



# 有利集團有限公司 Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 0406



**Be GREEN, Be LEAN, Be BIM**



# 2014

INTERIM REPORT



This interim report is printed on environmentally friendly paper

# CORPORATE INFORMATION

## Directors

### Executive directors

Wong Ip Kuen (*Chairman*)  
Wong Tin Cheung (*Vice Chairman*)  
Wong Wai Man  
Sun Chun Wai

### Independent non-executive directors

Chan, Bernard Charnwut  
Wu King Cheong  
Yeung Tsun Man, Eric

## Registered office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## Head office and principal place of business

10th Floor, Tower 1  
Enterprise Square  
9 Sheung Yuet Road  
Kowloon Bay  
Kowloon  
Hong Kong

Websites: <http://www.yaulee.com>  
<http://www.irasia.com>

## Company secretary

Lam Kwok Fan

## Principal bankers

Nanyang Commercial Bank, Limited  
BNP Paribas Hong Kong Branch  
The Hongkong and Shanghai Banking  
Corporation Limited  
Hang Seng Bank Limited  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
Hong Kong Branch

## Independent auditor

PricewaterhouseCoopers

## Solicitors

Gallant Y. T. Ho & Co.  
T. H. Koo & Associates

## Hong Kong share registrar and transfer office

Computershare Hong Kong Investor  
Services Ltd.  
Room No. 1712-1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## HIGHLIGHTS

The Group reported an increase in revenue from HK\$2,286,198,000 to HK\$4,073,008,000.

The Group reported gross profit of HK\$216,720,000 (2013: HK\$184,665,000) in current period.

Profit for the period increased from HK\$21,597,000 to HK\$47,229,000.

Basic and diluted earnings per share was approximately HK10.76 cents (2013: HK4.92 cents).

The net asset value attributable to equity holders of the Company as at 30 September 2014 was HK\$1,572,848,000 (31 March 2014: HK\$1,531,610,000), equivalent to HK\$3.59 (31 March 2014: HK\$3.50) per share based on the 438,053,600 (31 March 2014: 438,053,600) ordinary shares in issue.

# 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 2014 were as follows:

## UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2014

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2014</b>	2013
	<i>Note</i>	<i>HK\$'000</i>	(Restated) <i>HK\$'000</i>
Revenue	6	<b>4,073,008</b>	2,286,198
Cost of sales	8	<b>(3,856,288)</b>	(2,101,533)
		<hr/>	<hr/>
Gross profit		<b>216,720</b>	184,665
Other income and gains	7	<b>55,714</b>	40,517
Distribution costs	8	<b>(14,046)</b>	(10,783)
Administrative expenses	8	<b>(187,232)</b>	(169,443)
Other operating expenses	8	<b>(2,247)</b>	(2,647)
		<hr/>	<hr/>
Operating profit		<b>68,909</b>	42,309
Finance costs	9	<b>(14,446)</b>	(18,365)
Share of profit of associates		<b>682</b>	306
Share of loss of joint ventures		<b>(2)</b>	(1)
		<hr/>	<hr/>
Profit before income tax		<b>55,143</b>	24,249
Income tax expense	10	<b>(7,914)</b>	(2,652)
		<hr/>	<hr/>
Profit for the period		<b>47,229</b>	21,597
		<hr/>	<hr/>
<b>Attributable to:</b>			
Equity holders of the Company		<b>47,113</b>	21,557
Non-controlling interests		<b>116</b>	40
		<hr/>	<hr/>
		<b>47,229</b>	21,597
		<hr/>	<hr/>
Interim dividend	11	<b>4,381</b>	4,381
		<hr/>	<hr/>
Earnings per share (basic and diluted)	12	<b>10.76 cents</b>	4.92 cents
		<hr/>	<hr/>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014	2013
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<b>47,229</b>	21,597
<b>Other comprehensive income:</b>		
Items that may be reclassified to profit or loss subsequently:		
Currency translation differences	<u>170</u>	<u>2,659</u>
<b>Total comprehensive income for the period</b>	<b><u>47,399</u></b>	<b><u>24,256</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	<b>47,283</b>	24,197
Non-controlling interests	<u>116</u>	<u>59</u>
<b>Total comprehensive income for the period</b>	<b><u>47,399</u></b>	<b><u>24,256</u></b>

