



**有利集團有限公司<sup>#</sup>**  
**Yau Lee Holdings Limited**

(Incorporated in Bermuda with limited liability)  
(Stock Code: 00406)

**ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED  
31 MARCH 2008**

The Board of Directors (the “Directors”) 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 2008 together with comparative figures for the year ended 31 March 2007 as follows:

**CONSOLIDATED INCOME STATEMENT**  
*For the year ended 31 March 2008*

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	<b>2007</b> <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	2	<b>1,526,015</b>	2,012,055
Cost of sales	3	<b>(1,766,217)</b>	(1,916,194)
Gross (loss)/profit		<b>(240,202)</b>	95,861
Other income and gains		<b>37,117</b>	17,267
Administrative expenses	3	<b>(129,475)</b>	(98,042)
Other operating expenses	3	<b>(7,992)</b>	(2,657)
Operating (loss)/profit		<b>(340,552)</b>	12,429
Finance costs		<b>(32,588)</b>	(17,418)
Share of profit of jointly controlled entities/operation		<b>1,430</b>	12,595
(Loss)/profit before income tax		<b>(371,710)</b>	7,606
Income tax expense	4	<b>(1,342)</b>	(4,649)
(Loss)/profit for the year from continuing operations		<b>(373,052)</b>	2,957
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	5	<b>795,409</b>	46,652
Profit for the year		<b>422,357</b>	49,609

<sup>#</sup> for identification only

**CONSOLIDATED INCOME STATEMENT** *(Continued)*  
*For the year ended 31 March 2008*

	<i>Note</i>	<b>2008</b> <b>HK\$'000</b>	2007 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		<b>422,360</b>	49,790
Minority interests		<u>(3)</u>	<u>(181)</u>
		<b><u>422,357</u></b>	<b><u>49,609</u></b>
Dividends	6	<b><u>44,095</u></b>	<b><u>4,409</u></b>
(Loss)/earnings per share (basic and diluted)	7		
– from continuing operations		<b>(84.60)cents</b>	0.71 cents
– from discontinued operations		<b><u>180.39 cents</u></b>	<u>10.58 cents</u>
		<b><u>95.79 cents</u></b>	<b><u>11.29 cents</u></b>

## BALANCE SHEETS

As at 31 March 2008

	2008		2007	
Note	Group HK\$'000	Company HK\$'000	Group HK\$'000	Company HK\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	97,007	–	294,800	–
Investment properties	–	–	340,000	–
Leasehold land	35,655	–	352,038	–
Subsidiaries	–	361,075	–	361,075
Associates	39	–	39	–
Jointly controlled entities/operation	26,170	–	12,595	–
Deferred income tax assets	41	–	34	–
Other non-current assets	34,122	–	35,364	–
	<u>193,034</u>	<u>361,075</u>	<u>1,034,870</u>	<u>361,075</u>
<b>Current assets</b>				
Cash and bank balances	957,631	410	213,011	11,182
Trade debtors, net	8 184,048	–	252,901	–
Prepayments, deposits and other receivables	103,787	313	109,428	264
Inventories	23,107	–	16,282	–
Prepaid income tax	273	–	871	335
Due from customers on construction contracts	302,915	–	406,991	–
Financial assets at fair value through profit or loss	15,244	9,774	5,167	–
Derivative financial assets	6,489	–	–	–
Due from associates	8,523	1,023	13,855	1,229
Due from subsidiaries	–	377,698	–	368,741
Due from jointly controlled entities/ operation	6,095	–	14,408	–
Due from related parties	30	30	30	30
	<u>1,608,142</u>	<u>389,248</u>	<u>1,032,944</u>	<u>381,781</u>
<b>Total assets</b>	<u>1,801,176</u>	<u>750,323</u>	<u>2,067,814</u>	<u>742,856</u>

