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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 PROPERTY

The Board is pleased to announce that on 16 October 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into a legally binding Provisional Sale & Purchase Agreement with the Vendor, an independent third party not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates, pursuant to which the Vendor shall sell and the Purchaser shall acquire the Property at a consideration of HK\$121,300,000.

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that the Purchaser entered into a legally binding Provisional Sale & Purchase Agreement with the Vendor on 16 October 2009 pursuant to which the Vendor shall sell and the Purchaser shall acquire the Property at a consideration of HK\$121,300,000.

The Provisional Sale & Purchase Agreement

Date: 16 October 2009

Parties:

Purchaser: Best Fortune Investment Limited, a limited company incorporated in Hong Kong and a wholly-owned subsidiary of the Company

Vendor: Rich China Corporation Limited, a limited company incorporated in Hong Kong

Property to be acquired:

ALL THAT piece or parcel of ground registered in the Land Registry as KOWLOON INLAND LOT NO. 9673 TOGETHER with the messuages erections and building thereon now known as NO. 18 CHI KIANG STREET, KOWLOON.

* For identification purpose only

Vacant Possession

According to Clause 6 of the Provisional Sale & Purchase Agreement, vacant possession of the Property is to be delivered to the Purchaser on completion.

Consideration and payment terms:

According to a preliminary valuation of the Property obtained by the Company before the signing of the Provisional Sale & Purchase Agreement, there is a difference between the price in the preliminary valuation and the consideration of HK\$121,300,000 for the Acquisition. However, having considered the long-term administrative costs that the Group can save after the Group moves all its offices to the Property and the commencement of the forthcoming major infra-structural projects in the To Kwa Wan and Ma Tau Kok districts (where the Property is closely situated), namely, Kai Tak Development, Central Kowloon Route and Shatin to Central Link, the management of the Company considers that the Property will have a good investment/re-development value and the price of HK\$121,300,000 is therefore a fair one.

Pursuant to the terms of the Provisional Sale & Purchase Agreement, the consideration for the Acquisition shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit of HK\$6,065,000 (the “Initial Deposit”) shall be paid to the Vendor’s Solicitors as stakeholders by the Purchaser upon signing of the Provisional Sale & Purchase Agreement;
- (b) a sum of HK\$6,065,000, as further deposit (“the Further Deposit”), shall be paid to the Vendor’s Solicitors as stakeholders on or before 30 October 2009;
- (c) a sum of HK\$109,170,000, as balance of the purchase price shall be paid upon completion on or before 16 December 2009.

The Initial Deposit and the Further Deposit shall be held by the Vendor’s Solicitors as stakeholders who shall not release the same to the Vendor unless and until:—

- (a) The Purchaser’s Solicitors have accepted the title to the Property; and
- (b) The Vendor has proved that the balance of the purchase price is sufficient to redeem the existing mortgage.

The Provisional Sale & Purchase Agreement contains, inter alia, the following provisions:

- A. The Vendor shall give and prove a good title to the Property and shall at the like expenses make and furnish to the Purchaser such certified copies of any deeds, documents of title, wills, occupation permit and matters of public record as may be necessary to prove such title.
- B. Risk of the Vendor shall remain with the Vendor until completion.
- C. The Vendor declares that the Property is now subject to a Building Order (“the Building Order”) registered in the Land Registry by M/N 08033102150612. The Vendor shall comply with the requirements contained in the Building Order prior to completion and the costs and expenses of complying with the Building Order shall be borne by the Vendor solely and if the said Orders have not been complied with on or before completion, the Vendor shall deposit such sum of money as the Purchaser may think fit (and in any event not more than HK\$100,000) with the Vendor’s solicitors as security money who shall apply the same in payment of the said costs and expenses when the exact amount of the costs to be borne by the Vendor is known.

