有利集團有限公司*

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 406)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2025

HIGHLIGHTS

The Group reported revenue of HK$9,623,007,000 (2024: HK$7,811,653,000) for the year.

The gross profit for the year was HK$134,941,000 (2024: HK$682,482,000).

Loss for the year was HK$101,178,000 (2024: Profit of HK$65,801,000).

Basic and diluted losses per share was approximately HK22.57 cents (2024: Earnings per share of HK15.32 cents).

The net asset value attributable to equity holders of the Company as at 31 March 2025 was HK$1,376,001,000 (2024: HK$1,505,164,000), equivalent to HK$3.14 (2024: HK$3.44) per share based on the 438,053,600 (2024: 438,053,600) ordinary shares in issue.

* *For identification purpose only*

The Board of Directors (the "Board") of Yau Lee Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2025 together with comparative figures for the year ended 31 March 2024 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	3	**9,623,007**	7,811,653
Cost of sales	5	**(9,488,066)**	(7,129,171)
Gross profit		**134,941**	682,482
Other income and gains, net	4	**474,609**	13,221
Selling and distribution costs	5	**(46,088)**	(40,772)
Administrative expenses	5	**(490,019)**	(485,626)
Other operating expenses	5	**(7,198)**	(4,791)
Operating profit		**66,245**	164,514
Finance costs	6	**(55,972)**	(56,109)
Share of loss of an associate		**(1)**	(1)
Share of loss of joint ventures		**(6,941)**	(11,925)
Impairment loss of investment in a joint venture		**–**	(10,167)
Profit before income tax		**3,331**	86,312
Income tax expense	7	**(104,509)**	(20,511)
(Loss)/profit for the year		**(101,178)**	65,801
Attributable to:			
Equity holders of the Company		**(98,884)**	67,093
Non-controlling interests		**(2,294)**	(1,292)
		(101,178)	65,801
Dividend	8	**10,951**	21,902
(Losses)/earnings per share (basic and diluted)	9	**HK(22.57) cents**	HK15.32 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2025

	2025	2024
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(101,178)**	65,801
Other comprehensive income		
Item that may be reclassified to profit or loss:		
Currency translation differences	**(8,377)**	(46,336)
Total comprehensive (loss)/income for the year	**(109,555)**	19,465
Attributable to:		
Equity holders of the Company	**(107,261)**	20,757
Non-controlling interests	**(2,294)**	(1,292)
Total comprehensive (loss)/income for the year	**(109,555)**	19,465

CONSOLIDATED BALANCE SHEET

As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**1,294,599**	1,173,126
Investment properties		**213,300**	263,934
Other intangible assets		**4,062**	5,118
Goodwill		**17,898**	17,898
Associate		**33**	34
Joint ventures		**44,477**	51,936
Deferred income tax assets		**16,749**	4,908
Mortgage loans receivables		**9,066**	10,491
		1,600,184	1,527,445
Current assets			
Cash and bank balances		**770,225**	905,585
Trade debtors, net	*10*	**1,090,240**	869,238
Contract assets		**2,107,738**	1,872,425
Prepayments, deposits and other receivables		**261,324**	228,498
Mortgage loans receivables		**1,428**	1,320
Inventories		**143,914**	145,568
Completed properties held for sale		**540,411**	112,326
Due from joint operations		**9,161**	6,590
Due from other partners of joint operations		**32,436**	12,626
Prepaid income tax		**14,170**	44,494
		4,971,047	4,198,670
Total assets		**6,571,231**	5,726,115

CONSOLIDATED BALANCE SHEET *(Continued)*
As at 31 March 2025

	Note	2025 HK$'000	2024 HK$'000
Equity			
Share capital		**87,611**	87,611
Other reserves		**376,411**	384,788
Retained profits		**911,979**	1,032,765
Attributable to equity holders of the Company		**1,376,001**	1,505,164
Non-controlling interests		**(5,892)**	(3,598)
Total equity		**1,370,109**	1,501,566
Liabilities			
Non-current liabilities			
Long-term borrowings		**454,577**	441,500
Deferred income tax liabilities		**76,513**	10,199
Other non-current liabilities		**18,140**	9,518
		549,230	461,217
Current liabilities			
Short-term bank loans		**1,961,581**	1,506,261
Current portion of long-term borrowings		**337,868**	344,200
Payables to suppliers and subcontractors	*11*	**929,635**	605,358
Accruals, retention payables, deposits received and other liabilities	*12*	**958,756**	694,759
Income tax payable		**3,328**	5,197
Contract liabilities		**445,519**	597,933
Due to joint operations		**9,624**	9,624
Due to a partner of a joint operation		**5,581**	–
		4,651,892	3,763,332
Total liabilities		**5,201,122**	4,224,549
Total equity and liabilities		**6,571,231**	5,726,115

NOTES

1 GENERAL INFORMATION

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

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivatives financial instruments) at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) Amendments to standards and interpretation adopted by the Group

The Group has applied the following amendments to standards and interpretation for the first time for their annual reporting period commencing on 1 April 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

(b) New standards, amendments to standards and interpretation not yet adopted by the Group

Certain new standards, amendments to standards and interpretation have been published that are not mandatory for 31 March 2025 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group has already commenced an assessment of the impact of the above new standards, amendments to standards and interpretation and does not expect that they would have any significant impact to its results of operation and financial position.

