,919)	(2,681)
	1,190,512	684,089	685,420

10 TRADE DEBTORS, NET *(Continued)*

The aging analysis of the trade debtors, net is as follows:

	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Current	**1,116,185**	634,496	632,881
1-30 days	**15,203**	16,026	22,966
31-90 days	**16,742**	15,071	14,774
91-180 days	**7,299**	3,411	2,959
Over 180 days	**35,083**	15,085	11,840
	74,327	49,593	52,539
	1,190,512	684,089	685,420

Trade debtors are due from 30 days to 150 days after invoicing depending on the nature of services or products. As at 31 March 2014, trade debtors of HK$74,327,000 (2013 (Restated): HK$49,593,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

11 PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

The aging analysis of payables to suppliers and subcontractors is as follows:

	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Current	**529,633**	296,550	287,809
1-30 days	**47,966**	14,898	38,730
31-90 days	**11,915**	2,374	7,401
91-180 days	**412**	1,710	3,606
Over 180 days	**1,490**	1,100	13,168
	591,416	316,632	350,714

12 COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

(a) In the normal course of its business, the Group is subject to various claims under its construction contracts. As at 31 March 2014, the Group has various liquidated damages claims on certain contracts for which the respective extension of time claims have been forwarded and filed to the clients. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

(b) In 2010, the Group filed a statement of claims against a subcontractor of HK$10,000,000 in respect of the subcontractor's failure to perform contractual duties and for recovery of overpayment made to the subcontractor. The subcontractor raised a counterclaim against the Group in the sum of HK$10,000,000. The case is in the process of exchanging evidence for proceedings. The Directors are of the view that no provision is presently required with respect to the case.

(c) The Group has provided performance bonds amounting to approximately HK$884,253,000 (2013: HK$828,364,000) in favour of the Group's customers.

(d) As at 31 March 2014, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of plant and equipment and setup of a factory in Mainland China of approximately HK$16,170,000 (2013: HK$18,524,000).

(e) The future aggregate minimum lease rental payable under non-cancellable operating leases is as follows:

	2014	2013
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**11,328**	11,664
One year to five years	**19,912**	23,062
More than five years	**33,126**	35,476
	64,366	70,202

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR

This year was a positive yet challenging year. The Group's businesses are in robust markets. Our solid track records and capabilities in green and innovative building won for us many good businesses which were reflected in revenue growth and strong order book. The great opportunities, however, bring also great challenges to the industry. We, being an active participant, are inevitably affected to some extent.

The Group's businesses thrived, driven by record level new orders awarded in last reporting year. Revenue including joint operations grew by 56% to HK$6,553 million, reflecting good amounts of work done across all core segments. Revenue of construction segment increased by 74% year on year. Electrical and mechanical installation segment also achieved substantial growth in revenue by 36%. Hotel revenue went up by 119% to HK$115.7 million. The rise was attributable to growth in both room rates and occupancy, and also a full year business was reflected whilst last year figure captured only 7 months' operation.

Consolidated gross profits were HK$442 million, representing a growth of 11% year on year. Though the amount increased, gross profit percentage decreased mainly due to lower margin attained in construction segment.

Operating expenses was HK$398 million, up by 9% or HK$34 million year on year. The rise was mainly in hotel of HK$20 million, reflecting a full year operation whilst last year figure represented only 7 months' operation. Also, operating expenses increased by HK$16 million in factory operations, mainly in staff cost and disposal of plants and equipment as a result of expansion of productions and facility improvements.

We achieved a profit attributable to shareholders of HK$39 million, representing a reduction of HK$26 million as compared to HK$65 million in prior year. The decrease was mainly attributable to a reduction of fair value gain on investment property by HK$51 million in this year.

The basic earnings per share for the year was HK8.82 cents, compared with HK14.92 cents last year. The net asset value attributable to equity holders of the Company as at 31 March 2014 was HK$1,532 million (2013: HK$1,499 million), equivalent to HK$3.50 (2013: HK$3.42) per share based on 438,053,600 (2013: 438,053,600) ordinary shares in issue.

DIVIDEND

In the Board meeting held on 24 June 2014, the Board recommended the payment of a final dividend of HK1.38 cents per share (2013: final dividend of HK1.38 cents). Together with the interim dividend of HK1 cent per share, total distribution was HK2.38 cents this year (2013: HK2.38 cents). Subject to the equity holders' approval at the forthcoming Annual General Meeting ("AGM") of the Company, the dividend will be paid on 24 September 2014 to equity holders whose names appear on the Company's register of members on 4 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 August 2014 (Friday) to 13 August 2014 (Wednesday) (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming AGM.

