有利集團有限公司*

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 406)

1. TERMINATION OF PREVIOUS DISCLOSEABLE TRANSACTION

2. DISCLOSEABLE TRANSACTION IN RELATION TO AN ASSETS PURCHASE AGREEMENT

1. TERMINATION OF PREVIOUS DISCLOSEABLE TRANSACTION

Reference is made to the Announcement in relation to a discloseable transaction involving two assets purchase agreements, namely, the Old UAE Agreement and the PRC Agreement. The Board announces that the parties to the Old UAE Agreement, namely, Yau Lee Materials and MECO, have by mutual consent agreed to terminate the Old UAE Agreement effective on 13 September 2010 (U.S.A. time) and their respective obligations thereunder have been effectively released and terminated.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

2. DISCLOSEABLE TRANSACTION IN RELATION TO AN ASSETS PURCHASE AGREEMENT

The Board is pleased to announce that on 13 September 2010 (U.S.A. time), the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor, pursuant to which the Purchaser agrees to purchase from Vendor the Equipment and Services at a consideration of US$9,326,033 (approximately HK$72,743,057).

One of the existing principal businesses of the Company is trading of construction and building materials which involves production and selling of the construction and building materials. The Assets which are to be purchased are for the construction and development of the Production Line for the production of environmentally friendly and high performance building materials which will serve the UAE market. The Production Line is for the own use of the Company in its ordinary and usual course of business. The Vendor is an independent party not connected or associated with any of the parties to the Old UAE Agreement and the PRC Agreement.

As the applicable percentage ratios exceed 5% but are less than 25%, the transaction under the Agreement constitutes a discloseable transaction for the Company which is subject to the reporting and announcement under Rule 14.06(2) of the Listing Rules.

* *For identification purpose only*

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 Agreement and the transaction 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.

1. TERMINATION OF PREVIOUS DISCLOSEABLE TRANSACTION

Reference is made to the Announcement in relation to a discloseable transaction involving two assets purchase agreements, namely, the Old UAE Agreement and the PRC Agreement. The Board announces that the parties to the Old UAE Agreement, namely, Yau Lee Materials and MECO, have by mutual consent agreed to terminate the Old UAE Agreement effective on 13 September 2010 (U.S.A. time) and all their respective obligations thereunder have been effectively released and terminated.

Yau Lee Materials, a wholly-owned subsidiary of the Company, on 29 May 2009 (U.S.A. time) as purchaser entered into the Old UAE Agreement and the PRC Agreement with MECO, pursuant to which Yau Lee Materials agreed to purchase from MECO two separate sets of Equipment (as defined in the Announcement) and Services (as defined in the Announcement) for setting up production lines respectively in the PRC and the UAE for the production of environmentally friendly and high performance building materials.

It is by mutual consent that Yau Lee Materials and MECO terminate the Old UAE Agreement effective on 13 September 2010 (U.S.A. time). Yau Lee Materials and MECO have agreed and acknowledged that neither party is required by the other party to provide any compensation or consideration in connection with the termination and all of the terms and conditions of the Old UAE Agreement shall cease to have any further binding and legal effect upon the parties and each of the parties shall be released from all obligations under the Old UAE Agreement effective on 13 September 2010 (U.S.A. time).

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

2. DISCLOSEABLE TRANSACTION IN RELATION TO AN ASSETS PURCHASE AGREEMENT

Date: 13 September 2010 (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 Agreement

Pursuant to the Agreement, the Vendor shall design, engineer, procure and confirm production capability of the Production Line prior to shipment, deliver the Equipment, and supervise the installation, building and construction for the production of specific products at the agreed monthly production rate.

Assets

The assets are the Equipment required for the installation and start up of a Production Line. The Vendor shall also render the Services for and in relation to the Equipment.

The building materials which will be produced by the Production Line are the environmentally friendly and high performance building materials.

