

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**有利集團有限公司\***  
**Yau Lee Holdings Limited**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 0406)**

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

**HIGHLIGHTS**

The Group reported an increase in revenue from HK\$1,776,593,000 to HK\$1,832,709,000.

The Group reported gross profit of HK\$157,553,000 (2012: HK\$152,243,000) in current period.

Profit for the period decreased from HK\$36,595,000 to HK\$21,597,000.

Basic and diluted earnings per share was approximately HK4.92 cents (2012: HK8.34 cents).

The net asset value attributable to equity holders of the Company as at 30 September 2013 was HK\$1,517,592,000 (31 March 2013: HK\$1,499,440,000), equivalent to HK\$3.46 (31 March 2013: HK\$3.42) per share based on the 438,053,600 (31 March 2013: 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 (the “Group”) for the six months ended 30 September 2013 were as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2013

		Six months ended 30 September	
	Note	2013 HK\$'000	2012 HK\$'000
Revenue	4	1,832,709	1,776,593
Cost of sales	6	<u>(1,675,156)</u>	<u>(1,624,350)</u>
Gross profit		157,553	152,243
Other income and gains	5	45,355	39,107
Distribution costs	6	(10,783)	(16,064)
Administrative expenses	6	(168,907)	(139,222)
Other operating expenses	6	<u>(2,646)</u>	<u>(2,474)</u>
Operating profit		20,572	33,590
Finance costs	7	(22,633)	(19,644)
Share of profit of jointly controlled entities		22,766	23,426
Share of profit of an associate		<u>306</u>	<u>17</u>
Profit before income tax		21,011	37,389
Income tax credit/(expense)	8	<u>586</u>	<u>(794)</u>
Profit for the period		<u><u>21,597</u></u>	<u><u>36,595</u></u>
<b>Attributable to:</b>			
Equity holders of the Company		21,557	36,528
Non-controlling interests		<u>40</u>	<u>67</u>
		<u><u>21,597</u></u>	<u><u>36,595</u></u>
Interim dividend	9	<u><u>4,381</u></u>	<u><u>4,381</u></u>
Earnings per share (basic and diluted)	10	<u><u>4.92 cents</u></u>	<u><u>8.34 cents</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 September 2013*

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>21,597</b>	36,595
<b>Other comprehensive income:</b>		
Items that may be reclassified to profit or loss:		
Currency translation differences	<u>2,659</u>	<u>1,403</u>
<b>Total comprehensive income for the period</b>	<b><u>24,256</u></b>	<b><u>37,998</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	<b>24,197</b>	37,931
Non-controlling interests	<u>59</u>	<u>67</u>
<b>Total comprehensive income for the period</b>	<b><u>24,256</u></b>	<b><u>37,998</u></b>

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2013

	<b>30 September</b>	31 March
	<b>2013</b>	2013
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,121,399	1,086,815
Investment properties	338,242	324,023
Leasehold land and land use rights	60,209	59,801
Intangible assets	16,206	16,734
Goodwill	15,905	15,905
Associates	1,709	1,402
Jointly controlled entities	71,504	48,524
Deferred income tax assets	4,081	3,681
Other non-current assets	45,164	45,164
	<u>1,674,419</u>	<u>1,602,049</u>
<b>Current assets</b>		
Cash and bank balances	402,930	453,507
Trade debtors, net	632,821	635,960
Prepayments, deposits and other receivables	463,588	385,684
Inventories	107,904	79,127
Prepaid income tax	310	130
Due from customers on construction contracts	980,286	611,282
Financial assets at fair value through profit or loss	42,534	42,402
Due from associates	1,257	159
Due from jointly controlled entities	2,422	2,411
Property under development for sale	411,164	386,926
	<u>3,045,216</u>	<u>2,597,588</u>
<b>Total assets</b>	<u><u>4,719,635</u></u>	<u><u>4,199,637</u></u>

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET** (Continued)  
As at 30 September 2013

