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 2011

HIGHLIGHTS

The Group reported an increase in revenue from HK$3,462,014,000 to HK$3,573,181,000.

The Group reported gross profit of HK$207,395,000 (2010: HK$231,639,000) in current year.

Profit for the year increased from HK$56,335,000 to HK$71,351,000.

Basic and diluted earnings per share was approximately HK16.42 cents (2010: HK12.86 cents).

The net asset value of the Group as at 31 March 2011 was HK$1,387,490,000 (2010: HK$1,303,450,000), equivalent to HK$3.17 (2010: HK$2.98) per share based on the 438,053,600 (2010: 438,053,600) ordinary shares in issue.

* *For identification purpose only*

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 2011 together with comparative figures for the year ended 31 March 2010 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	3	**3,573,181**	3,462,014
Cost of sales	5	**(3,365,786)**	(3,230,375)
Gross profit		**207,395**	231,639
Other income and gains	4	**84,373**	55,479
Distribution costs	5	**(13,260)**	(8,234)
Administrative expenses	5	**(200,394)**	(200,850)
Other operating expenses	5	**(4,177)**	(3,905)
Operating profit		**73,937**	74,129
Finance costs	6	**(8,101)**	(4,035)
Share of profit/(loss) of associates		**112**	(362)
Share of profit/(loss) of jointly controlled entities		**20,384**	(912)
Profit before income tax		**86,332**	68,820
Income tax expense	7	**(14,981)**	(12,485)
Profit for the year		**71,351**	56,335
Attributable to:			
Equity holders of the Company		**71,945**	56,337
Non-controlling interests		**(594)**	(2)
		71,351	56,335
Dividend	8	**9,988**	5,607
Earnings per share (basic and diluted)	9	**16.42 cents**	12.86 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**71,351**	56,335
Other comprehensive income:		
Currency translation differences	**18,296**	3,217
Total comprehensive income for the year	**89,647**	59,552
Attributable to:		
Equity holders of the Company	**90,241**	59,554
Non-controlling interests	**(594)**	(2)
Total comprehensive income for the year	**89,647**	59,552

BALANCE SHEETS
As at 31 March 2011

	Notes	2011 Group HK$'000	2011 Company HK$'000	2010 (Restated) Group HK$'000	2010 Company HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment		**688,318**	**–**	525,361	–
Investment properties		**368,069**	**–**	299,370	–
Leasehold land and land use rights		**60,209**	**–**	59,018	–
Intangible assets		**18,846**	**–**	19,902	–
Goodwill		**15,905**	**–**	15,905	–
Subsidiaries		**–**	**571,615**	–	491,615
Associates		**1,654**	**–**	1,542	–
Jointly controlled entities		**11,342**	**–**	1,132	–
Deferred income tax assets		**14,699**	**–**	9,011	–
Other non-current assets		**98,302**	**–**	41,423	–
		1,277,344	**571,615**	972,664	491,615
Current assets					
Cash and bank balances		**428,230**	**2,214**	566,630	17,713
Trade debtors, net	*10*	**543,037**	**–**	422,952	–
Prepayments, deposits and other receivables		**246,253**	**306**	192,830	290
Inventories		**57,123**	**–**	33,797	–
Prepaid income tax		**115**	**–**	634	–
Due from customers on construction contracts		**388,154**	**–**	374,077	–
Financial assets at fair value through profit or loss		**43,919**	**18,886**	–	–
Derivative financial assets		**2,069**	**–**	499	–
Due from associates, net		**–**	**–**	8,653	1,043
Due from subsidiaries		**–**	**1,116,313**	–	1,069,205
Due from jointly controlled entities		**31,203**	**–**	59,740	138
		1,740,103	**1,137,719**	1,659,812	1,088,389
Total assets		**3,017,447**	**1,709,334**	2,632,476	1,580,004
EQUITY					
Share capital		**87,611**	**87,611**	87,611	87,611
Other reserves		**438,337**	**414,135**	420,041	414,135
Retained profits					
Proposed final dividend		**9,988**	**9,988**	5,607	5,607
Others		**851,554**	**994,100**	789,597	999,484
Attributable to equity holders of the Company		**1,387,490**	**1,505,834**	1,302,856	1,506,837
Non-controlling interests		**–**	**–**	594	–
Total equity		**1,387,490**	**1,505,834**	1,303,450	1,506,837

