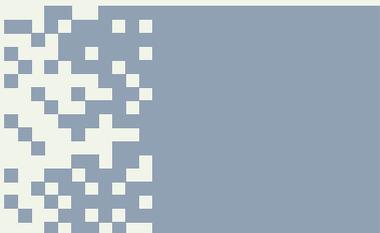




# 有利集團有限公司 Yau Lee Holdings Limited

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



BIM FOR  
FULL LIFECYCLE  
**MANAGEMENT**

INDUSTRIALIZED  
**BUILDING PROCESS**

MODULAR INTEGRATED  
**CONSTRUCTION**



This interim report is printed on environmentally friendly paper

# CORPORATE INFORMATION

## Board of directors

### Executive directors

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

### Independent non-executive directors

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

## Audit committee

Yeung Tsun Man, Eric (*Chairman*)  
Chan, Bernard Charnwut  
Wu King Cheong

## Remuneration committee

Chan, Bernard Charnwut (*Chairman*)  
Wong Tin Cheung  
Wu King Cheong  
Yeung Tsun Man, Eric

## Nomination committee

Wu King Cheong (*Chairman*)  
Chan, Bernard Charnwut  
Yeung Tsun Man, Eric

## Corporate governance committee

Chan, Bernard Charnwut (*Chairman*)  
Wong Tin Cheung  
Wu King Cheung  
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  
Hong Kong

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

## Company secretary

Lam Kwok Fan

## Principal bankers

Bank of China (Hong Kong) Limited  
BNP Paribas Hong Kong Branch  
Hang Seng Bank Limited  
Nanyang Commercial Bank, Limited  
The Hongkong and Shanghai Banking Corporation Limited

## Independent auditor

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## Solicitors

Gallant  
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 revenue of HK\$3,411,607,000 (2019: HK\$3,237,212,000) for the six months ended 30 September 2020 (the “period”).

The gross profit for the period was HK\$273,152,000 (2019: HK\$244,664,000).

Profit for the period was HK\$75,135,000 (2019: HK\$6,607,000).

Basic and diluted earnings per share were approximately HK17.27 cents (2019: HK1.60 cents).

The net asset value attributable to equity holders of the Company as at 30 September 2020 was HK\$1,373,443,000 (31 March 2020: HK\$1,277,446,000), equivalent to HK\$3.14 (31 March 2020: HK\$2.92) per share based on the 438,053,600 (31 March 2020: 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 (collectively the “Group”) for the six months ended 30 September 2020 were as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2020

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2020</b>	2019
		<b>HK\$'000</b>	<i>HK\$'000</i>
Revenue	6	<b>3,411,607</b>	3,237,212
Cost of sales	8	<b>(3,138,455)</b>	(2,992,548)
Gross profit		<b>273,152</b>	244,664
Other income and losses, net	7	<b>17,358</b>	6,935
Selling and distribution costs	8	<b>(15,778)</b>	(7,358)
Administrative expenses	8	<b>(175,712)</b>	(207,276)
Other operating expenses	8	<b>(1,706)</b>	(3,001)
Operating profit		<b>97,314</b>	33,964
Finance costs	9	<b>(9,115)</b>	(15,578)
Share of (loss)/profit of an associate		<b>(141)</b>	112
Share of loss of joint ventures		<b>(2,598)</b>	(3,278)
Profit before income tax		<b>85,460</b>	15,220
Income tax expense	10	<b>(10,325)</b>	(8,613)
Profit for the period		<b>75,135</b>	6,607
<b>Attributable to:</b>			
Equity holders of the Company		<b>75,662</b>	7,017
Non-controlling interests		<b>(527)</b>	(410)
		<b>75,135</b>	6,607
Interim dividend	11	<b>4,381</b>	4,381
Earnings per share (basic and diluted)	12	<b>HK17.27 cents</b>	HK1.60 cents



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>75,135</b>	6,607
Other comprehensive income/(loss)		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences	<b>26,906</b>	(43,443)
<b>Total comprehensive income/(loss) for the period</b>	<b>102,041</b>	(36,836)
<b>Attributable to:</b>		
Equity holders of the Company	<b>102,568</b>	(36,426)
Non-controlling interests	<b>(527)</b>	(410)
<b>Total comprehensive income/(loss) for the period</b>	<b>102,041</b>	(36,836)



# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2020

		30 September 2020	31 March 2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,165,714	1,181,326
Investment properties	13	227,854	229,412
Intangible assets		8,814	9,342
Goodwill		16,662	16,662
Associate		1,013	1,154
Joint ventures		131,792	108,135
Deferred income tax assets		8,219	8,219
Financial assets at fair value through other comprehensive income		6,800	11,800
Mortgage loans receivables		54,993	64,006
Other non-current assets		1,120	1,133
		1,622,981	1,631,189
<b>Current assets</b>			
Cash and bank balances	14	992,905	663,957
Trade debtors, net	15	798,591	788,695
Contract assets		677,861	869,620
Prepayments, deposits and other receivables		433,249	481,301
Mortgage loans receivables		1,992	2,429
Inventories		83,261	87,102
Completed properties held for sale		49,459	49,317
Property under development for sale		504,037	415,039
Due from joint ventures/joint operations		38,708	44,408
Prepaid income tax		55,155	17,494
		3,635,218	3,419,362
<b>Total assets</b>		5,258,199	5,050,551



# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 September 2020

	30 September 2020	31 March 2020
Note	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>EQUITY</b>		
Share capital	16 <b>87,611</b>	87,611
Other reserves	<b>423,824</b>	396,918
Retained profits	<b>862,008</b>	792,917
	<b>1,373,443</b>	1,277,446
<b>Attributable to equity holders of the Company</b>	<b>2,675</b>	3,202
<b>Non-controlling interests</b>	<b>1,376,118</b>	1,280,648
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term borrowings	17 <b>1,267,113</b>	1,443,657
Deferred income tax liabilities	<b>7,706</b>	7,695
Other non-current liabilities	<b>8,033</b>	6,940
	<b>1,282,852</b>	1,458,292
<b>Current liabilities</b>		
Short-term bank loans	17 <b>518,398</b>	691,204
Current portion of long-term borrowings	17 <b>251,808</b>	142,016
Payables to suppliers and subcontractors	18 <b>366,301</b>	323,410
Accruals, retention payables, deposits received and other liabilities	<b>769,619</b>	753,526
Derivative financial liabilities	-	85
Income tax payable	<b>9,901</b>	2,903
Contract liabilities	<b>645,164</b>	343,838
Due to joint operations	<b>4,106</b>	4,106
Due to other partners of joint operations	<b>33,932</b>	50,523
	<b>2,599,229</b>	2,311,611
<b>Total liabilities</b>	<b>3,882,081</b>	3,769,903
<b>Total equity and liabilities</b>	<b>5,258,199</b>	5,050,551



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to equity holders of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Currency translation reserve	Property revaluation reserve	Other reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2019	87,611	413,776	359	(24,341)	55,366	1,092	845,430	1,379,293	4,066	1,383,359
Profit/(loss) for the period	-	-	-	-	-	-	7,017	7,017	(410)	6,607
Other comprehensive loss:										
Currency translation differences	-	-	-	(43,443)	-	-	-	(43,443)	-	(43,443)
2019 final dividend (Note 11)	-	-	-	-	-	-	(6,571)	(6,571)	-	(6,571)
<b>As at 30 September 2019</b>	<b>87,611</b>	<b>413,776</b>	<b>359</b>	<b>(67,784)</b>	<b>55,366</b>	<b>1,092</b>	<b>845,876</b>	<b>1,336,296</b>	<b>3,656</b>	<b>1,339,952</b>
As at 1 April 2020	87,611	413,776	359	(73,287)	55,366	704	792,917	1,277,446	3,202	1,280,648
Profit/(loss) for the period	-	-	-	-	-	-	75,662	75,662	(527)	75,135
Other comprehensive income:										
Currency translation differences	-	-	-	26,906	-	-	-	26,906	-	26,906
2020 final dividend (Note 11)	-	-	-	-	-	-	(6,571)	(6,571)	-	(6,571)
<b>As at 30 September 2020</b>	<b>87,611</b>	<b>413,776</b>	<b>359</b>	<b>(46,381)</b>	<b>55,366</b>	<b>704</b>	<b>862,008</b>	<b>1,373,443</b>	<b>2,675</b>	<b>1,376,118</b>



# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2020

	<b>Six months ended 30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Cash flows from operating activities</b>		
Operating profit	<b>97,314</b>	33,964
Interest income	<b>(10,854)</b>	(11,682)
Interest expense	<b>12,632</b>	18,800
(Gain)/loss on disposal of property, plant and equipment, net	<b>(33)</b>	18
Fair value loss on investment properties, net	<b>3,191</b>	5,447
Amortisation of intangible assets	<b>528</b>	528
Depreciation	<b>49,340</b>	48,397
Movement in loss allowance for trade debtors	<b>(295)</b>	344
	<hr/>	<hr/>
Operating profit before working capital changes	<b>151,823</b>	95,816
Trade debtors, net	<b>(2,570)</b>	135,822
Inventories	<b>6,542</b>	(18,376)
Prepayments, deposits and other receivables	<b>56,585</b>	(71,441)
Contract assets	<b>191,856</b>	(106,315)
Property under development for sale	<b>(84,525)</b>	(19,298)
Completed properties held for sale	<b>(142)</b>	-
Net change in balances with joint ventures/joint operations/ other partners of joint operations	<b>(10,897)</b>	1,247
Payables to suppliers and subcontractors	<b>42,375</b>	170,715
Accruals, retention payables, deposit received and other liabilities	<b>12,816</b>	18,703
Contract liabilities	<b>301,152</b>	(115,014)
	<hr/>	<hr/>
Net cash from operations	<b>665,015</b>	91,859
Hong Kong profits tax refunded	<b>3,124</b>	33
Hong Kong profits tax paid	<b>(2,107)</b>	-
Non-Hong Kong tax paid	<b>(42,099)</b>	(576)
	<hr/>	<hr/>
Net cash from operating activities	<b>623,933</b>	91,316
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# UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the six months ended 30 September 2020

	<b>Six months ended</b>	
	<b>30 September</b>	
<i>Note</i>	<b>2020</b>	2019
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from investing activities</b>		
Investment in joint ventures	(29,440)	(11,705)
Purchase of property, plant and equipment	(4,756)	(6,643)
Additions to investment properties	–	(47)
Capital deductions to financial assets at fair value through other comprehensive income	5,000	–
Proceeds from disposal of property, plant and equipment	215	183
Dividend received from an associate	–	114
Interest received	2,575	2,828
Net decrease in mortgage loan receivables	9,308	1,167
	(17,098)	(14,103)
Net cash used in investing activities	(17,098)	(14,103)
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(241,522)	(190,375)
Drawdown of bank loans	1,736	167,696
Decrease in restricted deposits	4,094	2,496
Capital element of lease payments	(9,565)	(6,625)
Interest element of lease payments	(463)	(456)
Dividend paid	(6,571)	(6,571)
Interest paid	(25,757)	(40,124)
	(278,048)	(73,959)
Net cash used in financing activities	(278,048)	(73,959)
Net increase in cash and cash equivalents	328,787	3,254
Cash and cash equivalents at beginning of period	570,567	747,136
Exchange gain/(loss) on cash and cash equivalents	4,255	(5,886)
	903,609	744,504
Cash and cash equivalents at end of period	903,609	744,504
<b>Analysis of cash and cash equivalents</b>		
	<i>14(b)</i>	
Cash and bank balances	898,550	407,096
Time deposits	5,059	337,408
	903,609	744,504
	903,609	744,504



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Yau Lee Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) are principally engaged in contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations. The Group is also engaged in other activities which mainly include computer software development and architectural and engineering services.

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

Condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board of Directors on 23 November 2020.

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2020 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 2020, 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 at fair value through other comprehensive income, financial liabilities (including derivative financial instruments) at fair value through profit or loss and investment properties which are carried at fair value.

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



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

## 3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the audited consolidated financial statements for the year ended 31 March 2020.

### 3.1 Amendments to standards and revised framework adopted by the Group

Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting
Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest rate benchmark reform

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

### 3.2 New standard, amendments to standards and annual improvements have been issued but are not yet effective

The following new standard, amendments to standards and annual improvements have been published that are not mandatory for the financial year beginning on 1 April 2020 and have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be announced
Amendment to HKFRS 16	COVID-19-related rent concession	1 June 2020
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020	1 January 2022



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

## 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 2020.

## 5. FINANCIAL RISK MANAGEMENT

### Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including 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 2020.

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



# 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</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Revenue		
Construction	<b>2,699,884</b>	2,577,756
Electrical and mechanical installation	<b>655,953</b>	581,623
Building materials supply	<b>40,750</b>	23,315
Property investment and development	<b>655</b>	1,534
Hotel operations	<b>1,085</b>	41,089
Others	<b>13,280</b>	11,895
	<b>3,411,607</b>	3,237,212

For the six months ended 30 September 2020, the Group recognised revenue from contracts with customers (including construction, electrical and mechanical installation, hotel operations and others) over time except for revenue from building materials supply of HK\$40,750,000 (2019: HK\$23,315,000) and others of HK\$12,323,000 (2019: HK\$10,873,000), which were recognised at a point in time. The revenue from other source (rental income included in property investment and development and hotel operations) amounted to HK\$1,592,000 (2019: HK\$2,885,000).

