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有利集團有限公司*
Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 406)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023

HIGHLIGHTS

The Group reported revenue of HK\$3,524,655,000 (2022: HK\$3,109,305,000) for the six months ended 30 September 2023 (the “period”).

The gross profit for the period increased from HK\$251,278,000 to HK\$303,454,000.

Profit for the period increased from HK\$21,615,000 to HK\$38,007,000.

Basic and diluted earnings per share were approximately HK8.74 cents (2022: HK5.12 cents).

The net asset value attributable to equity holders of the Company as at 30 September 2023 was HK\$1,479,535,000 (31 March 2023: HK\$1,506,309,000), equivalent to HK\$3.38 (31 March 2023: HK\$3.44) per share based on the 438,053,600 (31 March 2023: 438,053,600) ordinary shares in issue.

* *For identification purpose only*

INTERIM RESULTS

The Board of Directors (the “Board”) of Yau Lee Holdings Limited (the “Company”) is pleased to announce that the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2023 were as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2023

		Six months ended	
		30 September	
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	3,524,655	3,109,305
Cost of sales	6	(3,221,201)	(2,858,027)
Gross profit		303,454	251,278
Other income and losses, net	5	8,986	3,529
Selling and distribution costs	6	(18,033)	(4,300)
Administrative expenses	6	(213,922)	(210,034)
Other operating expenses	6	(2,639)	(1,582)
Operating profit		77,846	38,891
Finance costs	7	(23,851)	(5,652)
Share of loss of an associate		(1)	(77)
Share of loss of joint ventures		(4,821)	(3,622)
Profit before income tax		49,173	29,540
Income tax expense	8	(11,166)	(7,925)
Profit for the period		38,007	21,615
Attributable to:			
Equity holders of the Company		38,267	22,449
Non-controlling interests		(260)	(834)
		38,007	21,615
Interim dividend	9	10,951	10,951
Earnings per share (basic and diluted)	10	HK8.74 cents	HK5.12 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2023

	Six months ended	
	30 September	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	38,007	21,615
Other comprehensive income		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>(54,090)</u>	<u>(104,134)</u>
Total comprehensive loss for the period	<u>(16,083)</u>	<u>(82,519)</u>
Attributable to:		
Equity holders of the Company	(15,823)	(81,685)
Non-controlling interests	<u>(260)</u>	<u>(834)</u>
Total comprehensive loss for the period	<u>(16,083)</u>	<u>(82,519)</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 September 2023*

	30 September	31 March
	2023	2023
<i>Note</i>	HK\$'000	HK\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,071,933	1,095,279
Investment properties	273,334	170,100
Other intangible assets	5,646	6,174
Goodwill	17,898	17,898
Associate	34	35
Joint ventures	68,039	77,381
Deferred income tax assets	4,177	4,177
Mortgage loans receivables	11,154	11,786
	<u>1,452,215</u>	<u>1,382,830</u>
Current assets		
Cash and bank balances	601,120	742,581
Trade debtors, net	852,866	702,764
Contract assets	1,548,842	1,342,793
Prepayments, deposits and other receivables	242,888	224,950
Mortgage loans receivables	1,261	1,249
Inventories	146,032	154,482
Completed properties held for sale	122,126	222,760
Due from joint operations	5,006	7,938
Due from other partners of joint operations	7,741	19,838
Prepaid income tax	39,444	48,474
	<u>3,567,326</u>	<u>3,467,829</u>
Total assets	<u>5,019,541</u>	<u>4,850,659</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
As at 30 September 2023

