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有利集團有限公司*
Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 406)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

HIGHLIGHTS

The Group reported revenue of HK\$4,433,441,000 (2023: HK\$3,524,655,000) for the six months ended 30 September 2024 (the “period”).

The gross profit for the period increased from HK\$303,454,000 to HK\$320,946,000.

Profit for the period was HK\$23,153,000 (2023: HK\$38,007,000).

Basic and diluted earnings per share were approximately HK5.62 cents (2023: HK8.74 cents).

The net asset value attributable to equity holders of the Company as at 30 September 2024 was HK\$1,541,223,000 (31 March 2024: HK\$1,505,164,000), equivalent to HK\$3.52 (31 March 2024: HK\$3.44) per share based on the 438,053,600 (31 March 2024: 438,053,600) ordinary shares in issue.

* *For identification purpose only*

INTERIM RESULTS

The Board of Directors (the “Board”) of Yau Lee Holdings Limited (the “Company”) is pleased to announce that the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2024 were as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2024

		Six months ended	
		30 September	
		2024	2023
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	4,433,441	3,524,655
Cost of sales	6	(4,112,495)	(3,221,201)
Gross profit		320,946	303,454
Other income and losses, net	5	6,004	8,986
Selling and distribution costs	6	(21,028)	(18,033)
Administrative expenses	6	(228,245)	(213,922)
Other operating expenses	6	(4,077)	(2,639)
Operating profit		73,600	77,846
Finance costs	7	(34,185)	(23,851)
Share of loss of an associate		(1)	(1)
Share of loss of joint ventures		(3,922)	(4,821)
Profit before income tax		35,492	49,173
Income tax expense	8	(12,339)	(11,166)
Profit for the period		23,153	38,007
Attributable to:			
Equity holders of the Company		24,619	38,267
Non-controlling interests		(1,466)	(260)
		23,153	38,007
Interim dividend	9	10,951	10,951
Earnings per share (basic and diluted)	10	HK5.62 cents	HK8.74 cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2024

	Six months ended	
	30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	23,153	38,007
Other comprehensive income		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>22,391</u>	<u>(54,090)</u>
Total comprehensive income/(loss) for the period	<u><u>45,544</u></u>	<u><u>(16,083)</u></u>
Attributable to:		
Equity holders of the Company	47,010	(15,823)
Non-controlling interests	<u>(1,466)</u>	<u>(260)</u>
Total comprehensive income/(loss) for the period	<u><u>45,544</u></u>	<u><u>(16,083)</u></u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET*As at 30 September 2024*

	30 September	31 March
	2024	2024
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	1,268,692	1,173,126
Investment properties	227,880	263,934
Other intangible assets	4,590	5,118
Goodwill	17,898	17,898
Associate	33	34
Joint ventures	49,247	51,936
Deferred income tax assets	4,908	4,908
Mortgage loans receivables	9,796	10,491
	<u>1,583,044</u>	<u>1,527,445</u>
Current assets		
Cash and bank balances	808,093	905,585
Trade debtors, net	11 1,147,680	869,238
Contract assets	2,079,817	1,872,425
Prepayments, deposits and other receivables	271,056	228,498
Mortgage loans receivables	1,357	1,320
Inventories	185,923	145,568
Completed properties held for sale	104,946	112,326
Due from a joint operation	5,004	6,590
Due from other partners of joint operations	29,585	12,626
Prepaid income tax	43,380	44,494
	<u>4,676,841</u>	<u>4,198,670</u>
Total assets	<u><u>6,259,885</u></u>	<u><u>5,726,115</u></u>

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET (Continued)
As at 30 September 2024