The chief operating decision makers have been identified as the Executive Directors. In accordance with the Group's internal financial reporting provided to the Executive Directors, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are as follows:

- Construction – Contracting of building construction, plumbing, renovation, maintenance and fitting-out projects
- Electrical and mechanical installation – Provision of electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services
- Building materials supply – Supply of construction and building materials
- Property investment and development
- Hotel operations

Other operations of the Group mainly comprise computer software development and architectural and engineering services which are not of a sufficient size to be reported separately.



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

## 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 2020</b>							
Total sales	2,835,949	1,037,825	292,191	655	1,085	65,617	4,233,322
Less: Inter-segment sales	(136,065)	(381,872)	(251,441)	-	-	(52,337)	(821,715)
External sales	<u>2,699,884</u>	<u>655,953</u>	<u>40,750</u>	<u>655</u>	<u>1,085</u>	<u>13,280</u>	<u>3,411,607</u>
Segment results	67,850	38,218	10,068	(4,500)	(13,534)	(1,629)	96,473
Share of loss of an associate	-	(141)	-	-	-	-	(141)
Share of loss of joint ventures	-	-	(2,598)	-	-	-	(2,598)
	<u>67,850</u>	<u>38,077</u>	<u>7,470</u>	<u>(4,500)</u>	<u>(13,534)</u>	<u>(1,629)</u>	<u>93,734</u>
Unallocated income							841
Finance costs							(9,115)
Profit before income tax							85,460
Income tax expense							(10,325)
Profit for the period							<u>75,135</u>
<b>At 30 September 2020</b>							
Segment assets	2,055,813	823,049	751,691	772,124	517,567	168,949	5,089,193
Interests in an associate	-	988	-	-	-	25	1,013
Interests in joint ventures	-	-	131,792	-	-	-	131,792
Unallocated assets							<u>36,201</u>
Total assets							<u>5,258,199</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 2019							
Total sales	2,601,783	851,521	187,621	1,534	41,089	58,598	3,742,146
Less: Inter-segment sales	<u>(24,027)</u>	<u>(269,898)</u>	<u>(164,306)</u>	<u>-</u>	<u>-</u>	<u>(46,703)</u>	<u>(504,934)</u>
External sales	<u>2,577,756</u>	<u>581,623</u>	<u>23,315</u>	<u>1,534</u>	<u>41,089</u>	<u>11,895</u>	<u>3,237,212</u>
Segment results	53,715	8,924	(31,837)	(6,031)	4,765	(6,065)	23,471
Share of profit of an associate	-	112	-	-	-	-	112
Share of loss of joint ventures	<u>-</u>	<u>-</u>	<u>(3,278)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,278)</u>
	<u>53,715</u>	<u>9,036</u>	<u>(35,115)</u>	<u>(6,031)</u>	<u>4,765</u>	<u>(6,065)</u>	<u>20,305</u>
Unallocated income							10,493
Finance costs							<u>(15,578)</u>
Profit before income tax							15,220
Income tax expense							<u>(8,613)</u>
Profit for the period							<u>6,607</u>
At 31 March 2020							
Segment assets	2,034,949	704,761	756,537	683,225	528,678	203,004	4,911,154
Interests in an associate	-	1,129	-	-	-	25	1,154
Interests in joint ventures	-	-	108,135	-	-	-	108,135
Unallocated assets							<u>30,108</u>
Total assets							<u>5,050,551</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 LOSSES, NET

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<i>HK\$'000</i>
Other income		
Bank interest income	<b>2,575</b>	2,828
Interest income from subcontractors	<b>8,279</b>	8,854
Management service income from a joint operation	<b>8</b>	8
Sundry income	<b>7,711</b>	5,869
	<b>18,573</b>	17,559
Other losses, net		
Fair value loss on investment properties, net	<b>(3,191)</b>	(5,447)
Gain/(loss) on disposal of property, plant and equipment, net	<b>33</b>	(18)
Exchange gain/(loss), net	<b>1,943</b>	(5,159)
	<b>(1,215)</b>	(10,624)
	<b>17,358</b>	6,935



