有利集團有限公司#

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 406)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

HIGHLIGHTS

The Group's turnover increased almost double to approximately HK$1,510,536,000.

Profit for the period was approximately HK$10,180,000, increased by approximately HK$85,843,000 from the loss of approximately HK$75,663,000 for the corresponding period in 2007.

Cash and bank balances was approximately HK$779,670,000.

Total net assets was approximately HK$1,248,602,000.

Total indebtedness (including bank borrowings and obligations under finance leases contracts) of the Group were approximately HK$109,559,000, representing approximately 8.8% of the total shareholders' equity.

Basic and diluted earnings per share was approximately HK2.31 cents.

For identification purpose only

INTERIM RESULTS

The Board of Directors (the "Directors") of Yau Lee Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2008 were as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

	Note	**2008** **HK$'000**	2007 HK$'000
Continuing operations			
Revenue	4	**1,510,536**	761,418
Cost of sales		**(1,404,130)**	(821,579)
Gross profit/(loss)		**106,406**	(60,161)
Other income and gains	5	**8,495**	9,720
Selling, general and administrative expenses		**(80,376)**	(55,559)
Other operating expenses		**(1,598)**	(1,427)
Operating profit/(loss)	6	**32,927**	(107,427)
Finance costs	7	**(14,330)**	(16,831)
Share of (loss)/profit of jointly controlled entities/operation		**(6,749)**	709
Share of loss of an associate		**(35)**	–
Profit/(loss) before income tax		**11,813**	(123,549)
Income tax expense	8	**(2,888)**	(1,753)
Profit/(loss) for the period from continuing operations		**8,925**	(125,302)
Discontinued operations			
Profit for the period from discontinued operations		**1,255**	49,639
Profit/(loss) for the period		**10,180**	(75,663)
Attributable to:			
Equity holders of the Company		**10,207**	(75,663)
Minority interests		**(27)**	–
		10,180	(75,663)
Interim dividend	9	**–**	–
Earnings/(loss) per share (basic and diluted)	10		
– from continuing operations		**2.03 cents**	(28.42 cents)
– from discontinued operations		**0.28 cent**	11.26 cents
		2.31 cents	(17.16 cents)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2008

	Note	30 September 2008 HK$'000	31 March 2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	**109,859**	97,007
Investment properties	11	**7,931**	–
Leasehold land	11	**35,212**	35,655
Intangible assets	12	**20,755**	–
Goodwill	12	**15,905**	–
Associates		**1,973**	39
Jointly controlled entities/operation		**19,424**	26,170
Deferred income tax assets		**720**	41
Other non-current assets		**38,216**	34,122
		249,995	193,034
Current assets			
Cash and bank balances		**779,670**	957,631
Trade debtors, net	13	**553,360**	184,048
Prepayments, deposits and other receivables		**111,909**	103,787
Inventories		**36,592**	23,107
Prepaid income tax		**681**	273
Due from customers on construction contracts		**378,560**	302,915
Financial assets at fair value through profit or loss		**14,978**	15,244
Derivative financial assets	14	**–**	6,489
Due from associates		**8,548**	8,523
Due from jointly controlled entities/ operation		**6,450**	6,095
Due from related parties		**30**	30
		1,890,778	1,608,142
Total assets		**2,140,773**	1,801,176
EQUITY			
Share capital	15	**87,617**	88,190
Other reserves		**417,716**	418,933
Retained profits		**742,671**	776,559
Equity holders		**1,248,004**	1,283,682
Minority interests		**598**	625
Total equity		**1,248,602**	1,284,307

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET *(CONTINUED)*
AS AT 30 SEPTEMBER 2008

	Note	**30 September 2008 HK$'000**	31 March 2008 HK$'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	16	**7,399**	2,590
Deferred income tax liabilities		**9,106**	5,683
		16,505	8,273
Current liabilities			
Short-term bank loans-secured	16	**98,000**	158,800
Current portion of long-term borrowings-secured	16	**4,160**	4,881
Derivative financial liabilities	14	**6,755**	12,160
Payable to suppliers and subcontractors	17	**261,704**	125,995
Accruals, retention payables and other liabilities		**169,091**	144,873
Income tax payable		**14,500**	7,264
Due to customers on construction contracts		**321,456**	54,623
		875,666	508,596
Total liabilities		**892,171**	516,869
Total equity and liabilities		**2,140,773**	1,801,176
Net current assets		**1,015,112**	1,099,546
Total assets less current liabilities		**1,265,107**	1,292,580

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") is principally engaged in the contracting of building construction, plumbing, maintenance and fitting-out projects and building materials trading. The Group is also engaged in other activities which mainly include computer software development and provision for website hosting services.

