2014
ANNUAL REPORT

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

This annual report is printed on environmentally friendly paper

Contents

Corporate Information

Directors

Executive Directors

Wong Ip Kuen *(Chairman)*
Wong Tin Cheung *(Vice Chairman)*
Wong Wai Man
Sun Chun Wai

Independent Non-Executive Directors

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

Registered Office

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Hamilton HM11
Bermuda

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Enterprise Square
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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

Dear Shareholders,

On behalf of the Board of Directors, I hereby report the annual performance of Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2014 to all the shareholders.

Results for the Year

This year was a positive yet challenging year. The Group's businesses are in robust markets. Our solid track records and capabilities in green and innovative building won for us many good businesses which were reflected in revenue growth and strong order book. The great opportunities, however, bring also great challenges to the industry. We, being an active participant, are inevitably affected to some extent.

The Group's businesses thrived, driven by record level new orders awarded in last reporting year. Revenue including joint operations grew by 56% to HK$6,553 million, reflecting good amounts of work done across all core segments. Revenue of construction segment increased by 74% year on year. Electrical and mechanical installation segment also achieved substantial growth in revenue by 36%. Hotel revenue went up by 119% to HK$115.7 million. The rise was attributable to growth in both room rates and occupancy, and also a full year business was reflected whilst last year figure captured only 7 months' operation.

Consolidated gross profits were HK$442 million, representing a growth of 11% year on year. Though the amount increased, gross profit percentage decreased mainly due to lower margin attained in construction segment.

Operating expenses was HK$398 million, up by 9% or HK$34 million year on year. The rise was mainly in hotel of HK$20 million, reflecting a full year operation whilst last year figure represented only 7 months' operation. Also, operating expenses increased by HK$16 million in factory operations, mainly in staff cost and disposal of plants and equipment as a result of expansion of productions and facility improvements.

We achieved a profit attributable to shareholders of HK$39 million, representing a reduction of HK$26 million as compared to HK$65 million in prior year. The decrease was mainly attributable to a reduction of fair value gain on investment property by HK$51 million in this year.

The basic earnings per share for the year was HK8.82 cents, compared with HK14.92 cents last year. The net asset value attributable to equity holders of the Company as at 31 March 2014 was HK$1,532 million (2013: HK$1,499 million), equivalent to HK$3.50 (2013: HK$3.42) per share based on 438,053,600 (2013: 438,053,600) ordinary shares in issue.

Chairman's Statement

Dividend

In the Board meeting held on 24 June 2014, the Board recommended the payment of a final dividend of HK1.38 cents per share (2013: final dividend of HK1.38 cents). Together with the interim dividend of HK1.00 cent per share, total distribution was HK2.38 cents this year (2013: HK2.38 cents). Subject to the equity holders' approval at the forthcoming Annual General Meeting ("AGM") of the Company, the dividend will be paid on 24 September 2014 to equity holders whose names appear on the Company's register of members on 4 September 2014.

Review of Operations

Building construction, renovation and maintenance

The construction booms in our key markets continue. There are strong demands in both private and public sectors, especially public housing. Both Hong Kong and Singapore governments have great resolutions in maintaining a stable housing market through various measures, one of which is increase of public housing supply. The construction of public housing flats had been expedited. As reported last year, we won seven fairly sizeable public housing projects in Hong Kong and Singapore and a private sector project in Macau. We therefore were working in full swing this year on these projects and attained a revenue of HK$4,894 million, surged by 74% year on year.

For capping limit compliance, we held back temporarily on new built public housing tendering during the year. Instead, we targeted institutional sector and renovation and maintenance jobs and were awarded four projects this year amounting to HK$2,616 million. As strategically planned, new contracts in-take in this year was less than that of last year, which nonetheless gave a sound foundation for future performance. Since some projects will be completed in early 2015, we will work actively again in tendering later this year.

Construction boom but challenges loom. The thriving construction demands driven mainly by a number of on-going infrastructure projects, as well as housing construction aggravated the problems of rising material costs and subcontractors and labor shortages. The situation was even worse in Singapore for the government has not only cut the import labor quotas but also increase the foreign workers levies. Labor quotas for each project have been nearly halved since 2010 whereas the demands were escalating. The manpower shortage means projects may cost more and take longer to complete. The adverse effect on profitability was already noted from some of the Singapore industry players' annual performance announcements.

Our margin was negatively impacted too in two large projects completed during the year, one in Hong Kong and one in Singapore. Severe delays in material supplies and difficult ground conditions caused substantial progress delays in these two projects. As a reliable contractor, we made a strategic decision to accelerate the works and delivered on time. We kept our reputation and saved from claims but paid additional higher costs for acceleration and rectification works to make up for lost time. Profits of the segments were lowered as a result.

However, the two undesirable cases reaffirmed our belief in developing innovative ways to overcome the challenges posed by manpower and subcontractors shortages. We expanded relentlessly the application of precast in various aspects of construction, one of which is electrical and mechanical works. Besides, we developed and invested more extensively in 5D Building Information Modeling ("5D BIM"), a holistic approach for construction process management aiming for lean construction. 5D BIM is the process of development and use of a computer generated model to stimulate the planning, design, construction and operation of a building taking into accounts also the time and costs aspects. The use of 5D BIM will enhance greatly the building performance and predictability of outcomes which will lead to better outcome, enhanced time management and improved customer relationships. In fact, BIM continues to attract the attention and IT investment in the construction industry. Being innovative is one of Yau Lee's cultures, we took the lead by forming a strategic partnership with a subsidiary of a USA listed Group which is specialized in 5D virtual construction and had established new companies to further develop different markets in this area. The technology is now being implemented in various projects.

Electrical and mechanical installation

REC generated strong earnings this year. The segment sales grew by 36% year on year to HK$1,457 million. One of the keys to success is disciplined tender policy which we adhered strictly regardless of short term adverse impacts we may experience. Our discipline resulted in quality projects which gave good profits amid a stiff and challenging operation environment.

This year China segment also contributed greatly. After years of hard works, the team finally concluded and settled a few sizeable jobs at target figures. More profits were recognised during the year as these projects become certain. Also, our integrity and dedication to innovations made us a trusted partner in the region. We see more and more opportunities from large developers particularly those from Hong Kong and overseas who would pay premium for quality works.

Besides, the green business segment advanced steadily. In addition to green energy solutions that had been applied in the Group's hotel, we developed also sales and distribution of green products. With expertise in this respect, the team identifies and secures promising products because our ability is not just confined to sales and distribution but we could help the suppliers on product enhancements should we see great potential in them. Green trend is palpable not only in Hong Kong but worldwide. More and more green building designs and innovations were used in both new built and refurbishments. Market potential for green products and solution is enormous.

New contract intakes in the year were HK$1,699 million. It was not a new record but good enough to replenish the order book for coming years. Works in hand stood at record level of HK$5,339 million at the year end. In face of severe shortage in manpower market, we rather progress cautiously and take on jobs that give reasonable margins.

Building materials supply

Revenue including inter-segment for the year increased 4% to HK$534 million, compared to prior year result. Production capacity of Huizhou factory was further expanded to cope with the strong demands. With a strong order in hands, the factories would be kept busy in at least next two years.

Manufacturing is an important part of our plan for growth. It can ascertain the stability of project progress as the construction will not be affected by adverse site constraints. This can help alleviate the shortage of workers and subcontractors. With prefabrication resources, we can maintain better control over a project's critical path, and capture additional revenue that used to go to subcontractors. Therefore, we develop and advance our prefabrication technology inexorably for wider implementation and better outputs. For example, we extended the usages to electrical and mechanical works during the year. We invested more on process automation to combat the rising labor costs problem in China. While expanding production capacity, we strengthened also the value chain extension. We further expanded a curtain walling production line in the Huizhou factory with the goal of widening the scope of products offerings and bolstering the control over projects. Once the facility is established and tested, we can take on more specialized projects in this trade.

Regarding Starfon, we progressed at a slow pace during the year. We were yet to market the product extensively as there were still some mass production efficiency issues that need to be fixed. Nonetheless, a number of small orders were delivered. More product applications were developed. The first sizeable order was received after year end. We would be able to see some contribution of profits next year.

Property investment and development and hotel operations

The enactment of demand curb measures by the Government cooled down the property market. Both the number of sales transactions and average selling prices reduced last year. We have been looking for good investment opportunities but in a conservative manner because we anticipate prices may drop further considering interest rate hike may come earlier than expected. Although market sentiment is weak, the holding power of prospective sellers is in general strong and they stood firmly on asking prices. We are yet to seize good bargains that fit us.

Though our property portfolio is yet to be expanded, we did well with our existing developments. As mentioned in last year's report, the Group's hotel contributed in both profitability and cash flow this year. The average occupancy rate and daily room rate continued to grow and at the rates higher than industry's average. The revenue increase and operation costs saving made the target profits. Our energy saving implementation brings to the hotel both recognitions and real monetary benefit. Up to the date of reporting, the hotel has achieved four platinum or equivalent certifications in green building and nine distinguished awards. The achieved energy saving outperformed the EMSD HK hotel Baseline Annual Energy Consumption (kWh) benchmark constantly throughout the year. Besides, the utilities consumptions were reduced year on year despite the increase in occupancy. The hotel's utility bills were solid proofs of our accomplishment in innovative green initiatives.

The construction of the residential development is on schedule. The completion date is expected to be in middle of Year 2015 if not earlier. While pending for the approval of pre-sale consent from the Government, we started to prepare sales arrangements. Although the property market sentiment is relatively weak, we do not have much concern on the sales given the size and location of the development. Its proximity to Shatin-to-Central MTR Link and Kowloon East, the CBD 2 promoted by the Government, are edges that will be welcomed by both investors and end users.

As to the site in Kwun Tong, the Group reported a revaluation loss of HK$8 million. During the year, market activities dropped and prices stagnated but the construction costs kept increasing. Under the current conservative market outlook, rise in development costs outran expected growth in value and therefore caused a drop in bare site value. During the year, we resumed the lease modification application and are now formulating the best approach. Nonetheless, we will keep the ball rolling and grab the opportunity when appropriate time comes.

Outlook

Years of solid construction experiences and ongoing quality and innovative achievements have made Yau Lee a trusted contractor among customers. Works in hands stands at close to record level which reflects a continued and sustained level of workload for coming few years. The Group is optimistic that the industry's demand outlook for our key markets will remain promising over the medium term bolstered by the continued robust public and private sector construction demands.

While demand outlook remains positive, the Group anticipates continuous margin pressure due to problems including rising raw material prices, quality subcontractor shortages and tight labour supply which posed structural challenges to every player. These are ongoing concerns that we have to contend with. Amidst a challenging environment, enhancing operational efficiency and timely execution of projects undertaken shall remain the key focus for the Group.

The Group will remain committed to its strategy of "Being an innovative green corporation". We would focus continuously the developments of innovative construction technologies, green businesses and quality and safety measures which create value to the Group. Technologies like 5D BIM, low carbon building methods and prefabrication are still areas we will invest relentlessly for raising productivity and operation efficiency. 5D BIM is one of the key initiatives to develop. Currently, the technology has been implemented in a number of housing projects and has received three quality awards in Quality Public Housing Construction and Maintenance Award 2013 co-organised by Hong Kong Housing Authority and industry associates. In future, it would be a new business segment of professional project management services. In addition to the existing USA strategic partner, we will look for more partners in local and region who complement our business developments in key markets.

Besides, the Group will maintain a prudent costs management and a selective approach to orders in the face of fierce costs pressures. While we have a strong position in existing markets, we are mindful of the competitive nature of this industry particularly in certain area like Singapore. We will strive to maintain our competitive edge and advance cautiously.

Chairman's Statement

Meanwhile, the Group will continue to develop its property investment business for higher shareholders' return. We will keep searching actively and take on projects that are fit for our portfolio.

Going forward, the Group remains committed to its strategy of staying focused on its core competencies, exploring overseas opportunities and new businesses that meet customer needs and diversifying earning through property development. We have been exploring business opportunities in Myanmar and allied a respectable local partner for future cooperation in the country.

On behalf of the Board, I would like to express my gratitude to the management team and all our colleagues for their dedications and contributions. I would also like to thank our shareholders for their continuous support and confidence in our Group. We will work hard to achieve growth and enhance shareholders' return in the year ahead.

By order of the Board

Wong Ip Kuen
Chairman

Hong Kong, 24 June 2014

Management Discussion and Analysis

Financial Position

The Group's finance and treasury functions have been centrally managed and controlled at the headquarters in Hong Kong. As at 31 March 2014, the Group's total cash and bank balances was HK$1,001.1 million (2013: HK$651.4 million) and total borrowings increased to HK$2,450.4 million (2013: HK$1,734.3 million) during the year. The increase in total cash and bank balances was due to certain amount of construction payment certified and received before year end and advance payment received from the employers during the start-up construction period. The increase in borrowing was largely to finance the newly secured construction projects and the construction of the Group's residential property development project. The current ratio (total current assets: total current liabilities) as at 31 March 2014 was 1.3 (2013: 1.5). The amount of bank loans and other facilities fall due beyond one year was HK$1,280.5 million (2013: HK$1,015.6 million). With prudent financial management policy in place, the Group considers the financial position as sound and healthy with sufficient liquidity.

All the bank borrowings are arranged on a floating rate basis. To alleviate partly the Group's exposure to interest rate fluctuations, we had arranged some interest rate swaps 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 arrangements when appropriate. As at 31 March 2014, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$4,244.2 million (2013: HK$3,191.9 million), of which HK$2,931.5 million (2013: HK$2,214.7 million) had been utilised. The Group considers it has sufficient committed and unutilised banking facilities to meet its current business operation, property development requirement and capital expenditure.

Human Resources

As at 31 March 2014, the Group had approximately 4,700 (2013: 3,500) employees. There are approximately 3,000 (2013: 2,400) employees in Hong Kong, Macau and Singapore and 1,700 (2013: 1,100) in Mainland China. Yau Lee aims to be a good and attractive employer as we understand people are key to long-term success. The Group offers competitive remuneration packages and employees are rewarded on a performance related basis. The Group also invests substantially on training and staff development. We promote continuing learning and help the professional and personal development of our employees.

