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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 — Acquisition of Land Use Right

The Board is pleased to announce that on 24 September 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into a legally binding land use right transfer contract with the Vendor, an Independent Third Party who is not connected with the Company or any of its Subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates, pursuant to which the Vendor shall sell and the Purchaser shall acquire such land use right at a consideration of RMB50,375,000. The Acquisition constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

LAND USE RIGHT

Date of Contract	:	24 September 2009
Transferor	:	Huizhou Yin Pin Shan Enterprise Company Limited* (惠州銀瓶山實業有限公司), a company incorporated in the People's Republic of China with limited liability, and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, which is an Independent Third Party. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate and beneficial owner of the Transferor is also an Independent Third Party.
Transferee	:	Yau Lee Construction Materials Limited, a company incorporated in Hong Kong Special Administrative Region with limited liability and a wholly-owned subsidiary of the Company.

* For identification purpose only

Summary : On 24 September 2009, the Transferee and the Transferor entered into a legally binding land use right transfer contract in respect of the acquisition of land use right. Pursuant to the terms of the contract, the Transferee will acquire from the Transferor at a consideration of RMB50,375,000 a site for industrial construction with an area of approximately 155,000 square meters located at Huangnitang Lot, Xinyu Town, Huiyang District, Huizhou. The Transferee will establish a subsidiary in Huiyang and the land use right will be transferred under its name.

The Transferor shall complete the assignment of the land use right and transfer the same under the name of the aforesaid Huiyang subsidiary, and the Land Use Right Certificate shall be obtained and delivered to the Transferee within 90 days after the business license of the Huiyang subsidiary is presented to the Transferor. The Transferor shall complete the “San Tong Yi Ping” and utilities and drainage works in accordance with the terms of the contract within 90 days after signing the contract.

The Transferee shall deposit the aforesaid consideration to a custodian bank designated by the Transferor and the Transferee within 5 working days after the Transferor, Transferee and the custodian bank have entered into an agreement governing them. Within 7 working days upon the transfer of the assigned land use right to the such subsidiary by the Transferor, the custodian bank will transfer to the Transferor 90% of the aforesaid consideration in accordance with the terms of such agreement, which includes (if any) the taxes paid by the Transferee to the Transferor as incurred in the course of the assignment and transfer of the land use right. The custodian bank will pay the Transferor the 10% balance of the consideration within 10 working days after the land meets the requirements in respect of the “San Tong Yi Ping” and utilities and drainage works.

The Acquisition will be funded by internal resources of the Group, but partial financing may be considered for the Acquisition.

The term of the land use right is set out on the State-owned Land Use Right Certificate to be applied and obtained by the aforesaid subsidiary and such term shall not be shorter than the term already granted to the Transferor.

Based on the Company’s investigation on the value of other comparable lands with similar nature, the Directors consider that (i) the consideration for the land under the contract was determined after arm’s length negotiations between the parties and with reference to the prevailing market value of the lands with similar nature; and (ii) the terms of the contract are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

REASONS AND BENEFITS FOR THE ACQUISITION

The land with an area of approximately 155,000 square meters is located at Huangnitang Lot, Xinyu Town, Huiyang District, Huizhou for industrial use. The Company is currently intended to construct the plants on the land for manufacturing building materials. The Acquisition is made for the future business growth of the Group.

During the prior 12 months, the Company has neither acquired any assets from the Transferor, its ultimate beneficial owner and its associates, nor has acquired any land use rights or properties adjacent to the land, which are subject to the requirement of aggregation under Rule 14.22 of the Listing Rules.

FINANCIAL EFFECTS ON THE GROUP

The Acquisition will not have material effect on the assets and liabilities of the Group as the Acquisition will be funded by internal cash flow of the Group. The Company is currently intended to construct the plants on the land for manufacturing building materials and the Acquisition will not contribute any profit for the Group at this stage.

GENERAL

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

The Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Acquisition”	the acquisition of the land use right by the Transferee pursuant to the terms of the agreement;
“Board”	the board of Directors of the Company;
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda and the shares of which are listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Independent Third Party”	an independent party not connected with any directors, chief executives, substantial shareholders or management shareholders of the Company or any of its subsidiaries or any of their respective associates;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“RMB”	Renminbi, the lawful currency of the PRC;
“Transferee”	Yau Lee Construction Materials Limited, a company incorporated in Hong Kong Special Administrative Region with limited liability, and a wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Transferor”

Huizhou Yin Pin Shan Enterprise Company Limited* (惠州銀瓶山實業有限公司), a company incorporated in the People’s Republic of China with limited liability, and, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is an independent third party.

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

Hong Kong, 24 September 2009

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