



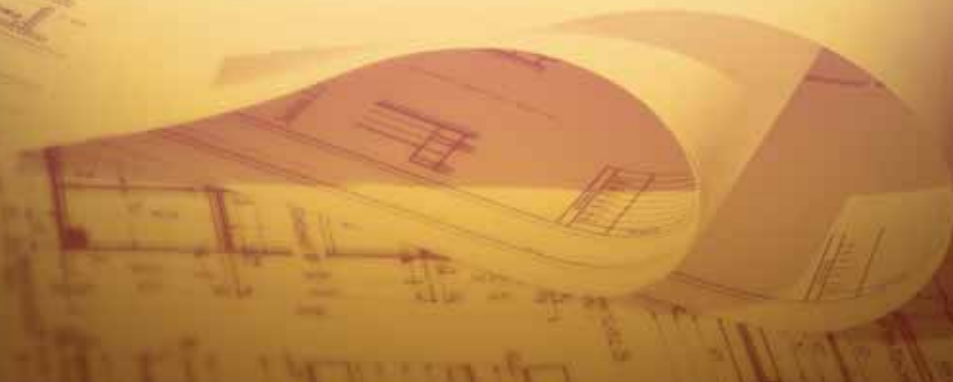
**有利集團有限公司**

**Yau Lee Holdings Limited**

(Incorporated in Bermuda with limited liability)

(Stock code: 406)

**INTERIM REPORT  
2009-2010**



## **CORPORATE INFORMATION**

### **Board of Directors**

#### **Executive Directors**

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

#### **Independent Non-executive Directors**

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

### **Registered Office**

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

### **Head Office and Principal Place of Business**

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

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

### **Company Secretary**

Ho Sui Man

### **Principal Bankers**

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

### **Auditor**

PricewaterhouseCoopers

### **Solicitors**

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

### **Hong Kong Share Registrars and Transfer Office**

Computershare Hong Kong Investor  
Services Ltd  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## HIGHLIGHTS

The Group's turnover increased by 9.0% to approximately HK\$1,645,870,000.

Net attributable profit for the period was HK\$4,868,000.

Cash and bank balances was approximately HK\$663,616,000.

Total net assets was approximately HK\$1,250,924,000.

Total indebtedness (including bank borrowings and obligations under finance leases contracts) of the Group were approximately HK\$288,296,000, representing approximately 23.0% of the total shareholders' equity.

Basic and diluted earnings per share was approximately HK1.11 cents.

## INTERIM RESULTS

The Board of Directors (the “Directors”) 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 2009 were as follows:

### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2009

	Note	2009 HK\$'000	2008 HK\$'000
Revenue	4	<b>1,645,870</b>	1,510,486
Cost of sales	6	<b>(1,545,344)</b>	(1,403,906)
Gross profit		<b>100,526</b>	106,580
Other income and gains	5	<b>28,777</b>	9,044
Administrative expenses	6	<b>(110,373)</b>	(79,615)
Other operating expenses	6	<b>(2,616)</b>	(1,827)
Operating profit		<b>16,314</b>	34,182
Finance costs	7	<b>(2,730)</b>	(14,330)
Share of loss of jointly controlled entities/operation		<b>(1,552)</b>	(6,749)
Share of loss of an associate		<b>(147)</b>	(35)
Profit before income tax		<b>11,885</b>	13,068
Income tax expense	8	<b>(7,017)</b>	(2,888)
Profit for the period		<b>4,868</b>	10,180
<b>Attributable to:</b>			
Equity holders of the Company		<b>4,868</b>	10,207
Minority interests		–	(27)
		<b>4,868</b>	10,180
Interim dividend	9	–	–
Earnings per share (basic and diluted)	10	<b>1.11 cents</b>	2.31 cents

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 September 2009

	Note	30 September 2009 HK\$'000	31 March 2009 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	105,121	110,380
Investment properties	11	152,875	24,727
Leasehold land	11	397,639	34,732
Intangible assets, net		19,700	20,228
Goodwill		15,905	15,905
Associates		1,781	1,929
Jointly controlled entities/operation		6,426	7,987
Deferred income tax assets		3,989	689
Other non-current assets		30,191	20,494
		<b>733,627</b>	<b>237,071</b>
<b>Current assets</b>			
Cash and bank balances	12	663,616	888,492
Trade debtors, net	13	453,917	577,658
Prepayments, deposits and other receivables		180,375	137,731
Inventories		28,046	21,350
Prepaid income tax		420	530
Due from customers on construction contracts		443,214	327,353
Financial assets at fair value through profit or loss		5,118	15,147
Derivative financial assets	14	45	-
Due from associates		8,626	8,774
Due from jointly controlled entities/operation		13,038	14,988
		<b>1,796,415</b>	<b>1,992,023</b>
<b>Total assets</b>		<b>2,530,042</b>	<b>2,229,094</b>
<b>EQUITY</b>			
Share capital	15	87,611	87,611
Other reserves		418,982	416,824
Retained profits			
Proposed final dividends		-	4,249
Others		743,735	738,867
Attributable to equity holders		1,250,328	1,247,551
Minority interests		596	596
<b>Total equity</b>		<b>1,250,924</b>	<b>1,248,147</b>