	<b>30 September</b>	31 March
	<b>2013</b>	2013
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>		
Share capital	87,611	87,611
Other reserves	451,156	448,516
Retained profits		
Proposed dividends	4,381	6,045
Others	974,444	957,268
	<u>1,517,592</u>	<u>1,499,440</u>
<b>Attributable to equity holders of the Company</b>		
<b>Non-controlling interests</b>	1,081	1,022
	<u>1,518,673</u>	<u>1,500,462</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	1,087,704	1,015,590
Deferred income tax liabilities	6,191	6,349
	<u>1,093,895</u>	<u>1,021,939</u>
<b>Current liabilities</b>		
Short-term bank loans	1,068,900	619,372
Current portion of long-term borrowings	61,580	69,371
Derivative financial instruments	18,923	26,952
Payables to suppliers and subcontractors	267,248	274,363
Accruals, retention payables and other liabilities	363,480	328,609
Income tax payable	454	590
Obligation in respect of jointly controlled entities	1,505	1,291
Due to customers on construction contracts	262,565	293,526
Due to jointly controlled entities	62,412	63,162
	<u>2,107,067</u>	<u>1,677,236</u>
<b>Total liabilities</b>	<u>3,200,962</u>	<u>2,699,175</u>
<b>Total equity and liabilities</b>	<u>4,719,635</u>	<u>4,199,637</u>
<b>Net current assets</b>	<u>938,149</u>	<u>920,352</u>
<b>Total assets less current liabilities</b>	<u>2,612,568</u>	<u>2,522,401</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
*For the six months ended 30 September 2013*

	Attributable to equity holders of the Company							Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Currency translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000			
As at 1 April 2013	87,611	413,776	359	34,381	963,313	1,499,440	1,022	1,500,462	
Comprehensive income:									
Profit for the period	-	-	-	-	21,557	21,557	40	21,597	
Other comprehensive income:									
Currency translation differences	-	-	-	2,640	-	2,640	19	2,659	
2013 final dividend ( <i>Note 9</i> )	-	-	-	-	(6,045)	(6,045)	-	(6,045)	
<b>As at 30 September 2013</b>	<b>87,611</b>	<b>413,776</b>	<b>359</b>	<b>37,021</b>	<b>978,825</b>	<b>1,517,592</b>	<b>1,081</b>	<b>1,518,673</b>	
As at 1 April 2012, as previously reported	87,611	413,776	359	32,975	887,108	1,421,829	1,072	1,422,901	
Adjustment of change in accounting policy for									
– adopting amendments to HKAS12	-	-	-	-	21,320	21,320	-	21,320	
– retention reclassification	-	-	-	-	3,894	3,894	-	3,894	
As at 1 April 2012, as restated	87,611	413,776	359	32,975	912,322	1,447,043	1,072	1,448,115	
Comprehensive income:									
Profit for the period	-	-	-	-	36,528	36,528	67	36,595	
Other comprehensive income:									
Currency translation differences	-	-	-	1,403	-	1,403	-	1,403	
2012 final dividend ( <i>Note 9</i> )	-	-	-	-	(9,988)	(9,988)	-	(9,988)	
<b>As at 30 September 2012</b>	<b>87,611</b>	<b>413,776</b>	<b>359</b>	<b>34,378</b>	<b>938,862</b>	<b>1,474,986</b>	<b>1,139</b>	<b>1,476,125</b>	

# 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 the contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations. The Group is also engaged in other activities which mainly include computer software development and architectural and engineering services.

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

Condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. Condensed consolidated interim financial information has been approved for issue by the Board of Directors on 25 November 2013.

This condensed consolidated interim financial information has not been audited.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2013 has been prepared in accordance with 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

## 3. ACCOUNTING POLICIES

### (i) Adoption of new standards and amendments to existing standards

The following relevant standards and amendments to existing standards have been published that are effective for the accounting period of the Group beginning on 1 April 2013:

– Amendments to HKAS 1 (revised)	Presentation of Financial Information – Presentation of Items of Other Comprehensive Income
– HKAS 27 (2011)	Separate Financial Information
– HKAS 28 (2011)	Investments in Associates and Joint Ventures
– HKFRS 10	Consolidated Financial Information
– HKFRS 11	Joint Arrangements
– HKFRS 12	Disclosure of Interests in Other Entities
– HKFRS 13	Fair Value Measurements
– Annual Improvements 2009 – 2011 Cycle	

The adoption of these relevant standards and amendments to existing standards did not have any significant effect to the Group’s consolidated financial results.