Summary of Contracts

Movement of incomplete contracts

For the year ended 31 March 2014

Contract value

	31 March 2013 (Restated) HK$'million	Contracts Secured HK$'million	Contracts Completed HK$'million	31 March 2014 HK$'million
Building construction, renovation and maintenance	22,075	2,616	(3,864)	20,827
Electrical and mechanical installation	5,062	1,699	(1,422)	5,339
Building materials supply	2,147	184	(149)	2,182
Computer software development and architectural and engineering services	26	14	(13)	27
Less: Inter-segment contracts	(3,202)	(624)	655	(3,171)
	26,108	3,889	(4,793)	25,204

Building construction, renovation and maintenance segment

Contracts completed during the year ended 31 March 2014

Contracts

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

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

Term Contract for the 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

Building Works at Sembawang Neighbourhood 4 Contract 10 in Singapore

Building Works at Sembawang Neighbourhood 5 Contract 1B in Singapore

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

Building construction, renovation and maintenance segment (continued)

Contracts secured in prior year and in progress during the year ended 31 March 2014

Contracts

The Greenwich and Greenwich Village in Singapore

District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by Property Service Administration Units/Wong Tai Sin, Tsing Yi, Tsuen Wan and Island (1) 2011/2014

District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by Property Service Administration Units/Kwai Chung (1) 2012/2015

“My Home Purchase Plan” Project at Tsing Luk Street, Tsing Yi, TYTL 138

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

Term Contract for the 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 The Integrated Contract for Construction of Public Rental Housing Development at Anderson Road Sites A and B Phase 1 and 2

Building Works at Choa Chu Kang Neighbourhood 8 Contract 9 & 10 in Singapore

District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by District Maintenance Offices/Tai Po, North, Shatin and Sai Kung (3) 2013/2016

Renovation Works to Canossa Hospital (Caritas)

Building construction, renovation and maintenance segment (continued)

Contracts secured in current year

Contracts

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

Term Contract for the Design and Construction of Fitting-out Works to Buildings and Lands and Other Properties for which the Architectural Services Department is Responsible (Designated Contract Area: Kowloon and New Territories)

Term Contract 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 (Designated Contract Area: Central, Peak and Mid-levels)

Term Contract 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 (Designated Contract Area: Wan Chai (South) and Wan Chai (North))

Contracts secured subsequent to the year end and up to the date of this report

Contracts

Building Works at Punggol East Contract 39B in Singapore

Conversion of Chai Wan Factory Estate to Public Rental Housing and Demolition of Block 1, 2, 3, 12 and a school in Pak Tin Estate

Design and Construction of Hotel Reception and Public Circulation Fit Out at Venetian Parcel 3, Cotai, Macau

Contract secured by a joint operation in prior year and in progress during the year ended 31 March 2014

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 2014

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

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

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

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

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

* 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 2014

Contracts

Term Contract for the Alterations, Additions, Maintenance & Repair of Electrical & Air Conditioning Installations at the Architectural Services Department (Property Services Branch) 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

Maintenance Services for Central Environmental Control System Plants at Various Premises

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

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

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

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

Electrical and mechanical installation segment (continued)

Contracts secured in prior years and in progress during the year ended 31 March 2014 (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

Summary of Contracts

Electrical and mechanical installation segment (continued)

Contracts secured in current year

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 Installation for the Proposed 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

Design & Construction (Electrical, MVAC, Fire Services, Plumbing & Drainage Installations) at Yaumatei Specialist Clinic at Queen Elizabeth Hospital*

Podium Fire Services Installation at Venetian Cotai Limited – Parcel 3 at Cotai, Macau

Water Supply and Fire Services Term Maintenance Contract 2014/15 to 2016/17 (KE Region) for Housing Authority Estates, Areas and Buildings

Supply, Delivery, Installation, Testing & Commissioning of Electrical & Mechanical Work for 2 Nos. of Sewage Pumping Station (NPS & PS2) at Kai Tak Development – Stage 4 Infrastructure at Former North Apron Area

Maintenance Services of Central Environmental Control System Plants for MTR Corporation Limited

Supply & Installation of Electrical & MVAC Installation for the Proposed Residential Development at Lot No.11120, Hung Hom, Kowloon

Term Contract for the Design & Construction of Fitting-Out Works to Buildings & Lands & Other Properties for which the Architectural Services Department is Responsible (Kowloon and New Territories)*

Electrical, ELV & MVAC Installation for The Urban Renewal Project at Un Chau Street/Hing Wah Street/Fuk Wing Street (K22) at Sham Shui Po

Electrical Installation for Office Development at Heung Yip Road, Wong Chuk Hang, Hong Kong

Renovation Works at Canossa Hospital (Caritas) No. 1 Old Peak Road, Hong Kong*

Fire Service Installation for the Proposed Residential Development at Clear Water Bay, Sai Kung, Lot No. 898 in D.D. 227

* Inter-segment contracts

Electrical and mechanical installation segment (continued)

Contracts secured in current year (continued)

Contracts
Electrical Installation for The Construction of Public Rental Housing Development at Ex-Yuen Long Estate
MVAC Installation for the Proposed Residential Development at 2 Castle Road, Hong Kong
Electrical and ELV Installation at Discovery Park Shopping Mall (Phase 3 & 4)
Term Contract for the Maintenance of Electrical and Mechanical Installations at Tuen Mun Children and Juvenile Home (New Territories Region)

Contracts secured subsequent to the year end and up to the date of this report

Contracts
Term Contract for the Maintenance & Repair of, Alteration & Addition to, Fire Services Installations for General Engineering Services Division Venues of Electrical & Mechanical Services Department in Kowloon and New Territories for the Government of the HKSAR
Maintenance Services of Environmental Control System of Ventilation System for MTR Corporation Limited

Contract secured by a joint operation in prior year and in progress during the year ended 31 March 2014

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 78, 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, BBS, JP

aged 50, has been with Yau Lee Group for 26 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, the Deputy Chairman of the Vocational Training Council, a Member of the Antiquities Advisory Board, the Member of MPF Industry Schemes Committee, the Member of the Panel on Promoting Testing and Certification Services in Construction Materials Trade under the Hong Kong Council for Testing and Certification, as well as the Director of the World Green Building Council. 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 was appointed and served as Justice of the Peace (JP) in 2008 and awarded the Bronze Bauhinia Star (BBS) by the Government of the HKSAR in the year of 2013 for recognition of his outstanding contributions made to Construction Industry.

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 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 47, 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 and Leena Theme Painting Limited; CEO of Global Virtual Design & Construction 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 plays a pivotal role in formulating the Group's overall 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 concrete, building materials and construction, optimization, carbon reduction, Building Information Modeling, Virtual Design & Construction and green technologies. Under the leadership of Ms. Wong, Yau Lee has excelled into a green integrated corporation internationally.

Ms. Wong holds a Bachelor Degree in Design from the De Montfort University, a Master Degree in Design from the Royal College of Art in the UK, and Executive Master Degree in Business Administration, Master Degree in Philosophy both awarded by the Chinese University of Hong Kong and an executive programme in technology from the Singularity University in the US.

Mr. Sun Chun Wai
aged 53, 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 49, 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 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 62, 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 68, 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 53, 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 and Singapore operation. Under the directions of the Board of Directors, he successfully leads his team to achieve triple platinum international green awards plus Three Star Rating awarded by China Green Building Design Label 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. He is also appointed as a Director of Hong Kong Green Building Council at the beginning of 2014.

Mr. Choy Cheong Wah, Deputy Head of Yau Lee Curtain Wall and Steel Works Limited

aged 54, joined the Group in 2014. He holds a Bachelor of Science Honours Degree in Construction Project Management of University of Central Lancashire (UK), Diploma in Business Management of The Chinese University of Hong Kong, Endorsement Certificate in Design of Reinforced Concrete and Steel Structures of Hong Kong Polytechnic and Higher Certificate in Civil Engineering of Hong Kong Polytechnic. He has over 33 years of experience in construction industry especially in steel construction and facade field. He is now the Deputy Head of Yau Lee Curtain Wall and Steel Works Limited, one of the subsidiaries of the Group, and is responsible for overseeing the daily operation jointly with the Head of this subsidiary.

In alphabetical order

Ms. Lam Kwok Fan, Chief Financial Officer and Company Secretary
aged 48, 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.

Mr. Lee Shiu Ming, Deputy General Manager (Engineering)
aged 57, 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 Fellow 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. He is also appointed by Buildings Department to continue as a Member of the Technical Committee for the Code of Practice for Precast Concrete Construction up to February 2017.

Mr. Lok Tat Hong Howard, Executive Director of REC Engineering Company Limited
aged 60, 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 Contractors' Association, Chairman of the Hong Kong Federation of Electrical and Mechanical Contractors Limited and Member of the Electrical Safety Advisory Committee.

Mr. Ng Ka Chong, Commercial Director
aged 51, joined the Group in 2013. Mr. Ng is a Professional Member of the Royal Institute of Chartered Surveyors, a Professional Member of the Hong Kong Institute of Surveyors and a Corporate Member of the Hong Kong Institute of Engineers. He holds a Bachelor of Science Degree in Quantity Surveying, a Bachelor of Laws Degree, a Master Degree in Arbitration and Dispute Resolution and a Master Degree in Professional Accounting and Information Systems. Mr. Ng has over 25 years experience in construction, quantity surveying, dispute resolution and legal matters. He had been working for contractors, consultants, MTR Corporation Limited, Kowloon-Canton Railway Corporation and Hong Kong Airport Authority and had participated in the construction of a number of large scale infrastructure and railway projects including Airport Rail and West Rail. He was called to the Bar in Hong Kong and in England in 1997 and was a practicing barrister for a number of years before rejoining the construction industry in 2011.

Biographical Details of Directors and Senior Management

Mr. So Ho Man, Chief Quantity Surveyor

aged 49, 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 24 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 57, 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, Society of Construction Law Hong Kong 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.

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

aged 54, 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, Council Member of The Hong Kong Federation of Electrical and Mechanical Contractors Limited, Council Member of The Hong Kong E&M Contractors' Association Limited, Member of the Committee on Technologist Training of the Vocational Training Council and the Electrical & Mechanical Services Industry Training Advisory Committee.

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

aged 55, 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.

Mr. Wong King Lau, Deputy General Manager (Architectural)
aged 62, joined the Group in 2013. Mr. Wong is an Authorized Person (List of Architects), a Registered Architect, a Fellow of the Hong Kong Institute of Architects, Member of the Royal Institute of British Architects, Member of the Chartered Institute of Arbitrators, and Associate of the Hong Kong Institute of Arbitrators. Graduated from the School of Architecture, University of Hong Kong, he holds a Bachelor Degree in Architecture with Distinction in Architectural Studies and a Bachelor Degree in Arts (Architectural Studies) with Honours. He has over 30 years of experience in planning, design and project administration. He is a Member of the Group's Senior Management and provides architectural supports to the Group's property developments and those design and build construction projects.

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

Head office management

Department Heads#

•	Cheung Man Ching	Legal Advisor
•	Kwan Man Ho	Machinery and Logistics Department
•	Lam Chan Sing	Health and Safety Department
•	Wong Ko Yin	Tender and Planning Department
•	Wong Sik Yan	Information Technology Department
•	Wu Wing Shan	Administration Department
•	Yu Chi Kin	Quality Department
•	Yu Kwok Yan	Tender Department

In alphabetical order

Biographical Details of Directors and Senior Management

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 2014.

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 65.

An interim dividend of HK1.00 cent (2013: HK1.00 cent) per share was paid during the year ended 31 March 2014.

In the Board meeting held on 24 June 2014, the Directors recommended the payment of a final dividend of HK1.38 cents (2013: HK1.38 cents) per share, totalling approximately HK$6,045,000 (2013: HK$6,045,000) for the year ended 31 March 2014.

Closure of register of members

The register of members of the Company will be closed from 8 August 2014 (Friday) to 13 August 2014 (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 7 August 2014 (Thursday).

The register of members of the Company will be closed again from 1 September 2014 (Monday) to 4 September 2014 (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 2014, 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 29 August 2014 (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$575,000 (2013: HK$669,000).

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 153 of this annual report.

Distributable reserves

At 31 March 2014, the reserves of the Company available for distribution, calculated under the Companies Act 1981 of Bermuda, amounted to approximately HK$962,241,000 (2013: HK$980,177,000).

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 154.

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 2014.

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

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 and the Code on Corporate Governance Practices (the "Code") under the Rules Governing The Listing of Securities on The SEHK ("Listing Rules"), Mr. Wong Ip Kuen and Mr. Sun Chun Wai 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

Director	Number of shares held (long position) 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, its joint ventures or joint operations a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

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

At 31 March 2014, 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	11%
–	the largest supplier	3%

Sales

–	five largest customers	71%
–	the largest customer	34%

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 2014, 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 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 per cent 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 per cent of the equity interest and voting shares of the Company.

By a Facility Agreement made between a wholly-owned subsidiary of the Company and a bank in Hong Kong dated 22 November 2011 (as supplemented by a First Supplemental Agreement made between the same parties dated 6 December 2013) (such Facility Agreement as supplemented shall hereinafter be called "the Facility Agreement"), term loan facilities of up to HK$325,500,000 have been granted to the subsidiary for the purpose of financing in part of the premium payment and construction costs of a new building. The loan shall 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 the new building, whichever shall be the earlier.

According 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 per cent or more of the entire issued voting share capital of the Company.

As at 31 March 2014 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 31 to 36.

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, 24 June 2014

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 as set out in the Appendix 14 of 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, its respective committees and general meeting is as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	General Meeting
Mr. Wong Ip Kuen	4/4	N/A	N/A	N/A	N/A	1/1
Ir. Wong Tin Cheung	4/4	N/A	1/1	N/A	1/1	1/1
Ms. Wong Wai Man	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Sun Chun Wai	3/4	N/A	N/A	N/A	N/A	1/1
Mr. Chan, Bernard Charnwut	3/4	2/2	1/1	0/1	1/1	1/1
Mr. Wu King Cheong	4/4	2/2	1/1	1/1	1/1	1/1
Dr. Yeung Tsun Man, Eric	4/4	2/2	1/1	1/1	1/1	1/1

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 2014, 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 2014 and the record of attendance of the members is listed on page 32. 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 2014 and the record of attendance of the members is listed on page 32. The members of the Nomination Committee are:

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

The Board believes that building a diverse and inclusive culture is integral to the success of the Group. A truly diverse Board will include and make good use of differences in the skill, regional and industry experience, background, race, gender and other qualities of directors.

During the year ended 31 March 2014, the Board has formulated a Board Diversity Policy to set out the approach to achieve diversity on the Board of Directors of the Group. In determining the Board's composition, the Group will consider Board diversity in terms of, among other things, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Nomination Committee shall review this policy, as appropriate, to ensure the effectiveness of this policy. The Nomination Committee shall consider the policy when they make recommendations to the Board on the appointment or re-appointments of directors.

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 2014 and the record of attendance of the members is listed on page 32. 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 2014, PricewaterhouseCoopers provided the following services to the Group:

	2014	2013 (Restated)
	HK$'000	*HK$'000*
Audit services	**4,914**	4,373
Taxation services	**310**	295
	5,224	4,668

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 2014, 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 63 to 64 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 2014 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 2014.

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 2014 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.

Introduction

Yau Lee's principal areas of operation are in construction, electrical and mechanical installation, building materials supply, property investment and development and hotel operations. We have long embraced the belief of "to create a greener and better world". We aspire for quality and sustainability at every stage of the building life cycle and aim to create value for clients, employees, shareholders and the community. We are committed to act responsibly for people and the environment, both now and in the future.

