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有利集團有限公司*
Yau Lee Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 406)

**OPTION TO PURCHASE IN RELATION TO
THE POSSIBLE DISPOSAL OF THE PROPERTY**

The Board of the Company is pleased to announce that on 17 July 2020, the Vendor, a wholly-owned subsidiary of the Company, entered into a non-legally binding Option with the Purchaser in relation to the Possible Disposal of the Property at a consideration of S\$7.7 million (equivalent to approximately HK\$43.0 million).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Possible Disposal is more than 5% but less than 25%, the Possible Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

The Board of the Company is pleased to announce that on 17 July 2020, the Vendor, a wholly-owned subsidiary of the Company, entered into a non-legally binding Option with the Purchaser in relation to the Possible Disposal of the Property.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser is a third party independent of the Company and not connected with the Company or any of its subsidiaries and its connected persons (as defined under the Listing Rules) as at the date of this announcement.

PRINCIPAL TERMS OF THE OPTION

Consideration for the Possible Disposal

According to the Option, the Consideration for the Possible Disposal is S\$7.7 million (equivalent to approximately HK\$43.0 million) on the basis the Property to be sold free from encumbrances.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the prevailing market value of the properties in the vicinity.

* For identification purpose only

Binding effect and validity of the Option

The Option contains certain legally binding provisions such as the Consideration and the forfeiture of deposit. However, the Option is not legally binding in respect of the Possible Disposal and its terms. The Option shall be valid until 7 August 2020 at 4:00pm pending the signing of the formal Sale and Purchase agreement in relation to the Possible Disposal, otherwise the Option shall lapse.

INFORMATION ON THE PROPERTY

The Property is a refurbished 2-storey intermediate shophouse with an attic located within a designated conservation area. It is held by the Group for investment purpose and leased out for rental income.

INFORMATION ON THE VENDOR

The Vendor, a wholly-owned subsidiary of the Company, is principally engaged in the business of management of investment property and investment holding in Singapore.

REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL

The Board undertakes strategic reviews of the Group's assets from time to time with a view to maximizing returns to the Shareholders. The Board considers that the current offer presents a good opportunity for the Group to unlock the value of the Property taking into account the current market conditions. Accordingly, the Board believes that the Possible Disposal, if materializes, will enable the Group to reallocate capital into future investment opportunities and pursue other growth opportunities.

The Group intends to use the net sale proceeds from the Possible Disposal, if materializes, as general working capital or for future investment should such opportunities arise.

The Board considered that the Option is of normal commercial terms, fair and reasonable, and the Possible Disposal is in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECT OF THE POSSIBLE DISPOSAL

The Group received rental income of approximately HK\$2.0 million (after tax HK\$1.6 million) and approximately HK\$1.9 million (after tax HK\$1.6 million) from the Property for the financial year ended 31 March 2020 and 31 March 2019 respectively.

The carrying value of the Property as shown in the audited consolidated accounts of the Group as at 31 March 2020 was approximately HK\$39.7 million. Subject to review and confirmation by the auditors, the Group is expected to record a gain of approximately HK\$3.3 million from the Possible Disposal, if materializes, which is calculated based on the consideration received by the Group less the carrying value of the Property as at 31 March 2020 before any related expenses.

GENERAL

The Option is not intended to be legally binding. If the Purchaser proceeds with the Possible Disposal, it will enter into the Sale and Purchase Agreement with the Vendor in respect of the Possible Disposal. The final terms of the Sale and Purchase Agreement are subject to further negotiations between the Vendor and the Purchaser and have yet to be finalized, and may therefore deviate from those set out in the Option. The Possible Disposal, if materializes, may constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board wishes to emphasize that the Possible Disposal may or may not proceed and that the Company or the Vendor has not entered into any legally binding agreement in relation to the Possible Disposal as at the date of this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. The Company will make further announcement in respect of the Possible Disposal as and when appropriate in compliance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration for the sale and purchase of the Property as contemplated under the Option
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option”	the Option to Purchase dated 17 July 2020 entered into between the Purchaser and the Vendor in relation to the Possible Disposal
“Possible Disposal”	the possible disposal by the Vendor to the Purchaser of the Property as contemplated under the Option
“Property”	a shophouse located at 40 Prinsep Street, Singapore 188666

“Purchaser”	the potential purchaser, who is an independent individual third party, of the Option
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale and Purchase Agreement”	a formal sale and purchase agreement to be entered into between the Vendor and the Purchaser upon the Purchaser’s due exercise of the Option
“Shareholders”	holder(s) of the Shares
“Shares”	the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Yau Lee Development (Singapore) Pte. Ltd, a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
“%”	percent

For the purpose of this announcement, conversions of S\$ into HK\$ are based on the approximate exchange rate of S\$1 to HK\$5.59.

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

Hong Kong, 22 July 2020

As at the date of this announcement, the Board comprises Mr. Wong Ip Kuen (Chairman), Ir. Wong Tin Cheung, Ms. Wong Rosana 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.