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

### 3. ACCOUNTING POLICIES *(Continued)*

- (ii) Relevant new or revised standards, amendments to existing standards and interpretations that are not yet effective and have not been early adopted by the Group

The following relevant new or revised standards, amendments to existing standards and interpretations have been published but are not effective for the financial year beginning 1 April 2013 and have not been early adopted by the Group:

– Amendments to HKAS 27 (2011), HKFRS 10 and HKFRS 12	Investment entities
– HKAS 32 (amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
– HKAS 36 (amendment)	Recoverable Amount Disclosures for Non-Financial Assets
– HKAS 39 (amendment)	Novation of Derivatives and Continuation of Hedge Accounting
– HK (IFRIC) – Int 21	Levies
– HKFRS 7 and HKFRS 9 (amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transitional Disclosures
– HKFRS 9	Financial Instruments

The Group will adopt the above new or revised standards, amendments to existing 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 these would have significant impact on its results of operations and financial position.

## 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.

	<b>Six months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue		
Construction	<b>1,189,526</b>	906,774
Electrical and mechanical installation	<b>464,857</b>	580,626
Building materials supply	<b>120,058</b>	280,846
Property investment and development	<b>1,030</b>	943
Hotel operations	<b>52,347</b>	403
Others	<b>4,891</b>	7,001
	<b><u>1,832,709</u></b>	<b><u>1,776,593</u></b>

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 HK\$'000	Electrical and mechanical installation HK\$'000	Building materials supply HK\$'000	Property investment and development HK\$'000	Hotel operations HK\$'000	Others HK\$'000	Total HK\$'000
<b>For the six months ended</b>							
<b>30 September 2013</b>							
Total sales	1,197,778	504,526	229,934	1,030	52,347	21,616	2,007,231
Inter-segment sales	(8,252)	(39,669)	(109,876)	-	-	(16,725)	(174,522)
External sales	1,189,526	464,857	120,058	1,030	52,347	4,891	1,832,709
Jointly controlled entities sales	620,627	4,648	-	-	-	-	625,275
	<u>1,810,153</u>	<u>469,505</u>	<u>120,058</u>	<u>1,030</u>	<u>52,347</u>	<u>4,891</u>	<u>2,457,984</u>
Segment results	19,138	(8,179)	(5,697)	12,838	9,774	(3,425)	24,449
Share of profit of an associate	-	306	-	-	-	-	306
Share of profit/(loss) of jointly controlled entities	22,980	(213)	(1)	-	-	-	22,766
	<u>42,118</u>	<u>(8,086)</u>	<u>(5,698)</u>	<u>12,838</u>	<u>9,774</u>	<u>(3,425)</u>	<u>47,521</u>
Unallocated expenses							(3,877)
Finance costs							(22,633)
Profit before income tax							21,011
Income tax credit							586
Profit for the period							<u>21,597</u>

**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 2012							
Total sales	920,811	667,172	292,882	943	403	14,871	1,897,082
Inter-segment sales	<u>(14,037)</u>	<u>(86,546)</u>	<u>(12,036)</u>	<u>-</u>	<u>-</u>	<u>(7,870)</u>	<u>(120,489)</u>
External sales	906,774	580,626	280,846	943	403	7,001	1,776,593
Jointly controlled entities sales	<u>488,025</u>	<u>1,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>489,613</u>
	<u><u>1,394,799</u></u>	<u><u>582,214</u></u>	<u><u>280,846</u></u>	<u><u>943</u></u>	<u><u>403</u></u>	<u><u>7,001</u></u>	<u><u>2,266,206</u></u>
Segment results	974	(4,746)	30,818	26,343	(8,184)	(4,279)	40,926
Share of profit of an associate	-	17	-	-	-	-	17
Share of profit/(loss) of jointly controlled entities	<u>23,433</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,426</u>
	<u><u>24,407</u></u>	<u><u>(4,729)</u></u>	<u><u>30,811</u></u>	<u><u>26,343</u></u>	<u><u>(8,184)</u></u>	<u><u>(4,279)</u></u>	<u><u>64,369</u></u>
Unallocated expenses							(7,336)
Finance costs							<u>(19,644)</u>
Profit before income tax							37,389
Income tax expense							<u>(794)</u>
Profit for the period							<u><u>36,595</u></u>

There has been no material change in total liabilities from the amount disclosed in the last annual financial statements.