	30 September	31 March
	2024	2024
<i>Note</i>	HK\$'000	HK\$'000
EQUITY		
Share capital	87,611	87,611
Other reserves	407,179	384,788
Retained profits	<u>1,046,433</u>	<u>1,032,765</u>
Attributable to equity holders of the Company	1,541,223	1,505,164
Non-controlling interests	<u>(5,064)</u>	<u>(3,598)</u>
Total equity	<u>1,536,159</u>	<u>1,501,566</u>
LIABILITIES		
Non-current liabilities		
Long-term borrowings	530,000	441,500
Deferred income tax liabilities	10,167	10,199
Other non-current liabilities	<u>27,720</u>	<u>9,518</u>
	<u>567,887</u>	461,217
Current liabilities		
Short-term bank loans	1,579,436	1,506,261
Current portion of long-term borrowings	334,400	344,200
Payables to suppliers and subcontractors	602,393	605,358
Accruals, retention payables, deposits received and other liabilities	824,768	694,759
Income tax payable	13,023	5,197
Contract liabilities	787,195	597,933
Due to joint operations	9,624	9,624
Due to a partner of a joint operation	<u>5,000</u>	–
	<u>4,155,839</u>	<u>3,763,332</u>
Total liabilities	<u>4,723,726</u>	<u>4,224,549</u>
Total equity and liabilities	<u>6,259,885</u>	<u>5,726,115</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2024

	Attributable to equity holders of the Company							Sub-total	Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Currency translation reserve	Property revaluation reserve	Other reserve	Retained profits			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 1 April 2023	87,611	413,776	359	(39,325)	55,366	948	987,574	1,506,309	(2,306)	1,504,003
Profit/(loss) for the period	-	-	-	-	-	-	38,267	38,267	(260)	38,007
Other comprehensive income:										
Currency translation differences	-	-	-	(54,090)	-	-	-	(54,090)	-	(54,090)
2023 final dividend (<i>Note 9</i>)	-	-	-	-	-	-	(10,951)	(10,951)	-	(10,951)
As at 30 September 2023	<u>87,611</u>	<u>413,776</u>	<u>359</u>	<u>(93,415)</u>	<u>55,366</u>	<u>948</u>	<u>1,014,890</u>	<u>1,479,535</u>	<u>(2,566)</u>	<u>1,476,969</u>
As at 1 April 2024	87,611	413,776	359	(85,661)	55,366	948	1,032,765	1,505,164	(3,598)	1,501,566
Profit/(loss) for the period	-	-	-	-	-	-	24,619	24,619	(1,466)	23,153
Other comprehensive income:										
Currency translation differences	-	-	-	22,391	-	-	-	22,391	-	22,391
2024 final dividend (<i>Note 9</i>)	-	-	-	-	-	-	(10,951)	(10,951)	-	(10,951)
As at 30 September 2024	<u>87,611</u>	<u>413,776</u>	<u>359</u>	<u>(63,270)</u>	<u>55,366</u>	<u>948</u>	<u>1,046,433</u>	<u>1,541,223</u>	<u>(5,064)</u>	<u>1,536,159</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

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

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

Condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. The condensed consolidated interim financial information has been approved for issue by the Board of Directors on 27 November 2024.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The unaudited condensed consolidated interim financial information has been prepared under historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss and investment properties which are carried at fair value.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the audited consolidated financial statements for the year ended 31 March 2024.

3.1 Amendments to standards and interpretation adopted by the Group

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenant
Amendments to HKFRS 16	Lease liability in a Sales 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
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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.

3.2 New standards, amendments to standards and interpretation have been issued but are not yet effective

The following new standards, amendments to standards and interpretation have been published that are not mandatory for the financial year beginning on 1 April 2024 and have not been early adopted by the Group:

		Effective for accounting 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 Instrument	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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4. REVENUE AND SEGMENT INFORMATION

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Revenue		
Construction	3,430,681	2,548,130
Electrical and mechanical installation	945,200	914,263
Building materials supply	39,061	48,746
Property investment and development	10,878	1,278
Hotel operations	–	936
Others	7,621	11,302
	4,433,441	3,524,655

For the six months ended 30 September 2024, 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\$39,061,000 (2023: HK\$48,746,000) and others of HK\$7,038,000 (2023: HK\$9,944,000), which were recognised at a point in time. The revenue from other source (rental income included in property investment and development and hotel operations) amounted to HK\$1,928,000 (2023: HK\$2,214,000).

