2013
ANNUAL REPORT

有利集團有限公司
Yau Lee Holdings Limited
(Incorporated in Bermuda with limited liability)
Stock Code: 0406

Contents

Corporate Information

Directors

Executive Directors

Wong Ip Kuen *(Chairman)*
Wong Tin Cheung *(Vice Chairman)*
Wong Wai Man
Sun Chun Wai
Tsang Chiu Kwan (retired on 1 July 2012)

Independent Non-Executive Directors

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of Business

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

Websites: http://www.yaulee.com
http://www.irasia.com

Company Secretary

Lam Kwok Fan

Principal Bankers

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

Independent Auditor

PricewaterhouseCoopers

Solicitors

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

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Ltd.
Room No. 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Chairman's Statement

Results for the Year

I am pleased to report to you an encouraging achievement made in this year. Record high new contracts across all key segments were received which gave the Group as a whole an all-time high new order of HK$15,979 million. This represented a growth of 6 times year on year.

Though our order books grew substantially, turnover was yet to reflect the growth. For the year ended 31 March 2013, the Group reported a consolidated turnover of HK$3,686 million, reduced from HK$4,665 million in prior year mainly due to time lags existed in between completion and commencement of projects in the year. If the turnover of joint venture project was included, the like-for-like turnover reduction would be narrowed down to only 8%. The Group's turnover performance in this year was shaped by very varied patterns of development in the individual segments. Turnover achieved in Singapore and building materials supply were very healthy whilst lower local construction, and electrical and mechanical installation ("E&M") businesses were made as a result of time lag. With the Group's new hotel opened at end of September, the income base was broadened.

Consolidated gross profit for the year was HK$350 million, representing an increase of HK$101 million or 41% compared with last year. Effective costs controls, strategic measures to improve productivity and the hotel business attributed to the rise in gross profit.

Operating expenses were HK$363 million, up by 38% year on year. Hefty increases in some expenses were noted. Distribution expenses increased by 38% as a result of corresponding growth in building materials supply sales volume. As projects in general grow in both size and complexity, tender costs increased correspondingly. Also, depreciation was up, principally derived from the Group's hotel which commenced operation during the year and the capital expenditure incurred by Huizhou factory for production line expansion and process automation. Besides, the Group's hotel commenced operation in the year which caused a notable increase in running expenses.

The Group recorded a profit attributable to shareholders of HK$65 million (2012: HK$41 million), reflecting a higher fair value gain on investment property valuation and enhancement in gross margin.

The basic earnings per share for the year were HK14.92 cents compared to HK9.47 cents of last year. Net asset value of the Group as at 31 March 2013 was HK$1,500 million (2012: HK$1,448 million), equivalent to HK$3.42 (2012: HK$3.30) per share based on 438,053,600 ordinary shares in issue.

Dividend

In the Board meeting held on 26 June 2013, the Directors recommended the payment of a final dividend of HK1.38 cents per share (2012: final dividend of HK2.28 cents). Together with the first interim dividend of HK1.00 cent per share, total distribution was HK2.38 cents this year, representing a year-on-year increase of 4.38%. Subject to the equity holders' approval at the forthcoming Annual General Meeting ("AGM") of the Company, the dividend will be paid on 25 September 2013 to equity holders whose names appear on the Company's register of members on 5 September 2013.

Chairman's Statement

Review of Operations

Building construction, renovation and maintenance

The construction sector in our base markets stayed on a growth path. Benefited from the accelerated building program of public housing, local building industry is buoyant. Amidst abundant opportunities, competition is still fierce. Also, in view of the thriving construction industry boosted by increasing infrastructure and housing projects, we believe impacts on costs mainly driven by shortage of skilled labour and subcontracting resources would continue to be severe in coming years. The Group therefore stands more firmly on our tender strategy. We would win over projects through our innovative edges and focus especially the contract with price inflation adjustment in order to share the risk. This policy resulted in some time lags for new contracts intake. As such, the segment reported revenue of HK$1,936 million, down 26% from prior year figure, reflecting the drop in local market. Yet, our strong belief in innovation is proven correct as our innovative and sustainable construction capabilities won for us three major new built projects with reasonable margins in second half of the year. As such, our profitability was improved despite the short-term impact on turnover. Contracts intake in Hong Kong surged by 14 times to HK$11,392 million, a record high at year end.

The Group's dedication to innovation and green construction technologies is well recognised in Singapore too. Like Hong Kong, Singapore government speed up the construction of housing. Our establishment in the region benefited from its position as an experienced precaster and the expertise in fast track construction did well in the year. Turnover grew by 48% year on year. In addition, we successfully obtained A1 contractor license in this year which allows us to bid for government projects of unlimited amount. Total value of contracts in hand as at 31 March 2013 reached record at S$485 million.

In Macau, we stay focus on the construction and fitting out of premier resort and hotel developments. During the year, the construction of a project known as Studio City at Cotai amounting to HK$10 billion was awarded to Yau Lee and Paul Y Construction as joint venture. Leveraging on the Group's integrated construction capability, we believe more projects would be obtained in future.

Guided by the firmly held core values, the Group makes all efforts to enhance construction technology in quality, safety and minimising impact to the environment. Our dedication and performance in these respects gain us continuous recognitions from customers and the industry.

During the year, the Group received over 30 awards and below shows some of the major ones:

- Gold Award for Best Refurbishment and Maintenance Contractor in OSH on Construction Safety Day
- Silver Award for Outstanding Contractors Award (Building) of New Works Projects under Quality Public Housing Construction & Maintenance Award 2012
- Silver Award for Green Management Award (Corporate) under Hong Kong Green Awards 2012
- BEAM Plus Platinum (Final Rating) of BEAM Plus V1.1 for New Building by Hong Kong Green Building Council
- LEED for New Construction Platinum by U.S. Green Building Council
- Platinum (Provisional) Award under Green Mark Scheme by Singapore Building and Construction Authority
- Intelligent Hotel Building (Distinction Rank) of Year 2012 by Asian Institute of Intelligent Buildings

Electrical and mechanical installation

The segment sales was HK$1,205 million, dropped 30% year on year. The reduction was mainly in Hong Kong and China markets. Guided by the Group's disciplined tender policy, the E&M division took on projects that gave reasonable margins. Future profitability was therefore preserved at the expense of short-term impact on sales. Like the construction team, the E&M division successfully secured a good amount of quality contracts in the second half of the year. New contracts intake in the year were HK$3,441 million, tripled last year figure. With a strong order book, sales in next year will be higher. In China, the prudent monetary policies and controls on property market were ongoing throughout the year. Developers were highly cautious in pursuing the developments and slowed down project progress on and off. As such, both our work done and new contracts intake in the region slipped. We will be very careful in taking on new projects in the region in order to preserve our profitability.

In the year, the E&M division marked a milestone in business. The division demonstrated our leadership in technology innovation by introducing a breakthrough energy optimisation solution. Holiday Inn Express Hong Kong SoHo, the designated showcase of the Group's innovative green construction capabilities, is the first high-rise building (hotel) in the world to achieve triple platinum in green certificates. The E&M team together with its two subsidiaries specialised in green technologies made a great contribution to the success by developing and implementing the Energy Optimisation Solution ("EOS") and dozens of green initiatives in the hotel. These help the hotel to achieve an substantial energy saving at a cost which would be paid back within 4 years. This remarkable achievement received a big welcome by the market. Countless requests for field visits were received from various parties including relevant government bodies, institutions, developers, hoteliers, and so on. So far, about a thousand persons had visited the hotel from whom we received many positive feedbacks and comments. We are now organising these valuable responses for further enhancement of our energy saving solution. Two new subsidiaries namely REC Green Technologies Company Limited and REC Green Energy Solutions Company Limited were set up to develop this green business. We believe the EOS would definitely be the star business in the years to come.

Chairman's Statement

Building materials supply

The Group's two prefabrication factories operated in full capacity this year. Segment sales for the year was HK$478 million, representing an increase of HK$160 million or 50% year on year. The factories supply mostly the Group's projects. The business draws on more than 15 years of solid experience in prefabrication technology to deliver quality products. We are now the largest precast manufacturer within the region. Our products are sought-after in market. We take on third parties contracts if orders fit our production schedules.

To strive for good quality and maintain the forerunner edges, the Group never stops investing and advancing in precast technology. During the year, the factories expanded and upgraded the design and moulding division. Building Integrated Modeling ("BIM"), a 3D modeling concept aiming to identify and solve problems prior to construction was implemented in mould design and production. The precision, quality and productivity of products were greatly enhanced. Besides, more capital investments were put on production automation. This not only helps to raise the productivity and quality but also eases the rising labour cost problem driven by shortage of skilled workers in China. With the increase of labour cost in Hong Kong, the demand of prefabrication is likely to be increased in the coming years which generates more business opportunities for us. With our proven track records and technology advancement in precast field, we are confident about the bright future of the segment.

Production trial runs of the two Starfon™ production lines have just been completed. We are now fine tuning the process to maximize productivity as well as enhancing output. Meanwhile, the Group is formulating the corresponding marketing strategy.

Starfon™ production testing costs, increased research and development expenses and additional depreciation of newly acquired assets for process automation caused short term impact on net profits.

Property investment and development and hotel operations

The Group's hotel investment, Holiday Inn Express Hong Kong SoHo, commenced business at end of September 2012. Occupancy rate was satisfactory since grand opening and reached over 85% on average. Room rates were close to budget too. Segment result of hotel operations shows a loss in this year because there were only six months' income whilst pre-opening costs were expensed. Next year, the property would contribute in both profitability and cashflow. The hotel development has successfully broadened the Group's income base. Being the first high-rise building (hotel) in the world to achieve triple platinum in green certificates, the hotel is a perfect demonstration of the Group's commitment and capabilities in innovative green construction. The operation data is the solid evidence. The accomplishment enhances our return on investment and also brings to the Group enormous business potentials in green businesses.

The construction of the Group's first residential property development progressed as planned. Foundation works has just been finished. Estimated completion date remains to be at end of 2014.

The site in Tsun Yip Street is still vacant and yet to be developed. The Group will keep a close eye on the market and find the best option which gives maximised return.

Outlook

Year 2013 was a fruitful year to Yau Lee. Record new contracts across all key segments were secured. Total value of contracts in hand reached an all-time high in the history of the Group. Backed up by the strong order book, revenue of the Group in coming few years would be good.

Though the industry is prosperous, the thriving market magnified skilled labour and subcontracting resources shortage problems. Besides, growth in project size and complexity hiked up project risks. We see big challenges ahead. The Group's success for many years has been built on a foundation of values – quality, safety, innovation and sustainability. To enable us to grasp the market opportunity as well as ride out the storm, we revisited our core values and affirmed innovation and green construction as our strategic priority which can win over businesses that create values to shareholders. We will use our technology and expertise across the full business lifecycle to deliver better solutions to customers.

On design, the Group would place more importance on innovation and green initiative which can create values to customers. On construction practices, through continuous investment in technologies such as Building Integrated Modeling ("BIM") and prefabrication, we aim to be at the forefront of innovation in our industry. The Group would cultivate the use of precasts which could reduce on-site wastages, cut down labour use as well as speed up construction time without compromising on quality. On product offerings, we will pursue growth in green building businesses. Apart from energy saving solution, there are many products or solutions such as Excelicrete™, Starfon™ and Virtual Design & Construction in the pipelines for marketing. And we will continue to develop innovative solutions, especially in energy and environment protection for customers.

In term of geographic segments, the Group will stay focus on existing key markets particularly in Singapore. REC has registered a branch and incorporated a new company in Singapore. Leveraged on REC Hong Kong's over 40 years' solid experience in the field, the branch can carry out L5 or L4 contractors' works depending on work nature. And the new REC subsidiary was successfully registered in BCA Singapore as L1 Contractor. Besides, two subsidiaries namely REC Green Technologies (Singapore) Pte. Ltd. and REC Green Energy Solutions (Singapore) Pte. Ltd. were set up to grasp the green business opportunities in the region. We aim for both organic business growth and expansion in scope of business.

Though our key markets are less hard-hit by the economic crisis, the challenges not lessen. The Group will remain vigilant and prepare itself for any potential challenges ahead. Leveraging on its experience and capabilities to enhance the core competitive edges through innovative technology, the Group can achieve long term and sustainable return to both shareholders and community.

On behalf of the board, I would like to thank the management team and all our staff for their effort and contributions. Without their support, the Group could not accomplish the hotel development. I am so grateful to see that green and innovative attributes become the DNA of each and every Yau Lee people that will bring the Group to future success. I am looking forward to reporting to you more successful years in years to come.

By order of the Board

Wong Ip Kuen
Chairman

Hong Kong, 26 June 2013

Management Discussion and Analysis

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$453,507,000 in cash on hand (2012: HK$570,027,000) and had undrawn banking facilities of approximately HK$965 million (2012: HK$587 million). The current ratio remained steady at around 1.55 whilst it was 1.49 in 2012.

Borrowings was HK$1,704,333,000 as at 31 March 2013 (2012: HK$1,369,548,000) 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 general operating costs of the hotel, Starfon™ production testing costs, research and development expenses, capital expenditure for process automation in Huizhou factory and the project costs of certain projects just commenced works. 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$1,015,590,000.

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 2013, the Group employed approximately 3,500 (2012: 3,900) employees. There are approximately 2,400 (2012: 2,100) employees in Hong Kong, Macau and Singapore and 1,100 (2012: 1,800) 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.

Summary of Contracts

Movement of incomplete contracts

For the year ended 31 March 2013

Contract value

	31 March 2012 HK$'million	Contracts Secured HK$'million	Contracts Completed HK$'million	31 March 2013 HK$'million
Building construction, renovation and maintenance *	5,423	13,091	(2,212)	16,302
Electrical and mechanical installation	3,918	3,441	(2,638)	4,721
Building materials supply	1,115	1,599	(567)	2,147
Others	36	5	(15)	26
Less: Inter-segment contracts and jointly controlled entities	(1,403)	(2,157)	685	(2,875)
	9,089	15,979	(4,747)	20,321

* The above contract value as at 31 March 2013 did not include two contracts of jointly controlled entities with HK$12,984 million in total value.

Building construction, renovation and maintenance segment

Contracts completed during the year ended 31 March 2013

Contracts

District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/Kwai Chung & Tsuen Wan (2009/2012)

Construction Works – Lantau Island

Venetian Macao Resort Hotel Phase 5 & 6 – Podium Paradise Gardens Fit-Out

Hamilton Scotts Road Condominium Development Package S02 – Structural Works, Plumbing and Sanitary Works in Singapore

Venetian Macao Resort Hotel Phase 5 & 6 – Sheraton Entry and P6 Family Friendly Route Fit-Out

Venetian Macao Resort Hotel Phase 5 & 6 – Podium P5 & P6 Casino Screens

Maggie's Cancer Caring Centre (Phase III) – Tuen Mun Hospital Main Contract

Redevelopment of Lower Ngau Tau Kok Estate Phase 1

Summary of Contracts

Building construction, renovation and maintenance segment *(Continued)*

Contracts secured in prior year and in progress during the year ended 31 March 2013

Contracts

Design and Construction of Fitting-Out Works to Buildings and Lands and Other Properties for which the Architectural Services Department is Responsible

Term Contracts for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department (Property Services Branch) is Responsible

Maintenance, Improvement and Vacant Flat Refurbishment for Ma On Shan, Shatin (North) and Tseung Kwan O (1) District 2010/2013

The Greenwich and Greenwich Village in Singapore

Building Works at Sembawang Neighbourhood 4 Contract 10 in Singapore

New Extension to Canossa Hospital (Caritas) at No.1 Old Peak Road

Maintenance, Improvement and Vacant Flat Refurbishment for Wong Tai Sin, Tsing Yi, Tsuen Wan and Island (1) 2011/2014

Building Works at Sembawang Neighbourhood 5 Contract 1B in Singapore

District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/Kwai Chung (1) (2012/2015)

Building construction, renovation and maintenance segment *(Continued)*

Contracts secured in current year and in progress during the year ended 31 March 2013

Contracts
"My Home Purchase Plan" Project at Tsing Luk Street, Tsing Yi
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by District Maintenance Offices/Kowloon West and Hong Kong (3) 2012-2015
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by District Maintenance Offices/Kowloon West and Hong Kong (4) 2012-2015
Design and Construction of Fitting-out Works to Buildings and Lands and Other Properties for which the Architectural Services Department is Responsible (Hong Kong Island and Outlying Islands)
Construction of Public Rental Housing Development at Sheung Shui Area 36 West
Construction of Public Rental Housing Development at Anderson Road Site E Phase 1 and 2
Construction of Public Rental Housing Development at Hung Shui Kiu Area 13 Phase 3
Building Works at Kallang Whampoa Contract 50A in Singapore
Construction of Public Rental Housing Development at Anderson Road Site A and B Phase 1 and 2

Summary of Contracts

Building construction, renovation and maintenance segment *(Continued)*

Contracts secured in current year and to be commenced subsequent to the year end

Contracts
Building Works at Choa Chu Kang Neighbourhood 8 Contract 9 & 10 in Singapore
Maintenance, Improvement and Vacant Flat Refurbishment for Tai Po, North, Shatin and Sai Kung (3) 2013/2016
Renovation Works to Canossa Hospital (Caritas)

Contract secured subsequent to the year end and up to 30 June 2013

Contract
Design and Construction of Yau Ma Tei Specialist Clinic at Queen Elizabeth Hospital

Contract secured by a jointly controlled entity in prior year and in progress during the year ended 31 March 2013

Contract
The Integrated Contract for Construction of Public Rental Housing Development at Kai Tak Site 1B at Kowloon (60% effective interest by the Group)

Contract secured by a jointly controlled entity in current year and in progress during the year ended 31 March 2013

Contract
Studio City at Cotai, Macau (40% effective interest by the Group)

Electrical and mechanical installation segment

Contracts completed during the year ended 31 March 2013

Contracts
Construction of Public Rental Housing at Shek Kip Mei Estate Phase 5
Sewage Interception Scheme in Kowloon City
Biennial Term Contract for the Maintenance & Repair of Fire Services Installations in Hong Kong Island
Supply and Installation of MVAC and Electrical Works for New Commercial Building No. 414 Kwun Tong Road, Kwun Tong
E & M Sub-Contract Works for Improvement Works at Sha Tin Station
Electrical, MVAC, Fire Services and Plumbing & Drainage Installations – Lantau Island *
Electrical Installations Term Maintenance Contract for Shopping Centres, Carparks, Markets & Cook-Food Stalls at Ma On Shan, Tseung Kwan O, Kowloon East & Hong Kong Island Districts
Podium Fire Services Wet Installation at Macau Cotai, Parcel 5 & 6
Sub-Contract for MVAC, Electrical, Fire Services and Plumbing & Drainage Installation for Hotel Development at Jervois Street, Sheung Wan, Hong Kong *
Electrical, HVAC, Fire Services and Plumbing & Drainage Installation - Lantau Island *
Electrical, HVAC, Fire Services and Plumbing & Drainage Systems Installation for Parcel 2 Level 2 Paiza Gaming & Parcel 1 Golden Fish High Limit at Venetian Cotai, Macau
Building Services Installation Works Direct Contract for the Renovation of Guest Rooms, Corridors & Lift Lobbies at 8/F to 10/F (Phase 2) and 5/F to 7/F (Phase 3) at the Intercontinental Grand Stanford Hong Kong
Electrical Installation for Congress Expansion Venetian Macao in Cotai, Macau Parcel 5 & 6
Shanghai IFC Boiler System
Shanghai IFC North Tower - Electrical Installation
Shanghai IFC North Tower - HVAC Installation
Guangzhou Taikoo Hui HVAC System Supply and Installation
Shanghai Lux China Mixed-Use Project
Electrical and Mechanical Renovation Works at Shanghai Novel Plaza