In order to qualify for attendance to the AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 7 August 2014 (Thursday).

The register of members of the Company will be closed again from 1 September 2014 (Monday) to 4 September 2014 (Thursday) (both days inclusive) for the purpose of determining the identity of members who are entitled to the recommended final dividend of HK1.38 cents per share for the year ended 31 March 2014, following the approval at the AGM of the Company.

In order to qualify for the final dividend, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 29 August 2014 (Friday).

REVIEW OF OPERATIONS

Building construction, renovation and maintenance

The construction booms in our key markets continue. There are strong demands in both private and public sectors, especially public housing. Both Hong Kong and Singapore governments have great resolutions in maintaining a stable housing market through various measures, one of which is increase of public housing supply. The construction of public housing flats had been expedited. As reported last year, we won seven fairly sizeable public housing projects in Hong Kong and Singapore and a private sector project in Macau. We therefore were working in full swing this year on these projects and attained a revenue of HK$4,894 million, surged by 74% year on year.

For capping limit compliance, we held back temporarily on new built public housing tendering during the year. Instead, we targeted institutional sector and renovation and maintenance jobs and were awarded four projects this year amounting to HK$2,616 million. As strategically planned, new contracts in-take in this year was less than that of last year, which nonetheless gave a sound foundation for future performance. Since some projects will be completed in early 2015, we will work actively again in tendering later this year.

Construction boom but challenges loom. The thriving construction demands driven mainly by a number of on-going infrastructure projects, as well as housing construction aggravated the problems of rising material costs and subcontractors and labor shortages. The situation was even worse in Singapore for the government has not only cut the import labor quotas but also increase the foreign workers levies. Labor quotas for each project have been nearly halved since 2010 whereas the demands were escalating. The manpower shortage means projects may cost more and take longer to complete. The adverse effect on profitability was already noted from some of the Singapore industry players' annual performance announcements.

Our margin was negatively impacted too in two large projects completed during the year, one in Hong Kong and one in Singapore. Severe delays in material supplies and difficult ground conditions caused substantial progress delays in these two projects. As a reliable contractor, we made a strategic decision to accelerate the works and delivered on time. We kept our reputation and saved from claims but paid additional higher costs for acceleration and rectification works to make up for lost time. Profits of the segments were lowered as a result.

However, the two undesirable cases reaffirmed our belief in developing innovative ways to overcome the challenges posed by manpower and subcontractors shortages. We expanded relentlessly the application of precast in various aspects of construction, one of which is electrical and mechanical works. Besides, we developed and invested more extensively in 5D Building Information Modeling ("5D BIM"), a holistic approach for construction process management aiming for lean construction. 5D BIM is the process of development and use of a computer generated model to stimulate the planning, design, construction and operation of a building taking into accounts also the time and costs aspects. The use of 5D BIM will enhance greatly the building performance and predictability of outcomes which will lead to better outcome, enhanced time management and improved customer relationships. In fact, BIM continues to attract the attention and IT investment in the construction industry. Being innovative is one of Yau Lee's cultures, we took the lead by forming a strategic partnership with a subsidiary of a USA listed Group which is specialized in 5D virtual construction and had established new companies to further develop different markets in this area. The technology is now being implemented in various projects.

Electrical and mechanical installation

REC generated strong earnings this year. The segment sales grew by 36% year on year to HK$1,457 million. One of the keys to success is disciplined tender policy which we adhered strictly regardless of short term adverse impacts we may experience. Our discipline resulted in quality projects which gave good profits amid a stiff and challenging operation environment.

This year China segment also contributed greatly. After years of hard works, the team finally concluded and settled a few sizeable jobs at target figures. More profits were recognised during the year as these projects become certain. Also, our integrity and dedication to innovations made us a trusted partner in the region. We see more and more opportunities from large developers particularly those from Hong Kong and overseas who would pay premium for quality works.

Besides, the green business segment advanced steadily. In addition to green energy solutions that had been applied in the Group's hotel, we developed also sales and distribution of green products. With expertise in this respect, the team identifies and secures promising products because our ability is not just confined to sales and distribution but we could help the suppliers on product enhancements should we see great potential in them. Green trend is palpable not only in Hong Kong but worldwide. More and more green building designs and innovations were used in both new built and refurbishments. Market potential for green products and solution is enormous.

