



有利集團有限公司
Yau Lee Holdings Limited
 (Incorporated in Bermuda with limited liability)

Stock Code: 406

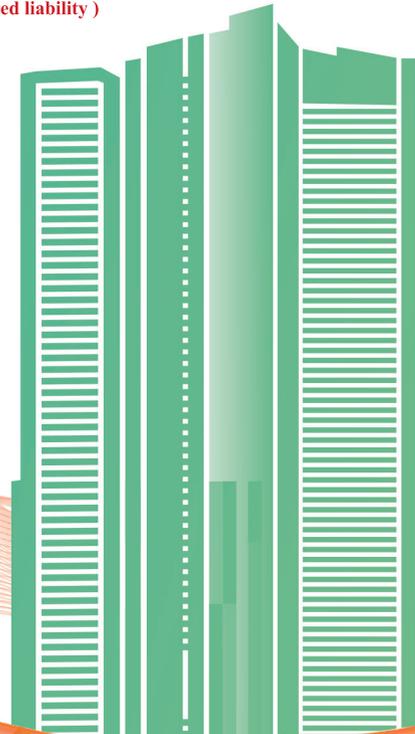
BIM FOR
 FULL LIFECYCLE
MANAGEMENT



INDUSTRIALIZED
BUILDING PROCESS

MODULAR INTEGRATED
CONSTRUCTION

2023
 Interim Report



BIM

Blockchain

CDE

CIM

**Remote Joint
 Inspection,
 Delivery &
 Installation**
 1.0

DWSS
 2.0

**Fleet
 Management &
 Driver's
 Wellbeing**
 3.0

**CCTV &
 Dashboard**
 4.0

**4S - Smart Site
 Safety System
 Traceability +
 Safety**
 5.0

**Smart
 Command
 Theatre**
 6.0

Board of directors

Executive directors

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

Independent non-executive directors

Chan Bernard Charnwut
Wu King Cheong
Yeung Tak Bun
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
Wong Rosana Wai Man
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
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
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.
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HIGHLIGHTS

The Group reported revenue of HK\$3,524,655,000 (2022: HK\$3,109,305,000) for the six months ended 30 September 2023 (the “period”).

The gross profit for the period increased from HK\$251,278,000 to HK\$303,454,000.

Profit for the period increased from HK\$21,615,000 to HK\$38,007,000.

Basic and diluted earnings per share were approximately HK8.74 cents (2022: HK5.12 cents).

The net asset value attributable to equity holders of the Company as at 30 September 2023 was HK\$1,479,535,000 (31 March 2023: HK\$1,506,309,000), equivalent to HK\$3.38 (31 March 2023: HK\$3.44) per share based on the 438,053,600 (31 March 2023: 438,053,600) ordinary shares in issue.

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 2023 were as follows:

**UNAUDITED CONDENSED CONSOLIDATED
INCOME STATEMENT**

For the six months ended 30 September 2023

		Six months ended 30 September	
	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Revenue	6	3,524,655	3,109,305
Cost of sales	8	(3,221,201)	(2,858,027)
Gross profit		303,454	251,278
Other income and losses, net	7	8,986	3,529
Selling and distribution costs	8	(18,033)	(4,300)
Administrative expenses	8	(213,922)	(210,034)
Other operating expenses	8	(2,639)	(1,582)
Operating profit		77,846	38,891
Finance costs	9	(23,851)	(5,652)
Share of loss of an associate		(1)	(77)
Share of loss of joint ventures		(4,821)	(3,622)
Profit before income tax		49,173	29,540
Income tax expense	10	(11,166)	(7,925)
Profit for the period		38,007	21,615
Attributable to:			
Equity holders of the Company		38,267	22,449
Non-controlling interests		(260)	(834)
		38,007	21,615
Interim dividend	11	10,951	10,951
Earnings per share (basic and diluted)	12	HK8.74 cents	HK5.12 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the period	38,007	21,615
Other comprehensive income		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>(54,090)</u>	<u>(104,134)</u>
Total comprehensive loss for the period	<u>(16,083)</u>	<u>(82,519)</u>
Attributable to:		
Equity holders of the Company	(15,823)	(81,685)
Non-controlling interests	<u>(260)</u>	<u>(834)</u>
Total comprehensive loss for the period	<u>(16,083)</u>	<u>(82,519)</u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2023