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2014

		30 September 2014 HK\$'000	31 March 2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,156,902	1,138,264
Investment properties	13	61,986	329,115
Leasehold land and land use rights	13	58,776	59,480
Intangible assets		15,150	15,678
Goodwill		15,905	15,905
Associates		2,066	1,384
Deferred income tax assets		4,480	4,481
Available-for-sale financial assets		11,800	11,800
Other non-current assets		45,164	49,364
		<u>1,372,229</u>	<u>1,625,471</u>
<b>Current assets</b>			
Cash and bank balances	14	788,119	1,001,142
Trade debtors, net	15	1,384,274	1,190,512
Prepayments, deposits and other receivables		807,250	773,215
Inventories		116,962	115,622
Prepaid income tax		718	1,200
Due from customers on construction contracts		1,214,626	994,186
Financial assets at fair value through profit or loss		42,177	32,544
Property under development for sale		515,146	445,744
Due from associates, net		1,306	1,657
Due from joint venture/joint operations		28,528	4,026
Due from other partners of joint operations		56,797	56,797
		<u>4,955,903</u>	<u>4,616,645</u>
Investment property held for sale	13	<u>305,000</u>	–
<b>Total assets</b>		<u><u>6,633,132</u></u>	<u><u>6,242,116</u></u>

**UNAUDITED CONDENSED CONSOLIDATED  
BALANCE SHEET (CONTINUED)**

As at 30 September 2014

		<b>30 September 2014</b>	31 March 2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>EQUITY</b>			
Share capital	17	87,611	87,611
Other reserves		452,667	452,497
Retained profits			
Proposed dividends		4,381	6,045
Others		1,028,189	985,457
		<hr/>	<hr/>
<b>Attributable to equity holders of the Company</b>		<b>1,572,848</b>	1,531,610
<b>Non-controlling interests</b>		<b>1,776</b>	1,660
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,574,624</b>	1,533,270
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	18	1,260,043	1,280,525
Deferred income tax liabilities		3,759	3,846
		<hr/>	<hr/>
		<b>1,263,802</b>	1,284,371
		<hr/> <hr/>	<hr/> <hr/>
<b>Current liabilities</b>			
Short-term bank loans	18	1,346,886	1,098,821
Current portion of long-term borrowings	18	135,307	71,066
Derivative financial liabilities	16	12,800	15,127
Payables to suppliers and subcontractors	19	616,510	591,416
Accruals, retention payables and other liabilities		626,727	567,139
Income tax payable		18,544	12,242
Obligation in respect of joint ventures		1,346	1,343
Due to customers on construction contracts		933,774	985,298
Due to joint operations		60,090	60,090
Due to other partners of joint operations		42,722	21,933
		<hr/>	<hr/>
		<b>3,794,706</b>	3,424,475
		<hr/> <hr/>	<hr/> <hr/>
<b>Total liabilities</b>		<b>5,058,508</b>	4,708,846
		<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>		<b>6,633,132</b>	6,242,116
		<hr/> <hr/>	<hr/> <hr/>
<b>Net current assets</b>		<b>1,161,197</b>	1,192,170
		<hr/> <hr/>	<hr/> <hr/>
<b>Total assets less current liabilities</b>		<b>2,838,426</b>	2,817,641
		<hr/> <hr/>	<hr/> <hr/>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Attributable to equity holders of the Company							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	Non- controlling interests HK\$'000	
As at 1 April 2014	87,611	413,776	359	38,362	991,502	1,531,610	1,660	1,533,270
Comprehensive income:								
Profit for the period	-	-	-	-	47,113	47,113	116	47,229
Other comprehensive income:								
Currency translation differences	-	-	-	170	-	170	-	170
2014 final dividend (Note 11)	-	-	-	-	(6,045)	(6,045)	-	(6,045)
<b>As at 30 September 2014</b>	<b>87,611</b>	<b>413,776</b>	<b>359</b>	<b>38,532</b>	<b>1,032,570</b>	<b>1,572,848</b>	<b>1,776</b>	<b>1,574,624</b>
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 (Note 11)	-	-	-	-	(6,045)	(6,045)	-	(6,045)
As at 30 September 2013	87,611	413,776	359	37,021	978,825	1,517,592	1,081	1,518,673

# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2014

	Six months ended 30 September 2014 <i>HK\$'000</i>	2013 (Restated) <i>HK\$'000</i>
<b>Cash flows used in operating activities</b>		
Operating profit	68,909	42,309
Interest income	(10,574)	(10,015)
Dividend income from investments	–	(74)
Gain on disposal of property, plant and equipments, net	(141)	(814)
Fair value gain on investment properties, net	(36,349)	(14,174)
Amortisation of intangible assets	528	528
Amortisation of leasehold land and land use rights	704	732
Depreciation	49,813	42,557
Gain on derivative financial liabilities, net	–	(3,358)
Gain on financial assets at fair value through profit or loss	(22)	(757)
	<hr/>	<hr/>
Operating profit before working capital changes	72,868	56,934
Decrease in loans to suppliers	4,200	–
Increase in trade debtors, net	(194,501)	(84,728)
Increase in inventories	(1,340)	(30,313)
Increase in prepayments, deposits and other receivables	(26,934)	(198,135)
Increase in due from customers on construction contracts	(218,109)	(443,474)
Additions to property under development for sale	(69,402)	(24,238)
Increase in due from associates	(29)	(1,212)
Decrease in due to joint ventures/joint operations/other partners of joint operations, net	(3,712)	(22,161)
Increase/(decrease) in payables to suppliers and subcontractors	24,089	(213)
Increase in accruals, retention payables and other liabilities	59,291	34,495
(Decrease)/increase in due to customers on construction contracts	(51,524)	278,721
	<hr/>	<hr/>
Net cash used in operations	(405,103)	(434,324)
Hong Kong profits tax refunded	627	–
Overseas tax paid	(1,843)	(218)
	<hr/>	<hr/>
Net cash used in operating activities	(406,319)	(434,542)

# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the six months ended 30 September 2014

	<b>Six months ended 30 September 2014</b>	2013 (Restated)
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(51,145)	(67,419)
Additions to investment properties	(643)	(1,660)
Realised (loss)/gain on financial assets at fair value through profit or loss, net	(77)	180
Additions to financial assets at fair value through profit or loss	(42,388)	(31,633)
Proceeds from disposal of financial assets at fair value through profit or loss	32,474	32,714
Proceeds from disposal of property, plant and equipment	1,325	866
Dividend received from an associate	380	114
Dividend received from investments	–	74
Interest received	4,045	1,710
	<u>(56,029)</u>	<u>(65,054)</u>
<b>Cash flows from financing activities</b>		
Repayment of long-term bank loans	(30,319)	(30,862)
Drawdown of long-term bank loans	65,903	93,433
Increase in short-term bank loans, net	247,139	449,647
Decrease in restricted deposits	3,937	12,485
Capital element of finance lease payments	(10,942)	(4,044)
Interest element of finance lease payments	(365)	(80)
Realised loss on derivative financial liabilities, net	(4,695)	(4,671)
Dividend paid	(6,045)	(6,045)
Interest paid	(11,403)	(18,256)
	<u>253,210</u>	<u>491,607</u>
Decrease in cash and cash equivalents	(209,138)	(7,989)
Cash and cash equivalents at beginning of period	917,039	531,598
Exchange gain on cash and cash equivalents	52	1,062
	<u>707,953</u>	<u>524,671</u>
Cash and cash equivalents at end of period	<u>707,953</u>	<u>524,671</u>
Analysis of cash and cash equivalents:	<i>14(b)</i>	
Cash and bank balances	491,690	320,319
Time deposits	216,263	204,352
	<u>707,953</u>	<u>524,671</u>

# 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 2014.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2014 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

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

### 3. ACCOUNTING POLICIES

(i) **New and revised standards, amendments and interpretations adopted by the Group**

The accounting policies used in the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014 except for the followings:

The following new/revised standards, amendments and interpretations have been published that are effective for the accounting period of the Group beginning on 1 April 2014.

– Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
– Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
– Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
– Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
– HK(IFRIC)-Int 21	Levies

The application of the above new/revised standards, amendments and interpretations in the current period had no material impact on the Group's unaudited condensed consolidated interim financial information.

3. ACCOUNTING POLICIES (CONTINUED)

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

Impact on the adoption of HKFRS 11

Following the adoption of the HKFRS 11 “Joint Arrangements” by the Group for the year ended 31 March 2014, the impact on the results in the consolidated income statement and the consolidated cash flow statement for the six months ended 30 September 2013 are as follows:

	<i>HK\$'000</i>
Increase in revenue	453,489
Increase in cost of sales	(426,377)
Decrease in other income and gains, net	(167)
Increase in administrative expenses	(536)
Increase in other operating expenses	(1)
Increase in finance costs	(403)
Decrease in share of profit of joint ventures	(22,767)
Increase in income tax expense	(3,238)
	<hr/>
Net change in profit for the period	<hr/> <hr/> –
There is no impact on earnings per share.	
Decrease in net cash used in operating activities	31,394
Increase in net cash used in investing activities	(229)
	<hr/>
Net increase in cash and cash equivalents	31,165
Increase in cash and cash equivalents at beginning of period	197,857
	<hr/>
Net effect to cash and cash equivalents at end of period	<hr/> <hr/> 229,022

### 3. ACCOUNTING POLICIES (CONTINUED)

(ii) **New and amended standards have been issued but are not effective for the financial year beginning 1 April 2014 and have not been early adopted**

– HKFRS 9	Financial Instruments
– HKFRS 14	Regulatory Deferral Accounts
– HKFRS 15	Revenue from Contracts with Customers
– Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
– Amendments to HKAS 27	Equity Method in Separate Financial Statements
– Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
– Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions
– Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
– Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
– Annual Improvements to HKFRS 2010-2012 Cycle	
– Annual Improvements to HKFRS 2011-2013 Cycle	
– Annual Improvements to HKFRS 2012-2014 Cycle	

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

### 4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2014.

## 5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### (i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2014.

