

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2024

HIGHLIGHTS

The Group reported revenue of HK\$7,811,653,000 (2023: HK\$6,685,961,000) for the year.

The gross profit for the year was HK\$682,482,000 (2023: HK\$552,313,000).

Profit for the year increased from HK\$47,972,000 to HK\$65,801,000.

Basic and diluted earnings per share was approximately HK15.32 cents (2023: HK11.33 cents).

The net asset value attributable to equity holders of the Company as at 31 March 2024 was HK\$1,505,164,000 (2023: HK\$1,506,309,000), equivalent to HK\$3.44 (2023: HK\$3.44) per share based on the 438,053,600 (2023: 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 2024 together with comparative figures for the year ended 31 March 2023 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	7,811,653	6,685,961
Cost of sales	5	<u>(7,129,171)</u>	<u>(6,133,648)</u>
Gross profit		682,482	552,313
Other income and losses, net	4	13,221	9,625
Selling and distribution costs	5	(40,772)	(13,155)
Administrative expenses	5	(485,626)	(444,034)
Other operating expenses	5	<u>(4,791)</u>	<u>(4,028)</u>
Operating profit		164,514	100,721
Finance costs	6	(56,109)	(24,961)
Share of loss of an associate		(1)	(86)
Share of loss of joint ventures		(11,925)	(8,149)
Impairment loss of investment in a joint venture		<u>(10,167)</u>	<u>–</u>
Profit before income tax		86,312	67,525
Income tax expense	7	<u>(20,511)</u>	<u>(19,553)</u>
Profit for the year		<u>65,801</u>	<u>47,972</u>
Attributable to:			
Equity holders of the Company		67,093	49,636
Non-controlling interests		<u>(1,292)</u>	<u>(1,664)</u>
		<u>65,801</u>	<u>47,972</u>
Dividend	8	<u>21,902</u>	<u>21,902</u>
Earnings per share (basic and diluted)	9	<u>HK15.32 cents</u>	<u>HK11.33 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	65,801	47,972
Other comprehensive income		
<i>Item that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>(46,336)</u>	<u>(63,144)</u>
Total comprehensive income/(loss) for the year	<u>19,465</u>	<u>(15,172)</u>
Attributable to:		
Equity holders of the Company	20,757	(13,508)
Non-controlling interests	<u>(1,292)</u>	<u>(1,664)</u>
Total comprehensive income/(loss) for the year	<u>19,465</u>	<u>(15,172)</u>

CONSOLIDATED BALANCE SHEET

As at 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		1,173,126	1,095,279
Investment properties		263,934	170,100
Other intangible assets		5,118	6,174
Goodwill		17,898	17,898
Associate		34	35
Joint ventures		51,936	77,381
Deferred income tax assets		4,908	4,177
Mortgage loans receivables		10,491	11,786
		<u>1,527,445</u>	<u>1,382,830</u>
Current assets			
Cash and bank balances		905,585	742,581
Trade debtors, net	10	869,238	702,764
Contract assets		1,872,425	1,342,793
Prepayments, deposits and other receivables		228,498	224,950
Mortgage loans receivables		1,320	1,249
Inventories		145,568	154,482
Completed properties held for sale		112,326	222,760
Due from a joint operation		6,590	7,938
Due from other partners of joint operations		12,626	19,838
Prepaid income tax		44,494	48,474
		<u>4,198,670</u>	<u>3,467,829</u>
Total assets		<u>5,726,115</u>	<u>4,850,659</u>

CONSOLIDATED BALANCE SHEET(Continued)