		30 September 2023	31 March 2023
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	13	1,071,933	1,095,279
Investment properties	13	273,334	170,100
Other intangible assets		5,646	6,174
Goodwill		17,898	17,898
Associate		34	35
Joint ventures		68,039	77,381
Deferred income tax assets		4,177	4,177
Mortgage loans receivables		11,154	11,786
		1,452,215	1,382,830
Current assets			
Cash and bank balances	14	601,120	742,581
Trade debtors, net	15	852,866	702,764
Contract assets		1,548,842	1,342,793
Prepayments, deposits and other receivables		242,888	224,950
Mortgage loans receivables		1,261	1,249
Inventories		146,032	154,482
Completed properties held for sale		122,126	222,760
Due from joint operations		5,006	7,938
Due from other partners of joint operations		7,741	19,838
Prepaid income tax		39,444	48,474
		3,567,326	3,467,829
Total assets		5,019,541	4,850,659

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
(CONTINUED)

As at 30 September 2023

		30 September 2023	31 March 2023
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
EQUITY			
Share capital	16	87,611	87,611
Other reserves		377,034	431,124
Retained profits		1,014,890	987,574
		<hr/>	<hr/>
Attributable to equity holders of the Company		1,479,535	1,506,309
Non-controlling interests		(2,566)	(2,306)
		<hr/>	<hr/>
Total equity		1,476,969	1,504,003
		<hr/>	<hr/>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	17	693,400	449,200
Deferred income tax liabilities		9,367	9,690
Other non-current liabilities		3,491	8,602
		<hr/>	<hr/>
		706,258	467,492
		<hr/>	<hr/>
Current liabilities			
Short-term bank loans	17	822,126	880,394
Current portion of long-term borrowings	17	114,500	37,400
Payables to suppliers and subcontractors	18	371,258	383,035
Accruals, retention payables, deposits received and other liabilities		825,709	878,783
Income tax payable		24,722	11,004
Contract liabilities		668,375	676,891
Due to joint operations		9,624	2,799
Due to other partners of joint operations		-	8,858
		<hr/>	<hr/>
		2,836,314	2,879,164
		<hr/>	<hr/>
Total liabilities		3,542,572	3,346,656
		<hr/>	<hr/>
Total equity and liabilities		5,019,541	4,850,659
		<hr/>	<hr/>

UNAUDITED CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2023

	Attributable to equity holders of the Company							Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Currency translation reserve HK\$'000	Property revaluation reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000			
As at 1 April 2022	87,611	413,776	359	23,819	55,366	704	959,840	1,541,475	(118)	1,541,357
Profit/(loss) for the period	-	-	-	-	-	-	22,449	22,449	(834)	21,615
Other comprehensive income:										
Currency translation differences	-	-	-	(104,134)	-	-	-	(104,134)	-	(104,134)
2022 final dividend (Note 11)	-	-	-	-	-	-	(10,951)	(10,951)	-	(10,951)
As at 30 September 2022	<u>87,611</u>	<u>413,776</u>	<u>359</u>	<u>(80,315)</u>	<u>55,366</u>	<u>704</u>	<u>971,338</u>	<u>1,448,839</u>	<u>(952)</u>	<u>1,447,887</u>
As at 1 April 2023	87,611	413,776	359	(39,325)	55,366	948	987,574	1,506,309	(2,306)	1,504,003
Profit/(loss) for the period	-	-	-	-	-	-	38,267	38,267	(260)	38,007
Other comprehensive income:										
Currency translation differences	-	-	-	(54,090)	-	-	-	(54,090)	-	(54,090)
2023 final dividend (Note 11)	-	-	-	-	-	-	(10,951)	(10,951)	-	(10,951)
As at 30 September 2023	<u>87,611</u>	<u>413,776</u>	<u>359</u>	<u>(93,415)</u>	<u>55,366</u>	<u>948</u>	<u>1,014,890</u>	<u>1,479,535</u>	<u>(2,566)</u>	<u>1,476,969</u>

UNAUDITED CONDENSED CONSOLIDATED
CASH FLOW STATEMENT
For the six months ended 30 September 2023