There have been no changes in any risk management policies since the financial year end.

### (ii) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS  
(CONTINUED)

(ii) Fair value estimation (Continued)

The following table represents the Group's financial assets and liabilities measured at fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>As at 30 September 2014</b>				
Financial assets at fair value through profit or loss	-	42,177	-	42,177
Derivative financial liabilities	-	(12,800)	-	(12,800)
<b>As at 31 March 2014</b>				
Financial assets at fair value through profit or loss	-	32,544	-	32,544
Derivative financial liabilities	-	(15,127)	-	(15,127)

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

There were no other changes in valuation techniques during the period.

(iii) Valuation techniques used to derive Level 2 fair values

Level 2 financial assets at fair value through profit or loss comprise of unlisted money market funds. These funds have been fair valued using observable interest rates. The effects of discounting are insignificant for the valuation of these funds.

Level 2 derivatives comprise interest rate swaps. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for level 2 derivatives.

(iv) Group's valuation processes

The Group's finance department reviews the valuations of the Group's financial instruments that are stated at fair value for financial reporting purposes. These valuation results are then reported to the chief financial officer and group senior management for discussions in relation to the valuation processes and the reasonableness of the valuation results.

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

**6. 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 2014</b>	2013 (Restated)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue		
Construction	<b>3,179,215</b>	1,766,757
Electrical and mechanical installation	<b>822,656</b>	386,256
Building materials supply	<b>8,724</b>	75,232
Property investment and development	<b>1,026</b>	1,030
Hotel operations	<b>55,963</b>	52,347
Others	<b>5,424</b>	4,576
	<b><u>4,073,008</u></b>	<b><u>2,286,198</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)**

**6. 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>
<b>For the six months ended</b>							
<b>30 September 2014</b>							
Total sales	3,243,981	1,040,449	232,248	1,026	55,963	29,814	4,603,481
Inter-segment sales	(64,766)	(217,793)	(223,524)	-	-	(24,390)	(530,473)
External sales	<u>3,179,215</u>	<u>822,656</u>	<u>8,724</u>	<u>1,026</u>	<u>55,963</u>	<u>5,424</u>	<u>4,073,008</u>
Segment results	22,448	401	7,951	34,114	11,996	(5,873)	71,037
Share of profit of associates	-	682	-	-	-	-	682
Share of loss of joint ventures	-	-	(2)	-	-	-	(2)
	<u>22,448</u>	<u>1,083</u>	<u>7,949</u>	<u>34,114</u>	<u>11,996</u>	<u>(5,873)</u>	<u>71,717</u>
Unallocated expenses							(2,128)
Finance costs							<u>(14,446)</u>
Profit before income tax							55,143
Income tax expense							<u>(7,914)</u>
Profit for the period							<u>47,229</u>
<b>At 30 September 2014</b>							
Segment assets	3,372,737	714,663	756,464	896,450	645,363	208,127	6,593,804
Interests in associates	-	2,041	-	-	-	25	2,066
Unallocated assets							<u>37,262</u>
Total assets							<u>6,633,132</u>

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

**6. 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 2013 (Restated)							
Total sales	1,818,405	507,982	229,935	1,030	52,347	21,301	2,631,000
Inter-segment sales	(51,648)	(121,726)	(154,703)	-	-	(16,725)	(344,802)
External sales	<u>1,766,757</u>	<u>386,256</u>	<u>75,232</u>	<u>1,030</u>	<u>52,347</u>	<u>4,576</u>	<u>2,286,198</u>
Segment results	45,502	(8,394)	(10,368)	12,838	9,774	(3,425)	45,927
Share of profit of associates	-	306	-	-	-	-	306
Share of loss of joint ventures	-	-	(1)	-	-	-	(1)
	<u>45,502</u>	<u>(8,088)</u>	<u>(10,369)</u>	<u>12,838</u>	<u>9,774</u>	<u>(3,425)</u>	<u>46,232</u>
Unallocated expenses							(3,618)
Finance costs							<u>(18,365)</u>
Profit before income tax							24,249
Income tax expense							<u>(2,652)</u>
Profit for the period							<u>21,597</u>
At 31 March 2014							
Segment assets	3,170,849	758,917	635,866	790,402	658,310	188,403	6,202,747
Interests in associates	-	1,359	-	-	-	25	1,384
Unallocated assets							<u>37,985</u>
Total assets							<u>6,242,116</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)

7. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2014	2013 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income		
Dividend income from investments	–	74
Bank interest income	4,045	1,710
Interest income from subcontractors	6,529	8,305
Management service income from a joint operation	72	361
Sundry income	7,033	7,844
	<u>17,679</u>	<u>18,294</u>
Other gains		
Fair value gain on investment properties, net	36,349	14,174
Gain on financial assets at fair value through profit or loss	22	757
Gain on derivative financial liabilities, net	–	3,358
Gain on disposal of property, plant and equipment, net	141	814
Exchange gain, net	1,523	3,120
	<u>38,035</u>	<u>22,223</u>
	<u>55,714</u>	<u>40,517</u>

NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. EXPENSES BY NATURE

	Six months ended 30 September 2014	2013 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of construction	3,212,409	1,530,327
Cost of inventories sold	159,682	190,238
Staff cost (including Directors' emoluments)	528,230	396,572
Depreciation		
Owned property, plant and equipment	43,449	39,768
Leased property, plant and equipment	6,364	2,789
	<u>49,813</u>	<u>42,557</u>
Operating lease rentals of		
Land and buildings	8,001	6,932
Other equipment	34,216	53,610
	<u>42,217</u>	<u>60,542</u>
Amortisation of leasehold land and land use rights	704	732
Amortisation of intangible assets	528	528
Auditor's remuneration	2,563	2,153
Direct operating expenses arising from investment properties		
– Generate rental income	149	139
– Not generate rental income	51	24
Distribution costs	14,046	10,783
Others	49,421	49,811
Total cost of sales, distribution costs, administrative and other operating expenses	<u>4,059,813</u>	<u>2,284,406</u>

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

**9. FINANCE COSTS**

	<b>Six months ended 30 September 2014</b>	2013 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on overdrafts and short-term bank loans	14,447	20,837
Interest on long-term bank loans repayable within five years	9,584	3,256
Interest on long-term bank loans repayable after five years	5,491	136
Interest element of finance lease payments	506	228
	<hr/>	<hr/>
Total borrowing costs incurred	30,028	24,457
Less: Classified as cost of construction	(8,289)	(2,921)
Capitalised in investment properties	(510)	(1,084)
Capitalised in property under development for sale	(9,461)	(2,116)
	<hr/>	<hr/>
	11,768	18,336
Loss on financial assets at fair value through profit or loss	310	29
Loss on derivative financial liabilities	2,368	–
	<hr/>	<hr/>
	14,446	18,365
	<hr/> <hr/>	<hr/> <hr/>

**10. INCOME TAX EXPENSE**

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

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 charged to the unaudited condensed consolidated income statement represents:

	<b>Six months ended 30 September 2014</b>	2013 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong profits tax provision for the period	166	789
Overseas tax provision for the period	7,806	2,510
Under/(over)-provision in prior years	28	(160)
Deferred income tax relating to the origination and reversal of temporary differences	(86)	(487)
	<hr/>	<hr/>
	7,914	2,652
	<hr/> <hr/>	<hr/> <hr/>

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

**11. DIVIDENDS**

	<b>Six months ended 30 September 2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid during the period		
Final in respect of the financial year ended 31 March 2014 – HK1.38 cents (2013: HK1.38 cents) per ordinary share	<u>6,045</u>	<u>6,045</u>
Declared interim dividend		
Interim – HK1.0 cent (2013: HK1.0 cent) per ordinary share	<u>4,381</u>	<u>4,381</u>

The interim dividend was declared after the period ended 30 September 2014, 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 29 December 2014.

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

The calculation of earnings per share is based on:

	<b>Six months ended 30 September 2014</b>	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit attributable to equity holders of the Company	<u>47,113</u>	<u>21,557</u>
	<b>Six months ended 30 September 2014</b>	2013
Weighted average number of shares in issue during the period	<u>438,053,600</u>	<u>438,053,600</u>

Diluted earnings per share for the six months ended 30 September 2014 and 2013 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)

13. CAPITAL EXPENDITURE

	Property, plant and equipment	Investment properties <i>(Note)</i>	Investment property held for sale <i>(Note)</i>	Leasehold land and land use rights
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net book amount as at 1 April 2014	1,138,264	329,115	–	59,480
Additions	69,431	133	–	–
Interest capitalised	–	510	–	–
Fair value gain on investment properties, net	–	36,349	–	–
Currency translation differences	204	879	–	–
Disposals	(1,184)	–	–	–
Transfer	–	(305,000)	305,000	–
Depreciation/amortisation charge (Note 8)	(49,813)	–	–	(704)
Net book amount as at 30 September 2014	<u>1,156,902</u>	<u>61,986</u>	<u>305,000</u>	<u>58,776</u>
Net book amount as at 1 April 2013	1,095,013	324,023	–	59,801
Additions	73,293	576	–	–
Interest capitalised	–	1,084	–	–
Fair value gain on investment properties, net	–	14,174	–	–
Currency translation differences	4,129	(1,615)	–	1,140
Disposals	(52)	–	–	–
Depreciation/amortisation charge (Note 8)	(42,557)	–	–	(732)
Net book amount as at 30 September 2013, as restated	<u>1,129,826</u>	<u>338,242</u>	<u>–</u>	<u>60,209</u>