As at 31 March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Equity			
Share capital		87,611	87,611
Other reserves		384,788	431,124
Retained profits		<u>1,032,765</u>	<u>987,574</u>
Attributable to equity holders of the Company		1,505,164	1,506,309
Non-controlling interests		(3,598)	(2,306)
Total equity		<u>1,501,566</u>	<u>1,504,003</u>
Liabilities			
Non-current liabilities			
Long-term borrowings		441,500	449,200
Deferred income tax liabilities		10,199	9,690
Other non-current liabilities		<u>9,518</u>	<u>8,602</u>
		<u>461,217</u>	<u>467,492</u>
Current liabilities			
Short-term bank loans		1,506,261	880,394
Current portion of long-term borrowings		344,200	37,400
Payables to suppliers and subcontractors	11	605,358	383,035
Accruals, retention payables, deposits received and other liabilities	12	694,759	878,783
Income tax payable		5,197	11,004
Contract liabilities		597,933	676,891
Due to joint operations		9,624	2,799
Due to a partner of a joint operation		<u>–</u>	<u>8,858</u>
		<u>3,763,332</u>	<u>2,879,164</u>
Total liabilities		<u>4,224,549</u>	<u>3,346,656</u>
Total equity and liabilities		<u>5,726,115</u>	<u>4,850,659</u>

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 Hong Kong Financial Reporting Standards (“HKFRSs”) 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 HKFRSs 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) New standard and amendments to standards adopted by the Group

The Group has applied the following new standard and amendments to standards for the first time for their annual reporting period commencing on 1 April 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
HKFRS 17	Insurance Contracts and the Related Amendments
HKFRS 17	Initial Application of HKFRS and HKFRS 9 — Comparative Information

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

NOTES (Continued)

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

(b) Amendments to standards and interpretation not yet adopted by the Group

Certain amendments to standards and interpretation have been published that are not mandatory for 31 March 2024 reporting period and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenant	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
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 amendments to standards and interpretation and does not expect that they would have any significant impact to its results of operation and financial position.

NOTES (Continued)

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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
Construction	5,604,081	4,413,759
Electrical and mechanical installation	2,079,920	2,139,573
Building materials supply	86,295	87,715
Property investment and development	12,466	2,487
Hotel operations	936	1,934
Others	27,955	40,493
	<u>7,811,653</u>	<u>6,685,961</u>

(b) Segment information

For the year ended 31 March 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\$86,295,000 (2023: HK\$87,715,000), property sales of HK\$9,800,000 (2023: nil) and others of HK\$25,719,000 (2023: HK\$33,280,000), 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\$3,602,000 (2023: HK\$4,421,000).

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 2024							
Total sales	5,884,655	2,930,790	801,216	112,721	936	138,005	9,868,323
Inter-segment sales	(280,574)	(850,870)	(714,921)	(100,255)	-	(110,050)	(2,056,670)
External sales	<u>5,604,081</u>	<u>2,079,920</u>	<u>86,295</u>	<u>12,466</u>	<u>936</u>	<u>27,955</u>	<u>7,811,653</u>
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)
	<u>125,852</u>	<u>43,726</u>	<u>(7,532)</u>	<u>(16,118)</u>	<u>(11,673)</u>	<u>(9,972)</u>	<u>124,283</u>
Unallocated income							18,138
Finance costs							(56,109)
Profit before income tax							86,312
Income tax expense							(20,511)
Profit for the year							<u>65,801</u>
Year ended 31 March 2023							
Total sales	4,441,663	2,616,238	372,792	2,593	1,934	149,680	7,584,900
Inter-segment sales	(27,904)	(476,665)	(285,077)	(106)	-	(109,187)	(898,939)
External sales	<u>4,413,759</u>	<u>2,139,573</u>	<u>87,715</u>	<u>2,487</u>	<u>1,934</u>	<u>40,493</u>	<u>6,685,961</u>
Segment results	117,378	65,911	(53,212)	(10,157)	(16,892)	(9,442)	93,586
Share of loss of an associate	-	(86)	-	-	-	-	(86)
Share of loss of joint ventures	-	-	(8,149)	-	-	-	(8,149)
	<u>117,378</u>	<u>65,825</u>	<u>(61,361)</u>	<u>(10,157)</u>	<u>(16,892)</u>	<u>(9,442)</u>	<u>85,351</u>
Unallocated income							7,135
Finance costs							(24,961)
Profit before income tax							67,525
Income tax expense							(19,553)
Profit for the year							<u>47,972</u>

NOTES (Continued)

3 REVENUE AND SEGMENT INFORMATION (Continued)

The analysis of revenue by geographical area is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	7,550,333	6,428,548
Non-Hong Kong	<u>261,320</u>	<u>257,413</u>
	<u>7,811,653</u>	<u>6,685,961</u>