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

**5. OTHER INCOME AND GAINS**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Other income		
Dividend income from investments	74	149
Bank interest income	1,450	1,154
Interest income from subcontractors	8,305	6,581
Management service income from a jointly controlled entity	902	758
Sundry income	7,724	1,458
	<u>7,724</u>	<u>1,458</u>
	----- <b>18,455</b>	----- <b>10,100</b>
Other gains		
Fair value gain on investment properties, net	14,174	27,603
Gain on financial assets at fair value through profit or loss	757	153
Gain on derivative financial instruments	8,029	-
Gain on disposal of property, plant and equipment, net	814	53
Exchange gain, net	3,126	1,198
	<u>3,126</u>	<u>1,198</u>
	----- <b>26,900</b>	----- <b>29,007</b>
	<u><b>45,355</b></u>	<u><b>39,107</b></u>

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

**6. EXPENSES BY NATURE**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of construction	<b>1,152,671</b>	1,144,824
Cost of inventories sold	<b>190,238</b>	211,424
Staff cost (including Directors' emoluments)	<b>365,262</b>	298,465
Depreciation		
Owned property, plant and equipment	<b>38,717</b>	26,601
Leased property, plant and equipment	<b>2,789</b>	1,330
	<b>41,506</b>	27,931
Operating lease rentals of		
Land and buildings	<b>6,908</b>	6,474
Other equipment	<b>37,276</b>	25,796
	<b>44,184</b>	32,270
Amortisation of leasehold land and land use rights	<b>732</b>	736
Amortisation of intangible assets	<b>528</b>	528
Auditor's remuneration	<b>2,153</b>	1,865
Direct operating expenses arising from investment properties		
– Generate rental income	<b>139</b>	171
– Not generate rental income	<b>24</b>	21
Distribution costs	<b>10,783</b>	16,064
Others	<b>49,272</b>	47,811
Total cost of sales, distribution costs, administrative and other operating expenses	<b>1,857,492</b>	1,782,110

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

**7. FINANCE COSTS**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on overdrafts and short-term bank loans	<b>20,434</b>	10,642
Interest on long-term bank loans repayable within five years	<b>3,256</b>	5,369
Interest on long-term bank loans repayable after five years	<b>136</b>	2,246
Interest element of finance lease payments	<b>228</b>	135
	<hr/>	<hr/>
Total borrowing costs incurred	<b>24,054</b>	18,392
Less: Classified as cost of construction	<b>(2,921)</b>	(2,806)
Capitalised in construction in progress	–	(4,584)
Capitalised in investment properties	<b>(1,084)</b>	(785)
Capitalised in property under development for sale	<b>(2,116)</b>	(2,028)
	<hr/>	<hr/>
	<b>17,933</b>	8,189
Loss on financial assets at fair value through profit or loss	<b>29</b>	20
Loss on derivative financial instruments	<b>4,671</b>	11,435
	<hr/>	<hr/>
	<b>22,633</b>	19,644
	<hr/> <hr/>	<hr/> <hr/>

**8. INCOME TAX (CREDIT)/EXPENSE**

No taxation on Hong Kong profits tax for the period has been provided as there were no estimated assessable profits in Hong Kong (2012: Nil).