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction <i>HK\$'000</i>	Electrical and mechanical installation <i>HK\$'000</i>	Building materials supply <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended							
30 September 2024							
Total revenue	3,523,320	1,304,436	435,667	10,918	-	92,539	5,366,880
Inter-segment and intra-segment revenue	(92,639)	(359,236)	(396,606)	(40)	-	(84,918)	(933,439)
External revenue	<u>3,430,681</u>	<u>945,200</u>	<u>39,061</u>	<u>10,878</u>	<u>-</u>	<u>7,621</u>	<u>4,433,441</u>
Segment results	63,053	18,594	5,482	(12,040)	(6,411)	(2,733)	65,945
Share of loss of an associate	-	(1)	-	-	-	-	(1)
Share of loss of joint ventures	-	-	(3,922)	-	-	-	(3,922)
	<u>63,053</u>	<u>18,593</u>	<u>1,560</u>	<u>(12,040)</u>	<u>(6,411)</u>	<u>(2,733)</u>	<u>62,022</u>
Unallocated income							7,655
Finance costs							(34,185)
Profit before income tax							35,492
Income tax expense							(12,339)
Profit for the period							<u>23,153</u>
	Construction <i>HK\$'000</i>	Electrical and mechanical installation <i>HK\$'000</i>	Building materials supply <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended							
30 September 2023							
Total revenue	2,619,748	1,321,870	398,154	101,457	936	59,482	4,501,647
Inter-segment and intra-segment revenue	(71,618)	(407,607)	(349,408)	(100,179)	-	(48,180)	(976,992)
External revenue	<u>2,548,130</u>	<u>914,263</u>	<u>48,746</u>	<u>1,278</u>	<u>936</u>	<u>11,302</u>	<u>3,524,655</u>
Segment results	43,145	10,632	27,962	(3,234)	(4,237)	(8,672)	65,596
Share of loss of an associate	-	(1)	-	-	-	-	(1)
Share of loss of joint ventures	-	-	(4,821)	-	-	-	(4,821)
	<u>43,145</u>	<u>10,631</u>	<u>23,141</u>	<u>(3,234)</u>	<u>(4,237)</u>	<u>(8,672)</u>	<u>60,774</u>
Unallocated income							12,250
Finance costs							(23,851)
Profit before income tax							49,173
Income tax expense							(11,166)
Profit for the period							<u>38,007</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

5. OTHER INCOME AND LOSSES, NET

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Other income		
Bank interest income	8,259	5,110
Interest income from subcontractors	332	488
Sundry income	6,441	4,725
	<u>15,032</u>	<u>10,323</u>
Other losses, net		
Gain on disposal of property, plant and equipment, net	970	2,734
Fair value loss on investment properties, net	(11,654)	(2,455)
Exchange gain/(loss), net	1,656	(1,616)
	<u>(9,028)</u>	<u>(1,337)</u>
	<u>6,004</u>	<u>8,986</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

6. EXPENSES BY NATURE

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Cost of construction	3,207,425	2,425,789
Cost of inventories sold	213,524	238,253
Cost of properties sold	7,380	–
Staff costs (including directors' emoluments)	717,898	629,800
Depreciation		
Owned property, plant and equipment	30,877	30,081
Leased property, plant and equipment	14,040	10,912
	44,917	40,993
Expenses relating to short-term leases of		
Land and buildings	1,831	1,791
Other equipment	88,182	45,049
	90,013	46,840
Amortisation of other intangible assets	528	528
Movement in loss allowance for trade debtors	(2,891)	486
Auditor's remuneration	2,517	2,473
Direct operating expenses arising from investment properties		
– Generate rental income	815	249
– Not generate rental income	37	36
Selling and distribution costs	21,028	18,033
Others	62,654	52,315
Total cost of sales, selling and distribution costs, administrative and other operating expenses	4,365,845	3,455,795