Revenue of approximately HK\$3,923,403,000 (2023: HK\$3,382,983,000) are derived from two (2023: three) 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	1,021,331	819,600
Non-Hong Kong	<u>490,715</u>	<u>547,267</u>
	<u>1,512,046</u>	<u>1,366,867</u>

4 OTHER INCOME AND LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Bank interest income	11,729	5,239
Interest income from subcontractors	919	2,370
Sundry income	<u>9,718</u>	<u>10,591</u>
	----- 22,366 -----	-----18,200-----
Other losses, net		
Gain/(loss) on disposal of property, plant and equipment, net	2,711	(351)
Fair value loss on investment properties	(11,855)	(7,140)
Exchange loss, net	<u>(1)</u>	<u>(1,084)</u>
	----- (9,145) -----	----- (8,575) -----
	<u>13,221</u>	<u>9,625</u>

NOTES (Continued)**5 EXPENSES BY NATURE**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of construction	5,379,103	4,880,804
Cost of inventories sold	505,432	233,241
Cost of properties sold	9,800	–
Staff costs (excluding directors' emoluments)*	1,368,175	1,169,133
Directors' emoluments	28,927	27,481
Depreciation		
Owned property, plant and equipment	59,725	68,707
Leased property, plant and equipment	23,780	22,872
	83,505	91,579
Expenses relating to short-term leases of		
Land and buildings	2,418	2,794
Other equipment	112,041	50,082
	114,459	52,876
Amortisation of other intangible assets	1,056	1,056
Movement in loss allowance for trade debtors	4,403	8,200
(Write-back of provision)/provision for inventories	(20)	69
Auditors' remuneration		
– Audit services	5,297	5,294
– Non-audit services	423	977
Direct operating expenses arising from investment properties		
– Generate rental income	510	582
– Not generate rental income	66	59
Selling and distribution costs	40,772	13,155
Others	118,452	110,359
Total cost of sales, selling and distribution costs, administrative and other operating expenses	7,660,360	6,594,865

* During the year ended 31 March 2023, subsidies of approximately HK\$30,716,000 from the Employment Support Scheme under Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region were recognised in “cost of sales” and “administrative expenses” and offset against the “staff costs”.

NOTES (Continued)

6 FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on short-term bank loans	60,263	24,355
Interest on long-term bank loans	40,568	14,454
Interest element of lease payments	861	545
	<hr/>	<hr/>
Total borrowing costs incurred	101,692	39,354
Less: Classified as cost of construction	(45,583)	(14,393)
	<hr/>	<hr/>
	56,109	24,961
	<hr/> <hr/>	<hr/> <hr/>

7 INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong profits tax provision for the year	20,317	13,637
Non-Hong Kong tax provision for the year	454	159
(Over)/under-provision in prior years	(165)	275
Deferred income tax relating to the origination and reversal of temporary differences	(95)	5,482
	<hr/>	<hr/>
	20,511	19,553
	<hr/> <hr/>	<hr/> <hr/>

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 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% (2023: 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% (2023: 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 (2023: 12%).

NOTES (Continued)

8 DIVIDEND

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend paid during the year		
Interim – HK2.50 cents (2023: HK2.50 cents) per ordinary share	10,951	10,951
Proposed final dividend		
Final – HK2.50 cents (2023: HK2.50 cents) per ordinary share	<u>10,951</u>	<u>10,951</u>
	<u>21,902</u>	<u>21,902</u>

In the Board meeting held on 24 June 2024, the Directors recommended the payment of a final dividend of HK2.50 cents (2023: HK2.50 cents) per share, totalling of HK\$10,951,000 (2023: HK\$10,951,000) for the year ended 31 March 2024.

9 EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of earnings per share is based on:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net profit attributable to the equity holders of the Company	67,093	49,636
	2024	2023
Weighted average number of shares in issue during the year	438,053,600	438,053,600
Basic earnings per share	<u>HK15.32 cents</u>	<u>HK11.33 cents</u>

Diluted earnings per share for the years ended 31 March 2024 and 2023 are equal to basic earnings per share as there are no potential dilutive shares in issue during the years.

