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有利集團有限公司*

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00406)

**DISCLOSEABLE TRANSACTION
IN RELATION TO TWO ASSETS PURCHASE AGREEMENTS
AND
RESUMPTION OF TRADING**

The Board is pleased to announce that on 29 May 2009 (U.S.A. time), the Purchaser, a wholly-owned subsidiary of the Company, has entered into two separate Agreements with the Vendor in identical terms, save and except the territory to which it applies, pursuant to which the Purchaser agrees to acquire from Vendor two separate sets of Equipment and Services for building a Production Plant respectively in the PRC and Abu Dhabi for the production of environmentally friendly and high performance building material at an aggregate amount of approximately US\$11,800,000 (approximately HK\$92,040,000), the consideration of each Agreement being US\$5,900,000 (approximately HK\$46,020,000).

The applicable percentage ratios exceed 5% but are less than 25% (whether calculated on the basis of (i) the single consideration under each of the Agreements or (ii) both consideration under both Agreements). For the purpose of simplicity, the disclosure made herein relates to both Agreements together. The transactions under the Agreements constitute a discloseable transaction for the Company which is subject to the reporting and announcement under Rule 14.06(2) of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are not connected persons of the Company and are third parties not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates according to the Listing Rules.

The Board considers that the terms of the Agreements and the transactions contemplated therein are on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Trading in the shares of the Company has been suspended at the request of the Company commencing from 2:30 p.m. on 1 June 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 3 June 2009.

* For identification purpose only

AGREEMENTS

Date: 29 May 2009 (U.S.A. time)

Parties: (1) the Purchaser; and
(2) the Vendor

The Purchaser is a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are not connected persons of the Company and are third parties not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates according to the Listing Rules.

Project Scope under the Agreements

Pursuant to the Agreements, the Vendor shall design, engineer, procure, and confirm production capability prior to shipment, deliver, and supervise the installation and start up of the delivered Equipment to produce the specific products at the agreed monthly production rate.

Assets

The assets are the Equipment and Services required for the installation and start up of a Production Plant.

The building materials which will be produced by the Production Plant are environmentally friendly and high performance building materials which have been patented in the U.S.A owned by StarStone. The Company has obtained from StarStone the right to use the patented technology and related trademark for a period of the greater of term of 20 years or the life of the last-to-issue licensed patents, subject to the Company's right of early termination by giving to StarStone a written notice of 3 months in advance.

Consideration and Payment Terms

The consideration of each Agreement is US\$5,900,000 (approximately HK\$46,020,000) and the aggregate consideration for the acquisition of the Equipment and Services under two Agreements together is US\$11,800,000 (approximately HK\$92,040,000) which shall be satisfied by the Purchaser by way of cash in installments payable in the following manner:

- (i) an amount equal to thirty percent (30%) of the consideration in cash was payable by the Purchaser on 29 May 2009 (U.S.A. time) to the Vendor upon the signing of the Agreements;
- (ii) an amount equal to forty percent (40%) of the consideration in cash, or forty percent (40%) of the value of the respective part of the Equipment, will be payable by the Purchaser upon delivery by the Vendor of written notice to the Purchaser that the Equipment or said corresponding part thereof are shipped;
- (iii) an amount equal to twenty percent (20%) of the consideration in cash will be payable by the Purchaser upon delivery by the Vendor of written notice to the Purchaser that the Vendor has fully delivered the Equipment and Services; and

- (iv) the remaining balance equal to ten percent (10%) of the consideration in cash will be payable by the Purchaser to the Vendor upon the expiry of twelve (12) months after the Vendor's notice as particularized in (iii) above has been delivered to the Purchaser and during which all defects with the Equipment and/or Services as may be notified by the Purchaser to the Vendor have been rectified to the reasonable satisfaction of the Purchaser.

The Company intends to finance the Consideration for the Acquisition by its own financial resources but may consider partially finance the purchase by loans.

Since the Equipment and Services are for building a brand new Production Plant for environmentally friendly and high performance building material production, there is no production from the Production Plant prior to this transaction, and therefore there are no net profits attributable to the Equipment and Services for the past two financial years.