* Inter-segment contracts

Summary of Contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured in prior years and in progress during the year ended 31 March 2013

Contracts

Fitting-Out Works to Building & Lands & Other Properties for which the Architectural Services Department is Responsible (Hong Kong Island & Outlying Island) *

Tai Wai Maintenance Centre Property Development Phase 3 at STTL No. 529

The Proposed Residential Development at Ma On Shan Area 77, STTL No. 548

Mechanical Ventilation and Air Conditioning Installation for New Academic Building, Institute for Advanced Study and Residential Accommodation for the Institute for Advanced Study for The Hong Kong University of Science and Technology

Term Contract for the Alterations, Additions, Maintenance & Repair of Electrical & Air Conditioning Installations at the Architectural Services Department in the Designated Contract Area of Central, Peak and Mid-Levels *

Mechanical Ventilation and Air Conditioning Installation for the Construction of Proposed Residential Development at 2A Seymour Road, Hong Kong

Supply and Installation of Mechanical and Electrical Equipment at Salt Water Supply for North West New Territories

Retrofitting Works for Existing Sludge Dewatering Centrifuges at Stonecutters Island Sewage Treatment Work

Electrical and ELV Installation for Canossa Hospital (Caritas) at No.1 Old Peak Road, Hong Kong *

Supply and Installation of a Combined Heat and Power Generator Set at Shatin Sewage Treatment Works

Maintenance Services for Central Environmental Control System Plants at Various Premises

24-Month Contract for the Operation & Maintenance of Air-Conditioning Installations at New Territories Region

24-Month Contract for the Operation & Maintenance of Air-Conditioning Installations at Hong Kong Region

Supply, Delivery, Installation, Testing and Commissioning of E & M Equipment for Sewage Pumping Station PS1A at Kai Tak Airport

Electrical and ELV System Installation for Proposed Residential Development at No.1 Sai Wan Terrace Hong Kong

* Inter-segment contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured in prior years and in progress during the year ended 31 March 2013 (Continued)

Contracts

Electrical Installation for the Proposed Residential Development at TMTL 422, Tsing Lung Road, Area 58 Siu Lam, Tuen Mun

Supply and Installation of Electrical and Mechanical Equipment at Chinese University Sewage Pumping Station

Supply & Installation of Mechanical & Electrical Equipment for Bowen Drive Salt Water Pumping Station & Service Reservoir & Magazine Gap Road Salt Water Service Reservoir

Contracts secured in current year and in progress during the year ended 31 March 2013

Contracts

Construction of Water Supply System to Housing Development at Anderson Road – E & M Works for Sau Mau Ping Fresh Water Pumping Station

Fire Services (Wet) Installation for Congress Expansion and Link Bridge Venetian Macao in Cotai, Macau Parcel 5 & 6

Supply and Installation of Intermediate Booster Electrochlorination Plant at Salt Water Supply for Northwest New Territories

Electrical, ELV and MVAC Installation for "My Home Purchase Plan" Project at Tsing Luk Street, Tsing Yi *

Electrical, ELV and MVAC Installation for Proposed Residential Development at 106-114 Kwok Shui Road, Tsuen Wan

Electrical, ELV and MVAC Installation for URA Development at Lai Chi Kok Road Yee Kuk Street

Supply and Installation of Electrical and Mechanical Equipment for Four Sewage Pumping Stations at the North and Tai Po Districts, N.T.

Design and Construction of Fitting Out Works to Buildings and Lands and Other Properties at Hong Kong Island and Outlying Islands *

Air-Conditioning and Mechanical Ventilation Installation Works for Construction of Public Rental Housing Development at Sha Tin Area 52 Phase 2

* Inter-segment contracts

Summary of Contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured in current year and in progress during the year ended 31 March 2013 (Continued)

Contracts
Shatin to Central Link Modification Works – E & M Installation Works at Pat Heung Depot
E & M Package Sub-Contract for Discovery Park Shopping Mall Renovation Works
HVAC & Medical Gas Installation for Redevelopment of Block E Building and Additions & Alterations Works at Block D Building in the Hong Kong Baptist Hospital
Plumbing & Drainage Installation for Lot No. 1199 in DD217 Pak Kong, Sai Kung
M & E Installation for the Renovation Works of Typical Guestroom of Grand Hyatt Hong Kong
Electrical Installation for Construction of Public Rental Housing Development at Hung Shui Kiu Area 13 Phase 3 *
Plumbing Installation Works for Construction of Public Rental Housing Development at Hung Shui Kiu Area 13 Phase 3 *
HVAC System Installation for Galaxy Resort & Casino Phase 2 in Cotai City, Macau
Electrical Services System Installation for Galaxy Resort & Casino Phase 2 in Cotai City, Macau
Electrical , ACMV, Fire Services and Water Pump, Plumbing and Drainage Installation for Construction of Public Rental Housing Development at Anderson Road Sites A & B Phase 1 & 2 *
Electrical Term Maintenance Contract (T & Y Region) 2013/2016 for Housing Authority Estates, Areas & Buildings
Electrical Term Maintenance Contract (KC Region) 2013/2016 for Housing Authority Estates, Areas & Buildings

* Inter-segment contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured subsequent to the year end and up to 30 June 2013

Contracts

Supply and Installation of MVAC Works (Phase 2) (Renovation Works) at Discovery Park Shopping Mall

Electrical, Fire Services & Water Pump, Plumbing and Drainage and MVAC Works Installation for Residential Development at 18 Chi Kiang Street, Tokwawan, Kowloon *

Electrical Works, Environmental Control System and Fire Services System Sub-Contract Works at Shatin to Central Link - Diamond Hill Station

* Inter-segment contracts

Contract secured by a jointly controlled entity in prior year and in progress during the year ended 31 March 2013

Contract

Design and Construction of Trade and Industry Tower in Kai Tak Development Area (50% effective interest by the Group)

Biographical Details of Directors and Senior Management

Executive directors

Mr. Wong Ip Kuen

aged 77, is the Chairman of the Group. Mr. Wong has over 60 years of experience in the building construction industry of Hong Kong. He is responsible for the overall strategic development and management of the Group. Mr. Wong is the father of Ir. Wong Tin Cheung and Ms. Wong Wai Man.

Ir. Wong Tin Cheung, JP

aged 49, has been with Yau Lee Group for 25 years. He is the Vice Chairman of the Group, undertaking the posts of Managing Director of Yau Lee Construction Company Limited and Yau Lee Wah Concrete Precast Products Company Limited, Vice Chairman of REC Engineering Company Limited, Chief Executive Officer of VHSoft Technologies Company Limited, Director of Yau Lee Hing Materials Manufacturing Limited and Director of REC Green Technologies Company Limited.

Ir. Wong is responsible for formulating the Group's overall strategic planning and overseeing business development as well as investment strategy. Ir. Wong is committed to the research and development of green building technologies and green building materials manufacturing, precast construction technologies and the technologies in automation for mould manufacturing, energy efficient electrical and mechanical systems and the use of renewable energy to fulfil the global carbon reduction needs.

Ir. Wong holds a Bachelor Degree in Civil Engineering from the University of Southampton, Master Degree in Foundation Engineering from the University of Birmingham, Master Degree in Business Administration from the Chinese University of Hong Kong and Bachelor Degree in Religious Studies from the Holy Spirit Seminary College of Theology & Philosophy. He is a Member of the Hong Kong Institution of Engineers and a Fellow of both the Chartered Institute of Building and the Institute of Civil Engineers (United Kingdom). In 2009, he was conferred a Honorary Fellow by the Vocational Training Council and a Honorary Fellow by the University of Central Lancashire in recognition of his contributions.

In public services, Ir. Wong is appointed as the Chairman of the Occupational Safety and Health Council and the Hong Kong Green Building Council, a Member of the Antiquities Advisory Board, the Member of the Land and Development Advisory Committee, the Member of MPF Industry Schemes Committee, the Member of Vocational Training Council, as well as a Member of the Panel on Promoting Testing and Certification Services in Construction Materials Trade under the Hong Kong Council for Testing and Certification. In the past, Ir. Wong served as the President of the Hong Kong Construction Association, the President of the International Federation of Asia and West Pacific Contractors' Associations, the Chairman of Pneumoconiosis Compensation Fund Board and the Member of Construction Industry Council.

Ir. Wong is currently a Member of Guizhou Province Committee of the Chinese People's Political Consultative Conference. Ir. Wong has been appointed and served as Justice of the Peace (JP) by the Government of the HKSAR since 2008 for recognition of his outstanding contributions made to society.

In academic fields, Ir. Wong has been appointed as an Adjunct Professor in the Department of Civil Engineering in the University of Hong Kong and the Department of Building and Real Estate of the Hong Kong Polytechnic University. In March 2013, Ir. Wong has been appointed as the Chairman of the Department Advisory Committee in the Department of Mechanical Engineering of the Hong Kong Polytechnic University. He was awarded the "2001 Hong Kong Outstanding Young Digi Persons Award" and the "Bauhinia Cup Outstanding Entrepreneur Award 2002" presented by the Hong Kong Polytechnic University.

Ir. Wong is the son of Mr. Wong Ip Kuen and brother of Ms. Wong Wai Man.

Ms. Wong Wai Man

aged 46, has been appointed as an Executive Director of the Company since 2008, after working with different entities in the Group since 2003. Ms. Wong is the daughter of Mr. Wong Ip Kuen and sister of Ir. Wong Tin Cheung.

She is also Director of various companies which carry out primary business of the Group, namely Yau Lee Construction Company Limited, Yau Lee Wah Concrete Precast Products Company Limited, Yau Lee Hing Materials Manufacturing Limited, Yau Lee Curtain Wall and Steel Works Limited, REC Engineering Company Limited, REC Green Technologies Company Limited, REC Green Energy Solutions Company Limited, Ming Hop Company Limited, Yau Lee Development Company Limited, Yau Lee Hotel Limited, Yau Lee Innovative Technology Limited, VHSoft Technologies Company Limited, InnoVision Architects & Engineers Limited, Leena Theme Painting Limited, as well as the Managing Director of Yau Lee Construction (Macau) Company Limited, Yau Lee Construction (Singapore) Pte. Ltd., REC Engineering (Singapore) Pte. Ltd., REC Green Technologies (Singapore) Pte. Ltd. and REC Green Energy Solutions (Singapore) Pte. Ltd.

Ms. Wong is responsible for formulating the Group's strategic planning, overseeing corporate business development, reviewing and improving the internal management systems, actively participating in deeds of fulfilling and discharging corporate social responsibility and overall management of construction projects in Hong Kong, together with the expansion and implementation of the regional and overseas markets namely Macau, Singapore and United Arab Emirates as well as being the chief of the Group's investment projects, advance technologies in building materials and construction, optimisation, carbon reduction, virtual design construction and green technologies. Under the leadership of Ms. Wong, Yau Lee has excelled into a green integrated corporation.

Ms. Wong holds a Bachelor Degree in Design with First Class Honours from the De Montfort University, a Master Degree in Design from the Royal College of Art in the U.K., an Executive Master Degree in Business Administration and another Master Degree in Philosophy both awarded by the Chinese University of Hong Kong.

Mr. Sun Chun Wai

aged 52, earned a Bachelor Degree in Britain. He joined the Group in 1992 to manage the Group's property development, construction works, manufacturing and supply of building materials, and development and marketing of computer software in Mainland China. Mr. Sun was appointed as an Executive Director of the Company in 1994 and is responsible for the Group's business management and development in Mainland China.

Independent non-executive directors

Mr. Chan, Bernard Charnwut

aged 48, has been an Independent Non-Executive Director of the Company since 2000. He is a graduate of Pomona College in California, the United States of America ("USA") and he holds the positions of Executive Director and President of Asia Financial Holdings Limited and Asia Insurance Company Limited. Mr. Chan is a Hong Kong Deputy to the National People's Congress of the People's Republic of China and a Member of Hong Kong's Executive Council. He is Chairman of the Advisory Committee on Revitalising Historical Buildings and the Council for Sustainable Development. He is a Non-Executive Director of City e-Solutions Limited and New Heritage Holdings Limited, an Independent Non-Executive Director of Chen Hsong Holdings Limited and China Resources Enterprise Limited, all of which are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). In addition, he is also an Advisor of the Bangkok Bank (Hong Kong Branch), the Chairman of Hong Kong-Thailand Business Council, the Chairperson of The Hong Kong Council of Social Service and a Trustee of the Pomona College, California, USA.

Biographical Details of Directors and Senior Management

Mr. Wu King Cheong

aged 61, has been an Independent Non-Executive Director of the Company since 1994. Mr. Wu is a Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Limited. He is an Executive Director of Lee Cheong Gold Dealers Limited. He is also an Independent Non-Executive Director of Henderson Land Development Company Limited, Henderson Investment Limited, Miramar Hotel and Investment Company, Limited and Hong Kong Ferry (Holdings) Company Limited, all of which are companies listed in Hong Kong.

Dr. Yeung Tsun Man, Eric

aged 67, has been an Independent Non-Executive Director of the Company since 1993. Dr. Yeung is Director and Vice President of Perfekta Enterprises Limited, a toy manufacturing company. He holds directorships of companies in Hong Kong, Macau, Mainland China, USA and Australia, which are engaged in electronics, trading and agricultural businesses. He is a Standing Committee Member of the National Committee, The Chinese People's Political Consultative Conference, an Executive Committee Council Member of the Hong Kong Management Association, the Chairman of Macau Productivity and Technology Transfer Centre, a Member of World Presidents' Organisation. He was awarded the Medal of Merit by the Macau Government in 1994, Commander of the Order of Merit by the Government of Portugal in 1998, the Medal of Professional Merit by the Macau SAR Government in 2001 and Gold Lotus Medal of Honor by the Macau SAR Government in 2010. He is also listed in "The Marquis Who's Who in the World" and "The International Who's Who of Professionals".

Senior management#

Mr. Chan Chi Ming Antonio, Executive Director of REC Engineering Company Limited

aged 52, joined the Group in 1996 as a Building Services Project Manager and became Building Services Manager in 2002. He was appointed as Executive Director in 2008 upon successful acquisition of REC Engineering Company Limited as part of the Yau Lee Holdings Limited. He is responsible for the Hong Kong operation. Under the directions of the Board of Directors, he successfully leads his team to achieve triple platinum awards in the Group's hotel development – Holiday Inn Express Hong Kong SoHo.

He graduated from Portsmouth University of UK with a Bachelor Degree in Electrical and Electronic Engineering. He also holds a Master of Science Degree in Fire Safety Engineering from University of Central Lancashire of UK and an Executive Master of Business Administration degree from the Chinese University of Hong Kong.

He is a Chartered Engineer of UK, a Member of the Hong Kong Institution of Engineers ("HKIE"), a Member of the Institution of Engineering and Technology, a Member of the Institution of Fire Engineers and a Member of the European Federation of Engineers. In addition, he is also a Registered Professional Engineer as well as a BEAM Professional. Currently he is the Vice President of Hong Kong Air Conditioning and Refrigeration Association, Vice President of Hong Kong Energy Conservation Association, Committee Member of Building Services Division of the HKIE, a Member of Fire Services Statutory Advisory Group and Ventilation Liaison Group to Fire Services Department and a Committee Member of the Industrial Liaison Group to the SCOPE of City University of Hong Kong.

Ms. Lam Kwok Fan, Chief Financial Officer and Company Secretary

aged 47, joined the Group in 2012. She holds a Bachelor of Arts Degree in Accountancy from City University of Hong Kong and a Master Degree in Business Administration from The Chinese University of Hong Kong. She is a Practicing Member of the Hong Kong Institute of Certified Public Accountants, a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of the Hong Kong Institute of Chartered Secretaries. She has over 20 years of experience in auditing, accounting, finance and company secretarial field. Prior to joining the Company, she has worked for one of the big four international audit firms and has held senior finance positions in International bank and large corporation.

In alphabetical order

Mr. Lee Shiu Ming, Deputy General Manager (Engineering)

aged 56, joined the Group in 1987. He has held various posts within the Group namely, Quality Control Engineer, Research, Design and Development Manager and Project Manager before promotion to the present position in 2010. He has over 30 years working experience, particularly in the precast construction technology. He holds a Higher Diploma in Structural Engineering and a Master Degree in Business Administration (Total Quality Management). He is a Chartered Engineer in UK and a Corporate Member of the Institution of Structural Engineers. He is also a Corporate Member of the Hong Kong Institution of Engineers and a Registered Professional Engineers (Structural). He has been appointed as an Adjunct Associate Professor in the Department of Civil and Structural Engineering of The Hong Kong Polytechnic University. Recently, he is also appointed by Buildings Department as a Member of the Technical Committee for the Code of Practice for Precast Concrete Construction for two years up to February 2014.

Mr. Lok Tat Hong Howard, Executive Director of REC Engineering Company Limited

aged 59, joined REC Engineering Company Limited in 1988 as Senior Manager of the Electrical Installation Department and was appointed as Executive Director in 2007. Over the years, he has been involved in the Hong Kong and Macau operations, and he is responsible for the China operation from 2009 onwards.

He holds a Bachelor of Applied Science Degree in Electrical Engineering from University of Ottawa. He is a Fellow Member of the Hong Kong Institution of Engineers, Fellow Member of the Chartered Institution of Building Services Engineers and Member of the Institution of Engineering and Technology. Currently he is the President of the Hong Kong Electrical Contractor’s Association and Member of the Electrical Safety Advisory Committee.

Mr. So Ho Man, Chief Quantity Surveyor

aged 48, joined the Group in 2010. Mr. So is a Professional Member of The Royal Institution of Chartered Surveyors, a Member of The Hong Kong Institute of Surveyors, a Member of The Chartered Institute of Building, a Member of The Hong Kong Institute of Construction Managers and also a Registered Professional Surveyor (Quantity Surveying). He holds a Bachelor of Science Honours Degree in Quantity Surveying of The University of Greenwich (UK), a Master Degree in Business Administration (Construction and Real Estate) of The University of Reading (UK) and a Postgraduate Diploma in Project Management of The College of Estate Management (UK). He has over 23 years of experience in quantity surveying and is responsible for contractual matters of Yau Lee Construction Company Limited.

Ms. Tang Wai Chun, Chief Quantity Surveyor

aged 56, joined the Group in 1993. Ms. Tang is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors, Member of the Chartered Institute of Arbitrators and Registered Professional Surveyor (Quantity Surveying). She is also a Certified General Contractor in Construction in the state of Florida, the USA. She holds a Bachelor Degree in Quantity Surveying. She has over 30 years of experience in litigation, arbitration, mediation, quantity surveying, project management and subcontracting business in civil, building, maintenance & repair and fitting-out works in Hong Kong, Macau, the United Kingdom, Central America and the USA. She has been the Chairperson and Member of the Course Advisory Committee on Measurement Technician Programme and Course Advisory Committee on Certificate in Quantity Measurement of the Construction Industry Council Training Academy from 2002 to 2004 and from 2004 to 2014 respectively. She is responsible for quantity surveying management, contract and disputes resolution advisory of Yau Lee Construction Company Limited.

Biographical Details of Directors and Senior Management

Mr. Wai Yip Kin, Executive Director of REC Engineering Company Limited

aged 53, joined REC Engineering Company Limited in 1986 as Assistant Engineer of the Electrical Installation Department and was appointed as Executive Director in 2011. Over the years, he has been involved in the Hong Kong and Macau operations.