The Group completed a transaction to dispose of its wholly-owned properties at 33 Sharp Street East on 29 February 2008 at a total cash consideration of HK$1,580,000,000 to a third party.

The results of the property leasing and hotel operation for the period from 1 April 2007 to 30 September 2007 have been presented as discontinued operations in accordance with HKFRS 5 – "Non-current assets held for sale and discontinued operations". Prior period comparatives have been adjusted to conform with the current period classification.

On 30 May 2008, the Company completed the purchase of 50,000,000 shares of HK$1.00 each, being the entire share capital of Ryoden Engineering Company Limited (REC) for a total cash consideration of HK$46,000,000 (excluding transaction expenses). The results derived from REC and its subsidiaries were disclosed as electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services (hereinafter referred to as electrical and mechanical installation) operation.

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

Condensed consolidated interim financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. Condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 15 December 2008.

2. Basis of preparation

This condensed consolidated interim financial information for the half-year ended 30 September 2008 has been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2008, which have been prepared in accordance with HKFRSs.

3. Accounting policies

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2008, as described in those annual financial statements.

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 April 2008 but are not currently relevant for the Group.

- HK(IFRIC) – Int 11, "HKFRS 2 – Group and treasury share transactions"

- HK(IFRIC) – Int 12, "Service concession arrangements"

- HK(IFRIC) – Int 14, "HKAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction"

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2008 and have not been early adopted:

- HKFRS 8, "Operating segments", effective for annual periods beginning on or after 1 January 2009. HKFRS 8 replaces HKAS 14, "Segment reporting", and requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.

- HKAS 23 (revised), "Borrowing costs", effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group currently applies a policy of capitalising borrowing costs.

- HKFRS 2 (amendment) "Share-based payment", effective for annual periods beginning on or after 1 January 2009. The Group will apply HKFRS 2 (amendment) from 1 April 2009, but it is not expected to have any impact on the Group's financial statements.

3. Accounting policies *(continued)*

- HKFRS 3 (revised), "Business combinations" and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates" and HKAS 31, "Interests in joint ventures", effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Group will apply HKFRSs (revised) starting from 1 April 2010.

- HKAS 1 (revised), "Presentation of financial statements", effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.

- HKAS 32 (amendment), "Financial instruments: presentation", and consequential amendments to HKAS 1, "Presentation of financial statements", effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group as the Group does not have any puttable instruments.

- HK(IFRIC) – Int 13, "Customer loyalty programmes", effective for annual periods beginning on or after 1 July 2008. Int 13 is not relevant to the Group's operations because none of the Group's companies operate any loyalty programmes.

- HKFRS 1 (revised) "Cost of an investment in a subsidiary, jointly controlled entity or associate", and consequential amendments to HKAS 18 "Revenue", HKAS 21 "The Effects of Changes in Foreign Exchange Rates" and HKAS 36 "Impairment of Assets", effective for annual periods beginning on or after 1 January 2009. The Group will apply such HKFRS (revised) and HKASs starting from 1 April 2009.