	30 September	31 March
	2023	2023
<i>Note</i>	HK\$'000	HK\$'000
EQUITY		
Share capital	87,611	87,611
Other reserves	377,034	431,124
Retained profits	<u>1,014,890</u>	<u>987,574</u>
Attributable to equity holders of the Company	1,479,535	1,506,309
Non-controlling interests	<u>(2,566)</u>	<u>(2,306)</u>
Total equity	<u>1,476,969</u>	<u>1,504,003</u>
LIABILITIES		
Non-current liabilities		
Long-term borrowings	693,400	449,200
Deferred income tax liabilities	9,367	9,690
Other non-current liabilities	<u>3,491</u>	<u>8,602</u>
	<u>706,258</u>	<u>467,492</u>
Current liabilities		
Short-term bank loans	822,126	880,394
Current portion of long-term borrowings	114,500	37,400
Payables to suppliers and subcontractors	371,258	383,035
Accruals, retention payables, deposits received and other liabilities	825,709	878,783
Income tax payable	24,722	11,004
Contract liabilities	668,375	676,891
Due to joint operations	9,624	2,799
Due to other partners of joint operations	<u>–</u>	<u>8,858</u>
	<u>2,836,314</u>	<u>2,879,164</u>
Total liabilities	<u>3,542,572</u>	<u>3,346,656</u>
Total equity and liabilities	<u>5,019,541</u>	<u>4,850,659</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2023

	Attributable to equity holders of the Company							Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Currency translation reserve	Property revaluation reserve	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022	87,611	413,776	359	23,819	55,366	704	959,840	1,541,475	(118)	1,541,357
Profit/(loss) for the period	-	-	-	-	-	-	22,449	22,449	(834)	21,615
Other comprehensive income:										
Currency translation differences	-	-	-	(104,134)	-	-	-	(104,134)	-	(104,134)
2022 final dividend (Note 9)	-	-	-	-	-	-	(10,951)	(10,951)	-	(10,951)
As at 30 September 2022	87,611	413,776	359	(80,315)	55,366	704	971,338	1,448,839	(952)	1,447,887
As at 1 April 2023	87,611	413,776	359	(39,325)	55,366	948	987,574	1,506,309	(2,306)	1,504,003
Profit/(loss) for the period	-	-	-	-	-	-	38,267	38,267	(260)	38,007
Other comprehensive income:										
Currency translation differences	-	-	-	(54,090)	-	-	-	(54,090)	-	(54,090)
2023 final dividend (Note 9)	-	-	-	-	-	-	(10,951)	(10,951)	-	(10,951)
As at 30 September 2023	87,611	413,776	359	(93,415)	55,366	948	1,014,890	1,479,535	(2,566)	1,476,969

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Yau Lee Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are 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. 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”).

Condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 November 2023.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The unaudited condensed consolidated interim financial information has been prepared under historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss and investment properties which are carried at fair value.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the audited consolidated financial statements for the year ended 31 March 2023.

3.1 New standard and amendments to standards adopted by the Group

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts and the Related Amendments
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The adoption of these new standard and amendments to standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

3.2 Amendments to standards and interpretation have been issued but are not yet effective

The following amendments to standards and interpretation have been published that are not mandatory for the financial year beginning on 1 April 2023 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture	To be announced

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4. 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.

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Revenue		
Construction	2,548,130	1,879,748
Electrical and mechanical installation	914,263	1,171,732
Building materials supply	48,746	42,144
Property investment and development	1,278	1,267
Hotel operations	936	998
Others	11,302	13,416
	3,524,655	3,109,305

For the six months ended 30 September 2023, the Group recognised revenue from contracts with customers (including construction, electrical and mechanical installation, hotel operations and others) over time except for revenue from building materials supply of HK\$48,746,000 (2022: HK\$42,144,000) and others of HK\$9,944,000 (2022: HK\$9,973,000), which were recognised at a point in time. The revenue from other source (rental income included in property investment and development and hotel operations) amounted to HK\$2,214,000 (2022: HK\$2,265,000).