He holds a Bachelor of Science Degree in Electrical and Electronic Engineering from University of Brighton, a Master of Science Degree in Nuclear Reactor Science and Engineering from Queen Mary College, University of London. He is a Member of the Hong Kong Institution of Engineers, and the Institution of Engineering and Technology. Currently he is the Vice Chairman of the Hong Kong Electrical Contractors' Association, Member of the Committee on Technologist Training of Vocational Training Council and Electrical & Mechanical Services Industry Training Advisory Committee.

Mr. Wong Chi Leung, General Manager (Yau Lee Wah Concrete Precast Products Company Limited)

aged 54, joined the Group in 1997. Mr. Wong holds a Higher Diploma in Civil Engineering from the Hong Kong Polytechnic, a Master Degree in Civil Engineering (Structural) from the University of New South Wales, Australia. Mr. Wong is a Chartered Engineer and a Corporate Member of the Hong Kong Institution of Engineers. He is now the General Manager of Yau Lee Wah Concrete Precast Products Company Limited, one of the subsidiaries of the Group. He has been focused on the development of precast concrete construction technology for the Group and the operation of precast production plants in China.

Site management

Project Directors#

* Chan Yuk
* Cheung Yu Wai
* Lam Lap Wa
* Lau Wai Foo
* Man Tin Hung
* Ngan Siu Tak
* Wong Kwok Keung

Project Managers#

* Chan Chi Wa
* Chiang Kin Ming
* Ho Chi Man
* Lee Kam Sang
* Li She Chuen
* Wu Yuk Cheung

In alphabetical order

Head office management

Department Heads#

*	Cheung Man Ching	Legal Advisor
*	Kwan Man Ho	Machinery and Logistics Department
*	Lam Chan Sing	Health and Safety Department
*	Poon Wai Hing	Administration Department
*	Wong Ko Yin	Tender and Planning Department
*	Wong Sik Yan	Information Technology Department
*	Yu Chi Kin	Quality Department
*	Yu Kwok Yan	Tender and Purchase Department

Subsidiaries management

Ming Hop Company Limited#

*	Ng Hak Ming	Contract Manager
*	Wong Lai Ying	Deputy General Manager

VHSoft Technologies Company Limited

*	Mak Yiu Kau, Hubert	Chief Operating Officer

Yau Lee Building Construction and Decoration Company Limited

*	Ho Chi Fai	General Manager (BR)

Yau Lee Construction (Singapore) Pte. Ltd.#

*	Goh Hock Chai	Director
*	Wong Ming Tak	Commercial Director

Yau Lee Curtain Wall and Steel Works Limited

*	Lee Shiu Ming	Head

Yau Lee Wah Concrete Precast Products Company Limited

*	Wong Chi Leung	General Manager

In alphabetical order

Report of the Directors

The Directors submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2013.

Principal activities and segment analysis

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are 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. In addition, the Group is engaged in other activities which mainly include computer software development and architectural and engineering services.

An analysis of the Group's performance for the year by business segments is set out in Note 5 to the consolidated financial statements.

Results and appropriations

The results of the Group for the year are set out in the consolidated income statement on page 48.

An interim dividend of HK1.00 cent per share (2012: Nil) was paid during the year ended 31 March 2013.

In the Board meeting held on 26 June 2013, the directors recommend the payment of a final dividend of HK1.38 cents (2012: HK2.28 cents) per share, totalling approximately HK$6,045,000 (2012: HK$9,988,000) for the year ended 31 March 2013.

Closure of register of members

The register of members of the Company will be closed from 9 August 2013 (Friday) to 14 August 2013 (Wednesday) (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").

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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 8 August 2013 (Thursday).

The register of members of the Company will be closed again from 2 September 2013 (Monday) to 5 September 2013 (Thursday) (both days inclusive) for the purpose of determining the identity of members who are entitled to the recommended final dividend of HK1.38 cents per share for the year ended 31 March 2013, 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 Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 30 August 2013 (Friday).

Reserves

Movements in the reserves of the Group and the Company during the year are set out in Note 35 to the consolidated financial statements.

Donations

Charitable and other donations made by the Group during the year amounted to approximately HK$669,000 (2012: HK$496,000).

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

Investment properties

Details of the principal properties held for investment purposes are set out on page 121 of this annual report.

Distributable reserves

At 31 March 2013, the reserves of the Company available for distribution, calculated under the Companies Act 1981 of Bermuda, amounted to approximately HK$980,177,000 (2012: HK$994,520,000).

Share capital

Details of the share capital of the Company are set out in Note 34 to the consolidated financial statements.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the laws of Bermuda.

Five year financial summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 122.

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 2013.

Report of the Directors

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

Mr. Wong Ip Kuen *(Chairman)*
Ir. Wong Tin Cheung *(Vice Chairman)*
Ms. Wong Wai Man
Mr. Sun Chun Wai
Mr. Tsang Chiu Kwan (retired on 1 July 2012)

Independent Non-Executive Directors

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

In accordance with the Company's bye-laws, Ms. Wong Wai Man and Mr. Chan, Bernard Charnwut retire by rotation at the forthcoming AGM and being eligible, offer themselves for re-election.

Directors' service contracts

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Group which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation

At the date of this report, 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 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

	Number of shares held (long position)	
Director	**Corporate interest**	**Percentage**
Mr. Wong Ip Kuen	260,659,599	59.50%

The shares referred to above are registered in the name of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 29,980,000 shares. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Investment Company Limited and Billion Goal Holdings Limited. All Fine Investment Company Limited and Billion Goal Holdings Limited are incorporated in the Cook Islands and the British Virgin Islands respectively. Mr. Wong Ip Kuen is a director of both All Fine Investment Company Limited and Billion Goal Holdings Limited.

During the year, 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 year was the Company, its subsidiaries, its associates or its jointly controlled entities 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 corporation.

Substantial shareholders' interests and short positions in shares, underlying shares of the company

At 31 March 2013, the register of substantial shareholders maintained under Section 336 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.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major suppliers and customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

– five largest suppliers	13%
– the largest supplier	3%

Sales

– five largest customers	41%
– the largest customer	14%

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in the major suppliers or customers noted above.

Connected transactions

Significant related party transactions entered into by the Group during the year ended 31 March 2013, which do not constitute connected transactions under the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") are disclosed in Note 40 to the consolidated financial statements.

Continuing Obligations Under Chapter 13 of the Listing Rules – Loan Agreements with Covenants 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 facilities which 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 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 instalments 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% of the equity interest and voting shares of the Company.

On 12 October 2012, a wholly-owned subsidiary of the Company entered into a term loan facility of up to HK$300,000,000 with a bank in Hong Kong for exclusive purpose of financing the general working capital requirements of the subsidiary. The loan shall be repaid by ten consecutive semi-annual instalments 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% of the equity interest and voting shares of the Company.

As at 31 March 2013 and up to the date of this report, there is no breach of the covenants.

Sufficiency of public float

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of this report.

Corporate governance

The Company's Corporate Governance Report is set out on pages 30 to 35.

Independent auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Wong Ip Kuen
Chairman

Hong Kong, 26 June 2013

Corporate Governance Report

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.

The Board of Directors

During the year, the Board of Directors of the Company comprises four Executive Directors and three Independent Non-Executive Directors, whose personal biographies are set out on pages 18 to 20 of this annual report.

The Company forms its Board of Directors based on the characteristics and uniqueness of its operations to ensure that each Director possesses the required experience and management expertise. In order to balance the power between the Executive Directors and Independent Non-Executive Directors, the Company appointed three qualified candidates to become its Independent Non-Executive Directors to ensure the independence of the policy making process of the Board and protect the interests of its shareholders. The Company has received confirmations of independence from each of the Independent Non-Executive Directors. The Company considers them to be independent.

The responsibilities of the Chairman and the Vice Chairman of the Company are properly defined and separated. The Chairman is responsible for leading the Board of Directors to ensure effective operation of the Board and compliance with corporate governance requirements. The Vice Chairman is responsible for the day-to-day operation of the Company and implementation of the development strategy adopted by the Board of Directors. The Chairman is the father of the Vice Chairman.

The Directors delegate day-to-day operation of the business of the Group to the management of relevant subsidiaries or divisions.

The Directors held regular meetings during the year to discuss the overall development strategy, operations and financial reporting of the Company. The matters resolved and considered by the Directors include overall development strategies, major acquisitions and disposals, annual and interim results, dividend policy, proposed appointment and re-election of directors, appointment of auditor and other operational and financial matters relating to the Company. Notice convening each regular Board meeting was sent at least 14 days in advance, and reasonable notice would be given for other Board meetings. The agenda, accompanied by the relevant documents of the Board meeting were sent to each Director with sufficient period in advance to enable each Director to fully understand the matters to be discussed and make an informed opinion. Each Director had the right to seek independent professional advice in furtherance of his duties at the expense of the Company.

During the year, four Board meetings were held. The attendance of the Directors at the meetings of the Board and its respective committees is as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee
Mr. Wong Ip Kuen	4/4	N/A	N/A	N/A	N/A
Ir. Wong Tin Cheung	4/4	N/A	1/1	N/A	1/1
Ms. Wong Wai Man	4/4	N/A	N/A	N/A	N/A
Mr. Sun Chun Wai	4/4	N/A	N/A	N/A	N/A
Mr. Tsang Chiu Kwan (retired on 1 July 2012)	2/2	N/A	N/A	N/A	N/A
Mr. Chan, Bernard Charnwut	4/4	2/2	1/1	1/1	1/1
Mr. Wu King Cheong	4/4	2/2	1/1	1/1	1/1
Dr. Yeung Tsun Man, Eric	3/4	1/2	1/1	1/1	0/1

Committees of the Board

In accordance with the Code, the Board has established Audit, Remuneration, Nomination and Corporate Governance Committees, each with defined terms of reference and is chaired by an Independent Non-Executive Director. The duties of the four committees are as follows:

Audit Committee

The Audit Committee was established in April 1999 and comprises three Independent Non-Executive Directors. The Board is satisfied that the current mix of experience of the committee members facilitates an effective functioning of their roles. The members of the Audit Committee are:

Dr. Yeung Tsun Man, Eric - Chairman of the Committee
Mr. Chan, Bernard Charnwut
Mr. Wu King Cheong

The Audit Committee is responsible for monitoring the integrity of the financial statements of the Company, reviewing the Company's risk management process and system and overseeing the relationships between the Company and its independent auditor. The terms of reference of the Audit Committee are posted on the Company's website.

During the year ended 31 March 2013, the Audit Committee held two meetings to review the results, the accounting principles and practices adopted by the Company and discuss with senior management and the independent auditor on the matters arising from audits and the effectiveness of the Company's internal control and risk management system. The record of attendance of the members is listed above.

Remuneration Committee

The Remuneration Committee was established in April 2005 and comprises four Directors, three of whom are Independent Non-Executive Directors. The Remuneration Committee is responsible for reviewing and advising on the remuneration packages (including non-monetary benefits, retirement benefits and share option scheme) for all Directors and some senior management, who are not on the Board. The Remuneration Committee met once during the year ended 31 March 2013 and the record of attendance of the members is listed on page 31. The terms of reference of the Remuneration Committee have been reviewed with reference to the Code and are posted on the Company's website. The members of the Remuneration Committee are:

Mr. Chan, Bernard Charnwut - Chairman of the Committee
Ir. Wong Tin Cheung
Mr. Wu King Cheong
Dr. Yeung Tsun Man, Eric

Nomination Committee

The Nomination Committee was established in April 2005 and comprises three Independent Non-Executive Directors. The terms of reference of the Nomination Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The Nomination Committee is responsible for formulating nomination policy for consideration by the Board. It makes recommendations to the Board on the appointments or re-appointments of directors and succession planning for directors. The Nomination Committee met once during the year ended 31 March 2013 and the record of attendance of the members is listed on page 31. The members of the Nomination Committee are:

Mr. Wu King Cheong - Chairman of the Committee
Mr. Chan, Bernard Charnwut
Dr. Yeung Tsun Man, Eric

Corporate Governance Committee

The Corporate Governance Committee was established in January 2012 and comprises four Directors, three of whom are Independent Non-Executive Directors. The terms of reference of the Corporate Governance Committee were formulated in accordance with the requirements of the Code and are posted on the Company's website. The committee is responsible for monitoring, reviewing and enhancing the corporate governance of the Company. It assists the Board in performing the corporate governance duties as required under the Listing Rules.

In accordance with the terms of reference of the Corporate Governance Committee, the committee shall meet not less than once a year to consider corporate governance issues. In addition to reviewing the result of the internal control review, the committee meets with the independent auditor to discuss the matters arising from the review and makes recommendations to the Board. The Corporate Governance Committee met once during the year ended 31 March 2013 and the record of attendance of the members is listed on page 31. The members of the Corporate Governance Committee are:

Mr. Chan, Bernard Charnwut – Chairman of the Committee
Ir. Wong Tin Cheung
Mr. Wu King Cheong
Dr. Yeung Tsun Man, Eric

Auditor's remuneration

The Company engaged PricewaterhouseCoopers as the Company's independent auditor. For the year ended 31 March 2013, PricewaterhouseCoopers provided the following services to the Group:

	2013	2012
	HK$'000	HK$'000
Audit services	**4,271**	3,822
Taxation services	**295**	749
	4,566	4,571

Directors' responsibilities for financial reporting

The Directors of the Company acknowledged their responsibility for the preparation of consolidated financial statements that give a true and fair view of the state of affairs of the Group and of the Group's results and cash flows during the year. The Directors are responsible for keeping of appropriate accounting records that reasonably and accurately disclose the consolidated financial position of the Group from time to time. In preparing the consolidated financial statements for the year ended 31 March 2013, appropriate accounting policies are selected and applied consistently by the Directors who made careful and reasonable judgements and estimates, and prepared the consolidated financial statements on an on-going basis.

The independent auditor's report, which contains the statement of the independent auditor about its reporting responsibilities on the Company's consolidated financial statements, is set out on pages 46 to 47 of this annual report.

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 2013 including financial, operational and compliance controls, as well as the Group's risk management functions. The results of the internal control review were submitted to the Corporate Governance Committee for its consideration. The Corporate Governance Committee has reviewed the results of the internal control review and is satisfied that the Group's system of internal control 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, staff qualifications and experience, training programmes and budget of the function.

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 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 2013.

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 2013 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 enables the Company to make and facilitate the implementation of decisions promptly and efficiently.

Communication with shareholders

The Board endeavours to maintain an on-going dialogue with shareholders. All Directors are encouraged to attend the general meetings to have direct communication with shareholders. In the AGM, Chairman of the Board and the Chairman of each committee are required to attend and answer questions from shareholders in respect of the matters that they are responsible and accountable for. The independent auditor is also required to be present to assist the Directors in addressing any relevant queries by shareholders.

The Company's AGM and extraordinary general meeting provide good opportunities for shareholders to air their views and ask Directors and management questions regarding the Company. Separate resolutions are required at general meetings on each distinct issue. Each shareholder is permitted to appoint one or more proxies to attend and vote in his stead.

Information relating to the Group's and Company's financial results, corporate details, notifiable transactions and major events are disseminated through publication of interim and annual report, announcements, circulars, press release and newsletters. These publications can also be obtained from the Company's website (www.yaulee.com).

The Company is offering options to the shareholders to receive corporate communications of the Company by electronic means or in printed form. The Board believes that electronic means of communication will increase the efficiency of communication between the Company and the shareholders. We will continue to enhance the Company's website as a channel of communication with shareholders.

The Board has established a shareholders' communication policy which is posted on the Company's website. The policy is reviewed on a regular basis by the Board to ensure its effectiveness.

Voting by poll

The Company supports the principal of voting by poll as stipulated under Rule 13.39(4) of the Listing Rules. Accordingly, the resolutions proposed at the AGM will also be taken by poll. A poll results announcement will be made by the Company after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

Corporate Social Responsibility Report

People

People are Yau Lee's most valuable assets. The Group cares about employees' health and safety, well-being and development. It invests constantly on improving occupational health and safety, working environment conditions, employee benefit, training and development.

Health and Safety

Yau Lee places a lot of importance on workplace health and safety. As an OHSAS 18001 certified company, the Group strives not only to observe the standards but to surpass them. A team of highly professional staff are trained and dedicated to the enhancement of safety provisions and equipments as well as the development of innovative safety systems. As a responsible contractor, Yau Lee promotes and supports our business partners in maintaining high standards in health and safety. Workshops and on-site trainings are provided to our business partners for up-keeping their health and safety awareness and knowledge.

Our continuous efforts in this respect resulted in remarkable track records of safety performance and had long been held up as exemplary in the industry. Yau Lee has achieved single digit accident rates which were far below the records of the industry for many years.

Accident Rate Table

During the year, Yau Lee received a number of awards which honor Group's achievement of excellence in this respect.

Project	Competition	Award	Organiser
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Ma On Shan, Shatin (North) and Tseung Kwan O (1) District 2010/2013	Construction Safety Day	Gold Award of Best Refurbishment and Maintenance Contractor in OSH	OSHC, LD, DB, HKHA, BD, HKHS, CIC, CWRA, PCFB, ODCB, HKCA, REDAHK, HKCSCA, HKAPMC, HKFE&MECL, HKCIEGU, HKFI
MTR Corporation Limited – Maintenance Services for Central ECS Plants	Construction Safety Day	Gold Award of Best Refurbishment and Maintenance Contractor in OSH	OSHC, LD, DB, HKHA, BD, HKHS, CIC, CWRA, PCFB, ODCB, HKCA, REDAHK, HKCSCA, HKAPMC, HKFE&MECL, HKCIEGU, HKFI
District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/Wong Tai Sin 2011/2014	Construction Safety Day	Bronze Award of Best Occupational Health Program to Prevent Heat Stroke at Work	OSHC, LD, DB, HKHA, BD, HKHS, CIC, CWRA, PCFB, ODCB, HKCA, REDAHK, HKCSCA, HKAPMC, HKFE&MECL, HKCIEGU, HKFI
"My Home Purchase Plan" Project at Tsing Luk Street, Tsing Yi TYTL138	Construction Industry Safety Award Scheme 2012/2013	Bronze Award for Building Sites (Private Sector)	LD, OSHC, DB, HKHA, CIC, ODCB, HKHS, HKCA, HKGBCA, HK Construction Sub-contractors Association, HKFEMC, HKAPMC, HKCIEGU, PCFB, Minor Works Contractor Association
Construction of Public Rental Housing Development at Sheung Shui Area 36 West	Construction Industry Safety Award Scheme 2012/2013	Merit Award of Safety Team Award	LD, OSHC, DB, HKHA, CIC, ODCB, HKHS, HKCA, HKGBCA, HK Construction Sub-contractors Association, HKFEMC, HKAPMC, HKCIEGU, PCFB, Minor Works Contractor Association
The Integrated Contracts for Construction of Public Rental Housing Development at Kai Tak Site 1B	Quality Public Housing Construction & Maintenance Award 2012	New Works Projects – Best Site Safety – Timely Report of Near Miss Incident Award (Building)	Hong Kong Housing Authority
Yau Lee Construction Company Limited	11th Hong Kong Occupational Safety & Health Award	Safety Performance Award – Construction	OSHC, LD, DB, HKHA, HKFI, HKFTU, CMAHK, CGCC, HKCA, EFHK, HKGCC, HKIE, HKQAA, CIC
REC Engineering Company Limited	11th Hong Kong Occupational Safety & Health Award	Safety Performance Award – Other Industries	OSHC, LD, DB, HKHA, HKFI, HKFTU, CMAHK, CGCC, HKCA, EFHK, HKGCC, HKIE, HKQAA, CIC
Yau Lee Construction Company Limited	Innovation Safety Initiative Award 2013	Gold Award for Innovation of S^3 Phone	DB, CIC, HKCA

Corporate Social Responsibility Report

Human Resources Development

Yau Lee aims to be a good and attractive employer as we understand people are the keys to long-term success. To advance in the ever-changing and competitive market, the Group has early established a long-term manpower strategy for recruitment, retention and development of employee.