4. Revenue and segment information

	2008	2007
	HK$'000	*HK$'000*
Turnover		
Constructing of building, construction, plumbing, maintenance and fitting-out projects	**822,002**	739,191
Electrical and mechanical installation	**628,409**	–
Building materials trading	**56,447**	18,457
Others	**3,678**	3,770
	1,510,536	761,418

Primary reporting format — business segments

The Group is principally engaged in contracting of building construction, plumbing, maintenance and fitting-out projects, electrical and mechanical installation and building materials trading. The Group is organised into three main business segments:

- Construction — Contracting of building construction, plumbing, maintenance and fitting-out projects

- Electrical and mechanical installation — Provision of electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services

- Building materials trading — Trading of construction and building materials

Other operations of the Group mainly comprise computer software development and provision of website hosting services, which is not of a sufficient size to be reported separately.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

4. Revenue and segment information *(continued)*

Primary reporting format — business segments *(continued)*

	For the six months ended 30 September 2008							
	Continuing operations					Discontinued operations		
	Construction	Electrical and mechanical installation	Building materials trading	Others	Total	Property leasing	Hotel operation	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total sales	826,001	651,726	91,860	8,683	1,578,270	(68)	18	(50)
Inter-segment sales	(3,999)	(23,317)	(35,413)	(5,005)	(67,734)	-	-	-
External sales	822,002	628,409	56,447	3,678	1,510,536	(68)	18	(50)
Segment results	27,992	20,308	(12,742)	(6,325)	29,233	(281)	996	715
Unallocated income					3,694			540
Operating profit					32,927			1,255
Finance costs	(14,075)	(10)	(59)	(186)	(14,330)	-	-	-
Share of profit/(loss) of jointly controlled entities/operation	95	-	(6,844)	-	(6,749)	-	-	-
Share of loss of an associate	-	(35)	-	-	(35)	-	-	-
Profit before income tax					11,813			1,255
Income tax expense					(2,888)			-
Profit for the period					8,925			1,255
Segment assets	1,186,580	477,632	222,443	58,242	1,944,897	1,170	175	1,345
Interests in associates	-	1,923	-	50	1,973	-	-	-
Interest in jointly controlled entities	17,591	-	1,833	-	19,424	-	-	-
Unallocated assets					173,134			-
Total assets					2,139,428			1,345
Segment liabilities	(418,674)	(413,065)	(31,428)	(11,843)	(875,010)	(5,097)	(1,078)	(6,175)
Unallocated liabilities					(10,986)			-
Total liabilities					(885,996)			(6,175)
Capital expenditure	25,404	1,659	6,101	25	33,189	-	-	-
Depreciation	5,232	596	8,969	411	15,208	-	-	-
Amortisation of leasehold land	86	-	-	357	443	-	-	-

4. Revenue and segment information *(continued)*

Primary reporting format — business segments *(continued)*

	For the six months ended 30 September 2007						
	Continuing operations				Discontinued operations		
	Construction *HK$'000*	Building materials trading *HK$'000*	Others *HK$'000*	Total *HK$'000*	Property leasing *HK$'000*	Hotel operation *HK$'000*	Total *HK$'000*
Total sales	740,858	63,649	8,734	813,241	6,330	43,056	49,386
Inter-segment sales	(1,667)	(45,192)	(4,964)	(51,823)	–	–	–
External sales	739,191	18,457	3,770	761,418	6,330	43,056	49,386
Segment results	(106,222)	(2,175)	(6,186)	(114,583)	46,095	21,201	67,296
Unallocated income				7,156			84
Operating (loss)/profit				(107,427)			67,380
Finance costs	(14,256)	(2,017)	(558)	(16,831)	(11,923)	–	(11,923)
Share of profit of jointly controlled entities/ operation	465	244	–	709	–	–	–
(Loss)/profit before income tax				(123,549)			55,457
Income tax expense				(1,753)			(5,818)
(Loss)/profit for the period				(125,302)			49,639
Segment assets	1,087,702	124,576	56,283	1,268,561	901,724	9,005	910,729
Interests in associates	–	–	13,539	13,539	–	–	–
Interest in jointly controlled entities	15,465	12,838	–	28,303	–	–	–
Unallocated assets				14,290			–
Total assets				1,324,693			910,729
Segment liabilities	(887,204)	(35,061)	(4,063)	(926,328)	(439,863)	(5,698)	(445,561)
Unallocated liabilities				(77,021)			–
Total liabilities				(1,003,349)			(445,561)
Capital expenditure	4,872	213	97	5,182	869	–	869
Depreciation	5,361	3,677	392	9,430	6,190	153	6,343
Amortisation of leasehold land	87	–	374	461	180	–	180
Fair value gain on investment properties	–	–	–	–	(47,000)	–	(47,000)

4. Revenue and segment information *(continued)*

Secondary reporting format — geographical segments

Geographical segments:

The Group's customers are principally located in Hong Kong, Macau, mainland China and Singapore.