Mediazone Group awarded us "Hong Kong's Most Valuable Companies"

Silver Award for Top Fundraiser Award (Group) presented by Agency for Volunteer Service

Partner Employer Award 2013-2014

Yau Lee Holdings Limited won Outstanding CSR Award in the "3rd Outstanding Corporate Social Responsibility Award"

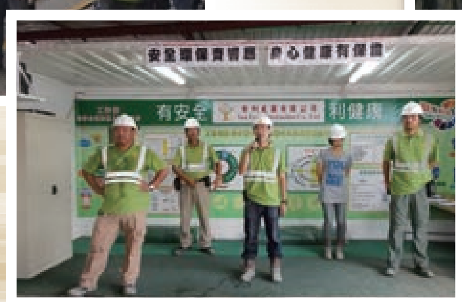
People

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 and exercises its safety leadership role. 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 equipment as well as the development of innovative safety systems.

Occupational health and safety is the Group's top priority and is communicated relentlessly within group. Every morning there are briefing sessions with front line colleagues at sites. Every month management meeting is conducted to assess the safety performance while every year an annual safety expo is held to share the safety measures and techniques and to ensure the highest standards of health and safety within our workplaces.



Morning Safety Briefing Meeting

Annual Safety Expo

Besides, the Group invests heavily for a safe and healthy working environment. We use innovation and technology to drive safety. VHSoft Technologies Company Limited, the Group's IT arm, developed VHSmart™, an integrated construction management platform with mobile solutions for new works, fitting out and M&E businesses. The instant and handy attributes of the system help front-line people and the management in overseeing on-site safety and quality of works.

VHSmart™ for Mobile Site Inspection

- Real-time site inspection and routine progress monitoring at fixed and remote sites location
- Use of mobile device to inspect and take photo in potentially risky area

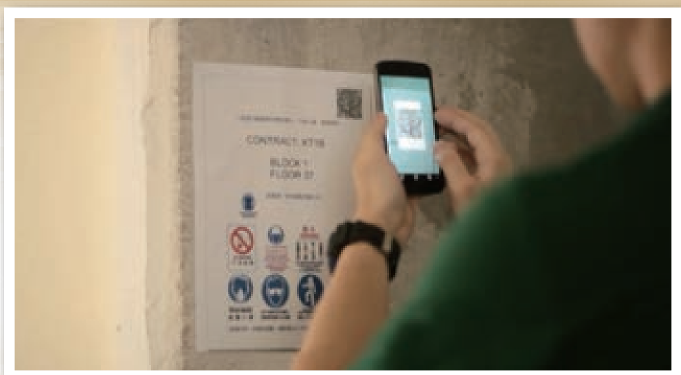
VHSmart™ for Mobile Safety Training

- Download training materials to the mobile in real time with the VHSmart™ cloud service
- Easy to review the worker's performance to provide efficient work allocation

Safety Spot Check & Training

VHSmart™ for QRCode Equipment/System Inspection

- With the help of QR code, site foreman can easily retrieve the job or defect information for works approval and quality monitoring
- License expiry date, certification date and inspection date are detected through QR code



Working Platform (FSC Wood & Metal Style)

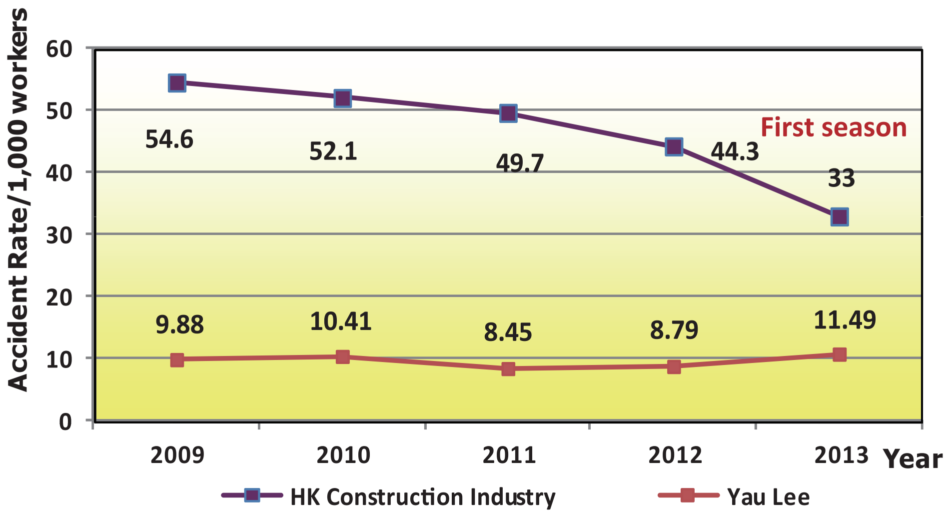
- Easy to control the quality of the platform

Portable Aluminum Working Platform

- Simple installation and safe for workers
- Easy to carry and recyclable
- Can easily be extended to fit different lengths
- Anti-skid function to avoid accidents

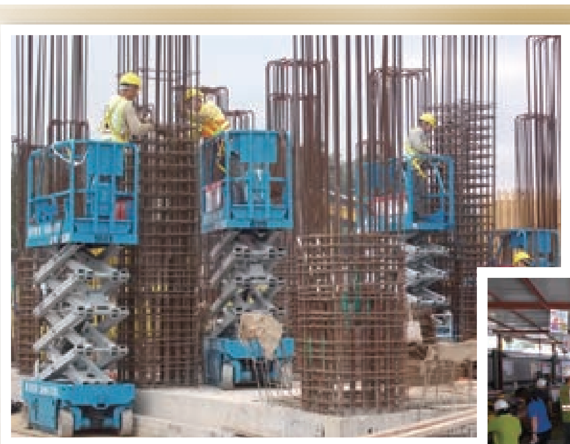
Our continuous efforts in this respect resulted in remarkable track records of safety performance and had long been held up as exemplary in the industry as set by Development Bureau. Yau Lee has achieved low accident rates which were far below the records of the industry for many years.

Accident Rate Performance



Corporate Social Responsibility Report

As a responsible contractor, Yau Lee leads safety measures from site establishment to standardized work activities. We promote and support our business partners in maintaining high standards in health and safety. We extend our commitment to safety to subcontractors through organizing Safety Training Workshops where subcontractors and their site managements are invited to participate and share the latest best-practices and legislation in safety and the pursuit of quality construction outcomes. Starting from 2013, the Housing Authority and the Architectural Services Department required contractors to join the Contractor Cooperative Training Scheme ("CCTS"). We, as a contractor, are responsible to recruit suitable workers and qualified instructors. We provide course contents, plants, equipment, venues and instructing staff.



Site Establishment Work

Standardized Precast Work

Site Safety Experience Sharing

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

Awardee	Scheme	Award	Main Organiser
Yau Lee Construction Company Limited	12th Hong Kong Occupational Safety & Health Award	Safety Performance Award for Construction	Occupational Safety & Health Council
REC Engineering Company Limited	12th Hong Kong Occupational Safety & Health Award	Safety Performance Award for Construction	Occupational Safety & Health Council
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by District Maintenance Offices/Tai Po, North, Shatin and Sai Kung (3) 2013/2016	Construction Industry Safety Award Scheme 2013/2014	Gold Award in Renovation and Maintenance Works Category	Labour Department
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	Construction Industry Safety Award Scheme 2013/2014	Bronze Award in Renovation and Maintenance Works Category	Labour Department
Maintenance Services for Central ECS Plants	Construction Industry Safety Award Scheme 2013/2014	Bronze Prize in Minor Renovation and Maintenance Works Category	Labour Department

Awardee	Scheme	Award	Main Organiser
Construction of Public Rental Housing Development at Anderson Road Site E Phase 1 and 2	Construction Industry Safety Award Scheme 2013/2014	Merit Award in Building Sites (Public Sector)	Labour Department
Construction of Public Rental Housing Development at Hung Shui Kiu Area 13 Phase 3	Construction Industry Safety Award Scheme 2013/2014	Merit Award in Building Sites (Public Sector)	Labour Department
Renovation Works to Canossa Hospital (Caritas)	Construction Industry Safety Award Scheme 2013/2014	Participation Certification in Minor Renovation and Maintenance Works Category	Labour Department
Term Contract for the 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 Industry Safety Award Scheme 2013/2014	Participation Certification in Minor Renovation and Maintenance Works Category	Labour Department
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by Property Service Administration Units/Kwai Chung (1) 2012/2015	Construction Industry Safety Award Scheme 2013/2014	Participation Certification in Minor Renovation and Maintenance Works Category	Labour Department
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by Property Service Administration Units/ Wong Tai Sin, Tsing Yi, Tsuen Wan and Island (1) 2011/2014	Construction Industry Safety Award Scheme 2013/2014	Participation Certification in Minor Renovation and Maintenance Works Category	Labour Department

Awardee	Scheme	Award	Main Organiser
Construction of The Integrated Contract for Construction of Public Rental Housing Development at Anderson Road Sites A and B Phase 1 and 2	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
The Integrated Contract for Construction of Public Rental Housing Development at Kai Tak Site 1B at Kowloon	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
Construction of Public Rental Housing Development at Anderson Road Site E Phase 1 and 2	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
Construction of Public Rental Housing Development at Hung Shui Kiu Area 13 Phase 3	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
“My Home Purchase Plan” Project at Tsing Luk Street, Tsing Yi, TYTL138	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
Design and Construction of Yau Ma Tei Specialist Clinic at Queen Elizabeth Hospital	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
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	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council

Awardee	Scheme	Award	Main Organiser
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	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by District Maintenance Offices/Tai Po, North, Shatin and Sai Kung (3) 2013/2016	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by Property Service Administration Units/Kwai Chung (1) 2012/2015	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties managed by Property Service Administration Units/ Wong Tai Sin, Tsing Yi, Tsuen Wan and Island (1) 2011/2014	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council

Awardee	Scheme	Award	Main Organiser
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	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
Term Contract for the 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)	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
The Proposed Residential Development at 18 Chi Kiang Street, Tokwawan, Kowloon	Caring Construction Site Award Scheme 2013	Diamond Caring Award	Occupational Safety & Health Council
Yau Lee Construction Company Limited	HKCA Proactive Safety Contractors Award for the year 2012	HKCA Proactive Safety Contractors Award	Hong Kong Construction Association
REC Engineering Company Limited	Good Housekeeping Award 2013	Merit Prize	Occupational Safety & Health Council
"My Home Purchase Plan" Project at Tsing Luk Street, Tsing Yi, TYTL138	Construction Safety Day	Bronze Award of Best Safe Working Cycle Site	Occupational Safety & Health Council
District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/Hong Kong East 2012/2015	Construction Safety Day	Gold Award of Best Safety Enhancement Program for Working at Height	Occupational Safety & Health Council

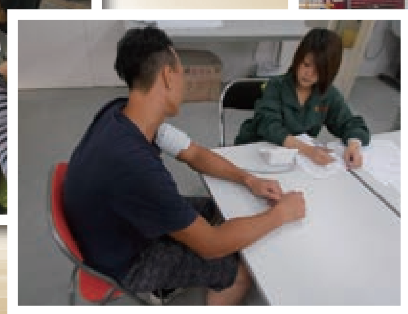
Awardee	Scheme	Award	Main Organiser
District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/ Wong Tai Sin 2011/2014	Construction Safety Day	Bronze Award of Best Occupational Health Program at Prevent Heat Stroke	Occupational Safety & Health Council
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	Construction Safety Day	Sliver Award of Best Refurbishment and Maintenance Contractor in OSH	Occupational Safety & Health Council
Holiday Inn Express Hong Kong SoHo Emil Ngan Siu Tak	The Chartered Institute of Building (HK) Construction Manager of the Year Awards 2012	Gold Award	The Chartered Institute of Building
Biennial Term Contract for Provision of Maintenance, Modification and Installation Works of Electronic Systems at Various Sewage Treatment Works and their Outstations	20th Considerate Contractors Site Award Scheme	Merit Award in Public Works – RMAA Category	Development Bureau
Supply & Installation of E&M Equipment for Four Sewage Pumping Stations in the North and Tai Po Districts, N. T.	Construction Sites Housekeeping Award Scheme 2013	Meritorious Award in E&M Works Contracts Category	Drainage Services Department

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 booming construction market, the Group has early established a long-term manpower strategy for recruitment, retention and development of employee.

Distribution of Sunshade to Workers

Workers' Resting Position



Pre-Employment Health Check

To cope with the strong demand of workforce in our business, the Group run a number of recruitment activities such as seminars, on-campus recruitment day and recruitment package to recruit new blood to the Group and also the industry.

Recruitment Day

Corporate Social Responsibility Report

Since 2011, the Group ran "The Yau Lee Fellowship and Scholarship Program" which aimed to promote the industry to the youths. The program recruited students from universities and colleges yearly. Led by the Group's senior management members, the participants learnt 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.

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. The Group has been providing vocational training programs regarding knowledge, technical know-how and awareness of statutory ordinance.

Safety Workshop

Apart from job related training, Yau Lee cares also personal growth. The Group provides various training courses to meet with the needs of employees at different development stages.

Yan Lee Management Workshop

To nourish the staff overall wellness, a series of staff activities and leisure classes ranging from cooking classes, karaoke night, table tennis team competition to cycling tour visits and barbeque gatherings were organised. We extended our warmth and care to also employees' families who were invited and participated in some of our recreation and charity activities. The Group's investment in human capital can boost employee's sense of belongings and loyalties to the Group as a whole.

Bowling Team Competition

Tour of Cycling & BBQ

Hand-made Moon Cake

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.

Since 2005, we have set up our vision as "Becoming a Green Integrated Building Corporation". 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.

Besides operating strict compliance ISO14001 Environmental Management System and ISO50001 Energy Monitoring and Analysis System, the Group is also keenly applying different kinds of advanced technologies to provide green and energy efficiency solutions during construction works.

Some of the Group's green and energy efficient solutions are highlighted as below:

1. 5D Building Information Modeling (5D BIM)

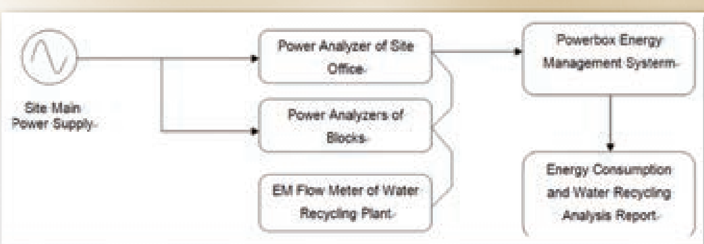
Project implementation has proven to be challenging due to the nature of the construction operation. 5D BIM can model and anticipate the construction progress and difficulties so as to reduce the re-building possibility. It is the new trend of construction industry and it enables a cost-effective, high productivity, environmental-friendly design and construction solution holistically.

Global Virtual Design and Construction Limited (GVDC), a wholly owned subsidiary of the Group, was established to provide a comprehensive range of 5D BIM related technical and professional services. GVDC is committed to be a regional Virtual Design and Construction (VDC) and I.T. Solution service HUB to support construction industries in the region in order to boost the productivity and build-ability of the projects in Hong Kong and regional countries.

