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有利集團有限公司*

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 0406)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2012**

HIGHLIGHTS

The Group reported an increase in revenue from HK\$3,573,181,000 to HK\$4,664,581,000.

The Group reported gross profit of HK\$249,182,000 (2011: HK\$207,395,000) in current year.

Profit for the year decreased from HK\$71,351,000 to HK\$36,721,000.

Basic and diluted earnings per share was approximately HK8.12 cents (2011: HK16.42 cents).

The net asset value attributable to equity holders of the Company as at 31 March 2012 was HK\$1,421,829,000 (2011: HK\$1,387,490,000), equivalent to HK\$3.25 (2011: HK\$3.17) per share based on the 438,053,600 (2011: 438,053,600) ordinary shares in issue.

* For identification purpose only

The Board of Directors (the “Directors”) of Yau Lee Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2012 together with comparative figures for the year ended 31 March 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2012

	<i>Note</i>	2012 HK\$'000	2011 <i>HK\$'000</i>
Revenue	3	4,664,581	3,573,181
Cost of sales	5	(4,415,399)	(3,365,786)
Gross profit		249,182	207,395
Other income and gains	4	74,301	84,373
Distribution costs	5	(19,791)	(13,260)
Administrative expenses	5	(237,486)	(200,394)
Other operating expenses	5	(6,473)	(4,177)
Operating profit		59,733	73,937
Finance costs	6	(33,506)	(8,101)
Share of profit of associates		281	112
Share of profit of jointly controlled entities		23,077	20,384
Profit before income tax		49,585	86,332
Income tax expense	7	(12,864)	(14,981)
Profit for the year		36,721	71,351
Attributable to:			
Equity holders of the Company		35,554	71,945
Non-controlling interests		1,167	(594)
		36,721	71,351
Dividend	8	9,988	9,988
Earnings per share (basic and diluted)	9	8.12 cents	16.42 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	2012 HK\$'000	2011 <i>HK\$'000</i>
Profit for the year	36,721	71,351
Other comprehensive income:		
Currency translation differences	<u>8,678</u>	<u>18,296</u>
Total comprehensive income for the year	<u>45,399</u>	<u>89,647</u>
Attributable to:		
Equity holders of the Company	44,327	90,241
Non-controlling interests	<u>1,072</u>	<u>(594)</u>
Total comprehensive income for the year	<u>45,399</u>	<u>89,647</u>

BALANCE SHEETS

As at 31 March 2012

		2012		2011	
		Group	Company	Group	Company
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Property, plant and equipment		923,271	—	688,318	—
Investment properties		265,557	—	368,069	—
Leasehold land and land use rights		60,897	—	60,209	—
Intangible assets		17,790	—	18,846	—
Goodwill		15,905	—	15,905	—
Subsidiaries		—	571,615	—	571,615
Associates		1,479	—	1,654	—
Jointly controlled entities		16,468	—	11,342	—
Deferred income tax assets		9,727	—	14,699	—
Other non-current assets		182,666	—	98,302	—
		<u>1,493,760</u>	<u>571,615</u>	<u>1,277,344</u>	<u>571,615</u>
Current assets					
Cash and bank balances		570,027	7,537	428,230	2,214
Trade debtors, net	10	544,401	—	543,037	—
Prepayments, deposits and other receivables		307,723	306	246,253	306
Inventories		73,696	—	57,123	—
Prepaid income tax		634	630	115	—
Due from customers on construction contracts		448,373	—	388,154	—
Financial assets at fair value through profit or loss		44,021	18,931	43,919	18,886
Derivative financial assets		—	—	2,069	—
Property under development for sale		347,810	—	—	—
Due from associates, net		458	—	—	—
Due from subsidiaries		—	1,097,393	—	1,116,313
Due from jointly controlled entities		5,077	—	31,203	—
		<u>2,342,220</u>	<u>1,124,797</u>	<u>1,740,103</u>	<u>1,137,719</u>
Total assets		<u>3,835,980</u>	<u>1,696,412</u>	<u>3,017,447</u>	<u>1,709,334</u>
EQUITY					
Share capital		87,611	87,611	87,611	87,611
Other reserves		447,110	414,135	438,337	414,135
Retained profits					
Proposed final dividend		9,988	9,988	9,988	9,988
Others		877,120	984,532	851,554	994,100
Attributable to equity holders of the Company		<u>1,421,829</u>	<u>1,496,266</u>	<u>1,387,490</u>	<u>1,505,834</u>
Non-controlling interests		<u>1,072</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total equity		<u>1,422,901</u>	<u>1,496,266</u>	<u>1,387,490</u>	<u>1,505,834</u>