The following table provides an analysis of the Group's revenue by geographical market:

	Revenue Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
Hong Kong	**943,383**	756,176
Macau	**402,598**	–
Mainland China	**70,125**	5,242
Singapore	**94,430**	–
	1,510,536	761,418

The following is an analysis of the carrying amount of segment assets at the balance sheet date, and additions to investment properties, property, plant and equipment during the period analysed by the geographical area in which the assets are located.

	Carrying amount of segment assets Six months ended 30 September		Additions to property, plant and equipment, investment properties Six months ended 30 September	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,447,862**	2,076,002	**3,687**	5,715
Macau	**163,771**	3	**2,824**	–
Mainland China	**220,012**	101,828	**5,104**	336
Singapore	**114,597**	1,457	**21,574**	–
	1,946,242	2,179,290	**33,189**	6,051

5. Other income and gains

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
Other income		
Dividend income from listed investments	**149**	58
Bank interest income	**2,958**	6,366
Interest income from subcontractors	**1,725**	1,569
Sundry income	**1,230**	1,250
	6,062	9,243
Other gains		
Realised gain on derivative financial assets	**1,484**	–
Exchange gains	**938**	477
Gain on disposal of an associate company	**11**	–
	2,433	477
	8,495	9,720

6. Operating profit/(loss)

Operating profit/(loss) is arrived at after charging the following:

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
Depreciation		
Owned property, plant and equipment	**14,397**	15,171
Leased property, plant and equipment	**811**	602
Loss on disposal of property, plant and equipment	**121**	19
Amortisation of leasehold land	**443**	641
Amortisation of intangible assets	**352**	–
Write-off of impaired receivables	**718**	–

7. Finance costs

	Six months ended 30 September 2008 HK$'000	2007 HK$'000
Interest on overdrafts and short-term bank loans	**1,844**	10,763
Interest on long-term bank loans repayable within five years	**–**	2,696
Interest element of finance lease payments	**161**	93
Total borrowing costs incurred	**2,005**	13,552
Less: Classified under contract cost	**(97)**	(2,781)
	1,908	10,771
Unrealised loss on financial assets at fair value through profit or loss	**311**	558
Realised loss on financial assets at fair value through profit or loss	**71**	–
Unrealised loss on derivative financial assets	**12,040**	5,502
	14,330	16,831

8. Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits for the period. Overseas taxation has been calculated on the estimated assessable profits for the period at the rates prevailing in the respective jurisdictions.

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

	Six months ended 30 September 2008 HK$'000	2007 HK$'000
Current income tax		
Hong Kong profits tax	**(729)**	1,588
Overseas tax	**3,675**	165
Deferred income tax relating to the origination and reversal of temporary differences	**(58)**	–
	2,888	1,753

9. Dividend

The Board of Directors does not recommend an interim dividend for the period (2007: Nil).

10. Earnings/(loss) per share (basic and diluted)

The calculation of earnings/(loss) per share is based on:

	Six months ended 30 September	
	2008	2007
	HK$'000	*HK$'000*
Net profit/(loss) attributable to the equity holders of the Company		
– from continuing operations	**8,952**	(125,302)
– from discontinued operations	**1,255**	49,639
	10,207	(75,663)

	Six months ended 30 September	
	2008	2007
Weighted average number of shares in issue during the period	**440,660,453**	440,949,600

Diluted earnings/(loss) per share for the six months ended 30 September 2008 and 2007 are not presented as there are no potential dilutive shares during the periods.