The Group runs a "The Yau Lee Fellowship and Scholarship Program" which aims to promote the industry to the youths. The program recruits students from universities and colleges yearly. Led by the Group's senior management members, the participants learn more about the practice and future development of the industry through a series of activities such as company and site visits, summer internship and competitions. Rewards and sponsorships would be presented to the outstanding ones as encouragement. We think that the program can help to gain more young talents and new blood to the Group and also the industry.

YAU LEE fellowship program

Yau Lee invests heavily in employee development. Continuing learning is one of our core values and we provide attractive continuous training opportunities to promote existing strengths and to tap into new potentials. In addition to seminars, workshops and training courses conducted to enhance and uphold employees' work competency, there were also management development plans aiming to unleash the potential of promising staff members for future career development. The Group's investment in human capital boosts employee's sense of belonging and loyalties to the Group as a whole.

YAU LEE training

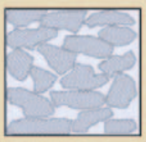
Green Initiatives

Yau Lee apprehends that we are in an industry which builds and develops the society but has impact on environment too. As a responsible corporate citizen, we embrace sustainable construction practices as a key part of our strategy.

Yau Lee Holdings Limited has set up its vision as "Becoming a Green Integrated Corporation" since 2005. The Group is committed to protecting the environment, conserving resources and improving the standard of environmental protection at works. By continuous perfection of working cycle, Yau Lee has essentially incorporated the green concept into all our business operations. Our subcontractors, suppliers, customers and other business partners have shared with us the efforts to take the measures to create a green environment for the interests of our own members and the public. We have successfully integrated environmental considerations in the entire life-cycle of the business.

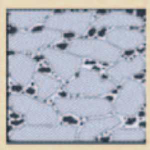
On building materials, the Group induced patented technologies for the production of two green building materials, namely Excelicrete™ and Starfon™.

Excelicrete™ is a patented and advanced concrete production system which devises a revolutionary concrete design mix approach to the construction industry that optimises the mix designs of concrete and provides real time quality control system to the entire production process of concrete. The performance of concrete can achieve higher strength and enhanced workability with less cement constituents. The compressive strength, design lifespan, durability, shrinkage and creep and permeability are significantly improved. In addition, costs associated with material, labour and energy are minimised while reducing adverse environmental impact generated by concrete production.



Standard Mix Design

- Larger void spaces require more water and cement
- Cement paste is the most expensive material in concrete
- Excess cement generates excess heat of hydration
- Excessive trial end error
- No way to predict properties

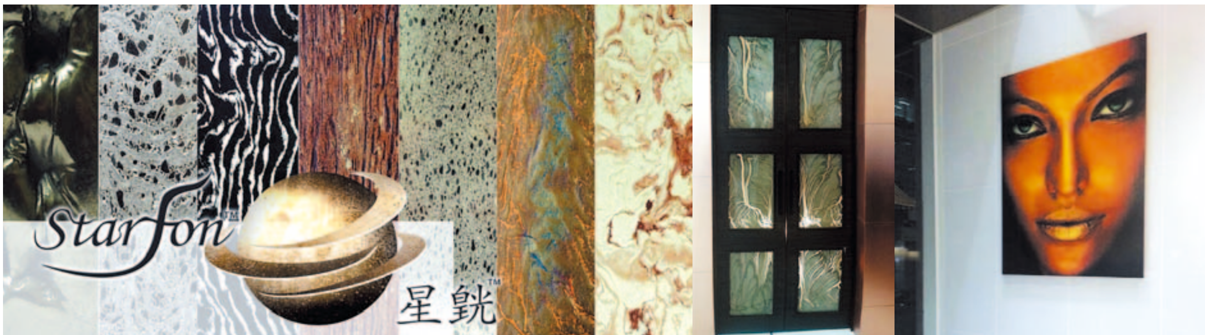


Intelligent Concrete Mix Design

- Void spaces are reduced by optimized packing of aggregates
- Sand to aggregate ratio is optimized for reduced viscosity and increased cohesion to give improve flow and stability
- Aggregates replace excess cement paste to give less shrinkage and lower cost
- Lower hydration temperatures
- Easier handling, better flow and easier finishing

Corporate Social Responsibility Report

Starfon™ is a product that resulted from more than 20 years of research and development on materials science and engineering. The substrate of Starfon™ is made from over 50% LEED compliant materials, the surplus of Starfon™ during the production can be recycled and reused. No toxic substance is emitted during the production cycle. Its performance is superior to wood, plastic, natural stone, precast concrete and other existing building materials for both interior and exterior applications. The use of Starfon™ helps to conserve natural resources and reduce harmful emissions from production.



Starfon™

Besides, the Group has also launched a number of environmental improvement E&M products to bolster the development of green technology and bring green solutions to various sectors, including building construction and property management, through maximising energy efficiency, mitigating environmental hazards and generating long-term financial benefits to our customers. Below are examples of products currently available in market.

BreeZer™ – Heavy Duty Indoor Air Purification System to remove of dust, Respirable Suspended Particulates ("RSP") and VOCs for fitting-out jobs. It aims at maintaining a good air quality within an occupied premises for workers and neighbourhood.

Bamako Burner – Joss Paper Burner-Fly Ash and Smoke Treatment ("JPB-FAST"), which applies current RSP and smoke elimination technologies to reduce pollution during the unique Chinese tradition of burning joss paper.

iFCU™ – a smart intelligent fan coil system that can wisely adjust its operation level with reference to the daily activities of occupants, with a view to achieve maximised energy efficiency (between 50% to 80%) and provide better comfort to occupants. Feature with our self-developed motor and programmable thermostat, iFCU™ can achieve substantial energy saving and create a more comfortable working environment.

BreeZer, Bamako Burner and iFCU

In addition to commodities, the Group also provides energy optimisation engineering solution. By introducing the system optimisation with reviewing and fine tuning the system performance, substantial energy saving can be achieved. The solution aims to achieve twofold results each as an integral part to the ultimate achievement in energy saving resulted to the overall consumption of the building system, in the:

i) fine-tuning of the current system design and equipment selections; and

ii) provision of technical advice and evaluation in terms of control strategy and instrumentation on all different energy saving features to be incorporated in the construction stage

so that energy savings can be achieved and sustained at an optimised level.

The energy optimisation solution has been implemented in our flagship green hotel – Holiday Inn Express Hong Kong SoHo and it successfully saves energy consumption over 50% as against our previous hotel development with similar scale.

Besides operating strictly under ISO 14001, the Group is dedicated to develop and explore innovative and environmental-friendly designs and construction technologies. The Group developed precast technology, a solution to conserve natural resources and reduce wastage, some 15 years ago. We are the market leader in concrete precast production in Hong Kong. The Group's efforts in innovation and sustainability practices are also recognised and rewarded in overseas. Our self-developed application of "Construction Cycle Planning with Enhanced Installation Method for Precast Components and Application of Large Panel Formwork" has been awarded BCA Construction Productivity Awards Best Practices and Innovations 2012 in Singapore.

Energy Optimization Solution (EOS)

BCA Construction Productivity Awards 2012 Best Practices and Innovations

Corporate Social Responsibility Report

Below are the Green Milestones achieved during the year

- The Group's flagship green hotel – Holiday Inn Express Hong Kong SoHo – became the first high-rise building (hotel) in the world to achieve triple platinum of green certificates – LEED, an internationally recognised mark of excellence launched by the US Green Building Council, BEAM Plus, Building Environmental Assessment Method by the Hong Kong Green Building Council, and BCA Green Mark by Singapore's Building and Construction Authority. Holiday Inn Express Hong Kong SoHo also received green awards including a Merit award at the Hong Kong Green Building Council's Green Building Award 2012 and Intelligent Hotel Building (Distinction Rank) of Year 2012 by Asian Institute of Intelligent Buildings. The Group's various subsidiaries coordinated seamlessly to design and construct the hotel and incorporated numerous sustainable and green technologies.

- The Group gained other accolades when it achieved 8% Carbon "Less" Certificate under the Hong Kong Awards for Environmental Excellence and Merit Award in 2011 Hong Kong Awards for Environmental Excellence (The Integrated Contracts for Construction of Public Rental Housing Development at Kai Tak Site 1B).

Hotel related news


EOS Certificates

Intelligent Hotel Building (Distinction Rank) Award

8% Carbon "Less" Certificate

Merit Award in 2011 Hong Kong Awards for Environmental Excellence

Project	Competition	Award	Organiser
Holiday Inn Express Hong Kong SoHo	Green Mark Scheme	Platinum (Provisional) Award	Singapore Building and Construction Authority
Holiday Inn Express Hong Kong SoHo	BEAM Plus V1.1 for New Building	BEAM Plus Platinum (Final Rating)	Hong Kong Green Building Council
Holiday Inn Express Hong Kong SoHo	N/A	Intelligent Hotel Building (Distinction Rank) of Year 2012	Asian Institute of Intelligent Buildings
Yau Lee Construction Company Limited	Hong Kong Green Awards 2012	Green Management Award (Corporate) Silver Award	Green Council
REC Engineering Company Limited	Green Plus Recognition Scheme 2012	Contractor Group I – Silver Prize	CLP Power Hong Kong Limited
Holiday Inn Express Hong Kong SoHo	Green Building Award 2012	Merit Award for New Building Category (Building under Construction) – Hong Kong	Hong Kong Green Building Council
The Integrated Contracts for Construction of Public Rental Housing Development at Kai Tak Site 1B	2011 Hong Kong Awards for Environmental Excellence – Construction Industry	Certificate of Merit	Environmental Campaign Committee, EPD, ACE, BEC, CGCC, The Chinese Manufacture Association Hong Kong, FHKI, HK Chinese Import & Export Association, The HK Council of Social Service, HKGCC, HKPC
Yau Lee Construction Company Limited	Hong Kong Awards for Environmental Excellence	Certificate for "Class of Excellence" Energywi$e Label	Environmental Campaign Committee
Yau Lee Construction Company Limited	Hong Kong Awards for Environmental Excellence	Certificate for "Class of Excellence" Wastewi$e Label	Environmental Campaign Committee
Yau Lee Construction Company Limited	Hong Kong Awards for Environmental Excellence	"Carbon "Less" 8% Certificate" – Yau Lee Construction Company Limited – 7/F Office	Environmental Campaign Committee

Corporate Social Responsibility Report

Cares for Community

Yau Lee has a long history of community involvement. The Group has always been fully supporting charities through donation, volunteer services and cooperation with social enterprises. Our dedication to community has been recognised and gained us the Caring Company Logo for over 10 years.

"Yau Lee Tender-Love-Care Group", the Group's volunteer team has been formed for more than 10 years. The team organises and participates in different kinds of community activities to deliver warmth and love to the people in need every year. During the year, the team visited Children's Home and a number of elderly centres. Also, it took part in "Cane-athon" International White Cane Day 2012 and Charity Walk 2012 to raise fund for charities.

The Group always looks for opportunities to support social enterprises. We engaged "Take a Break" catering services, an social enterprise operated by Tung Wah Group of Hospitals aiming to create job opportunities for people with disabilities and providing quality catering services, at our KT1B construction site. The cooperation is a win-win situation for taking good care of our employees' well-being whilst helping the people in need. We would extend the cooperation in coming new projects.

Yau Lee also supports the community by donations and sponsorships. During the year, the Group contributed to more than 20 different organisations.

YAU LEE voluntary activities

Project	Competition	Award	Organiser
Yau Lee Construction Company Limited	Quality Public Housing Construction & Maintenance Award 2012	Commendation for Premier League Contractor	Hong Kong Housing Authority
Conversion of Nam Shan Estate Carpark to Educational Institution	Quality Public Housing Construction & Maintenance Award 2012	Outstanding Maintenance & Improvement Project – Gold Award	Hong Kong Housing Authority
Yau Lee Construction Company Limited	Quality Public Housing Construction & Maintenance Award 2012	New Works Projects – Outstanding Contractors Award (Building) – Silver Award	Hong Kong Housing Authority
Design and Construction of the Prince of Wales Hospital – Extension Block at Shatin	Quality Building Award 2012	Certificate of Merit Award- Hong Kong Non-Residential (New Building) Category	HKCA, HKIA, HKICM, HKIE, HKIH, HKIS, HKQAA, Hong Kong Chapter of IFMA, REDA
Construction of Kwai Chung (District Open Space) Phase 2A and Kwai Chung Estate (Lift Tower and Footbridge) Phase 5A	Housing Department Development & Construction Division Outstanding Project Award 2012	Certificate of Commendation of Outstanding Project Award	Hong Kong Housing Authority

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF YAU LEE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Yau Lee Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 48 to 120, which comprise the consolidated and company balance sheets as at 31 March 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 June 2013

Consolidated Income Statement

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 (Restated) HK$'000
Revenue	5	**3,685,944**	4,664,581
Cost of sales	7	**(3,336,067)**	(4,415,399)
Gross profit		**349,877**	249,182
Other income and gains	6	**77,287**	74,301
Distribution costs	7	**(27,300)**	(19,791)
Administrative expenses	7	**(332,319)**	(237,486)
Other operating expenses	7	**(3,492)**	(6,293)
Operating profit		**64,053**	59,913
Finance costs	9	**(34,011)**	(33,506)
Share of profit of an associate	21	**37**	281
Share of profit of jointly controlled entities	22	**43,417**	23,077
Profit before income tax		**73,496**	49,765
Income tax expense	10	**(8,186)**	(7,107)
Profit for the year		**65,310**	42,658
Attributable to:			
Equity holders of the Company		**65,360**	41,491
Non-controlling interests		**(50)**	1,167
		65,310	42,658
Dividend	12	**10,426**	9,988
Earnings per share (basic and diluted)	13	**14.92 cents**	9.47 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	2013 HK$'000	2012 (Restated) HK$'000
Profit for the year	**65,310**	42,658
Other comprehensive income:		
Currency translation differences	**1,406**	8,678
Total comprehensive income for the year	**66,716**	51,336
Attributable to:		
Equity holders of the Company	**66,766**	50,264
Non-controlling interests	**(50)**	1,072
Total comprehensive income for the year	**66,716**	51,336

Consolidated Balance Sheet

As at 31 March 2013

	Notes	31 March 2013 HK$'000	31 March 2012 (Restated) HK$'000	1 April 2011 (Restated) HK$'000
ASSETS				
Non-current assets				
Property, plant and equipment	15	**1,086,815**	923,271	688,318
Investment properties	16	**324,023**	265,557	368,069
Leasehold land and land use rights	17	**59,801**	60,897	60,209
Intangible assets	19	**16,734**	17,790	18,846
Goodwill	19	**15,905**	15,905	15,905
Associates	21	**1,402**	1,479	1,654
Jointly controlled entities	22	**48,524**	16,468	11,342
Deferred income tax assets	32	**3,681**	9,727	14,699
Other non-current assets	23	**45,164**	96,786	58,495
		1,602,049	1,407,880	1,237,537
Current assets				
Cash and bank balances	25	**453,507**	570,027	428,230
Trade debtors, net	26(a)	**635,960**	636,042	587,662
Prepayments, deposits and other receivables	24, 26(b)	**385,684**	307,723	246,253
Inventories	27	**79,127**	73,696	57,123
Prepaid income tax		**130**	634	115
Due from customers on construction contracts	28	**611,282**	448,373	388,154
Financial assets at fair value through profit or loss	29	**42,402**	44,021	43,919
Derivative financial assets	30	**–**	–	2,069
Property under development for sale	18	**386,926**	347,810	–
Due from associates, net	21	**159**	458	–
Due from jointly controlled entities	22	**2,411**	5,077	31,203
		2,597,588	2,433,861	1,784,728
Total assets		**4,199,637**	3,841,741	3,022,265
EQUITY				
Share capital	34	**87,611**	87,611	87,611
Other reserves	35	**448,516**	447,110	438,337
Retained profits				
Proposed final dividend	35	**6,045**	9,988	9,988
Others	35	**957,268**	902,334	870,831
Attributable to equity holders of the Company		**1,499,440**	1,447,043	1,406,767
Non-controlling interests		**1,022**	1,072	–
Total equity		**1,500,462**	1,448,115	1,406,767

	Note	31 March 2013 HK$'000	31 March 2012 (Restated) HK$'000	1 April 2011 (Restated) HK$'000
LIABILITIES				
Non-current liabilities				
Long-term borrowings	31	**1,015,590**	755,715	437,086
Deferred income tax liabilities	32	**6,349**	5,565	6,383
		1,021,939	761,280	443,469
Current liabilities				
Short-term bank loans	31	**619,372**	578,734	353,012
Current portion of long-term borrowings	31	**69,371**	35,099	19,162
Derivative financial liabilities	30	**26,952**	21,785	1,317
Payables to suppliers and subcontractors	33	**274,363**	335,850	273,046
Accruals, retention payables and other liabilities		**328,609**	275,829	209,922
Income tax payable		**590**	3,778	15,019
Obligation in respect of jointly controlled entities	22	**1,291**	1,252	1,203
Due to customers on construction contracts	28	**293,526**	373,019	291,108
Due to jointly controlled entities	22	**63,162**	7,000	8,240
		1,677,236	1,632,346	1,172,029
Total liabilities		**2,699,175**	2,393,626	1,615,498
Total equity and liabilities		**4,199,637**	3,841,741	3,022,265
Net current assets		**920,352**	801,515	612,699
Total assets less current liabilities		**2,522,401**	2,209,395	1,850,236

Wong Ip Kuen
Director

Wong Tin Cheung
Director

Balance Sheet

As at 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current asset			
Subsidiaries	20	**571,615**	571,615
Current assets			
Cash and bank balances	25	**8,757**	7,537
Prepayments, deposits and other receivables	24, 26(b)	**306**	306
Prepaid income tax		**19**	630
Financial assets at fair value through profit or loss	29	**19,048**	18,931
Due from subsidiaries	20	**1,114,406**	1,097,393
Due from an associate	21	**43**	–
Due from a jointly controlled entity	22	**120**	–
		1,142,699	1,124,797
Total assets		**1,714,314**	1,696,412
EQUITY			
Share capital	34	**87,611**	87,611
Other reserves	35	**414,135**	414,135
Retained profits			
Proposed final dividend	35	**6,045**	9,988
Others	35	**974,132**	984,532
Total equity		**1,481,923**	1,496,266
LIABILITIES			
Current liabilities			
Short-term bank loans	31	**30,000**	30,000
Accruals and other liabilities		**1,042**	1,113
Due to subsidiaries	20	**201,349**	169,033
Total liabilities		**232,391**	200,146
Total equity and liabilities		**1,714,314**	1,696,412
Net current assets		**910,308**	924,651
Total assets less current liabilities		**1,481,923**	1,496,266