BALANCE SHEETS (*Continued*)
As at 31 March 2012

		2012		2011	
		Group	Company	Group	Company
	Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
LIABILITIES					
Non-current liabilities					
Long-term borrowings		755,715	–	437,086	–
Deferred income tax liabilities		26,885	–	21,946	–
Retention payables		29,741	–	9,218	–
		<u>812,341</u>	<u>–</u>	<u>468,250</u>	<u>–</u>
Current liabilities					
Short-term bank loans		578,734	30,000	353,012	30,000
Current portion of long-term borrowings		35,099	–	19,162	–
Derivative financial liabilities		21,785	–	1,317	–
Payables to suppliers and subcontractors	11	335,850	–	273,046	–
Accruals, retention payables and other liabilities		244,221	1,113	199,600	808
Income tax payable		3,778	–	15,019	–
Obligation in respect of jointly controlled entities		1,252	–	1,203	–
Due to customers on construction contracts		373,019	–	291,108	–
Due to subsidiaries		–	169,033	–	172,692
Due to jointly controlled entities		7,000	–	8,240	–
		<u>1,600,738</u>	<u>200,146</u>	<u>1,161,707</u>	<u>203,500</u>
Total liabilities		<u>2,413,079</u>	<u>200,146</u>	<u>1,629,957</u>	<u>203,500</u>
Total equity and liabilities		<u>3,835,980</u>	<u>1,696,412</u>	<u>3,017,447</u>	<u>1,709,334</u>
Net current assets		<u>741,482</u>	<u>924,651</u>	<u>578,396</u>	<u>934,219</u>
Total assets less current liabilities		<u>2,235,242</u>	<u>1,496,266</u>	<u>1,855,740</u>	<u>1,505,834</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2012

Attributable to equity holders of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Currency translation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2011	87,611	413,776	359	24,202	861,542	1,387,490	–	1,387,490
Comprehensive income:								
Profit for the year	–	–	–	–	35,554	35,554	1,167	36,721
Other comprehensive income:								
Currency translation differences	–	–	–	8,773	–	8,773	(95)	8,678
2011 final dividend	–	–	–	–	(9,988)	(9,988)	–	(9,988)
As at 31 March 2012	87,611	413,776	359	32,975	887,108	1,421,829	1,072	1,422,901
As at 1 April 2010	87,611	413,776	359	5,906	795,204	1,302,856	594	1,303,450
Comprehensive income:								
Profit/(loss) for the year	–	–	–	–	71,945	71,945	(594)	71,351
Other comprehensive income:								
Currency translation differences	–	–	–	18,296	–	18,296	–	18,296
2010 final dividend	–	–	–	–	(5,607)	(5,607)	–	(5,607)
As at 31 March 2011	87,611	413,776	359	24,202	861,542	1,387,490	–	1,387,490

NOTES TO THE FINANCIAL STATEMENTS

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 trading, 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”).

These financial statements are presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 26 June 2012.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss, and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) *Revised standards, amendments to standards and interpretations that are effective in the year*

The following revised standards, amendments to standards and interpretations have been published that are effective for the accounting period of the Group beginning on 1 April 2011 and are relevant to the Group’s operations:

– HKAS 24 (revised)	Related Party Disclosures
– HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
– HKFRSs Amendments	Improvements to HKFRSs 2010

The adoption of these revised standards, amendments and interpretations to existing standards have no significant impact on the Group’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

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

- (ii) *New and revised standards, amendments to standards that are not yet effective and have not been early adopted by the Group*

The following new and revised standards and amendments to standards have been published and are mandatory for the accounting periods of the Group beginning on or after 1 April 2012 that the Group has not early adopted:

– Amendments to HKAS 1 (revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
– HKAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets
– HKAS 19 (2011)	Employee Benefits
– HKAS 27 (2011)	Separate Financial Statements
– HKAS 28 (2011)	Investments in Associates and Joint Ventures
– HKAS 32 (amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
– HKFRS 7 (amendment)	Financial Instruments: Disclosures – Transfers of Financial Assets
– HKFRS 7 (amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
– HKFRS 7 (amendment)	Financial Instruments: Disclosures – Mandatory Effective date of HKFRS 9 and Transitional Disclosure
– HKFRS 9	Financial Instruments
– HKFRS 10	Consolidated Financial Statements
– HKFRS 11	Joint Arrangements
– HKFRS 12	Disclosure of Interests in Other Entities
– HKFRS 13	Fair Value Measurement

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials trading, property investment and development, and hotel operations.