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

7. FINANCE COSTS

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest on short-term bank loans	43,553	21,624
Interest on long-term bank loans	25,172	16,757
Interest element of lease payments	1,259	277
	<u>69,984</u>	<u>38,658</u>
Total borrowing costs incurred		
Less: Classified as cost of construction	(35,799)	(14,807)
	<u>34,185</u>	<u>23,851</u>

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the applicable rates of 8.25% and 16.5% (2023: 8.25% and 16.5%) on the estimated assessable profits for the six months ended 30 September 2024. Under the two-tiered profits tax rates regime introduced on 29 March 2018, Hong Kong profits tax rate for the first HK\$2 million of assessable profits is 8.25%. Assessable profits above HK\$2 million is at the rate of 16.5%.

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

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

	Six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong profits tax provision for the period	11,898	11,269
Non-Hong Kong tax provision for the period	559	–
(Over)/under provision in prior years	(31)	68
Deferred income tax relating to the origination and reversal of temporary differences	(87)	(171)
	<u>12,339</u>	<u>11,166</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

9. DIVIDENDS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Dividends payable during the period		
Final in respect of the financial year ended 31 March 2024 – HK2.50 cents (2023: HK2.50 cents) per ordinary share	<u>10,951</u>	<u>10,951</u>
Declared interim dividend		
Interim – HK2.50 cents (2023: HK2.50 cents) per ordinary share	<u>10,951</u>	<u>10,951</u>

The interim dividend was declared after the period ended 30 September 2024, and therefore has not been included as a liability in the unaudited condensed consolidated balance sheet. The interim dividend will be paid to the shareholders whose names appear on the Company's register of members on 20 December 2024.

10. EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of earnings per share is based on:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
Net profit attributable to the equity holders of the Company	<u>24,619</u>	<u>38,267</u>
Weighted average number of shares in issue during the period	438,053,600	438,053,600
Basic earnings per share	<u>HK5.62 cents</u>	<u>HK8.74 cents</u>

Diluted earnings per share for the six months ended 30 September 2024 and 2023 are equal to basic earnings per share as there are no potential dilutive shares in issue during the periods.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

11. TRADE DEBTORS, NET

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

The trade debtors are due from 30 days to 150 days after invoicing depending on the nature of services or products. The aging analysis of the trade debtors, net by overdue day(s) is as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Current	998,844	755,851
1-30 days	51,334	42,775
31-90 days	37,200	19,189
91-180 days	17,966	22,563
Over 180 days	42,336	28,860
	<u>148,836</u>	<u>113,387</u>
	<u>1,147,680</u>	<u>869,238</u>

12. PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

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

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Current	535,127	553,238
1-30 days	50,787	39,164
31-90 days	2,948	9,176
91-180 days	9,726	1,601
Over 180 days	3,805	2,179
	<u>67,266</u>	<u>52,120</u>
	<u>602,393</u>	<u>605,358</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(Continued)*

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 30 September 2024, 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\$779,324,000 (31 March 2024: HK\$766,422,000) in favour of the Group's customers.
- (c) As at 30 September 2024, the Group has capital expenditure contracted for but not yet incurred in relation to joint ventures of approximately RMB26,036,000 (31 March 2024: RMB26,036,000) and nil (31 March 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:

	30 September 2024 <i>HK\$'000</i>	31 March 2024 <i>HK\$'000</i>
Land and buildings Within one year	—	14

MANAGEMENT DISCUSSION AND ANALYSIS

Interim Results and Review of Operation

The Group's businesses have continued their growth in the first half of the year. We delivered a resilient performance, albeit the overall construction industry appears stagnant because of decreased activities in the private sector.

The Group's revenue in the first half of the year up 26% to HK\$4,433 million (2023: HK\$3,525 million). We achieved growths in most of the key business segments. The Construction segment reported revenue of HK\$3,431 million, up 35% on the prior year figure. The Electrical and mechanical installation ("E&M") segment revenue was HK\$1,304 million (2023: HK\$1,322 million) which was comparable to prior period. The Building material supply business revenue increased by 9% to HK\$436 million (2023: HK\$398 million). The record contract levels across all core segments underpinned the revenue growths in the period and will last till the end of the year.