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

The amount of income tax (credited)/charged to the unaudited condensed consolidated income statement represents:

	<b>Six months ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overseas tax provision for the period	<b>61</b>	881
Over-provision in prior years	<b>(160)</b>	–
Deferred income tax relating to the origination and reversal of temporary differences	<b>(487)</b>	(87)
	<hr/>	<hr/>
	<b>(586)</b>	794
	<hr/> <hr/>	<hr/> <hr/>

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

**9. DIVIDENDS**

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid during the period		
Final in respect of the financial year ended 31 March 2013		
– HK1.38 cents (2012: HK2.28 cents) per ordinary share	<u><b>6,045</b></u>	<u>9,988</u>
Declared interim dividend		
Interim – HK1.0 cent (2012: HK1.0 cent) per ordinary share	<u><b>4,381</b></u>	<u>4,381</u>

The interim dividend was declared after the period ended 30 September 2013, and therefore has not been included as a liability in the condensed consolidated balance sheet. The interim dividend will be paid to the shareholders whose names appear in the register of members on 30 December 2013.

**10. EARNINGS PER SHARE (BASIC AND DILUTED)**

The calculation of earnings per share is based on:

	<b>Six months ended 30 September</b>	
	<b>2013</b>	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit attributable to the equity holders of the Company	<u><b>21,557</b></u>	<u>36,528</u>
Weighted average number of shares in issue during the period	<u><b>438,053,600</b></u>	<u>438,053,600</u>

Diluted earnings per share for the six months ended 30 September 2013 and 2012 are not presented as there are no potential dilutive shares in issue during the periods.

## 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. As at 30 September 2013, trade debtors of HK\$115,583,000 (31 March 2013: HK\$54,469,000) 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 the trade debtors, net is as follows:

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Current	517,238	581,491
Overdue by:		
1-30 days	27,407	16,026
31-90 days	30,362	15,071
91-180 days	9,124	3,411
Over 180 days	48,690	19,961
	<u>115,583</u>	<u>54,469</u>
	<u><b>632,821</b></u>	<u><b>635,960</b></u>

### 12. PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

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

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Current	231,663	257,103
1-30 days	19,400	12,076
31-90 days	14,312	2,374
91-180 days	1,181	1,710
Over 180 days	692	1,100
	<u>267,248</u>	<u>274,363</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 2013, the Group has various liquidated damages claims on certain contracts for which the respective extension of time claims have been forwarded and filed to the clients. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.
- (b) In 2010, the Group filed a statement of claims against a subcontractor of HK\$10,000,000 in respect of the subcontractor's failure to perform contractual duties and for recovery of overpayment made to the subcontractor. The subcontractor raised a counterclaim against the Group in the sum of HK\$10,000,000. The case is in the process of exchanging evidence for proceedings. The Directors are of the view that no provision is presently required with respect to the case.
- (c) The Group has provided performance bonds amounting to approximately HK\$786,161,000 (31 March 2013: HK\$776,230,000) in favour of the Group's customers.
- (d) As at 30 September 2013, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of plant and equipment and setup of a factory in Mainland China of approximately HK\$14,485,000 (31 March 2013: HK\$18,524,000).
- (e) The future aggregate minimum lease rental payable under non-cancellable operating leases is as follows:

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Land and buildings		
Within one year	<b>10,958</b>	11,664
One year to five years	<b>19,197</b>	23,062
More than five years	<b>36,175</b>	35,476
	<b>66,330</b>	70,202

## MANAGEMENT DISCUSSION AND ANALYSIS

### Interim Results and Review of Operation

The Group's turnover for the first half of 2013 was HK\$1,833 million, representing a mild growth of 3% period-on-period. When turnover of joint venture projects counted, the like-for-like turnover was increased by 9% period-on-period. Construction and maintenance revenue grew 30% to HK\$1,810 million as the three big projects awarded at last year end commenced works during the period. Electrical and mechanical installation segment turnover was decreased by 19% to HK\$469 million. Turnover dropped because major newly awarded contracts started works in second quarter and therefore recognised a small amount of revenue in first half of the year. Likewise, timing of project commencement caused turnover drop in building materials supply segment. The segment also recorded a reduction in turnover of 21%. Nonetheless, both segments would catch up in remaining period of the year considering latest project progresses.

Consolidated gross profits for the period were HK\$157.6 million or a gross profit margin of 8.6%, the percentage remained same as that in last year. Although the shortage of skilled labour and subcontractors keep jacking up construction costs, we manage to maintain the margin through innovative construction technologies. We will continue to strive for operation efficiency.