As the Equipment and the Services are tailor made for the Company for building the Production Plant, there is no reference of value in the market. The Board views that considering the benefits of the purchase as set out below, the value of the Equipment and Services is no less than the consideration of the Equipment and Services under the Agreements.

Guarantee

StarStone unconditionally warrants and guarantees with respect to the Equipment and/or Services and the overall performance of the Equipment and/or Services put together and in meeting the targets as represented to the Purchaser, to compensate the Purchaser for any loss and damage that may be caused to the Purchaser as a result of any default, defect or failure in the design, process, merchantability, its or their fitness for purpose(s), the overall performance of the Equipment and/or Services put together, and/or in meeting the specifications as represented to the Purchaser.

REASONS FOR AND BENEFITS OF THE PURCHASE

The Company recognizes the trend and increasing demand for environmentally friendly and high performance building materials. The ability to produce such environmentally friendly and high performance building materials will also enable the Company to better serve its customers and thus becoming more competitive in the building construction and building material trading market. In order to further reduce the costs of production and delivery, the Company has decided to purchase the Equipment and Services and build the Production Plants in the PRC and Abu Dhabi respectively.

The total consideration was determined after arm's –length negotiations between the parties to the Agreements. The Directors have considered relevant factors for determining the consideration, such as the price of a second hand production plant with similar functions and outputs, the costs of purchasing ready-made environmentally friendly and high performance building materials, and the benefit of controlling its own production of such building materials.

The Vendor is also a manufacturer whose ability and expertise to produce the Equipment and to provide the Services has been endorsed by the owner of the patent which has agreed to unconditionally warrant and guarantee the ability of the Vendor for the installation of Production Plant for the production of such building materials.

The Board considers that the terms of the Agreements and the transactions contemplated therein are on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY, THE PURCHASER AND THE VENDOR

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

The Vendor is a subsidiary of The Manufacturers Equipment Company (“MECO”). MECO is incorporated in Ohio, U.S.A. in 1910. The principal activities of MECO is buying, manufacturing, repairing, assembling, rebuilding and supplying machinery, equipment, tools and appliances for brick industry.

GENERAL

The applicable percentage ratios exceed 5% but are less than 25% (whether calculated on the basis of (i) the single consideration under each of the Agreements or (ii) both consideration under both Agreements). For the purpose of simplicity, the disclosure made herein relates to both Agreements together. The transactions under the Agreements constitute a discloseable transaction for the Company which is subject to the reporting and announcement under Rule 14.06(2) of the Listing Rules.

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DEFINITIONS

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

“Agreements”	the two Assets Purchase Agreements with identical terms executed by the Purchaser and the Vendor in relation to the acquisition of the Equipment and Services
“Board”	the board of Directors
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda with limited liability, 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
“Equipment”	equipment for producing environmental friendly and high performance building materials and all the ancillary equipment required for the building of Production Plant, the functions of which include (i) raw materials handling, (ii) batching/mixing, (iii) extrusion and sheet forming; (iv) products handling and curing; (v) unstacking and spacer cleaning; (vi) product finishing, (vii) cutting; and (viii) packaging.
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Production Plant”	the production plant that will be built with the Equipment and Services for the production of environmentally friendly and high performance building materials
“Purchaser”	Yau Lee Materials Manufacturing Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company
“Services”	services provided by the Vendor to the Purchaser under the Agreements including confirmation on (i) equipment rates to meet specification; (ii) equipment capability to meet specification; (iii) equipment functionality to meet specification; (iv) equipment integration; (v) confirmation prior to shipping; and (vi) installation supervision for three weeks.
“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
“StarStone”	StarStone LLC, the patent owner of the patented technology and related trademark in relation to the environmentally friendly and high performance building materials
“Vendor”	MECO Hong Kong, LLC
“US\$”	United States dollars, the lawful currency of the U.S.A
“U.S.A.”	United States of America
“%”	per cent.

Note: For purpose of this announcement, the exchange rate used is US\$1.00 = HK\$7.8.

By Order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 2 June 2009

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