Consolidated gross profit was HK\$321 million, representing an increase of HK\$18 million or 6% over the prior period. The overall gross profit margin reduced from 9% to 7% as both Construction segment and the Building material supply segment recorded a drop in gross profits margin. In one of the ongoing Design and Construction projects, a newly developed building method was trial tested, causing far more costs than we anticipated and drove down the profitability of the segment. As to the building material supply, majority of on-hand contracts are Modular Integrated Construction ("MiC") related. It was noted that the gross profits margin of certain products like moulding dropped because of the complexity in product development. Besides, more costs were incurred for the production line conversions and storage space rental to cater for production line expansion. The factory management is looking into the ways to further increase the efficiency and hence the profitability.

Total operating expenses raised by HK\$18 million to HK\$253 million (2023: HK\$235 million), driven mainly by the transportation costs, salaries and tender expenses. The rise in transportation cost was in line with the increase in factory revenue. Salaries were up reflecting expanded manpower for business growth. Besides, more tender costs were expended in the period when the bidding outcomes were known.

Consolidated net profit before tax for the period was HK\$35 million, as compared to HK\$49 million in prior period. The profit was hit by the rise in investment properties' revaluation losses and increased interest expenses resulting from current high interest rates environment and more borrowing for project working capital.

As at 30 September 2024, the value of contracts in hand was around HK\$37,426 million, as compared to HK\$40,788 million as at 31 March 2024. Given the record new contracts sum secured in last year, we already envisaged a slow down in new contracts in this year because of a more selective bidding approach to adopt. In the first half of the year, the Group secured new contracts of HK\$1,789 million whilst the amount was HK\$11,795 million in prior period. After the period end, we were awarded the last Design and Construction contract for Light Public Housing. As a number of MiC related construction works were tendered out in last year, we think we may obtain a few more in the second half of the year, replenishing the order book.

Movement of Contracts

For the six months ended 30 September 2024

	31 March 2024 <i>HK\$'million</i>	Contracts Secured <i>HK\$'million</i>	Completed <i>HK\$'million</i>	30 September 2024 <i>HK\$'million</i>
Building construction, renovation and maintenance	30,550	1,203	(4,446)	27,307
Electrical and mechanical installation	13,402	843	(1,562)	12,683
Building materials supply	4,391	183	(148)	4,426
Others	16	7	(11)	12
Less: Inter-segment contracts	<u>(7,571)</u>	<u>(447)</u>	<u>1,016</u>	<u>(7,002)</u>
	<u>40,788</u>	<u>1,789</u>	<u>(5,151)</u>	<u>37,426</u>

Financial Position

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 30 September 2024, the Group's total cash and bank balances was HK\$808 million (31 March 2024: HK\$906 million) and total borrowings was HK\$2,444 million (31 March 2024: HK\$2,292 million). As some large E&M 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 financing of new construction projects and the refurbishment work of our hotel property. The current ratio (total current assets: total current liabilities) as at 30 September 2024 was 1.1 (31 March 2024: 1.1). The amount of bank loans and other facilities fall due beyond one year was HK\$530 million (31 March 2024: HK\$442 million). With prudent financial management policy in place, the Group considers the financial position as healthy with sufficient liquidity.

All the bank borrowings are arranged on a floating rate basis. The Group will closely monitor and manage its exposure to interest rate fluctuations and consider engaging relevant hedging arrangements when appropriate. As at 30 September 2024, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK\$5,605 million (31 March 2024: HK\$3,825 million), of which HK\$3,118 million (31 March 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 and capital expenditure requirements.

Human Resources

As at 30 September 2024, the Group had approximately 4,100 (31 March 2024: 3,900) employees. There are approximately 3,200 (31 March 2024: 3,000) employees in Hong Kong, Macau and Singapore and 900 (31 March 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 is firmly committed to training and staff development. We work continuously to ensure employees can realise their full potentials and thus to foster their development to the Group.

