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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)

PROFIT WARNING

This announcement is made by Yau Lee Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

The board of directors (the “Board”) of the Company would like to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on the information currently available to the management of the Company and the preliminary review of the Group’s latest available unaudited consolidated management accounts for the year ended 31 March 2016, the Group is expected to record a net loss for the year ended 31 March 2016 which is expected to range from approximately HK\$130 million to HK\$170 million whereas the audited net profit recorded for the year ended 31 March 2015 was HK\$76,071,000.

The Board believes that the reversal from profit to loss is mainly attributable to, including but not limited to, the following reasons:

1. A significant increase in the operating costs of the Group as a result of the Incident (as defined below) and an additional non-recurring one-off loss estimated to be over HK\$150 million since the publication of the interim results for the six months ended 30 September 2015 mainly caused by the expenses reserved for replacing water pipes. Last year, lead was found in the solder jointing materials in some of the public rental housing estates in Hong Kong (the “Incident”). Yau Lee Construction Company Limited (“Yau Lee Construction”), a wholly-owned subsidiary of the Company, took part in the construction of some of these housing estates. As a goodwill gesture, Yau Lee Construction has been working closely with the Hong Kong Housing Authority in carrying out some rectification measures voluntarily including installations of water filters and replacement of water pipes.

The aforesaid rectification measures have been and will be carried out at the Group’s expenses. Expenses already expended by the Group and provisions for estimated expenses will be reflected in the annual results of the Group for the year ended 31 March 2016.

* For identification purpose only

2. Depreciation of Renminbi against Hong Kong dollar resulting in certain unrealized and realized exchange losses of approximately HK\$20 million.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 March 2016. The information contained in this announcement is not based on any figures nor information that has been audited or reviewed by the auditor of the Company and only reflects the preliminary assessment by the Board with reference to the information currently available including the unaudited management accounts of the Group which have not been audited by the Company's auditors or reviewed by the audit committee of the Company and are therefore subject to possible adjustments arising from further review. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the year ended 31 March 2016, which is expected to be published on or about 23 June 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 3 June 2016

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.