2. PowerBox™ Web-based Energy Management Analysis and Monitoring System (PowerBox™)

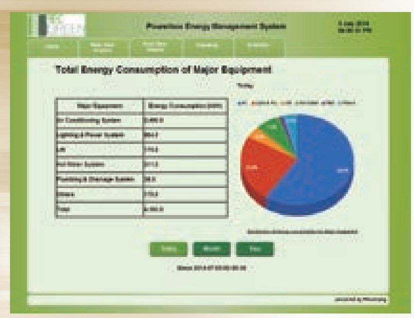
The Group innovates a software solution for the analysis and monitoring the energy usage called PowerBox™ Web-based Energy Management Analysis and Monitoring System. Power usage is collected and analysed from various perspectives by easy way. The PowerBox™ provides a web-based platform for all users to view real time energy consumption of all projects at any location. The building operator and facility management can easily consolidate energy data for monitoring, analysis, and sharing analytic data for third-party control and operation.

This system has been successfully applied to our projects and sites, including the Group's flagship green hotel – Holiday Inn Express Hong Kong SoHo.



PowerBox™ Framework

PowerBox™ Web-based Energy Management Analysis and Monitoring System



Template of Energy & Power Consumption of Major Equipment

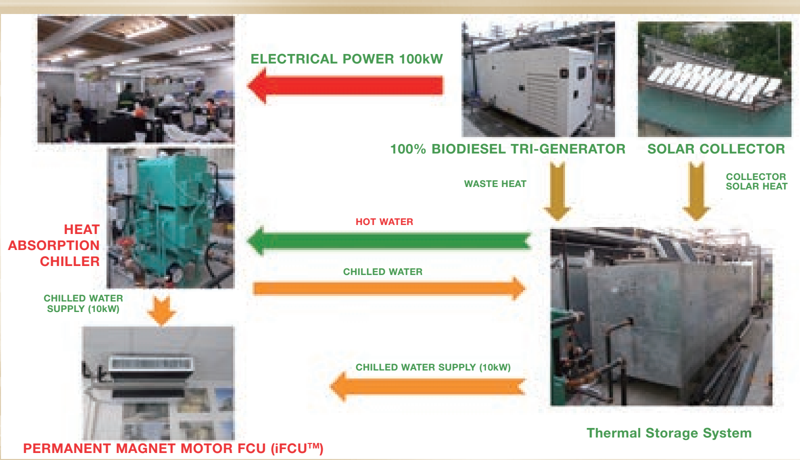
Presentation from TV Monitor in Site Entrance

3. Pattern Recognition Energy Saving System (PRESS)

The Pattern Recognition Energy Saving System (PRESS) is a system to make use of CCTV cameras and pattern recognition detective software with an electronic interfacing device to control lighting and air-conditioning system in targeted zones. The Group uses the PRESS in sites, corridors and conference rooms in our subsidiary offices to detect unoccupied areas so as to reduce energy consumption.

4. Bio-Diesel Tri-Generation System

In order to combat the increasing pressure from climate change and align with the greenhouse gas emission reduction target proposed by the Government, the Group introduces the bio-diesel tri-generation system. The side product of waste heat produced by generator together with solar heat energy are collected to a thermal storage system and transformed to hot water to heat absorption chiller for the use of iFCU™. The system not only can reduce carbon emissions but also can provide clean and renewable energy to the community.



5. Energy Optimization Solution (EOS)

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. It proved energy consumption saving over 50% as against our previous hotel development with similar scale.

6. Waste Recycling and Organic Farming Program

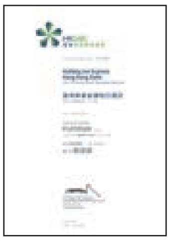
In an effect to help promoting recycling and environment protection awareness, the Group introduces food waste recycling and organic farming program in sites and encourages staff, labour and subcontractors to take an active role in conserving resources and recycling. The program receives overwhelming supports from various participants.

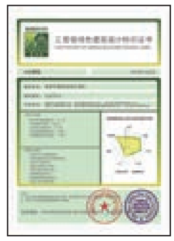
Organic Farming Behind Site Office

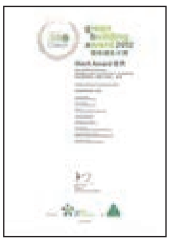
Organic Farming Competition Among Subcontractors

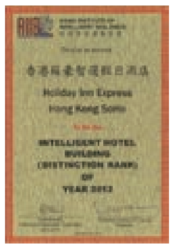
Organic Farming Along Walking Platform

The Group's flagship green hotel – Holiday Inn Express Hong Kong SoHo, the first high-rise building (hotel) in the world to achieve quadra 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, BCA Green Mark by Singapore's Building and Construction Authority and Certificate of Green Building Design Label by China Green Building (HK) Co., Ltd invests continuously in green initiatives. As at 31 March 2014, Holiday Inn Express Hong Kong SoHo received nine distinguished awards including 2013 HICAP Sustainable Hotel Award by Hotel Investment Conference Asia Pacific.









Awardee	Scheme	Award	Main Organiser
Yau Lee Construction Company Limited	Hong Kong Green Awards 2013	Silver Award of Green Management Award (Corporate)	Green Council
Holiday Inn Express Hong Kong SoHo	N/A	Certificate of Green Building Design Label	China Green Building (HK) Co., Ltd.
Yau Lee Construction Company Limited	United Nations Millennium Development Goals – Green Office Awards Labelling Scheme (GOALS)	Green Office Label Better World Company Label	World Green Organisation
REC Engineering Company Limited	United Nations Millennium Development Goals – Green Office Awards Labelling Scheme (GOALS)	Better World Company Label	World Green Organisation
Yau Lee Construction Company Limited	CarbonSmart Programme	CarbonSmart Low – Carbon Commitment Partner	Hong Kong Productivity Council
Holiday Inn Express Hong Kong SoHo	N/A	2013 HICAP Sustainable Hotel Award (Sustainable Project Design)	Hotel Investment Conference Asia Pacific
The Integrated Contract for Construction of Public Rental Housing Development at Kai Tak Site 1B (Tak Long Estate)	N/A	Certificate for achieving the rating of Gold Standard under the Building Environmental Assessment Method (BEAM) for New Buildings (4/04 version)	Business Environment Council

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. This year they visited S.K.H. Holy Carpenter Church Community Centre on Happy Mother's Day and Tuen Ng Festival during the celebrating festive seasons and offered gifts and help to the elderly.

In an effort to promote the volunteer service in the local community, Yau Lee also supports events organized by Agency For Volunteer Service. We were granted a trophy on our donation support to their "Flag Day" activity. And we sponsored the event of "Walk & Run for Volunteering 2014".

The Group's volunteer team participated actively in activities organised by the Association for the Rights of Industrial Accident Victims. The sponsorship activities include territory-wide flag day, student improvement award buffet gathering and barbeque Christmas party for Mama Group.

Mother's Day 2013 (S.K.H. Holy Carpenter Church Community Centre)

Tuen Ng Festival (S.K.H. Holy Carpenter Church Community Centre)

Yau Lee also supports the community by donations and sponsorships and actively encourages employees in their participation in a number of activities designed to provide support and comfort to the disadvantaged of society. 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. On this, the Home Affairs Bureau and the Social Enterprise Advisory Committee presented us the award of Outstanding Partner of Social Enterprise 2013 to recognise our demonstrated support to social enterprises in Hong Kong. Besides, we supported and donated to the charitable group Social Enterprise Limited (SEL) in support of its project – Care Ambassador for the Elderly. SEL was set up with an aim to create jobs and serve the underprivileged. Under this project, it will train unemployed and disadvantaged groups including the newly immigrants and single mothers to become 'Care Ambassador for the Elderly'. The project will run for a year till 31 August 2015.

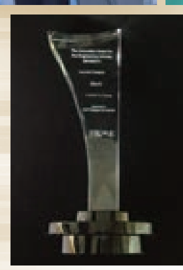
Outstanding Partner of Social Enterprise 2013

Green Volunteer Fun Day

Awardee	Scheme	Award	Main Organiser
Yau Lee Holdings Limited	The Mirror's 3rd Outstanding Corporate Social Responsibility Award	Outstanding Corporate Social Responsibility Award	The Mirror's
Yau Lee Holdings Limited	Partner Employer Award 2013-2014	Certificate of Appreciation Award	The Hong Kong General Chamber of Small and Medium Business
Yau Lee Construction Company Limited	N/A	CSR Advocate Mark for HKQAA CSR Index	Hong Kong Quantity Assurance Agency
Yau Lee Construction Company Limited	Friends of Social Enterprise Award Scheme 2013	Outstanding Partner of Social Enterprise 2013	Home Affairs Department
Yau Lee Holdings Limited	AVS Flag Day on 27 July 2013	Silver Award for Top Fundraiser Award (Group)	Agency for Volunteer Service

Yau Lee is committed to provide excellent quality products and services to different stakeholders. We aim at total customer satisfaction and exceeding its expectations. During the year, we gained a number of quality awards and accolades.

Awards and Accolades



Awardee	Scheme	Award	Main Organiser
Yau Lee Construction Company Limited	Quality Public Housing Construction & Maintenance Award 2013	Certificate of Premier League Contractors Status 2013/15	Hong Kong Housing Authority
Construction of Public Rental Housing Development at Sheung Shui Area 36 West	Quality Public Housing Construction & Maintenance Award 2013	Innovative Use of BIM Technology	Hong Kong Housing Authority
Construction of the Integrated Contract for Construction of Public Rental Housing Development at Anderson Road Sites A and B Phase 1 and 2	Quality Public Housing Construction & Maintenance Award 2013	Innovative Use of BIM Technology	Hong Kong Housing Authority
The Integrated Contract for the Construction of Public Rental Housing Development at Kai Tak Site 1B at Kowloon	Quality Public Housing Construction & Maintenance Award 2013	Innovative Use of BIM Technology	Hong Kong Housing Authority
Yau Lee Holdings Limited	The Chartered Institute of Building (HK) Construction Manager of the Year Awards 2012	Gold Award in New Works/A & A Works Category	The Chartered Institute of Building
VH Smart™ – Mobile Solution	Biz. IT Excellence 2013	IT Solution Excellence	PC Market

pwc

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 65 to 152, which comprise the consolidated and company balance sheets as at 31 March 2014, 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.

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Auditor's Responsibility (continued)

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 2014, 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, 24 June 2014

Consolidated Income Statement

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 (Restated) HK$'000
Revenue	5	6,552,586	4,196,546
Cost of sales	7	(6,110,306)	(3,799,333)
Gross profit		442,280	397,213
Other income and gains	6	41,514	76,211
Distribution costs	7	(29,238)	(27,300)
Administrative expenses	7	(360,849)	(333,073)
Other operating expenses	7	(8,174)	(3,492)
Operating profit		85,533	109,559
Finance costs	9	(38,818)	(36,067)
Share of profit of associates	21	362	37
Share of loss of joint ventures	22	(52)	(39)
Profit before income tax		47,025	73,490
Income tax expense	10	(7,791)	(8,180)
Profit for the year		39,234	65,310
Attributable to:			
Equity holders of the Company		38,615	65,360
Non-controlling interests		619	(50)
		39,234	65,310
Dividend	12	10,426	10,426
Earnings per share (basic and diluted)	13	8.82 cents	14.92 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**39,234**	65,310
Other comprehensive income		
Items that may be reclassified to profit or loss subsequently:		
Currency translation differences	**4,000**	1,406
Total comprehensive income for the year	**43,234**	66,716
Attributable to:		
Equity holders of the Company	**42,596**	66,766
Non-controlling interests	**638**	(50)
Total comprehensive income for the year	**43,234**	66,716

Consolidated Balance Sheet

As at 31 March 2014

	Note	31 March 2014 HK$'000	31 March 2013 (Restated) HK$'000	1 April 2012 (Restated) HK$'000
Assets				
Non-current assets				
Property, plant and equipment	15	**1,138,264**	1,095,013	932,943
Investment properties	16	**329,115**	324,023	265,557
Leasehold land and land use rights	17	**59,480**	59,801	60,897
Intangible assets	19	**15,678**	16,734	17,790
Goodwill	19	**15,905**	15,905	15,905
Associates	21	**1,384**	1,402	1,479
Deferred income tax assets	32	**4,481**	3,681	9,727
Available-for-sale financial assets	23	**11,800**	–	–
Other non-current assets	24	**49,364**	45,164	96,786
		1,625,471	1,561,723	1,401,084
Current assets				
Cash and bank balances	25	**1,001,142**	651,364	650,964
Trade debtors, net	26(a)	**1,190,512**	684,089	685,420
Prepayments, deposits and other receivables	26(b)	**773,215**	377,874	285,888
Inventories	27	**115,622**	79,127	73,696
Prepaid income tax		**1,200**	3,574	904
Due from customers on construction contracts	28	**994,186**	617,768	496,599
Financial assets at fair value through profit or loss	29	**32,544**	42,402	44,021
Property under development for sale	18	**445,744**	386,926	347,810
Due from associates, net	21	**1,657**	159	458
Due from joint ventures/joint operations	22	**4,026**	2,411	3,405
Due from other partners of joint operations	22	**56,797**	5,108	–
		4,616,645	2,850,802	2,589,165
Total assets		**6,242,116**	4,412,525	3,990,249
Equity				
Share capital	34	**87,611**	87,611	87,611
Other reserves	35	**452,497**	448,516	447,110
Retained profits				
Proposed final dividend	35	**6,045**	6,045	9,988
Others	35	**985,457**	957,268	902,334
Attributable to equity holders of the Company		**1,531,610**	1,499,440	1,447,043
Non-controlling interests		**1,660**	1,022	1,072
Total equity		**1,533,270**	1,500,462	1,448,115

Consolidated Balance Sheet

As at 31 March 2014

	Note	31 March 2014 HK$'000	31 March 2013 (Restated) HK$'000	1 April 2012 (Restated) HK$'000
Liabilities				
Non-current liabilities				
Long-term borrowings	31	**1,280,525**	1,015,590	755,715
Deferred income tax liabilities	32	**3,846**	7,235	6,601
		1,284,371	1,022,825	762,316
Current liabilities				
Short-term bank loans	31	**1,098,821**	649,372	686,734
Current portion of long-term borrowings	31	**71,066**	69,371	35,099
Derivative financial liabilities	30	**15,127**	26,952	21,785
Payables to suppliers and subcontractors	33	**591,416**	316,632	350,714
Accruals, retention payables and other liabilities		**567,139**	355,956	283,635
Income tax payable		**12,242**	590	3,778
Obligation in respect of joint ventures	22	**1,343**	1,291	1,252
Due to customers on construction contracts	28	**985,298**	440,295	387,457
Due to joint operations	22	**60,090**	27,047	–
Due to other partners of joint operations	22	**21,933**	1,732	9,364
		3,424,475	1,889,238	1,779,818
Total liabilities		**4,708,846**	2,912,063	2,542,134
Total equity and liabilities		**6,242,116**	4,412,525	3,990,249
Net current assets		**1,192,170**	961,564	809,347
Total assets less current liabilities		**2,817,641**	2,523,287	2,210,431