Outlook

The recovery of Hong Kong economy is hampered by high interest rates, slowing down global economic activities and geopolitical tensions. The local real estate markets especially the commercial and retail sectors are facing a downturn. Many private projects have been suspended or postponed, resulting in many construction companies experiencing liquidity issues caused by reductions in jobs and delayed payments. As the Group engages mainly in public works, it is not impacted primarily. Positive momentum continues in the strong and steadily growing public work sector, underpinned by the government's plan to invest in transportation and energy infrastructure and its determinant to address the city's housing issues. However, the market prospect is not without challenges. For instance, there were performance issues of subcontractors who suffered from their private project businesses. We have to stay alert and strengthen the risk controls over contractor management. Also, the long-standing problems of manpower and subcontractor shortages and costs inflation are still lingering.

Moving forward, we continue to focus primarily the relatively low risk public work sector whilst expanding the environmental protection related businesses. Hong Kong strives to achieve carbon neutrality by 2050. The City released the Climate Action Plan 2030+ and committed to reduce carbon emission by 26%–36% from 2005 levels by 2030. More and more corporations increase their awareness and take actions to transition to a low-carbon economy. The green business sector gives significant market opportunities. In addition to the provision of more green products and solutions, we expand the environmental engineering business through our E&M subsidiary. We grow our market share in environmental infrastructure businesses by collaborating with international specialists in the field. Exponential growth in this area is envisaged.

For sustainable growth, the Group stands firm on its strategy of “Being an innovative green corporation”. Innovation is a key to the business growth and sustainable return. We would drive efficiency and quality by cutting-edges technologies including but not limited to Artificial intelligence (A.I.), digital construction and robots. The Group is well-poised for further development based on its edges and long-standing local position in the industry.

INTERIM DIVIDEND

On 27 November 2024, the Board has resolved to declare the payment of an interim dividend of HK2.50 cents (2023: HK2.50 cents) per ordinary share in respect of the six months ended 30 September 2024 to shareholders registered on the register of members on 20 December 2024. The interim dividend will be payable on or before 15 January 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 December 2024 (Wednesday) to 20 December 2024 (Friday), both days inclusive, during which period no transfer of shares shall be effected. To qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 17 December 2024 (Tuesday).

DIRECTORS' INTERESTS

At the date of this announcement, the interests of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Shares of HK\$0.2 each in the Company

Director	Number of shares held (long position)	
	Corporate interest	Percentage
Mr. Wong Ip Kuen	267,642,599	61.10%

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

DIRECTORS' INTERESTS (CONTINUED)

During the six months ended 30 September 2024, none of the Directors and chief executives (including their spouses and minor children) had any interests in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

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

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

As at 30 September 2024, the register of substantial shareholders maintained under Section 336 of Part XV of the SFO showed that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold the Company's listed securities during the six months ended 30 September 2024.

REVIEW OF INTERIM FINANCIAL INFORMATION

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

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 Listing Rules. The Company strives to improve the transparency of its corporate governance practices and maximise the return to its shareholders through prudent management, investment and treasury policies. Detailed disclosure of the Company's corporate governance practices is available in the 2023/2024 Annual Report.

COMPLIANCE WITH LISTING RULES

In the opinion of the Directors, the Company has complied with the requirements of the Code as set out in Appendix C1 of the Listing Rules for the six months ended 30 September 2024 except for the Code provision C.2.1.

Code provision C.2.1 requires the roles of chairman and chief executive officer be separated and not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. However, the roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Wong Ip Kuen. The current structure enables the Company to make and facilitate the implementation of decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the requirements of the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding the securities transactions of the Directors of the Company. Having made specific enquiries to all Directors of the Company, they have confirmed that they complied with the required standard set out in the Model Code during the six months ended 30 September 2024.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 27 November 2024

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/>*