Total operating expenses have increased by 15% period-on-period, reflecting changes in business structures and market conditions. Distribution expenses have been decreased by 33% which were in line with the change in building materials supply sales volume. Administrative expenses were up by 21%, reflecting mainly the newly reported depreciation and running costs of the hotel which had not commenced operation in the same period last year. Besides, the operation expansions in Singapore and Huizhou factory caused a rise in administrative expenses.

Net profit attributable to shareholders for the period was HK\$21.6 million, down from HK\$36.6 million a year earlier. The reduction was largely from the drop in unrealised fair value gain on investment properties. With the introduction of a range of cooling measures including increased stamp duties, property markets stagnate. Though downward price adjustment in commercial property market is not manifested, volume of transactions reduced. Buyers are very cautious in offer. Growth in the Group's property portfolio valuation has therefore slowed down.

As at 30 September 2013, the value of contracts in hand excluding joint venture contracts remains at a high level of HK\$21,139 million, 2.3% higher than that at end of March 2013. Following a fruitful Year 2012, the Group again secured an institution design and construction project of HK\$1.5 billion in first half of the year. For capping limit compliance and optimal business mix, the Group holds back temporarily on public housing tendering and has eye on quality private sector projects. We targeted some opportunities and believe some of them would be concluded in second half of the year. Electrical and mechanical installation segment also obtained new orders of HK\$768 million, representing a growth of 13.8% period-on-period.

## Movement of Contracts

For the six months ended 30 September 2013 (excluding jointly controlled entities' contracts)

	31 March 2013 <i>HK\$'million</i>	Contracts Secured <i>HK\$'million</i>	Completed <i>HK\$'million</i>	30 September 2013 <i>HK\$'million</i>
Building construction, renovation and maintenance*	16,302	1,527	(903)	<b>16,926</b>
Electrical and mechanical installation**	4,912	768	(545)	<b>5,135</b>
Building materials supply	2,147	54	(132)	<b>2,069</b>
Computer software development and architectural and engineering services	26	2	(11)	<b>17</b>
Less: Inter-segment contracts	<u>(2,725)</u>	<u>(532)</u>	<u>249</u>	<u><b>(3,008)</b></u>
	<u><b>20,662</b></u>	<u><b>1,819</b></u>	<u><b>(1,342)</b></u>	<u><b>21,139</b></u>

\* The above contract value as at 30 September 2013 did not include two contracts of jointly controlled entities with HK\$12,984,000,000 in total value.

\*\* The above contract value as at 30 September 2013 did not include a contract of a jointly controlled entity of HK\$300,000,000.

## 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 2013, the Group's total cash in hand was HK\$402.9 million (31 March 2013: HK\$453.5 million) and total borrowings was increased to HK\$2,218.2 million (31 March 2013: HK\$1,704.3 million) during the period. The increase in borrowing is largely to finance the newly secured construction projects. The current ratio (total current assets: total current liabilities) as at 30 September 2013 was 1.44 (31 March 2013: 1.55). The amount of bank loans and other facilities fall due beyond one year was HK\$1,087.7 million (31 March 2013: HK\$1,015.6 million). With prudent financial management policy in place, the Group considers the financial position as sound and healthy with sufficient liquidity.

All the bank borrowings are arranged on a floating rate basis. To alleviate partly the Group's exposure to interest rate fluctuations, we had arranged some interest rate hedging instruments aiming to keep the interest costs at a controlled range. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging relevant hedging arrangements when appropriate. As at 30 September 2013, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK\$3,460,348,000 (31 March 2013: HK\$3,149,919,000), of which HK\$2,765,555,000 (31 March 2013: HK\$2,184,655,000) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development requirement and capital expenditure.

## **Human Resources**

As at 30 September 2013, the Group had approximately 4,400 (31 March 2013: 3,500) employees. There are approximately 2,800 (31 March 2013: 2,400) employees in Hong Kong, Macau and Singapore and 1,600 (31 March 2013: 1,100) in Mainland China. Yau Lee aims to be a good and attractive employer as we understand people are key to long-term success. The Group offers competitive remuneration packages and employees are rewarded on a performance related basis. The Group also invests substantially on training and staff development. We promote continuing learning and help the professional and personal development of our employees.