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue		
Contracting of building construction, plumbing, renovation, maintenance and fitting-out projects	2,604,024	1,950,609
Electrical and mechanical installation	1,729,039	1,581,137
Building materials trading	317,975	28,711
Property investment and development	1,892	1,536
Hotel operations	—	—
Others	11,651	11,188
	<u>4,664,581</u>	<u>3,573,181</u>

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 trading - Trading of construction and building materials
- Property investment and development
- Hotel operations

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 REVENUE AND SEGMENT INFORMATION (Continued)

	Construction <i>HK\$'000</i>	Electrical and mechanical installation <i>HK\$'000</i>	Building materials trading <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2012							
Total sales	2,689,134	1,952,351	384,439	1,892	–	35,230	5,063,046
Inter-segment sales	(85,110)	(223,312)	(66,464)	–	–	(23,579)	(398,465)
External sales	<u>2,604,024</u>	<u>1,729,039</u>	<u>317,975</u>	<u>1,892</u>	<u>–</u>	<u>11,651</u>	<u>4,664,581</u>
Segment results	(5,737)	21,469	14,393	37,771	(2,408)	(5,917)	59,571
Unallocated income							<u>162</u>
Operating profit							59,733
Finance costs							(33,506)
Share of profit of associates	–	281	–	–	–	–	281
Share of profit/(loss) of jointly controlled entities	23,126	–	(49)	–	–	–	<u>23,077</u>
Profit before income tax							49,585
Income tax expense							<u>(12,864)</u>
Profit for the year							<u>36,721</u>

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

3 REVENUE AND SEGMENT INFORMATION (*Continued*)

	Construction <i>HK\$'000</i>	Electrical and mechanical installation <i>HK\$'000</i>	Building materials trading <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2011							
Total sales	1,965,783	1,677,335	244,482	1,536	–	32,992	3,922,128
Inter-segment sales	(15,174)	(96,198)	(215,771)	–	–	(21,804)	(348,947)
External sales	<u>1,950,609</u>	<u>1,581,137</u>	<u>28,711</u>	<u>1,536</u>	<u>–</u>	<u>11,188</u>	<u>3,573,181</u>
Segment results	(18,250)	28,949	12,757	51,894	(1,061)	(1,725)	72,564
Unallocated income							<u>1,373</u>
Operating profit							73,937
Finance costs							(8,101)
Share of profit of associates	–	112	–	–	–	–	112
Share of profit/(loss) of jointly controlled entities	20,408	–	(24)	–	–	–	<u>20,384</u>
Profit before income tax							86,332
Income tax expense							<u>(14,981)</u>
Profit for the year							<u>71,351</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER INCOME AND GAINS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Other income		
Dividend income from investments	296	76
Bank interest income	1,779	1,838
Interest income from subcontractors	9,330	6,468
Management service income from a jointly controlled entity	1,673	1,831
Write back of provision for impairment on an amount due from an associate	—	2,812
Sundry income	8,519	7,737
	<u>21,597</u>	<u>20,762</u>
Other gains		
Gain on disposal of property, plant and equipment, net	—	210
Fair value gain on investment properties, net	39,193	53,180
Gain on financial assets at fair value through profit or loss	366	147
Gain on derivative financial assets	1,981	7,996
Exchange gain, net	11,164	2,078
	<u>52,704</u>	<u>63,611</u>
	<u>74,301</u>	<u>84,373</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 EXPENSES BY NATURE

	2012 HK\$'000	2011 HK\$'000
Cost of construction	3,573,652	2,793,457
Cost of inventories sold	295,868	157,097
Staff costs (excluding directors' emoluments)	594,935	474,674
Directors' emoluments	17,976	18,594
Depreciation		
Owned property, plant and equipment	42,635	26,140
Leased property, plant and equipment	2,579	4,116
	<u>45,214</u>	<u>30,256</u>
Operating lease rentals of		
Land and buildings	11,439	9,902
Other equipment	57,115	40,190
	<u>68,554</u>	<u>50,092</u>
Amortisation of leasehold land and land use rights	1,405	1,348
Less: Capitalised in construction in progress	–	(1,292)
	<u>1,405</u>	<u>56</u>
Amortisation of intangible assets	1,056	1,056
Write off/(write back) of impaired receivables, net	597	(2,011)
Auditor's remuneration	3,884	3,506
Loss on disposal of property, plant and equipment, net	3,545	–
Loss on deregistration of subsidiaries, net	–	1,793
Direct operating expenses arising from investment properties		
– Generate rental income	243	242
– Not generate rental income	42	57
Distribution costs	19,791	13,260
Others	52,387	41,488
Total cost of sales, distribution costs, administrative and other operating expenses	<u>4,679,149</u>	<u>3,583,617</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 FINANCE COSTS