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Cash flows from operating activities		
Operating profit	77,846	38,891
Interest income	(5,598)	(3,146)
Interest expense	14,807	4,840
Gain on disposal of property, plant and equipment, net	(2,734)	(434)
Fair value loss on investment properties, net	2,455	3,260
Amortisation of other intangible assets	528	528
Depreciation	40,993	47,722
Movement in loss allowance for trade debtors	486	3,662
	<hr/>	<hr/>
Operating profit before working capital changes	128,783	95,323
Trade debtors, net	(164,628)	(10,586)
Inventories	8,401	(37,606)
Prepayments, deposits and other receivables	(17,433)	(1,598)
Contract assets	(221,191)	(224,636)
Net change in balances with joint operations/ other partners of joint operations	12,996	(11,568)
Payables to suppliers and subcontractors	(10,420)	29,324
Accruals, retention payables, deposit received and other liabilities	(65,102)	51,147
Contract liabilities	(8,506)	(91,178)
	<hr/>	<hr/>
Net cash used in operations	(337,100)	(201,378)
Hong Kong profits tax refunded	10,909	387
Hong Kong profits tax paid	(1,801)	(1,725)
Non-Hong Kong tax paid	(168)	(258)
	<hr/>	<hr/>
Net cash used in operating activities	(328,160)	(202,974)
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UNAUDITED CONDENSED CONSOLIDATED
CASH FLOW STATEMENT (CONTINUED)
For the six months ended 30 September 2023

	Six months ended 30 September	
Note	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,125)	(30,787)
Additions to investment properties	(5,055)	–
Proceeds from disposal of property, plant and equipment	2,808	1,252
Reduction on capital of an associate	–	239
Interest received	5,110	1,497
Net decrease in mortgage loan receivables	603	13,804
	(20,659)	(13,995)
Net cash used in investing activities	(20,659)	(13,995)
Cash flows from financing activities		
Repayment of bank loans	(18,700)	(253,700)
Drawdown of bank loans	281,732	125,455
Decrease in restricted deposits	10,158	57,498
Capital element of lease payments	(8,624)	(8,577)
Interest element of lease payments	(277)	(267)
Interest paid	(38,381)	(10,225)
	225,908	(89,816)
Net cash from/(used in) financing activities	225,908	(89,816)
Net decrease in cash and cash equivalents	(122,911)	(306,785)
Cash and cash equivalents at beginning of period	688,713	934,312
Exchange loss on cash and cash equivalents	(8,392)	(17,515)
	557,410	610,012
Cash and cash equivalents at end of period	557,410	610,012
Analysis of cash and cash equivalents		
14(b)		
Cash and bank balances	392,777	477,874
Time deposits	164,633	132,138
	557,410	610,012

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 27 November 2023.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2023 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 2023, 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 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 2023.

3.1 New standard and amendments to standards adopted by the Group

Amendments to HKAS 1 and HKFRS Practice Statement 2 Amendments to HKAS 8 Amendments to HKAS 12 Amendments to HKAS 12 HKFRS 17 HKFRS 17	Disclosure of Accounting Policies Definition of Accounting Estimates Deferred Tax related to Assets and Liabilities arising from a Single Transaction International Tax Reform – Pillar Two Model Rules Insurance Contracts and the Related Amendments Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information
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The adoption of these new standard and amendments to standards 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 Amendments to standards and interpretation have been issued but are not yet effective

The following amendments to standards and interpretation have been published that are not mandatory for the financial year beginning on 1 April 2023 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture	To be announced

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

4. ESTIMATES

The preparation of condensed consolidated 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 2023.

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 2023.

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.

	Six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
Revenue		
Construction	2,548,130	1,879,748
Electrical and mechanical installation	914,263	1,171,732
Building materials supply	48,746	42,144
Property investment and development	1,278	1,267
Hotel operations	936	998
Others	11,302	13,416
	<u>3,524,655</u>	<u>3,109,305</u>

For the six months ended 30 September 2023, 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\$48,746,000 (2022: HK\$42,144,000) and others of HK\$9,944,000 (2022: HK\$9,973,000), 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\$2,214,000 (2022: HK\$2,265,000).