11. Capital expenditure

	Property, plant and equipment *HK$'000*	Investment properties *HK$'000*	Leasehold land *HK$'000*
Net book amount as at 1 April 2008	97,007	–	35,655
Additions	25,258	7,931	–
Acquisition of REC Group	3,064	–	–
Disposals	(262)	–	–
Depreciation/amortisation charge *(Note 6)*	(15,208)	–	(443)
Net book amount as at 30 September 2008	109,859	7,931	35,212
Net book amount as at 1 April 2007	294,800	340,000	352,038
Exchange difference	5,774	–	–
Additions	24,306	–	–
Transfers	27,000	(27,000)	–
Disposals	(220,258)	(360,000)	(315,131)
Change in fair value	–	47,000	–
Depreciation/amortisation charge	(34,615)	–	(1,252)
Net book amount as at 31 March 2008	97,007	–	35,655

As at 30 September 2008, the net book value of property, plant and equipment, investment properties and leasehold land pledged as security for the bank borrowings of the Group amounted to approximately HK$46,760,000.

During the period, the Group purchased an investment property amounting to approximately S$1,429,000 (equivalent to approximately HK$7,931,000) located in Singapore for long-term investment purpose.

12. Business combination

On 30 May 2008, the Company completed the purchase of 50,000,000 shares of HK$1.00 each, being the entire share capital of REC for a total cash consideration of HK$46,000,000 (excluding transaction expenses). The acquisition of Ryoden Engineering Company Limited and its subsidiaries constitutes a major transaction on the part of the Company under Chapter 14 of the Rules Governing the Listing of Securities on SEHK (the "Listing Rules").

12. Business combination *(continued)*

The acquired business contributed revenue of HK$628 million to the Group for the period from the acquisition to 30 September 2008. If the acquisition had occurred on 1 April 2008, consolidated revenue and consolidated net profit for the six months ended 30 September 2008 would have been HK$1,723 million and HK$19 million respectively.

	HK$'000
Purchase consideration:	
– Cash paid	46,000
– Direct costs relating to the acquisition	4,540
Total purchase consideration	50,540
– Fair value of net assets acquired (see below)	34,635
Goodwill	15,905

The carrying value of the assets and liabilities of REC Group as at 30 May 2008 were treated as an approximation to their fair values with intangible assets, deferred tax liabilities and goodwill recognised of HK$21,107,000, HK$3,482,000 and HK$15,905,000 respectively. The intangible assets (i.e. customer relationships) were valued by CB Richard Ellis Limited, an independent qualified professional valuer not connected with the Group, on this acquisition.

	Carrying value of net assets as at 30 May 2008 *HK$'000*	**Fair value at 30 May 2008** *HK$'000*
Cash and cash equivalents	65,875	65,875
Trade and other receivables	314,908	314,908
Due from customers on construction contracts	53,540	53,540
Inventories	1,677	1,677
Plant and equipment	3,063	3,063
Associates	2,512	2,512
Intangible assets – customer relationships	–	21,107
Due to customers on construction contracts	(231,415)	(231,415)
Trade and other payables	(193,150)	(193,150)
Deferred tax liabilities	–	(3,482)
Identifiable net assets acquired	17,010	34,635
Purchase consideration settled in cash	50,540	50,540
	33,530	15,905

Cash and cash equivalents in subsidiaries acquired	65,875
Less: purchase consideration in cash	(50,540)
Cash inflow on acquisition	15,335

During the period, amortization expense on intangible assets of HK$352,000 was charged to income statement, resulting in intangible assets, net at an amount of HK$20,755,000.

13. Trade debtors, net

The trade debtors are due 30 days to 90 days after invoicing depending on the nature of services or products.

The aging analysis of trade debtors is as follows:

	30 September 2008 *HK$'000*	31 March 2008 *HK$'000*
Not yet due	**472,938**	168,431
Overdue by:		
1 – 30 days	**43,739**	754
31 – 90 days	**9,363**	2,386
91 –180 days	**6,308**	897
Over 180 days	**21,012**	11,580
	553,360	184,048

14. Derivative financial assets/liabilities

	30 September 2008		31 March 2008	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Commodity forward contract *(Note a)*	**-**	**-**	1,203	–
Hong Kong dollars floating swap *(Note b)*	**-**	**1,873**	5,286	–
United States dollars interest rate and Renminbi forward contract *(Note c)*	**-**	**-**	–	12,160
United States dollars and Renminbi performance scoring US$ deposit contracts *(Note d)*	**-**	**4,882**	–	–
	-	**6,755**	6,489	12,160

Note:

(a) The Group entered into a commodity forward contract for aluminium at a fixed rate. This forward contract had expired in August 2008.