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction <i>HK\$'000</i>	Electrical and mechanical installation <i>HK\$'000</i>	Building materials supply <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended							
30 September 2023							
Total sales	2,619,748	1,321,870	398,154	101,457	936	59,482	4,501,647
Inter-segment sales	(71,618)	(407,607)	(349,408)	(100,179)	-	(48,180)	(976,992)
External sales	<u>2,548,130</u>	<u>914,263</u>	<u>48,746</u>	<u>1,278</u>	<u>936</u>	<u>11,302</u>	<u>3,524,655</u>
Segment results	43,145	10,632	27,962	(3,234)	(4,237)	(8,672)	65,596
Share of loss of an associate	-	(1)	-	-	-	-	(1)
Share of loss of joint ventures	-	-	(4,821)	-	-	-	(4,821)
	<u>43,145</u>	<u>10,631</u>	<u>23,141</u>	<u>(3,234)</u>	<u>(4,237)</u>	<u>(8,672)</u>	<u>60,774</u>
Unallocated income							12,250
Finance costs							(23,851)
Profit before income tax							49,173
Income tax expense							(11,166)
Profit for the period							<u>38,007</u>
	Construction <i>HK\$'000</i>	Electrical and mechanical installation <i>HK\$'000</i>	Building materials supply <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended							
30 September 2022							
Total sales	1,890,024	1,228,268	138,431	1,293	998	71,300	3,330,314
Inter-segment sales	(10,276)	(56,536)	(96,287)	(26)	-	(57,884)	(221,009)
External sales	<u>1,879,748</u>	<u>1,171,732</u>	<u>42,144</u>	<u>1,267</u>	<u>998</u>	<u>13,416</u>	<u>3,109,305</u>
Segment results	55,742	17,227	(17,278)	(3,618)	(10,964)	(7,771)	33,338
Share of loss of an associate	-	(77)	-	-	-	-	(77)
Share of loss of joint ventures	-	-	(3,622)	-	-	-	(3,622)
	<u>55,742</u>	<u>17,150</u>	<u>(20,900)</u>	<u>(3,618)</u>	<u>(10,964)</u>	<u>(7,771)</u>	<u>29,639</u>
Unallocated income							5,553
Finance costs							(5,652)
Profit before income tax							29,540
Income tax expense							(7,925)
Profit for the period							<u>21,615</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

5. OTHER INCOME AND LOSSES, NET

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Other income		
Bank interest income	5,110	1,497
Interest income from subcontractors	488	1,649
Management service income from a joint operation	–	8
Sundry income	4,725	5,249
	<u>10,323</u>	<u>8,403</u>
Other losses, net		
Fair value loss on investment properties, net	(2,455)	(3,260)
Gain on disposal of property, plant and equipment, net	2,734	434
Exchange loss, net	(1,616)	(2,048)
	<u>(1,337)</u>	<u>(4,874)</u>
	<u>8,986</u>	<u>3,529</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

6. EXPENSES BY NATURE

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Cost of construction	2,425,789	2,338,918
Cost of inventories sold	238,253	67,619
Staff costs (including directors' emoluments)*	629,800	534,330
Depreciation		
Owned property, plant and equipment	30,081	36,857
Leased property, plant and equipment	10,912	10,865
	<u>40,993</u>	<u>47,722</u>
Expenses relating to short-term leases of		
Land and buildings	1,791	2,091
Other equipment	45,049	16,501
	<u>46,840</u>	<u>18,592</u>
Amortisation of other intangible assets	528	528
Movement in loss allowance for trade debtors	486	3,662
Auditor's remuneration	2,473	2,573
Direct operating expenses arising from investment properties		
– Generate rental income	249	191
– Not generate rental income	36	33
Selling and distribution costs	18,033	4,300
Others	52,315	55,475
Total cost of sales, selling and distribution costs, administrative and other operating expenses	<u><u>3,455,795</u></u>	<u><u>3,073,943</u></u>

* During the six months ended 30 September 2022, subsidies of approximately HK\$13,346,000 from the Employment Support Scheme under Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region were recognised in “cost of sales” and “administrative expenses” and offset against the “staff costs”.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

7. FINANCE COSTS

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Interest on short-term bank loans	21,624	4,231
Interest on long-term bank loans	16,757	5,994
Interest element of lease payments	277	267
	<u>38,658</u>	<u>10,492</u>
Total borrowing costs incurred		
Less: Classified as cost of construction	(14,807)	(4,840)
	<u>23,851</u>	<u>5,652</u>

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the applicable rates of 8.25% and 16.5% (2022: 8.25% and 16.5%) on the estimated assessable profits for the six months ended 30 September 2023. Under the two-tiered profits tax rates regime introduced on 29 March 2018, Hong Kong profits tax rate for the first HK\$2 million of assessable profits is 8.25%. Assessable profits above HK\$2 million is at the rate of 16.5%.