**BALANCE SHEETS** (Continued)  
As at 31 March 2008

	Note	2008		2007	
		Group HK\$'000	Company HK\$'000	Group HK\$'000	Company HK\$'000
<b>EQUITY</b>					
Share capital		88,190	88,190	88,190	88,190
Other reserves		418,933	415,789	419,199	415,789
Retained profits					
Proposed final dividend		44,095	44,095	4,409	4,409
Others		732,464	92,531	354,199	138,610
		<u>1,283,682</u>	<u>640,605</u>	<u>865,997</u>	<u>646,998</u>
<b>Attributable to equity holders</b>		<b>1,283,682</b>	<b>640,605</b>	865,997	646,998
<b>Minority interests</b>		<b>625</b>	<b>–</b>	628	–
		<u>1,284,307</u>	<u>640,605</u>	<u>866,625</u>	<u>646,998</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Long-term borrowings		2,590	–	477,441	–
Deferred income tax liabilities		5,683	–	66,653	–
		<u>8,273</u>	<u>–</u>	<u>544,094</u>	<u>–</u>
<b>Current liabilities</b>					
Bank overdrafts – secured		–	–	70,405	–
Short-term bank loans – secured		158,800	–	292,622	–
Current portion of long-term borrowings		4,881	–	52,075	–
Derivative financial liabilities		12,160	–	–	–
Payables to suppliers and subcontractors	9	125,995	–	124,481	–
Accruals, retention payables and other liabilities		144,873	706	105,146	331
Income tax payable		7,264	–	2,396	–
Due to customers on construction contracts		54,623	–	9,970	–
Due to subsidiaries		–	109,012	–	95,527
		<u>508,596</u>	<u>109,718</u>	<u>657,095</u>	<u>95,858</u>
<b>Total liabilities</b>		<b>516,869</b>	<b>109,718</b>	1,201,189	95,858
<b>Total equity and liabilities</b>		<b>1,801,176</b>	<b>750,323</b>	<b>2,067,814</b>	<b>742,856</b>
<b>Net current assets</b>		<b>1,099,546</b>	<b>279,530</b>	375,849	285,923
<b>Total assets less current liabilities</b>		<b>1,292,580</b>	<b>640,605</b>	1,410,719	646,998

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2008

	Attributable to equity holders of the Company							Minority interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Other reserves HK\$'000	Capital redemption reserve HK\$'000	Currency translation reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000			
As at 1 April 2007	88,190	415,430	359	3,410	358,608	865,997	628	866,625	
Profit/(loss) for the year	-	-	-	-	422,360	422,360	(3)	422,357	
Currency translation differences	-	-	-	(266)	-	(266)	-	(266)	
2007 final dividends	-	-	-	-	(4,409)	(4,409)	-	(4,409)	
<b>As at 31 March 2008</b>	<b>88,190</b>	<b>415,430</b>	<b>359</b>	<b>3,144</b>	<b>776,559</b>	<b>1,283,682</b>	<b>625</b>	<b>1,284,307</b>	
As at 1 April 2006	88,190	415,430	359	726	308,818	813,523	809	814,332	
Profit/(loss) for the year	-	-	-	-	49,790	49,790	(181)	49,609	
Currency translation differences	-	-	-	2,684	-	2,684	-	2,684	
As at 31 March 2007	88,190	415,430	359	3,410	358,608	865,997	628	866,625	

Notes:

## 1. Basis of preparation and accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

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

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

### (b) Changes in accounting policies

#### (i) Standards, interpretations and amendments to standards that are effective in 2008

The Group has adopted the following new standards, interpretations and amendments to standards which are relevant to the Group’s operations, and mandatory for the financial year ended 31 March 2008:

HKFRS 7, “Financial instruments: Disclosures”, and the complementary amendment to HKAS 1, “Presentation of financial statements – Capital disclosures”, introduce new disclosures relating to financial instruments and capital management and do not have any impact on the classification and valuation of the Group’s financial instruments.

HK(IFRIC) – Int 8, “Scope of HKFRS 2”, requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group’s financial statements.

HK(IFRIC) – Int 10, “Interim financial reporting and impairment”, prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group’s financial statements.

HK(IFRIC) – Int 11, “IFRS 2 – Group and treasury share transactions” provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent’s shares) should be accounted for as equity settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group’s financial statements.