3 REVENUE AND SEGMENT INFORMATION

(a) Disaggregation of revenue

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.

	2025	2024
	HK$'000	*HK$'000*
Revenue		
Construction	**7,235,373**	5,604,081
Electrical and mechanical installation	**2,249,964**	2,079,920
Building materials supply	**96,586**	86,295
Property investment and development	**23,723**	12,466
Hotel operations	**30**	936
Others	**17,331**	27,955
	9,623,007	7,811,653

(b) Segment information

For the year ended 31 March 2025, 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$96,586,000 (2024: HK$86,295,000), property sales of HK$18,772,000 (2024: HK$9,800,000) and others of HK$16,077,000 (2024: HK$25,719,000), 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$4,981,000 (2024: HK$3,602,000).

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 *(Continued)*

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction *HK$'000*	Electrical & Mechanical Installation *HK$'000*	Building Materials Supply *HK$'000*	Property Investment and Development *HK$'000*	Hotel Operations *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 March 2025							
Total revenue	**7,435,890**	**3,138,454**	**1,320,059**	**23,782**	**30**	**183,731**	**12,101,946**
Inter-segment and intra-segment revenue	**(200,517)**	**(888,490)**	**(1,223,473)**	**(59)**	**–**	**(166,400)**	**(2,478,939)**
External revenue	**7,235,373**	**2,249,964**	**96,586**	**23,723**	**30**	**17,331**	**9,623,007**
Segment results	**(424,681)**	**49,957**	**22,529**	**440,801**	**(15,777)**	**(9,864)**	**62,965**
Share of loss of an associate	**–**	**(1)**	**–**	**–**	**–**	**–**	**(1)**
Share of loss of joint ventures	**–**	**–**	**(6,941)**	**–**	**–**	**–**	**(6,941)**
	(424,681)	**49,956**	**15,588**	**440,801**	**(15,777)**	**(9,864)**	**56,023**
Unallocated income							**3,280**
Finance costs							**(55,972)**
Profit before income tax							**3,331**
Income tax expense							**(104,509)**
Loss for the year							**(101,178)**

	Construction *HK$'000*	Electrical & Mechanical Installation *HK$'000*	Building Materials Supply *HK$'000*	Property Investment and Development *HK$'000*	Hotel Operations *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 March 2024							
Total revenue	5,884,655	2,930,790	801,216	112,721	936	138,005	9,868,323
Inter-segment and intra-segment revenue	(280,574)	(850,870)	(714,921)	(100,255)	–	(110,050)	(2,056,670)
External revenue	5,604,081	2,079,920	86,295	12,466	936	27,955	7,811,653
Segment results	125,852	43,727	14,560	(16,118)	(11,673)	(9,972)	146,376
Share of loss of an associate	–	(1)	–	–	–	–	(1)
Share of loss of joint ventures	–	–	(11,925)	–	–	–	(11,925)
Impairment loss of investment in a joint venture	–	–	(10,167)	–	–	–	(10,167)
	125,852	43,726	(7,532)	(16,118)	(11,673)	(9,972)	124,283
Unallocated income							18,138
Finance costs							(56,109)
Profit before income tax							86,312
Income tax expense							(20,511)
Profit for the year							65,801

NOTES *(Continued)*

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

The analysis of revenue by geographical area is as follows:

	2025	2024
	HK$'000	*HK$'000*
Hong Kong	**9,241,924**	7,550,333
Non-Hong Kong	**381,083**	261,320
	9,623,007	7,811,653

Revenue of approximately HK$6,363,758,000 (2024: HK$3,923,403,000) are derived from two (2024: two) major customers each contributing 10% or more of the total revenue.

