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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 24 April 2018 (the “**Announcement**”) in relation to the formation of the JV Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement. The purpose of this clarification announcement is to provide shareholders of the Company and the investing public with further details on the JV Agreement.

Under the JV Agreement, the Group will invest RMB40 million as its capital contribution in the JV Company by means of (i) RMB22 million in cash; and (ii) RMB18 million in form of a right to use certain technical knowhow for manufacturing precast concrete products (the “**In-kind Contribution**”). Such In-kind Contribution includes the right to use the technologies in relation to the setup of factory and design of production lines producing the precast concrete products, together with the relevant consultancy services provided by the Group. In addition, the Group will provide experts for establishment of factory units as well as technical consultancy on the operation of the factory units manufacturing precast concrete products.

The In-kind Contribution of value RMB18 million was agreed by the parties after arm’s length negotiation. The Directors, based on the Group’s past experiences, have taken into account (i) the consideration agreed by third parties in similar projects conducted by the Group; (ii) the time and manpower required to be contributed by the Group to develop the business of the JV Company and (iii) the potential business opportunities provided by the JV Company in the PRC.

* *For identification purpose only*

Throughout the term of the JV Agreement, the Group remains as the owner and shall be in control of the knowhow and the technologies. The Group shall license rather than transferring the ownership of aforesaid knowhow and the technologies to the JV Company. Hence, the In-kind Contribution made by the Group to the JV Company is not considered as disposal of asset by the Group.

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

Hong Kong, 7 May 2018

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.