(ii) Standards, interpretations and amendments to standards that are not yet effective

The HKICPA has issued certain new standards, interpretations and amendments to standards which are not yet effective for the financial year ended 31 March 2008. Those which are relevant to the Group's operations are as follows:

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1 July 2009
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellation	1 January 2009
HKFRS 3 (Revised)	Business Combinations	1 July 2009
HKFRS 8	Operating Segments	1 January 2009
HK(IFRIC) – Int 12	Service Concession Arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer loyalty Programmes	1 July 2008

The Group has not early adopted the above standards, interpretations and amendments to standards in the financial statements for the year ended 31 March 2008. The Group will apply the above standards, interpretations and amendments to standards from the respective effective dates, but it is not expected to have a significant impact on the Group's financial statements.

## 2. Revenue and segment information

Revenue represents turnover from contracting of building construction, plumbing, maintenance and fitting-out projects and building materials trading.

	<b>2008 HK\$'000</b>	2007 HK\$'000
Revenue		
Contracting of building construction, plumbing, maintenance and fitting-out projects	<b>1,474,518</b>	1,970,496
Building materials trading	<b>44,761</b>	32,925
Others	<b>6,736</b>	8,634
	<b><u>1,526,015</u></b>	<u>2,012,055</u>

	Continuing operations				Discontinued operations		
	Construction HK\$'000	Building materials trading HK\$'000	Others HK\$'000	Total HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
<b>Year ended 31 March 2008</b>							
Total sales	1,525,053	123,717	14,732	1,663,502	11,332	87,597	98,929
Inter-segment sales	(50,535)	(78,956)	(7,996)	(137,487)	-	-	-
External sales	<u>1,474,518</u>	<u>44,761</u>	<u>6,736</u>	<u>1,526,015</u>	<u>11,332</u>	<u>87,597</u>	<u>98,929</u>
Segment results	<u>(329,806)</u>	<u>(9,567)</u>	<u>(12,659)</u>	<u>(352,032)</u>	<u>43,785</u>	<u>44,486</u>	<u>88,271</u>
Unallocated income				11,480			835
Operating (loss)/profit				(340,552)			89,106
Finance costs	(32,350)	(12)	(226)	(32,588)	(21,715)	-	(21,715)
Profit on disposal of properties	-	-	-	-	671,598	-	671,598
Share of profit/(loss) of jointly controlled entities/operation	2,496	(1,066)	-	1,430	-	-	-
(Loss)/profit before income tax				(371,710)			738,989
Income tax (expense)/credit				(1,342)			56,420
(Loss)/profit for the year				<u>(373,052)</u>			<u>795,409</u>

	Continuing operations				Discontinued operations			
	Construction HK\$'000	Building materials trading HK\$'000	Others HK\$'000	Sub-total HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Sub-total HK\$'000	Total HK\$'000
Segment assets	1,339,513	143,363	52,012	1,534,888	208,213	6,396	214,609	1,749,497
Interests in associates	-	-	39	39	-	-	-	39
Interests in jointly controlled entities/operation	17,496	8,674	-	26,170	-	-	-	26,170
Unallocated assets				25,470			-	25,470
Total assets				<u>1,586,567</u>			<u>214,609</u>	<u>1,801,176</u>
Segment liabilities	(461,157)	(24,610)	(6,502)	(492,269)	(13,101)	(4,130)	(17,231)	(509,500)
Unallocated liabilities				(7,369)			-	(7,369)
Total liabilities				<u>(499,638)</u>			<u>(17,231)</u>	<u>(516,869)</u>
Capital expenditure	10,894	12,982	398	24,274	-	32	32	24,306
Depreciation	10,380	11,795	812	22,987	11,347	281	11,628	34,615
Amortisation of leasehold land	173	-	748	921	331	-	331	1,252
Other non-cash expenses/(income)	6,571	(1,203)	226	5,594	(47,000)	-	(47,000)	(41,406)