Non-current assets, other than financial instruments and deferred income tax assets, by geographical area are as follows:

	2025	2024
	HK$'000	*HK$'000*
Hong Kong	**1,129,343**	1,021,331
Non-Hong Kong	**445,026**	490,715
	1,574,369	1,512,046

4 OTHER INCOME AND GAINS, NET

	2025	2024
	HK$'000	*HK$'000*
Other income		
Bank interest income	**15,397**	11,729
Interest income from subcontractors	**566**	919
Sundry income	**11,952**	9,718
	27,915	22,366
Other gains/(losses), net		
Relocation compensation gain *(Note)*	**468,199**	–
Gain on disposal of property, plant and equipment, net	**911**	2,711
Fair value loss on investment properties	**(26,234)**	(11,855)
Exchange gain/(loss), net	**3,818**	(1)
	446,694	(9,145)
	474,609	13,221

Note: The entitlements of a total construction area of 10,116 square metres residential properties at Longhua Shenzhen has been completed and transferred during the year ended 31 March 2025.

NOTES *(Continued)*

5 EXPENSES BY NATURE

	2025	2024
	HK$'000	*HK$'000*
Cost of construction	**6,949,053**	5,379,103
Cost of inventories sold	**1,024,528**	505,432
Cost of properties sold	**15,398**	9,800
Staff costs (excluding directors' emoluments)	**1,558,598**	1,368,175
Directors' emoluments	**27,884**	28,927
Depreciation		
Owned property, plant and equipment	**61,967**	59,725
Leased property, plant and equipment	**27,883**	23,780
	89,850	83,505
Expenses relating to short-term leases of		
Land and buildings	**2,101**	2,418
Other equipment	**192,844**	112,041
	194,945	114,459
Amortisation of other intangible assets	**1,056**	1,056
Movement in loss allowance for trade debtors	**(5,061)**	4,403
Write-back of provision for inventories	**(43)**	(20)
Auditors' remuneration		
– Audit services	**5,229**	5,297
– Non-audit services	**518**	423
Direct operating expenses arising from investment properties		
– Generate rental income	**1,160**	510
– Not generate rental income	**94**	66
Selling and distribution costs	**46,088**	40,772
Others	**122,074**	118,452
Total cost of sales, selling and distribution costs, administrative and other operating expenses	**10,031,371**	7,660,360

6 FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interest on short-term bank loans	**97,158**	60,263
Interest on long-term bank loans	**34,516**	40,568
Interest element of lease payments	**1,954**	861
Total borrowing costs incurred	**133,628**	101,692
Less: Classified as cost of construction	**(77,656)**	(45,583)
	55,972	56,109

7 INCOME TAX EXPENSE

	2025	2024
	HK$'000	*HK$'000*
Hong Kong profits tax provision for the year	**9,708**	20,317
Non-Hong Kong tax provision for the year	**39,977**	454
Under/(over) provision in prior years	**25**	(165)
Deferred income tax relating to the origination and reversal of temporary differences	**54,799**	(95)
	104,509	20,511

Hong Kong profits tax has been provided at the applicable rates of 8.25% and 16.5% (2024: 8.25% and 16.5%) on the estimated assessable profits for the year. 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 year at the rates of taxation prevailing in the countries/regions in which the Group operates.

Subsidiaries operated in the People's Republic of China ("PRC") are subject to corporate income tax ("CIT") rate of 25% (2024: 25%). Some subsidiaries operated in the PRC qualified as a National High and New Technology Enterprise ("HNTE") with a validity of three years. According to the CIT Law, the enterprise qualifying the HNTE status is entitled to the 15% reduced CIT rate subject to a record-filing to the in-charge tax bureau. As such, the applicable CIT rate for those subsidiaries is 15% (2024: 15%) during the year. Subsidiaries and branch offices established in Macau are subject to Macau profits tax at a rate of 12% during the year (2024: 12%).

NOTES *(Continued)*

8 DIVIDEND

	2025	2024
	HK$'000	*HK$'000*
Interim dividend paid during the year		
Interim – HK2.50 cents (2024: HK2.50 cents) per ordinary share	**10,951**	10,951
Proposed final dividend		
Final – Nil (2024: HK2.50 cents per ordinary share)	**–**	10,951
	10,951	21,902

In the Board meeting held on 25 June 2025, the Directors did not recommend the payment of final dividend for the year ended 31 March 2025 (2024: HK2.50 cents per share, totalling of HK$10,951,000).

9 (LOSSES)/EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of (losses)/earnings per share is based on:

	2025	2024
	HK$'000	*HK$'000*
Net (loss)/profit attributable to the equity holders of the Company	**(98,884)**	67,093

	2025	2024
Weighted average number of shares in issue during the year	**438,053,600**	438,053,600
Basic (losses)/earnings per share	**HK(22.57) cents**	HK15.32 cents

Diluted (losses)/earnings per share for the years ended 31 March 2025 and 2024 are equal to basic (losses)/earnings per share as there are no potential dilutive shares in issue during the years.

