

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



有利集團有限公司[#]
Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 00406)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF PROPERTY**

On 11 September 2008, Yau Lee Development purchased the Option from the Vendor. Yau Lee Development exercised the Option on 25 September 2008 and the Acquisition was completed on 20 November 2008. The total consideration of the Property, which was acquired by purchasing and exercising the Option, is S\$4,130,000 (equivalent to approximately HK\$22,922,000) in cash.

The acquisition of the Property by the exercise of the Option constituted a discloseable transaction of the Company and is subject to the disclosure requirements under Chapter 14 of the Listing Rules. A circular in relation to the exercise of the Option will be despatched to the Shareholders shortly.

Yau Lee Development intended to purchase the Property in Singapore and expected to enter into a sale and purchase agreement with the Vendor. Due to inadvertent oversight, the Company did not make an announcement immediately after its entering into an agreement to purchase the Property in September 2008, such agreement being structured in Singapore by way of exercise of the Option, as required under Chapter 14 of the Listing Rules. With the approval of the Stock Exchange, the Company now publishes the belated announcement. The transaction of the purchase of the Property is an independent one-off transaction in the normal course of business of the Group and does not form part of a larger transaction or series of transactions. Thus, this late disclosure is a one-off incident.

[#] For identification purpose only

On 11 September 2008, Yau Lee Development purchased the Option from the Vendor. Yau Lee Development exercised the Option on 25 September 2008 and the Acquisition was completed on 20 November 2008. The main terms of the Option Agreement are as follows:

OPTION AGREEMENT

Date

11 September 2008

Parties

Issuer of the Option : the Vendor

Purchaser of the Option : Yau Lee Development

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates as defined under the Listing Rules.

PURCHASE PRICE AND EXERCISE PRICE OF THE OPTION

The purchase price of the Option is S\$41,300 (equivalent to approximately HK\$229,000), being 1% of the consideration of the Property, paid by Yau Lee Development to the Vendor in cash at the time of the issue of the Option, that is, on 11 September 2008.

The exercise price of the Option is S\$165,200 (equivalent to approximately HK\$917,000), being 4% of the consideration of the Property, paid by Yau Lee Development to the Vendor in cash at the time of the exercise of the Option, that is, on 25 September 2008.

EXERCISE PERIOD OF THE OPTION

The Option was exercisable by Yau Lee Development from the issue date of the Option till 25 September 2008, 4:00 p.m.

THE OPTION

Under the Option Agreement, Yau Lee Development had the right to the Acquisition at consideration of S\$4,130,000 (equivalent to approximately HK\$22,922,000).

THE PROPERTY

The Property was sold to Yau Lee Development with the assignment of two existing tenancies, generating monthly rental revenue of S\$18,000 (equivalent to approximately HK\$100,000) and S\$10,080 (equivalent to approximately HK\$56,000) respectively.

EXERCISE OF THE OPTION AND COMPLETION

On 25 September 2008, Yau Lee Development exercised the Option by paying S\$165,200 (equivalent to approximately HK\$917,000) in cash, being 4% of the consideration of the Property, to the Vendor, and the Acquisition was completed on 20 November 2008.

CONSIDERATION

As mentioned above, Yau Lee Development paid S\$41,300 (equivalent to approximately HK\$229,000) and S\$165,200 (equivalent to approximately HK\$917,000) as the purchase price and exercise price of the Option respectively to the Vendor.

Upon completion of the Acquisition, Yau Lee Development further paid S\$3,923,500 (equivalent to approximately HK\$21,775,000) in cash for the balance 95% of the consideration of the Property.

Therefore, the total consideration of the Property, which was acquired by purchasing and exercising the Option, is S\$4,130,000 (equivalent to approximately HK\$22,922,000).

No independent valuation was carried out for the Property but the Directors deem the consideration as the fair value of the Property.

SOURCE OF FUNDS

The funds for the purchase of the Option, exercise of the Option and completion of the Acquisition were funded by both internal resources of the Company and bank financing.

Yau Lee Development borrowed an amount of S\$2,750,000 (equivalent to approximately HK\$15,263,000) from a bank in Singapore, and executed a first legal mortgage and a rental assignment in favour of the bank creating a first legal mortgage over the Property on completion of the Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group intends to hold the Property as long-term investment. The Property is now used by the Group for receiving rental income. Upon expiry of the existing tenancies, the Group may continue to rent out the Property.

The Directors consider that the Acquisition is a good investment opportunity for the Group because the Property is located within the business district in Singapore with high future potential. The Directors believe that the Group will benefit from the anticipated growth in value of the Property in the long run and providing a steady income stream at an annual pre-tax rate of return of 8.2% for the Group based on the existing tenancies.

The Directors confirm that the consideration of the Property have been determined after arm's length negotiations between the parties by reference to the market value of similar properties in similar location. The Directors consider that the terms of the Acquisition are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

BUSINESS OF THE COMPANY

The Company and its subsidiaries are principally engaged in the contracting of building construction, plumbing, maintenance and fitting-out projects, electrical and mechanical installation and building materials trading.

LISTING RULES IMPLICATION

The acquisition of the Property by the exercise of the Option constituted a discloseable transaction of the Company and is subject to the disclosure requirements under Chapter 14 of the Listing Rules. A circular in relation to the exercise of the Option will be despatched to the Shareholders shortly.

DELAY IN DISCLOSURE

Yau Lee Development intended to purchase the Property in Singapore and expected to enter into a sale and purchase agreement with the Vendor. Due to inadvertent oversight, the Company did not make an announcement immediately after its entering into an agreement to purchase the Property in September 2008, such agreement being structured in Singapore by way of exercise of the Option, as required under Chapter 14 of the Listing Rules. With the approval of the Stock Exchange, the Company now publishes the belated announcement. The transaction of the purchase of the Property is an independent one-off transaction in the normal course of business of the Group and does not form part of a larger transaction or series of transactions. Thus, this late disclosure is a one-off incident.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Acquisition”	the acquisition of the Property
“Board”	the board of Directors
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) including independent non-executive director(s) of the Company
“Group”	the Company and its subsidiaries
“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”	an option issued by the Vendor to Yau Lee Development whereby Yau Lee Development has the right to the Acquisition
“Option Agreement”	an option agreement dated 11 September 2008 issued by the Vendor in favour of Yau Lee Development
“Property”	the property located at 40 Prinsep Street, Singapore, 188666
“Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yau Lee Development”	Yau Lee Development (Singapore) Pte Ltd., a company incorporated in Singapore, a wholly-owned subsidiary of the Company
“Vendor”	Whang Shang Ying and Chan Chia Lin
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore
“%”	per cent.

Note: For purpose of this announcement, the exchange rate used is S\$1.00 = HK\$5.55 and the resulting figure is rounded up to the nearest thousand.

By Order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 7 January 2009

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