	Continuing operations				Discontinued operations		
	Construction HK\$'000	Building materials trading HK\$'000	Others HK\$'000	Total HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
Year ended 31 March 2007							
Total sales	1,974,535	168,940	18,221	2,161,696	12,647	84,609	97,256
Inter-segment sales	(4,039)	(136,015)	(9,587)	(149,641)	–	–	–
External sales	<u>1,970,496</u>	<u>32,925</u>	<u>8,634</u>	<u>2,012,055</u>	<u>12,647</u>	<u>84,609</u>	<u>97,256</u>
Segment results	<u>7,158</u>	<u>1,834</u>	<u>(8,766)</u>	226	<u>38,526</u>	<u>43,249</u>	81,775
Unallocated income				12,203			211
Operating profit				12,429			81,986
Finance costs	(17,351)	(67)	–	(17,418)	(22,926)	–	(22,926)
Share of profit of jointly controlled entities	–	12,595	–	12,595	–	–	–
Profit before income tax				7,606			59,060
Income tax expense				(4,649)			(12,408)
Profit for the year				<u>2,957</u>			<u>46,652</u>

	Continuing operations				Discontinued operations			
	Construction HK\$'000	Building materials trading HK\$'000	Others HK\$'000	Sub-total HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Sub-total HK\$'000	Total HK\$'000
Segment assets	965,452	123,231	57,568	1,146,251	664,793	204,775	869,568	2,015,819
Interests in associates	–	–	39	39	–	–	–	39
Interests in jointly controlled entities	–	12,595	–	12,595	–	–	–	12,595
Unallocated assets				39,361			–	39,361
Total assets				<u>1,198,246</u>			<u>869,568</u>	<u>2,067,814</u>
Segment liabilities	(674,814)	(18,947)	(3,772)	(697,533)	(430,130)	(5,532)	(435,662)	(1,133,195)
Unallocated liabilities				(67,994)			–	(67,994)
Total liabilities				<u>(765,527)</u>			<u>(435,662)</u>	<u>(1,201,189)</u>
Capital expenditure	7,809	7,377	318	15,504	3,476	570	4,046	19,550
Depreciation	10,846	6,060	877	17,783	11,839	260	12,099	29,882
Amortisation of leasehold land	173	–	749	922	361	–	361	1,283
Other non-cash expenses/(income)	27	1,223	(208)	1,042	(41,000)	–	(41,000)	(39,958)

### 3. Expenses by nature

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Cost of construction	<b>1,436,936</b>	1,563,177
Cost of inventories sold	<b>118,833</b>	136,248
Depreciation		
Owned property, plant and equipment	<b>21,351</b>	16,866
Leased property, plant and equipment	<b>1,636</b>	917
	<b>22,987</b>	17,783
Operating lease rentals of		
Land and buildings	<b>3,615</b>	2,945
Other equipment	<b>25,023</b>	28,494
	<b>28,638</b>	31,439
Staff costs (excluding directors' emoluments)	<b>214,200</b>	218,491
Amortisation of leasehold land	<b>921</b>	922
Write-off of impaired receivables	<b>1,867</b>	1,396
Auditor's remuneration – audit services*	<b>1,612</b>	1,407
Loss on disposal of property, plant and equipment, net	<b>104</b>	75
Exchange losses, net	–	968
Others	<b>77,586</b>	44,987
Total costs of sales, administrative and other operating expenses	<b><u>1,903,684</u></b>	<b><u>2,016,893</u></b>

\* During the year, the total auditor's remuneration for audit services (including discontinued operations) amounted to HK\$1,872,000 (2007: HK\$1,627,000).

### 4. Income tax expense

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current income tax		
Hong Kong profits tax	<b>38</b>	3,444
(Over)/under provisions in prior years	<b>(25)</b>	66
Deferred income tax relating to the origination and reversal of temporary differences	<b>1,329</b>	1,139
	<b><u>1,342</u></b>	<b><u>4,649</u></b>

Hong Kong profits tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profits for the year.