Notes:

- (a) The fair value of the Group's investment properties has been arrived at on the basis of valuations carried out by an independent firm of qualified property valuers not connected with the Group.
- (b) In August 2014, the Group entered into an agreement to dispose the investment property situated on Tsun Yip Street, Kwun Tong, Hong Kong at a consideration of HK\$328,000,000. The date of completion shall take place on or before 18 December 2014. As at 30 September 2014, the book value of HK\$305,000,000 was classified as investment property held for sale.

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

**14. CASH AND BANK BALANCES**

	<b>30 September 2014 HK\$'000</b>	31 March 2014 HK\$'000
Cash and bank balances	491,690	560,773
Time deposits	216,263	356,266
Restricted deposits (Note a)	80,166	84,103
	<u>788,119</u>	<u>1,001,142</u>

- (a) Restricted deposits are funds which are pledged as security for the banking facilities of the Group.
- (b) Cash and cash equivalents include the following for the purpose of the condensed consolidated cash flow statement:

	<b>30 September 2014 HK\$'000</b>	31 March 2014 HK\$'000
Cash and bank balances	491,690	560,773
Time deposits	216,263	356,266
	<u>707,953</u>	<u>917,039</u>

**15. 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 2014, trade debtors of HK\$76,424,000 (31 March 2014: HK\$74,327,000) 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 2014 HK\$'000</b>	31 March 2014 HK\$'000
Current	1,307,850	1,116,185
Overdue by:		
1-30 days	6,912	15,203
31-90 days	7,778	16,742
91-180 days	10,038	7,299
Over 180 days	51,696	35,083
	<u>76,424</u>	<u>74,327</u>
	<u>1,384,274</u>	<u>1,190,512</u>

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

**16. DERIVATIVE FINANCIAL LIABILITIES**

	<b>30 September 2014 HK\$'000</b>	31 March 2014 HK\$'000
At fair value		
Hong Kong dollars interest rate swap	<u>12,800</u>	<u>15,127</u>

In 2011, the Group entered into several interest rate swap agreements with banks at a total notional amount of HK\$600,000,000. Under these agreements, the Group would pay fixed rate and receive floating rate plus credit margin, which mitigate its interest rate exposure arising from its operation. These swap agreements have taken effect during the period from June 2012 to August 2012 and would expire four years later after the effective date.

**17. SHARE CAPITAL**

	<b>Number of shares</b>		<b>Amount</b>	
	<b>30 September 2014</b>	31 March 2014	<b>30 September 2014 HK\$'000</b>	31 March 2014 HK\$'000
Ordinary shares of HK\$0.2 each				
Authorised:				
At beginning and end of the period/year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>200,000</u>	<u>200,000</u>
Issued and fully paid:				
At beginning and end of the period/year	<u>438,053,600</u>	<u>438,053,600</u>	<u>87,611</u>	<u>87,611</u>

NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. BORROWINGS

The maturity of borrowings is as follows:

	Bank loans		Obligations under finance lease	
	30 September 2014 <i>HK\$'000</i>	31 March 2014 <i>HK\$'000</i>	30 September 2014 <i>HK\$'000</i>	31 March 2014 <i>HK\$'000</i>
Within 1 year	1,462,712	1,154,111	19,481	15,776
Between 1 and 2 years	373,645	446,655	16,250	11,123
Between 2 and 5 years	546,239	476,900	6,553	7,994
After 5 years	317,356	337,853	-	-
	<u>2,699,952</u>	<u>2,415,519</u>	<u>42,284</u>	<u>34,893</u>

The bank borrowings are secured by certain property, plant and equipment, investment properties, investment property held for sale, property under development for sale, restricted deposits and financial assets at fair value through profit or loss of the Group.

19. PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

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

	30 September 2014 <i>HK\$'000</i>	31 March 2014 <i>HK\$'000</i>
Current	565,551	529,633
1-30 days	32,289	47,966
31-90 days	10,005	11,915
91-180 days	7,756	412
Over 180 days	909	1,490
	<u>616,510</u>	<u>591,416</u>

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

**20. 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 2014, the Group has various liquidated damages claims on certain contracts for which the respective extension of time claims have been forwarded and filed to the clients. The amount of the ultimate 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\$857,386,000 (31 March 2014: HK\$884,253,000) in favour of the Group's customers.
- (d) As at 30 September 2014, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of plant and equipment and setup of a factory in Mainland China of approximately HK\$15,787,000 (31 March 2014: HK\$16,170,000).
- (e) The future aggregate minimum lease rental payable under non-cancellable operating leases is as follows:

	<b>30 September 2014 HK\$'000</b>	31 March 2014 HK\$'000
Land and buildings		
Within one year	<b>13,656</b>	11,328
One year to five years	<b>19,228</b>	19,912
More than five years	<b>31,433</b>	33,126
	<b>64,317</b>	64,366

NOTES TO THE UNAUDITED CONDENSED  
CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21. RELATED PARTY TRANSACTIONS

**Key management compensation**

Key management includes the Directors (Executive and Independent Non-Executive Directors) of the Group. The compensation paid or payable to key management for employee services is shown below:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Salaries and fees	<b>7,620</b>	6,972
Pension costs – defined contribution scheme	<b>359</b>	327
	<b>7,979</b>	7,299

22. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

The Group has future aggregate minimum lease receipts under non-cancellable operating leases in respect of its investment properties as follows:

	<b>30 September</b>	31 March
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>3,950</b>	3,849
One year to five years	<b>1,244</b>	1,316
	<b>5,194</b>	5,165

# MANAGEMENT DISCUSSION AND ANALYSIS

## Interim Results and Review of Operation

The Group's turnover for the first half of 2014 was HK\$4,073 million, up 78% from HK\$2,286 million a year ago. All core segments contributed to the growth in sales. Construction and maintenance revenue went up by 80% to HK\$3,179 million, reflecting the increase in contract works. Electrical and mechanical installation segment doubled the revenue from HK\$508 million a year ago to HK\$1,040 million, gained mainly from businesses in Macau. Hotel revenue also grew by 7% to HK\$56 million period-on-period, attributable to the increase in both occupancy and room rates.

Consolidated gross profit for the period was HK\$216.7 million, about 17% higher than in the prior-period. Although the amount increased, the margin declined in term of percentage because of those private sector projects with lower construction profit margin awarded a few years ago when the industry was yet to flourish. The unforeseen exponential increase in construction costs in past few years made these private projects which are not subject to price adjustment mechanisms unprofitable.

Total operating expenses increased by 11% period-on-period. The rise was largely in staff cost as a result of salary adjustment and increase in headcounts in Hong Kong, Macau and Singapore. The workforces in these regions were expanded for taking on increasing number of projects.

Net profit attributable to equity holders for the period was HK\$47.1 million, up from HK\$21.6 million a year earlier. Basic and diluted earnings per share was HK10.76 cents which compares with HK4.92 cents a year ago. Profit increase comprised growth in operating profit and other income. Operating profit grew as business expanded. Increase in other income was primary caused by a rise of fair value gain on investment property of HK\$22 million, which was partly offset by a decline in gain on derivative financial liabilities of HK\$3.4 million. During the period, the property in Kwun Tong was sold at a profit of approximately HK\$47 million, out of which HK\$37 million was booked in the period as revaluation gain. The remaining portion will be realised upon the completion date of the transaction in December.

As at 30 September 2014, the value of contracts in hand grew to HK\$26,775 million, 6% higher than at end of March 2014. An amount of HK\$3,208 million was awarded in the six months period and HK\$1,637 million was delivered in revenue. During the period, we secured six private sectors and maintenance contracts amounted to HK\$2,272 million, representing a growth of 49% period-on-period. Electrical and mechanical installation segment also reported a growth in new orders of 26% to HK\$970 million as compared to the prior period.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Movement of Contracts

For the six months ended 30 September 2014

	31 March 2014 <i>HK\$'million</i>	Contracts		30 September 2014 <i>HK\$'million</i>
		Secured <i>HK\$'million</i>	Completed <i>HK\$'million</i>	
Building construction, renovation and maintenance	20,827	2,272	(865)	<b>22,234</b>
Electrical and mechanical installation	5,339	970	(133)	<b>6,176</b>
Building materials supply	2,182	345	(795)	<b>1,732</b>
Computer software development and architectural and engineering services	27	3	(14)	<b>16</b>
Less: Inter-segment contracts	(3,171)	(382)	170	<b>(3,383)</b>
	<u>25,204</u>	<u>3,208</u>	<u>(1,637)</u>	<u><b>26,775</b></u>

### Financial Position

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 30 September 2014, the Group's total cash in hand was HK\$788.1 million (31 March 2014: HK\$1,001.1 million) and total borrowings was increased to HK\$2,742.2 million (31 March 2014: HK\$2,450.4 million) during the period. The increase in borrowing was primarily to finance existing construction projects running at full swing, construction of the Group's residential property development project and purchase of offices in Shanghai and Guangzhou, Mainland China. The current ratio (total current assets: total current liabilities) as at 30 September 2014 was 1.31 (31 March 2014: 1.35). The amount of bank loans and other facilities fall due beyond one year was HK\$1,260.0 million (31 March 2014: HK\$1,280.5 million).