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

As at 30 September 2009

	Note	<b>30 September 2009 HK\$'000</b>	31 March 2009 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	16	<b>193,955</b>	17,721
Deferred income tax liabilities		<b>10,801</b>	7,522
Retention payables		<b>16,889</b>	9,349
		<b>221,645</b>	34,592
<b>Current liabilities</b>			
Short-term bank loans-secured	16	<b>90,000</b>	50,000
Current portion of long-term borrowings	16	<b>4,341</b>	5,176
Derivative financial liabilities	14	<b>2,213</b>	839
Payables to suppliers and subcontractors	17	<b>207,530</b>	299,914
Accruals, retention payables and other liabilities		<b>196,304</b>	198,430
Income tax payable		<b>14,687</b>	12,053
Due to customers on construction contracts		<b>538,888</b>	376,912
Due to jointly controlled entities/operation		<b>3,510</b>	3,031
		<b>1,057,473</b>	946,355
<b>Total liabilities</b>		<b>1,279,118</b>	980,947
<b>Total equity and liabilities</b>		<b>2,530,042</b>	2,229,094
<b>Net current assets</b>		<b>738,942</b>	1,045,668
<b>Total assets less current liabilities</b>		<b>1,472,569</b>	1,282,739

## **UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the six months ended 30 September 2009

	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>	<b>4,868</b>	10,180
<b>Other comprehensive income:</b>		
Currency translation differences	<b>2,158</b>	428
<b>Total comprehensive income for the period</b>	<b>7,026</b>	10,608
<b>Total comprehensive income attributable to:</b>		
– equity holders of the Company	<b>7,026</b>	10,635
– minority interest	<b>–</b>	(27)
	<b>7,026</b>	10,608

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30 September 2009

	Attributable to equity holders of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Currency translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Minority interests HK\$'000	Total HK\$'000
As at 1 April 2009	87,611	413,776	359	2,689	743,116	1,247,551	596	1,248,147
Profit for the period	-	-	-	-	4,868	4,868	-	4,868
Currency translation differences	-	-	-	2,158	-	2,158	-	2,158
Dividend	-	-	-	-	(4,249)	(4,249)	-	(4,249)
<b>As at 30 September 2009</b>	<b>87,611</b>	<b>413,776</b>	<b>359</b>	<b>4,847</b>	<b>743,735</b>	<b>1,250,328</b>	<b>596</b>	<b>1,250,924</b>
As at 1 April 2008	88,190	415,430	359	3,144	776,559	1,283,682	625	1,284,307
Profit/(loss) for the period	-	-	-	-	10,207	10,207	(27)	10,180
Currency translation differences	-	-	-	428	-	428	-	428
Dividend	-	-	-	-	(44,095)	(44,095)	-	(44,095)
Shares repurchased	(573)	(1,645)	-	-	-	(2,218)	-	(2,218)
<b>As at 30 September 2008</b>	<b>87,617</b>	<b>413,785</b>	<b>359</b>	<b>3,572</b>	<b>742,671</b>	<b>1,248,004</b>	<b>598</b>	<b>1,248,602</b>



## **UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 30 September 2009

	<b>2009</b>	2008
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Net cash from/(used in) operating activities	<b>61,340</b>	(55,870)
Net cash flows used in investing activities	<b>(496,967)</b>	(17,131)
Net cash flows from/(used in) financing activities	<b>230,733</b>	(106,523)
Decrease in cash and cash equivalents	<b>(204,894)</b>	(179,524)
Cash and cash equivalents, beginning of period	<b>736,778</b>	788,831
Cash and cash equivalents, end of period	<b>531,884</b>	609,307
Analysis of cash and cash equivalents		
Cash and bank balances	<b>419,335</b>	108,206
Time deposits	<b>112,549</b>	501,101
	<b>531,884</b>	609,307

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

### **1. General information**

Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") is principally engaged in the contracting of building construction, plumbing, maintenance and fitting-out projects, electrical and mechanical installation and building materials trading. The Group is also engaged in other activities which mainly include computer software development, provision for website hosting services and property investment.

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

Condensed consolidated interim financial statements are presented in thousands of Hong Kong dollars ("HK\$'000"), unless otherwise stated. Condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 16 December 2009.

This condensed consolidated interim financial information has not been audited.

### **2. Basis of preparation**

This condensed consolidated interim financial information for the six months ended 30 September 2009 has been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2009, which have been prepared in accordance with HKFRSs.

### **3. Accounting policies**

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2009, as described in those annual financial statements.

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 April 2009.