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest on overdrafts and short-term bank loans	11,741	6,206
Interest on long-term bank loans repayable within five years	5,947	3,731
Interest on long-term bank loans repayable after five years	2,123	1,277
Interest element of finance lease payments	291	410
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Total borrowing costs incurred	20,102	11,624
Less: Classified as cost of construction	(2,958)	(1,899)
Capitalised in construction in progress	(4,912)	(2,875)
Capitalised in investment properties under development and property under development for sale	(2,794)	(1,783)
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	9,438	5,067
Loss on financial assets at fair value through profit or loss	21	1,005
Loss on derivative financial liabilities	24,047	2,029
	<hr/>	<hr/>
	33,506	8,101
	<hr/>	<hr/>

7 INCOME TAX EXPENSE

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Hong Kong profits tax provision for the year	136	116
Overseas tax provision for the year	2,078	11,784
Under/(over)-provision in prior years	795	(1,345)
Deferred income tax relating to the origination and reversal of temporary differences	9,855	4,426
	<hr/>	<hr/>
	12,864	14,981
	<hr/>	<hr/>

Hong Kong profits tax was calculated at 16.5% (2011:16.5%) on the estimated assessable profits for the year.

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 FINANCIAL STATEMENTS (*Continued*)

8 DIVIDEND

In the Board meeting held on 26 June 2012, the Directors recommended the payment of a final dividend at HK2.28 cents (2011: HK2.28 cents) per share, totalling HK\$9,988,000 (2011: HK\$9,988,000) for the year ended 31 March 2012.

9 EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of earnings per share is based on:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net profit attributable to the equity holders of the Company	<u>35,554</u>	<u>71,945</u>
	2012	2011
Weighted average number of shares in issue during the year	<u>438,053,600</u>	<u>438,053,600</u>

Diluted earnings per share for the years ended 31 March 2012 and 2011 are not presented as there are no potential dilutive shares in issue during the years.

10 TRADE DEBTORS, NET

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Trade debtors	429,874	396,468
Retention receivables	117,208	150,109
Provision for impairment	<u>(2,681)</u>	<u>(3,540)</u>
	<u>544,401</u>	<u>543,037</u>

NOTES TO THE FINANCIAL STATEMENTS (*Continued*)

10 TRADE DEBTORS, NET (*Continued*)

The aging analysis of the trade debtors, net is as follows:

	2012 HK\$'000	2011 HK\$'000
Current	491,862	504,177
1-30 days	22,966	18,163
31-90 days	14,774	4,753
91-180 days	2,959	4,209
Over 180 days	11,840	11,735
	52,539	38,860
	544,401	543,037

Trade debtors are due 30 days to 150 days after invoicing depending on the nature of services or products. As at 31 March 2012, trade debtors of HK\$52,539,000 (2011: HK\$38,860,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

As at 31 March 2012, trade debtors of HK\$2,681,000 (2011: HK\$3,540,000) were impaired and fully provided for. The individually impaired receivables relate to customers who experienced unexpected difficult economic situations. All of these trade debtors were overdue by more than 180 days as at 31 March 2012 and 2011.

11 PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

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

	2012 HK\$'000	2011 HK\$'000
Current	272,945	234,582
1-30 days	38,730	14,970
31-90 days	7,401	5,912
91-180 days	3,606	6,773
Over 180 days	13,168	10,809
	335,850	273,046

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 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 31 March 2012, 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 liability would not materially affect the financial position of the Group.
- (b) During the year, the Group filed a statement of claims against a subcontractor of HK\$10,000,000 in respect of the subcontractor's failure to perform contractual duties and for recovery of overpayment made to the subcontractor. The subcontractor raised a counterclaim against the Group in the sum of HK\$10,000,000. The case is in the process of exchanging documents for proceedings. The Directors consider that no provision is presently required with respect to the case.
- (c) The Group has provided performance bonds amounting to approximately HK\$340,643,000 (2011: HK\$424,327,000) in favour of the Group's customers.
- (d) As at 31 March 2012, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of plant and equipment and setup of a factory in Mainland China of approximately HK\$29,609,000 (2011: HK\$83,524,000).
- (e) The future aggregate minimum lease rental payable under non-cancellable operating leases is as follows:

	2012 HK\$'000	2011 <i>HK\$'000</i>
Land and buildings		
– Within one year	8,111	8,659
– One year to five years	11,574	13,212
– More than five years	38,677	40,029
	58,362	61,900

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR

The Group reported a turnover of HK\$4,665 million, a record high achieved from healthy growths in all our core business segments.