Wong Ip Kuen
Director

Wong Tin Cheung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital redemption reserve	Currency translation reserve	Retained profits	Sub-total	Non-controlling interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2012, as previously reported	**87,611**	**413,776**	**359**	**32,975**	**887,108**	**1,421,829**	**1,072**	**1,422,901**
Adjustment of change in accounting policy for								
– adopting amendments to HKAS 12	**–**	**–**	**–**	**–**	**21,320**	**21,320**	**–**	**21,320**
– retention reclassification	**–**	**–**	**–**	**–**	**3,894**	**3,894**	**–**	**3,894**
As at 1 April 2012, as restated	**87,611**	**413,776**	**359**	**32,975**	**912,322**	**1,447,043**	**1,072**	**1,448,115**
Comprehensive income:								
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**65,360**	**65,360**	**(50)**	**65,310**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**1,406**	**–**	**1,406**	**–**	**1,406**
2012 final dividend	**–**	**–**	**–**	**–**	**(9,988)**	**(9,988)**	**–**	**(9,988)**
2013 interim dividend	**–**	**–**	**–**	**–**	**(4,381)**	**(4,381)**	**–**	**(4,381)**
As at 31 March 2013	**87,611**	**413,776**	**359**	**34,381**	**963,313**	**1,499,440**	**1,022**	**1,500,462**
As at 1 April 2011, as previously reported	87,611	413,776	359	24,202	861,542	1,387,490	–	1,387,490
Adjustment of change in accounting policy for								
– adopting amendments to HKAS 12	–	–	–	–	15,563	15,563	–	15,563
– retention reclassification	–	–	–	–	3,714	3,714	–	3,714
As at 1 April 2011, as restated	87,611	413,776	359	24,202	880,819	1,406,767	–	1,406,767
Comprehensive income:								
Profit for the year, as restated	–	–	–	–	41,491	41,491	1,167	42,658
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, as restated	87,611	413,776	359	32,975	912,322	1,447,043	1,072	1,448,115

Consolidated Cash Flow Statement

For the year ended 31 March 2013

	Note	2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Net cash (used in)/from operations	36(a)	**(241,846)**	104,768
Hong Kong profit tax refund		**611**	–
Hong Kong profits tax paid		**(77)**	(1,413)
Overseas tax paid		**(4,612)**	(13,533)
Net cash (used in)/from operating activities		**(245,924)**	89,822
Cash flows from investing activities			
Purchase of property, plant and equipment		**(160,599)**	(262,956)
Additions to prepayments and deposits of plant and equipment		**(7,974)**	(43,382)
Additions to investment properties	16	**(2,852)**	(202,735)
Additions to leasehold land	17	**(355)**	–
Realised gain on financial assets at fair value through profit or loss, net		**244**	244
Proceeds from disposal of property, plant and equipment		**348**	1,411
Dividend received from an associate		**456**	–
Dividend received from jointly controlled entities		**11,400**	18,000
Dividend received from investments		**296**	296
Interest received		**2,678**	1,779
Net cash used in investing activities		**(156,358)**	(487,343)
Cash flows from financing activities	36(b)		
Repayment of long-term bank loans		**(32,318)**	(14,597)
Drawdown of long-term bank loans		**323,512**	352,052
Increase in short-term bank loans, net		**40,638**	225,773
Increase in restricted deposits		**(173)**	(10,885)
Capital element of finance lease payments		**(5,526)**	(6,630)
Interest element of finance lease payments		**(30)**	(66)
Realised loss on derivative financial liabilities, net		**(5,743)**	(282)
Proceeds from disposal of financial assets at fair value through profit or loss		**2,000**	–
Dividend paid		**(14,369)**	(9,988)
Interest paid		**(23,069)**	(9,372)
Net cash from financing activities		**284,922**	526,005
(Decrease)/increase in cash and cash equivalents		**(117,360)**	128,484
Cash and cash equivalents at beginning of year		**450,434**	319,522
Exchange gain on cash and cash equivalents		**667**	2,428
Cash and cash equivalents at end of year		**333,741**	450,434
Analysis of cash and cash equivalents	25(b)		
Cash and bank balances		**203,410**	338,453
Time deposits		**130,331**	111,981
		333,741	450,434

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").

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 June 2013.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

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 consolidated 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. Other than as disclosed in Notes 2(k), (l) and (n), areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

(i) Adoption of amended standards

The following relevant amendments to existing standards have been published that are effective for the accounting period of the Group beginning on 1 April 2012:

– HKFRS 7 (amendment)	'Disclosures – Transfers of Financial Assets'
– HKAS 12 (amendment)	'Deferred Tax: Recovery of Underlying Assets'

The adoption of HKAS 12 (amendment) has resulted in a change in accounting policy and has been applied retrospectively. The adoption of the other amendment did not have any significant effect to the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Adoption of amended standards (Continued)

In December 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") amended HKAS 12, 'Income Taxes', to introduce an exception to the principle for the measurement of deferred income tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred income tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The presumption of recovery entirely by sale is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted. The Group has adopted this amendment retrospectively for the financial year ended 31 March 2013.

As at 31 March 2013, the Group had investment properties amounting to HK$324,023,000 (31 March 2012: HK$265,557,000). The investment properties held by the Group are located in Hong Kong and Singapore. The Directors are of the view that the Group's investment properties are not held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. As required by the amendment, the Group has therefore re-measured the deferred income tax relating to all investment properties located in Hong Kong and Singapore according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively.

As a result of the adoption of amendments to HKAS 12, certain comparative figures have been restated to reflect the change in accounting policy, as summarised below:

Effect on consolidated income statement

	Year ended 31 March	
	2013	2012
	HK$'000	HK$'000
Decrease in income tax expense	**(9,120)**	(5,757)
Increase in basic and diluted earnings per share	**HK2.08 cents**	HK1.31 cents

Effect on consolidated balance sheet

	31 March 2013	31 March 2012	1 April 2011
	HK$'000	HK$'000	HK$'000
Decrease in deferred income tax liabilities	**(30,440)**	(21,320)	(15,563)
Increase in retained profits	**30,440**	21,320	15,563

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) Retention receivables and payables

Previously, the Group classified retention receivables and payables as current assets and liabilities if these balances were expected to be settled within twelve months from the balance sheet date. Otherwise these balances were classified as non-current and discounted to present value, with the resulting gain or loss on discounting going through the profit or loss account.

With effect from 1 April 2012, the Group revised its accounting policy in respect of classification of retention receivables and payables, under which these balances are classified as current assets and liabilities as the Group expects to realise the assets or settle the liabilities within its normal operating cycle. This change aligns the Group's accounting policy with industry practice and hence providing more relevant information to the users of the consolidated financial statements by enhancing the comparability of the Group's consolidated financial statements with those of its peers.

The change in accounting policy has been accounted for retrospectively, and certain comparative figures have been restated. The effect of the adoption of this change in accounting policy is summarised below:

Effect on consolidated income statement

	Year ended 31 March	
	2013	2012
	HK$'000	HK$'000
Decrease in other income and gains	**(1,523)**	–
Decrease in other operating expenses	**–**	(180)
(Decrease)/increase in basic and diluted earnings per share	**(HK0.35 cents)**	HK0.04 cents

Effect on consolidated balance sheet

	31 March 2013 HK$'000	31 March 2012 HK$'000	1 April 2011 HK$'000
Decrease in other non-current assets	**(15,053)**	(85,880)	(39,807)
Increase in trade debtors, net	**17,776**	91,641	44,625
Increase in accruals, retention payables and other liabilities	**2,329**	31,608	10,322
Decrease in non-current retention payables	**(1,977)**	(29,741)	(9,218)
Increase in retained profits	**2,371**	3,894	3,714

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(iii) Relevant new or revised standards, and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The following relevant new or revised standards, and amendments to existing standards have been published but are not effective for the financial year beginning 1 April 2012 and have not been early adopted by the Group:

– Amendments to HKAS 1 (revised)	'Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income'
– 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: Presentation – Offsetting Financial Assets and Financial Liabilities'
– HKFRS 7 (amendment)	'Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities'
– HKFRS 7 and HKFRS 9 (amendments)	'Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transitional Disclosures'
– 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 Measurements'
– Annual Improvements 2009 – 2011 Cycle	

The Group will adopt the above new or revised standards, and amendments to existing 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 these would have significant impact on its results of operations and financial position.

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is acquired by the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment (Note 2(l)). Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profit/(loss) of an associate" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(iv) Jointly controlled entities

Jointly controlled entities are entities which operate under a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Jointly controlled entities are accounted for by the equity method of accounting. The consolidated income statement includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities and goodwill (net of any accumulated impairment loss) on acquisition.

The Group's share of the net liabilities of jointly controlled entities will be recognised only to the extent that the Group has incurred legal or constructive obligations to make payments on behalf of the jointly controlled entities.

(v) Partial disposal

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. In such case, the operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

2 Summary of significant accounting policies *(Continued)*

(c) Investment properties *(Continued)*

After initial recognition, investment property is carried at fair value, representing market value determined by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent firm of qualified property valuers. Gains or losses in fair values of investment property are recognised in the consolidated income statement as part of "Other income and gains".

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property. Others, including contingent rent payments, are not recognised in the consolidated financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

When an investment property undergoes a change in use, evidenced by commencement of development with a view to sale in the future, the property is transferred to property under development for sale at its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(d) Property, plant and equipment

Buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Direct and indirect costs relating to the construction in progress, including borrowing costs during the construction period are capitalised as the costs of the assets.

2 Summary of significant accounting policies *(Continued)*

(d) Property, plant and equipment *(Continued)*

Leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Hotel property	
– Leasehold land	Lease term
– Building	50 years
Leasehold land (classified as finance lease) and buildings	Shorter of lease term and 20-50 years
Leasehold improvements	4 years
Plant and machinery	5-10 years
Furniture, fixtures and office equipment	3-5 years
Motor vehicles	4-5 years
Construction in progress	–

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(l)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and gains" or "Other operating expenses" in the consolidated income statement.

(e) Goodwill

Goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(f) Leasehold land and land use rights

Leasehold land and land use rights represent non-refundable rental payments for lease of land. The up-front payments are amortised over the lease term in accordance with the pattern of benefit provides or on a straight-line basis over the period of the lease. The amortisation of the leasehold land and land use rights is recognised in the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

(g) Intangible assets

Intangible assets represent the customer relationships acquired in a business combination, which are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and carried at costs less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the client relationships of 20 years.

(h) Leases

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in the long–term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets held under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases net of any incentives received from the lessors are charged to the consolidated income statement on a straight-line basis over the period of lease.

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, as within its normal operating cycle of the business. Otherwise, they are classified as non-current.

(i) Financial assets *(Continued)*

(iii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the “Financial assets at fair value through profit or loss” category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of “Other income and gains” when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2(n).

(j) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. However, as the Group does not designate its hedging instruments, all changes in the fair value of these derivative instruments are recognised in the consolidated income statement.

2 Summary of significant accounting policies *(Continued)*

(k) Inventories

Inventories comprise building materials and spare parts for sale and are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out (FIFO) basis, comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(l) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Construction contracts in progress

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are probable of recovery.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, revenue is recognised over the period of the contract. When it is probable total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total contract value.

The Group presents as an asset the gross amount due from customers on construction contracts for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within "Trade and other receivables".

The Group presents as a liability the gross amount due to customers on construction contracts for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2 Summary of significant accounting policies *(Continued)*

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the consolidated income statement within "Administrative expenses". Subsequent recoveries of amounts previously written off are credited against "Administrative expenses" in the consolidated income statement.

(o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2 Summary of significant accounting policies *(Continued)*

(q) Borrowings *(Continued)*

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(r) Payables to suppliers and subcontractors

Payables to suppliers and subcontractors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except for deferred income tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Summary of significant accounting policies *(Continued)*

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(u) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are accounted for on the accrued basis and are charged to the consolidated income statement during the financial period in which they are incurred.

2 Summary of significant accounting policies *(Continued)*

(w) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit obligations

The Group operates defined contribution schemes which are available to all employees. Contributions are made based on a percentage of the employees' basic salaries or a fixed sum and are charged to the consolidated income statement as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Bonus entitlements

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonuses are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(x) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue, cost incurred or to be incurred in respect of a transaction can be reliably measured, neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold are retained, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all the contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 Summary of significant accounting policies *(Continued)*

(x) Revenue recognition *(Continued)*

(i) Contract revenue

To the extent that the outcome of the contract can be estimated reliably, revenue from construction contracts is recognised using the percentage of completion method, measured by reference to the percentage of work performed to date as a percentage of total contract value. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable of recovery.

(ii) Sale of building materials

Sale of building materials is recognised when significant risks and rewards of ownership of the goods have been transferred to customers that is upon delivery of the goods to customers.

(iii) Operating lease rental income

Operating lease rental income is recognised on a straight-line basis over the terms of the respective leases.

(iv) Hotel revenue

Hotel revenue from room rental and other ancillary services is recognised when the services are rendered.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(vi) Dividend income

Dividend income is recognised when the right to receive payment is established.

(y) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentation currency.

2 Summary of significant accounting policies *(Continued)*

(y) Foreign currency translation *(Continued)*

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within "Other income and gains" or "Other operating expenses". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other income and gains".

(iii) Group companies

The results and financial position of all the Group entities (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2 Summary of significant accounting policies *(Continued)*

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company (the "Executive Directors") that make strategic decisions.

(aa) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividend is approved by the Company's shareholders and Directors as appropriate.

(ab) Impairment of financial assets carried at amortised cost

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or

2 Summary of significant accounting policies *(Continued)*

(ab) Impairment of financial assets carried at amortised cost *(Continued)*

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

  The Group first assesses whether objective evidence of impairment exists.

  For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

  If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ac) Property under development for sale

Property under development for sale comprises leasehold land, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. Property under development for sale is stated at lower of cost and net realisable value.

Upon completion, completed properties for pre-determined sale purpose are classified as "Completed properties held for sale".

Property under development for sale is classified as current assets as the construction period of the relevant property development project is expected to be completed within the normal operating cycle and is intended for sale.

3 Financial risk management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's management under the supervision of the Audit Committee. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Audit Committee provides guidance for overall risk management.

(i) Market risk

(a) Price risk

The Group's investment securities are exposed to price risk as they are classified as financial assets at fair value through profit or loss. The Group manages its price risk arising in investment securities, through maintaining diversified investments. The price risk is being monitored regularly.

Had the price of these investments increased/decreased by 5% with all other variables held constant, post-tax profit would have been HK$1,770,000 (2012: HK$1,838,000) higher/lower.

(b) Foreign currency risk

The Group mainly operates in Hong Kong, Macau, Singapore and Mainland China. However, the transactions of the group companies are predominantly conducted in the functional currency of the respective group entities. Therefore, the Group is not significantly exposed to foreign currency risk. Although the group companies hold cash and bank balances in currencies other than in their functional currencies, the exposure to foreign currency risk is not significant.

(c) Cash flow interest rate risk

The Group's exposure to cash flow interest rate risk mainly arises from its borrowings, obligations under finance lease and interest bearing cash deposits issued at variable rates.

The Group manages its exposure to interest rate risk by maintaining borrowings and obligations under finance lease at a low level.

Had interest rates been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been HK$12,563,000 (2012: HK$5,872,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and obligations under finance lease net of higher/lower interest income on cash deposits.

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises mainly from trade debtors, other receivables, amounts due from associates, subsidiaries and jointly controlled entities, deposits with banks, as well as credit exposure to customers. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

To manage this risk, the management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment is made for the irrecoverable amounts.

The Group has no significant credit risk regarding deposits with banks as these are held with high-credit-quality financial institutions, substantially comprising the Group's principal bankers.

(iii) Liquidity risk

In order to maintain flexibility in funding, the Group has credit facilities available from various banks. The Group has bank borrowings as at 31 March 2013 and 2012 to finance its operations.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flows.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at 31 March 2013, the Group held cash and bank deposits of HK$453,507,000 (2012: HK$570,027,000) and other current assets of HK$2,144,081,000 (2012: HK$1,863,834,000, as restated) that are expected to generate cash inflows in the next twelve months for managing liquidity risk.

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk (Continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**After 5 years**
	HK$'000	HK$'000	HK$'000	HK$'000
Group				
At 31 March 2013				
Short-term bank loans and interest thereon	**635,414**	**–**	**–**	**–**
Long-term borrowings and interest thereon	**94,017**	**155,178**	**551,909**	**437,979**
Derivative financial liabilities	**–**	**–**	**26,952**	**–**
Payables to suppliers and subcontractors	**274,363**	**–**	**–**	**–**
Accruals, retention payables and other liabilities	**326,280**	**–**	**2,198**	**131**
Due to jointly controlled entities	**63,162**	**–**	**–**	**–**
At 31 March 2012, as restated				
Short-term bank loans and interest thereon	594,284	–	–	–
Long-term borrowings and interest thereon	53,896	138,143	276,874	430,062
Derivative financial liabilities	–	–	21,785	–
Payables to suppliers and subcontractors	335,850	–	–	–
Accruals, retention payables and other liabilities	244,221	31,608	–	–
Due to jointly controlled entities	7,000	–	–	–

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk (Continued)

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	After 5 years HK$'000
Company				
At 31 March 2013				
Short-term bank loans and interest thereon	**30,887**	**–**	**–**	**–**
Accruals and other liabilities	**1,042**	**–**	**–**	**–**
Due to subsidiaries	**201,349**	**–**	**–**	**–**
At 31 March 2012				
Short-term bank loans and interest thereon	30,915	–	–	–
Accruals and other liabilities	1,113	–	–	–
Due to subsidiaries	169,033	–	–	–

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances.

3 Financial risk management *(Continued)*

(b) Capital risk management *(Continued)*

The Group's strategy is to maintain a gearing ratio at a minimal level. The gearing ratios at 31 March 2013 and 2012 were as follows:

	2013	2012
		(Restated)
	HK$'000	HK$'000
Total borrowings (Note 31)	**(1,704,333)**	(1,369,548)
Add: Cash and bank balances (Note 25)	**453,507**	570,027
Net debt	**(1,250,826)**	(799,521)
Total equity	**1,500,462**	1,448,115
Gearing ratio	**0.83**	0.55

The net debt position resulted primarily from normal operating and investing activities of the Group which include the acquisition of property, plant and equipment, investment properties and property under development for sale (Notes 15, 16 and 18) in prior years and during the year.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

3 Financial risk management *(Continued)*

(c) Fair value estimation *(Continued)*

The following table represents the Group's financial assets and liabilities measured at fair value:

	Level 1 HK$'000	**Level 2** HK$'000	**Level 3** HK$'000	**Total** HK$'000
At at 31 March 2013				
Financial assets at fair value through profit or loss	**–**	**42,402**	**–**	**42,402**
Derivative financial liabilities	**–**	**(26,952)**	**–**	**(26,952)**
At at 31 March 2012				
Financial assets at fair value through profit or loss	–	44,021	–	44,021
Derivative financial liabilities	–	(21,785)	–	(21,785)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The carrying values of the Group's other financial assets and liabilities approximate their fair values.

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works (including electrical and mechanical installation) as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

(b) Estimation of foreseeable losses in respect of construction works

The Group's management estimates the amount of foreseeable losses of construction works based on the management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise subcontracting charges and costs of materials are prepared by management on the basis of quotations provided by the major contractors, suppliers and vendors involved, and the experience of the management. Management conducts periodic review on the management budgets by reviewing the actual amounts incurred. Items that will subject to significant variances and impact the amount of provision of foreseeable losses of construction contracts include the changes in estimations or the actual costs incurred for materials, staff costs, the amount of variation orders and claims as compared to management's budget.

(c) Investment properties

The fair values of investment properties are determined by independent valuers on an open market value basis. In making the judgements, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date. These estimates are compared to actual market data.

(d) Depreciation of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for the related depreciation charges of its property, plant and equipment. Management will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

4 Critical accounting estimates and judgements *(Continued)*

(e) Income taxes

The Group is mainly subject to income taxes in Hong Kong, Macau, Singapore and Mainland China. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the period in which such determination is made.

Recognition of deferred income tax asset, which principally relates to tax losses of certain subsidiaries, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(f) Provision for property under development for sale

The Group assesses the carrying amount of property under development for sale according to its recoverable amount based on the realisability of the property, taking into account estimated costs to completion based on past experience and committed contracts and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgement and estimates.