Taxation on non-Hong Kong profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries/regions in which the Group operates.

The amount of income tax charged to the unaudited condensed consolidated income statement represents:

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong profits tax provision for the period	11,269	2,070
Under/(over)-provision in prior years	68	(62)
Deferred income tax relating to the origination and reversal of temporary differences	(171)	5,917
	<u>11,166</u>	<u>7,925</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

11. TRADE DEBTORS, NET

Trade debtors, net included trade debtors and retention receivables less provision for impairment.

The trade debtors are due from 30 days to 150 days after invoicing depending on the nature of services or products. The aging analysis of the trade debtors, net by overdue day(s) is as follows:

	30 September 2023 <i>HK\$'000</i>	31 March 2023 <i>HK\$'000</i>
Current	726,213	609,570
1-30 days	41,755	16,761
31-90 days	34,607	18,933
91-180 days	19,631	19,610
Over 180 days	30,660	37,890
	<u>126,653</u>	<u>93,194</u>
	<u>852,866</u>	<u>702,764</u>

12. PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

The aging analysis of payables to suppliers and subcontractors by overdue day(s) is as follows:

	30 September 2023 <i>HK\$'000</i>	31 March 2023 <i>HK\$'000</i>
Current	308,920	339,948
1-30 days	34,552	34,425
31-90 days	14,531	4,067
91-180 days	8,461	1,325
Over 180 days	4,794	3,270
	<u>62,338</u>	<u>43,087</u>
	<u>371,258</u>	<u>383,035</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

13. COMMITMENTS AND CONTINGENT LIABILITIES

The Group has 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 30 September 2023, 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) The Group has provided performance bonds amounting to approximately HK\$656,538,000 (31 March 2023: HK\$448,057,000) in favour of the Group's customers.
- (c) As at 30 September 2023, the Group has capital expenditure contracted for but not yet incurred in relation to plant and equipment and joint ventures of approximately HK\$9,000 (31 March 2023: HK\$717,000) and RMB26,036,000 (31 March 2023: RMB26,036,000) respectively.
- (d) The future aggregate minimum lease rental payable under non-cancellable short-term leases is as follows:

	30 September 2023 <i>HK\$'000</i>	31 March 2023 <i>HK\$'000</i>
Land and buildings Within one year	31	–

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results and Review of Operation

The Group delivered a strong set of result for the first half of the year notwithstanding the challenges of the current macroeconomic environment. We are pleased to report solid growths in revenue, profits as well as the order book.

The Group's revenue in the first half of the year was HK\$3,525 million, representing an increase of 13% period on period (2022: HK\$3,109 million). All the core business segments contributed to the increases. At construction businesses, the high level of order intake awarded in last two years reflected as sales gradually as work commenced. It reported revenue of HK\$2,548 million, up 36% on the prior year figure. Likewise, the electrical and mechanical installation (E&M) segment benefited from the growing order book increased total sales by 8%, its fourth consecutive year of growth. And we are pleased to see that the factory regained momentum as it moved away from the significant impacts of the pandemic. As anticipated in last interim report, the factory sales surged when the backlog orders held up by the logistic disruptions at pandemic were cleared. The amount of total sales recognized in the period tripled versus first-half 2022.

Consolidated gross profits was HK\$303 million, representing an increase of HK\$52 million or 21% compared with first-half 2022. The overall gross profit margin raised slightly to 9% (2022: 8%). In past two years, the Group's gross profit margin were impacted by the factory losses incurred during the pandemic. As the factory business recovered gradually, gross profit margin improved.