BALANCE SHEETS *(Continued)*
As at 31 March 2011

		2011		2010 (Restated)	
	Notes	**Group** *HK$'000*	**Company** *HK$'000*	Group *HK$'000*	Company *HK$'000*
LIABILITIES					
Non-current liabilities					
Long-term borrowings		**437,086**	**–**	315,206	–
Deferred income tax liabilities		**21,946**	**–**	11,527	–
Retention payables		**9,218**	**–**	19,788	–
		468,250	**–**	346,521	–
Current liabilities					
Short-term bank loans		**353,012**	**30,000**	195,000	–
Current portion of long-term borrowings		**19,162**	**–**	6,743	–
Derivative financial liabilities		**1,317**	**–**	284	–
Payables to suppliers and subcontractors	*11*	**273,046**	**–**	258,940	–
Accruals, retention payables and other liabilities		**199,600**	**808**	172,937	1,126
Income tax payable		**15,019**	**–**	19,052	–
Obligation in respect of jointly controlled entities		**1,203**	**–**	9,066	–
Due to customers on construction contracts		**291,108**	**–**	310,483	–
Due to subsidiaries		**–**	**172,692**	–	72,041
Due to jointly controlled entities		**8,240**	**–**	10,000	–
		1,161,707	**203,500**	982,505	73,167
Total liabilities		**1,629,957**	**203,500**	1,329,026	73,167
Total equity and liabilities		**3,017,447**	**1,709,334**	2,632,476	1,580,004
Net current assets		**578,396**	**934,219**	677,307	1,015,222
Total assets less current liabilities		**1,855,740**	**1,505,834**	1,649,971	1,506,837

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

	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 2010	**87,611**	**413,776**	**359**	**5,906**	**795,204**	**1,302,856**	**594**	**1,303,450**
Comprehensive income:								
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**71,945**	**71,945**	**(594)**	**71,351**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**18,296**	**–**	**18,296**	**–**	**18,296**
2010 final dividend	**–**	**–**	**–**	**–**	**(5,607)**	**(5,607)**	**–**	**(5,607)**
As at 31 March 2011	**87,611**	**413,776**	**359**	**24,202**	**861,542**	**1,387,490**	**–**	**1,387,490**
As at 1 April 2009	87,611	413,776	359	2,689	743,116	1,247,551	596	1,248,147
Comprehensive income:								
Profit/(loss) for the year	–	–	–	–	56,337	56,337	(2)	56,335
Other comprehensive income:								
Currency translation differences	–	–	–	3,217	–	3,217	–	3,217
2009 final dividend	–	–	–	–	(4,249)	(4,249)	–	(4,249)
As at 31 March 2010	87,611	413,776	359	5,906	795,204	1,302,856	594	1,303,450

NOTES TO THE 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 trading and property investment and development. 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, Church Street, Hamilton HM11, Bermuda. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

These financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 27 June 2011.

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 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) Revised standards, amendments to standards and interpretations that are effective in the year

The following revised standards, amendments to standards and interpretations have been published that are effective for the accounting period of the Group beginning on 1 April 2010 and are relevant to the Group's operations:

– HKFRS 3 (revised), "Business Combinations", and consequential amendments to HKAS 27, "Consolidated and Separate Financial Statements", HKAS 28, "Investments in Associates", and HKAS 31, "Interests in Joint Ventures", are effective prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  The Group has changed its accounting policy for business combination but the adoption of the revised standard had no impact on the results or financial position of the Group for the year ended 31 March 2011.

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

(i) Revised standards, amendments to standards and interpretations that are effective in the year (Continued)

– HKAS 27 (revised), "Consolidated and Separate Financial Statements" requires the effects of all transactions with non-controlling interests to be recorded in reserve if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in consolidated income statement.

The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 April 2010 when HKAS 27 (revised), "Consolidated and separate financial statements" became effective. The revision to HKAS 27 contained consequential amendments to HKAS 28, "Investments in Associates", and HKAS 31, "Interests in Joint Ventures". Previously, transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings. Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date of control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entities or financial assets. The adoption of the revised standard had no impact on the Group's results or financial position as at 31 March 2011.