## 5. Discontinued operations

An analysis of the results of the discontinued operations is as follows:

	Period from 1 April 2007 to 29 February 2008 <i>HK\$'000</i>	Year ended 31 March 2007 <i>HK\$'000</i>
Revenue	98,929	97,256
Cost of sales	<u>(16,794)</u>	<u>(15,450)</u>
Gross profit	82,135	81,806
Other income and gains	876	211
Administrative expenses	(40,878)	(40,859)
Other operating expenses	(27)	(172)
Change in fair value of investment properties	<u>47,000</u>	<u>41,000</u>
Operating profit	89,106	81,986
Finance costs	(21,715)	(22,926)
Profit on disposal of properties	<u>671,598</u>	<u>–</u>
Profit before income tax	738,989	59,060
Income tax credit/(expense)	<u>56,420</u>	<u>(12,408)</u>
Profit for the year	<u><b>795,409</b></u>	<u><b>46,652</b></u>

## 6. Dividends

In the Board meeting held on 22 July 2008, the Directors recommend the payment of a final dividend at HK10 cents per share (2007: HK1 cent per share), totalling HK\$44,095,000 (2007: HK\$4,409,000) for the year ended 31 March 2008.

## 7. (Loss)/earnings per share (basic and diluted)

The calculation of (loss)/earnings per share is based on:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Net (loss)/profit attributable to the equity holders of the Company		
– from continuing operations	(373,049)	3,138
– from discontinued operations	<u>795,409</u>	<u>46,652</u>
	<u><b>422,360</b></u>	<u><b>49,790</b></u>
	2008	2007
Number of shares in issue during the year	<u><b>440,949,600</b></u>	<u><b>440,949,600</b></u>

Diluted (loss)/earnings per share for the years ended 31 March 2008 and 2007 are not presented as there are no potential dilutive shares during the years.

## 8. Trade debtors, net

	<b>2008</b> <i>HK\$'000</i>	<b>Group</b> 2007 <i>HK\$'000</i>
Trade debtors	<b>162,494</b>	219,915
Retention receivables	<b>21,594</b>	33,037
Provision for impairment	<b>(40)</b>	(51)
	<b><u>184,048</u></b>	<b><u>252,901</u></b>

Substantially all of the Group's trade debtors are denominated in Hong Kong dollars. The trade debtors are due 30 days to 90 days after invoicing depending on the nature of services or products. As at 31 March 2008, trade receivables of HK\$15,617,000 (2007: HK\$63,404,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	<b>2008</b> <i>HK\$'000</i>	<b>Group</b> 2007 <i>HK\$'000</i>
Overdue by:		
1 – 30 days	<b>754</b>	39,898
31 – 90 days	<b>2,386</b>	7,448
91 – 180 days	<b>897</b>	783
Over 180 days	<b>11,580</b>	15,275
	<b><u>15,617</u></b>	<b><u>63,404</u></b>

## 9. Payables to suppliers and subcontractors

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

	<b>2008</b> <i>HK\$'000</i>	<b>Group</b> 2007 <i>HK\$'000</i>
Not yet due	<b>123,054</b>	114,127
Overdue by:		
1–30 days	<b>454</b>	8,711
31–90 days	<b>807</b>	907
91–180 days	<b>1,007</b>	190
Over 180 days	<b>673</b>	546
	<b><u>125,995</u></b>	<b><u>124,481</u></b>

Substantially all of the Group's payables to suppliers and subcontractors are denominated in Hong Kong dollars.

## **10. 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. At 31 March 2008, the Group had various liquidated damages claims on certain contracts for which the Group has filed extension of time claims with the customers. 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 2006, the Group received a statement of claims for an aggregate amount of approximately HK\$4.2 million for alleged breach of contract and uncertified workdone in connection with a design work contract. Financial expenses arising from the claims have been assessed by the Directors with reference to legal advice. Based on this advice, the Directors do not consider that any significant adverse financial impact will crystallise in respect of the claims and accordingly, no provision was made as at 31 March 2008.
- (c) In 2007, the Group received a statement of claims for an aggregate amount of approximately HK\$23.9 million for uncertified workdone, variation works and prolongation costs incurred by a subcontractor in a connection with a steelwork sub-contract. The Group has raised a counter-claim of approximately HK\$37.0 million to the subcontractor for expenses and payments made on behalf. The Directors do not consider that any significant adverse financial impact will crystallise in respect of the claims and accordingly, no provision was made as at 31 March 2008.

## **11. Comparative figures**

The Group disposed of the properties for hotel operation and property leasing during the year and accordingly, this business segment has been presented as discontinued operations. This has resulted in changes to the presentation of certain items and comparative figures have been reclassified accordingly. In addition, certain comparative figures have been reclassified to conform with the current year's presentation.