10 TRADE DEBTORS, NET

	2025	2024
	HK$'000	*HK$'000*
Trade debtors	**566,979**	493,475
Retention receivables	**565,191**	422,808
Loss allowance	**(41,930)**	(47,045)
	1,090,240	869,238

10 TRADE DEBTORS, NET *(Continued)*

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

	2025	2024
	HK$'000	*HK$'000*
Current	**940,279**	755,851
1-30 days	**72,084**	42,775
31-90 days	**40,972**	19,189
91-180 days	**12,827**	22,563
Over 180 days	**24,078**	28,860
	149,961	113,387
	1,090,240	869,238

Trade debtors are due from 30 days to 150 days after invoicing depending on the nature of services or products.

11 PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

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

	2025	2024
	HK$'000	*HK$'000*
Current	**843,637**	553,238
1-30 days	**72,229**	39,164
31-90 days	**5,915**	9,176
91-180 days	**2,595**	1,601
Over 180 days	**5,259**	2,179
	85,998	52,120
	929,635	605,358

12 ACCRUALS, RETENTION PAYABLES, DEPOSITS RECEIVED AND OTHER LIABILITIES

	2025	2024
	HK$'000	*HK$'000*
Retention payables	**404,845**	334,798
Other deposits	**18,994**	20,824
Due to non-controlling interests *(Note)*	**15,785**	15,785
Lease liabilities	**16,743**	13,035
Others	**502,389**	310,317
	958,756	694,759

Note: The amount due to non-controlling interests of the Group was unsecured, interest free and repayable on demand.

13 COMMITMENTS AND CONTINGENT LIABILITIES

The Group has the following outstanding commitments and contingent liabilities:

(a) In the normal course of its business, the Group is subject to various claims under its construction contracts. As at 31 March 2025, 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$1,190,779,000 (2024: HK$766,422,000) in favour of the Group's customers.

(c) As at 31 March 2025, the Group has capital expenditure contracted for but not yet incurred in relation to joint ventures of approximately RMB26,036,000 (2024: RMB26,036,000) and nil (2024: HK$9,000) in relation to plant and equipment.

(d) The future aggregate minimum lease rental payable under non-cancellable short-term leases is as follows:

	2025 ***HK$'000***	2024 *HK$'000*
Land and buildings		
Within one year	**–**	14

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR

The current global business environment remains challenging. Geopolitical tensions and persistent conflicts exacerbate uncertainties worldwide, and impacting the macroeconomic environment. Global economic activities are slowing down. While our Group primarily operates in local markets, we are nonetheless affected by unanticipated changes in material prices influenced by global factors, coupled with the long-standing high-cost factors.

As anticipated last year, the Group's revenue has risen significantly to HK$9,623 million, representing an increase of 23% year-on-year. Same as last year, all segments saw revenue growth. In addition to fulfilling on-hand contracts carried over from last year, the four new building projects secured during the year commenced work, resulting in a 26% increase in construction revenue over prior year. Driven by these high volume of building works, the factory's annual output also surged, leading to a rise of revenue in building material supply segment to HK$1,320 million, or 65% year-on-year. The electrical and mechanical installation segment ("E&M") also performed well, with annual revenue up by 7% to HK$3,138 million. Having secured almost HK$16 billion in new contracts this year, the Group is projected to reach again record revenue of over HK$10 billion next year.

Despite our outstanding performance in business growth, we encountered unprecedented challenges in profitability. The Group's consolidated gross profit was down from HK$682 million to HK$135 million, mainly on our construction segment. On new-build projects, we experienced deficits from those projects awarded during the COVID period due to two key factors: low profit margins resulting from heightened market competition at that time, and declining material prices which triggered downward adjustment in the final contract value. There are also projects encountered unexpected complexity, leading to incurred costs significantly exceed estimates. And, the fit-out and maintenance businesses experienced notable decline in works orders in a few term maintenance contracts, leading to final profits far below projection. Customer orders for this type of public building maintenance contracts declined considerably this year, resulting in insufficient revenue to cover overheads in this year. On the E&M segment, profit margin remained stable as compared to last year.

Total operating expenses has a mild increase by HK$12 million to HK$543 million. Major increases occurred in staff expenses and distribution expenses of the factory. The rise in staff costs was attributed to annual pay adjustments, increased headcount, and the recruitment of the hotel operation team for pre-opening works. Factory transportation and custom cost increased due to higher delivery volume. Notably, the delivery cost-to-revenue ratio remained stable as compared to last year.