– HKAS 17 (amendment), "Leases", deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 April 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease. Such land interest of the Group that is held for own use is now reclassified from "Leasehold land and land use rights" to "Property, plant and equipment" and is depreciated over the lease term. Certain comparative figures have been restated accordingly as a result of the adoption but there is no impact on the Group's results or financial position as at 31 March 2011.

– HK Interpretation 5, "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". This interpretation provides guidance on the classification by the borrower of a term loan that contains a repayment on demand clause, with reference to the criteria for classification of liabilities as current or non-current as set out in HKAS 1.

The Group has reassessed the classification of borrowings and the effect of the changes in the accounting policy following the adoption of HK Interpretation 5. The adoption of HK Interpretation 5 has no impact on the financial position of the Group as at 31 March 2011. The interpretation requires a retrospective application, however, such changes have no material effect on the results and financial position of the Group as at 31 March 2010. and hence comparative figures have not been restated.

Except for the above, the adoption of the other revised standards, amendments to standards and interpretations had no material financial impact on the consolidated financial statements of the Group.

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

(ii) New and revised standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new and revised standards, amendments to standards and interpretations have been published and are mandatory for the accounting periods of the Group beginning on or after 1 April 2011 that the Group has not early adopted:

– HKAS 12 (amendment), "Deferred Tax: Recovery of Underlying Assets"
– HKAS 24 (revised), "Related Party Disclosures"
– HKFRS 9, "Financial Instruments"
– HK(IFRIC) - Int 14 (amendment), "Prepayments of a Minimum Funding Requirement"
– HK(IFRIC) - Int 19, "Extinguishing Financial Liabilities with Equity Instruments"
– Improvements to HKFRSs 2010

The Group will adopt the above new and revised standards, amendments to standards and interpretations as and when they become effective. The Group has already commenced an assessment of the impact to the Group but is not yet in a position to state whether they would have significant impact on its results 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 trading and property investment and development.

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Contracting of building construction, plumbing, renovation, maintenance and fitting-out projects	**1,950,609**	2,183,737
Electrical and mechanical installation	**1,581,137**	1,232,158
Building materials trading	**28,711**	32,958
Property investment and development	**1,536**	2,816
Others	**11,188**	10,345
	3,573,181	3,462,014

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

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 trading – Trading of construction and building materials
- Property investment and development

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.

	Construction *HK$'000*	Electrical and mechanical installation *HK$'000*	Building materials trading *HK$'000*	Property investment and development *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 March 2011						
Total sales	**1,965,783**	**1,677,335**	**244,482**	**1,536**	**32,992**	**3,922,128**
Inter-segment sales	**(15,174)**	**(96,198)**	**(215,771)**	**–**	**(21,804)**	**(348,947)**
External sales	**1,950,609**	**1,581,137**	**28,711**	**1,536**	**11,188**	**3,573,181**
Segment results	**(18,250)**	**28,949**	**12,757**	**50,833**	**(1,725)**	**72,564**
Unallocated income						**1,373**
Operating profit						**73,937**
Finance costs	**(2,766)**	**(693)**	**(3,529)**	**(499)**	**(614)**	**(8,101)**
Share of profit of associates	**–**	**112**	**–**	**–**	**–**	**112**
Share of profit/(loss) of jointly controlled entities	**20,408**	**–**	**(24)**	**–**	**–**	**20,384**
Profit before income tax						**86,332**
Income tax expense						**(14,981)**
Profit for the year						**71,351**

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction *HK$'000*	Electrical and mechanical installation *HK$'000*	Building materials trading *HK$'000*	Property investment and development *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 March 2010						
Total sales	2,197,644	1,422,691	211,489	2,816	29,190	3,863,830
Inter-segment sales	(13,907)	(190,533)	(178,531)	–	(18,845)	(401,816)
External sales	2,183,737	1,232,158	32,958	2,816	10,345	3,462,014
Segment results	15,214	21,922	1,554	41,269	(10,487)	69,472
Unallocated income						4,657
Operating profit						74,129
Finance costs	(2,480)	(198)	(380)	(977)	–	(4,035)
Share of loss of associates	–	(362)	–	–	–	(362)
Share of (loss)/profit of jointly controlled entities	(924)	–	12	–	–	(912)
Profit before income tax						68,820
Income tax expense						(12,485)
Profit for the year						56,335