- HKAS 1 (revised), 'Presentation of Financial Statements'

The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS** *(CONTINUED)*

### **3. Accounting policies** *(continued)*

- HKFRS 8 “Operating Segments”

It replaces HKAS 14, “Segment Reporting” and requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the steering committee that makes strategic decisions. The adoption of this standard has no significant impact on the results and financial position of the Group except for some presentation changes.

- Amendment to IFRS/HKFRS 7, ‘Financial Instruments: Disclosures’

The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 March 2010.

- Amendment to HKAS 36 “Impairment of Assets”

Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will make relevant disclosures in its financial statements ending 31 March 2010 where applicable.

The HKICPA has issued a number of new standards, interpretations and amendments to standards which are not effective for accounting period beginning 1 April 2009. The Group has not early adopted these new and revised HKFRS. The adoption of these new standards, interpretation and amendments does not have significant impact on the Group’s financial statements.

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS** *(CONTINUED)*

### **4. Revenue and segment information**

#### **Operating segments**

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are:

- (1) Construction — Contracting of building construction, plumbing, maintenance and fitting-out projects
- (2) Electrical and mechanical installation — Provision of electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services
- (3) Building materials trading — Trading of construction and building materials

Other operations of the Group mainly comprise computer software development, provision of website hosting services and property investment, which is not reported separately.

	<b>2009</b> <b>HK\$'000</b>	2008 HK\$'000
Turnover		
Contracting of building construction, plumbing, maintenance and fitting-out projects	<b>1,106,250</b>	822,002
Electrical and mechanical installation	<b>519,626</b>	628,409
Building materials trading	<b>13,892</b>	56,447
Others	<b>6,102</b>	3,628
	<b>1,645,870</b>	1,510,486

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
*(CONTINUED)*

**4. Revenue and segment information** *(continued)*

**Operating segments** *(continued)*

For the six months ended 30 September 2009

	Construction HK\$'000	Electrical and mechanical installation HK\$'000	Building materials trading HK\$'000	Others HK\$'000	Total HK\$'000
Total sales	1,111,399	550,296	95,806	14,346	1,771,847
Inter-segment sales	(5,149)	(30,670)	(81,914)	(8,244)	(125,977)
External sales	<b>1,106,250</b>	<b>519,626</b>	<b>13,892</b>	<b>6,102</b>	<b>1,645,870</b>
Segment results	<b>1,820</b>	<b>12,386</b>	<b>(3,697)</b>	<b>5,973</b>	<b>16,482</b>
Unallocated expenses					(168)
Operating profit					16,314
Finance costs	(2,095)	(9)	(344)	(282)	(2,730)
Share of (loss)/profit of jointly controlled entities/operation	(1,914)	362	-	-	(1,552)
Share of loss of an associate	-	(147)	-	-	(147)
Profit before income tax					11,885
Income tax expense					(7,017)
Profit for the period					<b>4,868</b>
Segment assets	1,246,775	456,503	196,812	567,058	2,467,148
Interests in associates	-	1,731	-	50	1,781
Interest in jointly controlled entities/operation	6,426	-	-	-	6,426
Unallocated assets					54,687
Total assets					<b>2,530,042</b>
Segment liabilities	(586,054)	(386,859)	(34,374)	(259,021)	(1,266,308)
Unallocated liabilities					(12,810)
Total liabilities					<b>(1,279,118)</b>
Capital expenditure	7,016	534	1,617	468,572	477,739
Depreciation	5,746	1,006	8,007	395	15,154
Amortisation of leasehold land	86	-	-	357	443
Fair value gain on investment properties	-	-	-	(21,706)	(21,706)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
*(CONTINUED)*

**4. Revenue and segment information** *(continued)*

**Operating segments** *(continued)*

For the six months ended 30 September 2008

	Construction <i>HK\$'000</i>	Electrical and mechanical installation <i>HK\$'000</i>	Building materials trading <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total sales	826,001	651,726	91,860	8,633	1,578,220
Inter-segment sales	(3,999)	(23,317)	(35,413)	(5,005)	(67,734)
External sales	<u>822,002</u>	<u>628,409</u>	<u>56,447</u>	<u>3,628</u>	<u>1,510,486</u>
Segment results	<u>27,992</u>	<u>20,308</u>	<u>(12,742)</u>	<u>(5,610)</u>	29,948
Unallocated income					<u>4,234</u>
Operating profit					34,182
Finance costs	(14,075)	(10)	(59)	(186)	(14,330)
Share of profit/(loss) of jointly controlled entities/operation	95	-	(6,844)	-	(6,749)
Share of loss of an associate	-	(35)	-	-	<u>(35)</u>
Profit before income tax					13,068
Income tax expense					<u>(2,888)</u>
Profit for the period					<u>10,180</u>
Segment assets	1,186,580	477,632	222,443	59,587	1,946,242
Interests in associates	-	1,923	-	50	1,973
Interest in jointly controlled entities	17,591	-	1,833	-	19,424
Unallocated assets					<u>173,134</u>
Total assets					<u>2,140,773</u>
Segment liabilities	(418,674)	(413,065)	(31,428)	(18,018)	(881,185)
Unallocated liabilities					<u>(10,986)</u>
Total liabilities					<u>(892,171)</u>
Capital expenditure	25,404	1,659	6,101	25	33,189
Depreciation	5,232	596	8,969	411	15,208
Amortisation of leasehold land	86	-	-	357	<u>443</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**4. Revenue and segment information** (continued)

*Geographical analysis:*

The Group's customers are principally located in Hong Kong, Singapore, Macau and mainland China.