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

## 8. EXPENSES BY NATURE

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Cost of construction	<b>2,581,440</b>	2,438,797
Cost of inventories sold	<b>162,359</b>	135,437
Staff costs (including directors' emoluments)	<b>428,769</b>	480,715
Depreciation		
Owned property, plant and equipment	<b>39,513</b>	41,492
Leased property, plant and equipment	<b>9,827</b>	6,905
	<b>49,340</b>	48,397
	-----	-----
Expenses relating to short-term leases of		
Land and buildings	<b>1,578</b>	2,648
Other equipment	<b>37,214</b>	33,456
	<b>38,792</b>	36,104
	-----	-----
Amortisation of intangible assets	<b>528</b>	528
Movement in loss allowance for trade debtors	<b>(295)</b>	344
Auditor's remuneration	<b>2,421</b>	2,443
Direct operating expenses arising from investment properties		
– Generate rental income	<b>211</b>	128
– Not generate rental income	<b>38</b>	30
Selling and distribution costs	<b>15,778</b>	7,358
Others	<b>52,270</b>	59,902
	-----	-----
Total cost of sales, selling and distribution costs, administrative and other operating expenses	<b>3,331,651</b>	3,210,183
	=====	=====



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

## 9. FINANCE COSTS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<i>HK\$'000</i>
Interest on overdrafts and short-term bank loans	<b>10,477</b>	16,995
Interest on long-term bank loans	<b>15,280</b>	23,129
Interest element of lease payments	<b>463</b>	456
	<hr/>	<hr/>
Total borrowing costs incurred	<b>26,220</b>	40,580
Less: Classified as cost of construction	<b>(12,632)</b>	(18,800)
Capitalised in property under development for sale	<b>(4,473)</b>	(6,202)
	<hr/>	<hr/>
	<b>9,115</b>	15,578
	<hr/> <hr/>	<hr/> <hr/>

## 10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the applicable rates of 8.25% and 16.5% (2019: 8.25% and 16.5%) on the estimated assessable profits for the six months ended 30 September 2020. Under the two-tiered profits tax rates regime introduced on 29 March 2018, Hong Kong profits tax rate for the first HK\$2 million of assessable profits is 8.25%. Assessable profits above HK\$2 million is at the rate of 16.5%.

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

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	<i>HK\$'000</i>
Hong Kong profits tax provision for the period	<b>9,889</b>	8,464
Non-Hong Kong tax provision for the period	<b>523</b>	236
Deferred income tax relating to the origination and reversal of temporary differences	<b>(87)</b>	(87)
	<hr/>	<hr/>
	<b>10,325</b>	8,613
	<hr/> <hr/>	<hr/> <hr/>



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

## 11. DIVIDENDS

	<b>Six months ended</b>	
	<b>30 September</b>	2019
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Dividends paid during the period		
Final in respect of the financial year ended		
31 March 2020 – HK1.50 cents		
(2019: HK1.50 cents)		
per ordinary share	<u><b>6,571</b></u>	<u>6,571</u>
Declared interim dividend		
Interim – HK1.00 cent (2019: HK1.00 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 2020, 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 on the Company's register of members on 18 December 2020.

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

The calculation of earnings per share is based on:

	<b>Six months ended</b>	
	<b>30 September</b>	2019
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Net profit attributable to the equity holders of the Company	<b>75,662</b>	7,017
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2020</b>	2019
Weighted average number of shares in issue during the period	<b>438,053,600</b>	438,053,600
Basic earnings per share	<u><b>HK17.27 cents</b></u>	<u>HK1.60 cents</u>

Diluted earnings per share for the six months ended 30 September 2020 and 2019 are equal to basic earnings per share 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

	<b>Property, plant and equipment</b>	<b>Investment properties</b>
	<i>HK\$'000</i>	<i>(Note) HK\$'000</i>
Net book amount as at 1 April 2019	1,277,960	241,962
Additions	19,835	47
Fair value loss on investment properties, net	–	(5,447)
Currency translation differences	(29,619)	–
Disposals	(201)	–
Depreciation/amortisation charge <i>(Note 8)</i>	(48,397)	–
	<hr/>	<hr/>
Net book amount as at 30 September 2019	<u>1,219,578</u>	<u>236,562</u>
Net book amount as at 1 April 2020	<b>1,181,326</b>	<b>229,412</b>
Additions	<b>18,090</b>	–
Fair value loss on investment properties, net	–	<b>(3,191)</b>
Currency translation differences	<b>15,820</b>	<b>1,633</b>
Disposals	<b>(182)</b>	–
Depreciation/amortisation charge <i>(Note 8)</i>	<b>(49,340)</b>	–
	<hr/>	<hr/>
Net book amount as at 30 September 2020	<u><b>1,165,714</b></u>	<u><b>227,854</b></u>

*Note:* The fair value of the Group's investment properties has been arrived at based on the valuations carried out by an independent firm of qualified property valuers not connected with the Group.