4 OTHER INCOME AND GAINS

	2011	2010
	HK$'000	*HK$'000*
Other income		
Dividend income from investments	**76**	78
Bank interest income	**1,838**	3,018
Interest income from subcontractors	**6,468**	4,392
Interest income from a jointly controlled entity	**–**	522
Management service income from a jointly controlled entity	**1,831**	762
Write back of provision for impairment on an amount due from an associate	**2,812**	–
Sundry income	**7,737**	5,125
	20,762	13,897
Other gains		
Gain on disposal of property, plant and equipment, net	**210**	459
Fair value gain on investment properties, net	**53,180**	39,543
Gain on financial assets at fair value through profit or loss	**147**	242
Gain on derivative financial assets	**7,996**	1,338
Exchange gain, net	**2,078**	–
	63,611	41,582
	84,373	55,479

5 EXPENSES BY NATURE

	2011	2010
	HK$'000	*HK$'000*
Cost of construction	**2,793,457**	2,661,830
Cost of inventories sold	**157,097**	160,171
Staff costs (excluding directors' emoluments)	**474,674**	429,090
Directors' emoluments	**18,594**	14,822
Depreciation		
Owned property, plant and equipment	**26,140**	21,817
Leased property, plant and equipment	**4,116**	3,474
	30,256	25,291
Operating lease rentals of		
Land and buildings	**9,902**	9,305
Other equipment	**40,190**	63,879
	50,092	73,184
Amortisation of leasehold land and land use rights	**1,348**	423
Less: Capitalised in construction in progress	**(1,292)**	(367)
	56	56
Amortisation of intangible assets	**1,056**	1,056
(Write back)/write off of impaired receivables, net	**(2,011)**	455
Auditor's remuneration	**3,506**	3,278
Loss on deregistration of subsidiaries, net	**1,793**	–
Exchange loss, net	**–**	1,065
Direct operating expenses arising from investment properties		
-Generate rental income	**242**	364
-Not generate rental income	**57**	65
Distribution costs	**13,260**	8,234
Others	**41,488**	64,403
Total cost of sales, distribution costs, administrative and other operating expenses	**3,583,617**	3,443,364

6 FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on overdrafts and short-term bank loans	**6,206**	1,656
Interest on long-term bank loans repayable within five years	**3,731**	2,041
Interest on long-term bank loans repayable after five years	**1,277**	379
Interest element of finance lease payments	**410**	358
Total borrowing costs incurred	**11,624**	4,434
Less: Classified as cost of construction	**(1,899)**	(1,251)
Capitalised in construction in progress	**(2,875)**	(1,443)
Capitalised in investment properties under development	**(1,783)**	–
	5,067	1,740
Loss on financial assets at fair value through profit or loss	**1,005**	118
Loss on derivative financial liabilities	**2,029**	2,177
	8,101	4,035

7 INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Hong Kong profits tax provision for the year	**116**	74
Overseas tax provision for the year	**11,784**	17,107
Over-provision in prior years	**(1,345)**	(247)
Deferred income tax relating to the origination and reversal of temporary differences	**4,426**	(4,449)
	14,981	12,485

Hong Kong profits tax was calculated at 16.5% (2010:16.5%) 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

In the Board meeting held on 27 June 2011, the Directors recommended the payment of a final dividend at HK2.28 cents (2010: HK1.28 cents) per share, totalling HK$9,988,000 (2010: HK$5,607,000) for the year ended 31 March 2011.

9 EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of earnings per share is based on:

	2011	2010
	HK$'000	*HK$'000*
Net profit attributable to the equity holders of the Company	**71,945**	56,337

	2011	2010
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 2011 and 2010 are not presented as there are no potential dilutive shares in issue during the years.