The following table provides an analysis of the Group's revenue by geographical market:

	<b>Revenue</b>	
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>1,087,135</b>	943,333
Singapore	<b>378,316</b>	94,430
Macau	<b>116,172</b>	402,598
Mainland China	<b>64,247</b>	70,125
	<b>1,645,870</b>	1,510,486

The following is an analysis of the carrying amount of assets at the balance sheet date, and additions to property, plant and equipment, investment properties and leasehold land during the period analysed by the geographical area in which the assets are located.

	<b>Carrying amount of total assets</b>		<b>Additions to property, plant and equipment, investment properties and leasehold land</b>	
	<b>Six months ended</b>		<b>Six months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>1,916,494</b>	1,642,393	<b>475,904</b>	3,687
Singapore	<b>238,754</b>	114,597	<b>370</b>	21,574
Macau	<b>108,081</b>	163,771	<b>–</b>	2,824
Mainland China	<b>266,713</b>	220,012	<b>1,465</b>	5,104
	<b>2,530,042</b>	2,140,773	<b>477,739</b>	33,189

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**5. Other income and gains**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Other income		
Dividend income from listed investments	<b>78</b>	149
Bank interest income	<b>2,358</b>	3,498
Interest income from subcontractors	<b>996</b>	1,725
Sundry income	<b>2,534</b>	1,239
	<hr/> <b>5,966</b> <hr/>	<hr/> 6,611 <hr/>
Other gains		
Realised gain on derivative financial assets/liabilities	<b>839</b>	1,484
Fair value gain on investment properties	<b>21,706</b>	-
Unrealised gain on financial assets at fair value through profit or loss	<b>71</b>	-
Realised gain on financial assets at fair value through profit or loss	<b>150</b>	-
Unrealised gain on derivative financial assets	<b>45</b>	-
Exchange gains	-	938
Gain on disposal of an associate company	-	11
	<hr/> <b>22,811</b> <hr/>	<hr/> 2,433 <hr/>
	<hr/> <b>28,777</b> <hr/>	<hr/> 9,044 <hr/>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**6. Expenses by nature**

Expenses by nature are arrived at after charging the following:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Cost of construction	<b>1,275,596</b>	1,182,597
Cost of inventories sold	<b>77,999</b>	76,842
Depreciation		
Owned property, plant and equipment	<b>13,824</b>	14,397
Leased property, plant and equipment	<b>1,330</b>	811
Operating lease rentals of		
Land and buildings	<b>4,733</b>	3,726
Other equipment	<b>32,040</b>	16,006
Staff cost (including directors' emoluments)	<b>205,722</b>	161,507
Amortisation of leasehold land	<b>443</b>	443
Amortisation of intangible assets	<b>528</b>	352
Write-off of impaired receivables	–	718
Loss on disposal of property, plant and equipment, net	<b>165</b>	121
Exchange loss, net	<b>793</b>	–
Others	<b>45,160</b>	27,828
Total cost of sales, administrative and other operating expenses	<b>1,658,333</b>	1,485,348

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**7. Finance costs**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Interest on overdrafts and short-term bank loans	<b>459</b>	1,844
Interest on long-term bank loans repayable after five years	<b>651</b>	–
Interest element of finance lease payments	<b>133</b>	161
	<hr/>	<hr/>
Total borrowing costs incurred	<b>1,243</b>	2,005
Less: Classified under contract cost	<b>(477)</b>	(97)
Capitalised under construction-in-progress	<b>(367)</b>	–
	<hr/>	<hr/>
	<b>399</b>	1,908
Unrealised loss on financial assets at fair value through profit or loss	–	311
Realised loss on financial assets at fair value through profit or loss	<b>118</b>	71
Unrealised loss on derivative financial liabilities	<b>2,213</b>	12,040
	<hr/>	<hr/>
	<b>2,730</b>	14,330
	<hr/>	<hr/>

**8. Income tax expense**

No taxation on Hong Kong profits tax for the year as there were no estimated assessable profits in which the Group operates in Hong Kong. In 2008, Hong Kong profits tax represented the over-provision in prior years.

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**8. Income tax expense** (continued)

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

	<b>Six months ended 30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Current income tax		
Hong Kong profits tax	–	(729)
Overseas tax	<b>7,104</b>	3,675
Deferred income tax relating to the origination and reversal of temporary differences	<b>(87)</b>	(58)
	<b>7,017</b>	2,888

**9. Dividend**

The Board of Directors does not recommend an interim dividend for the period (2008: Nil).

