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有利集團有限公司*
Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 0406)

**MAJOR TRANSACTION
RELOCATION COMPENSATION FOR THE
EARLY TERMINATION OF LEASE AGREEMENTS**

AND

RESUMPTION OF TRADING

RELOCATION COMPENSATION

The Board announced that on 29 April 2015, two wholly-owned subsidiaries of the Company Party B and Party C entered into the Relocation Compensation Agreement with Party A, pursuant to which Party B and Party C will receive an aggregate compensation of RMB350,000,000 or its monetary worth (as the case may be), RMB100,000,000 of which in the form of cash and RMB250,000,000 in kind by way of new residential properties to be constructed at or near the same location for the early termination of two lease agreements in respect of Resumption Land No. 1 and Resumption Land No. 2 due to the urban redevelopment plan of Long Hua District of Shenzhen, the PRC in accordance with the terms of the Relocation Compensation Agreement.

Resumption Land No. 1 and Resumption Land No. 2 are currently occupied on lease by Party B and Party C as factory, offices and warehouse.

As one of the applicable percentage ratios (as defined in the Listing Rules) calculated in accordance with Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the transaction as contemplated under the Relocation Compensation Agreement constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

* *For identification purpose only*

Since no shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the transaction as contemplated under the Relocation Compensation Agreement, pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting of the Company, Shareholders' written approval is accepted for the transaction as contemplated under the Relocation Compensation Agreement. The two largest shareholders of the Company All Fine Investment Company Limited and Billion Goal Holdings Limited (the chairman of the Company Wong Ip Kuen being the controlling shareholder of both companies) holding in an aggregate of 230,679,599 and 32,155,000 shares of the Company respectively representing 52.66% and 7.34% of the issued share capital of the Company as at the date of this announcement, have given written approval for the transaction as contemplated under the Relocation Compensation Agreement. Therefore, no general meeting of the Company for the approval of the transaction as contemplated under the Relocation Compensation Agreement will be held.

A circular containing, *inter alia*, further details of the transaction as contemplated under the Relocation Compensation Agreement will be despatched to the Shareholders for their information on or before 22 May 2015.

As the Relocation Compensation Agreement may or may not become effective, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 30 April 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 4 May 2015.

INTRODUCTION

The Board announced that on 29 April 2015, two wholly-owned subsidiaries of the Company Party B and Party C entered into the Relocation Compensation Agreement with Party A, pursuant to which Party B and Party C will receive an aggregate compensation of RMB350,000,000 or its monetary worth (as the case may be), RMB100,000,000 of which in the form of cash and RMB250,000,000 in kind by way of new residential properties to be constructed at or near the same location for the early termination of two lease agreements in respect of Resumption Land No. 1 and Resumption Land No. 2 due to the urban redevelopment plan of Long Hua District of Shenzhen, the PRC in accordance with the terms of the Relocation Compensation Agreement.

Resumption Land No. 1 and Resumption Land No. 2 are currently occupied on lease by Party B and Party C as factory, offices and warehouse.

THE RELOCATION COMPENSATION AGREEMENT

Set out below are the principal terms of the Relocation Compensation Agreement:

Date : 29 April 2015

Parties : (1) Party A

(2) Party B

(3) Party C

Subject Land

Resumption Land No. 1 : a parcel of land approximately 51,910 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen, the PRC, at which Party A is the landlord.

Party A or its predecessor (as lessor) and Party B (as lessee) entered into a lease agreement on 28 November 1997 pursuant to which Party A has leased Resumption Land No. 1 to Party B for a term of 30 years commencing from 1 March 1998. Since that date, Party B has erected certain factory, offices and other facilities on Resumption Land No. 1.

Resumption Land No. 2 : a parcel of land approximately 5,745.46 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen, the PRC at which Party A is the landlord.

Party A or its predecessor (as lessor) and Party C (as lessee) entered into a lease agreement on 1 November 2002 pursuant to which Party A has leased Resumption Land No. 2 to Party C for a term of 25 years commencing from 1 November 2002. Since that date, Party C has erected certain factory, offices and other facilities on Resumption Land No. 2.

Amount of Relocation Compensation : RMB350,000,000 or its monetary worth (as the case may be)

Payment of Relocation Compensation : The Relocation Compensation shall be paid by Party A to Party B and Party C in the following manner:

- a. RMB50,000,000 to be paid in cash within 15 days from the date of the Relocation Compensation Agreement (“**Initial Compensation**”);

- b. RMB50,000,000 to be paid in cash within 1 year from the date of the Relocation Compensation Agreement (“**Further Compensation**”); and
- c. the balance of agreed monetary value of RMB250,000,000 to be paid in kind by way of a total construction area of 10,000 square metres in the new residential properties to be constructed at or near the same location of Resumption Land No. 1 and Resumption Land No. 2 calculated at the agreed rate of RMB25,000 per square metre with reference to the market situation, to be completed and to pass property title to Party B and Party C within 78 months from the date on which Party B and Party C deliver possession of the Resumption Land No. 1 and Resumption Land No. 2 to Party A. The construction costs of such residential properties shall be borne solely by Party A

Delivery of Possession : Party B and Party C shall demolish and remove certain specified items as agreed and deliver possession of Resumption Land No. 1 and Resumption Land No. 2 to Party A within 5 months from the date of receipt of full payment of the Initial Compensation and Further Compensation

Effective Date : The Relocation Compensation Agreement shall become effective from the date of receipt of the Initial Compensation

As at the date of this announcement, the Relocation Compensation Agreement has not become effective.