10 TRADE DEBTORS, NET

	2011	2010
	HK$'000	*HK$'000*
Trade debtors	**396,468**	248,201
Retention receivables	**150,109**	186,420
Provision for impairment	**(3,540)**	(11,669)
	543,037	422,952

10 TRADE DEBTORS, NET *(Continued)*

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

	2011	2010
	HK$'000	*HK$'000*
Current	**504,177**	395,845
1-30 days	**18,163**	5,550
31-90 days	**4,753**	6,182
91-180 days	**4,209**	1,870
Over 180 days	**11,735**	13,505
	38,860	27,107
	543,037	422,952

The trade debtors are due 30 days to 150 days after invoicing depending on the nature of services or products. As at 31 March 2011, trade debtors of HK$38,860,000 (2010: HK$27,107,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

As at 31 March 2011, trade debtors of HK$3,540,000 (2010: HK$11,669,000) were impaired and fully provided for. The individually impaired receivables relate to customers which are in unexpected difficult economic situations. All of these trade debtors were overdue by more than 180 days as at 31 March 2011 and 2010.

11 PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

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

	2011	2010
	HK$'000	*HK$'000*
Current	**234,582**	218,026
1-30 days	**14,970**	24,907
31-90 days	**5,912**	13,870
91-180 days	**6,773**	1,564
Over 180 days	**10,809**	573
	273,046	258,940

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 2011, 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) During the year, 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 documents for proceedings. The Directors consider that no provision is presently required with respect to the case.

(c) The Group has provided performance bonds amounting to approximately HK$424,327,000 (2010: HK$369,382,000) in favour of the Group's customers.

(d) As at 31 March 2011, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of plant and equipment, construction of a hotel in Hong Kong and a factory in Mainland China of approximately HK$83,524,000 (2010: HK$52,082,000).

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

	Group	
	2011	2010
	HK$'000	*HK$'000*
Land and buildings		
– Within one year	**8,659**	6,428
– One year to five years	**13,212**	12,312
– More than five years	**40,029**	40,895
	61,900	59,635

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR

The Group reported increase in revenue and net profit during the year, attributed to the continuous and healthy growth in our main business operations as well as the fair value gains on the Group's investment properties.

The Group achieved a turnover of HK$3,573,181,000 representing a moderate growth over last year. This was brought about by the stable contribution from our core construction business, especially in Hong Kong and Singapore, as well as a steady growth in the electrical and mechanical installation business. Gross profit for the year was HK$207,395,000 compared with HK$231,639,000 reported last year as a result of additional costs incurred in certain completed construction contracts. Besides, other income and gains increased considerably to HK$84,373,000, benefited mainly from the appreciation in fair values of the Group's investment properties in Hong Kong. From costs perspective, the Group's tightened control over administrative expenses has proved to be effective in an inflationary environment. Administrative expenses were maintained at HK$200,394,000 which is about the same level as previous year. The finance cost in current year increased in order to fund various new property development projects. The Group's tax expenses for the year amounted to HK$14,981,000, representing an effective tax rate of 17%. Overall, net profit for the year increased to HK$71,351,000 reflecting the Group's progressive growth in our core businesses and the flourishing property investments.

The basic earnings per share for the year was HK16.42 cents compared to HK12.86 cents of last year. Net asset value of the Group as at 31 March 2011 was HK$1,387,490,000 (2010: HK$1,303,450,000), equivalent to HK$3.17 (2010: HK$2.98) per share based on 438,053,600 (2010: 438,053,600) ordinary shares in issue.

DIVIDEND

In the Board meeting held on 27 June 2011, the Directors recommended the payment of a final dividend of HK2.28 cents (2010: HK1.28 cents) per share for the year ended 31 March 2011. Subject to the equity holders' approval at the forthcoming Annual General Meeting, the dividend will be paid on 22 September 2011 to equity holders whose names appear on the Company's register of members on 12 August 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 8 August 2011, to Friday, 12 August 2011, 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 5 August 2011.