(g) Provision for impairment of trade debtors

The policy of provision for impairment of trade debtors of the Group is based on the evaluation of the recoverability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each counterparty. If the financial conditions of counterparty of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required.

5 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.

	2013 HK$'000	2012 HK$'000
Revenue		
Construction	**1,935,591**	2,604,024
Electrical and mechanical installation	**1,204,705**	1,729,039
Building materials supply	**478,294**	317,975
Property investment and development	**2,063**	1,892
Hotel operations	**52,792**	–
Others	**12,499**	11,651
	3,685,944	4,664,581

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.

5 Revenue and segment information *(Continued)*

	Construction HK$'000	Electrical and Mechanical Installation HK$'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 2013							
Total sales	1,966,217	1,358,365	512,165	2,063	52,792	30,979	3,922,581
Inter-segment sales	(30,626)	(153,660)	(33,871)	–	–	(18,480)	(236,637)
External sales	1,935,591	1,204,705	478,294	2,063	52,792	12,499	3,685,944
Jointly controlled entities sales	935,099	3,852	–	–	–	–	938,951
	2,870,690	1,208,557	478,294	2,063	52,792	12,499	4,624,895
Segment results	22,885	(883)	5,856	53,905	(2,328)	(14,870)	64,565
Share of profit of an associate	–	37	–	–	–	–	37
Share of profit/(loss) of jointly controlled entities	43,456	–	(39)	–	–	–	43,417
	66,341	(846)	5,817	53,905	(2,328)	(14,870)	108,019
Unallocated expenses							(512)
Finance costs							(34,011)
Profit before income tax							73,496
Income tax expense							(8,186)
Profit for the year							65,310
At 31 March 2013							
Segment assets	1,411,483	549,504	649,749	717,652	676,938	109,944	4,115,270
Interests in associates	–	1,377	–	–	–	25	1,402
Interests in jointly controlled entities	48,524	–	–	–	–	–	48,524
Unallocated assets							34,441
Total assets							4,199,637
Segment liabilities	(513,360)	(395,068)	(43,693)	(3,630)	(7,296)	(3,713)	(966,760)
Bank borrowings							(1,695,790)
Obligation in respect of jointly controlled entities	–	–	(1,291)	–	–	–	(1,291)
Unallocated liabilities							(35,334)
Total liabilities							(2,699,175)
Year ended 31 March 2013							
Capital expenditure	13,942	11,126	43,237	41,968	59,271	53,979	223,523
Depreciation	15,792	4,024	33,962	–	13,979	1,617	69,374
Amortisation of leasehold land and land use rights	56	–	1,395	–	–	–	1,451
Amortisation of intangible assets	–	1,056	–	–	–	–	1,056
Fair value gain on investment properties	–	–	–	(54,951)	–	–	(54,951)
Other non-cash expenses, net							4,787

5 Revenue and segment information *(Continued)*

	Construction HK$'000	Electrical and Mechanical Installation HK$'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 2012 (Restated)							
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	2,604,024	1,729,039	317,975	1,892	–	11,651	4,664,581
Jointly controlled entities sales	371,623	–	–	–	–	–	371,623
	2,975,647	1,729,039	317,975	1,892	–	11,651	5,036,204
Segment results	(5,557)	21,469	14,393	37,771	(2,408)	(5,917)	59,751
Share of profit of an associate	–	281	–	–	–	–	281
Share of profit/(loss) of jointly controlled entities	23,126	–	(49)	–	–	–	23,077
	17,569	21,750	14,344	37,771	(2,408)	(5,917)	83,109
Unallocated income							162
Finance costs							(33,506)
Profit before income tax							49,765
Income tax expense							(7,107)
Profit for the year							42,658
At 31 March 2012 (Restated)							
Segment assets	1,191,276	570,419	729,573	621,041	621,909	49,659	3,783,877
Interests in associates	–	1,454	–	–	–	25	1,479
Interests in jointly controlled entities	16,468	–	–	–	–	–	16,468
Unallocated assets							39,917
Total assets							3,841,741
Segment liabilities	(472,601)	(432,579)	(68,555)	(1,801)	(454)	(2,522)	(978,512)
Bank borrowings							(1,363,091)
Obligation in respect of jointly controlled entities	–	–	(1,252)	–	–	–	(1,252)
Unallocated liabilities							(50,771)
Total liabilities							(2,393,626)
Year ended 31 March 2012							
Capital expenditure	14,544	2,209	122,355	205,544	177,532	134	522,318
Depreciation	15,117	3,267	25,191	–	7	1,632	45,214
Amortisation of leasehold land and land use rights	56	–	1,349	–	–	–	1,405
Amortisation of intangible assets	–	1,056	–	–	–	–	1,056
Fair value gain on investment properties, net	–	–	–	(39,193)	–	–	(39,193)
Other non-cash expenses, net							21,683

6 Other income and gains

	2013 HK$'000	2012 HK$'000
Other income		
Dividend income from investments	**296**	296
Bank interest income	**2,678**	1,779
Interest income from subcontractors	**13,160**	9,330
Management service income from a jointly controlled entity	**1,989**	1,673
Sundry income	**3,556**	8,519
	21,679	21,597
Other gains		
Gain on disposal of property, plant and equipment, net	**32**	–
Fair value gain on investment properties, net (Note 16)	**54,951**	39,193
Gain on financial assets at fair value through profit or loss	**625**	366
Gain on derivative financial assets	**–**	1,981
Exchange gain, net	**–**	11,164
	55,608	52,704
	77,287	74,301

7 Expenses by nature

	2013	2012
		(Restated)
	HK$'000	HK$'000
Cost of construction	**2,418,144**	3,573,652
Cost of inventories sold	**366,272**	295,868
Staff costs (excluding directors' emoluments) (Note 14)	**637,926**	594,935
Directors' emoluments (Note 8)	**17,386**	17,976
Depreciation		
Owned property, plant and equipment	**65,772**	42,635
Leased property, plant and equipment	**3,602**	2,579
	69,374	45,214
Operating lease rentals of		
Land and buildings	**13,800**	11,439
Other equipment	**49,470**	57,115
	63,270	68,554
Amortisation of leasehold land and land use rights (Note 17)	**1,451**	1,405
Amortisation of intangible assets (Note 19)	**1,056**	1,056
Write off of impaired receivables	**614**	1,372
Provision for/(write back of provision for) impaired receivables (Note 26(a))	**176**	(775)
Auditor's remuneration	**4,301**	3,884
Loss on disposal of property, plant and equipment, net	**–**	3,545
Exchange loss, net	**12**	–
Direct operating expenses arising from investment properties		
– Generate rental income	**301**	243
– Not generate rental income	**28**	42
Distribution costs	**27,300**	19,791
Others	**91,567**	52,207
Total cost of sales, distribution costs, administrative and other operating expenses	**3,699,178**	4,678,969

8 Directors' and senior management's emoluments

(a) The remuneration of the Directors for the year ended 31 March 2013 and 2012 is set out below:

Name	Fees	Salaries	Discretionary bonuses	Employer's contribution to pension scheme	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2013					
Mr. Wong Ip Kuen (Note (i))	**–**	**6,710**	**700**	**310**	**7,720**
Ir. Wong Tin Cheung	**–**	**2,845**	**660**	**132**	**3,637**
Ms. Wong Wai Man	**–**	**2,219**	**500**	**103**	**2,822**
Mr. Sun Chun Wai	**–**	**1,190**	**400**	**55**	**1,645**
Mr. Tsang Chiu Kwan (Note (ii))	**–**	**555**	**200**	**3**	**758**
Mr. Chan, Bernard Charnwut	**268**	**–**	**–**	**–**	**268**
Mr. Wu King Cheong	**268**	**–**	**–**	**–**	**268**
Dr. Yeung Tsun Man, Eric	**268**	**–**	**–**	**–**	**268**
	804	**13,519**	**2,460**	**603**	**17,386**
2012					
Mr. Wong Ip Kuen (Note (i))	–	6,240	650	288	7,178
Ir. Wong Tin Cheung	–	2,600	600	120	3,320
Ms. Wong Wai Man	–	1,950	400	90	2,440
Mr. So Yau Chi (Note (ii))	–	360	–	18	378
Mr. Sun Chun Wai	–	1,105	330	51	1,486
Mr. Tsang Chiu Kwan	–	2,081	289	12	2,382
Mr. Chan, Bernard Charnwut	264	–	–	–	264
Mr. Wu King Cheong	264	–	–	–	264
Dr. Yeung Tsun Man, Eric	264	–	–	–	264
	792	14,336	2,269	579	17,976

Notes:

(i) Mr. Wong Ip Kuen is the Chairman of the Group.

(ii) These Directors retired during the year.

8 Directors’ and senior management’s emoluments *(Continued)*

(b) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2012: four) Directors whose emoluments are reflected in the analysis above. The emoluments paid and payable to the remaining two (2012: one) highest-paid individual in 2013 were as follows:

	2013	2012
	HK$’000	HK$’000
Salaries	**2,463**	1,689
Bonuses	**1,076**	80
Retirement benefits	**181**	138
	3,720	1,907

The emoluments fell within the following band:

	Number of individuals	
	2013	2012
HK$1,500,001-HK$2,000,000	**2**	1

(c) During the years ended 31 March 2013 and 2012, no emoluments have been paid by the Group to the Directors or the five highest-paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the Directors waived or has agreed to waive any emoluments.

(d) Senior management remuneration by bands

The remuneration fell within the following bands:

	Number of individuals	
	2013	2012
HK$1,000,001-HK$1,500,000	**6**	5
HK$1,500,001-HK$2,000,000	**2**	1
	8	6

9 Finance costs

	2013 HK$'000	2012 HK$'000
Interest on overdrafts and short-term bank loans	**27,368**	11,741
Interest on long-term bank loans repayable within five years	**5,711**	5,947
Interest on long-term bank loans repayable after five years	**4,884**	2,123
Interest element of finance lease payments	**315**	291
Total borrowing costs incurred	**38,278**	20,102
Less: Classified as cost of construction	**(4,317)**	(2,958)
Capitalised in construction in progress	**(4,584)**	(4,912)
Capitalised in investment properties	**(1,570)**	(1,035)
Capitalised in property under development for sale	**(4,708)**	(1,759)
	23,099	9,438
Loss on financial assets at fair value through profit or loss	**1**	21
Loss on derivative financial liabilities	**10,911**	24,047
	34,011	33,506

10 Income tax expense

	2013 HK$'000	2012 (Restated) HK$'000
Hong Kong profits tax provision for the year	**47**	136
Overseas tax provision for the year	**1,564**	2,078
(Over)/under-provision in prior years	**(217)**	795
Deferred income tax relating to the origination and reversal of temporary differences (Note 32)	**6,792**	4,098
	8,186	7,107

Hong Kong profits tax was calculated at 16.5% (2012:16.5%) 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.

10 Income tax expense *(Continued)*

The tax charge on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong taxation rate as follows:

	2013 HK$'000	2012 (Restated) HK$'000
Profit before income tax	**73,496**	49,765
Share of profit of an associate and jointly controlled entities	**(43,454)**	(23,358)
	30,042	26,407
Calculated at a taxation rate of 16.5% (2012: 16.5%)	**4,957**	4,357
Effect of different tax rates in other countries	**793**	(598)
Income not subject to taxation	**(11,027)**	(8,419)
Expenses not deductible for taxation purposes	**1,800**	6,645
Temporary differences not recognised	**(1,264)**	(1,159)
Tax losses not recognised	**12,726**	7,750
Tax losses recognised	**–**	(744)
Utilisation of previously unrecognised tax losses	**(6,757)**	(4,566)
(Over)/under-provision in prior years	**(217)**	795
Utilisation of recognised tax losses in respect of a jointly controlled entity	**7,175**	3,044
Others	**–**	2
Income tax expense	**8,186**	7,107

11 Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$26,000 (2012: HK$420,000).

12 Dividend

	2013 HK$'000	2012 HK$'000
Interim dividend paid during the year		
Interim – HK1.00 cent (2012: Nil) per ordinary share	**4,381**	–
Proposed final dividend		
Final – HK1.38 cents (2012: HK2.28 cents) per ordinary share	**6,045**	9,988
	10,426	9,988

12 Dividend *(Continued)*

In the Board meeting held on 26 June 2013, the Directors recommended the payment of a final dividend at HK1.38 cents (2012: HK2.28 cents) per share, totalling HK$6,045,000 (2012: HK$9,988,000) for the year ended 31 March 2013.

13 Earnings per share (basic and diluted)

The calculation of earnings per share is based on:

	2013 **HK$'000**	2012 (Restated) HK$'000
Net profit attributable to the equity holders of the Company	**65,360**	41,491

	2013	2012
Weighted average number of shares in issue during the year	**438,053,600**	438,053,600

Diluted earnings per share for the years ended 31 March 2013 and 2012 are not presented as there are no potential dilutive shares in issue during the years.

14 Staff costs (excluding directors' emoluments)

	2013 **HK$'000**	2012 HK$'000
Salaries, wages and bonuses	**596,753**	561,485
Unutilised annual leave	**3,366**	2,749
Long service payments and pension costs		
– defined contribution scheme	**27,157**	26,381
Termination benefits	**10,650**	4,320
	637,926	594,935

15 Property, plant and equipment

	Hotel property HK$'000	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Group								
At 31 March 2011								
Cost	–	461,533	6,328	176,093	84,937	47,503	175,314	951,708
Accumulated depreciation	–	(37,512)	(6,091)	(120,149)	(68,476)	(31,162)	–	(263,390)
Net book value	–	424,021	237	55,944	16,461	16,341	175,314	688,318
Year ended 31 March 2012								
Opening net book value	–	424,021	237	55,944	16,461	16,341	175,314	688,318
Additions	–	1,254	–	46,302	8,176	3,490	219,144	278,366
Disposals	–	–	–	(4,761)	(141)	(54)	–	(4,956)
Transfer	–	58,399	–	46,614	–	–	(105,013)	–
Depreciation	–	(4,139)	(151)	(26,671)	(7,247)	(7,006)	–	(45,214)
Currency translation differences	–	1,600	1	2,432	75	135	2,514	6,757
Closing net book value	–	481,135	87	119,860	17,324	12,906	291,959	923,271
At 31 March 2012								
Cost	–	523,363	6,342	226,296	83,861	53,333	291,959	1,185,154
Accumulated depreciation	–	(42,228)	(6,255)	(106,436)	(66,537)	(40,427)	–	(261,883)
Net book value	–	481,135	87	119,860	17,324	12,906	291,959	923,271
Year ended 31 March 2013								
Opening net book value	**-**	**481,135**	**87**	**119,860**	**17,324**	**12,906**	**291,959**	**923,271**
Additions	**-**	**51,343**	**9,759**	**78,599**	**12,576**	**8,597**	**71,948**	**232,822**
Disposals	**-**	**-**	**-**	**(125)**	**(63)**	**(128)**	**-**	**(316)**
Transfer	**490,993**	**(324,587)**	**145,288**	**-**	**37,018**	**-**	**(348,712)**	**-**
Depreciation	**(1,723)**	**(7,899)**	**(8,899)**	**(32,273)**	**(12,391)**	**(6,189)**	**-**	**(69,374)**
Currency translation differences	**-**	**-**	**-**	**387**	**18**	**7**	**-**	**412**
Closing net book value	**489,270**	**199,992**	**146,235**	**166,448**	**54,482**	**15,193**	**15,195**	**1,086,815**
At 31 March 2013								
Cost	**490,993**	**250,119**	**161,400**	**277,814**	**131,768**	**60,488**	**15,195**	**1,387,777**
Accumulated depreciation	**(1,723)**	**(50,127)**	**(15,165)**	**(111,366)**	**(77,286)**	**(45,295)**	**-**	**(300,962)**
Net book value	**489,270**	**199,992**	**146,235**	**166,448**	**54,482**	**15,193**	**15,195**	**1,086,815**

15 Property, plant and equipment *(Continued)*

Analysis of land

	Group 2013 HK$'000	Group 2012 HK$'000
In Hong Kong, held on		
Leases expiring from 10 to 50 years	**67,396**	29,940
Leases expiring over 50 years	**365,059**	365,316
	432,455	395,256

(a) The land in No. 83 and 85 Jervois Street, Hong Kong is a hotel building operating under the Holiday Inn Express SoHo brand name.

(b) The net book value of property, plant and equipment held under finance lease obligations comprises:

	Group 2013 HK$'000	Group 2012 HK$'000
Plant and machinery	**5,343**	7,540
Motor vehicles	**6,865**	2,171
	12,208	9,711

(c) The net book value of property, plant and equipment pledged as security for the Group's banking facilities amounted to HK$575,289,000 (2012: HK$650,851,000) (Notes 31 and 37(e)).

16 Investment properties

	Group	
	2013	2012
	HK$'000	HK$'000
Beginning of year	**265,557**	368,069
Additions	**2,852**	202,735
Fair value gain on investment properties, net	**54,951**	39,193
Currency translation differences	**663**	560
Transfer to property under development for sale (Note 18)	**–**	(345,000)
End of year	**324,023**	265,557
In Hong Kong, held on		
Leases expiring from 10 to 50 years	**274,000**	222,000
Leases expiring over 50 years	**5,600**	5,000
	279,600	227,000
Outside Hong Kong, held on		
Leases expiring over 50 years	**44,423**	38,557
	324,023	265,557

(a) Investment properties situated in Hong Kong were valued as at 31 March 2013 by Savills Valuation and Professional Services Limited, an independent firm of qualified property valuers, for the purpose of inclusion in the Group's annual report.

(b) Investment properties situated in Singapore were valued as at 31 March 2013 by Savills (Singapore) Pte. Ltd., an independent firm of qualified property valuers, for the purpose of inclusion in the Group's annual report.

(c) Investment properties amounting to HK$318,423,000 (2012: HK$260,557,000) are pledged as security for the bank loans of the Group (Notes 31 and 37(e)).

17 Leasehold land and land use rights

	Group 2013 HK$'000	2012 HK$'000
Beginning of year	**60,897**	60,209
Additions	**355**	–
Amortisation	**(1,451)**	(1,405)
Currency translation differences	**–**	2,093
End of year	**59,801**	60,897
Outside Hong Kong, held on		
Leases expiring from 10 to 50 years	**1,972**	2,029
Leases expiring over 50 years	**57,829**	58,868
	59,801	60,897

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments. Leasehold land and land use rights with total net book values of HK$1,972,000 (2012: HK$2,029,000) were pledged as security for the Group's banking facilities (Note 37(e)).

18 Property under development for sale

	Group 2013 HK$'000	2012 HK$'000
Beginning of year	**347,810**	–
Transfer from investment properties (Note 16)	**–**	345,000
Additions	**39,116**	2,810
End of year	**386,926**	347,810

Upon the change of intention to redevelop for sale after completion, the property was transferred from "Investment properties" to "Property under development for sale" during the year ended 31 March 2012 based on the valuation at date of transfer performed by Centaline Surveyors Limited, an independent firm of qualified property valuers.

18 Property under development for sale *(Continued)*

	Group 2013 HK$'000	2012 HK$'000
In Hong Kong, held on		
Leases expiring from 10 to 50 years	**386,926**	347,810

Property under development for sale amounting to HK$386,926,000 (2012: HK$347,810,000) are pledged as security for the bank loans of the Group (Notes 31 and 37(e)).