The Group's construction business grew in both local and overseas markets and reached HK\$2,604 million, representing an increase of 33% over 2011. On building material trading, turnover surged by 10 folds as a result of strong market demands met by the expanded production capacity in Huizhou new factory. Electrical and mechanical installation business, another major contributor also achieved a moderate growth of 9% derived mainly from businesses in Mainland China. Gross profits for the year was HK\$249 million compared with HK\$207 million in 2011. Despite the rising construction costs, the Group managed to maintain gross profits percentage comparable to that of last year.

In view of the flourishing market development, the Group expanded strategically the operation team. Growth in operation scale coupled with soaring staff costs resulted from manpower shortage in the industry caused a year-on-year increase of 21% in running expenses. Increased business volume required additional funding and therefore more finance costs were incurred. Net profit attributable to shareholders was HK\$35,554,000 as compared to profits of HK\$71,945,000 for last year. The reduction was primarily due to drop in non-recurring fair value gain of investment properties and an unrealized loss on interest rate hedging instruments.

The basic earning per share for the year was HK8.12 cents compared to HK16.42 cents of last year. Net asset value attributable to equity holders of the Company as at 31 March 2012 was HK\$1,422 million (2011: HK\$1,387 million), equivalent to HK\$3.25 (2011: HK\$3.17) per share based on 438,053,600 ordinary shares in issue.

DIVIDEND

In the Board meeting held on 26 June 2012, the Directors recommended the payment of a final dividend of HK2.28 cents (2011: HK2.28 cents) per share for the year ended 31 March 2012. Subject to the equity holders' approval at the forthcoming Annual General Meeting, the dividend will be paid on 25 September 2012 to equity holders whose names appear on the Company's register of members on 5 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 23 August 2012 (Thursday) to 28 August 2012 (Tuesday) (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming Annual General Meeting ("AGM") of the Company.

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 Room No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 22 August 2012 (Wednesday).

The register of members of the Company will be closed again from 3 September 2012 (Monday) to 5 September 2012 (Wednesday) (both days inclusive) for the purpose of determining the identity of members who are entitled to the recommended final dividend of HK2.28 cents per share for the year ended 31 March 2012, following the approval at the AGM of the Company.

In order to qualify for the final dividend, 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 Room No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 31 August 2012 (Friday).

REVIEW OF OPERATIONS

Building construction, renovation and maintenance

The segment reported revenue of HK\$2,604,024,000, representing an increase of 33% year-on-year. The growth was mainly attributable to increases in renovation and maintenance businesses in Hong Kong and building construction business in Singapore, which surged by 51% and 175% respectively. Construction segment result also improved considerably, taking into account our share of profits of jointly controlled entities. Surging building materials costs and soaring wages resulted from severe shortage in skill labor impacted our profitability in the year and would remain our biggest challenges in years ahead. The Group would continue implementing measures to control costs and enhance operation efficiency.

During the year, the Group has been focusing on completing the good amounts of contracts secured last year. In line with the programme, a few major contracts would be completed next year. The Group therefore took part actively again in tendering since last quarter to replenish the order book. The Group secured 5 major contracts worth HK\$1,231,000,000 and completed 7 contracts totalled HK\$873,000,000. Total value of contracts in hand as at 31 March 2012 reached at HK\$5,423,000,000. Subsequent to the year end and up to the date of this announcement, a contract amounting to HK\$1,196,000,000 has been awarded to the Group. The Group's capabilities in innovative and green construction design and technologies were evident in some of the current projects. Our Excelicrete™, an environment-friendly concrete design and production system, was launched and adopted in public sector projects, signifying its entry to the flourishing public sector. The Group's solid foundation of conventional construction experience coupled with the innovative design and technologies would enhance our competitiveness in coming numerous tendering opportunities.

Quality, safety and environmental protection are always the priorities and core values for the Group. Our commitments in maintaining high standard of core values receive continuous recognitions from customers and the industry. During the year, the Group received more than 40 awards which include:

1. Gold Award of Best Refurbishment and Maintenance Contractor
2. Silver Award for Building Sites (Public Sector) in Construction Industry Safety Award Scheme
3. Silver Award of Green Management Award (Corporation) in Hong Kong Green Awards
4. The Mirror's 1st Outstanding Corporate Social Responsibility Award

Besides, the Group believes that continuous improvement and up-trend working method are the keys to maintain the Group's competitiveness in the market and the secret to quality products and services. Thus, the Group has committed relentlessly to research and the development of innovative building methods. During the year, our Singapore construction team was presented with the below awards in recognition of our efforts towards innovations and improvement.