REVIEW OF OPERATIONS

Building construction, renovation and maintenance

Revenue for the building construction, renovation and maintenance segment for the current year was HK$1,950,609,000 (2010: HK$2,183,737,000) and the segment loss was HK$18,250,000 (2010: profit of HK$15,214,000). At the beginning of 2010 during which economic recovery from the financial crisis was still in the early stage, developers and contractors have been cautious in carrying out contract works given the uncertain outlook. The recovery has picked up pace in the second half of 2010, with Hong Kong and Singapore property construction markets growing strong. The overall result of this for the Group in this segment was a moderate drop of revenue during the year. Segment results experienced a loss due to unexpected cost increment for certain construction contracts completed during the year. The Group will continue to monitor closely its contracts in progress to ensure profitability and completion on time in a quality manner. On the other hand, the Group's jointly controlled entity in respect of a major public construction project in Hong Kong has commenced full construction during the year.

During the year, the Group secured 10 major contracts with a total contract sum of HK$2,048,000,000 and completed 7 contracts with total contract value of HK$3,893,000,000. Total value of contracts in hand as at 31 March 2011 was HK$5,065,000,000. In addition, the contract secured through a jointly controlled entity with a renowned contractor of value HK$2,896,000,000 was in progress during the year. As at 31 March 2011, the Group's total contract value in hand was at HK$7,961,000,000 including those held through a jointly controlled entity. Subsequent to the year end and up to date of this announcement, the Group has further secured two contracts totalling HK$393,000,000. The strong contract intakes demonstrate the Group's experience and competitive strength in the construction market. The Group has developed strong expertise and reputation in the building construction and renovation sector and the Group will continue to leverage on these advantages to actively explore opportunities in both public and private sector projects.

Achieving high quality, safety and environmental standards has always been the Group's mission. During the year, the Group's effort towards this mission continued to receive recognition from the industry and brought to the Group a variety of more than 30 awards during the year, including:

1. Gold Award of Considerate Contractors;
2. Silver Award for Building Sites (Public Sector) in Safety Award Scheme;
3. Silver Award for Outstanding Contractors Award (Building);
4. Bronze Award of Safety Team Award;
5. Merit Award for Environmental Excellence.

Electrical and mechanical installation

The electrical and mechanical installation segment has achieved solid growth as a result of robust development in the property markets of Hong Kong and Mainland China. Revenue for the segment was HK$1,581,137,000 (2010: HK$1,232,158,000) and segment profit was HK$28,949,000 (2010: HK$21,922,000).

Although competition in this business segment was keen, the Group has managed to achieved a 28% increase in revenue, which was driven by the strong growth in contract intakes. The growth in Mainland China is particularly encouraging especially in Shanghai, and new contracts secured were generally of high contract values. Contracts with total sums amounting to approximately HK$1,600,000,000 were secured during the year, including a contract of HK$436,000,000 in Mainland China and two contracts totalling HK$187,000,000 in Macau. As at 31 March 2011, total contracts in hand for this segment amounted to HK$3,849,000,000.

Profit of this segment increased by about 32% and was in line with the increase in revenue. The Group believes that the markets in Hong Kong, Mainland China and Macau will be the major drivers for further and sustained growth in this business segment. Apart from leveraging on own expertise and experience, the Group will also actively pursue strategic partnerships with other companies in the sector in order to increase competitive strength for securing more significant opportunities.

Building materials trading

The segment reported turnover of HK$28,711,000 (2010: HK$32,958,000) and a segment profit of HK$12,757,000 (2010: HK$1,554,000). The reduced turnover was due to decreased materials supply contracts with private developers in Hong Kong as a result of the conservative attitude of developers with uncertainty about the full recovery of the global economy. During the year, appreciation of Renminbi, increasing labour costs and fluctuating raw material prices remained major concerns in the operation, as the production facilities were located in Mainland China. Nevertheless, profit from this segment moved up significantly which mainly attributed to the gain on derivative financial assets and currency exchange gain of Renminbi. Besides, persistent efforts to implement efficient operational measures and better cost control in factory production were also contributing factors to the profit increase in this segment.

Property investment and development

Revenue generated from this segment during the year amounted to HK$1,536,000 (2010: HK$2,816,000) which came from rental of the Group's investment properties. There was a slight decrease in revenue because rental of an investment property in Hong Kong was terminated by the Group during the year in order to plan the site for redevelopment. Segment profit recorded was HK$50,833,000 (2010: HK$41,269,000), resulted primarily from the gains on fair value of the investment properties during the year, which was driven by the recent soar in property prices in Hong Kong. These properties were acquired in 2009 in Hong Kong during the global financial crisis with significant downward market adjustments. Some of those properties are currently under development and the rest continue to derive rental income for the Group.