19 Goodwill and intangible assets

Group

	Goodwill HK$'000	**Intangible assets** HK$'000	**Total** HK$'000
Year ended 31 March 2012			
Opening net book value	15,905	18,846	34,751
Amortisation	–	(1,056)	(1,056)
Closing net book value	15,905	17,790	33,695
At 31 March 2012			
Cost	15,905	21,837	37,742
Accumulated amortisation	–	(4,047)	(4,047)
Net book value	15,905	17,790	33,695
Year ended 31 March 2013			
Opening net book value	**15,905**	**17,790**	**33,695**
Amortisation	**–**	**(1,056)**	**(1,056)**
Closing net book value	**15,905**	**16,734**	**32,639**
At 31 March 2013			
Cost	**15,905**	**21,837**	**37,742**
Accumulated amortisation	**–**	**(5,103)**	**(5,103)**
Net book value	**15,905**	**16,734**	**32,639**

19 Goodwill and intangible assets *(Continued)*

(a) Goodwill is allocated to REC's cash generating units ("CGUs") identified according to operating segments.

For impairment assessment of goodwill, the recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections prepared based on financial budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates which do not exceed the long-term average growth rate in which the CGU operates.

Key assumptions used in value-in-use calculations include:

(i) gross margin ranging from 5% to 6% per annum (2012: 5% to 6%);

(ii) growth rate ranging from 1% to 2% per annum (2012: 1% to 2%); and

(iii) discount rate of 9% per annum (2012: 9%).

Management determined budgeted gross margin based on past performance and the expectations for the market development.

(b) Intangible assets relate substantially to the customer relationships held by REC. The Group has entered into agreements to deliver electrical and mechanical installation services to long-term customers, including various government departments and major players in the construction industry, and expect to continue having business with these long-term customers in the future.

20 Subsidiaries

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares, at cost	**326,615**	326,615
Advances to subsidiaries	**245,000**	245,000
	571,615	571,615
Due from subsidiaries	**1,114,406**	1,097,393
Due to subsidiaries	**201,349**	169,033

20 Subsidiaries *(Continued)*

The advances to subsidiaries are unsecured and not repayable within the next twelve months from the balance sheet date. Included in the advances to subsidiaries are an amount of HK$165,000,000 (2012: HK$165,000,000) which bears interest at Hong Kong Inter Bank Offer Rate ("HIBOR") plus 1.5% per annum and other advances to subsidiaries are interest free. The amounts due from and to subsidiaries are unsecured, interest free, and have no fixed terms of repayment.

The following is a list of the principal subsidiaries as at 31 March 2013:

Name	Place of incorporation/ operation	Particulars of registered/issued share capital	Principal activities	Percentage of registered/ issued share capital held by		
				Company	Subsidiaries	Group
Bellaglade Company Limited	Hong Kong	HK$2	Property holding	–	100%	100%
Best Ease Investment Limited	Hong Kong	HK$2	Property investment	–	100%	100%
Best Fortune Investment Limited	Hong Kong	HK$5,000,000	Property investment and development	–	100%	100%
City Hope Limited	The British Virgin Islands/ Hong Kong	US$10	Property investment	–	90%	90%
First Smart Investment Limited	Hong Kong	HK$2	Investment holding	–	100%	100%
Grace Top Investment Limited	Hong Kong	HK$1	Property holding	–	100%	100%
Guangdong Yuean REC Mechanical and Electrical Engineering Company Limited	Mainland China	RMB3,204,836	Engineering services	–	60%	60%
InnoVision Architects & Engineers Limited	Hong Kong	HK$1	Architectural and engineering services	–	100%	100%
Leena Theme Painting (Macau) Limited	Macau	MOP100,000	Theme painting	–	100%	100%
Leena Theme Painting Limited	Hong Kong	HK$1	Theme painting	–	100%	100%
Million Wealth Enterprises Limited	Hong Kong	HK$2	Property holding	–	100%	100%
Ming Hop Company Limited	Hong Kong	HK$1,000,000	Trading of construction materials and execution of plumbing work	–	100%	100%
Nanjing Nanda VH Software Intelligence Company Limited	Mainland China	RMB1,500,000	Development and sale of computer software	–	70%	70%
REC (China) Company Limited	Hong Kong	HK$13,800,000	Electrical and mechanical engineering services and investment holding	–	100%	100%
REC Building Services (Macao) Limited	Macau	MOP100,000	Provision of design, installation and maintenance services of building services	–	100%	100%
REC Engineering (Singapore) Pte. Ltd.	Singapore	S$1,500,000	Electrical and mechanical engineering services	–	100%	100%
REC Engineering Company Limited	Hong Kong	HK$50,000,000	Electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services and investment holding	100%	–	100%
REC Engineering Contracting Company Limited	Hong Kong	HK$2,000,000	Electrical and mechanical engineering services	–	100%	100%

20 Subsidiaries *(Continued)*

Name	Place of incorporation/ operation	Particulars of registered/issued share capital	Principal activities	Percentage of registered/ issued share capital held by Company	Subsidiaries	Group
REC Green Energy Solutions (Singapore) Pte. Ltd.	Singapore	S$100,000	Development of environmental protection related software and programming activities	–	100%	100%
REC Green Energy Solutions Company Limited	Hong Kong	HK$1	Trading and engineering services	–	100%	100%
REC Green Technologies (Singapore) Pte. Ltd.	Singapore	S$100,000	Engage in energy optimisation solution and environmental protection business	–	100%	100%
REC Green Technologies Company Limited	Hong Kong	HK$1	Provision of energy optimisation and savings solution and energy efficient green products	–	100%	100%
Right Motive Limited	Hong Kong	HK$6,000	Property holding	–	100%	100%
Solid Star Company Limited	Hong Kong	HK$2	Property holding	–	100%	100%
Steerers Engineering Limited	Hong Kong	HK$20	Engineering services	–	100%	100%
Tin Sing Chemical Engineers Limited	Hong Kong	HK$1,000,000	Water treatment services	–	100%	100%
Trinity Crown Limited	Hong Kong	HK$2	General trading	–	100%	100%
VHSoft Technologies (Nanjing) Company Limited	Mainland China	US$500,000	Development and sale of construction equipment and computer software	–	100%	100%
VHSoft Technologies (Singapore) Pte. Ltd.	Singapore	S$10,000	Computer software development	–	100%	100%
VHSoft Technologies Company Limited	Hong Kong	HK$2	Computer software development	–	100%	100%
Yau Lee Building Construction and Decoration Company Limited	Hong Kong	HK$100,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Building Materials Trading Company Limited	Hong Kong	HK$2	Trading of building materials	–	100%	100%
Yau Lee Construction (Macau) Company Limited	Macau	MOP1,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction (Singapore) Pte. Ltd.	Singapore	S$15,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction (UAE) Company Limited	Hong Kong	HK$2	Investment holding	–	100%	100%
Yau Lee Construction Company Limited	Hong Kong	HK$236,000,000	Building construction, maintenance and fitting-out	–	100%	100%

20 Subsidiaries *(Continued)*

Name	Place of incorporation/ operation	Particulars of registered/issued share capital	Principal activities	Percentage of registered/ issued share capital held by Company	Subsidiaries	Group
Yau Lee Construction Materials & Technology Limited	Hong Kong	HK$2	Sale of building materials and precast products	–	100%	100%
Yau Lee Curtain Wall and Steel Works (Macau) Limited	Macau	MOP100,000	Curtain wall installation	–	100%	100%
Yau Lee Curtain Wall and Steel Works (Singapore) Pte. Ltd.	Singapore	S$50,000	Curtain wall installation	–	100%	100%
Yau Lee Curtain Wall and Steel Works Limited	Hong Kong	HK$2	Curtain wall installation	–	100%	100%
Yau Lee Development (Singapore) Pte. Ltd.	Singapore	S$50,000	Property and investment holding	–	100%	100%
Yau Lee Equipment Leasing Limited	Hong Kong	HK$2	Equipment leasing	–	100%	100%
Yau Lee Equipment Services Limited	Hong Kong	HK$1	Provision of plant and machineries services	–	100%	100%
Yau Lee Hing Contracting and Decoration (Macau) Company Limited	Macau	MOP100,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Hing Materials Manufacturing (UAE) Limited	Hong Kong	HK$1	Trading of building materials	–	100%	100%
Yau Lee Hing Materials Manufacturing Limited	Hong Kong	HK$1	Trading of building materials	–	100%	100%
Yan Lee Hotel Limited	Hong Kong	HK$2	Hotel management	–	100%	100%
Yau Lee Innovative Technology Limited	Hong Kong	HK$2	Licensing of patent	–	100%	100%
Yau Lee Investment Limited	The Cook Islands/ Hong Kong	US$100	Investment holding	100%	–	100%
Yau Lee Management (UAE) Limited	Hong Kong	HK$2	Provision of management services	–	100%	100%
Yau Lee Wah Concrete Precast Products (Macau) Company Limited	Macau	MOP200,000	Sale of precast products	–	100%	100%
Yau Lee Wah Concrete Precast Products (Shenzhen) Company Limited	Mainland China	HK$21,000,000	Manufacturing of precast products	–	100%	100%
Yau Lee Wah Concrete Precast Products Company Limited	Hong Kong	HK$10,000,000	Sale of precast products	–	100%	100%
有利華建材(惠州)有限公司	Mainland China	HK$120,000,000	Manufacturing of precast products and building materials	–	100%	100%
有利興建材(惠州)有限公司	Mainland China	HK$96,146,284	Manufacturing of building materials	–	100%	100%
利盈電機電工程(上海)有限公司	Mainland China	US$13,920,000	Engineering services	–	100%	100%
利華泰建材貿易(深圳)有限公司	Mainland China	HK$2,100,000	Trading of building materials	–	100%	100%
盈電環保節能科技(廣州)有限公司	Mainland China	RMB1,500,000	Trading of environmental technology products	–	100%	100%
緯衡浩建科技(深圳)有限公司	Mainland China	HK$3,000,000	Computer software development	–	100%	100%

21 Associates

	2013 Group HK$'000	2013 Company HK$'000	2012 Group HK$'000	2012 Company HK$'000
Beginning of year	**1,479**	**–**	1,654	–
Share of profit	**37**	**–**	281	–
Dividend	**(114)**	**–**	(456)	–
End of year	**1,402**	**–**	1,479	–
Due from associates	**9,833**	**43**	10,132	–
Provision for impairment	**(9,674)**	**–**	(9,674)	–
Due from associates, net	**159**	**43**	458	–

(a) The following are the details of the principal associates at 31 March 2013 and 2012:

Name	Particulars of issued share capital	Place of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	(Loss)/profit HK$'000	Interest held
2013							
Yau Lee Development Company Limited ("YLDC") (Note (b))	100 ordinary shares of HK$1 each	Hong Kong	**714**	**(24,032)**	**-**	**(21)**	**50%**
EYE Lighting (Hong Kong) Limited ("Eye Lighting") (Note (c))	2,000,000 ordinary shares of HK$1 each	Hong Kong	**4,376**	**(753)**	**5,569**	**97**	**38%**
2012							
Yau Lee Development Company Limited ("YLDC") (Note (b))	100 ordinary shares of HK$1 each	Hong Kong	712	(24,009)	–	(23)	50%
EYE Lighting (Hong Kong) Limited ("Eye Lighting") (Note (c))	2,000,000 ordinary shares of HK$1 each	Hong Kong	6,229	(2,403)	8,351	741	38%

(b) YLDC was engaged in a residential and commercial property development project in Shunde, Mainland China ("Fuli Building") with Chinese parties. The Group did not recognise the loss of the associate for the year ended 31 March 2013 and 2012 as the Group's share of the accumulated losses exceeds its investment in YLDC.

(c) Eye Lighting is 38% owned by the Group and it is engaged in the trading of electric bulbs, light fittings and related products.

(d) The amounts due from associates are unsecured, interest free and repayable on demand.

22 Jointly controlled entities

	2013 Group HK$'000	2013 Company HK$'000	2012 Group HK$'000	2012 Company HK$'000
Beginning of year	**15,216**	**–**	10,139	–
Share of profit	**43,417**	**–**	23,077	–
Dividend	**(11,400)**	**–**	(18,000)	–
End of year	**47,233**	**–**	15,216	–
Jointly controlled entities	**48,524**	**–**	16,468	–
Obligation in respect of jointly controlled entities	**(1,291)**	**–**	(1,252)	–
Due from jointly controlled entities (Note (h))	**2,411**	**120**	5,077	–
Due to jointly controlled entities (Note (h))	**(63,162)**	**–**	(7,000)	–

(a) The following is a list of the principal jointly controlled entities at 31 March 2013 and 2012:

Name	Particulars of registered/issued share capital	Place of incorporation/ establishment	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	(Loss)/ profit HK$'000	Effective interest
2013							
Yau Lee Formglas Limited ("YLFG") (Note (b))	HK$1,000,000	Hong Kong	**852**	**(4,596)**	**-**	**(62)**	**51%**
Yau Lee Formglas (Macau) Limited ("YLFM") (Note (c))	MOP200,000	Macau	**1,786**	**(573)**	**-**	**(14)**	**51%**
Hsin Chong-Yau Lee Joint Venture (Note (d))	N/A	Hong Kong	**24,357**	**(23,333)**	**-**	**(58)**	**50%**
Yau Lee-Hsin Chong Joint Venture (Note (e))	N/A	Hong Kong	**357,692**	**(296,705)**	**1,489,852**	**60,517**	**60%**
BYME-REC Joint Venture (Note (f))	N/A	Hong Kong	**9,448**	**(9,448)**	**7,704**	**-**	**50%**
Paul Y. – Yau Lee Joint Venture (Note (g))	N/A	Macau	**346,047**	**(346,048)**	**102,971**	**(1)**	**40%**
Total			**740,182**	**(680,703)**	**1,600,527**	**60,382**	
The Group's share			**371,282**	**(335,469)**	**938,951**	**43,417**	
2012							
Yau Lee Formglas Limited ("YLFG") (Note (b))	HK$1,000,000	Hong Kong	854	(6,113)	–	(81)	51%
Yau Lee Formglas (Macau) Limited ("YLFM") (Note (c))	MOP200,000	Macau	3,363	(559)	–	(15)	51%
Hsin Chong-Yau Lee Joint Venture (Note (d))	N/A	Hong Kong	19,700	(18,618)	12,528	6,152	50%
Yau Lee-Hsin Chong Joint Venture (Note (e))	N/A	Hong Kong	325,547	(306,077)	608,931	28,344	60%
BYME-REC Joint Venture (Note (f))	N/A	Hong Kong	–	–	–	–	50%
Paul Y. – Yau Lee Joint Venture (Note (g))	N/A	Macau	–	–	–	–	40%
Total			349,464	(331,367)	621,459	34,400	
The Group's share			207,329	(196,358)	371,623	23,077	

22 Jointly controlled entities *(Continued)*

(b) YLFG is a joint venture with a Canadian party, and is engaged in investment holding of YLFM.

(c) YLFM is a wholly-owned subsidiary of YLFG, and is inactive as at 31 March 2013.

(d) Hsin Chong-Yau Lee Joint Venture is an unincorporated joint venture operating in Hong Kong which holds a construction contract with a value of HK$1,654,000,000. The site work was completed on 23 April 2010.

(e) Yau Lee-Hsin Chong Joint Venture is an unincorporated joint venture operating in Hong Kong which holds a construction contract with a value of HK$2,896,000,000.

(f) BYME-REC Joint Venture is an unincorporated joint venture operating in Hong Kong which holds a construction contract with a value of HK$300,000,000.

(g) Paul Y.-Yau Lee Joint Venture is an unincorporated joint venture operating in Macau which holds a construction contract with a value of HK$10,088,000,000.

(h) The amounts due from/(to) jointly controlled entities of the Group and the Company were unsecured, interest free and repayable on demand.

23 Other non-current assets

	Group		
	31 March 2013	31 March 2012 (Restated)	1 April 2011 (Restated)
	HK$'000	HK$'000	HK$'000
Prepayments and deposits	**45,164**	96,786	58,495

The Group committed to purchase two sets of machinery for the construction of production lines for producing environmentally friendly and high performance building materials which will serve both local and overseas markets.

The instalment payment for the machinery is classified as "Prepayments and deposits" while the payments for installed parts were transferred to "Property, plant and equipment" (Note 15).

24 Loans to employees

The Group provides housing loans to certain employees and the loans are secured by second mortgages of the related properties of the employees. The repayment period ranges from two to three years with interest at 1% below prime rate. All the loans to employees were repaid during the year ended 31 March 2012.

25 Cash and bank balances

	2013		2012	
	Group	**Company**	Group	Company
	HK$'000	**HK$'000**	HK$'000	HK$'000
Cash and bank balances	**203,410**	**3,756**	338,453	2,536
Time deposits	**130,331**	**–**	111,981	–
Restricted deposits (Note a)	**119,766**	**5,001**	119,593	5,001
	453,507	**8,757**	570,027	7,537

(a) Restricted deposits are funds which are pledged as security for the banking facilities of the Group (Notes 31 and 37(a)).

(b) Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	2013		2012	
	Group	**Company**	Group	Company
	HK$'000	**HK$'000**	HK$'000	HK$'000
Cash and bank balances	**203,410**	**3,756**	338,453	2,536
Time deposits	**130,331**	**–**	111,981	–
	333,741	**3,756**	450,434	2,536

25 Cash and bank balances *(Continued)*

(c) The Group's cash and bank balances are mainly denominated in the following currencies:

	2013		2012	
	Group	**Company**	Group	Company
	HK$'000	**HK$'000**	HK$'000	HK$'000
Hong Kong dollars	**165,947**	**8,283**	226,643	7,306
Renminbi	**269,270**	**–**	268,003	–
Singapore dollars	**9,849**	**–**	41,371	–
Macau Patacas	**5,535**	**–**	31,018	–
United States dollars	**2,388**	**474**	1,957	231
Other currencies	**518**	**–**	1,035	–
	453,507	**8,757**	570,027	7,537

(d) Interest rates of time deposits and restricted deposits ranged from 0.01% to 2.86% (2012: 0.01% to 3.10%) per annum.

26 Trade and other receivables

(a) Trade debtors, net

	Group		
	31 March 2013	31 March 2012	1 April 2011
		(Restated)	(Restated)
	HK$'000	HK$'000	HK$'000
Trade debtors	**410,501**	429,874	396,468
Retention receivables	**227,378**	208,849	194,734
Provision for impairment	**(1,919)**	(2,681)	(3,540)
	635,960	636,042	587,662

26 Trade and other receivables *(Continued)*

(a) Trade debtors, net *(Continued)*

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

	Group		
	31 March 2013	31 March 2012 (Restated)	1 April 2011 (Restated)
	HK$'000	HK$'000	HK$'000
Current	**581,491**	583,503	548,802
1-30 days	**16,026**	22,966	18,163
31-90 days	**15,071**	14,774	4,753
91-180 days	**3,411**	2,959	4,209
Over 180 days	**19,961**	11,840	11,735
	54,469	52,539	38,860
	635,960	636,042	587,662

Trade debtors are due from 30 days to 150 days after invoicing depending on the nature of services or products. As at 31 March 2013, trade debtors of HK$54,469,000 (2012: HK$52,539,000) 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 2013, trade debtors of HK$1,919,000 (2012: HK$2,681,000) 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 2013 and 2012.

Movements of provision for impairment of trade debtors are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Beginning of year	**2,681**	3,540
Impairment loss recognised	**176**	–
Write back of impairment loss	**–**	(775)
Uncollectible amounts written off	**(938)**	(84)
End of year	**1,919**	2,681

26 Trade and other receivables *(Continued)*

(a) Trade debtors, net *(Continued)*

The Group's trade debtors balances are mainly denominated in the following currencies:

	Group		
	31 March 2013	31 March 2012 (Restated)	1 April 2011 (Restated)
	HK$'000	HK$'000	HK$'000
Hong Kong dollars	**484,578**	479,832	504,324
Singapore dollars	**119,569**	76,744	50,928
Renminbi	**16,235**	33,782	19,472
Macau Patacas	**15,578**	45,684	12,938
	635,960	636,042	587,662

Trade receivables of certain construction contracts are pledged as security for the banking facilities of the Group (Note 37(d)).

