



YAU LEE HOLDINGS LIMITED

有利集團有限公司[#]

(Incorporated in Bermuda with limited liability)
(Stock Code: 406)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004

The Board of Directors (the "Directors") of Yau Lee Holdings Limited (the "Company") is pleased to announce the **unaudited** results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2004:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004

		Unaudited Six months ended 30th September, 2004	2003
	Note	HK\$'000	HK\$'000 (Note 7)
Turnover	2	571,058	506,825
Cost of sales		(509,908)	(461,789)
Gross profit		61,150	45,036
Other revenues		1,087	1,038
General and administrative expenses		(51,195)	(40,102)
Other operating expenses, net		(1,339)	(2,559)
Operating profit		9,703	3,413
Finance costs		(5,677)	(3,653)
Profit (Loss) before share of result of associated companies and taxation		4,026	(240)
Share of profit (loss) of associated companies		173	(33)
Profit (Loss) before taxation	3	4,199	(273)
Taxation	4		
Company and subsidiaries		(2,215)	(1,895)
Profit (Loss) after taxation		1,984	(2,168)
Minority interests		502	655
Profit (Loss) attributable to shareholders		2,486	(1,513)
Dividend	5	1,543	-
Earnings (Loss) per share	6	0.56 cents	(0.34 cents)

Notes:

1. Accounting Policies

The interim accounts have not been audited by the auditors of the Group but have been reviewed by the Group's Audit Committee.

These unaudited consolidated accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 - "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These accounts should be read in conjunction with the 2004 annual accounts.

The accounting policies and methods of computation used in the preparation of these accounts are consistent with those used in the Group's annual accounts for the year ended 31st March, 2004.

2. Turnover and Segment Information

The Group is principally engaged in contracting of building construction, plumbing, maintenance and fitting-out projects in Hong Kong and property investment in Hong Kong. Revenues recognised during the period are as follows:

	Six months ended 30th September, 2004	2003
	HK\$'000	HK\$'000
Turnover		
Contracting of building construction, plumbing, maintenance and fitting-out projects	544,755	473,378
Property investment	3,082	-
Others	23,221	33,447
	571,058	506,825

The analyses of the Group's segment information are as follows:

Primary reporting format - business segments

	2004				
	Construction HK\$'000	Property Investment HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
External sales	544,755	3,082	23,221	-	571,058
Intersegment sales	400	-	30,082	(30,482)	-
Total sales	545,155	3,082	53,303	(30,482)	571,058
Segment results	9,774	(796)	1,805	(283)	10,500
Unallocated costs					(797)
Operating profit					9,703

	2003				
	Construction HK\$'000 (Note 7)	Property Development HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000 (Note 7)
External sales	473,378	-	33,447	-	506,825
Intersegment sales	68,406	-	20,450	(88,856)	-
Total sales	541,784	-	53,897	(88,856)	506,825
Segment results	13,613	(58)	5,313	(14,556)	4,312
Unallocated costs					(899)
Operating profit					3,413

The Group's operation is primarily conducted in Hong Kong and over 90% of the Group's assets are located in Hong Kong. Therefore, no geographical segment information is presented.

3. Profit (Loss) Before Taxation

Profit (Loss) before taxation is arrived at after charging the following:

	Six months ended 30th September, 2004	2003
	HK\$'000	HK\$'000
Depreciation		
Owned assets	9,147	8,102
Assets held under finance leases	154	373
Amortisation of development costs	300	-
Loss on disposal of fixed assets	31	1,894

4. Taxation

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 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.

5. Dividend

	Six months ended 30th September, 2004	2003
	HK\$'000	HK\$'000
Interim dividend of HK\$0.35 cents (2003: Nil) per share.	1,543	-

6. Earnings (Loss) per share

Earnings per share has been calculated base on the unaudited consolidated profit attributable to shareholders for the period of HK\$2,486,000 (2003: unaudited consolidated loss of HK\$1,513,000) and 440,949,600 shares (2003: 440,949,600 shares) in issue during the period. No diluted earnings per share are disclosed as there are no potential dilutive shares during the period.

7. Comparative Figures

Certain comparative figures have been reclassified in order to conform with the presentation of current period.