New contract intakes in the year were HK$1,699 million. It was not a new record but good enough to replenish the order book for coming years. Works in hand stood at record level of HK$5,339 million at the year end. In face of severe shortage in manpower market, we rather progress cautiously and take on jobs that give reasonable margins.

Building materials supply

Revenue including inter-segment for the year increased 4% to HK$534 million, compared to prior year result. Production capacity of Huizhou factory was further expanded to cope with the strong demands. With a strong order in hands, the factories would be kept busy in at least next two years.

Manufacturing is an important part of our plan for growth. It can ascertain the stability of project progress as the construction will not be affected by adverse site constraints. This can help alleviate the shortage of workers and subcontractors. With prefabrication resources, we can maintain better control over a project's critical path, and capture additional revenue that used to go to subcontractors. Therefore, we develop and advance our prefabrication technology inexorably for wider implementation and better outputs. For example, we extended the usages to electrical and mechanical works during the year. We invested more on process automation to combat the rising labor costs problem in China. While expanding production capacity, we strengthened also the value chain extension. We further expanded a curtain walling production line in the Huizhou factory with the goal of widening the scope of products offerings and bolstering the control over projects. Once the facility is established and tested, we can take on more specialized projects in this trade.

Regarding Starfon, we progressed at a slow pace during the year. We were yet to market the product extensively as there were still some mass production efficiency issues that need to be fixed. Nonetheless, a number of small orders were delivered. More product applications were developed. The first sizeable order was received after year end. We would be able to see some contribution of profits next year.

Property investment and development

The enactment of demand curb measures by the Government cooled down the property market. Both the number of sales transactions and average selling prices reduced last year. We have been looking for good investment opportunities but in a conservative manner because we anticipate prices may drop further considering interest rate hike may come earlier than expected. Although market sentiment is weak, the holding power of prospective sellers is in general strong and they stood firmly on asking prices. We are yet to seize good bargains that fit us.

Though our property portfolio is yet to be expanded, we did well with our existing developments. As mentioned in last year's report, the Group's hotel contributed in both profitability and cash flow this year. The average occupancy rate and daily room rate continued to grow and at the rates higher than industry's average. The revenue increase and operation costs saving made the target profits. Our energy saving implementation brings to the hotel both recognitions and real monetary benefit. Up to the date of reporting, the hotel has achieved four platinum or equivalent certifications in green building and nine distinguished awards. The achieved energy saving outperformed the EMSD HK hotel Baseline Annual Energy Consumption (kWh) benchmark constantly throughout the year. Besides, the utilities consumptions were reduced year on year despite the increase in occupancy. The hotel's utility bills were solid proofs of our accomplishment in innovative green initiatives.

The construction of the residential development is on schedule. The completion date is expected to be in middle of Year 2015 if not earlier. While pending for the approval of pre-sale consent from the Government, we started to prepare sales arrangements. Although the property market sentiment is relatively weak, we do not have much concern on the sales given the size and location of the development. Its proximity to Shatin-to-Central MTR Link and Kowloon East, the CBD 2 promoted by the Government, are edges that will be welcomed by both investors and end users.

As to the site in Kwun Tong, the Group reported a revaluation loss of HK$8 million. During the year, market activities dropped and prices stagnated but the construction costs kept increasing. Under the current conservative market outlook, rise in development costs outran expected growth in value and therefore caused a drop in bare site value. During the year, we resumed the lease modification application and are now formulating the best approach. Nonetheless, we will keep the ball rolling and grab the opportunity when appropriate time comes.

OUTLOOK

Years of solid construction experiences and ongoing quality and innovative achievements have made Yau Lee a trusted contractor among customers. Works in hands stands at close to record level which reflects a continued and sustained level of workload for coming few years. The Group is optimistic that the industry's demand outlook for our key markets will remain promising over the medium term bolstered by the continued robust public and private sector construction demands.

While demand outlook remains positive, the Group anticipates continuous margin pressure due to problems including rising raw material prices, quality subcontractor shortages and tight labour supply which posed structural challenges to every player. These are ongoing concerns that we have to contend with. Amidst a challenging environment, enhancing operational efficiency and timely execution of projects undertaken shall remain the key focus for the Group.