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 HK\$'000	Electrical and mechanical installation HK\$'000	Building materials supply HK\$'000	Property investment and development HK\$'000	Hotel operations HK\$'000	Others HK\$'000	Total HK\$'000
For the six months ended							
30 September 2023							
Total sales	2,619,748	1,321,870	398,154	101,457	936	59,482	4,501,647
Inter-segment sales	(71,618)	(407,607)	(349,408)	(100,179)	-	(48,180)	(976,992)
External sales	<u>2,548,130</u>	<u>914,263</u>	<u>48,746</u>	<u>1,278</u>	<u>936</u>	<u>11,302</u>	<u>3,524,655</u>
Segment results	43,145	10,632	27,962	(3,234)	(4,237)	(8,672)	65,596
Share of loss of an associate	-	(1)	-	-	-	-	(1)
Share of loss of joint ventures	-	-	(4,821)	-	-	-	(4,821)
	<u>43,145</u>	<u>10,631</u>	<u>23,141</u>	<u>(3,234)</u>	<u>(4,237)</u>	<u>(8,672)</u>	<u>60,774</u>
Unallocated income							12,250
Finance costs							(23,851)
Profit before income tax							49,173
Income tax expense							(11,166)
Profit for the period							<u>38,007</u>
At 30 September 2023							
Segment assets	2,092,055	971,275	769,416	412,832	521,615	154,386	4,921,579
Interests in an associate	-	9	-	-	-	25	34
Interests in joint ventures	-	-	68,039	-	-	-	68,039
Unallocated assets							29,889
Total assets							<u>5,019,541</u>
Segment liabilities	(924,004)	(790,153)	(58,785)	(105,341)	(793)	(8,322)	(1,887,398)
Bank loans							(1,630,026)
Unallocated liabilities							(25,148)
Total liabilities							<u>(3,542,572)</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 2022							
Total sales	1,890,024	1,228,268	138,431	1,293	998	71,300	3,330,314
Inter-segment sales	(10,276)	(56,536)	(96,287)	(26)	-	(57,884)	(221,009)
External sales	<u>1,879,748</u>	<u>1,171,732</u>	<u>42,144</u>	<u>1,267</u>	<u>998</u>	<u>13,416</u>	<u>3,109,305</u>
Segment results	55,742	17,227	(17,278)	(3,618)	(10,964)	(7,771)	33,338
Share of loss of an associate	-	(77)	-	-	-	-	(77)
Share of loss of joint ventures	-	-	(3,622)	-	-	-	(3,622)
	<u>55,742</u>	<u>17,150</u>	<u>(20,900)</u>	<u>(3,618)</u>	<u>(10,964)</u>	<u>(7,771)</u>	<u>28,639</u>
Unallocated income							5,553
Finance costs							(5,652)
Profit before income tax							29,540
Income tax expense							(7,925)
Profit for the period							<u>21,615</u>
At 31 March 2023							
Segment assets	1,895,771	1,003,677	803,556	408,052	476,844	160,322	4,748,222
Interests in an associate	-	10	-	-	-	25	35
Interests in joint ventures	-	-	77,381	-	-	-	77,381
Unallocated assets							<u>25,021</u>
Total assets							<u>4,850,659</u>
Segment liabilities	(964,791)	(819,859)	(64,097)	(105,550)	(1,096)	(10,117)	(1,965,510)
Bank loans							(1,366,994)
Unallocated liabilities							<u>(14,152)</u>
Total liabilities							<u>(3,346,656)</u>

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

7. OTHER INCOME AND LOSSES, NET

	Six months ended 30 September	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income		
Bank interest income	5,110	1,497
Interest income from subcontractors	488	1,649
Management service income from a joint operation	–	8
Sundry income	4,725	5,249
	10,323	8,403
	10,323	8,403
Other losses, net		
Fair value loss on investment properties, net	(2,455)	(3,260)
Gain on disposal of property, plant and equipment, net	2,734	434
Exchange loss, net	(1,616)	(2,048)
	(1,337)	(4,874)
	(1,337)	(4,874)
	8,986	3,529

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

8. EXPENSES BY NATURE

	Six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
Cost of construction	2,425,789	2,338,918
Cost of inventories sold	238,253	67,619
Staff costs (including directors' emoluments)*	629,800	534,330
Depreciation		
Owned property, plant and equipment	30,081	36,857
Leased property, plant and equipment	10,912	10,865
	40,993	47,722
Expenses relating to short-term leases of		
Land and buildings	1,791	2,091
Other equipment	45,049	16,501
	46,840	18,592
Amortisation of other intangible assets	528	528
Movement in loss allowance for trade debtors	486	3,662
Auditor's remuneration	2,473	2,573
Direct operating expenses arising from investment properties		
– Generate rental income	249	191
– Not generate rental income	36	33
Selling and distribution costs	18,033	4,300
Others	52,315	55,475
Total cost of sales, selling and distribution costs, administrative and other operating expenses	3,455,795	3,073,943

* During the six months ended 30 September 2022, subsidies of approximately HK\$13,346,000 from the Employment Support Scheme under Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region were recognised in “cost of sales” and “administrative expenses” and offset against the “staff costs”.