INTERIM DIVIDEND

The Board of Directors of the Company ("the Directors") recommend the payment of an interim dividend of HK\$0.35 cents (2003: Nil) per share. The interim dividend will be payable on 7th March, 2005 to shareholders whose names appear on the register of members at the close of business on 4th March, 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from Monday, 28th February, 2005 to Friday, 4th March, 2005, both dates inclusive, during which no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfer 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 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:00 p.m. on Friday, 25th February, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Results and operation

The consolidated turnover for the six months ended 30th September, 2004 has increased by 12.67% to HK\$571,058,000 when compare with the turnover of HK\$506,825,000 for the same period last year. As a result of stringent cost control and rental income generated from the investment property in Causeway Bay, the gross profit margin for the period has increased from 8.9% in 2003 to 10.7% this period.

However, due to the additional expenses incurred for the management of the investment property, the general and administrative expenses has increased to HK\$51,195,000 (2003: HK\$40,102,000).

As at the date of this announcement the total contract sum of the Group's construction contracts in hand is approximately HK\$3,555,000,000.

Value of Contracts in hand

	HK\$ Million
As at 31st March, 2004	3,506
Secured during the period from 1st April, 2004 to 30th September, 2004	32
Completed during the period from 1st April, 2004 to 30th September, 2004	-
As at 30th September, 2004	3,538
Secured subsequent to 30th September, 2004	17
As at the date of this announcement	3,555

The Group has successfully committed leases for all the retail floors of the Group's property in Causeway Bay. After the granting of the approval for changing the usage of certain floors of the property to a hotel, the work for converting the property into a hotel is now in progress and the expected completion date for the work is first quarter of 2005.

Financial Position

At 30th September, 2004, the Group's total cash in hand was HK\$200 Million (31st March, 2004: HK\$183 Million) and bank borrowings increased from HK\$591 Million in 31st March, 2004 to HK\$614 Million. The increase in bank borrowings was due to the additional working capital requirement for construction contracts in hand. The Group's net debt (total bank borrowings less total cash in hand) to equity ratio increased to 50.9% (31st March, 2004: 50.1%). If the property development loan is excluded, the Group has a net debt of only HK\$107 Million (31st March, 2004: HK\$100 Million) representing a net debt to equity ratio of 13.1% (31st March, 2004: 12.3%). The current ratio (total current assets: total current liabilities) has improved from 0.9 to 1.45 as compared to 31st March, 2004. The Group has entered into an arrangement with a bank to refinance the property development loan of HK\$308 Million with a 5 year term loan and the loan is reclassified from current liabilities to long term liabilities.

The bank borrowings are secured by the Group's properties, investment properties, investments in unit trust and certain time deposits.

Outlook

The outlook of the local construction market remains uncertain despite recent signs of recovery of the property market and the Hong Kong economy in general. To cope with the situation the Group with its expertise in advanced precast construction techniques is exploring business opportunities in the expanding construction market in Macau. With the uprising of the retail and the tourism markets, the Group believes that the hotel and commercial property located in the core of Causeway Bay will be able to make a healthy contribution to the Group's result in the near future.

DIRECTORS' INTERESTS

At 30th September, 2004, the interests and short positions 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 were as follows:

Ordinary shares of HK\$0.2 each in Yau Lee Holdings Limited

Director

Mr. Wong Ip Kuen

Number of shares held	Percentage
Corporate interests 230,679,599	52.3%

The 230,679,599 shares of the Company referred to above are registered in the name of All Fine Investment Company Limited. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Holdings Company Limited, which owns the entire issued share capital of All Fine Investment Company Limited, both of which are companies incorporated in the Cook Islands. Mr. Wong Ip Kuen is a director of both All Fine Holdings Company Limited and All Fine Investment Company Limited.

During the period ended 30th September, 2004, no right to subscribe for equity of the Company was exercised by any of the Directors or chief executives of the Company or the spouses or children under 18 years of age of such Directors and chief executives.

At no time during the period was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its holding company 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

At 30th September, 2004, 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

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the six months ended 30th September, 2004.

AUDIT COMMITTEE

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 Unaudited Interim Financial Statements.

CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the code of best practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the period under review.

ADOPTION OF CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard set out in the Model Code of Appendix 10 of the Listing Rules. The Directors have complied with such code of conduct throughout the accounting period covered by this Interim Report.

By order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 22nd December, 2004

As at the date of this announcement, the Executive Directors of the Company are Mr. Wong Ip Kuen, Mr. Wong Tin Cheung, Mr. Sun Chun Wai and Mr. So Yau Chi. The Independent Non-Executive Directors of the Company are Dr. Yeung Tsun Man, Eric, Mr. Wu King Cheong and Mr. Chan, Bernard Charnwut.

websites: <http://www.yaulee.com>

<http://www.irasia.com/listco/hk/yaulee>

for identification only