Others

The Group's other businesses include business units that support the Group's existing construction businesses and at the same time, actively pursue work from external customers. These units include computer software development as well as architectural and engineering services businesses. These enable the Group to provide integrated services to clients and help build up competitive edge in the market in terms of service coverage and cost savings.

BUSINESS PROSPECTS

The Group will continue its positioning as a total solution contractor in the market with diversified construction related businesses and will proactively explore opportunities across different territories. This will increase our competitiveness and strengthen our ability to sustain long-term growth.

Although full recovery of the global economy is still uncertain, locally Hong Kong's property construction market has shown a continuous upward trend as a result of the Hong Kong Government's "Ten Major Infrastructure Projects", and the various coming major public and private sector projects. With our strong expertise and excellent reputation developed in the local construction and building renovation sector, the Group will continue to actively pursue further contract works in Hong Kong. The Group has also gained favourable reputation around the region from its recent works in Macau and Singapore and this has helped securing further new contracts in these expanding markets. The Group is confident that such momentum will continue.

Our mechanical and electrical installation business has already gained a strong presence and contract base in Hong Kong, Macau and Mainland China, capitalizing on our experience and local knowledge in these regions, we will continue to look for further expansion on a proactive basis. On the other hand, a number of large infrastructure projects are progressing in Hong Kong currently. The Group will look for strategic partnership locally and from overseas to enhance our capabilities in order to increase the chance of securing major projects. Besides, the Group will also engage in developing environmental products to the market by actively collaborating with local universities for researches and developments.

The construction of the Group's new integrated factory in Huizhou, Guangdong Province of China is well in progress, and some of the production lines have already commenced operations. At the moment, the factory in Longhua of Shenzhen will continue to be the main production hub for supplying building construction materials. Upon completion of construction of the new factory, the centralised management of the various production lines should promote synergies among each other, thereby reducing cost and improving efficiency. It will also enhance our capabilities and capacity to cope with new business intakes, especially in precast building units and materials. Further, one Starfon production line has already completed set up within the new factory and ready for pilot operation. With the addition of the innovative Starfon technology, the Group will be able to develop and promote this environmentally friendly, cost effective and high performance building material to the market and this will undoubtedly strengthen our building material trading business.

Property development projects of the Group have also been moving along with good progress. In Hong Kong, the Holiday Inn Express Hong Kong, SoHo in Sheung Wan are targeted to be operational in the first quarter of 2012. It should then provide an additional steady source of revenue for the Group. In alignment with our pursuit of corporate social responsibility, the Group aims at building an environmentally friendly hotel by incorporating various innovative, energy saving, waste reduction measures. The hotel will be a representative work of the Group for demonstrating our effort towards green building construction. On the other hand, the properties located in Kwun Tong and To Kwa Wan are planned for redevelopment into offices and residential premises respectively and have been undergoing statutory procedures. The Group has enjoyed favourable appreciation in values of these properties and upon completion of the redevelopment, they should provide another steady source of revenue to the Group. In general, the Group will maintain a strategic and balanced property investment portfolio which will bring additional and long-term benefits to the Group.

With our solid foundation in the construction and related businesses, sound business development plans, together with our continuous effort to drive synergies amongst different divisions, the management team is confident of achieving steady growth for the Group in the coming years. The Group will continue to attune to the economy and market trend, seizing favourable opportunities whenever they arise and take prompt actions. Besides, we will continue to adopt a proactive, yet prudent approach in developing our businesses and to maximize return for shareholders. We will also continue to invest in staff development and training. Finally, being a responsible corporate citizen, we will extensively implement energy saving, low carbon emission and environmentally friendly construction technologies, aiming to build a better environment for people.