Wong Ip Kuen
Director

Wong Tin Cheung
Director

Balance Sheet

As at 31 March 2014

	Note	2014 HK$'000	2013 HK$'000
Assets			
Non-current asset			
Subsidiaries	20	571,615	571,615
Current assets			
Cash and bank balances	25	18,528	8,757
Prepayments, deposits and other receivables	26(b)	1,538	306
Prepaid income tax		–	19
Financial assets at fair value through profit or loss	29	9,232	19,048
Due from subsidiaries	20	1,125,729	1,114,406
Due from an associate	21	63	43
Due from a joint venture	22	200	120
		1,155,290	1,142,699
Total assets		1,726,905	1,714,314
Equity			
Share capital	34	87,611	87,611
Other reserves	35	414,135	414,135
Retained profits			
Proposed final dividend	35	6,045	6,045
Others	35	956,196	974,132
Total equity		1,463,987	1,481,923
Liabilities			
Current liabilities			
Short-term bank loans	31	30,000	30,000
Accruals and other liabilities		568	1,042
Due to subsidiaries	20	232,350	201,349
Total liabilities		262,918	232,391
Total equity and liabilities		1,726,905	1,714,314
Net current assets		892,372	910,308
Total assets less current liabilities		1,463,987	1,481,923

Wong Ip Kuen
Director

Wong Tin Cheung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to equity holders of the Company							
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Currency translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2013	**87,611**	**413,776**	**359**	**34,381**	**963,313**	**1,499,440**	**1,022**	**1,500,462**
Comprehensive income:								
Profit for the year	**–**	**–**	**–**	**–**	**38,615**	**38,615**	**619**	**39,234**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**3,981**	**–**	**3,981**	**19**	**4,000**
2013 final dividend	**–**	**–**	**–**	**–**	**(6,045)**	**(6,045)**	**–**	**(6,045)**
2014 interim dividend	**–**	**–**	**–**	**–**	**(4,381)**	**(4,381)**	**–**	**(4,381)**
As at 31 March 2014	**87,611**	**413,776**	**359**	**38,362**	**991,502**	**1,531,610**	**1,660**	**1,533,270**
As at 1 April 2012	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

Consolidated Cash Flow Statement

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 (Restated) HK$'000
Cash flows used in operating activities			
Net cash used in operations	36(a)	(177,631)	(41,293)
Hong Kong profits tax refunded		4,019	611
Hong Kong profits tax paid		(1,754)	(3,246)
Overseas tax paid		(184)	(4,612)
Net cash used in operating activities		(175,550)	(48,540)
Cash flows from investing activities			
Purchase of property, plant and equipment		(104,585)	(161,014)
Additions to prepayments and deposits of plant and equipment		–	(7,974)
Additions to investment properties	16	(2,446)	(2,852)
Additions to leasehold land	17	–	(355)
Additions to available-for-sale financial assets	23	(11,800)	–
Realised gain on financial assets at fair value through profit or loss, net		654	244
Additions to financial assets at fair value through profit or loss		(31,633)	–
Proceeds from disposal of financial assets at fair value through profit or loss		42,402	2,000
Proceeds from disposal of property, plant and equipment		7,091	355
Dividend received from an associate		114	456
Dividend received from a joint operation		–	11,400
Dividend received from investments		74	296
Interest received		4,757	2,678
Net cash used in investing activities		(95,372)	(154,766)

Consolidated Cash Flow Statement

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 (Restated) HK$'000
Cash flows from financing activities	36(b)		
Repayment of long-term bank loans		(55,706)	(32,318)
Drawdown of long-term bank loans		295,433	323,512
Increase/(decrease) in short-term bank loans, net		449,449	(37,362)
Decrease/(increase) in restricted deposits		35,663	(173)
Capital element of finance lease payments		(10,747)	(5,526)
Interest element of finance lease payments		(146)	(30)
Realised loss on derivative financial liabilities, net		(9,284)	(5,743)
Dividend paid		(10,426)	(14,369)
Interest paid		(38,672)	(25,125)
Net cash from financing activities		655,564	202,866
Increase/(decrease) in cash and cash equivalents		384,642	(440)
Cash and cash equivalents at beginning of year		531,598	531,371
Exchange gain on cash and cash equivalents		799	667
Cash and cash equivalents at end of year		917,039	531,598
Analysis of cash and cash equivalents:			
Cash and bank balances		560,773	397,168
Time deposits		356,266	134,430
		917,039	531,598

Notes to the Consolidated Financial Statements

1 General information

Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials 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 24 June 2014.

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.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group

The following relevant new/revised standards, amendments and interpretations have been published that are effective for the accounting period of the Group beginning 1 April 2013.

HKAS 1 (Amendment)	Presentation of Financial Statements – Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 7 (Amendment)	Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement

Annual Improvements 2009 – 2011 Cycle
Annual Improvements 2012 – Amendment to HKFRS 13 “Fair Value Measurement”
Annual Improvements 2013 – Amendment to HKFRS 1 “First Time Adoption”

The application of the above new/revised standards, amendments and interpretations in the current year had no material impact on the Group’s consolidated financial statements except for the retrospective application of HKFRS 11 and certain disclosures in respect of HKAS 1 (Amendment), HKFRS 12 and HKFRS 13.

HKFRS 11 Joint Arrangements

Under HKFRS 11, the classification of joint arrangements focus on the rights and obligations of the parties to the arrangement. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities in the arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses in the joint operation in its own financial statements, while equity accounting is required for all joint ventures.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group (continued)

HKFRS 11 Joint Arrangements (continued)

The Directors concluded that all of the Group's unincorporated joint arrangements (which previously were classified as joint ventures under HKAS 31 and accounted for using the equity method) should be classified as joint operations under HKFRS 11. The assessment on the classification has taken into account the relevant joint arrangement agreements that specified the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements. The comparative figures have been restated to reflect the change (see below for details).

The effect of the application of HKFRS 11 on the Group's consolidated financial statements for the prior years are as follows:

Impact on the results for the years ended 31 March 2014 and 2013 by line items presented in the consolidated income statement is as follows:

	2014	2013
	HK$'000	*HK$'000*
Increase in revenue	**1,538,798**	510,602
Increase in cost of sales	**(1,522,210)**	(463,266)
Increase/(decrease) in other income and gains, net	**476**	(1,076)
Increase in administrative expenses	**(702)**	(754)
Increase in other operating expenses	**(2)**	–
Increase in finance costs	**(882)**	(2,056)
Decrease in share of profit of joint ventures	**(7,128)**	(43,456)
(Increase)/decrease in income tax expense	**(8,350)**	6
Net change in profit for the year	**–**	–

There is no impact on earnings per share.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group (continued)

Impact on the consolidated balance sheet of the Group as at 1 April 2012 is as follows:

	At 1 April 2012 as previously reported *HK$'000*	Adoption of HKFRS 11 *HK$'000*	At 1 April 2012 (Restated) *HK$'000*
Non-current assets			
Property, plant and equipment	923,271	9,672	932,943
Joint ventures	16,468	(16,468)	–
Current assets			
Cash and bank balances	570,027	80,937	650,964
Trade debtors, net	636,042	49,378	685,420
Prepayments, deposits and other receivables	307,723	(21,835)	285,888
Prepaid income tax	634	270	904
Due from customers on construction contracts	448,373	48,226	496,599
Due from joint ventures	5,077	(1,672)	3,405
	2,907,615	148,508	3,056,123
Non-current liability			
Deferred income tax liabilities	5,565	1,036	6,601
Current liabilities			
Short-term bank loans	578,734	108,000	686,734
Payables to suppliers and subcontractors	335,850	14,864	350,714
Accruals, retention payables and other liabilities	275,829	7,806	283,635
Income tax payable	3,778	–	3,778
Due to customers on construction contracts	373,019	14,438	387,457
Due to joint ventures	7,000	(7,000)	–
Due to other partners of joint operations	–	9,364	9,364
	1,579,775	148,508	1,728,283
Other assets and liabilities	120,275	–	120,275
Total net assets	1,448,115	–	1,448,115

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group (continued)

Impact on the consolidated balance sheet of the Group as at 31 March 2013 is as follows:

	At 31 March 2013 as previously reported *HK$'000*	Adoption of HKFRS 11 *HK$'000*	At 31 March 2013 (Restated) *HK$'000*
Non-current assets			
Property, plant and equipment	1,086,815	8,198	1,095,013
Joint ventures	48,524	(48,524)	–
Current assets			
Cash and bank balances	453,507	197,857	651,364
Trade debtors, net	635,960	48,129	684,089
Prepayments, deposits and other receivables	385,684	(7,810)	377,874
Prepaid income tax	130	3,444	3,574
Due from customers on construction contracts	611,282	6,486	617,768
Due from joint ventures	2,411	–	2,411
Due from other partners of joint operations	–	5,108	5,108
	3,224,313	212,888	3,437,201
Non-current liability			
Deferred income tax liabilities	6,349	886	7,235
Current liabilities			
Short-term bank loans	619,372	30,000	649,372
Payables to suppliers and subcontractors	274,363	42,269	316,632
Accruals, retention payables and other liabilities	328,609	27,347	355,956
Income tax payable	590	–	590
Due to customers on construction contracts	293,526	146,769	440,295
Due to joint ventures	63,162	(36,115)	27,047
Due to other partners of joint operations	–	1,732	1,732
	1,585,971	212,888	1,798,859
Other assets and liabilities	(137,880)	–	(137,880)
Total net assets	1,500,462	–	1,500,462

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group (continued)

Impact on the consolidated balance sheet of the Group as at 31 March 2014 is as follows:

	At 31 March 2014 *HK$'000*	Adoption of HKFRS 11 *HK$'000*	At 31 March 2014 (As presented) *HK$'000*
Non-current assets			
Property, plant and equipment	1,131,608	6,656	1,138,264
Joint ventures	55,652	(55,652)	–
Current assets			
Cash and bank balances	742,110	259,032	1,001,142
Trade debtors, net	1,047,184	143,328	1,190,512
Prepayments, deposits and other receivables	408,507	364,708	773,215
Prepaid income tax	378	822	1,200
Due from customers on construction contracts	906,795	87,391	994,186
Due from joint ventures	6,313	(2,287)	4,026
Due from other partners of joint operations	–	56,797	56,797
	4,298,547	860,795	5,159,342
Non-current liability			
Deferred income tax liabilities	3,846	–	3,846
Current liabilities			
Short-term bank loans	1,056,821	42,000	1,098,821
Payables to suppliers and subcontractors	534,711	56,705	591,416
Accruals, retention payables and other liabilities	415,353	151,786	567,139
Income tax payable	14,438	(2,196)	12,242
Due to customers on construction contracts	353,574	631,724	985,298
Due to joint ventures	101,247	(41,157)	60,090
Due to other partners of joint operations	–	21,933	21,933
	2,479,990	860,795	3,340,785
Other assets and liabilities	(285,287)	–	(285,287)
Total net assets	1,533,270	–	1,533,270

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group (continued)

Impact on the consolidated statement of cash flows for the years ended 31 March 2014 and 2013 are as follows:

	2014 *HK$'000*	2013 *HK$'000*
Operating activities		
Increase in operating profit	16,360	45,506
Increase in depreciation	2,350	1,881
Changes in operating profit before working capital changes	18,710	47,387
(Increase)/decrease in trade debtors, net	(95,199)	1,249
Increase in prepayments, deposits and other receivables	(372,518)	(14,025)
(Increase)/decrease in due from customers on construction contracts	(80,905)	41,740
Increase in due from joint ventures/joint operations/ other partners of joint operations, net	(43,052)	(55,077)
Increase in payables to suppliers and subcontractors	14,436	27,405
Increase in accruals, retention payables and other liabilities	124,439	19,541
Increase in due to customers on construction contracts	484,955	132,331
Net cash inflow from operating activities	50,866	200,551
Increase in Hong Kong profits tax paid	–	(3,168)
Increase in net cash from operating activities	50,866	197,383
Investing activities		
Increase in proceeds from disposal of property, plant and equipment	2,971	8
Increase in additions to property, plant and equipment	(3,780)	(415)
Increase in net cash used in investing activities	(809)	(407)
Financing activities		
Increase/(decrease) in short-term bank loans, net	12,000	(78,000)
Increase in interest paid	(882)	(2,056)
Increase/(decrease) in net cash from financing activities	11,118	(80,056)
Net increase in cash and cash equivalents	61,175	116,920
Increase in cash and cash equivalents at the beginning of the year	197,857	80,937
Net effect to cash and cash equivalents	259,032	197,857

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) Relevant new and revised standards, amendments and interpretations adopted by the Group (continued)

HKFRS 12 'Disclosure of Interests in Other Entities' requires entities to disclose information that helps financial statements readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Disclosure required includes significant judgements and assumptions made in determining whether an entity controls, jointly controls, significantly influences or has some other interest in other entities.

HKFRS 13 'Fair Value Measurement' requires entities to disclose information about the valuation techniques and inputs used to measure fair value, as well as information about the uncertainty inherent in fair value measurements. The standard applies to both financial and non-financial items measured at fair value. Fair value is now defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Amendments to HKAS 1 'Presentation of Items of Other Comprehensive Income' improve the consistency and clarity of the presentation of items of other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. Items that will not be reclassified will be presented separately from items that may be reclassified in the future. The amounts of tax related to the two groups are required to be allocated on the same basis.

(ii) Relevant new and amended standards have been issued but are not effective for the financial year beginning 1 April 2013 and have not been early adopted

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
HKFRS 9	Financial Instruments
HKFRS 14	Regulatory Deferral Accounts
HK(IFRIC)-Int 21	Levies
Annual Improvements to HKFRS 2010-2012 Cycle	
Annual Improvement to HKFRS 2011-2013 Cycle	

The Group will adopt the above new and amended standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group, but is not yet in a position to state whether these would have a significant impact on its result 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 control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated 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.

2 Summary of significant accounting policies (continued)

(b) Consolidation (continued)

(i) Subsidiaries (continued)

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.

(ii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount 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. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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.

2 Summary of significant accounting policies (continued)

(b) Consolidation (continued)

(iii) Associates (continued)

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.

(iv) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint ventures are included on the equity basis of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

2 Summary of significant accounting policies (continued)

(b) Consolidation (continued)

(iv) Joint ventures (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(v) Partial disposal

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture 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.

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".

2 Summary of significant accounting policies (continued)

(c) Investment properties (continued)

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.

2 Summary of significant accounting policies (continued)

(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.

(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, loans and receivables and available-for-sale financial assets. 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.

2 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

(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 when they are within the Group's normal operating cycle of the business. Otherwise, they are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(iv) 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. Available-for-sale financial assets are subsequently carried at cost.

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 and available-for-sale financial assets are recognised in the consolidated income statement as part of "Other income and gains" when the Group's right to receive payments is established.

For financial assets at fair value through profit or loss, 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.

Unlisted equity as included in available-for-sale financial assets are stated at cost less impairment (which is charged to the profit or loss as the fair value of these unlisted financial assets cannot be reliably measured).

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).

2 Summary of significant accounting policies (continued)

(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.

(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.

2 Summary of significant accounting policies (continued)

(m) Construction contracts in progress (continued)

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).

(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.

2 Summary of significant accounting policies (continued)

(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.

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.

2 Summary of significant accounting policies (continued)

(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 ventures, 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.

2 Summary of significant accounting policies (continued)

(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.

(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.

2 Summary of significant accounting policies (continued)

(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.