Total operating expenses raised by 9% to HK\$235 million (2022: HK\$216 million), driven mainly by the transportation costs and salaries. The rise in transportation cost agreed with the increase in product deliveries by the factory. The climbing salaries as a result of the continuing manpower shortage in the industry is a key issue that all contractors have to address. Initiatives including but not limited to the adoption of MiC, MiMEP and digital technologies and recruitments of overseas professionals and workers have been taken to mitigate the impact of rising costs.

With enhanced gross profits relieving partially the construction cost inflations, the Group got a consolidated net profits before tax at HK\$49 million, up by HK\$20 million period on period.

As at 30 September 2023, the value of contracts in hand grew to HK\$33,906 million, up by 50% compared to 31 March 2023. On construction, we were awarded three public housing construction projects amounted to HK\$9,640 million, representing a growth of 151% period on period. All the three awarded contracts are with MiC elements. We have delivered successfully a number of MiC projects since the advocacy of the MiC technologies in the public works. Our differentiated capabilities in MiC building are well approved and validated by the clients. E&M segment again delivered an encouraging result and obtained new orders of HK\$2,137 million in the first six months, achieving a growth of 29% over prior period. We saw growths in both conventional E&M and green solutions businesses. In fact, the new orders secured by the green technology team raised by 19% period on period. Moreover, the E&M businesses in Mainland China bounced back. The sector was awarded HK\$569 million new contracts, a very high level of new order intake since the establishment.

Movement of Contracts

For the six months ended 30 September 2023

	31 March 2023 <i>HK\$'million</i>	Contracts Secured <i>HK\$'million</i>	Completed <i>HK\$'million</i>	30 September 2023 <i>HK\$'million</i>
Building construction, renovation and maintenance	14,270	9,640	(201)	23,709
Electrical and mechanical installation	11,266	2,137	(769)	12,634
Building materials supply	1,931	1,833	(305)	3,459
Others	16	10	(11)	15
Less: Inter-segment contracts	<u>(4,924)</u>	<u>(1,825)</u>	<u>838</u>	<u>(5,911)</u>
	<u>22,559</u>	<u>11,795</u>	<u>(448)</u>	<u>33,906</u>

Financial Position

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 30 September 2023, the Group's total cash and bank balances was HK\$601 million (31 March 2023: HK\$743 million) and total borrowings was HK\$1,630 million (31 March 2023: HK\$1,367 million). As a number of projects were in early stage of works, the needs for working capital were in general higher, causing the reduction in cash and bank balances. The increase in borrowings was primarily due to financing of new construction projects. The current ratio (total current assets: total current liabilities) as at 30 September 2023 was 1.3 (31 March 2023: 1.2). The amount of bank loans and other facilities fall due beyond one year was HK\$693 million (31 March 2023: HK\$449 million). With prudent financial management policy in place, the Group considers the financial position as healthy with sufficient liquidity.

All the bank borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and consider engaging relevant hedging arrangements when appropriate. As at 30 September 2023, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK\$3,762 million (31 March 2023: HK\$3,706 million), of which HK\$2,115 million (31 March 2023: HK\$1,761 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development and capital expenditure requirements.

Human Resources

As at 30 September 2023, the Group had approximately 3,700 (31 March 2023: 3,600) employees. There are approximately 2,800 (31 March 2023: 2,800) employees in Hong Kong, Macau and Singapore and 900 (31 March 2023: 800) 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 is firmly committed to training and staff development. We work continuously to ensure employees can realise their full potentials and thus to foster their development to the Group.

Outlook

The local market outlook is bright and positive. The Year 2023 Policy Address revealed that the Government has identified sufficient land to meet housing demands in the coming 10 years. In the next five years, total public housing supply including Light Public Housing will reach 172,000 units. Besides, the development of the 30,000-hectare Northern Metropolis encompassing new development areas in Hung Shui Kiu, Ha Tsuen, Kwu Tung North as well as neighboring rural areas in Yuen Long and Lok Ma Chau etc. creates enormous infrastructure investments. A strong and steady growth in the public sector works is envisaged. Leverage on the Group's edges in leading construction technologies and our over 60 years' presence in the market, we would be benefited from these tremendous business opportunities.