**10. Earnings per share (basic and diluted)**

The calculation of earnings per share is based on:

	<b>Six months ended 30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Net profit attributable to the equity holders of the Company	<b>4,868</b>	10,207
	<b>438,053,600</b>	440,660,453

Diluted earnings per share for the six months ended 30 September 2009 and 2008 are not presented as there are no potential dilutive shares during the periods.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**11. Capital expenditure**

	<b>Property, plant and equipment</b>	<b>Investment properties</b>	<b>Leasehold land</b>
	<i>HK\$'000</i> (Note b)	<i>HK\$'000</i> (Note a)	<i>HK\$'000</i> (Note b)
Net book amount as at 1 April 2009	<b>110,380</b>	<b>24,727</b>	<b>34,732</b>
Additions	<b>9,774</b>	<b>104,615</b>	<b>363,350</b>
Fair value gain on investment properties	–	<b>21,706</b>	–
Currency translation differences	<b>1,492</b>	<b>1,827</b>	–
Interest capitalised under construction-in-progress	<b>367</b>	–	–
Disposals	<b>(1,738)</b>	–	–
Depreciation/amortisation charge (Note 6)	<b>(15,154)</b>	–	<b>(443)</b>
Net book amount as at 30 September 2009	<b>105,121</b>	<b>152,875</b>	<b>397,639</b>
Net book amount as at 1 April 2008	97,007	–	35,655
Additions	25,258	7,931	–
Acquisition of electrical and mechanical installation subsidiaries	3,064	–	–
Disposals	(262)	–	–
Depreciation/amortisation charge (Note 6)	<b>(15,208)</b>	–	<b>(443)</b>
Net book amount as at 30 September 2008	<b>109,859</b>	<b>7,931</b>	<b>35,212</b>

The fair value of the Group's investment properties has been arrived at on the basis of valuations carried out by independent qualified property valuers not connected with the Group.

**(a) Acquisition of property at Tsun Yip Street, Kwun Tong**

During the period, the Group acquired the property at No. 43 and 45 Tsun Yip Street, Kwun Tong, Kowloon at a consideration of HK\$100,000,000.

In light of the plot ratio and the permissible gross floor area, the Group considers that the properties have favourable potential development value. The acquisition was completed in June 2009 and since then, the property began to generate rental income to the Group. As at 30 September 2009, the property was classified as investment properties.

**(b) Acquisition of property at Jervois Street, Sheung Wan**

During the period, the Group acquired the property in No. 77, 79, 81, 83 & 85 Jervois Street and No. 14A, 16, 18, 20 & 22 Burd Street, Hong Kong at a consideration of HK\$350,000,000. The transaction was completed in July 2009.

On 15 July 2009, the Group entered into a management agreement with Intercontinental Hotels Group (Greater China) Limited ("IHG"), an independent third party, whereby the Group will engage IHG in providing hotel management services in relation to a Holiday Inn Express branded hotel that the Group proposes to build at the above site.

As at 30 September 2009, the property was classified as leasehold land and the construction cost was capitalised under construction-in-progress in property, plant and equipment.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**12. Cash and bank balances**

	<b>30 September 2009 HK\$'000</b>	31 March 2009 HK\$'000
Cash and bank balances	<b>419,335</b>	475,502
Time deposits	<b>112,549</b>	261,276
Restricted deposits (Note a)	<b>131,732</b>	151,714
	<b>663,616</b>	888,492

- (a) Restricted deposits are funds which are pledged to secure short-term bank loans and certain performance bonds.
- (b) Cash and cash equivalents include the following for the purposes of the condensed consolidated cash flow statement:

	<b>30 September 2009 HK\$'000</b>	31 March 2009 HK\$'000
Cash and bank balances	<b>419,335</b>	475,502
Time deposits	<b>112,549</b>	261,276
	<b>531,884</b>	736,778

**13. Trade debtors, net**

Trade debtors, net included trade debtors and retention receivables less provision for impairment.

The trade debtors are due 30 days to 150 days after invoicing depending on the nature of services or products. As at 30 September 2009, trade debtors of HK\$21,202,000 (31 March 2009: HK\$54,532,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The aging analysis of these trade debtors is as follows:

	<b>30 September 2009 HK\$'000</b>	31 March 2009 HK\$'000
Overdue by:		
1 – 30 days	<b>3,399</b>	18,827
31 – 90 days	<b>2,043</b>	9,807
91 – 180 days	<b>1,966</b>	3,156
Over 180 days	<b>13,794</b>	22,742
	<b>21,202</b>	54,532

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**14. Derivative financial assets/liabilities**

	30 September 2009		31 March 2009	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Foreign currency forward contracts (Note a)	45	2,213	-	-
Hong Kong dollars floating swap (Note b)	-	-	-	644
United States dollars and Renminbi performance scoring US\$ deposit contracts (Note c)	-	-	-	195
	<u>45</u>	<u>2,213</u>	<u>-</u>	<u>839</u>