(b) Prepayments, deposits and other receivables

	2013		2012	
	Group	**Company**	Group	Company
	HK$'000	**HK$'000**	HK$'000	HK$'000
Advances to subcontractors	**218,882**	**–**	185,173	–
Prepayments and deposits	**45,412**	**71**	53,542	71
Other receivables	**121,390**	**235**	69,008	235
	385,684	**306**	307,723	306

The Group's prepayments, deposits and other receivables are mainly denominated in Hong Kong dollars and United States dollars. Included in advances to subcontractors are amounts of HK$171,323,000 (2012: HK$133,051,000) which bear interest ranging from 8.0% to 9.0% (2012: 8.0% to 9.0%) per annum. All other advances to subcontractors are interest free and have no fixed terms of repayment. None of the prepayments, deposits and other receivables have been impaired.

The Group does not hold any collateral as security for trade and other receivables.

27 Inventories

	Group 2013 HK$'000	Group 2012 HK$'000
Raw materials, at cost	**49,301**	52,675
Finished goods, at cost	**28,626**	20,448
Others, at cost	**1,200**	573
	79,127	73,696

28 Construction contracts in progress

	Group 2013 HK$'000	Group 2012 HK$'000
Contract costs incurred plus attributable profits less foreseeable losses to date	**21,050,523**	20,069,217
Progress billings to date	**(20,732,767)**	(19,993,863)
	317,756	75,354
Included in current assets/(liabilities) are the following:		
Due from customers on construction contracts	**611,282**	448,373
Due to customers on construction contracts	**(293,526)**	(373,019)
	317,756	75,354

Retention receivables from customers in respect of construction contracts in progress of HK$227,378,000 (2012: HK$208,849,000, as restated) are classified under trade debtors, net (Note 26(a)).

29 Financial assets at fair value through profit or loss

	2013 Group HK$'000	2013 Company HK$'000	2012 Group HK$'000	2012 Company HK$'000
Money market fund at fair value – unlisted	**42,402**	**19,048**	44,021	18,931

Financial assets at fair value through profit or loss of HK$42,402,000 (2012: HK$42,020,000) and HK$19,048,000 (2012: HK$18,931,000) were pledged as security for the Group's and Company's banking facilities (Notes 31 and 37(b)).

30 Derivative financial assets/liabilities

	Group			
	2013		2012	
	Assets	Liabilities	Assets	Liabilities
	HK$'000	HK$'000	HK$'000	HK$'000
At fair value				
Hong Kong dollars interest rate swap (Note)	–	26,952	–	21,785

Note: During the year ended 31 March 2012, the Group entered into several interest rate swap agreements with banks at a total notional amount of HK$600,000,000. Under these agreements, the Group will pay fixed rate and receive floating rate plus credit margin, which mitigate its interest rate exposure arising from its operation. These swap agreements have taken effect during the period from June 2012 to August 2012 and will expire 4 years later after the effective date.

31 Borrowings

	Group		Company	
	2013	2012	2013	2012
	HK$'000	HK$'000	HK$'000	HK$'000
Non-current				
Obligations under finance lease	3,756	2,965	–	–
Long-term bank loans-secured	1,011,834	752,750	–	–
	1,015,590	755,715	–	–
Current				
Short-term bank loans-secured	619,372	578,734	30,000	30,000
Current portion of obligations under finance lease	4,787	3,492	–	–
Current portion of long-term bank loans-secured	64,584	31,607	–	–
	688,743	613,833	30,000	30,000
Total borrowings	1,704,333	1,369,548	30,000	30,000

31 Borrowings *(Continued)*

(a) The maturity of borrowings is as follows:

	Group				Company	
	Bank loans		Obligations under finance lease		Bank loans	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Within 1 year	**683,956**	610,341	**4,787**	3,492	**30,000**	30,000
Between 1 and 2 years	**130,381**	120,156	**2,491**	1,013	**–**	–
Between 2 and 5 years	**505,584**	237,205	**1,265**	1,952	**–**	–
After 5 years	**375,869**	395,389	**–**	–	**–**	–
	1,695,790	1,363,091	**8,543**	6,457	**30,000**	30,000

(b) The annual effective interest rates at the balance sheet date are as follows:

	Group		Company	
	2013	2012	**2013**	2012
	%	%	**%**	%
Short-term bank loans	**2.6**	2.7	**3.0**	3.0
Long-term bank loans	**2.3**	2.4	**–**	–
Obligations under finance lease	**2.7**	3.3	**–**	–

(c) The carrying amounts of borrowings approximate their fair values.

(d) The borrowings are mainly denominated in the following currencies:

	Group	
	2013	2012
	HK$'000	HK$'000
Hong Kong dollars	**1,642,087**	1,317,614
Singapore dollars	**31,512**	21,200
Renminbi	**30,734**	30,734
	1,704,333	1,369,548

(e) The bank borrowings are secured by certain property, plant and equipment, investment properties, property under development for sale, restricted deposits and financial assets at fair value through profit or loss of the Group (Notes 15, 16, 18, 25, 29 and 37).

31 Borrowings *(Continued)*

(f) The obligations under finance lease are as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**5,027**	3,696
In the second to fifth year	**3,920**	3,176
	8,947	6,872
Future finance charges on finance lease	**(404)**	(415)
Present value of obligations under finance lease	**8,543**	6,457

32 Deferred income tax

The movement of net deferred income tax assets/(liabilities) is as follows:

	Group	
	2013	2012
		(Restated)
	HK$'000	HK$'000
Beginning of year	**4,162**	8,316
Charged to consolidated income statement (Note 10)	**(6,792)**	(4,098)
Currency translation differences	**(38)**	(56)
End of year	**(2,668)**	4,162

The movement in deferred income tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same taxation jurisdiction is as follows:

	Tax losses		Intangible assets		Accelerated depreciation allowance		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
								(Restated)
Group	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Beginning of year	**31,659**	17,406	**(2,815)**	(2,989)	**(24,682)**	(6,101)	**4,162**	8,316
(Charged)/credited to consolidated income statement	**(1,957)**	14,253	**174**	174	**(5,009)**	(18,525)	**(6,792)**	(4,098)
Currency translation differences	**–**	–	**–**	–	**(38)**	(56)	**(38)**	(56)
End of year	**29,702**	31,659	**(2,641)**	(2,815)	**(29,729)**	(24,682)	**(2,668)**	4,162

32 Deferred income tax *(Continued)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	Group		
	31 March 2013	31 March 2012 (Restated)	1 April 2011 (Restated)
	HK$'000	HK$'000	HK$'000
Deferred income tax assets			
Recoverable more than twelve months	**2,945**	7,782	11,759
Recoverable within twelve months	**736**	1,945	2,940
	3,681	9,727	14,699
Deferred income tax liabilities			
Payable or settle more than twelve months	**(5,079)**	(4,452)	(5,106)
Payable or settle within twelve months	**(1,270)**	(1,113)	(1,277)
	(6,349)	(5,565)	(6,383)

As at 31 March 2013, the Group has unrecognised tax losses of approximately HK$563,804,000 (2012: HK$544,899,000) to carry forward against future taxable income.

	Group	
	2013	2012
	HK$'000	HK$'000
With no expiry date	**494,332**	473,027
Expiring not later than one year	**732**	4,626
Expiring later than one year and not later than five years	**68,740**	67,246
	563,804	544,899

33 Payables to suppliers and subcontractors

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

	Group	
	2013	2012
	HK$'000	HK$'000
Current	**257,103**	272,945
1-30 days	**12,076**	38,730
31-90 days	**2,374**	7,401
91-180 days	**1,710**	3,606
Over 180 days	**1,100**	13,168
	274,363	335,850

The Group's payables to suppliers and subcontractors balances are mainly denominated in the following currencies:

	Group	
	2013	2012
	HK$'000	HK$'000
Hong Kong dollars	**161,456**	212,265
Renminbi	**11,830**	69,131
Singapore dollars	**95,525**	49,920
Macau Patacas	**5,552**	4,534
	274,363	335,850

34 Share capital

	Number of shares		Amount	
	2013	2012	**2013**	2012
			HK$'000	HK$'000
Ordinary shares of HK$0.2 each				
Authorised:				
At beginning and end of the year	**1,000,000,000**	1,000,000,000	**200,000**	200,000
Issued and fully paid:				
At beginning and end of the year	**438,053,600**	438,053,600	**87,611**	87,611

35 Other reserves and retained profits

	Share premium HK$'000	Other reserves: Capital redemption reserve HK$'000	Other reserves: Exchange reserve HK$'000	Other reserves: Total HK$'000	Retained profits HK$'000
Group					
At 1 April 2012, as previously reported	**413,776**	**359**	**32,975**	**447,110**	**887,108**
Adjustment of change in accounting policy for					
– adopting amendments to HKAS 12	**–**	**–**	**–**	**–**	**21,320**
– retention reclassification	**–**	**–**	**–**	**–**	**3,894**
At 1 April 2012, as restated					**912,322**
Profit for the year	**–**	**–**	**–**	**–**	**65,360**
2012 final dividend	**–**	**–**	**–**	**–**	**(9,988)**
2013 interim dividend	**–**	**–**	**–**	**–**	**(4,381)**
Currency translation differences	**–**	**–**	**1,406**	**1,406**	**–**
At 31 March 2013	**413,776**	**359**	**34,381**	**448,516**	**963,313**
Representing:					
2013 final dividend proposed					**6,045**
Others					**957,268**
At 31 March 2013					**963,313**
At 1 April 2011, as previously reported	413,776	359	24,202	438,337	861,542
Adjustment of change in accounting policy for					
– adopting amendments to HKAS 12	–	–	–	–	15,563
– retention reclassification	–	–	–	–	3,714
At 1 April 2011, as restated					880,819
Profit for the year, as restated	–	–	–	–	41,491
2011 final dividend	–	–	–	–	(9,988)
Currency translation differences	–	–	8,773	8,773	–
At 31 March 2012, as restated	413,776	359	32,975	447,110	912,322
Representing:					
2012 final dividend proposed					9,988
Others					902,334
At 31 March 2012, as restated					912,322

35 Other reserves and retained profits *(Continued)*

	Other reserves			
	Share premium	Capital redemption reserve	Total	Retained profits
	HK$'000	HK$'000	HK$'000	HK$'000
Company				
At 1 April 2012	**413,776**	**359**	**414,135**	**994,520**
Profit attributable to equity holders of the Company	**–**	**–**	**–**	**26**
2012 final dividend	**–**	**–**	**–**	**(9,988)**
2013 interim dividend	**–**	**–**	**–**	**(4,381)**
At 31 March 2013	**413,776**	**359**	**414,135**	**980,177**
Representing:				
2013 final dividend proposed				**6,045**
Others				**974,132**
At 31 March 2013				**980,177**
At 1 April 2011	413,776	359	414,135	1,004,088
Profit attributable to equity holders of the Company	–	–	–	420
2011 final dividend	–	–	–	(9,988)
At 31 March 2012	413,776	359	414,135	994,520
Representing:				
2012 final dividend proposed				9,988
Others				984,532
At 31 March 2012				994,520

36 Notes to consolidated cash flow statement

(a) Reconciliation of operating profit to net cash (used in)/from operations

	2013 HK$'000	2012 (Restated) HK$'000
Operating profit	**64,053**	59,913
Interest income	**(15,838)**	(11,109)
Dividend income from investments	**(296)**	(296)
(Gain)/loss on disposal of property, plant and equipment, net	**(32)**	3,545
Fair value gain on investment properties, net	**(54,951)**	(39,193)
Amortisation of intangible assets	**1,056**	1,056
Amortisation of leasehold land and land use rights	**1,451**	1,405
Depreciation	**69,374**	45,214
Write off of impaired receivables	**614**	1,372
Provision for/(write back of provision for) impaired receivables	**176**	(775)
Gain on derivative financial assets	**–**	(1,981)
Exchange gain, net	**–**	(9,140)
Gain on financial assets at fair value through profit or loss	**(625)**	(366)
Operating profit before working capital changes	**64,982**	49,645
Decrease in loans to employees	**–**	116
Increase in trade debtors, net	**(139)**	(52,169)
Increase in inventories	**(5,431)**	(14,045)
Increase in prepayments, deposits and other receivables	**(69,001)**	(49,581)
Increase in due from customers on construction contracts	**(162,528)**	(59,862)
Additions to property under development for sale	**(39,116)**	(2,810)
Increase in due from associates	**(43)**	(2)
Decrease in due from jointly controlled entities	**58,828**	24,886
(Decrease)/increase in payables to suppliers and subcontractors	**(62,291)**	61,874
Increase in accruals, retention payables and other liabilities	**52,439**	65,366
(Decrease)/increase in due to customers on construction contracts	**(79,546)**	81,350
Net cash (used in)/from operations	**(241,846)**	104,768

36 Notes to consolidated cash flow statement *(Continued)*

(b) Analysis of changes in financing during the year

	Share capital HK$'000	Share premium HK$'000	Non-controlling interests HK$'000	Obligations under finance lease HK$'000	Long-term bank loans HK$'000	Short-term bank loans HK$'000	Restricted deposits HK$'000
At 1 April 2012	**87,611**	**413,776**	**1,072**	**6,457**	**784,357**	**578,734**	**(119,593)**
Net cash (outflow)/inflow from financing activities	**-**	**-**	**-**	**(5,526)**	**291,194**	**40,638**	**(173)**
Amortisation charges of prepaid loan arrangment fee	**-**	**-**	**-**	**-**	**867**	**-**	**-**
Share of loss by non-controlling interests	**-**	**-**	**(50)**	**-**	**-**	**-**	**-**
Inception of finance lease obligations (Note (c))	**-**	**-**	**-**	**7,560**	**-**	**-**	**-**
Currency translation differences	**-**	**-**	**-**	**52**	**-**	**-**	**-**
At 31 March 2013	**87,611**	**413,776**	**1,022**	**8,543**	**1,076,418**	**619,372**	**(119,766)**
At 1 April 2011	87,611	413,776	–	5,274	450,974	353,012	(108,708)
Net cash (outflow)/inflow from financing activities	–	–	–	(6,630)	337,455	225,773	(10,885)
Unamortised prepaid loan arrangment fee	–	–	–	–	(4,289)	–	–
Share of profit by non-controlling interests	–	–	1,167	–	–	–	–
Inception of finance lease obligations (Note (c))	–	–	–	7,813	–	–	–
Currency translation differences	–	–	(95)	–	217	(51)	–
At 31 March 2012	87,611	413,776	1,072	6,457	784,357	578,734	(119,593)

(c) Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$7,560,000 (2012: HK$7,813,000).

37 Banking facilities

As at 31 March 2013, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$3,149,919,000 (2012: HK$2,197,308,000), of which HK$2,184,655,000 (2012: HK$1,609,883,000) had been utilised. These banking facilities are secured by the following:

(a) Restricted deposits of HK$119,766,000 (2012: HK$119,593,000) (Note 25);

(b) Financial assets at fair value through profit or loss of HK$42,402,000 (2012: HK$42,020,000) (Note 29);

(c) Guarantees of HK$3,125,175,000 (2012: HK$2,172,933,000) given by the Company;

(d) Trade receivables of certain construction contracts (Note 26 (a)); and

(e) Property, plant and equipment of HK$575,289,000 (2012: HK$650,851,000), investment properties of HK$318,423,000 (2012: HK$260,557,000), leasehold land and land use rights of HK$1,972,000 (2012: HK$2,029,000) and property under development for sale of HK$386,926,000 (2012: HK$347,810,000) (Notes 15, 16, 17 and 18).

38 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 2013, 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) In 2010, 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 are of the view that no provision is presently required with respect to the case.

(c) The Group has provided performance bonds amounting to approximately HK$776,230,000 (2012: HK$340,643,000) in favour of the Group's customers.

(d) As at 31 March 2013, 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$18,524,000 (2012: HK$29,609,000).

38 Commitments and contingent liabilities *(Continued)*

(e) The future aggregate minimum lease rental payable under non-cancellable operating leases is as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Land and buildings		
Within one year	**11,664**	8,111
One year to five years	**23,062**	11,574
More than five years	**35,476**	38,677
	70,202	58,362

39 Future minimum rental payments receivable

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its investment properties as follows:

	Group	
	2013	2012
	HK$'000	HK$'000
Within one year	**4,235**	1,366
One year to five years	**3,666**	1,293
	7,901	2,659

40 Related party transactions

Transactions between the Company and its subsidiaries have been eliminated on consolidation. Transactions between the Group and other related parties during the year are not significant to the Group and are as follows:

Key management compensation

Key management includes Directors (Executive and Independent Non-Executive Directors) of the Group. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2013	2012
	HK$'000	HK$'000
Salaries and fees	**14,323**	15,128
Discretionary bonuses	**2,460**	2,269
Pension costs - defined contribution scheme	**603**	579
	17,386	17,976

List of Investment Properties

	Property	Location and lease term	Area	Existing use	Group's interest
1.	43-45 Tsun Yip Street Kwun Tong Kowloon	Kwun Tong Inland Lots Nos. 359 and 360 are each held under a Government Lease for a term which expired on 27 June 1997 and had been extended upon expiry to 30 June 2047	Approximate site area 9,169 sq. ft.	The property is currently vacant	100%
2.	40 Prinsep Street Singapore 188666	Lot No. 491K Town Subdivision 11 for a term of leasehold 99 years with effect from 1 March 1995	Approximate building floor area 4,306 sq. ft.	The property is currently leased out	100%
3.	10 Gopeng Street #38-26 Icon Singapore 078878	Lot No. U2246A Town Subdivision 3 for a term of leasehold 99 years with effect from 29 January 2002	Approximate strata floor area 936 sq. ft.	The property is currently leased out	100%
4.	Rear Portion of 4th Floor 33 & 33A Pok Fu Lam Road Sai Ying Pun Hong Kong	Remaining Portion of Inland Lot No. 5821 for a term of 999 years commencing on 30 June 1862	Approximate saleable area 654 sq. ft.	The property is currently leased out	90%

Five Year Financial Summary

Consolidated Results

For the year ended 31 March

	2009 (Restated) HK$'000	2010 (Restated) HK$'000	2011 (Restated) HK$'000	2012 (Restated) HK$'000	**2013** **HK$'000**
Revenue	3,413,878	3,462,014	3,573,181	4,664,581	**3,685,944**
Profit before income tax	15,258	69,574	86,816	49,765	**73,496**
Income tax expense	(5,715)	(5,932)	(5,971)	(7,107)	**(8,186)**
Profit attributable to non-controlling interests	29	2	594	(1,167)	**50**
Profit attributable to equity holders of the Company	9,572	63,644	81,439	41,491	**65,360**

Consolidated assets and liabilities

As at 31 March

	2009 (Restated) HK$'000	2010 (Restated) HK$'000	2011 (Restated) HK$'000	2012 (Restated) HK$'000	**2013** **HK$'000**
Total assets	2,231,570	2,637,259	3,022,265	3,841,741	**4,199,637**
Total liabilities and non-controlling interests	(981,543)	(1,324,620)	(1,615,498)	(2,394,698)	**(2,700,197)**
Shareholders' equity	1,250,027	1,312,639	1,406,767	1,447,043	**1,499,440**

The above financial summary is extracted from the audited consolidated financial statements of the Group.