We know there will continue to be many challenges ahead due to the manpower shortages and costs inflation. We will mitigate and manage the risks by disciplined bidding approach and the wider use of digital and cutting-edge technologies to enhance operational effectiveness and efficiency. Digital products and solutions based on blockchain technology, artificial intelligence, the Internet of Things (IoT) and robots are key areas to pursue. On construction robots, we developed a spectrum of robots to carry out survey, inspection, facility monitoring and transportation tasks. Our E&M division has set up a Robotics Centre to develop and apply robots to support building services and to advocate MiMEP. One of the successful examples is the use of Welding Robot and Drillbot for plasma cutting in the Pak Wo Road Community Health Center cum Social Welfare Facilities project, enhancing the productivity by 437% and 189% respectively.

The outlook for the Group is positive. Our growing order book, combined with the abundant market opportunities, gives us confidence to deliver sustainable business growth and return.

INTERIM DIVIDEND

On 27 November 2023, the Board has resolved to declare the payment of an interim dividend of HK2.50 cents (2022: HK2.50 cents) per ordinary share in respect of the six months ended 30 September 2023 to shareholders registered on the register of members on 22 December 2023. The interim dividend will be payable on or before 12 January 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 December 2023 (Wednesday) to 22 December 2023 (Friday), both days inclusive, during which period no transfer of shares shall be effected. To qualify for the interim dividend, all transfers of shares, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 19 December 2023 (Tuesday).

DIRECTORS' INTERESTS

At the date of this announcement, the interests of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Shares of HK\$0.2 each in the Company

Director	Number of shares held (long position)	
	Corporate interest	Percentage
Mr. Wong Ip Kuen	267,642,599	61.10%

The shares referred to above are registered in the names of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 36,963,000 shares. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Investment Company Limited and Billion Goal Holdings Limited. All Fine Investment Company Limited and Billion Goal Holdings Limited are incorporated in the British Virgin Islands. Mr. Wong Ip Kuen is a director of both All Fine Investment Company Limited and Billion Goal Holdings Limited.

DIRECTORS' INTERESTS (CONTINUED)

During the six months ended 30 September 2023, none of the Directors and chief executives (including their spouses and minor children) had any interests in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

At no time during the period was the Company, its subsidiaries, its associates, its joint ventures or its joint operations, a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporations.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of The Rules Governing the Listing of Securities on The SEHK ("Listing Rules"), the change in the information of the Directors since the date of the 2023 Annual Report of the Company required to be disclosed is set out as below:

Mr. Yeung Tak Bun was appointed as an Independent Non-Executive Director of the Company with effect from 6 July 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, the register of substantial shareholders maintained under Section 336 of Part XV of the SFO showed that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

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 six months ended 30 September 2023.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee, together with the management, has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results.

CORPORATE GOVERNANCE

The Board believes that corporate governance is fundamental to corporate long-term success and the enhancement of shareholders' value. The Company has adopted the principles and practices of the Corporate Governance Code (the "Code") as set out in the Appendix 14 of the 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. Detailed disclosure of the Company's corporate governance practices is available in the 2023 Annual Report.

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 six months ended 30 September 2023 except for the Code provision C.2.1.

Code provision C.2.1 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the requirements of the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the securities transactions of the Directors of the Company. Having made specific enquiries to all Directors of the Company, they have confirmed that they complied with the required standard set out in the Model Code during the six months ended 30 September 2023.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 27 November 2023

As at the date of this announcement, the Board comprises Mr. Wong Ip Kuen (Chairman), Ir. Dr. Wong Tin Cheung, Ms. Wong Rosana Wai Man and Mr. Sun Chun Wai as Executive Directors and Mr. Chan Bernard Charnwut, Mr. Wu King Cheong, Mr. Yeung Tak Bun 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/listco/hk/yaulee/>*