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

## 14. CASH AND BANK BALANCES

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
Cash and bank balances	<b>898,550</b>	390,047
Time deposits	<b>5,059</b>	180,520
Restricted deposits ( <i>Note a</i> )	<b>89,296</b>	93,390
	<hr/> <b>992,905</b> <hr/>	<hr/> 663,957 <hr/>

*Notes:*

- (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</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
Cash and bank balances	<b>898,550</b>	390,047
Time deposits with original maturity of less than three months	<b>5,059</b>	180,520
	<hr/> <b>903,609</b> <hr/>	<hr/> 570,567 <hr/>



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

## 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. The aging analysis of the trade debtors, net by overdue day(s) is as follows:

	<b>30 September 2020 HK\$'000</b>	31 March 2020 HK\$'000
Current	<b>726,990</b>	728,207
1-30 days	<b>21,470</b>	9,516
31-90 days	<b>13,457</b>	9,777
91-180 days	<b>7,101</b>	10,510
Over 180 days	<b>29,573</b>	30,685
	<b>71,601</b>	60,488
	<b>798,591</b>	788,695

## 16. SHARE CAPITAL

	<b>Number of shares</b>		<b>Amount</b>	
	<b>30 September 2020</b>	31 March 2020	<b>30 September 2020 HK\$'000</b>	31 March 2020 HK\$'000
Ordinary shares of HK\$0.2 each				
Authorised:				
At beginning and end of the period/year	<b>1,000,000,000</b>	1,000,000,000	<b>200,000</b>	200,000
Issued and fully paid:				
At beginning and end of the period/year	<b>438,053,600</b>	438,053,600	<b>87,611</b>	87,611



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

## 17. BORROWINGS

The maturity of borrowings is as follows:

	<b>Bank loans</b>	
	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
Within 1 year	<b>770,206</b>	833,220
Between 1 and 2 years	<b>925,925</b>	626,947
Between 2 and 5 years	<b>341,188</b>	816,710
	<b>2,037,319</b>	2,276,877

The bank borrowings are secured by certain property, plant and equipment, investment properties, property under development for sale and restricted deposits of the Group.

## 18. PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

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

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>HK\$'000</b>	HK\$'000
Current	<b>329,641</b>	300,533
1-30 days	<b>31,410</b>	16,659
31-90 days	<b>1,984</b>	3,112
91-180 days	<b>679</b>	462
Over 180 days	<b>2,587</b>	2,644
	<b>36,660</b>	22,877
	<b>366,301</b>	323,410



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

## 19. 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 2020, 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 a subsidiary of the Company instigated legal proceedings against a subcontractor, claiming a sum of approximately HK\$10,000,000 in respect of the subcontractor's failure to perform certain contractual duties and for recovery of over-payments made to the subcontractor. The trial of the case was concluded in 2016 and the subsidiary was awarded for the aggregate amount of HK\$9,020,775. However, a notice of appeal was then filed by the subcontractor for appeal against some of the awarded claims which has yet been set down in the list of appeal. In 2018, the subsidiary has been able to recover a partial payment of HK\$4,116,237 and pursued enforcement proceedings for the remaining balance. In August 2020, the subsidiary abandoned the enforcement proceedings in relation to the remaining unsettled balance. Meanwhile, the directors are of the view that the chance of success for the counter claim against the Group is remote and no provision was made accordingly.
- (c) The Group has provided performance bonds amounting to approximately HK\$427,096,000 (31 March 2020: HK\$516,347,000) in favour of the Group's customers.
- (d) As at 30 September 2020, the Group has capital expenditure contracted for but not yet incurred in relation to plant and equipment and joint ventures of approximately HK\$1,043,000 (31 March 2020: HK\$1,043,000) and RMB26,036,000 (31 March 2020: RMB58,000,000) respectively.