Despite the challenging market environment, we are pleased to report positive development regarding the 10,000 m^2 residential properties at Longhua Shenzhen, the in-kind compensation for the Shenzhen factory removal years ago. We received in total 104 residential units at end of 2024. These properties are carried on account at a value referencing the latest market selling prices less incidental expenses. A net gain of RMB334 million was recognised on profit & loss account during the year.

For the reasons above, the Group recorded a consolidated loss after tax of HK$101 million. This result stemmed primarily from the construction segment's underperformance, compounded by an unrealised revaluation deficit of HK$26 million on investment properties and an amount of HK$41 million loss reported by the Hotel for staff costs, depreciation and interest expenses incurred during the temporary closure for renovation. We anticipate the profits would be improved next year once the hotel reopens.

Leveraging our advanced expertise and technologies, we once again secured substantial new contracts in this year, totaling HK$15,758 million. On new-build projects, we were awarded three Modular Integrated Construction ("MiC") building projects amounted to HK$11,251 million. Our leading capabilities in prefabrication and MiC construction strengthen our competitiveness, allowing us to win the contracts with fair margins. The E&M segment also got a solid volume of new contracts of HK$3,537 million (2024: HK$4,075 million), amidst a sluggish private project market. Our contract value has once again set a record, reaching HK$48,207 million. This robust order book volume demonstrates our competitiveness in the industry and underpins continued growth in our business and profitability.

DIVIDEND

In the Board meeting held on 25 June 2025, the Directors did not recommend the payment of final dividend (2024: HK2.50 cents per share). Together with the interim dividend of HK2.50 cents (2024: HK2.50 cents) per share, total distribution is HK2.50 cents (2024: HK5.00 cents) per share this year.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 29 August 2025 (Friday) to 3 September 2025 (Wednesday) (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the AGM which is scheduled to be held on 3 September 2025 (Wednesday).

In order to qualify for attendance to the AGM, all share transfers 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 28 August 2025 (Thursday).

REVIEW OF OPERATIONS

Building construction, renovation and maintenance

The construction segment excelled at securing new orders, yet its profitability suffered. The segment has secured significant new contracts this year, winning projects totaling HK$13,344 million including three large public housing building projects and a light public housing building project amounted to HK$11,890 million. The contract on hand reached a record HK$36,976 million at year end (2024: HK$30,550 million). The project teams completing current projects in near term can transition seamlessly to new projects. MiC building projects account for roughly two-third of the current project portfolio. Our proprietary technologies in MiC enable us to abstain from low-margin bidding wars and secured healthier profit margins on contracts won in last two years.

Nonetheless, profit of projects secured during the later stage of the pandemic faced headwinds. Firstly, contracts secured during that period were very competitive because of heighten market competitions. Besides, these projects were eventually suffered from negative fluctuation index adjustments. For over two decades, Hong Kong's building industry has thrived. Public work projects earned positive price fluctuations. Unexpectedly, economic activities slowed down post pandemic, depressing some material prices especially the steel prices which triggered negative price fluctuation leading to downward adjustment in contract revenue. However, a lot of other costs like wages and subcontractor prices have not dropped. Profit of these contracts was therefore impaired. The impacts were assessed and reflected in this year.

This fluctuation price risk was then factored into our tendering over the past two years, building margin buffers. Our competitive edges enable us to win contracts while maintaining protective margin cushions. Additionally, a slump in the private property market reduced construction volume, forcing subcontractors to lower prices for our new contracts which improved our profit margin. We are confident that these newly awarded projects will deliver solid returns.

With substantial amounts of contract on hand, we focus on completing current projects with disciplined cost control, ensuring on-time delivery of quality outputs. During the year, we upgraded our proprietary BEANiE system, a BIM-enabled blockchain multifunctional platform designed for full lifecycle project management, with an important feature – Smart Site Safety System (4S). This safety-centric upgrade provides real-time spatial analytics and visualisation, enabling ongoing monitoring of work sites by related stakeholders. BEANiE Smart Site Safety System contains the below 4 main modules:

– Intelligent safety monitoring systems for high-risk activity surveillance and automated hazard detection.

– Data transmission network for aggregating and relaying sensor-collected information.

– A central management platform functioning as an integrated hub for data analytics and alert generation. This system facilitates rapid response when detecting potential hazards or operational anomalies.

– The highest level of data-centric smart management for a smart city concept, incorporating a dashboard to display real-time data from construction projects, alongside open data and corporate information in the Smart Command Theatre. This allows for analysis related to smart city initiatives, smart environments, smart buildings, smart construction and smart mobility. Additionally, real-time monitoring of critical systems in a building (e.g. the latest hotel project) through digital twin technology can also be shown on the dashboard, ensuring that building operations can meet and even exceed sustainability standards, thereby optimising operational efficiency.