1. BCA Awards 2012 – Construction Productivity Award (Best Practices and Innovations) Gold for Construction cycle planning with enhanced installation method for precast components and application of large panel formwork
2. BCA Awards 2012 – Construction Productivity Award (Best Practices and Innovations) Gold for VHSmart™ – An integrated system for Construction management and Productivity Analysis using Biometric Attendance

Electrical and mechanical installation

The electrical and mechanical installation segment reported a mild but sustainable growth in revenue. The segment revenue was HK\$1,729,039,000, up by 9% from HK\$1,581,137,000 in 2011. With good amount of contracts intakes in 2010, amount of projects completed during the year in both Hong Kong and Mainland China increased. In China, we focus on premium commercial projects. Our capability and proven track records are valued by customers in this market segment. Turnover recorded in Mainland China was up by 33% in the year. REC Green Technologies Company Limited, a subsidiary established in 2011 focusing on green innovations completed its first energy optimization engineering project in the Group's hotel development in Sheung Wan. The innovative design and system brought to the hotel Platinum accreditations awarded by Leadership in Energy and Environmental Design ("LEED") and Hong Kong BEAM Society. Meanwhile, the company developed and launched a series of environmental improvements products which were well received by customers.

During the year, demands in Hong Kong remained strong but the opportunities in Mainland China and Macau dwindled particularly in first half of the year. Contracts secured in Mainland China halved down which made the contract intakes fell to HK\$1,053,000,000. As at 31 March 2012, total contracts in hand for this segment was HK\$3,618,000,000.

Though turnover crept up, profits of the segment declined to HK\$21,469,000 (2011: HK\$28,949,000) because certain overseas projects achieved exceptionally good profits in 2011 which were not recurring in nature.

Building materials trading

The Group's competence in prefabrication gained it two sizeable contracts supplying precast materials for public housing developments. With the construction of production lines in Huizhou new factory completed during the year, the Group's capacity in precast supply expanded substantially. Segment turnover increased by 10 times year-on-year.

Property investment and development

Revenue, being rental income of the Group's investment properties, was HK\$1,892,000 (2011: HK\$1,536,000) for the year. The amount increased because rentals were adjusted up when leases were renewed. During the year, one of the investment properties started redevelopment and was reclassified to property under development for sale. Such transfer caused a drop in segment profit to HK\$37,771,000 in this year (2011: HK\$51,894,000).

Others

The Group's other businesses include computer software development and architectural and engineering services developed to strengthen the competitiveness of the Group's construction businesses by providing total solutions and better project management services to customers. These services not only facilitate business management but also help to build up our brand in the industry. During the year, one of our software programs won a construction productivity innovative prize in Singapore. The recognition would benefit our development in the region.

BUSINESS PROSPECTS

The Group is located in markets that are continuing to grow and offering good opportunities for our construction, mechanical and electrical installation, renovation and maintenance services. Despite global economy is stagnant, the Group's core markets which are Hong Kong, Macau and Singapore remain robust. In Hong Kong, the commencement of "Ten Major Infrastructures" and the more ambitious housing policy bring enormous opportunities to the construction industry. Outlook for public housing building, the Group's core market, is bright. The restart of Home Ownership Scheme confirmed in Chief Executive Year 11/12 Policy Address and acceleration of construction of public rental housing provide abundant opportunities to the industry. The Group's solid track record coupled with the reputation and capability in green initiatives construction would facilitate its expansion in the market.

In Macau, gaming industry regains momentum and is growing at an extraordinary rate since 2011. Most market players if not all expedite their development in the region. With our strong expertise and excellent reputation developed in construction projects of large-scale resort and hotel in past years, the Group would benefit from the flourishing market.

In Singapore, the Group grows steadily at a healthy pace. The Group's highly integrated business model and commitments to quality and innovation gain recognitions and opportunities in both private and public sectors. The Group would expand strategically to seize more opportunities in the region.

While pursuing businesses actively, the Group also strives for reasonable margins. In response to rising materials and labour costs driven by the tremendous market demands, the Group would continue carrying out strategic measures like increasing usage of prefabrication, developing construction initiatives in design and technology for higher productivity, and reduction in demands for manpower.

Apart from conventional construction businesses, the Group would also explore actively construction related businesses. REC, the Group's mechanical and electrical arm, has completed a large-scale energy optimization engineering project in the Group's hotel development in the year. This comprehensive green solution achieved three renowned recognitions, namely LEED Platinum Certification, Hong Kong BEAM Plus Platinum Grade and Green Building Award 2012-Merit Award. There have been robust demands in both public and private markets to uplift constructions to recognized environmental protection standards. The Group will endeavor to transfer this proven business model to a major driver of business growth.