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

## 20. FUTURE MINIMUM RENTAL 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> <b>2020</b> <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>
Within one year	<b>3,070</b>	5,516
One year to five years	<b>1,188</b>	4,810
	<b>4,258</b>	10,326

## 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>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Salaries and fees	<b>9,876</b>	9,311
Pension costs – defined contribution scheme	<b>470</b>	470
Others	<b>21</b>	586
	<b>10,367</b>	10,367



# MANAGEMENT DISCUSSION AND ANALYSIS

## Interim Results and Review of Operation

The Group delivered a positive result for the six months ended 30 September 2020 with a growth in both turnover and profits. Turnover reached HK\$3,412 million, up by 5% period on period. There was growth in the construction, electrical and mechanical installation and building material supply, the core business segments of the Group which compensated the drop in hotel business. As reported in last year end, both construction and electrical and mechanical installation secured satisfactory level of new orders which formed the solid revenue basis for the period. On the building materials supply segment, the interruption caused by the pandemic on production and delivery passed. Sales increased as the backlog brought forward from the beginning of the year fulfilled. Nonetheless, we suffered from unprecedented drop in hotel business caused by the pandemic. Since we decided to suspend temporarily the operation of the Hotel as a result of a thorough assessment from the financial and safety perspective, there was no revenue generated from the hotel operation in the period. Should this extraordinary factor be excluded, the Group's revenue was up by 7%.

Consolidated gross profit for the period was HK\$273 million, representing an increase of 11% on prior period figure. The overall gross margin improved slightly because both of the electrical and mechanical installation and building material supply business achieved a better gross margin.

Operating expenses totalled HK\$177 million, reduced by HK\$33 million or 16% period on period. The reduction was mainly from the hotel operation and staff costs. The Hotel's operation expenses dropped as all bookings have been deferred until end of this year subject to the latest situation of COVID-19. Also, certain amount of financial support received from the Government's Employment Support Scheme was offset with administrative salaries. In light of the gloomy economic outlook, the Group would continue to look for area for cost saving.

Consolidated net profits before tax for the period was HK\$85 million, as compared to HK\$15 million in prior period. We earned an operating profit of HK\$30 million whilst the remaining represented the subsidies received from the HKSAR Government's Employment Support Scheme for the active operating segments. The operating profit grew, albeit the first ever loss in the hotel business recorded. The Group's hotel business is inevitably hit by the pandemic. Our decision to defer all bookings helped reduce negative impact on cash flow as well as operational cost to minimise necessary overhead like system maintenance costs and depreciation. Nonetheless, the minimised loss is manageable and of temporary in nature.

As at 30 September 2020, the value of contracts in hand was around HK\$25,150 million as compared to HK\$19,895 million in prior period. The electrical and mechanical installation segment secured a good amount of new contracts. New orders obtained by the segment in the first six months was around HK\$1,737 million, attaining 80% of last year's one.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Movement of Contracts

For the six months ended 30 September 2020

	31 March 2020 <i>HK\$'million</i>	Contracts		30 September 2020 <i>HK\$'million</i>
		Secured <i>HK\$'million</i>	Completed <i>HK\$'million</i>	
Building construction, renovation and maintenance	17,248	1,295	(34)	<b>18,509</b>
Electrical and mechanical installation	7,889	1,737	(342)	<b>9,284</b>
Building materials supply	1,315	513	(562)	<b>1,266</b>
Others	36	4	(29)	<b>11</b>
Less: Inter-segment contracts	<u>(3,110)</u>	<u>(1,070)</u>	<u>260</u>	<u><b>(3,920)</b></u>
	<u>23,378</u>	<u>2,479</u>	<u>(707)</u>	<u><b>25,150</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 2020, the Group's total cash and bank balances was HK\$993 million (31 March 2020: HK\$664 million) and total borrowings was HK\$2,037 million (31 March 2020: HK\$2,277 million). The increase in cash and decrease in borrowings were primarily due to improved receipts from customers, which accelerated repayments of some project loans. The current ratio (total current assets: total current liabilities) as at 30 September 2020 was 1.4 (31 March 2020: 1.5). The amount of bank loans and other facilities fall due beyond one year was HK\$1,267 million (31 March 2020: HK\$1,444 million).

All the bank borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and consider engaging relevant hedging arrangements when appropriate. As at 30 September 2020, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK\$4,970 million (31 March 2020: HK\$5,201 million), of which HK\$2,369 million (31 March 2020: HK\$2,676 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.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Human Resources

As at 30 September 2020, the Group had approximately 3,200 (31 March 2020: 3,000) employees. There are approximately 2,500 (31 March 2020: 2,300) employees in Hong Kong, Macau and Singapore and 700 (31 March 2020: 700) in Mainland China. Yau Lee aims to be a good and attractive employer as we understand people are key to long-term success. The Group offers competitive remuneration packages and employees are rewarded on a performance related basis. The Group is firmly committed to training and staff development. We work continuously to ensure employees can realise their full potentials and thus to foster their development to the Group.