*Note:*

- (a) The Group entered into several foreign currency forward contracts to mitigate its exchange rate exposure in Renminbi and Singapore dollars arising from its China and Singapore operations. These forward contracts will expire during the period from December 2009 to September 2010.
- (b) The Group entered into a floating swap agreement with a bank at a notional amount of HK\$100,000,000. Under this agreement, income is earned on the principal with the counterparty having a call option to sell United States dollars (US\$) and purchase Hong Kong dollars (HK\$) from the Group provided that certain conditions are met. This option has expired in September 2009.
- (c) The Group entered into two US\$/Renminbi performance scoring US\$ deposits contracts with total notional amount of US\$8,800,000 (approximately HK\$68,640,000) in April 2008 to mitigate its exchange rate exposure to Renminbi appreciation within its China operations. The contracts matured in April 2009 and the Group has subsequently recovered the notional amount upon maturity since the financial instruments are principal protected.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**15. Share capital**

	Number of shares		Amount	
	30 September 2009	31 March 2009	30 September 2009 HK\$'000	31 March 2009 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 of the period/year	<b>438,053,600</b>	440,949,600	<b>87,611</b>	88,190
Shares repurchased and cancelled	-	(2,896,000)	-	(579)
	<b>438,053,600</b>	438,053,600	<b>87,611</b>	87,611

**16. Borrowings**

The maturity of borrowings are as follows:

	Bank borrowings		Obligations under finance lease	
	30 September 2009 HK\$'000	31 March 2009 HK\$'000	30 September 2009 HK\$'000	31 March 2009 HK\$'000
Within 1 year	<b>91,350</b>	51,238	<b>2,991</b>	3,938
Between 1 and 2 years	<b>1,389</b>	1,275	<b>1,017</b>	349
Between 2 and 5 years	<b>4,402</b>	4,066	-	-
After 5 years	<b>187,147</b>	12,031	-	-
	<b>284,288</b>	68,610	<b>4,008</b>	4,287

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
(CONTINUED)

**17. Payables to suppliers and subcontractors**

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

	<b>30 September 2009 HK\$'000</b>	31 March 2009 HK\$'000
Not yet due	<b>192,733</b>	283,341
Overdue by:		
1 – 30 days	<b>9,027</b>	11,004
31 – 90 days	<b>1,613</b>	2,610
91 –180 days	<b>1,445</b>	746
Over 180 days	<b>2,712</b>	2,213
	<b>207,530</b>	299,914

**18. Commitments and contingent liabilities**

The Group had the following outstanding commitments and contingent liabilities:

- (a) In the normal course of its business, the Group is subject to various claims under its construction contracts. As at 30 September 2009, the Group had various liquidated damages claims on certain contracts for which the Group has filed extension of time claims with the customers. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liabilities would not materially affect the financial position of the Group.
- (b) In 2006, the Group received a statement of claims for an aggregate amount of approximately HK\$4,200,000 for alleged breach of contract and uncertified workdone in connection with a design work contract. The Group has raised a counterclaim of approximately HK\$2,800,000 to the subcontractor for expenses and payments made on behalf. The Directors do not consider that any significant adverse financial impact will crystallise in respect of the claims and accordingly, no provision was made as at 30 September 2009.
- (c) In 2007, the Group received a statement of claims for an aggregate amount of approximately HK\$23,900,000 for uncertified workdone, variation works and prolongation costs incurred by a subcontractor in connection with a steelwork sub-contract. The Group has raised a counterclaim of approximately HK\$26,000,000 to the subcontractor for expenses and payments made on behalf. The Directors do not consider that any significant adverse financial impact will crystallise in respect of the claims and accordingly, no provision was made as at 30 September 2009.
- (d) The Group has incurred guarantees in respect of performance bonds that amount to approximately HK\$334,375,000 (31 March 2009: HK\$467,000,000) in favour of the Group's customers.



## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS** *(CONTINUED)*

### **18. Commitments and contingent liabilities** *(continued)*

- (e) As at 30 September 2009, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of equipment and services for the production of environmentally friendly and high performance building material. The Group has made deposits and the outstanding commitment in respect of such purchases amounted to approximately US\$3,178,000 (approximately HK\$24,788,000).
- (f) As at 30 September 2009, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of land use right at a consideration of RMB50,375,000 (approximately HK\$57,244,000) (excluding transaction expenses). The land with an area of approximately 155,000 square meters is located at Huangnitang Lot, Xinyu Town, Huiyang District, Huizhou, the mainland China for industrial use. The Group is currently intended to construct production plants on the land for manufacturing building materials for the future business growth of the Group.

### **19. Post balance sheet events**

#### **(a) Acquisition of property at Chi Kiang Street, To Kwa Wan**

On 16 October 2009, a wholly-owned subsidiary of the Group entered into a legally binding sale and purchase agreement with the vendor, pursuant to which the vendor shall sell and the purchaser shall acquire the property at No. 18 Chi Kiang Street, To Kwa Wan, Kowloon at a consideration of HK\$121,300,000.