10 TRADE DEBTORS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade debtors	493,475	366,195
Retention receivables	422,808	383,481
Loss allowance	<u>(47,045)</u>	<u>(46,912)</u>
	<u>869,238</u>	<u>702,764</u>

NOTES (Continued)

10 TRADE DEBTORS, NET (Continued)

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

	2024 HK\$'000	2023 HK\$'000
Current	<u>755,851</u>	<u>609,570</u>
1-30 days	42,775	16,761
31-90 days	19,189	18,933
91-180 days	22,563	19,610
Over 180 days	<u>28,860</u>	<u>37,890</u>
	<u>113,387</u>	<u>93,194</u>
	<u><u>869,238</u></u>	<u><u>702,764</u></u>

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:

	2024 HK\$'000	2023 HK\$'000
Current	<u>553,238</u>	<u>339,948</u>
1-30 days	39,164	34,425
31-90 days	9,176	4,067
91-180 days	1,601	1,325
Over 180 days	<u>2,179</u>	<u>3,270</u>
	<u>52,120</u>	<u>43,087</u>
	<u><u>605,358</u></u>	<u><u>383,035</u></u>

12 ACCRUALS, RETENTION PAYABLES, DEPOSITS RECEIVED AND OTHER LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Retention payables	334,798	348,117
Other deposits	20,824	20,227
Due to non-controlling interests (Note)	15,785	15,785
Lease liabilities	13,035	14,512
Others	<u>310,317</u>	<u>480,142</u>
	<u><u>694,759</u></u>	<u><u>878,783</u></u>

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

NOTES (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 31 March 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\$766,422,000 (2023: HK\$448,057,000) in favour of the Group's customers.
- (c) As at 31 March 2024, the Group has capital expenditure contracted for but not yet incurred in relation to plant and equipment and joint ventures of approximately HK\$9,000 (2023: HK\$717,000) and RMB26,036,000 (2023: RMB26,036,000) respectively.
- (d) The future aggregate minimum lease rental payable under non-cancellable short-term leases is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Land and buildings		
Within one year	<u>14</u>	<u>–</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS FOR THE YEAR

As we continue to execute on our strategies, we are well placed to deliver a pleasing result. All major segments performed well in the year.

The Group generated revenue of HK\$7,812 million, up 17% year on year. All major segments reported increases, of which the construction segment and building material supply segment got the strong growths of 32% and 115% respectively. We anticipate revenue would rise also next year given the strong orders on hand.

The Group's consolidated gross profit also increased strongly year on year by HK\$130 million or 24%. Overall gross margin improved from last year's 8.3% to this year's 8.7%. The margin of construction segment remained steady whilst the gross margin of Electrical and Mechanical Installation (E&M) segment improved because of the substantial amounts of work done recognised in some sizable projects at the peak construction periods.

Total operating expenses raised from HK\$461 million to HK\$531 million, up by 15% over the prior year. Staff costs and the factory's transportation costs attributed most to the increases. The rise in staff costs reflected changes in headcounts and salaries increments. As at 31 March 2024, total number of employees grew by 9% year on year to cope with the expanding businesses. Also, the annual pay increments drove up the costs too. A study from a consultancy firm forecasted that a shortage of 40,000 workers, 6,500 professionals and 8,500 technicians and site supervisory personnel is expected by 2027, representing 15-20% shortage of manpower in construction. Albeit a series of measures to alleviate manpower shortage launched by the HKSAR Government (the "Government"), the rising staff cost would still be the top cost driver of the industry in near term. The factory transportation costs surged partly because of the rise in delivery volume and partly because of the additional costs carried forward from the pandemic time. During the pandemic time, transportation costs escalated because of the logistic chain disruptions. These lifted-up costs lasted until recently that some reductions were noted.

Consolidated net profit before tax was HK\$86 million, exceeding last year by HK\$19 million or 28%. The net profit was affected by two losses generated by the Mainland joint ventures. An impairment provision of HK\$10 million was made for our investment in Luoyang Joint Venture and another approximately HK\$12 million for the operation losses incurred by the three joint ventures in Mainland. These two losses have no impact on cash and not from our core businesses. The net profit derived from the Group's ordinary operating activities would be up by HK\$22 million more if these two losses were excluded. And the profits should be uplifted further after the hotel reopens later this year.