- D. Save and except for the Building Order, the Vendor warrants and declares that the Vendor has not received and is not aware of there being any notice or order from any Government or other competent authority or the Manager or the Management Office of the Building requiring the Vendor to demolish or reinstate any part of the Property. If it should be discovered that such notice or order existed prior to the date of Provisional Sale & Purchase Agreement or if any such notice or order shall be issued before the actual date of completion, the cost for such demolition or re-instatement shall be borne by the Vendor and the Purchaser shall have the option to rescind this Agreement whereupon the Initial Deposit and the Further Deposit shall be returned to the Purchaser by the Vendor in full but without any compensation interest or costs and neither party shall have any claim against the other or either party's solicitors hereon and the parties hereto shall at their own costs enter into and cause to be registered at the Land Registry an Agreement for Cancellation.

The Group currently intends to fully finance the consideration for the Acquisition by internal resources of the Group but may consider partially finance the Acquisition by mortgage.

The Formal Agreement

According to Clause 3 of the Provisional Sale & Purchase Agreement, the parties hereto shall sign a formal agreement for sale and purchase ("the Formal Agreement") on 30 October 2009. If the contents of the Formal Agreement cannot be agreed upon between the Vendor and the Purchaser, the Provisional Sale & Purchase Agreement shall be treated as the Formal Agreement. Without prejudice to the foregoing, the Vendor and the Purchaser agree and confirm that prior to the signing of the Formal Agreement, the Provisional Sale & Purchase Agreement shall in all respects constitute a binding contract.

INFORMATION ON THE PROPERTY AND THE VENDOR

The Property is a building comprising of the Ground floor, First floor (including the canopy on the first floor level), the Second floor, the Third floor, the Fourth floor and Flat Roof on the Fourth Floor Level, the Fifth floor, the Sixth floor, the Seventh floor, the Eighth floor, the Ninth floor, the Tenth floor, the Eleventh floor and the Roof and Parking Spaces Nos. 1 to 5, the First Aid Room and Yard on Ground Floor.

Information of the Vendor

The Vendor is a private limited company incorporated in Hong Kong on 12 March 2004. According to the Annual Return of the Vendor made up to 12 March 2009, the Vendor's authorized share capital is HK\$10,000 divided into 10,000 shares of HK\$1.00 each, of which 2 shares were issued. According to the information given by the Vendor to the Purchaser and the Business Registration Certificate of the Vendor, the principal activities of the Vendor is property investment.

To the best of the Director's knowledge, information and belief and having made all reasonable enquires, the Vendor and its ultimate beneficial owner are third parties independent of the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

REASONS FOR AND BENEFITS OF THE ACQUISITION

While the offices of the Group are currently located in various areas in Hong Kong, the Group intends to move all its offices into the Property, the area of which is sufficient to accommodate the existing offices of the Group. However, the Company does not exclude any opportunity that the Group shall hold the Property for investment purposes or to redevelop the Property in the future.

FINANCIAL EFFECTS ON THE GROUP

The Acquisition will not have material effect on the assets and liabilities of the Group as the Group currently intends to fund the Acquisition by internal cash flow of the Group. Given the intended usage of the Property by the Group as mentioned above, the Acquisition will not contribute any profit for the Group at this stage.

The Directors, including the independent non-executive Directors, consider that the terms and conditions of the Provisional Sale & Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP

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.

GENERAL

As the applicable percentage ratios exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, the Vendor and its shareholder are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the Provisional Sale & Purchase Agreement or when subsequently entered into, the Formal Agreement;
“Associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“Connected person(s)”	have the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company;
“Formal Agreement”	the formal sale and purchase agreement to be entered into on or before 30 October 2009 between the Purchaser as purchaser and the Vendor in relation to the Acquisition;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;

“Provisional Sale & Purchase Agreement”	the Provisional Sale & Purchase Agreement dated 16 October 2009 entered into between the Purchaser as purchaser and the Vendor as vendor in relation to the Acquisition
“Property”	ALL THAT piece or parcel of ground registered in the Land Registry as KOWLOON INLAND LOT NO. 9673 TOGETHER with the messuages erections and building thereon now known as NO. 18 CHI KIANG STREET, KOWLOON;
“Purchaser”	Best Fortune Investment Limited, a limited company incorporated in Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it under the Listing Rules;
“Vendor”	Rich China Corporation Limited, a limited company incorporated Hong Kong;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 19 October 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.