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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE PROPERTY

Reference is made to the announcement of the Company dated 22 July 2020 in relation to the Option entered into between the Vendor and the Purchaser for the possible Disposal of the Property.

The Board of the Company is pleased to announce that on 23 October 2020, the Disposal of the Property was completed at a consideration of S\$7.7 million (equivalent to approximately HK\$43.8 million).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the 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.

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* *for identification purpose only*

TERMS OF THE DISPOSAL

Date

23 October 2020

Parties

- (a) The Vendor, a wholly-owned subsidiary of the Company
- (b) The Purchaser

The Property

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

Consideration

The Consideration for the Disposal was S\$7.7 million (equivalent to approximately HK\$43.8 million), which 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.

The Vendor received the Consideration on the date of Completion.

Completion

Completion of the Disposal took place on 23 October 2020.

INFORMATION ON THE VENDOR AND THE PURCHASER

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.

The Purchaser is principally engaged in advertising activities. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties 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.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As mentioned in the announcement of the Company dated 22 July 2020, 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 Disposal 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 Disposal 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 Disposal as general working capital or for future investment should such opportunities arise.

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

FINANCIAL EFFECT OF THE 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\$4.1 million from the Disposal 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.

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
“Completion”	Completion of the Disposal by way of handover of the Property
“Consideration”	the consideration for the sale and purchase of the Property pursuant to the Option
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of Property by the Vendor to the Purchaser pursuant to the terms of the Option

“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 Disposal
“Property”	a shophouse located at 40 Prinsep Street, Singapore 188666
“Purchaser”	DS Dynamic Pte. Ltd., nominated by Loh Wei Song, an individual who is an independent third party
“S\$”	Singapore dollars, the lawful currency of Singapore
“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\$5.69.

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

Hong Kong, 29 October 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.