The Group succeeded in getting record contracts on hand and new orders this year. As at 31 March 2024, our contracts on hand reached HK\$40,788 million, up by 81% over prior year. New contracts secured was HK\$20,281 million, up by 211% year on year. We got strong growth across major segments. Construction, E&M and building material supply reported increases of 336%, 42%, and 238% respectively comparing to last year. The surge in new orders shows our strategy is delivering for the Group.

DIVIDEND

In the Board meeting held on 24 June 2024, the Directors recommended the payment of a final dividend of HK2.50 cents (2023: HK2.50 cents) per share. Together with the interim dividend of HK2.50 cents (2023: HK2.50 cents) per share, total distribution is HK5.00 cents (2023: HK5.00 cents) per share this year. The recommended final dividend, subject to the approval by the shareholders of the Company at the forthcoming Annual General Meeting (“AGM”) which is scheduled to be held on 29 August 2024 (Thursday), will be payable on 10 October 2024 (Thursday) to the shareholders whose names appear on the register of members of the Company on 25 September 2024 (Wednesday).

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 26 August 2024 (Monday) to 29 August 2024 (Thursday) (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 29 August 2024 (Thursday).

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 23 August 2024 (Friday).

CLOSURE OF REGISTER OF MEMBERS FOR PAYMENT OF FINAL DIVIDEND

The register of members of the Company will be closed from 23 September 2024 (Monday) to 25 September 2024 (Wednesday) (both days inclusive) for the purpose of determining the identity of members who are entitled to the recommended final dividend of HK2.50 cents per share for the year ended 31 March 2024, following the approval at the AGM.

In order to qualify for the recommended 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 20 September 2024 (Friday).

REVIEW OF OPERATIONS

Building construction, renovation and maintenance

As anticipated in last year's report, the segment revenue increased and delivered a record income of almost HK\$5 billion, up by 27% year on year. The Group's leading Modular Integrated Construction ("MiC") technology has brought us fruitful results this year. We were awarded four public housing projects, amounting to a record HK\$17 billion, surged by 336% year on year. All would be built using the Group's different types of patented concrete MiC technologies. Considering the high level of orders on hand, we may project a smaller new order in-take next year. We will be more selective in bidding new jobs, pursuing jobs with higher margins.

We are currently constructing over 25,000 housing units which consist of more than 60,000 MiC/volumetric prefabricated units, among which the first high-rise MiC for sale development in Hong Kong: the Housing Society's Hung Shui Kiu project is nearing completion. It is a record-breaking project with 4-day construction cycle, 75% site manpower saving, 100% repeated mould usage, 80% MiC and precast ratio with an advanced Integrated Balcony where the balcony unit was integrated with the same floor MiC module. The project was awarded the Outstanding MiC Project by the Construction Industry Council. Also, it was awarded the "Outstanding Award for Green and Sustainable Loan Issuer (Social Trade Financing project of Construction Industry) – Visionary Social Loan Framework" by Hong Kong Quality Assurance Agency. We are the first building contractor being recognized in this first of its kind social loan award. This year, our various MiC projects have won more than ten different awards, representing testaments to our technical competence and focus on sustainable construction which will drive us to continue to deliver more powerful solutions that support and benefit the industry and the community as a whole.

In addition to MiC, the Group's Multi-trade integrated Mechanical, Electrical and Plumbing ("MiMEP") capability is also a competitive edge in fitting-out, repair and maintenance works. We completed the Lai Wan market reconstruction, Hong Kong's first market under the flyover adopting MiC and MiMEP in just ten months. In this project, MiC modules were designed according to the specific needs of different types of stalls which could enhance operational efficiency and space utilization. Customers' needs are not compromised whilst we drive for operational efficiency through standardization.

For the successful implementation of MiC and MiMEP, our leading capabilities in smart construction solutions play a pivotal role. BEANiE is one of our cutting-edge digital solutions created to facilitate the full lifecycle management of MiC. It is a perfect showcase of the Digital Works Supervision System ("DWSS") and Smart Site Safety System ("SSSS") which the Government is currently promoting.