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

9. FINANCE COSTS

	Six months ended 30 September	
	2023	2022
	HK\$'000	<i>HK\$'000</i>
Interest on short-term bank loans	21,624	4,231
Interest on long-term bank loans	16,757	5,994
Interest element of lease payments	277	267
	<hr/>	<hr/>
Total borrowing costs incurred	38,658	10,492
Less: Classified as cost of construction	(14,807)	(4,840)
	<hr/>	<hr/>
	23,851	5,652
	<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% (2022: 8.25% and 16.5%) on the estimated assessable profits for the six months ended 30 September 2023. 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/regions in which the Group operates.

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

	Six months ended 30 September	
	2023	2022
	HK\$'000	<i>HK\$'000</i>
Hong Kong profits tax provision for the period	11,269	2,070
Under/(over)-provision in prior years	68	(62)
Deferred income tax relating to the origination and reversal of temporary differences	(171)	5,917
	<hr/>	<hr/>
	11,166	7,925
	<hr/> <hr/>	<hr/> <hr/>

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

13. CAPITAL EXPENDITURE

	Property, plant and equipment	Investment properties
	<i>HK\$'000</i>	<i>(Note) HK\$'000</i>
Net book amount as at 1 April 2022	1,171,205	177,240
Additions	31,010	–
Fair value loss on investment properties, net	–	(3,260)
Currency translation differences	(52,017)	–
Disposals	(818)	–
Lease modification	205	–
Depreciation charge (<i>Note 8</i>)	(47,722)	–
	<u>1,101,863</u>	<u>173,980</u>
Net book amount as at 30 September 2022	<u>1,101,863</u>	<u>173,980</u>
Net book amount as at 1 April 2023	1,095,279	170,100
Additions	39,536	5,055
Transfer from completed properties held for sale	–	100,634
Fair value loss on investment properties, net	–	(2,455)
Currency translation differences	(24,881)	–
Disposals	(74)	–
Lease modification	3,066	–
Depreciation charge (<i>Note 8</i>)	(40,993)	–
	<u>1,071,933</u>	<u>273,334</u>
Net book amount as at 30 September 2023	<u>1,071,933</u>	<u>273,334</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

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Cash and bank balances	392,777	502,914
Time deposits	164,633	185,799
Restricted deposits (<i>Note a</i>)	43,710	53,868
	<u>601,120</u>	<u>742,581</u>

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 unaudited condensed consolidated cash flow statement:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Cash and bank balances	392,777	502,914
Time deposits with original maturity of less than three months	164,633	185,799
	<u>557,410</u>	<u>688,713</u>

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:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Current	726,213	609,570
1-30 days	41,755	16,761
31-90 days	34,607	18,933
91-180 days	19,631	19,610
Over 180 days	30,660	37,890
	126,653	93,194
	852,866	702,764

16. SHARE CAPITAL

	Number of shares		Amount	
	30 September 2023	31 March 2023	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Ordinary shares of HK\$0.2 each				
Authorised:				
At beginning and end of the period/year	1,000,000,000	1,000,000,000	200,000	200,000
Issued and fully paid:				
At beginning and end of the period/year	438,053,600	438,053,600	87,611	87,611

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

17. BORROWINGS

The maturity of borrowings is as follows:

	Bank loans	
	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Within 1 year	936,626	917,794
After 1 year but within 2 years	329,400	328,200
After 2 years but within 5 years	364,000	121,000
	<u>1,630,026</u>	<u>1,366,994</u>

The bank borrowings are secured by certain property, plant and equipment, investment properties 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:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Current	308,920	339,948
1-30 days	34,552	34,425
31-90 days	14,531	4,067
91-180 days	8,461	1,325
Over 180 days	4,794	3,270
	<u>62,338</u>	<u>43,087</u>
	<u>371,258</u>	<u>383,035</u>