(b) The Group entered into a floating swap agreement with a bank at a notional amount of HK$100,000,000. Under this agreement, an interest is earned on the principal with the counterparty having a call option to sell United States dollars (US$) and purchase Hong Kong dollars (HK$) from the Group provided that certain conditions are met. This option will expire in September 2009.

(c) The Group entered into a US$ London InterBank Offered Rate range accrual subsidised Renminbi forward contract with a notional amount of US$1,750,000 in April 2007. The contract was closed in May 2008.

(d) The Group entered into three US$/Renminbi performance scoring US$ deposits contracts with total notional amount of US$33,000,000 in March and April 2008 to mitigate its exchange rate exposure to Renminbi appreciation to its China operations. The contracts will be matured in March and April 2009 and the Group will get back the notional amount upon maturity since the derivatives are principal protected.

15. Share capital

	Number of shares		Amount	
	30 September 2008	31 March 2008	**30 September 2008**	31 March 2008
			HK$'000	*HK$'000*
Ordinary shares of HK$0.2 each				
Authorised:				
At beginning and end of the period/year	**2,000,000,000**	2,000,000,000	**200,000**	200,000
Issued and fully paid:				
At beginning of the year	**440,949,600**	440,949,600	**88,190**	88,190
Shares repurchased and cancelled	**(2,864,000)**	–	**(573)**	–
	438,085,600	440,949,600	**87,617**	88,190

16. Borrowings

The maturity of borrowings are as follows:

	Bank loans		Obligations under finance lease	
	30 September 2008	31 March 2008	**30 September 2008**	31 March 2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within 1 year	**98,206**	158,800	**3,954**	4,881
Between 1 and 2 years	**242**	–	**2,312**	2,590
Between 2 and 5 years	**784**	–	**–**	–
After 5 years	**4,061**	–	**–**	–
	103,293	158,800	**6,266**	7,471

17. Payable to suppliers and subcontractors

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

	30 September 2008 **HK$'000**	31 March 2008 HK$'000
Not yet due	**243,745**	123,054
Overdue by:		
1 – 30 days	**12,955**	454
31 – 90 days	**1,367**	807
91 –180 days	**1,380**	1,007
Over 180 days	**2,257**	673
	261,704	125,995

18. Commitments and contingent liabilities

(a) In the normal course of its business, the Group is subject to various claims under its construction contracts. At 30 September 2008, the Group had various liquidated damages claims on certain contracts for which the Group has filed extension of time claims with the customers. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

(b) In 2006, the Group received a statement of claims for an aggregate amount of approximately HK$4.2 million for alleged breach of contract and uncertified workdone in connection with a design work contract. Financial expenses arising from the claims have been assessed by the Directors with reference to legal advice. Based on this advice, the Directors do not consider that any significant adverse financial impact will crystallise in respect of the claims and accordingly, no provision was made as at 30 September 2008.

(c) In 2007, the Group received a statement of claims for an aggregate amount of approximately HK$23.9 million for uncertified workdone in connection with contract works from a subcontractor. The Group will defend vigorously against the claim and a counter claim of approximately HK$37 million has been submitted. Based on legal advice, the Directors are of the opinion that the Group has valid defences against the claim and no provision was made as at 30 September 2008.

19. Event after the balance sheet date

On 10 September 2008, the Group entered into a sales and purchase agreement to purchase a property located in Singapore for long-term investment purpose. As at 30 September 2008, a deposit of S$206,500 (equivalent to approximately HK$1,146,000) has been paid out of the total consideration of S$4,130,000 (equivalent to approximately HK$22,922,000). The transaction has been completed on 20 November 2008 and a bank loan secured by the property amounting to S$2,750,000 (equivalent to approximately HK$15,263,000) has been drawn on the date of completion.

INTERIM DIVIDEND

The Board of Directors of the Company ("the Directors") does not recommend the payment of an interim dividend for the six months ended 30 September 2008 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results and operation

The turnover for the six months ended 30 September 2008 has increased by 98% to HK$1,510,536,000 when compared with the turnover of HK$761,418,000 for the same period last year. The increase was mainly attributable to the acquisition of Ryoden Engineering Company Limited ("REC") and its subsidiaries during the period. With such acquisition, the Group can integrate vertically into electrical and mechanical installation operations, take the benefit of a well-established team with strong expertise and expand its market share in Hong Kong, Macau and mainland China.