BEANiE is Hong Kong's first Building Information Modelling ("BIM") – enabled blockchain multifunctional platform, designed to improve the full lifecycle management of MiC in particular traceability, from manufacturing, quality assurance ("QA") and quality control ("QC"), delivery, installation, safety, handover to maintenance, via the adoption of Radio Frequency Identification (RFID), BIM and blockchain technologies. BEANiE enables users to properly record, register, file or upload the test/inspection data to reliable online platform for a real time tracking and monitoring the status of every single MiC unit at each step of production. It is a highly secured multifunctional and multilayer platform to provide the most efficient way for the whole project team to communicate seamlessly without geographical limitation for the enhanced productivity, improved quality as well as reduced costs and time in terms of MiC production and installation. It was developed in Year 2018 and firstly applied in Year 2019 in the Disciplined Services Quarters for the Fire Services Department at Pak Shing Kok, Hong Kong's first-ever concrete MiC project.

With the endorsement from our various major customers, the platform is now adopted in each of our major building projects. The platform has been progressing continually to extend the coverage and to fit for various clients' needs. From the initial BEANiE 1.0 catering the management of MiC production, QA/QC, delivery and installation, BEANiE has gradually developed to include Digital Works Supervision Systems (BEANiE 2.0), fleet management and drivers' wellness (BEANiE 3.0), CCTV and Dashboard (BEANiE 4.0), Traceability and Safety/Smart Site Safety System (BEANiE 5.0) and Smart Command Theatre (BEANiE 6.0).

Smart construction solutions represent the future of the industry. The integration of our leading MiC technologies and digital solutions enables us staying competitive, improving project performances and contributing to the industry's advancement.

Electrical and mechanical installation

As one of the leading E&M specialists in the industry, the segment delivered again solid business growth. Segment revenue was HK\$2,931 million, representing an increase of HK\$315 million or 12% compared to the prior year. Besides, we were awarded a record new orders of HK\$4,075 million, driving up the contract value on hand to the record level of HK\$13,402 million. We saw growth in both Hong Kong and Mainland China. Our innovation-led engineering competence and the professional integrity make us a preferred E&M contractor in the Mainland's high-end commercial sector. New contracts awarded in China totaled HK\$544 million, including Wuxi Hang Lung Centre Hotel E&M system installation and Guangzhou Hong Kong Jockey Club Horse Sports Training Ground renovation project.

As Hong Kong is transforming into a smart city, the building services industry has seen significant advancements in technology and sustainability. Focus on sustainability and digitalization are crucial to our success. We actively pursue environmental protection products and solutions that help our clients to reach their net-zero emission goals. For example, our patent product Intelligent Fan Coil Unit (“iFCU™”) grows in popularity especially in commercial and hospitality sectors. The sales have been increasing steadily since the launch. As we keep evolving the product with new technologies, the latest version of iFCU™ with AI-driven enhancement delivers on average over 50% energy saving at low replacement costs. Also, we see the potential of AI-powered Internet of things (“IoT”) applications in building services are enormous. We develop a series of AI smart site safety solutions aiming to reinforce construction safety issues and comply with the Development Bureau's SSSS requirements. Additionally, we broaden the applications of IoT remote monitoring and controlling solutions on many smart site applications, like lift maintenance monitoring, water leakage detection and battery charging station data monitoring. In a Guangzhou hotel project, we delivered an IoT remote monitoring and controlling building management system (“BMS”) with web-based platform and dashboard which not only enhanced the building performance but also saved the initial implementation costs and time by more than 40% and 2.5 months respectively, comparing to the conventional BMS. Our competency from connected devices and sensors to data analytics and automation is proven. Smart building technology is, to be sure, an area to grow.

Building materials supply

The factory has weathered the pandemic storm and is in good shape for the strong rebound in businesses. Underpinned by last year's high level of awarded contracts, surge in revenue was envisaged. Turnover was HK\$801 million, more than doubled up comparing to that of last year.