During the period, the Group disposed the property in Kwun Tong and the balance of the consideration of approximately HK\$222 million after discharging the existing mortgage and related expenses shall be realised in December 2014. The proceed together with the cash inflow from the sales of the residential development which is expected to be launched in coming months would strengthen our financial position.

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 2014, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK\$4,347.0 million (31 March 2014: HK\$4,244.2 million), of which HK\$3,267.1 million (31 March 2014: HK\$2,931.5 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development requirement and capital expenditure.

### Human Resources

As at 30 September 2014, the Group had approximately 4,300 (31 March 2014: 4,700) employees. There are approximately 3,100 (31 March 2014: 3,000) employees in Hong Kong, Macau and Singapore and 1,200 (31 March 2014: 1,700) in Mainland China. The increase in manpower in Hong Kong, Macau and Singapore reflected increase in construction businesses in the regions. The reduction of manpower in Mainland China was cyclical adjustment to follow changes in production plan. Yau Lee aims to be a good and attractive employer as we understand people are keys to sustainable success. The Group offers competitive remuneration packages and employee are rewarded on a performance related basis. The Group is firmly committed to training and staff development. We work continuously to ensure employees can realise their full potentials and thus to foster their development to the Group.

### Outlook

The Group's core markets offer abundant opportunities; particularly governments in Hong Kong and Singapore continue to roll out housing projects in response to supply deficits. Despite outlook for business is positive, we would not be lax in uplifting productivity. In the light of escalating construction costs and labor shortage issues, we shall improve our productivity to alleviate adverse costs impacts. We invest continuously in manufacturing process automation. We expand Huizhou factory to enlarge our precast capacity. We research and develop new or enhanced construction methods and precast applications. We would do our best endeavor to uplift our core competence and competitive edges to win over businesses with reasonable margins.

Being an innovative green corporation continues to be the blueprint for the future of the Group. Under this blueprint, the Group invests relentlessly in developing construction solutions and technologies that bring sustainable benefits to the industry as well as communities. We develop skills throughout the entire value chain, both upstream and downstream of the construction cycle. 5D Building Information Modeling ("BIM") and energy optimisation consultancy services are key components to grow. Today, 3D BIM is actively implemented in the industry. Yau Lee brought this tool one step further by adding in scheduling and created a fifth dimension by including costing. With the 5D construction method, before commencing on the actual building we are able to look into the entire project in a Virtual Design and Construction ("VDC") environment. It transforms the building plan into reality efficiently. The VDC reduces costs, time and errors and eventually saves the natural resources. VDC adoption was first applied in the Group's hotel development – Holiday Inn Express Hong Kong SoHo and it is now progressing to be executed in one of our public housing projects. Also, "Quality Public Housing Construction & Maintenance Awards – Innovative Use of BIM Technology" were received by three construction projects. Our capability in this respect is acknowledged by clients. Currently, there are a few projects where we work jointly with clients on designs and technical innovations developments that would optimise time and costs of the construction of the building. No doubt that this VDC approach would bring enormous business opportunities to the Group. Our strategies drive us to improve continuously and set the competitive differentiation.

Concurrently, we keep on looking for potential opportunities in property market. We hope to find developments which we can add on greater value and unleash its asset value by leveraging on our expertise on design and construction. We are mindful of shareholders' interests in the Group and will do our best endeavor to bring better return to the shareholders.

We believe the Group's contracts in hand would be kept at high level and solidify a base for continuous developments and performance. It is clear that the near term will remain challenging and we must be mindful and work hard to tackle the rising costs issue. In any event, we will stay focus on our strategies and advance steadily and cautiously. We see a positive business outlook.

## OTHER INFORMATION

### INTERIM DIVIDEND

On 25 November 2014, 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 2014 to shareholders registered on the register of members on 29 December 2014. The interim dividend will be payable on or before 16 January 2015.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 December 2014 to 29 December 2014, 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 19 December 2014.

### DIRECTORS' INTERESTS

At the date of this report, 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	261,346,599	59.66%

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 30,667,000 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 2014, 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).

## OTHER INFORMATION (CONTINUED)

### DIRECTORS' INTERESTS (CONTINUED)

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

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

As at 30 September 2014, 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 2014.

### 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 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 should 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.

## OTHER INFORMATION (CONTINUED)

### 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 (CONTINUED)

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 should 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.

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

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

As at 30 September 2014 and up to the date of this report, 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 2014 Annual Report.

## OTHER INFORMATION (CONTINUED)

### 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 2014 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 report.

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

Hong Kong, 25 November 2014