(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.

2 Summary of significant accounting policies (continued)

(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.

(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".

(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.

2 Summary of significant accounting policies (continued)

(y) Foreign currency translation (continued)

(iii) Group companies (continued)

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.

(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;

2 Summary of significant accounting policies (continued)

(ab) Impairment of financial assets carried at amortised cost (continued)

- 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
- 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.

2 Summary of significant accounting policies (continued)

(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$1,359,000 (2013: HK$1,770,000) higher/lower.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

(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$18,094,000 (2013 (Restated): HK$12,813,000) 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.

(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, joint ventures, joint operations and other partners of joint operations, 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.

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(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 2014 and 2013 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 2014, the Group held cash and bank deposits of HK$1,001,142,000 (2013 (Restated): HK$651,364,000) and other current assets of HK$3,615,503,000 (2013 (Restated): HK$2,199,438,000) that are expected to generate cash inflows in the next twelve months for managing liquidity risk.

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.

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*
Group				
At 31 March 2014				
Short-term bank loans and interest thereon	**1,124,893**	**–**	**–**	**–**
Long-term borrowings and interest thereon	**101,413**	**480,913**	**522,154**	**356,172**
Derivative financial liabilities	**–**	**–**	**15,127**	**–**
Payables to suppliers and subcontractors	**591,416**	**–**	**–**	**–**
Accruals, retention payables and other liabilities	**492,757**	**15,249**	**59,133**	**–**
Due to joint operations	**60,090**	**–**	**–**	**–**
Due to other partners of joint operations	**21,933**	**–**	**–**	**–**
At 31 March 2013, as restated				
Short-term bank loans and interest thereon	666,215	–	–	–
Long-term borrowings and interest thereon	93,897	155,061	548,939	437,664
Derivative financial liabilities	–	–	26,952	–
Payables to suppliers and subcontractors	316,632	–	–	–
Accruals, retention payables and other liabilities	340,668	–	15,157	131
Due to joint operations	27,047	–	–	–
Due to other partners of joint operations	1,732	–	–	–

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 2014				
Short-term bank loans and interest thereon	**30,813**	**–**	**–**	**–**
Accruals and other liabilities	**568**	**–**	**–**	**–**
Due to subsidiaries	**232,350**	**–**	**–**	**–**
At 31 March 2013				
Short-term bank loans and interest thereon	30,887	–	–	–
Accruals and other liabilities	1,042	–	–	–
Due to subsidiaries	201,349	–	–	–

(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 2014 and 2013 were as follows:

	2014 HK$'000	2013 (Restated) HK$'000
Total borrowings *(Note 31)*	(2,450,412)	(1,734,333)
Add: Cash and bank balances *(Note 25)*	1,001,142	651,364
Net debt	(1,449,270)	(1,082,969)
Total equity	1,533,270	1,500,462
Gearing ratio	0.95	0.72

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	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2014				
Financial assets at fair value through profit or loss	**–**	**32,544**	**–**	**32,544**
Derivative financial liabilities	**–**	**(15,127)**	**–**	**(15,127)**
As at 31 March 2013				
Financial assets at fair value through profit or loss	–	42,402	–	42,402
Derivative financial liabilities	–	(26,952)	–	(26,952)

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 present value of the estimated future cash flows based on observable yield curves.

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.

4 Critical accounting estimates and judgements (continued)

(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.

(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.

	2014 HK$'000	2013 (Restated) HK$'000
Revenue		
Construction	4,893,720	2,808,348
Electrical and mechanical installation	1,457,294	1,070,483
Building materials supply	72,056	250,361
Property investment and development	2,076	2,063
Hotel operations	115,671	52,792
Others	11,769	12,499
	6,552,586	4,196,546

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$'000	Electrical & Mechanical Installation HK$'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 2014							
Total sales	4,977,813	1,749,961	533,733	2,076	115,671	46,940	7,426,194
Inter-segment sales	(84,093)	(292,667)	(461,677)	–	–	(35,171)	(873,608)
External sales	4,893,720	1,457,294	72,056	2,076	115,671	11,769	6,552,586
Segment results	34,245	31,973	4,476	2,981	28,120	(10,724)	91,071
Share of profit of associates	–	362	–	–	–	–	362
Share of loss of joint ventures	–	–	(52)	–	–	–	(52)
	34,245	32,335	4,424	2,981	28,120	(10,724)	91,381
Unallocated expenses							(5,538)
Finance costs							(38,818)
Profit before income tax							47,025
Income tax expense							(7,791)
Profit for the year							39,234
At 31 March 2014							
Segment assets	3,170,849	758,917	635,866	790,402	658,310	188,403	6,202,747
Interests in associates	–	1,359	–	–	–	25	1,384
Unallocated assets							37,985
Total assets							6,242,116
Segment liabilities	(1,549,278)	(616,276)	(57,519)	(3,541)	(11,430)	(33,407)	(2,271,451)
Bank loans							(2,415,519)
Obligation in respect of joint ventures	–	–	(1,343)	–	–	–	(1,343)
Unallocated liabilities							(20,533)
Total liabilities							(4,708,846)
Year ended 31 March 2014							
Capital expenditure	27,036	4,000	50,547	61,264	3,122	57,066	203,035
Depreciation	18,837	5,072	36,570	–	24,017	8,394	92,890
Amortisation of leasehold land and land use rights	56	–	1,391	–	–	–	1,447
Amortisation of intangible assets	–	1,056	–	–	–	–	1,056
Fair value gain on investment properties, net	–	–	–	(4,310)	–	–	(4,310)
Other non-cash income, net							(12,112)

5 Revenue and segment information (continued)

	Construction *HK$'000*	Electrical & Mechanical Installation *HK$'000*	Building Materials Supply *HK$'000*	Property Investment and Development *HK$'000*	Hotel Operations *HK$'000*	Others *HK$'000*	Total *HK$'000*
Restated							
Year ended 31 March 2013							
Total sales	2,901,317	1,362,218	512,165	2,063	52,792	30,978	4,861,533
Inter-segment sales	(92,969)	(291,735)	(261,804)	–	–	(18,479)	(664,987)
External sales	2,808,348	1,070,483	250,361	2,063	52,792	12,499	4,196,546
Segment results	68,391	(883)	5,856	53,905	(2,328)	(14,870)	110,071
Share of profit of associates	–	37	–	–	–	–	37
Share of loss of joint ventures	–	–	(39)	–	–	–	(39)
	68,391	(846)	5,817	53,905	(2,328)	(14,870)	110,069
Unallocated expenses							(512)
Finance costs							(36,067)
Profit before income tax							73,490
Income tax expense							(8,180)
Profit for the year							65,310
Restated							
At 31 March 2013							
Segment assets	1,735,555	496,625	640,025	717,652	676,938	109,888	4,376,683
Interests in associates	–	1,377	–	–	–	25	1,402
Unallocated assets							34,440
Total assets							4,412,525
Segment liabilities	(690,640)	(399,792)	(43,693)	(3,630)	(7,296)	(3,713)	(1,148,764)
Bank loans							(1,725,790)
Obligation in respect of joint ventures	–	–	(1,291)	–	–	–	(1,291)
Unallocated liabilities							(36,218)
Total liabilities							(2,912,063)
Year ended 31 March 2013							
Capital expenditure	14,357	11,126	43,237	41,968	59,271	53,979	223,938
Depreciation	17,673	4,024	33,962	–	13,979	1,617	71,255
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

6 Other income and gains

	2014	2013
		(Restated)
	HK$'000	*HK$'000*
Other income		
Dividend income from investments	74	296
Bank interest income	4,757	2,679
Interest income from subcontractors	14,260	13,160
Management service income from a joint venture and a joint operation	499	795
Sundry income	14,049	3,672
	33,639	20,602
Other gains		
Gain on disposal of property, plant and equipment, net	–	32
Fair value gain on investment properties, net *(Note 16)*	4,310	54,951
Gain on financial assets at fair value through profit or loss	940	626
Gain on derivative financial liabilities, net	2,541	–
Exchange gain, net	84	–
	7,875	55,609
	41,514	76,211

7 Expenses by nature

	2014	2013 (Restated)
	HK$'000	*HK$'000*
Cost of construction	4,798,613	2,795,502
Cost of inventories sold	405,673	366,272
Staff costs (excluding directors' emoluments) *(Note 14)*	939,614	701,906
Directors' emoluments *(Note 8)*	18,375	17,386
Depreciation		
Owned property, plant and equipment	86,693	67,653
Leased property, plant and equipment	6,197	3,602
	92,890	71,255
Operating lease rentals of		
Land and buildings	14,723	13,800
Other equipment	103,760	69,524
	118,483	83,324
Amortisation of leasehold land and land use rights *(Note 17)*	1,447	1,451
Amortisation of intangible assets *(Note 19)*	1,056	1,056
Write off of impaired receivables	–	614
Provision for impaired receivables, net of write back of impaired receivables *(Note 26(a))*	224	176
Auditor's remuneration	5,224	4,423
Loss on disposal of property, plant and equipment, net	3,020	–
Exchange loss, net	–	12
Direct operating expenses arising from investment properties		
– Generate rental income	414	301
– Not generate rental income	32	28
Distribution costs	29,238	27,300
Others	94,264	92,192
Total cost of sales, distribution costs, administrative and other operating expenses	6,508,567	4,163,198

8 Directors' and senior management's emoluments

(a) The remuneration of the Directors for the year ended 31 March 2014 and 2013 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*
2014					
Mr. Wong Ip Kuen *(Note (i))*	**–**	**7,250**	**750**	**335**	**8,335**
Ir. Wong Tin Cheung	**–**	**3,170**	**720**	**147**	**4,037**
Ms. Wong Wai Man	**–**	**2,640**	**550**	**122**	**3,312**
Mr. Sun Chun Wai	**–**	**1,320**	**440**	**61**	**1,821**
Mr. Chan, Bernard Charnwut	**290**	**–**	**–**	**–**	**290**
Mr. Wu King Cheong	**290**	**–**	**–**	**–**	**290**
Dr. Yeung Tsun Man, Eric	**290**	**–**	**–**	**–**	**290**
	870	**14,380**	**2,460**	**665**	**18,375**
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

Notes:

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

(ii) The Director retired in 2012.

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 (2013: three) Directors whose emoluments are reflected in the analysis above. The emoluments paid and payable to the remaining two (2013: two) highest-paid individuals in 2014 were as follows:

	2014 *HK$'000*	2013 *HK$'000*
Salaries	2,618	2,463
Bonuses	1,179	1,076
Retirement benefits	206	181
	4,003	3,720

The emoluments fell within the following band:

	Number of individuals	
	2014	2013
HK$1,500,001-HK$2,000,000	1	2
HK$2,000,001-HK$2,500,000	1	–

(c) During the years ended 31 March 2014 and 2013, 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 for the years ended 31 March 2014 and 2013:

	Number of individuals	
	2014	2013
Below HK$1,000,000 (Note (i))	2	–
HK$1,000,001-HK$1,500,000	4	6
HK$1,500,001-HK$2,000,000	3	2
HK$2,000,001-HK$2,500,000	1	–
	10	8

Notes:

(i) The senior management joined the Group during the year ended 31 March 2014.

(ii) The above remuneration by bands did not include one of the senior management as he joined the Group after 31 March 2014.

9 Finance costs

	2014	2013
		(Restated)
	HK$'000	*HK$'000*
Interest on overdrafts and short-term bank loans	**26,899**	29,424
Interest on long-term bank loans repayable within five years	**14,921**	5,711
Interest on long-term bank loans repayable after five years	**11,097**	4,884
Interest element of finance lease payments	**479**	315
Total borrowing costs incurred	**53,396**	40,334
Less: Classified as cost of construction	**(8,652)**	(4,317)
Capitalised in construction in progress	**–**	(4,584)
Capitalised in investment properties	**(1,871)**	(1,570)
Capitalised in property under development for sale	**(4,055)**	(4,708)
	38,818	25,155
Loss on financial assets at fair value through profit or loss	**–**	1
Loss on derivative financial liabilities	**–**	10,911
	38,818	36,067

10 Income tax expense

	2014	2013
		(Restated)
	HK$'000	*HK$'000*
Hong Kong profits tax provision for the year	**883**	47
Overseas tax provision for the year	**12,059**	1,564
Over-provision in prior years	**(997)**	(223)
Deferred income tax relating to the origination and reversal of temporary differences *(Note 32)*	**(4,154)**	6,792
	7,791	8,180

Hong Kong profits tax was calculated at 16.5% (2013: 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:

	2014 HK$'000	2013 (Restated) HK$'000
Profit before income tax	47,025	73,490
Share of (profit)/loss of associates and joint ventures	(310)	2
	46,715	73,492
Calculated at a taxation rate of 16.5% (2013: 16.5%)	7,708	12,126
Effect of different tax rates in other countries	(2,000)	793
Income not subject to taxation	(4,355)	(11,027)
Expenses not deductible for taxation purposes	5,343	1,800
Temporary differences not recognised	(1,128)	(1,264)
Tax losses not recognised	26,119	12,726
Tax losses recognised	–	6
Utilisation of previously unrecognised tax losses	(22,908)	(6,757)
Over-provision in prior years	(997)	(223)
Others	9	–
Income tax expense	7,791	8,180

11 Loss/profit attributable to equity holders of the Company

The loss attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$7,510,000 (2013: profit of HK$26,000).

12 Dividend

	2014	2013
	HK$'000	*HK$'000*
Interim dividend paid during the year		
Interim – HK1.00 cent (2013: HK1.00 cent) per ordinary share	**4,381**	4,381
Proposed final dividend		
Final – HK1.38 cents (2013: HK1.38 cents) per ordinary share	**6,045**	6,045
	10,426	10,426

In the Board meeting held on 24 June 2014, the Board recommended the payment of a final dividend at HK1.38 cents (2013: HK1.38 cents) per share, totalling HK$6,045,000 (2013: HK$6,045,000) for the year ended 31 March 2014.

13 Earnings per share (basic and diluted)

The calculation of earnings per share is based on:

	2014	2013
	HK$'000	*HK$'000*
Net profit attributable to the equity holders of the Company	**38,615**	65,360

	2014	2013
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 2014 and 2013 are not presented as there are no potential dilutive shares in issue during the years.