To expedite construction, more and more public housing in MiC construction were rolled out in the year. Being a leading prefabrication manufacturer, we won record new orders HK\$3,054 million. Total contract value on hand as at end of the year was around HK\$4,391 million, representing more than 44,000 MiC units. To cope with the expanded market demands of MiC, the factory has been expanded to further increase its annual production capacity. It is capable of producing over 57,000 MiC modules. The factory actively adopts BIM, AI, automation as well as BEANiE, our multifunctional blockchain platform to ensure just-in-time delivery, high quality, high efficiency, a stable supply chain and lean construction.

Since the first production of MiC unit in Year 2018, we have developed a range of different designs to fit for clients needs and enhanced performance. To echo the Housing Department's MiC 2.0 initiative to streamline and improve the building process, we developed a new design applying advanced connection method which can enhance safety, quality, efficiency and performance. The new design will be implemented in one of the newly awarded projects.

Though the MiC construction method is widely adopted, a unified standard for MiC construction methods has not been established. Also, the communication channels between the industry and the Government need to be strengthened. In this regard, the Hong Kong Modular Integrated Construction Manufacturer Association ("HKMiCMA") was established early 2024 by the industry. Ir. Dr. Wong Tin Cheung, our Vice Chairman is honored to be appointed as the President of the Association. With the support of the measures outlined in the Policy Address, we endeavor to work together with the industry peers to develop this innovative construction technology, raising the overall productivity, safety and quality of the buildings.

On Mainland market, we did not pursue any new contract in the reporting year because the factory was fully loaded by the Hong Kong new orders. In fact, the factory capacity is expected to be fully occupied by the existing contracts in next few years.

China's property market boom ended around 2020-2021 due to the pandemic and also strict borrowing requirements imposed by regulators to contain the towering debts accrued by developers. The property market has become sluggish since then and hit also the construction activities. Against this backdrop, our joint venture in Luoyang, being severely impacted by the market downturn, has not been able to secure sustainable business orders since the opening. Though authorities have been ramping up measures recently to prop up the sector, we anticipate the recovery would be at a slow pace. Considering the past performance and the financial capability of the joint venture, we decide to make a full provision of our paid up investment in the joint venture for conservative purpose.

Hotel operation and property investment and development

Hong Kong's tourism sector has shown signs of revival since the border reopened. In 2023, Hong Kong received a total of 34 million visitors, of which around 17 million were overnight visitors. Average occupancy for 2023 rose to 83% up from 66% in 2022. And Average Daily Rate moved up 30% to HK\$1,392 from HK\$1,065 in 2022. Though the industry is moving toward the right direction, the growth is not as strong as expected. To promote the industry, the Government rolled out a series of measures proactively. For example, the Year 24-25 budget earmarked over HK\$1.1 billion to promote mega events to boost tourism. In the first half of 2024 alone, Hong Kong is set to stage over 80 key events. Some pleasing results were noted recently. The last Golden Week recorded Mainland visitors of around 760,000, matching officials' initial estimation and bringing Hong Kong's economy with more than HK\$2 billion consumption spending. The outlook is broadly positive. The campaigns and promotions together with the increasing flight capacity would boost the industry further by the time when the Group's hotel reopens later this year.

As disclosed in last year's annual report, the refurbished hotel will be operated under the brand "Motto by Hilton", a new lifestyle brand in Hilton delivering a flexible and innovative hospitality experience. While we thoughtfully curate the room delivering a flexible stay and feature modern design that reflects the local destination, we put in also the concept of smart hotel. A wide range of Digital Twin solutions, IoT, big data and AI applications are implemented to achieve better planning in building resources, maintenance and engineering works, both in predictive and prescriptive measures, and ultimate support the sustainable development of a smart hotel. The hotel would showcase our strength in digital construction technologies.

The building work of the Group's entitled 10,000 m² residential properties at Longhua Shenzhen has been completed. We anticipate the flats be ready for sales in the 4th quarter after statutory inspections and conveyance matters completed with the developer. Our properties are right next to the Metro Station linked with covered walkway, providing convenience inter-and intra-city transportation and seamless connections to Hong Kong. Our residential block is in Phase 2 of the development which consists of a shopping mall, office and serviced apartment.