The Group recorded a gross profit of HK$106,406,000 for the period (30 September 2007: gross loss of HK$60,161,000) as a result of profit improvement in the core construction business and the profit intake of its electrical and mechanical installation business from REC Group from June to September 2008. Our contracts in Singapore and Macau also started to contribute to the Group's performance during the period. In the prior period, the gross loss was driven by additional costs from delays of a construction contract due to unforeseen difficulties, as well as revision of estimates on variation orders. Net attributable profit for the period was HK$10,207,000 which was a substantial improvement over the net loss of the previous period of HK$75,663,000.

Our building materials trading business in China suffered from the impact of Renminbi appreciation, material cost increase, minimum wage increase and the increasing China sales tax burden during the period. The Group has recently implemented cost savings measures to reduce our overhead cost and the slow-down of Renminbi appreciation will certainly reduce the adverse currency impact in future.

Results and operation *(continued)*

As at 30 September 2008, the total contract sum of the Group's construction contracts in hand excluding joint venture contract is approximately HK$8,669 million, including construction contracts and electrical and mechanical installation contracts. The estimated remaining works (excluding joint venture contract) as at 30 September 2008 was HK$5,708 million. A joint venture contract of design and construction of the Prince of Wales Hospital (PWH) – Extension Block at Shatin with contract value of HK$1,654 million is also in progress with the estimated remaining works outstanding amounting to HK$1,285 million. Six contracts with total contract sum of approximately HK$2,190 million were secured during the period including two construction contracts and four decoration and renovation contracts in Hong Kong, Macau and Singapore with respective contract sum of approximately HK$1,825 million and HK$365 million. Three contracts with contract sum of HK$758 million were completed during the period.

Value of construction contracts in hand	*HK$ Million*
As at 31 March 2008	3,878
Secured during the period from 1 April 2008 to 30 September 2008	2,190
Completed during the period from 1 April 2008 to 30 September 2008	(758)
As at 30 September 2008	5,310
Value of electrical and mechanical installation contracts in hand as at 30 September 2008	3,359
Total value of contracts in hand	8,669

Subsequent to 30 September 2008, our contracts value of MOP582 million (equivalent to approximately HK$564 million) on Parcel 5&6 of the Venetian Cotai project was suspended by the employer, of which the outstanding works up to suspension was approximately MOP380 million (equivalent to approximately HK$368 million). In addition, one of our Macau projects in REC Group with original contract value amounting to MOP210 million (equivalent to approximately HK$204 million) was terminated by the employer in November 2008. The remaining outstanding works relating to this project were approximately MOP131 million (equivalent to approximately HK$127 million).

Financial Position

As at 30 September 2008, the Group's total cash in hand was HK$780 million (31 March 2008: HK$958 million) while total indebtedness decreased from HK$166 million at 31 March 2008 to HK$110 million, representing approximately 8.9% of the total shareholders' equity (as at 31 March 2008: 12.9%). The current ratio (total current assets: total current liabilities) has decreased from 3.1 to 2.2 as compared to 31 March 2008 subsequent to the acquisition of REC Group, which is still in a healthy level.

In May 2008, the Group has refinanced its syndicated loan at an amount of HK$260 million. The loan agreement requires Mr. Wong Ip Kuen and his direct family members to remain as the single largest shareholder and hold at least 40% of the issued voting share capital of the Company.

As at 30 September 2008, the Group had total banking facilities amounted to an aggregate sum of approximately HK$1,292,523,000 (as at 31 March 2008: approximately HK$498,810,000) with various banks of which approximately HK$610,564,000 (as at 31 March 2008: approximately HK$193,538,000) had been utilised. The short-term and long-term bank borrowings are secured by the Group's properties, investments in unit trust and certain time deposits.

Human Resources

With the Group's expansion to local and overseas markets, and acquisition of REC Group during the period, as at 30 September 2008, the Group employed approximately 2,700 in total of which approximately 530 employees are from REC Group. There are approximately 1,500 employees in Hong Kong, Macau and Singapore and approximately 1,200 employees in mainland China.