## **12. Post balance sheet event – Business combination**

On 30 May 2008, the Company completed the purchase of 50,000,000 shares of HK\$1.00 each, being the entire share capital of Ryoden Engineering Company Limited for a total cash consideration of HK\$46,000,000 (excluding transaction expenses). The acquisition of Ryoden Engineering Company Limited and its subsidiaries constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules. The Company has obtained from Mr. Wong Ip Kuen, being the controlling shareholder of the Company, a written approval of the major transaction. Accordingly, there is no need to convene a shareholders' meeting to approve the major transaction.

## **RESULTS OF THE YEAR**

During the year, the Group has completed a transaction to dispose of its wholly-owned properties at 33 Sharp Street East Causeway Bay (also known as Express by Holiday Inn Causeway Bay, Hong Kong) at a consideration of HK\$1,580,000,000 which resulted in a capital gain to the Group. The Group's profit for the year from discontinued operations amounted to HK\$795,409,000 including our profit from hotel operation and property leasing, interim fair value gain on investment properties and a deferred taxation credit. This transaction has greatly improved the Group's operating cash level and allowed the Group to pursue other development opportunities that are essential for future expansion both geographically and to other business segments.

The Group's continuing operations from its core businesses achieved revenue (mainly construction revenue) of HK\$1,526,015,000 in 2008 (2007: HK\$2,012,055,000), a 24% reduction over the former year and was primarily a result of timing of construction projects. In the current year, the Group has incurred losses from certain completed contracts as a result of additional costs from delays due to unforeseen difficulties and an agreed final settlement reached with a customer subsequent to 31 March 2008 in one of the contracts. In addition, the Group has revised the estimates on recoverability of costs incurred on variations orders in respect of contracts in progress and completed contracts, which also contributed to the Group's gross loss from continuing operations of HK\$240,202,000 (2007: gross profit of HK\$95,861,000). Nonetheless, the Group's on-going businesses remain robust and the management team is monitoring closely the profitability and progress of all contracts in hand which is expected to lead to an improving year of 2009. During the year, the Group's administrative expenses increased by 32% to HK\$129,475,000 (2007: HK\$98,042,000) mainly coming from rising tendering costs of design and build projects. The above, partially offset by a net increase in other income and gains and finance cost, has resulted in a net loss from continuing operations of HK\$373,052,000 (2007: profit of HK\$2,957,000).

The Group's total profit attributable to equity holders amounted to HK\$422,357,000 (2007: HK\$49,609,000) which is record high for the Group. The net assets value of the Group as at 31 March 2008 was HK\$1,284,307,000 (2007: HK\$866,625,000) equivalent to HK\$2.91 (2007: HK\$1.97) per share based on the 440,949,600 (2007: 440,949,600) ordinary shares in issue. The strong assets base has significantly increased the Group's financial strength.

## **DIVIDENDS**

In the Board meeting held on 22 July 2008, the Directors recommend the payment of a final dividend of HK10 cents per share (2007: HK1 cent per share) for the year ended 31 March 2008. Subject to the equity holders' approval at the forthcoming Annual General Meeting, the dividend will be paid on 25 September 2008 to equity holders whose names appear on the Company's register of members on 26 August 2008.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 20 August 2008 to Tuesday, 26 August 2008, both dates inclusive, during which no transfer of shares will be effected. In order to qualify for the proposed dividend, all share transfers accompanied by the relevant share certificate must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 19 August 2008.

## REVIEW OF OPERATIONS

### Building construction, renovation and maintenance

During the year, the Group completed three contracts with a total contract value of HK\$1,749,000,000 and secured six contracts with a total contract sum of HK\$2,283,000,000 giving the total value of contracts in hand as at 31 March 2008 of HK\$3,878,000,000 (2007: HK\$3,344,000,000) including those secured in Macau. In addition, the Group has also secured a contract with a value of HK\$1,654,000,000 under a jointly controlled operation with another renowned main contractor in Hong Kong. Subsequent to the year ended and up to the date of this announcement, the Group has further secured three contracts with a total value of HK\$1,227,000,000 and completed two contracts with a total contract value of HK\$717,000,000. The increase in contracts in hand was the result of an upturn of the construction market in Hong Kong. A few of the contracts in progress are design and build contracts that require extra expertise especially in early stage of the project. The management believe that the Group's experience and performance will help secure more of such contracts for future growth.