The upgraded system has been implemented in a number of our projects. The full lifecycle project management of the MiC construction is enhanced and further integrated.

Our continued development of digital construction and Artificial Intelligence ("AI") applications remains central to driving improvement in build efficiency and quality.

Electrical and mechanical installation

The Hong Kong private real estate market is in a downturn, with many private projects being suspended or delay, which has left some construction companies grappling with operational and financial challenges. Against this backdrop, the segment which is active in both public and private sectors' projects managed to deliver robust financial result. The segment recognised revenue of HK$3,138 million, increased by HK$208 million or 7% year on year. In addition, new contracts of HK$3,537 million (2024: HK$4,075 million) were secured, uplifting the contract on hand value to the record of HK$14,548 million. Our conventional businesses account for approximately 80% of this year's new contracts, providing solid profit base, with the balance stemming from our growing focus on environmental protection initiatives. Segment result was slightly up despite provisions were recognised against the receivables from contractors with known financial distress. We are relieved that this kind of delinquent balances was limited and all were reflected and provided in this year.

As an innovation-focused company, we embrace innovative construction methods and technologies in the quest for excellence. AI is a key area to pursue. Apart from the series of AI smart site safety solutions launched last year, we integrated AI into all our existing energy saving solutions and products. The competitiveness of our products and solutions are raised as AI is poised to elevate the efficiency, reliability and overall performance. Besides, we keep increasing the use of Multi-trade integrated Mechanical, Electrical and Plumbing ("MiMEP") in most of our sizable projects like Chai Wan Government Complex and Vehicle depot and Sai Kung sewage treatment plant etc. Our robotic welding technologies facilitate largely the implementation and advancement in MiMEP. The MiMEP methodology has gained widely recognised outcomes, and we will further prioritise its development.

To further leverage on our innovation capabilities, we opened a new company in Nansha to develop Internet of Things ("IoT") related business for building energy saving via controller. In less than one year, we completed intellectual property applications for 1 invention patent, 9 utility model patents (China) and software copyrights, and 1 trademark registration. Also, we developed a series of edge IoT devices with controllers, that leverage cloud platforms for building data analysis, enabling migration from wired to wireless control system. Langham Hotel in Guangzhou is a successful showcase of our devices and system. The market potential is huge in particularly existing building system conversion.

Building materials supply

The segment has achieved record-high revenue for two consecutive years. Benefiting from last year's substantial new contracts, the segment reports yearly sales of HK$1,320 million, up 65% over prior year. In addition to the three public housing MiC contracts won by the construction team, the factory was also awarded various prefabrication supplies, aluminum and steel product supplies contracts from fellow subsidiary and third-party customers. Total amount of new contracts secured in this year was around HK$2 billion, raising again the contract on hand level to record HK$6.2 billion.

Since Year 2018 when the factory first start supplying MiC units, it has completed and delivered over 50,000 MiC/Volumetric precast modules so far. And it would deliver another approximately 70,000 MiC/Volumatic precast modules to fulfill the contracts on-hand. We are probably the largest MiC manufacturer in Greater Bay Area now. We continue to evolve our designs, offering customers enhanced options in term of functionality and cost-effectiveness. And, in view of the substantial order volume exceeding our current factory production capacity, we rented additional adjacent premises for storage and restructured our production processes and factory layout, while increasing the applications of automated production. The associated costs arising from these measures and the research and development activities are reflected as costs over the past two years, resulting in a drop in gross profits. Now, we focus on fulfilling our existing contracts, ensuring timely completion and delivery of quality products, while enhancing cost efficiency.

Hotel operation and property investment and development

The renovation of the Group's hotel is nearing completion and is expected to reopen in the third quarter this year. As the first Motto by Hilton to open in Greater China and Asia Pacific region, leveraging Hilton's international reputation, we anticipate the hotel will attract many visitors to stay.

In fact, this year is an opportune time for the hotel's reopening, as the tourism industry in Hong Kong has shown clear signs of recovery. In the first quarter of 2025, Hong Kong reported 12.2 million visitors, representing a 9% increase year-on-year. The Hong Kong Tourism Board anticipates around 49 million annual visitor arrivals in 2025, a 10% rise from 2024. Also, in March 2025, the hotel occupancy rate of all surveyed Hong Kong hotels ranged at around 89%.

The Development Blueprint for Hong Kong's Tourism Industry 2.0 released by the Government recently outlines promising government initiatives to support the private sector in revitalising Hong Kong's tourism and hospitality industry. Strategies like integrating tourism with culture, sports, ecology, and mega-events, while also exploring new markets such as the Middle East and ASEAN, will enhance the positive momentum of Hong Kong's tourism industry. Hong Kong's hospitality resurgence, driven by tourism recovery and infrastructure investment, creates a prime environment for our Hotel to gain a good market share.