## **Outlook**

The Group's core markets are still on a growth path. In Hong Kong, the Housing Authority targets to construct about 79,000 public rental housing flats in coming five years. The Government also announced in the 2013 Policy Address that they will increase the supply of subsidised housing in short to medium-term partly through adopting a production target of at least 100,000 public rental housing units over the five years starting 2018. Building construction demands would remain at high level in coming years. In Singapore, the government also announced new housing plan which promises every Singaporean family who is working can afford their home. Both governments' commitments to housing supply give a clear indication of building construction markets, based on which we can plan our strategy effectively. We would attempt an optimal business mix between government and private sector for enhanced return and minimised risks. Government projects with a price adjustment mechanism that negates partially the impact of inflation continue to be our primary business in view of current market conditions whereas rising costs and liquidity are critical issues. On private sector, we will work for customers who value and trust in our core competency. Nowadays, green construction has moved from pure slogan to a key element. Yau Lee has long been one of the innovators in the industry. Our greatest strength is our ongoing development of latest sustainable construction techniques and ultra-efficient building technology. We will ride on these edges to win over businesses for reasonable margins.

Being a green integrated corporation, we will for sure develop and devote more resources on green businesses, one of which is the energy saving solutions. In last year, we carried out many pre-marketing activities including hotel visits and seminars to introduce our achievement in this area. We are ready to roll out the business after our hotel Holiday Inn Express Hong Kong SoHo completes a full year operation in November whereupon our capability would be authenticated with actual and solid energy saving data.

Meanwhile, we will keep our eyes on property market for good developments to enlarge our property investment portfolio.

We anticipate the Group's contracts in hand would be kept at high level, from which our performance in coming few years is envisioned. We think opportunities abound in years ahead. We are positive about the business outlook but would stay alert to the still-challenging economic environment and keep tight controls over the execution of projects.

## **INTERIM DIVIDEND**

On 25 November 2013, the Board has resolved to declare the payment of an interim dividend of HK1.0 cent per ordinary share in respect of the six months ended 30 September 2013 to shareholders registered on the register of members on 30 December 2013. The interim dividend will be payable on or before 15 January 2014.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 December 2013 to 30 December 2013, 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 Room No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 20 December 2013.

## 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	260,659,599	59.50%

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 29,980,000 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 Cook Islands and the British Virgin Islands respectively. Mr. Wong Ip Kuen is a director of both All Fine Investment Company Limited and Billion Goal Holdings Limited.

During the period ended 30 September 2013, 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 or its jointly controlled entities 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.

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

As at 30 September 2013, the register of substantial shareholders maintained under Section 336 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 2013.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The Audit Committee has reviewed with management 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.

## **CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE SEHK ("LISTING RULES") – LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER**

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

On 22 November 2011, a wholly-owned subsidiary of the Company was granted a term loan facility in the aggregate sum of HK\$207,500,000 to be repaid in 48 months from the date of the facility agreement or 6 months from the date of the occupation permit issued by the Hong Kong Building Authority in respect of an entire new building, whichever shall be the earlier. The facility is for the purpose of construction of a new building, which is in part financed or refinanced by the facility. Pursuant to the facility agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, ceases to beneficially own 50% or more of the entire issued voting share capital of the Company.

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

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

As at 30 September 2013 and up to the date of this announcement, there is no breach of the covenants.

## **CORPORATE GOVERNANCE**

The Board believes that corporate governance is fundamental to corporate long-term success and the enhancement of shareholder value. The Company has adopted the principles and practices of the Code on Corporate Governance Practice (the “Code”) as set out in the Appendix 14 of the 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 2013 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 period ended 30 September 2013 except for the Code provision A.2.1.

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 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.

## **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 accounting period covered by this interim announcement.

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

Hong Kong, 25 November 2013

*As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Ip Kuen, Ir. Wong Tin Cheung, Ms. Wong Wai Man and Mr. Sun Chun Wai. 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 websites:*

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