Precast, a solution to both rising construction costs and building quality, is also an area to grow and develop. With the production yard of Huizhou new factory largely completed, the Group raised greatly on output, efficiency and quality. The expanded design and moulding division would put more efforts on automation and innovative construction technology that would help the Group in up-keeping competitiveness as well as profitability. Besides, the expanded capacity enables the Group to grasp the continuous rising demands from other contractors who are forced to adopt more off-site construction to resolve manpower shortage problems. Precast manufacturing, our another core competency, boosts the Group's market share and edges in the industry. Besides, the production trial run of Starfon progressed according to plan. Outputs were supplied to the Group's Hotel in Sheung Wan. Next, it will be officially launched to oversea markets. Upon the completion of installation of second production line later this year, the Group can promote to both local and oversea markets.

Property development projects of the Group progress according to the plan. Construction of Holiday Inn Express Hong Kong Soho has been completed subsequent to the year end and is targeted to open in third quarter of the year. The hotel is a showcase of the Group's commitment and capability in environmental protection solution. At the time of writing, the hotel already achieved LEED Platinum Certificate, Hong Kong BEAM Plus Platinum Qualification, and Green Building Award 2012-Merit award and is applying another two well-recognized green construction qualifications. The hotel is a demonstration of the Group's strategy of attaining good return to the shareholders while fulfilling the duties of a responsible corporate citizen.

Foundation works of the property in To Kwa Wan is about to commence and scheduled completion is slated to be end of 2014. The property is located within walking distance of the future Ma Tau Wai Station of Shatin to Central Link. With the construction of Shatin to Central Link approved recently, property market in neighborhood became active. A few luxury residential developments were launched, all recorded good sales. Besides, several residential redevelopments are in pipeline. The Group believes the property would bring excellent return to shareholders.

The Group's another property in Kwun Tong is also situated in a very promising district. The Chief Executive has announced in Year 2011 Policy Address a plan for a new CBD (Central Business District) at East Kowloon aiming to provide up to 4 million square meters of Grade A office space in the area. The Group will keep close eyes on the development of the district and establish a development plan which gives maximized return.

The economic uncertainties will linger in coming year. The deteriorating EURO debt crisis drags down global economic recovery. Recent fiscal easing measures implemented by Mainland China Government reveal a dismal view on economic outlook. In face of complex market situations, the Group will remain vigilant and prepare itself for any challenges. The Group has clear direction and growth strategies. To strive for long term return to both shareholders and community, the Group will stay focus as a total solution contractor with innovative mindset and commitment to sustainable construction.

FINANCIAL POSITION

Our sources of liquidity include cash and cash equivalents, cash from operation and banking facilities granted to the Group. At balance sheet date the Group retained HK\$570,027,000 in cash on hand (2011: HK\$428,230,000) and had undrawn banking facilities of approximately HK\$587 million (2011: HK\$901 million). The current ratio remained steady at around 1.46 whilst it was 1.50 in 2011.

Borrowings was HK\$1,369,548,000 as at 31 March 2012 (2011: HK\$809,260,000) which are secured by the Group's properties, certain deposits and financial assets at fair value through profit or loss. Bank borrowings increased for payments of development costs of the hotel and the new factory in Huizhou. The maturity profile of the debt has remained relatively long term in nature. The amount of bank loans and other facilities fall due beyond 1 year was HK\$755,715,000.

All the bank borrowings are arranged on a floating rate basis. To alleviate partly the Group's exposure to interest rate fluctuations, we had arranged some interest rate hedging instruments aiming to keep the interest costs at a controlled range. The Group will closely monitor and manage its exposure to interest rate fluctuations and will consider engaging relevant hedging arrangement when appropriate.

With its cash and available banking facilities, the Group has sufficient resources to meet foreseeable funding needs for its operation and capital expenditure.

HUMAN RESOURCES

As at 31 March 2012, the Group employed approximately 3,900 (2011: 3,100) employees. There are approximately 2,100 (2011: 1,850) employees in Hong Kong, Macau and Singapore and 1,800 (2011: 1,250) 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.

MOVEMENT OF INCOMPLETE CONTRACTS FOR THE YEAR ENDED 31 MARCH 2012

	31 March 2011 <i>HK\$'million</i>	Contracts Secured <i>HK\$'million</i>	Completed <i>HK\$'million</i>	31 March 2012 <i>HK\$'million</i>
Building construction, renovation and maintenance	5,065	1,231	(873)	5,423
Electrical and mechanical installation	3,849	1,053	(1,284)	3,618
Less: Inter-segment contracts	<u>(353)</u>	<u>(31)</u>	<u>—</u>	<u>(384)</u>
	<u><u>8,561</u></u>	<u><u>2,253</u></u>	<u><u>(2,157)</u></u>	<u><u>8,657</u></u>

The above contract value as at 31 March 2012 did not include two contracts of jointly controlled entities with HK\$3,196,000,000 in value.