14 Staff costs (excluding directors' emoluments)

	2014	2013
		(Restated)
	HK$'000	*HK$'000*
Salaries, wages and bonuses	**894,536**	660,733
Unutilised annual leave	**3,505**	3,366
Long service payments and pension costs		
– defined contribution scheme	**31,361**	27,157
Termination benefits	**10,212**	10,650
	939,614	701,906

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 2012								
Cost, as previously reported	–	523,363	6,342	226,296	83,861	53,333	291,959	1,185,154
Adjustment for adoption of HKFRS 11	–	–	–	9,121	2,505	649	–	12,275
Cost, as restated	–	523,363	6,342	235,417	86,366	53,982	291,959	1,197,429
Accumulated depreciation, as previously reported	–	(42,228)	(6,255)	(106,436)	(66,537)	(40,427)	–	(261,883)
Adjustment for adoption of HKFRS 11	–	–	–	(1,240)	(1,024)	(339)	–	(2,603)
Accumulated depreciation, as restated	–	(42,228)	(6,255)	(107,676)	(67,561)	(40,766)	–	(264,486)
Net book value, as restated	–	481,135	87	127,741	18,805	13,216	291,959	932,943
Year ended 31 March 2013								
Opening net book value, as restated	–	481,135	87	127,741	18,805	13,216	291,959	932,943
Additions, as restated	–	51,343	9,759	78,760	12,829	8,597	71,948	233,236
Disposals, as restated	–	–	–	(125)	(70)	(128)	–	(323)
Transfer	490,993	(324,587)	145,288	–	37,018	–	(348,712)	–
Depreciation, as restated	(1,723)	(7,899)	(8,899)	(33,333)	(13,050)	(6,351)	–	(71,255)
Currency translation differences	–	–	–	387	18	7	–	412
Closing net book value, as restated	489,270	199,992	146,235	173,430	55,550	15,341	15,195	1,095,013
At 31 March 2013								
Cost, as restated	490,993	250,119	161,400	287,097	134,497	61,137	15,195	1,400,438
Accumulated depreciation, as restated	(1,723)	(50,127)	(15,165)	(113,667)	(78,947)	(45,796)	–	(305,425)
Net book value, as restated	489,270	199,992	146,235	173,430	55,550	15,341	15,195	1,095,013
Year ended 31 March 2014								
Opening net book value, as restated	**489,270**	**199,992**	**146,235**	**173,430**	**55,550**	**15,341**	**15,195**	**1,095,013**
Additions	**–**	**–**	**10,927**	**75,713**	**16,243**	**12,118**	**26,769**	**141,770**
Disposals	**–**	**–**	**–**	**(8,866)**	**(608)**	**(637)**	**–**	**(10,111)**
Transfer	**–**	**12,780**	**–**	**–**	**–**	**–**	**(12,780)**	**–**
Depreciation	**(2,954)**	**(9,237)**	**(16,706)**	**(37,823)**	**(18,346)**	**(7,824)**	**–**	**(92,890)**
Currency translation differences	**–**	**2,195**	**3**	**1,733**	**51**	**63**	**437**	**4,482**
Closing net book value	**486,316**	**205,730**	**140,459**	**204,187**	**52,890**	**19,061**	**29,621**	**1,138,264**
At 31 March 2014								
Cost	**490,993**	**265,636**	**172,307**	**343,862**	**144,963**	**70,750**	**29,621**	**1,518,132**
Accumulated depreciation	**(4,677)**	**(59,906)**	**(31,848)**	**(139,675)**	**(92,073)**	**(51,689)**	**–**	**(379,868)**
Net book value	**486,316**	**205,730**	**140,459**	**204,187**	**52,890**	**19,061**	**29,621**	**1,138,264**

15 Property, plant and equipment (continued)

(a) Analysis of land

	Group 2014 HK$'000	Group 2013 HK$'000
In Hong Kong, held on		
Leases expiring from 10 to 50 years	**65,412**	67,396
Leases expiring over 50 years *(Note b)*	**364,619**	365,059
	430,031	432,455

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

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

	Group 2014 HK$'000	Group 2013 HK$'000
Plant and machinery	**31,211**	5,343
Motor vehicles	**11,286**	6,865
	42,497	12,208

(d) The net book value of property, plant and equipment pledged as security for the Group's banking facilities amounted to HK$569,762,000 (2013: HK$575,289,000) (Notes 31 and 37(e)).

16 Investment properties

	Group	
	2014	2013
	HK$'000	*HK$'000*
Beginning of year	**324,023**	265,557
Additions	**2,446**	2,852
Fair value gain, net	**4,310**	54,951
Currency translation differences	**(1,664)**	663
End of year	**329,115**	324,023
In Hong Kong, held on		
Leases expiring from 10 to 50 years	**268,000**	274,000
Leases expiring over 50 years	**5,800**	5,600
	273,800	279,600
Outside Hong Kong, held on		
Leases expiring over 50 years	**55,315**	44,423
	329,115	324,023

16 Investment properties (continued)

Valuation process

The Group measures its investment properties at fair value. The fair values of the Group's investment properties at 31 March 2014 and 2013 have been determined on the basis of valuations carried out by independent valuers. Investment properties situated in Hong Kong were valued as at 31 March 2014 by Savills Valuation and Professional Services Limited, an independent firm of qualified property valuers. Investment properties situated in Singapore were valued as at 31 March 2014 by Savills (Singapore) Pte. Ltd., an independent firm of qualified property valuers. The valuations, which conform to the International Valuation Standards issued by the International Valuation Standards Council and the HKIS Valuation Standards issued by the Hong Kong Institute of Surveyors, were arrived at using direct comparison method and residual method.

Fair value measurements using significant unobservable inputs

Fair values of completed investment properties and the estimated capital value of the under development investment property assuming completion as at the date of valuation are generally derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, significant adjustments are required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of under development investment property is generally derived using the residual method. This valuation method is essentially a means of valuing the property by reference to its development potential by deducting development costs together with developer's profit and risk margin from the estimated capital value of the proposed development assuming completion as at the date of valuation. Estimated costs to completion and developer's profit and risk margins required are estimated by independent valuer based on market conditions at 31 March 2014. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

16 Investment properties (continued)

Fair value measurements using significant unobservable inputs (continued)

Information about fair value measurements using significant unobservable inputs

Description	Valuation techniques	Unobservable inputs	Relationship of unobservable inputs to fair value
Investment property under development	Residual	Estimated costs to completion – HK$2,600 per square feet Estimated developer's profit and risk margin – 15%	The higher the costs and the margins, the lower the fair value
Residential units	Direct comparison	Comparable sales price – S$1,700 to S$1,800 per square feet	The higher the comparable sales price, the higher the fair value
Retail shops	Direct comparison	Comparable sales price – S$1,600 to S$2,200 per square feet	The higher the comparable sales price, the higher the fair value

Investment properties amounting to HK$323,315,000 (2013: HK$318,423,000) are pledged as security for the bank loans of the Group (Notes 31 and 37(e)).

17 Leasehold land and land use rights

	Group	
	2014	2013
	HK$'000	*HK$'000*
Beginning of year	**59,801**	60,897
Additions	**–**	355
Amortisation	**(1,447)**	(1,451)
Currency translation differences	**1,126**	–
End of year	**59,480**	59,801
Outside Hong Kong, held on		
Leases expiring from 10 to 50 years	**1,916**	1,972
Leases expiring over 50 years	**57,564**	57,829
	59,480	59,801

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$1,916,000 (2013: HK$1,972,000) were pledged as security for the Group's banking facilities (Note 37(e)).

18 Property under development for sale

	Group	
	2014	2013
	HK$'000	*HK$'000*
Beginning of year	**386,926**	347,810
Additions	**58,818**	39,116
End of year	**445,744**	386,926

18 Property under development for sale (continued)

	Group	
	2014	2013
	HK$'000	*HK$'000*
In Hong Kong, held on leases expiring from 10 to 50 years	**445,744**	386,926

Property under development for sale amounting to HK$445,744,000 (2013: HK$386,926,000) are pledged as security for the bank loans of the Group (Notes 31 and 37(e)).

19 Goodwill and intangible assets

Group

	Goodwill	**Intangible assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
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
Year ended 31 March 2014			
Opening net book value	**15,905**	**16,734**	**32,639**
Amortisation	**–**	**(1,056)**	**(1,056)**
Closing net book value	**15,905**	**15,678**	**31,583**
At 31 March 2014			
Cost	**15,905**	**21,837**	**37,742**
Accumulated amortisation	**–**	**(6,159)**	**(6,159)**
Net book value	**15,905**	**15,678**	**31,583**

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 (2013: 5% to 6%);

(ii) growth rate ranging from 1% to 2% per annum (2013: 1% to 2%); and

(iii) discount rate of 9% per annum (2013: 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	
	2014	2013
	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	**1,125,729**	1,114,406
Due to subsidiaries	**232,350**	201,349

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 (2013: 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 2014:

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%
Global Virtual Design and Construction (Singapore) Pte. Ltd.	Singapore	S$10,000	Provision of Building Information Modeling and other Virtual Design & Construction Services	–	100%	100%
Global Virtual Design and Construction Limited	Hong Kong	HK$1	Provision of Building Information Modeling and other Virtual Design & Construction Services	–	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 investment	–	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
Ming Hop Company Limited	Hong Kong	HK$1,000,000	Trading of construction materials and execution of plumbing works	–	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%
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%

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
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%
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%

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 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

	2014 Group HK$'000	2014 Company HK$'000	2013 Group HK$'000	2013 Company HK$'000
Beginning of year	1,402	–	1,479	–
Share of profit	362	–	37	–
Dividend	(380)	–	(114)	–
End of year	1,384	–	1,402	–
Due from associates	11,331	63	9,833	43
Provision for impairment	(9,674)	–	(9,674)	–
Due from associates, net	1,657	63	159	43

(a) The following are the details of the principal associates at 31 March 2014 and 2013:

Name	Particulars of issued share capital	Place of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	(Loss) /profit HK$'000	Interest held
2014							
Yau Lee Development Company Limited ("YLDC") *(Note (b))*	100 ordinary shares of HK$1 each	Hong Kong	1	(25,264)	–	(1,945)	50%
EYE Lighting (Hong Kong) Limited ("Eye Lighting") *(Note (c))*	2,000,000 ordinary shares of HK$1 each	Hong Kong	5,185	(1,611)	5,808	952	38%
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%

(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 2014 and 2013 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 Joint arrangements

	31 March 2014		31 March 2013		1 April 2012	
	Group	**Company**	Group (Restated)	Company	Group (Restated)	Company
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Obligation in respect of joint ventures						
Beginning of year	**(1,291)**	**–**	(1,252)	–	(1,203)	–
Share of loss	**(52)**	**–**	(39)	–	(49)	–
End of year	**(1,343)**	**–**	(1,291)	–	(1,252)	–
Due from joint ventures *(Note (e))*	**2,502**	**200**	2,411	120	3,405	–
Due from joint operations *(Note (e))*	**1,524**	**–**	–	–	–	–
	4,026	**200**	2,411	120	3,405	–
Due to joint operations *(Note (e))*	**(60,090)**	**–**	(27,047)	–	–	–
Due from other partners of joint operations *(Note (e))*	**56,797**	**–**	5,108	–	–	–
Due to other partners of joint operations *(Note (e))*	**(21,933)**	**–**	(1,732)	–	(9,364)	–

22 Joint arrangements (continued)

(a) The following is a list of the principal joint ventures at 31 March 2014 and 2013:

Name	Particulars of registered/issued share capital	Place of incorporation	Assets	Liabilities	Revenue	Loss	Effective interest
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
2014							
Yau Lee Formglas Limited ("YLFG") *(Note (b))*	HK$1,000,000	Hong Kong	**851**	**(4,676)**	**–**	**(81)**	**51%**
Yau Lee Formglas (Macau) Limited ("YLFM") *(Note (c))*	MOP200,000	Macau	**1,786**	**(595)**	**–**	**(22)**	**51%**
Total			**2,637**	**(5,271)**	**–**	**(103)**	
The Group's share			**1,345**	**(2,688)**	**–**	**(52)**	
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%
Total			2,638	(5,169)	–	(76)	
The Group's share			1,345	(2,636)	–	(39)	

(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 2014.

22 Joint arrangements (continued)

(d) The following is a list of the principal joint operations at 31 March 2014 and 2013:

Name	Place of establishment	Principal activities	Effective interest	
			2014	2013
Hsin Chong-Yau Lee Joint Venture	Hong Kong	Building construction	**50%**	50%
Yau Lee-Hsin Chong Joint Venture	Hong Kong	Building construction	**60%**	60%
BYME-REC Joint Venture	Hong Kong	Electrical and mechanical services	**50%**	50%
Paul Y. – Yau Lee Joint Venture	Macau	Building construction	**40%**	40%

(e) The amount due from/(to) joint ventures, joint operations and other partners of joint operations of the Group and the Company were unsecured, interest free and repayable on demand.

23 Available-for-sale financial assets

Unlisted equity securities, at cost

	Group	
	2014	2013
	HK$'000	*HK$'000*
Beginning of year	**–**	–
Additions	**11,800**	–
End of year	**11,800**	–

The balances are denominated in Hong Kong dollars. The maximum exposure to credit risk at the year end is the carrying value.

24 Other non-current assets

	Group	
	2014	2013
	HK$'000	*HK$'000*
Prepayments and deposits	**49,364**	45,164

The balance includes a prepayment of a set 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.

25 Cash and bank balances

	31 March 2014		31 March 2013		1 April 2012	
	Group	**Company**	Group (Restated)	Company	Group (Restated)	Company
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	**560,773**	**13,527**	397,168	3,756	409,941	2,536
Time deposits	**356,266**	**–**	134,430	–	121,430	–
Restricted deposits *(Note a)*	**84,103**	**5,001**	119,766	5,001	119,593	5,001
	1,001,142	**18,528**	651,364	8,757	650,964	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:

	31 March 2014		31 March 2013		1 April 2012	
	Group	**Company**	Group (Restated)	Company	Group (Restated)	Company
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	**560,773**	**13,527**	397,168	3,756	409,941	2,536
Time deposits	**356,266**	**–**	134,430	–	121,430	–
	917,039	**13,527**	531,598	3,756	531,371	2,536

25 Cash and bank balances (continued)

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

	31 March 2014		31 March 2013		1 April 2012	
	Group	**Company**	Group (Restated)	Company	Group (Restated)	Company
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	**586,756**	**7,717**	363,800	8,283	307,580	7,306
Renminbi	**334,440**	**–**	269,270	–	268,003	–
Macau Patacas	**63,322**	**–**	5,539	–	31,018	–
United States dollars	**12,640**	**10,811**	2,388	474	1,957	231
Singapore dollars	**3,300**	**–**	9,849	–	41,371	–
Other currencies	**684**	**–**	518	–	1,035	–
	1,001,142	**18,528**	651,364	8,757	650,964	7,537

(d) Interest rates of time deposits and restricted deposits ranged from 0.001% to 4.00% (2013 (Restated): 0.001% to 2.86%) per annum.

26 Trade and other receivables

(a) Trade debtors, net

	Group		
	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Trade debtors	**800,323**	433,279	454,329
Retention receivables	**392,332**	252,729	233,772
Provision for impairment	**(2,143)**	(1,919)	(2,681)
	1,190,512	684,089	685,420

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 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Current	**1,116,185**	634,496	632,881
1-30 days	**15,203**	16,026	22,966
31-90 days	**16,742**	15,071	14,774
91-180 days	**7,299**	3,411	2,959
Over 180 days	**35,083**	15,085	11,840
	74,327	49,593	52,539
	1,190,512	684,089	685,420

Trade debtors are due from 30 days to 150 days after invoicing depending on the nature of services or products. As at 31 March 2014, trade debtors of HK$74,327,000 (2013 (Restated): HK$49,593,000) 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 2014, trade debtors of HK$2,143,000 (2013: HK$1,919,000) 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 2014 and 2013.