The Group will remain committed to its strategy of "Being an innovative green corporation". We would focus continuously the developments of innovative construction technologies, green businesses and quality and safety measures which create value to the Group. Technologies like 5D BIM, low carbon building methods and prefabrication are still areas we will invest relentlessly for raising productivity and operation efficiency. 5D BIM is one of the key initiatives to develop. Currently, the technology has been implemented in a number of housing projects and has received three quality awards in Quality Public Housing Construction and Maintenance Award 2013 co-organised by Hong Kong Housing Authority and industry associates. In future, it would be a new business segment of professional project management services. In addition to the existing USA strategic partner, we will look for more partners in local and region who complement our business developments in key markets.

Besides, the Group will maintain a prudent costs management and a selective approach to orders in the face of fierce costs pressures. While we have a strong position in existing markets, we are mindful of the competitive nature of this industry particularly in certain area like Singapore. We will strive to maintain our competitive edge and advance cautiously.

Meanwhile, the Group will continue to develop its property investment business for higher shareholders' return. We will keep searching actively and take on projects that are fit for our portfolio.

Going forward, the Group remains committed to its strategy of staying focused on its core competencies, exploring overseas opportunities and new businesses that meet customer needs and diversifying earning through property development. We have been exploring business opportunities in Myanmar and allied a respectable local partner for future cooperation in the country.

On behalf of the Board, I would like to express my gratitude to the management team and all our colleagues for their dedications and contributions. I would also like to thank our shareholders for their continuous support and confidence in our Group. We will work hard to achieve growth and enhance shareholders' return in the year ahead.

FINANCIAL POSITION

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 31 March 2014, the Group's total cash and bank balances was HK$1,001.1 million (2013: HK$651.4 million) and total borrowings increased to HK$2,450.4 million (2013: HK$1,734.3 million) during the year. The increase in total cash and bank balances was due to certain amount of construction payment certified and received before year end and advance payment received from the employers during the start-up construction period. The increase in borrowing was largely to finance the newly secured construction projects and the construction of the Group's residential property development project. The current ratio (total current assets: total current liabilities) as at 31 March 2014 was 1.3 (2013: 1.5). The amount of bank loans and other facilities fall due beyond one year was HK$1,280.5 million (2013: HK$1,015.6 million). With prudent financial management policy in place, the Group considers the financial position as sound and healthy with sufficient liquidity.

All the bank borrowings are arranged on a floating rate basis. To alleviate partly the Group's exposure to interest rate fluctuations, we had arranged some interest rate swaps aiming to keep the interest costs at a controlled range. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging relevant hedging arrangements when appropriate. As at 31 March 2014, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$4,244.2 million (2013: HK$3,191.9 million), of which HK$2,931.5 million (2013: HK$2,214.7 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development requirement and capital expenditure.

HUMAN RESOURCES

As at 31 March 2014, the Group had approximately 4,700 (2013: 3,500) employees. There are approximately 3,000 (2013: 2,400) employees in Hong Kong, Macau and Singapore and 1,700 (2013: 1,100) in Mainland China. Yau Lee aims to be a good and attractive employer as we understand people are key to long-term success. The Group offers competitive remuneration packages and employees are rewarded on a performance related basis. The Group also invests substantially on training and staff development. We promote continuing learning and help the professional and personal development of our employees.

MOVEMENT OF INCOMPLETE CONTRACTS

FOR THE YEAR ENDED 31 MARCH 2014

Contract value

	31 March 2013 (Restated) *HK$'million*	Contracts Secured *HK$'million*	Contracts Completed *HK$'million*	**31 March 2014** ***HK$'million***
Building construction, renovation and maintenance	22,075	2,616	(3,864)	**20,827**
Electrical and mechanical installation	5,062	1,699	(1,422)	**5,339**
Building materials supply	2,147	184	(149)	**2,182**
Computer software development and architectural and engineering services	26	14	(13)	**27**
Less: Inter-segment contracts	(3,202)	(624)	655	**(3,171)**
	26,108	3,889	(4,793)	**25,204**

CORPORATE GOVERNANCE

The Board believes that corporate governance is fundamental to corporate long term success and the enhancement of shareholder value. The Company has adopted the principles and practices of the Code on Corporate Governance Practice (the "Code") as set out in the Appendix 14 of The Rules Governing the Listing of Securities on The SEHK ("Listing Rules"). The Company strives to improve the transparency of its corporate governance practices and maximise the return to its shareholders through prudent management, investment and treasury policies.

INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day business operation. The system is designed to manage, rather than eliminate the risk of failure to achieve our business goals and provide a reasonable, as opposed to an absolute assurance in this respect.

The Board appointed an International accounting firm, Baker Tilly Hong Kong, to conduct a review of the internal control system of the Group for the year ended 31 March 2014 including financial, operational and compliance controls, as well as the Group's risk management functions. The results of the internal control review were submitted to the Corporate Governance Committee for its consideration. The Corporate Governance Committee has reviewed the results of the internal control review and is satisfied that the Group's system of internal control is sound and adequate. As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, staff qualifications and experience, training programmes and budget of the function.

The Board will continue to review and improve the Group's internal control system, taking into account the prevailing regulatory requirements, the interests of shareholders, and the Group's business growth and development.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the requirements of the Model Code as set out in Appendix 10 of the Listing Rules regarding the securities transactions by the Directors of the Company. The Company has received confirmations from all Directors that they have complied with the requirements of the Model Code for the year ended 31 March 2014.

COMPLIANCE WITH LISTING RULES

In the opinion of the Directors, the Company has complied with the requirements of the Code as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2014 except for the Code provision A.2.1 which requires the roles of chairman and chief executive officer be separated and not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. However, the roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Wong Ip Kuen. The current structure enables the Company to make and facilitate the implementation of decisions promptly and efficiently.

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES – LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Directors of the Company reported the following loan facilities which included a condition relating to specific performance of the controlling shareholder of the Company.

On 29 March 2012, a wholly-owned subsidiary of the Company entered into a term loan facility of up to HK$475,000,000 with a bank in Hong Kong for the exclusive purpose of refinancing an existing indebtedness between the subsidiary and the bank. The loan shall be repaid by twenty consecutive semi-annual instalments with the first repayment date falls on six months after the date of the loan agreement. Pursuant to the facility agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, and his family members, hold directly or indirectly less than 40 per cent of the equity interest and voting shares of the Company.

On 12 October 2012, a wholly-owned subsidiary of the Company entered into a term loan facility of up to HK$300,000,000 with a bank in Hong Kong for exclusive purpose of financing the general working capital requirements of the subsidiary. The loan shall be repaid by ten consecutive semi-annual instalments with the first repayment date falls on six months after the date of the loan agreement. Pursuant to the facility agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, and his family members, hold directly or indirectly less than 40 per cent of the equity interest and voting shares of the Company.

By a Facility Agreement made between a wholly-owned subsidiary of the Company and a bank in Hong Kong dated 22 November 2011 (as supplemented by a First Supplemental Agreement made between the same parties dated 6 December 2013) (such Facility Agreement as supplemented shall hereinafter be called "the Facility Agreement"), term loan facilities of up to HK$325,500,000 have been granted to the subsidiary for the purpose of financing in part of the premium payment and construction costs of a new building. The loan shall be repaid in 48 months from the date of the Facility Agreement or 6 months from the date of the occupation permit issued by the Hong Kong Building Authority in respect of the new building, whichever shall be the earlier.

According to the Facility Agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, ceases to beneficially own 50 per cent or more of the entire issued voting share capital of the Company.

As at 31 March 2014 and up to the date of this announcement, there is no breach of the covenants.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold the Company's listed securities during the year ended 31 March 2014.

REVIEW BY AUDIT COMMITTEE

The Group's annual results for the year ended 31 March 2014 have been reviewed by the Audit Committee which comprises three Independent Non-executive Directors. The Audit Committee, together with the management, has reviewed the audited consolidated financial statements for the year ended 31 March 2014 of the Group.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in this annual results announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2014. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this annual results announcement.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 24 June 2014

As at the date of this announcement, the Board comprises Mr. Wong Ip Kuen (Chairman), Ir. Wong Tin Cheung, Ms. Wong Wai Man and Mr. Sun Chun Wai as Executive Directors and Mr. Chan, Bernard Charnwut, Mr. Wu King Cheong and Dr. Yeung Tsun Man, Eric as Independent Non-executive Directors.

The full version of this announcement can also be accessed on the following websites:

(i) http://www.yaulee.com; and
(ii) http://www.irasia.com