The Group has also actively expanded its construction business in overseas markets including Macau and Singapore. As at the date of this announcement, the Group has four contracts in hand in Macau. During the year, the Group also set up an office in Singapore and subsequent to year end, the Group has already commenced work on the contract secured in Singapore. As the first step into this market, the Group has hired an experienced team both locally as well as seconding qualified team members from Hong Kong to support such development. With the Group's industry experience and excellent relationship with customers, the management is confident of securing additional contracts from this growing market and expects positive financial results from these markets in the coming few years.

Upholding of high quality, safety and environmental standards have always been the Group's major focus. Relentless effort has been made to maintain the high standard. The effort of the Group is well recognised by the industry and over 20 safety, quality and environmental awards have been awarded to the Group during the year. The major awards are:

1. the "Silver Award for Outstanding Environmental Management and Performance Grand Award" for **Considerate Contractors Site Award**;
2. the "Silver Award of Green Contractor" awarded by Architectural Services Department; and
3. the "Silver Award for Building Site (Public Sector)" for **Safety Award Scheme for the Construction Industry**.

### Building materials trading

During the year, the Group has increased its revenue derived from its building materials trading and precast building component manufacturing and trading business from HK\$32,925,000 in 2007 to HK\$44,761,000 in 2008. However, consistent with pressures in the market, the Group's factory in China is facing the impact of Renminbi appreciation, rising salary costs as well as commodity and material costs increase. The Group has undertaken measures to mitigate the impact of material costs increases in the coming year.

## **Others operations**

The Group's other businesses mainly include information technology services provision, curtain wall, architects and engineers companies as well as theme painting. These businesses do not only provide good platforms to support the Group's construction business, but have been actively pursuing work with external customers. The management believes that these segments will help provide integrated services to all customers and uphold the quality of the Group's services and products.

## **BUSINESS PROSPECTS**

The construction industry is currently in its upturn. Given the Group's good track record and reputation in public construction work especially in quality and design, the Group remains in a strong position to capture these opportunities by securing further contracts. Recently, there has been lower demand of public housing estate construction and redevelopment work which made a consequential impact to the Group. However, the Group's credentials and experience developed from the recent large design and build contracts from the government will provide a strong platform for more works. The maturing curtain wall and glass reinforced gusum products businesses will integrate more closely with the Group's existing construction segment allowing the Group to position itself as a total solution contractor in the market and be even more competitive in tendering for contracts.

In Macau, the construction market remains stable with large infrastructure projects planned by the government of Macau SAR and private sectors. The Group will continue to seize opportunities for future works with the credentials developed. In Singapore, after securing the first large project in this second quarter, the Group is currently tendering more works to capture opportunities in this rapidly growing market. The move into overseas markets is important to capture the needs and recent development in these markets and the Group also believes that growing internationally will help diversify the business geographically in the Group's core competencies. The Group will continue to explore the potential of the United Arab Emirates market that is currently enjoying strong growth with mega projects to be undergone. All these overseas investments will support the growth of our core businesses in the near term.

In May 2008, the Group has completed a major transaction to acquire 100% of the shares of Ryoden Engineering Company Limited ("REC Group"). REC Group has strong speciality in mechanical and engineering field and its large amount of remaining contract value in hand will be beneficial to the Group. The management believes that the acquisition will allow the Group to integrate vertically into mechanical and engineering field and to take the benefit of a well-established team with strong expertise. This will give the Group an additional advantage in future tenders especially in design and build contracts. An integration process with REC Group is currently underway and REC Group will contribute to the Group's financial performance for next year commencing June 2008 onwards.

Overall, while the Group has had a challenging year in respect of some projects, the cash and assets base have substantially improved which provides the financial strength for further expansion including potential opportunities in property development both in Hong Kong and China. This will allow the Group to maximise shareholder value and take advantage of improvement in the construction and real estate market in the long run. With these and a clear vision, the management is confident of achieving a reasonable growth in the coming years. The Group has also raised a campaign within the Group to support donations to 12 May Sichuan earthquake. While we show sympathy to the affected victims, the Group will continue to provide support to fulfill our social responsibility.