Employees in Hong Kong and Macau are either paid on a monthly salary basis or daily wages basis. Salaried employees are entitled to benefits according to seniority and position such as discretionary bonus which are based on their performance, double pay, defined contribution provident funds, annual leave, employer sponsored trainings and others.

Employees in mainland China are remunerated according to the prevailing market conditions in the location of their employment.

Outlook

With the acquisition of REC Group during the period, our Group has integrated vertically into the mechanical and electrical installation business and expanded our market share through the well-established network in Hong Kong, Macau and mainland China. The Group has moved towards a total solution contractor in the market.

As a result of the financial tsunami starting in the middle of September 2008, certain of our Macau construction and engineering business with casino and resort operators have been impacted. The Group has quickly reacted by reallocating resources from the affected projects to other projects in Macau, mainland China and Hong Kong. In Hong Kong, the Group will continue to actively pursue other projects as we expect more work coming through the government sectors during this economic downturn including design and build work which we have developed our expertise. The drop in material cost in recent months also eases our pressure on material inflation in our building construction and materials trading business.

With the current recessing economic environment and property market downside, our strong cash and asset position will undoubtedly provide us with ample of opportunities in development projects in the region which can enhance our shareholders' return in the long run.

DIRECTORS' INTERESTS

At 30 September 2008, the interests of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Shares of HK$0.2 each in the Company

	Number of shares held	
Director	**Corporate interest**	**Percentage**
Mr. Wong Ip Kuen	234,033,599	53.42%

The shares referred to above are registered in the names of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 3,354,000 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.

Subsequent to 30 September 2008, Billion Goal Holdings Limited purchased 2,050,000 shares of corporate interest and as a result, the shares held by Mr. Wong Ip Kuen increased to 236,083,599 in total, being 53.89% of the Company's issued share capital as of the date to this report.

During the period ended 30 September 2008, none of the Directors and chief executives (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

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

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

At 30 September 2008, the register of substantial shareholders maintained under Section 336 of the SFO shows that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has repurchased a total of 2,864,000 shares at prices ranging from HK$0.620 to HK$0.850 per share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and these shares were subsequently cancelled by the Company. Appropriate announcements have been made by the Company. Apart from this, the Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold, the Company's listed securities for the six months ended 30 September 2008.

REVIEW OF INTERIM FINANCIAL STATEMENTS

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

CORPORATE GOVERNANCE

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value. Detailed disclosure of the Company's corporate governance practices is available in the 2008 Annual Report.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE

During the six months ended 30 September 2008, the Company has complied with all the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for code provision A.2.1 and A.4.2 of the Code which stated below.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICE *(CONTINUED)*

Code Provision A.2.1 requires the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. To make and to facilitate the implementation of decisions promptly and efficiently, the Company has not separated the roles of the Chairman and the Chief Executive which are performed by the same individual, Mr. Wong Ip Kuen.

Code Provision A.4.2 requires every director should be subject to retirement by rotation at least once every three years, but in accordance with the Bye-laws which stipulates that one-third of the directors of the Company, except director holding office as Chairman, should be subject to retirement by rotation at each annual general meeting.

Code Provision A.4.2 also requires all directors appointed to fill in a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In accordance with the Bye-laws of the Company, any director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. The Board of the Company considers that the impact of deviation is immaterial and casual vacancy does not happen frequently.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the requirements of the Model Code as set out in Appendix 10 of the Listing Rules regarding the securities transactions of the Directors of the Company. Having made specific enquiry of all Directors of the Company, they have confirmed that they complied with the required standard set out in the Model Code during the accounting period covered by this interim report.

PUBLICATION OF OTHER FINANCIAL INFORMATION

Other financial information containing all the information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange website in due course.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 15 December 2008

As at the date of this announcement, the Board of Directors comprises of Wong Ip Kuen (Chairman), Wong Tin Cheung, Wong Wai Man, So Yau Chi, Sun Chun Wai as Executive Directors and Yeung Tsun Man, Eric, Wu King Cheong, Chan Bernard Charnwut as Independent Non-executive Directors.