## Outlook

Currently, the construction industries are less affected compared with other industries. The Hong Kong Government has adopted expansionary fiscal measures to support the employment markets including continuous investment in infrastructure projects. Also, the Government's commitment to resolve the chronic housing shortage problem creates a rather long term and large demands in our core markets.

We just held the topping-out ceremony of the Disciplined Services Quarters for the Fire Services Department at Pak Shing Kok, Hong Kong's first ever concrete Modular Integrated Construction ("MiC") high-rise building project. Our performance is highly praised as the project would be completed at least four months earlier without compromising on quality and safety. While the project is still in the limelight, we already go further by advancing the technology into a hybrid-type (concrete and steel) demountable MiC system. The new product offers good performances in durability, fire resistance, waterproofing, acoustic and is re-usable. It will be a good fit for the building of transitional housing units which are of high demands in next few years.

The world might be a different place after the COVID-19. Many trends already underway globally like digital economy are being accelerated because of the pandemic. Certain structural changes such as remote working and learning, telemedicine etc. are more widely adopted and embraced. Moving forward, digital capabilities shall become an increasingly important factor for majority businesses to respond to changing customer needs, better manage supply chain and maintain sustainable growth.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group recognised the trend long ago and invested to develop our capabilities in this area. We got a wide range of solutions that span the entire construction industry value chain, from design, construction, operation to maintenance and management. Our Building Information Modeling (“BIM”) technologies, BEANiE (a BIM-enabled blockchain multifunctional platform for compliance assurance, work monitoring and record administration), construction IT solutions, DfMA (Design for Manufacturing and Assembly) capabilities are already highly recognised in the market. The changes in work practices during pandemic revive demands for more IT solutions. For example, BEANiE, developed by our subsidiaries, can facilitate remote inspection. Without physically travelling to the factory in China, end users can arrange a remote joint inspection without delaying any processes to ensure timely delivery of a project. BEANiE can properly record, register, file or upload the inspection data to a reliable online platform for real time tracking and monitor the status of every single MiC at each step of production and thus the traceability can be improved with the adoption of RFID (Radio Frequency Identification), BIM and Blockchain technologies. The subsidiaries have received many new contracts afterwards. We believe the business growth generated from our edges in technologies would increase at a much faster pace. The Group will continue to firmly commit to innovation and to develop related technologies to reap the benefits from the Government’s visionary initiatives Construction 2.0 and Industry 4.0.

On Mainland China market, our businesses grow steadily. Operations of joint venture factories resumed normal. Now, they are able to develop the businesses following the plans formed before the pandemic. And our Huizhou factory is expanding the local market too. We see the demands in prefabrication rise rapidly particularly in Shenzhen which planned to increase the supply of various types of housing units by 1.7 million by Year 2035.

Being the most open and international city in the Greater Bay Area, Hong Kong leveraging on the Mainland and economic size and growth of the Greater Bay Area, will benefit from the opportunities that are created. Market potential for infrastructure and buildings are massive. The Group’s MiC and green building technologies that align with the regional development would benefit from it. So, the fundamental outlook for our core businesses remains bright and positive and we continue to manage challenges from the pandemic on our performance.



## OTHER INFORMATION

### INTERIM DIVIDEND

On 23 November 2020, the Board has resolved to declare the payment of an interim dividend of HK1.00 cent (2019: HK1.00 cent) per ordinary share in respect of the six months ended 30 September 2020 to shareholders registered on the register of members on 18 December 2020. The interim dividend will be payable on or before 8 January 2021.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 December 2020 (Wednesday) to 18 December 2020 (Friday), both days inclusive, during which period no transfer of shares shall be effected. To qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Room No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 15 December 2020 (Tuesday).

### 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	267,642,599	61.10%

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



## OTHER INFORMATION (CONTINUED)

### DIRECTORS' INTERESTS (CONTINUED)

During the six months ended 30 September 2020, none of the Directors and chief executives (including their spouses and minor children) had any interests in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

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

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

As at 30 September 2020, the register of substantial shareholders maintained under Section 336 of Part XV of the SFO showed that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold, the Company's listed securities during the six months ended 30 September 2020.

### REVIEW OF INTERIM FINANCIAL INFORMATION

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

### CORPORATE GOVERNANCE

The Board believes that corporate governance is fundamental to corporate long-term success and the enhancement of shareholder value. The Company has adopted the principles and practices of the Corporate Governance Code (the "Code") as set out in the Appendix 14 of The Rules Governing the Listing of Securities on The SEHK ("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 2020 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 six months ended 30 September 2020 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 six months ended 30 September 2020.

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

Hong Kong, 23 November 2020