The residential units given as the compensation for our Shenzhen factory relocation were delivered to us at the end of Year 2024. We received in total 104 residential units, each with an area of approximately 95 to 99 square meters except the two duplex units. All units feature a three-bedroom layout, making them well-suited to meet the needs of typical families. These properties are recognised on account at the carrying value, referencing the latest market selling prices less incidental expenses. An amount of RMB334 million net gain was recognised in profit & loss account this year. The properties were launched on the market after Chinese New Year, and several units have been sold so far. Currently, sales are modest, but fortunately, the Mainland Government has rolled out a series of policies such as lowering mortgage interest rates and relaxing home purchases and loan restrictions to promote the stable and healthy development of the real estate market. Longhua is situated at the geometric center of Shenzhen and Guangdong-Hong Kong-Macao Greater Bay Area. It takes just 15 minutes to reach West Kowloon Railway Station in Hong Kong, 30 minutes to key areas of Shenzhen like Qianhai and Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone. Once public confidence in the property market is restored, transaction volume will rise.

OUTLOOK

Despite ongoing challenges such as high interest rates and labor costs, we anticipate a steady construction market, with the public work sector maintaining a positive trajectory. The Government's Policy Address and Long Term Housing Strategy Annual Report reaffirm its commitment to build 440,000 housing units in next ten years, driving sustained momentum in this segment. Major economic development plans including the Northern Metropolis project, the Hetao Shenzhen-Hong Kong Innovation and Technology Park, and other strategic infrastructure expansion are poised to further drive public sector project demands.

With years of expertise in the public sector projects, our principal market, we hold distinct competitive edges built on deep industry knowledge and a proven track record of success. And our proprietary building technologies are well-aligned with the evolving market demands. We are confident in our ability to maintain a solid market position in this segment which serves as reliable sources of long-term growth.

Yau Lee has a number of strengths, including

– The record contracts on hand: the amount of HK$48,207 million high-quality order book at 31 March gives good visibility of activities in next few years.

– The Group's commitment to innovation: the belief and commitment are deeply rooted in our culture, driving us to continuously explore industry trends and develop cutting-edge solutions. Our patented prefabrication and MiC technologies and BEANiE, Hong Kong's first BIM-enabled blockchain multifunctional platform aims for just in time and lean construction, epitomise our innovation leadership. Beyond this, we empower our employee to improve workflows, develop new tools, and boost efficiency across the Group. This spirit of continuous improvement is evident in those impactful small-scales innovations like energy storage system and a series of NB-IoT applications led by the E&M division year after year.

– Reliable manufacturing excellence: our state-of-the-art manufacturing plant's proven track records ensure on-time delivery of high-quality products.

In an unpredictable global environment, the Group's core business segments will demonstrate their capacity to adapt to market developments. We will focus on enhancing profitability. Also, the hotel is set to reopen later this year, and its operations are expected to generate good revenue streams and healthy cash flow. Consequently, we aim for an increase in revenue and profitability in 2025 versus 2024.

In the long run, innovation and environmental sustainability will remain the cornerstones of our development strategy. Given the rapid advancement of AI and digitalisation, we will actively explore their applications in our industry to further enhance the Group's competitiveness and market share.

FINANCIAL POSITION

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 31 March 2025, the Group's total cash and bank balances was HK$770 million (2024: HK$906 million) and total borrowings increased to HK$2,754 million (2024: HK$2,292 million). As some construction and electrical and mechanical projects were in peak stage of works, the needs for working capital were higher, causing the reduction in cash and bank balances. The increase in borrowings was primarily due to finance of new construction projects and the refurbishment work of our hotel property. The current ratio (total current assets: total current liabilities) as at 31 March 2025 was 1.1 (2024: 1.1). Total current liabilities included two term loans from banks with the majority amount due in next two to three years. They were classified as current liabilities pursuant to specific criteria under the relevant accounting standard, the current ratio was so lowered by 0.1. Taking these two term loans into account, the amount of bank loans fall due beyond one year would be HK$847 million (2024: HK$442 million). With prudent financial management policy in place, the Group considers the financial position as sound and healthy with sufficient liquidity.

All the bank borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging relevant hedging arrangements when appropriate. As at 31 March 2025, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$5,737 million (2024: HK$3,825 million), of which HK$3,711 million (2024: HK$2,887 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development requirement and capital expenditure.