26 Trade and other receivables (continued)

(a) Trade debtors, net (continued)

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Beginning of year	**1,919**	2,681
Impairment loss recognised	**476**	176
Write back of impairment loss	**(252)**	–
Uncollectible amounts written off	**–**	(938)
End of year	**2,143**	1,919

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

	Group		
	31 March 2014	31 March 2013	1 April 2012
		(Restated)	(Restated)
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollars	**966,020**	532,707	529,210
Macau Patacas	**125,844**	15,578	45,684
Singapore dollars	**80,467**	119,569	76,744
Renminbi	**18,181**	16,235	33,782
	1,190,512	684,089	685,420

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

26 Trade and other receivables (continued)

(b) Prepayments, deposits and other receivables

	31 March 2014		31 March 2013		1 April 2012	
	Group	Company	Group (Restated)	Company	Group (Restated)	Company
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Advances to subcontractors	620,939	–	221,520	–	185,552	–
Prepayments and deposits	52,173	1,303	46,200	71	54,663	71
Other receivables	100,103	235	110,154	235	45,673	235
	773,215	1,538	377,874	306	285,888	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$202,196,000 (2013: HK$171,323,000) which bear interest ranging from 8.0% to 9.0% (2013: 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	
	2014	2013
	HK$'000	*HK$'000*
Raw materials, at cost	57,934	49,301
Finished goods, at cost	56,311	28,626
Others, at cost	1,377	1,200
	115,622	79,127

28 Construction contracts in progress

	Group		
	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Contract costs incurred plus attributable profits less foreseeable losses to date	**25,465,287**	22,347,518	21,524,550
Progress billings to date	**(25,456,399)**	(22,170,045)	(21,415,408)
	8,888	177,473	109,142
Included in current assets/(liabilities) are the following:			
Due from customers on construction contracts	**994,186**	617,768	496,599
Due to customers on construction contracts	**(985,298)**	(440,295)	(387,457)
	8,888	177,473	109,142

Retention receivables from customers in respect of construction contracts in progress of HK$392,332,000 (2013 (Restated): HK$252,729,000) are classified under trade debtors, net (Note 26(a)).

29 Financial assets at fair value through profit or loss

	2014		2013	
	Group	**Company**	Group	Company
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Money market fund at fair value – unlisted	**32,544**	**9,232**	42,402	19,048

Financial assets at fair value through profit or loss of HK$32,544,000 (2013: HK$42,402,000) and HK$9,232,000 (2013: HK$19,048,000) were pledged as security for the Group's and Company's banking facilities (Notes 31 and 37(b)).

30 Derivative financial liabilities

	Group	
	2014	2013
	HK$'000	*HK$'000*
At fair value		
Hong Kong dollars interest rate swap *(Note)*	**15,127**	26,952

Note: In 2011, 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	
	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)	**2014**	2013
	HK$'000	*HK$'000*	*HK$'000*	***HK$'000***	*HK$'000*
Non-current					
Obligations under finance lease	**19,117**	3,756	2,965	**–**	–
Long-term bank loans-secured	**1,261,408**	1,011,834	752,750	**–**	–
	1,280,525	1,015,590	755,715	**–**	–
Current					
Short-term bank loans-secured	**1,098,821**	649,372	686,734	**30,000**	30,000
Current portion of obligations under finance lease	**15,776**	4,787	3,492	**–**	–
Current portion of long-term bank loans-secured	**55,290**	64,584	31,607	**–**	–
	1,169,887	718,743	721,833	**30,000**	30,000
Total borrowings	**2,450,412**	1,734,333	1,477,548	**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	
	31 March 2014 HK$'000	31 March 2013 (Restated) HK$'000	1 April 2012 (Restated) HK$'000	31 March 2014 HK$'000	31 March 2013 HK$'000	1 April 2012 HK$'000	2014 HK$'000	2013 HK$'000
Within 1 year	1,154,111	713,956	718,341	15,776	4,787	3,492	30,000	30,000
Between 1 and 2 years	446,655	130,381	120,156	11,123	2,491	1,013	–	–
Between 2 and 5 years	476,900	505,584	237,205	7,994	1,265	1,952	–	–
After 5 years	337,853	375,869	395,389	–	–	–	–	–
	2,415,519	1,725,790	1,471,091	34,893	8,543	6,457	30,000	30,000

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

	Group			Company	
	31 March 2014 %	31 March 2013 (Restated) %	1 April 2012 (Restated) %	2014 %	2013 %
Short-term bank loans	2.4	2.6	2.6	2.7	3.0
Long-term bank loans	2.3	2.3	2.4	–	–
Obligations under finance lease	2.2	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		
	31 March 2014 HK$'000	31 March 2013 (Restated) HK$'000	1 April 2012 (Restated) HK$'000
Hong Kong dollars	2,373,564	1,672,087	1,425,614
Singapore dollars	76,848	31,512	21,200
Renminbi	–	30,734	30,734
	2,450,412	1,734,333	1,477,548

31 Borrowings (continued)

(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).

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

	Group		
	31 March 2014	31 March 2013	1 April 2012
	HK$'000	*HK$'000*	*HK$'000*
Within one year	**16,506**	5,027	3,696
In the second to fifth year	**19,625**	3,920	3,176
	36,131	8,947	6,872
Future finance charges on finance lease	**(1,238)**	(404)	(415)
Present value of obligations under finance lease	**34,893**	8,543	6,457

32 Deferred income tax

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

	Group	
	2014	2013 (Restated)
	HK$'000	*HK$'000*
Beginning of year	**(3,554)**	3,126
Credited/(charged) to consolidated income statement *(Note 10)*	**4,154**	(6,792)
Currency translation differences	**35**	112
End of year	**635**	(3,554)

32 Deferred income tax (continued)

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	
	2014	2013	**2014**	2013	**2014**	2013 (Restated)	**2014**	2013 (Restated)
Assets/(liabilities) Group	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Beginning of year	**29,702**	31,659	**(2,641)**	(2,815)	**(30,615)**	(25,718)	**(3,554)**	3,126
Credited/(charged) to consolidated income statement	**7,720**	(1,957)	**174**	174	**(3,740)**	(5,009)	**4,154**	(6,792)
Currency translation differences	**–**	–	**–**	–	**35**	112	**35**	112
End of year	**37,422**	29,702	**(2,467)**	(2,641)	**(34,320)**	(30,615)	**635**	(3,554)

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 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Deferred income tax assets			
Recoverable more than twelve months	**3,585**	2,945	7,782
Recoverable within twelve months	**896**	736	1,945
	4,481	3,681	9,727
Deferred income tax liabilities, as restated			
Payable or settle more than twelve months	**(3,077)**	(5,788)	(5,281)
Payable or settle within twelve months	**(769)**	(1,447)	(1,320)
	(3,846)	(7,235)	(6,601)

32 Deferred income tax (continued)

As at 31 March 2014, the Group has unrecognised tax losses of approximately HK$660,167,000 (2013 (Restated): HK$563,839,000) to carry forward against future taxable income.

	Group	
	2014	2013
		(Restated)
	HK$'000	*HK$'000*
With no expiry date	**583,642**	494,367
Expiring not later than one year	**274**	732
Expiring later than one year and not later than five years	**76,251**	68,740
	660,167	563,839

33 Payables to suppliers and subcontractors

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

	Group		
	31 March 2014	31 March 2013	1 April 2012
		(Restated)	(Restated)
	HK$'000	*HK$'000*	*HK$'000*
Current	**529,633**	296,550	287,809
1-30 days	**47,966**	14,898	38,730
31-90 days	**11,915**	2,374	7,401
91-180 days	**412**	1,710	3,606
Over 180 days	**1,490**	1,100	13,168
	591,416	316,632	350,714

33 Payables to suppliers and subcontractors (continued)

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

	Group		
	31 March 2014	31 March 2013 (Restated)	1 April 2012 (Restated)
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong dollars	**430,588**	203,516	227,129
Macau Patacas	**64,652**	5,761	4,534
Singapore dollars	**63,013**	95,525	49,920
Renminbi	**32,309**	11,830	69,131
Others	**854**	–	–
	591,416	316,632	350,714

34 Share capital

	Number of shares		Amount	
	2014	2013	**2014**	2013
			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

	Other reserves				
	Share premium	Capital redemption reserve	Exchange reserve	Total	Retained profits
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group					
At 1 April 2013	413,776	359	34,381	448,516	963,313
Profit for the year	–	–	–	–	38,615
2013 final dividend	–	–	–	–	(6,045)
2014 interim dividend	–	–	–	–	(4,381)
Currency translation differences	–	–	3,981	3,981	–
At 31 March 2014	413,776	359	38,362	452,497	991,502
Representing:					
2014 final dividend proposed					6,045
Others					985,457
At 31 March 2014					991,502
At 1 April 2012	413,776	359	32,975	447,110	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

35 Other reserves and retained profits (continued)

	Share premium HK$'000	Other reserves Capital redemption reserve HK$'000	Total HK$'000	Retained profits HK$'000
Company				
At 1 April 2013	413,776	359	414,135	980,177
Loss attributable to equity holders of the Company	–	–	–	(7,510)
2013 final dividend	–	–	–	(6,045)
2014 interim dividend	–	–	–	(4,381)
At 31 March 2014	413,776	359	414,135	962,241
Representing:				
2014 final dividend proposed				6,045
Others				956,196
At 31 March 2014				962,241
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

36 Notes to consolidated cash flow statement

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

	2014	2013 (Restated)
	HK$'000	*HK$'000*
Operating profit	85,533	109,559
Interest income	(19,017)	(15,839)
Dividend income from investments	(74)	(296)
Loss/(gain) on disposal of property, plant and equipments, net	3,020	(32)
Fair value gain on investment properties, net	(4,310)	(54,951)
Amortisation of intangible assets	1,056	1,056
Amortisation of leasehold land and land use rights	1,447	1,451
Depreciation	92,890	71,255
Write off of impaired receivables	–	614
Provision for impaired receivables, net of write back of impaired receivables	224	176
Gain on derivative financial liabilities, net	(2,541)	–
Gain on financial assets at fair value through profit or loss	(940)	(626)
Operating profit before working capital changes	157,288	112,367
Increase in loans to suppliers	(4,200)	–
(Increase)/decrease in trade debtors, net	(506,608)	1,112
Increase in inventories	(38,031)	(5,431)
Increase in prepayments, deposits and other receivables	(379,999)	(83,026)
Increase in due from customers on construction contracts	(380,213)	(120,788)
Additions to property under development for sale	(58,818)	(39,116)
Increase in due from associates	(1,232)	(43)
(Increase)/decrease in due from joint ventures/ joint operations/other partners of joint operations, net	(60)	3,751
Increase/(decrease) in payables to suppliers and subcontractors	277,735	(34,886)
Increase in accruals, retention payables and other liabilities	211,449	71,981
Increase in due to customers on construction contracts	545,058	52,786
Net cash used in operations	(177,631)	(41,293)

36 Notes to consolidated cash flow statement (continued)

(b) Analysis of changes in financing during the year

	Non-controlling interests	Obligations under finance lease	Long-term bank loans	Short-term bank loans	Restricted deposits
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013, as restated	1,022	8,543	1,076,418	649,372	(119,766)
Net cash (outflow)/inflow from financing activities	–	(10,747)	239,727	449,449	35,663
Amortisation charges of prepaid loan arrangement fee	–	–	1,082	–	–
Share of profit by non-controlling interests	619	–	–	–	–
Inception of finance lease obligations *(Note (c))*	–	37,185	–	–	–
Currency translation differences	19	(88)	(529)	–	–
At 31 March 2014	1,660	34,893	1,316,698	1,098,821	(84,103)
At 1 April 2012, as previously reported	1,072	6,457	784,357	578,734	(119,593)
Adjustment for adoption of HKFRS 11	–	–	–	108,000	–
At 1 April 2012, as restated	1,072	6,457	784,357	686,734	(119,593)
Net cash (outflow)/inflow from financing activities	–	(5,526)	291,194	(37,362)	(173)
Amortisation charges of prepaid loan arrangement 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, as restated	1,022	8,543	1,076,418	649,372	(119,766)

(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$37,185,000 (2013: HK$7,560,000).

37 Banking facilities

As at 31 March 2014, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$4,244,255,000 (2013 (Restated): HK$3,191,919,000), of which HK$2,931,535,000 (2013 (Restated): HK$2,214,655,000) had been utilised. These banking facilities are secured by the following:

(a) Restricted deposits of HK$84,103,000 (2013: HK$119,766,000) (Note 25);

(b) Financial assets at fair value through profit or loss of HK$32,544,000 (2013: HK$42,402,000) (Note 29);

(c) Guarantees of HK$4,222,056,000 (2013 (Restated): HK$3,167,175,000) given by the Company;

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

(e) Property, plant and equipment of HK$569,762,000 (2013: HK$575,289,000), investment properties of HK$323,315,000 (2013: HK$318,423,000), leasehold land and land use rights of HK$1,916,000 (2013: HK$1,972,000) and property under development for sale of HK$445,744,000 (2013: HK$386,926,000) (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 2014, the Group has various liquidated damages claims on certain contracts for which the respective extension of time claims have been forwarded and filed to the clients. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

(b) 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 evidence 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$884,253,000 (2013 (Restated): HK$828,364,000) in favour of the Group's customers.

(d) As at 31 March 2014, 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$16,170,000 (2013: HK$18,524,000).

38 Commitments and contingent liabilities (continued)

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Land and buildings		
Within one year	**11,328**	11,664
One year to five years	**19,912**	23,062
More than five years	**33,126**	35,476
	64,366	70,202

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	
	2014	2013
	HK$'000	*HK$'000*
Within one year	**3,849**	4,235
One year to five years	**1,316**	3,666
	5,165	7,901

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	
	2014	2013
	HK$'000	*HK$'000*
Salaries and fees	**15,250**	14,323
Discretionary bonuses	**2,460**	2,460
Pension costs – defined contribution scheme	**665**	603
	18,375	17,386

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

	2010 (Restated) HK$'000	2011 (Restated) HK$'000	2012 (Restated) HK$'000	2013 (Restated) HK$'000	2014 HK$'000
Revenue	4,000,522	3,813,032	4,815,198	4,196,546	**6,552,586**
Profit before income tax	69,437	87,528	50,240	73,490	**47,025**
Income tax expense	(5,795)	(6,683)	(7,582)	(8,180)	**(7,791)**
Loss/(profit) attributable to non-controlling interests	2	594	(1,167)	50	**(619)**
Profit attributable to equity holders of the Company	63,644	81,439	41,491	65,360	**38,615**

Consolidated assets and liabilities

As at 31 March

	2010 (Restated) HK$'000	2011 (Restated) HK$'000	2012 (Restated) HK$'000	2013 (Restated) HK$'000	2014 HK$'000
Total assets	2,743,494	3,094,811	3,990,249	4,412,525	**6,242,116**
Total liabilities and non-controlling interests	(1,430,855)	(1,688,044)	(2,543,206)	(2,913,085)	**(4,710,506)**
Shareholders' equity	1,312,639	1,406,767	1,447,043	1,499,440	**1,531,610**

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