FINANCIAL POSITION

As at 31 March 2011, the Group's total cash in hand was HK$428,230,000 (2010: HK$566,630,000) while total borrowings have increased to HK$809,260,000 (2010: HK$516,949,000). The Group has net debt of HK$381,030,000 (total borrowings less total cash in hand) as at 31 March 2011 (2010: nil) and the current ratio has reduced from 1.69 in 2010 to 1.50 in 2011. The reduction in net cash position is mainly a result of the timing of receipt of construction revenue at year end, the payments of machinery for production of environmentally friendly products and construction costs of the development projects which were partly satisfied by internally generated resources and partly from banking facilities.

The short-term and long-term borrowings are secured by the Group's properties, certain time deposits and financial assets at fair value through profit or loss. 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 Group has been granted banking facilities of HK$1,408,638,000 (2010: HK$948,067,000) relating to bank loans and overdrafts and HK$611,004,000 (2010: HK$608,802,000) relating to guarantees and trade financing as at 31 March 2011, in which an amount of HK$809,260,000 (2010: HK$516,949,000) and HK$309,914,000 (2010: HK$290,728,000) were utilised respectively. The Group's banking facilities increased as a result of business expansion, financing for capital expenditure and property development projects.

HUMAN RESOURCES

As at 31 March 2011, the Group employed approximately 3,100 (2010: 2,600). There are approximately 1,850 (2010: 1,900) employees in Hong Kong, Macau and Singapore and 1,250 (2010: 700) in mainland China. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned.

MOVEMENT OF INCOMPLETE CONTRACTS FOR THE YEAR ENDED 31 MARCH 2011

	31 March 2010	**Contracts**		**31 March 2011**
		Secured	**Completed**	
	HK$'million	*HK$'million*	*HK$'million*	*HK$'million*
Building construction, renovation and maintenance	6,910	2,048	(3,893)	5,065
Electrical and mechanical installation	3,460	1,600	(1,211)	3,849
Less: Inter-segment contracts	(315)	(246)	208	(353)
	10,055	3,402	(4,896)	8,561

The above contract value as at 31 March 2011 did not include contract of HK$2,896 million under a jointly controlled entity.

CORPORATE GOVERNANCE

The Directors are committed to safeguard the interest of its shareholders by complying with the corporate governance requirements set out in the Code on Corporate Governance Practice (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.

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 can only provide reasonable but not absolute assurance against misstatements or losses.

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 2011, including financial, operational and compliance controls as well as the Group's risk management process. The results of the internal control review were submitted to the Audit Committee for their consideration. The Audit Committee has reviewed the results of the internal control review and is satisfied that the Group's system of internal controls 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, qualifications and experience of staff of the function, and their training programmes and budget.

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 of 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 2011.

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 2011 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 will enable the Company to make and facilitate the implementation of decisions promptly and efficiently.

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

Banking facility with covenant 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 facility which existed during the year and included a condition relating to specific performance of the controlling shareholder of the Company.

On 14 May 2010, a wholly-owned subsidiary of the Company was granted a term loan facility of up to HK$475,000,000 to be repaid in one lump sum 36 months after the date of the loan agreement or 31 December 2012, whichever shall be the earlier. The facility is for purpose of refinancing the subsidiary's existing indebtedness and financing or refinancing its property development projects.

Pursuant to the loan agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, and his family, hold directly or indirectly less than 40% of the equity interest and voting shares of the Company. The occurrence of the aforesaid event of default would render all outstanding liabilities and indebtedness of the subsidiary under the loan agreement to become immediately due and payable.

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 2011.

REVIEW BY AUDIT COMMITTEE

The Group's annual results for the year ended 31 March 2011 have been reviewed by the Audit Committee which comprises three Independence Non-Executive Directors. The Audit Committee, together with the management, has reviewed the consolidated financial statements for the year ended 31 March 2011 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 consolidated financial statements for the year ended 31 March 2011. 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 WEBSITE OF SEHK

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

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 27 June 2011

As at the date of this announcement, the Board comprises Mr. Wong Ip Kuen (Chairman), Mr. Wong Tin Cheung, Ms. Wong Wai Man, Mr. So Yau Chi, Mr. Sun Chun Wai and Mr. Tsang Chiu Kwan as Executive Directors and Mr. Wu King Cheong, Mr. Chan, Bernard Charnwut 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