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 2023, 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) The Group has provided performance bonds amounting to approximately HK\$656,538,000 (31 March 2023: HK\$448,057,000) in favour of the Group's customers.
- (c) As at 30 September 2023, the Group has capital expenditure contracted for but not yet incurred in relation to plant and equipment and joint ventures of approximately HK\$9,000 (31 March 2023: HK\$717,000) and RMB26,036,000 (31 March 2023: RMB26,036,000) respectively.
- (d) The future aggregate minimum lease rental payable under non-cancellable short-term leases is as follows:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Land and buildings		
Within one year	31	–

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:

	30 September 2023 HK\$'000	31 March 2023 HK\$'000
Within one year	2,726	1,691
One year to five years	1,569	1,641
	4,295	3,332

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:

	Six months ended 30 September 2023 HK\$'000	2022 HK\$'000
Salaries and fees	11,762	10,901
Pension costs – defined contribution scheme	542	519
Others	37	16
	12,341	11,436

Interim Results and Review of Operation

The Group delivered a strong set of result for the first half of the year notwithstanding the challenges of the current macroeconomic environment. We are pleased to report solid growths in revenue, profits as well as the order book.

The Group's revenue in the first half of the year was HK\$3,525 million, representing an increase of 13% period on period (2022: HK\$3,109 million). All the core business segments contributed to the increases. At construction businesses, the high level of order intake awarded in last two years reflected as sales gradually as work commenced. It reported revenue of HK\$2,548 million, up 36% on the prior year figure. Likewise, the electrical and mechanical installation (E&M) segment benefited from the growing order book increased total sales by 8%, its fourth consecutive year of growth. And we are pleased to see that the factory regained momentum as it moved away from the significant impacts of the pandemic. As anticipated in last interim report, the factory sales surged when the backlog orders held up by the logistic disruptions at pandemic were cleared. The amount of total sales recognized in the period tripled versus first-half 2022.

Consolidated gross profits was HK\$303 million, representing an increase of HK\$52 million or 21% compared with first-half 2022. The overall gross profit margin raised slightly to 9% (2022: 8%). In past two years, the Group's gross profit margin were impacted by the factory losses incurred during the pandemic. As the factory business recovered gradually, gross profit margin improved.

Total operating expenses raised by 9% to HK\$235 million (2022: HK\$216 million), driven mainly by the transportation costs and salaries. The rise in transportation cost agreed with the increase in product deliveries by the factory. The climbing salaries as a result of the continuing manpower shortage in the industry is a key issue that all contractors have to address. Initiatives including but not limited to the adoption of MiC, MiMEP and digital technologies and recruitments of overseas professionals and workers have been taken to mitigate the impact of rising costs.

With enhanced gross profits relieving partially the construction cost inflations, the Group got a consolidated net profits before tax at HK\$49 million, up by HK\$20 million period on period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As at 30 September 2023, the value of contracts in hand grew to HK\$33,906 million, up by 50% compared to 31 March 2023. On construction, we were awarded three public housing construction projects amounted to HK\$9,640 million, representing a growth of 151% period on period. All the three awarded contracts are with MiC elements. We have delivered successfully a number of MiC projects since the advocacy of the MiC technologies in the public works. Our differentiated capabilities in MiC building are well approved and validated by the clients. E&M segment again delivered an encouraging result and obtained new orders of HK\$2,137 million in the first six months, achieving a growth of 29% over prior period. We saw growths in both conventional E&M and green solutions businesses. In fact, the new orders secured by the green technology team raised by 19% period on period. Moreover, the E&M businesses in Mainland China bounced back. The sector was awarded HK\$569 million new contracts, a very high level of new order intake since the establishment.