## **FINANCIAL POSITION**

At 31 March 2008, the Group's total cash in hand was HK\$957,631,000 (2007: HK\$213,011,000) while total borrowings have reduced to HK\$166,271,000 (2007: HK\$892,543,000) this year. The substantial increase in cash in hand and decrease in bank borrowings were resulted from the disposal of the properties at 33 Sharp Street East during the year. The Group has no net debt (total borrowings less total cash in hand) as at 31 March 2008 (2007: HK\$679,532,000 and net debt to equity ratio in 2007 was 78.4%) and the current ratio (total current assets: total current liabilities) has improved from 1.6 in 2007 to 3.2 in 2008.

The short-term and long-term bank borrowings are secured by the Group's properties, investment in unit trust and certain time deposits. Interest on bank loans are charged at floating rates and the Company monitors interest rate risks continuously and considers hedging any excessive risk when necessary. The total bank facilities granted to the Group at 31 March 2008 was approximately HK\$498,810,000 (2007: HK\$1,021,310,000), of which approximately HK\$193,538,000 (2007: HK\$912,074,000) had been utilised.

## **HUMAN RESOURCES**

At 31 March 2008, the Group employed approximately 980 employees in Hong Kong, Macau and Singapore and approximately 870 employees in Mainland China.

Employees in Hong Kong, Macau and Singapore are either paid on a monthly salary basis or daily wages basis. Salaried employees are entitled to benefits according to seniority such as discretionary bonus which are based on their performance, double pay, defined contribution provident funds, annual leave, employer sponsored trainings and others.

Employees in Mainland China are remunerated according to the prevailing market conditions in the location of their employment.

Employees are encouraged to participate voluntary community services as part of their development. The Group was awarded "Caring Company 2007/2008" organised by the Hong Kong Council of Social Service.

## **CORPORATE GOVERNANCE**

The Company has complied with all the applicable code provisions set out in the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the financial year ended 31 March 2008, except for the code provision A.2.1 and A.4.2.

Code provision A.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 of the Company are not separated and are performed by the same individual, Mr. Wong Ip Kuen. The current structure will enable the Company to make and facilitate the implementation of decisions promptly and efficiently.

Code provision A.4.2 requires every director be subject to retirement by rotation at least once every three years, however the Bye-laws stipulate that one-third of the directors of the Company, except director holding office as Chairman, should be subject to retirement by rotation at each annual general meeting. This Code Provision also stipulates that all directors appointed to fill a casual vacancy should be subject to re-election by shareholders at the first general meeting after their appointment. In accordance with the Bye-laws of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The Board of the Company considers that the impact of deviation is immaterial and casual vacancy does not happen frequently.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

## **ADOPTION OF CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code of Appendix 10 of the Listing Rules. The Directors have complied with such code of conduct throughout the year covered by the Annual Report.

## **REVIEW BY AUDIT COMMITTEE**

The Group's final results for the year ended 31 March 2008 have been reviewed by the Audit Committee which comprises three Independence Non-Executive Directors. The Audit Committee, together with the management and the Company's auditors, PricewaterhouseCoopers, has reviewed the consolidated financial statements for the year ended 31 March 2008 of the Group.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The figures in this annual results announcement have been agreed by the Company's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2008. 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.

## INFORMATION TO BE PUBLISHED ON THE STOCK EXCHANGES WEBSITE

Information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchanges website in due course.

By order of the Board  
**Wong Ip Kuen**  
Chairman

Hong Kong, 22 July 2008

*As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Ip Kuen, Mr. Wong Tin Cheung, Mr. Sun Chun Wai, Mr. So Yau Chi and Ms. Wong Wai Man. The Independent Non-Executive Directors of the Company are Dr. Yeung Tsun Man, Eric, Mr. Wu King Cheong and Mr. Chan, Bernard Charnwut.*

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

(i) *<http://www.yaulee.com>; and*

(ii) *<http://www.irasia.com>*