BACKGROUND AND REASONS FOR THE RELOCATION COMPENSATION

The Group is 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 resumption of land, to which the Resumption Land No. 1 and Resumption Land No. 2 form part, is part of the programme for the urban redevelopment of Long Hua District of Shenzhen, the PRC.

In view that the terms of the Relocation Compensation were arrived after arm’s length negotiation with Party A and that the Relocation Compensation is expected to cover, *inter alia*, the relocation costs and expenses, the Directors consider the terms of the Relocation Compensation Agreement are on normal commercial terms that are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON PARTY A

Based on the information provided by Party A, Party A is a company incorporated in the PRC to engage in certain urban renewal and related redevelopment in Long Hua District in Shenzhen, the PRC.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Party A is an Independent Third Party.

FINANCIAL IMPACT OF THE RELOCATION COMPENSATION

The Company as well as Party B and Party C will arrange for the relocation of the factory, offices and other facilities. The Directors believe that such relocation will not lead to any material disruption to the business of the Company and its subsidiaries and will not have any material adverse effect to the financial performance of the Company and its subsidiaries. The Directors have assessed the relocation costs and all expenses incidental thereto and confirm that such expenses and costs will be more or less equivalent to the amount of Relocation Compensation to be received and expect that there will be no material gain or loss as a result of the Relocation Compensation Agreement in view of the current market conditions.

USE OF PROCEEDS

The proceeds from the Relocation Compensation will be used for the demolition and removal of certain specified items on Resumption Land No. 1 and Resumption Land No. 2 as agreed, settlement and severance payment to its existing workers in Shenzhen, payment for the acquisition or rental of property for the new factory, relocation of assets including machineries to a new site, replacement of machineries, construction of new infrastructure and hiring new staff for the new factory.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in the Listing Rules) calculated in accordance with Rule 14.07 of the Listing Rules exceeds 25% but is less than 75%, the transaction as contemplated under the Relocation Compensation Agreement constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Since no shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the transaction as contemplated under the Relocation Compensation Agreement, pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting of the Company, Shareholders' written approval is accepted for the transaction as contemplated under the Relocation Compensation Agreement. The two largest shareholders of the Company All Fine Investment Company Limited and Billion Goal Holdings Limited (the chairman of the Company Wong Ip Kuen being the controlling shareholder of both companies) holding in an aggregate of 230,679,599 and 32,155,000 shares of the Company respectively representing 52.66% and 7.34% of the issued share capital of the Company as at the date of this announcement, have given written approval for the transaction as contemplated under the Relocation Compensation Agreement. Therefore, no general meeting of the Company for the approval of the transaction as contemplated under the Relocation Compensation Agreement will be held.

A circular containing, *inter alia*, further details of the transaction as contemplated under the Relocation Compensation Agreement will be despatched to the Shareholders for their information on or before 22 May 2015.

GENERAL

As the Relocation Compensation Agreement may or may not become effective, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 30 April 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 4 May 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of Stock Exchange
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party A”	深圳市龍華清湖股份合作公司, a company incorporated in the PRC, the landlord of Resumption Land No. 1 and Resumption Land No. 2
“Party B”	Yau Lee Construction Materials & Technology Limited (有利建材技術有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Party C”	有利華建築預制件(深圳)有限公司, a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China, for the purpose of this announcement only, does not include the Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“Relocation Compensation”	the relocation compensation is payable by Party A to Party B and Party C as compensation for the costs and expenses incurred in relation to the early termination of two lease agreements in respect of Resumption Land No. 1 and Resumption Land No. 2 due to the urban redevelopment plan of Long Hua District of Shenzhen, the PRC
“Relocation Compensation Agreement”	the relocation compensation agreement entered into between Party A, Party B and Party C dated 29 April 2015 in relation to the Relocation Compensation
“Resumption Land No. 1”	a parcel of land approximately 51,910 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen. As at the date of this announcement, Party B has a remaining tenure of approximately 13 years until 28 February 2028 on Resumption Land No. 1
“Resumption Land No. 2”	a parcel of land approximately 5,745.46 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen. As at the date of this announcement, Party C has a remaining tenure of approximately 12 years until 31 October 2027 on Resumption Land No. 2
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Yau Lee Holdings Limited
Wong Ip Kuen
Chairman

Hong Kong, 30 April 2015

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