HUMAN RESOURCES

As at 31 March 2025, the Group had approximately 4,500 (2024: 3,900) employees. There are approximately 3,600 (2024: 3,000) employees in Hong Kong, Macau and Singapore and 900 (2024: 900) in Mainland China. Yau Lee aims to be a good and attractive employer as we understand people are key to long-term success. The Group offers competitive remuneration packages and employees are rewarded on a performance related basis. The Group also invests substantially on training and staff development. We promote continuing learning and help the professional and personal development of our employees.

MOVEMENT OF INCOMPLETE CONTRACTS
For the year ended 31 March 2025

Contract value

	31 March 2024 *HK$'million*	Contracts Secured *HK$'million*	Contracts Completed *HK$'million*	**31 March 2025** ***HK$'million***
Building construction, renovation and maintenance	30,550	13,344	(6,918)	**36,976**
Electrical and mechanical installation	13,402	3,537	(2,391)	**14,548**
Building materials supply	4,391	2,130	(344)	**6,177**
Others	16	40	(34)	**22**
Less: Inter-segment contracts	(7,571)	(3,293)	1,348	**(9,516)**
	40,788	15,758	(8,339)	**48,207**

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 C1 of The Rules Governing the Listing of Securities on The SEHK ("Listing Rules"). The Company strives to improve the transparency of its corporate governance practices and maximise the return to its shareholders through prudent management, investment and treasury policies.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company recognises that it is exposed to a number of risks, which is inherent in the industries that it operates in. The Board acknowledges that it is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining appropriate and effective risk management and internal control system. In this regard, the Company has established a risk management system and an internal control system. However, the systems are designed to manage rather than eliminate the risk of failing to achieve business objectives and to make reasonable, but not absolute, assurances that there will be no material misrepresentation or loss.

Management formed the Risk Management Committee to assess and manage the Company's principal risks, including but not limited to compliance risks, financial risks, operating risks and strategic risks. It supports the Board in fulfilling its corporate governance and regulatory responsibilities to monitor and review the Company's risk management framework and processes. The Risk Management Committee also provides confirmation to the Board on the effectiveness of the system.

During the reported year, management has engaged an independent professional consultancy firm, Shinewing Risk Services Limited ("SW"), for an enterprise risk assessment which was conducted under the approach adopted in the "COSO Enterprise Risk Management – Integrated Framework". According to the assessment result, management has updated the enterprise risk register with the changes of risk factors, as well as submitted an assessment report containing recommendations to the Board to enable the Board to effectively monitor the business risk and understand how management responds and mitigates the risks.

In addition, the Company has implemented an internal control system to minimise the risks to which the Company is exposed to and used as a management tool for day-to-day business operation. The internal control system is reviewed twice a year. The Board has appointed SW to conduct reviews of the Company's internal control system for the year ended 31 March 2025. The reviews covered financial, operational and compliance controls on selected operation cycles according to the Company's 3-year internal audit plan. In the review reports, corrective actions and improvement programs have been proposed for the internal control problems or deficiencies found.

Based on the review results for the year, management has made a confirmation to the Board that the Company's risk management and internal control systems are effective and sufficient. The Board is satisfied with the review results and pleased to receive management's acknowledgement. As part of the annual review process, the Board has performed evaluation of the Company's accounting and financial reporting function to ensure that there is adequacy of resources, staff qualifications and experience, training programmes and budget of the function.

The Board will continue to review and improve the Company's risk management and internal control systems in accordance with the existing regulatory requirements, the interests of shareholders and the growth and development of the Company's business.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the requirements of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules regarding the securities transactions by the Directors of the Company. The Company has received confirmations from all Directors that they have complied with the requirements of the Model Code for the year ended 31 March 2025.

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 C1 of the Listing Rules for the year ended 31 March 2025 except for deviations from the code provisions as described below.

Under code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate 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. 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.

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 year ended 31 March 2025.

REVIEW BY AUDIT COMMITTEE

The Group's annual results for the year ended 31 March 2025 have been reviewed by the Audit Committee which comprises three Independent Non-Executive Directors. The Audit Committee, together with the management, has reviewed the audited consolidated financial statements for the year ended 31 March 2025 of the Group.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in this annual results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this annual results announcement.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 25 June 2025

As at the date of this announcement, the Board comprises Mr. Wong Ip Kuen (Chairman), Ir. Dr. Wong Tin Cheung, Dr. Wong Rosana Wai Man and Mr. Sun Chun Wai as Executive Directors and Mr. Chan Bernard Charnwut, Mr. Wu King Cheong, Mr Yeung Tak Bun and Dr. Yeung Tsun Man Eric as Independent Non-Executive Directors.

The full version of this announcement can also be accessed on the following websites:

(i) http://www.yaulee.com; and
(ii) http://www.irasia.com/listco/hk/yaulee/