Amid the challenging market sentiment, some stimulus measures have been rolled out by the Mainland Government including mortgage rate cuts and some different measures to relax home purchases curbs. Also, the advancement of urbanization and the desire of people to improve the living conditions support basic housing demands and the needs for improved housing. It is expected that the sales momentum would be improved gradually. We will keep close eyes on market for a good timing to sell.

OUTLOOK

The Hong Kong construction market outlook is positive and is boosted by the approximately HK\$300 billion per annum construction volume in both public and private sectors. The industry is in another golden decade with unbounded opportunities. The Group as one of the key players in the public sector works is well-placed for business growth. Indeed, the record new contracts achieved in the year shows our strategy of generating sustainable growth through innovative solutions is delivering for the Group. We are all along the forerunner in driving construction innovations and digitalization. Our pioneering positions in prefabrication, MiC, BIM, DWSS and SSSS gained us first-mover advantages in capitalizing market opportunities and brand building. Moving forward, innovation and digitalization shall remain our strategies to drive the business and profit growth. We would continue to embrace and develop innovative technologies and digitization in construction like robotic, IoT, Digital Twin etc. to enhance project delivery.

We aim to raise profit margin by disciplined job bidding and cost controls. With a record level of contracts on hand, we would be more conservative in job tender and pursue contracts with better and balanced terms. On cost controls, we take measures to address the manpower costs, the biggest cost element. The persistent manpower shortage in the industry drives up costs, lower productivity and hinder the project delivery. We recruit through the Government's expanded Talent List program and Labour Importation Scheme, professionals of various disciplines and some labor for the two newly awarded projects. Benefits from new labor forces may not be visible in short run. In long run, the expanded labor resources and talent pool would contribute in term of productivity and thus profitability.

The Chief Executive's 2023 Policy Address announced promoting MiC by formulating and implementing a series of measures, both short term and long term, to strengthen the supply chain of MiC modules. A number of measures such as direct procurement of modules, collaboration with the Greater Bay Area ("GBA") and land reservation for the development of MiC industry are proposed. As a key MiC manufacturer, the Group would be able to take part in these developments to expand our prefabrication manufacturing businesses and our presence in GBA. We shall look at it in depth when implementation plans are made known later.

The future presents enormous opportunities for the Group. We will continue to leverage our know-how and competency for the benefit of all our stakeholders.

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 2024, the Group's total cash and bank balances was HK\$906 million (2023: HK\$743 million) and total borrowings increased to HK\$2,292 million (2023: HK\$1,367 million). 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 2024 was 1.1 (2023: 1.2). The amount of bank loans and other facilities fall due beyond one year was HK\$442 million (2023: HK\$449 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 2024, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK\$3,825 million (2023: HK\$3,706 million), of which HK\$2,887 million (2023: HK\$1,761 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development requirement and capital expenditure.

HUMAN RESOURCES

As at 31 March 2024, the Group had approximately 3,900 (2023: 3,600) employees. There are approximately 3,000 (2023: 2,800) employees in Hong Kong, Macau and Singapore and 900 (2023: 800) in Mainland China. Yau Lee aims to be a good and attractive employer as we understand people are key to long-term success. The Group offers competitive remuneration packages and employees are rewarded on a performance related basis. The Group 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 2024

Contract value

	31 March 2023 <i>HK\$'million</i>	Contracts		31 March 2024 <i>HK\$'million</i>
		Secured <i>HK\$'million</i>	Completed <i>HK\$'million</i>	
Building construction, renovation and maintenance	14,270	16,952	(672)	30,550
Electrical and mechanical installation	11,266	4,075	(1,939)	13,402
Building materials supply	1,931	3,054	(594)	4,391
Others	16	25	(25)	16
Less: Inter-segment contracts	<u>(4,924)</u>	<u>(3,825)</u>	<u>1,178</u>	<u>(7,571)</u>
	<u>22,559</u>	<u>20,281</u>	<u>(2,052)</u>	<u>40,788</u>

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 2024. 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 2024.

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 2024 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 2024.

REVIEW BY AUDIT COMMITTEE

The Group's annual results for the year ended 31 March 2024 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 2024 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 2024 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, 24 June 2024

As at the date of this announcement, the Board comprises Mr. Wong Ip Kuen (Chairman), Ir. Dr. Wong Tin Cheung, Ms. 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/>*