The acquisition has been completed as of date of this report and the Group is currently considering which usage for the property will drive the most benefit to the Group.

#### **(b) Award of the Integrated Contract for Construction of Public Rental Housing Development at Kai Tak Site 1B to Yau Lee – Hsin Chong Joint Venture**

In November 2009, the Hong Kong Housing Authority has awarded The Integrated Contract for Construction of Public Rental Housing Development at Kai Tak Site 1B (the "Contract") to Yau Lee – Hsin Chong Joint Venture (the "Joint Venture"). 60% of the Joint Venture is owned by Yau Lee Construction Company Limited, a wholly owned subsidiary of the Company whereas 40% of it is owned by Hsin Chong Construction Company Limited.

Pursuant to the Contract, the Joint Venture is appointed as the main contractor for the design and construction of a Public Rental Housing Estate at Kai Tak comprising domestic flats, commercial carport facilities and associated external works (the "Project"). The total contract sum for the Project is estimated to be approximately HK\$2.9 billion. The contract period is 45 months and the Project has commenced as of date of this report.

## **INTERIM DIVIDEND**

The Board of Directors of the Company (“the Directors”) does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Results and operation**

The turnover for the six months ended 30 September 2009 has increased by 9.0% to approximately HK\$1,645,870,000 when compared with the turnover of approximately HK\$1,510,486,000 for the same period last year. The increase was mainly contributed by the construction project of Marina Bay Sands Integrated Resort in Singapore together with the increasing construction work in Hong Kong.

The Group recorded a gross profit of approximately HK\$100,526,000 for the period (30 September 2008: HK\$106,580,000) as a result of reduced profit contribution from those completed and terminated Macau contracts, as partly offset by the improvement of its building material trading business due to tight cost control. The Group has benefited from the fair value gain on investment properties and the reduction in finance costs, which was partially offset by the increase in administrative expenses as a result of higher tendering expenses from design and build projects and the incorporation of full period operating result of our electrical and mechanical installation business subsequent to the acquisition in June 2008. Net attributable profit for the period was HK\$4,868,000 (30 September 2008: HK\$10,207,000).

As at 30 September 2009, the total contract sum of the Group’s construction contracts in hand excluding joint venture contract is approximately HK\$9,316 million, including construction contracts and electrical and mechanical installation contracts. The estimated remaining works (excluding joint venture contract) as at 30 September 2009 was approximately HK\$5,755 million. A joint venture contract of design and construction of the Prince of Wales Hospital – Extension Block at Shatin with contract value of approximately HK\$1,654 million is in progress with the estimated remaining works outstanding amounting to approximately HK\$638 million. Three construction contracts with total contract sum of approximately HK\$2,132 million were secured during the period including two construction contracts and one decoration and renovation contract in Hong Kong. Four contracts with contract sum of approximately HK\$309 million were completed during the period. In Macau, the projects with Venetian Orient Limited and one other casino operator were terminated which amounted to HK\$591 million (including the electrical and mechanical installation contracts).

## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **Movement of contracts**

For the six months ended 30 September 2009

	31 March 2009 HK\$ Million	Contracts secured HK\$ Million	Contracts completed HK\$ Million	Contracts terminated HK\$ Million	<b>30 September 2009 HK\$ Million</b>
Building Construction, Renovation and Maintenance	4,930	2,132	(309)	(301)	<b>6,452</b>
Electrical and Mechanical Installation	3,445	597	(888)	(290)	<b>2,864</b>
	<b>8,375</b>	<b>2,729</b>	<b>(1,197)</b>	<b>(591)</b>	<b>9,316</b>

The above contract value as at 30 September 2009 did not include a contract of HK\$1,654 million under a jointly controlled operation.

Subsequent to 30 September 2009, the Hong Kong Housing Authority has awarded The Integrated Contract for Construction of Public Rental Housing Development at Kai Tak Site 1B (the "Contract") to Yau Lee – Hsin Chong Joint Venture (the "Joint Venture"). 60% of the Joint Venture is owned by Yau Lee Construction Company Limited, a wholly owned subsidiary of the Company whereas 40% of it is owned by Hsin Chong Construction Company Limited.

Pursuant to the Contract, the Joint Venture is appointed as the main contractor for the design and construction of a Public Rental Housing Estate at Kai Tak comprising domestic flats, commercial carport facilities and associated external works (the "Project"). The total contract sum for the Project is estimated to be approximately HK\$2.9 billion. The contract period is 45 months and the Project has commenced as of date of this report.