CORPORATE GOVERNANCE

The Board believes that corporate governance is fundamental to corporate long term success and the enhancement of shareholder value. The Company has adopted the principles and practices of the Code on Corporate Governance Practice (the "Code") as set out in the Appendix 14 of The 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.

INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day business operation. The system is designed to manage, rather than eliminate the risk of failure to achieve our business goals and provide a reasonable, as opposed to an absolute assurance in this respect.

The Board appointed an international accounting firm, Baker Tilly Hong Kong, to conduct a review of the internal control system of the Group for the year ended 31 March 2012, including financial, operational and compliance controls as well as the Group's risk management process. The results of the internal control review were submitted to the Corporate Governance Committee for their consideration. The Corporate Governance Committee has reviewed the results of the internal control review and is satisfied that the Group's system of internal controls is sound and adequate. As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of staff of the function, and their training programmes and budget.

The Board will continue to review and improve the Group's internal control system, taking into account the prevailing regulatory requirements, the interests of shareholders, and the Group's business growth and development.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the requirements of the Model Code as set out in Appendix 10 of the Listing Rules regarding the securities transactions of 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 2012.

COMPLIANCE WITH LISTING RULES

In the opinion of the Directors, the Company has complied with the requirements of the Code as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2012 except for the Code provision A.2.1 which requires the roles of chairman and chief executive officer be separated and not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. However, the roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Wong Ip Kuen. The current structure will enable the Company to make and facilitate the implementation of decisions promptly and efficiently.

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES — BANKING FACILITY WITH COVENANT RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Directors of the Company reported the following loan facility which entered during the year and included a condition relating to specific performance of the controlling shareholder of the Company.

On 22 November 2011, a wholly-owned subsidiary of the Company was granted a term loan facility in the aggregate sum of HK\$207,500,000 to be repaid in 48 months from the date of the facility agreement or 6 months from the date of the occupation permit issued by the Hong Kong Building Authority in respect of an entire new building, whichever shall be the earlier. The facility is for the purpose of construction of a new building, which is in part financed or refinanced by the facility.

Pursuant to the facility agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, ceases to beneficially own 50% or more of the entire issued voting share capital of the Company.

On 24 November 2011, four wholly-owned subsidiaries of the Company, as borrowers entered into a loan facility agreement with a bank in Hong Kong for an uncommitted revolving loan facility in the sum of HK\$21,000,000 and a foreign exchange contract facility on unadvised and uncommitted basis.

Pursuant to the loan facility agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, and his family, in aggregate hold less than 40% of the equity interest and voting shares of the Company.

On 27 March 2012, two wholly-owned subsidiaries of the Company entered into a loan facility agreement with a bank in Hong Kong in respect of general banking facilities of up to an aggregate amount of HK\$50,000,000 on uncommitted basis.

Pursuant to the facility agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, and his direct family members, hold less than 40 per cent of the equity interest of the Company and do not maintain control over the management of the Company.

On 29 March 2012, a wholly-owned subsidiary of the Company entered into a term loan facility of up to HK\$475,000,000 with a bank in Hong Kong for the exclusive purpose of refinancing an existing indebtedness between the subsidiary and the bank. The loan shall be repaid by twenty consecutive semi-annual installments with the first repayment date falls on six months after the date of the loan agreement.

Pursuant to the facility agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, and his family members, hold directly or indirectly less than 40 per cent of the equity interest and voting shares of the Company.

As at 31 March 2012 and up to the date of this announcement, there is no breach of this covenant.

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 2012.

REVIEW BY AUDIT COMMITTEE

The Group's annual results for the year ended 31 March 2012 have been reviewed by the Audit Committee which comprises three Independence Non-Executive Directors. The Audit Committee, together with the management, has reviewed the consolidated financial statements for the year ended 31 March 2012 of the Group.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in this annual results announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year ended 31 March 2012. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this annual results announcement.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 26 June 2012

As at the date of this announcement, the Board comprises Mr. Wong Ip Kuen (Chairman), Mr. Wong Tin Cheung, Ms. Wong Wai Man, Mr. Sun Chun Wai and Mr. Tsang Chiu Kwan as Executive Directors and Mr. Wu King Cheong, Mr. Chan, Bernard Charnwut 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>