Movement of Contracts

For the six months ended 30 September 2023

	31 March 2023 HK\$'million	Contracts		30 September 2023 HK\$'million
		Secured HK\$'million	Completed HK\$'million	
Building construction, renovation and maintenance	14,270	9,640	(201)	23,709
Electrical and mechanical installation	11,266	2,137	(769)	12,634
Building materials supply	1,931	1,833	(305)	3,459
Others	16	10	(11)	15
Less: Inter-segment contracts	(4,924)	(1,825)	838	(5,911)
	<u>22,559</u>	<u>11,795</u>	<u>(448)</u>	<u>33,906</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 2023, the Group's total cash and bank balances was HK\$601 million (31 March 2023: HK\$743 million) and total borrowings was HK\$1,630 million (31 March 2023: HK\$1,367 million). As a number of projects were in early stage of works, the needs for working capital were in general higher, causing the reduction in cash and bank balances. The increase in borrowings was primarily due to financing of new construction projects. The current ratio (total current assets: total current liabilities) as at 30 September 2023 was 1.3 (31 March 2023: 1.2). The amount of bank loans and other facilities fall due beyond one year was HK\$693 million (31 March 2023: HK\$449 million). With prudent financial management policy in place, the Group considers the financial position as healthy with sufficient liquidity.

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 2023, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK\$3,762 million (31 March 2023: HK\$3,706 million), of which HK\$2,115 million (31 March 2023: HK\$1,761 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development and capital expenditure requirements.

Human Resources

As at 30 September 2023, the Group had approximately 3,700 (31 March 2023: 3,600) employees. There are approximately 2,800 (31 March 2023: 2,800) employees in Hong Kong, Macau and Singapore and 900 (31 March 2023: 800) 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

The local market outlook is bright and positive. The Year 2023 Policy Address revealed that the Government has identified sufficient land to meet housing demands in the coming 10 years. In the next five years, total public housing supply including Light Public Housing will reach 172,000 units. Besides, the development of the 30,000-hectare Northern Metropolis encompassing new development areas in Hung Shui Kiu, Ha Tsuen, Kwu Tung North as well as neighboring rural areas in Yuen Long and Lok Ma Chau etc. creates enormous infrastructure investments. A strong and steady growth in the public sector works is envisaged. Leverage on the Group's edges in leading construction technologies and our over 60 years' presence in the market, we would be benefited from these tremendous business opportunities.

We know there will continue to be many challenges ahead due to the manpower shortages and costs inflation. We will mitigate and manage the risks by disciplined bidding approach and the wider use of digital and cutting-edge technologies to enhance operational effectiveness and efficiency. Digital products and solutions based on blockchain technology, artificial intelligence, the Internet of Things (IoT) and robots are key areas to pursue. On construction robots, we developed a spectrum of robots to carry out survey, inspection, facility monitoring and transportation tasks. Our E&M division has set up a Robotics Centre to develop and apply robots to support building services and to advocate MiMEP. One of the successful examples is the use of Welding Robot and Drillbot for plasma cutting in the Pak Wo Road Community Health Center cum Social Welfare Facilities project, enhancing the productivity by 437% and 189% respectively.

The outlook for the Group is positive. Our growing order book, combined with the abundant market opportunities, gives us confidence to deliver sustainable business growth and return.

OTHER INFORMATION

INTERIM DIVIDEND

On 27 November 2023, the Board has resolved to declare the payment of an interim dividend of HK2.50 cents (2022: HK2.50 cents) per ordinary share in respect of the six months ended 30 September 2023 to shareholders registered on the register of members on 22 December 2023. The interim dividend will be payable on or before 12 January 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 20 December 2023 (Wednesday) to 22 December 2023 (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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 19 December 2023 (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 British Virgin Islands. Mr. Wong Ip Kuen is a director of both All Fine Investment Company Limited and Billion Goal Holdings Limited.

DIRECTORS' INTERESTS (CONTINUED)

During the six months ended 30 September 2023, 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.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of The Rules Governing the Listing of Securities on The SEHK ("Listing Rules"), the change in the information of the Directors since the date of the 2023 Annual Report of the Company required to be disclosed in this Interim Report is set out as below:

Mr. Yeung Tak Bun was appointed as an Independent Non-Executive Director of the Company with effect from 6 July 2023.

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

As at 30 September 2023, 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 2023.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee, together with the 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.

OTHER INFORMATION (CONTINUED)

CORPORATE GOVERNANCE

The Board believes that corporate governance is fundamental to corporate long-term success and the enhancement of shareholders' 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 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 2023 Annual Report.

COMPLIANCE WITH LISTING RULES

In the opinion of the Directors, the Company has complied with the requirements of the Code as set out in Appendix 14 of the Listing Rules for the six months ended 30 September 2023 except for the Code provision C.2.1.

Code provision C.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 enables 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 2023.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 27 November 2023