### **Financial Position**

At 30 September 2009, the Group's total cash in hand was approximately HK\$663,616,000 (31 March 2009: HK\$888,492,000) while total borrowings have increased to approximately HK\$288,296,000 (31 March 2009: HK\$72,897,000) during this period. The reduction in net cash is a result of a few major properties acquisition during the period which were partly satisfied by the Group's cash and partly from bank borrowings. The current ratio (total current assets: total current liabilities) has changed from 2.1 as at 31 March 2009 to 1.7 as at 30 September 2009.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(CONTINUED)*

### **Financial Position** *(continued)*

The short-term and long-term borrowings are secured by the Group's properties and certain time deposits. Interest on bank loans are charged at floating rates and the Company monitors interest rate risks continuously and considers hedging any excessive risk when necessary. The Group has been granted banking facilities of approximately HK\$862,963,000 (31 March 2009: HK\$642,120,000) relating to bank loans and overdrafts and approximately HK\$456,843,000 (31 March 2009: HK\$665,606,000) relating to guarantees and trade financing as at 30 September 2009, in which an amount of approximately HK\$288,296,000 (31 March 2009: HK\$72,897,000) and approximately HK\$286,336,000 (31 March 2009: HK\$479,987,000) were utilised respectively. The Group's banking facilities increased mainly because of business expansion and the utilised facilities mainly relate to the performance bonds issued on overseas construction contracts and financing of the acquisition of properties.

### **Human Resources**

With the Group's expansion to overseas markets, the Group employed approximately 2,500 as at 30 September 2009 (31 March 2009: 2,200). There are approximately 1,900 (31 March 2009: 1,600) employees in Hong Kong, Macau and Singapore and approximately 600 (31 March 2009: 600) employees in mainland China. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned.

### **Outlook**

The Group is currently operating as a total solution contractor in the market, with diversified construction-related businesses across different territories. The recent award of The Integrated Contract for Construction of Public Rental Housing Development at Kai Tak of around HK\$2.9 billion to our joint venture has also demonstrated our strong expertise and good reputation in the construction market and will surely secure our business contribution in the coming few years.

Driven by the growth momentum of mainland China and the increasing spending on public sector work introduced by the Government of the Hong Kong Special Administrative Region, unemployment rates have reduced gradually and local construction market has bottomed out. The Group will continue to pursue government work and spend more effort on attractive private work both in local and overseas markets. The financial crisis at end of 2008 is gradually settling down and there are also signs of resumption of our Macau projects with casino operators. This will benefit both our construction and electrical and mechanical installation businesses in Macau.

## **MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

### **Outlook** *(continued)*

The Group has acquired a land use right located at Huizhou, mainland China to construct a new factory to increase its production capabilities to cope with the new business intake as well as to develop new building materials. The Group will continue to invest in research and development activities and adopt them in their construction projects to maximise the potential returns.

With the properties purchased in earlier months of the year and our investment plans on such properties including hotel and office developments, the Group has not only benefited from the recent revaluations on the properties due to asset inflation, but also the upcoming business contribution from the launching of these completed projects in future. This, together with the new environmental businesses and building materials businesses, will certainly provide stable and profitable streams to the Group's operations in future. Lastly, the Group will continue to look for ways to drive synergies among the various business units including sharing of best practices with an aim of further reducing the overhead costs and improving the business performance of the Group to enhance our shareholders' value in the long run.

### **DIRECTORS' INTERESTS**

At 30 September 2009, 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 Stock Exchange of Hong Kong Limited 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

<b>Director</b>	<b>Number of shares held</b>	
	<b>Corporate interest</b>	<b>Percentage</b>
Mr. Wong Ip Kuen	236,083,599	53.89%

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 5,404,000 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.

## **DIRECTORS' INTERESTS (CONTINUED)**

During the period ended 30 September 2009, none of the Directors and chief executives (including their spouses and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

At no time during the period was the Company, its subsidiaries, its associates or its jointly controlled entities/operation 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**

At 30 September 2009, the register of substantial shareholders maintained under Section 336 of the SFO shows 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 for the six months ended 30 September 2009.

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

## **CORPORATE GOVERNANCE**

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value. Detailed disclosure of the Company's corporate governance practices is available in the 2009 Annual Report.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE**

During the six months ended 30 September 2009, the Company has complied with all the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for code provision A.2.1 and A.4.2 of the Code which stated below.

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should 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. To make and to facilitate the implementation of decisions promptly and efficiently, the Company has not separated the roles of the chairman and the chief executive officer which are performed by the same individual, Mr. Wong Ip Kuen.

Code Provision A.4.2 requires every director should be subject to retirement by rotation at least once every three years, but in accordance with the Bye-laws which stipulates that one-third of the directors of the Company, except director holding office as Chairman, should be subject to retirement by rotation at each annual general meeting.

Code Provision A.4.2 also requires all directors appointed to fill in a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In accordance with the Bye-laws of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The Board of the Company considers that the impact of deviation is immaterial and casual vacancy does not happen frequently.

## **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 enquiry to all Directors of the Company, they have confirmed that they complied with the required standard set out in the Model Code during the accounting period covered by this interim report.

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

Hong Kong, 16 December 2009