Consideration and Payment Terms

The consideration of the Agreement is US$9,326,033 (approximately HK$72,743,057) which shall be satisfied by the Purchaser by way of cash in instalments payable in the following manner:

(i) an amount equal to thirty percent (30%) of the consideration in cash will be invoiced to and payable by the Purchaser after receipt of purchase order;

(ii) an amount equal to forty eight percent (48%) of the consideration in cash will be invoiced to and payable by the Purchaser upon shipment notification;

(iii) an amount equal to twelve percent (12%) of the consideration in cash will be invoiced to and payable by the Purchaser upon completion of installation; and

(iv) the remaining balance equal to ten percent (10%) of the consideration in cash will be invoiced to and payable by the Purchaser upon successful operation and commissioning of manufacturing line.

The Company intends to finance the Consideration by its own financial resources but may consider financing the purchase partially by loans. The shipment is expected to occur eight (8) months from the receipt of the first payment.

Since the Equipment and Services are for the purpose of building a Production Line for environmentally friendly and high performance building materials production, there is no production from the Production Line 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 tailored-made for the Company for building the Production Line, 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 Agreement.

Guarantee

E. Khashoggi Industries, LLC, the shareholder of the Vendor, unconditionally warrants and guarantees that:—

(i) with respect to the Equipment and/or Services and the overall performance of the Equipment and Services put together and in meeting the targets as represented to the Purchaser which representation is within the knowledge of the shareholder of the Vendor, 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 Services put together, and/or in meeting the specifications as represented to the Purchaser; and

(ii) with respect to the payments payable by the Purchaser under the Agreement, that if the Vendor fails to deliver the Equipment and/or Services pursuant to the Agreement, the shareholder of the Vendor shall be liable to compensate the Purchaser with the same amount(s) having been paid by the Purchaser under the Agreement.

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 building materials will enable the Company to better serve its customers and thus becoming more competitive in the building construction and building material trading market.

The Company has decided to terminate the Old UAE Agreement and enter into the Agreement as the Production Line carries more enhanced capability and functionality than the production line under the Old UAE Agreement.

The consideration was determined after arm's length negotiations between the parties to the Agreement. The Directors have considered relevant factors for determining the consideration, such as the price of the production line under the PRC Agreement, the demand of such building materials in the UAE market, and the benefit of controlling its own production of these building materials.

The Board considers that the terms of the Agreement and the transaction 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 E. Khashoggi Industries, LLC, a leading materials science technology company specializing in construction building materials. The Vendor has extensive research and development experience in materials science engineering and is headquartered in the U.S.A.

GENERAL

One of the existing principal businesses of the Company is trading of construction and building materials which involves production and selling of the construction and building materials. The Assets which are to be purchased are for the construction and development of the Production Line for the production of environmentally friendly and high performance building materials which will serve the UAE market. The Production Line is for the own use of the Company in its ordinary and usual course of business. The Vendor is an independent party not connected or associated with any of the parties to the Old UAE Agreement and the PRC Agreement.

As the applicable percentage ratios exceed 5% but are less than 25%, the transaction under the Agreement constitutes a discloseable transaction for the Company which is subject to the reporting and announcement under Rule 14.06(2) of the Listing Rules.

DEFINITIONS

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

"Announcement"	the announcement of the Company dated 2 June 2009 in relation to a discloseable transaction involving two assets purchase agreements, namely, the Old UAE Agreement and the PRC Agreement
"Agreement"	the Assets Purchase Agreement executed by the Purchaser and the Vendor in relation to the purchase of the Equipment and Services
"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
"Equipment"	equipment and system for producing environmentally friendly and high performance building materials and all the ancillary equipment required for the building of Production Line, the functions of which include (i) raw materials handling, (ii) batching and mixing, (iii) extrusion and sheet forming, (iv) pallet press, (v) product handling and curing, (vi) cured product handling, (vii) product finishing, (viii) product coating, (ix) product packaging, and (x) printing
"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

"MECO"	MECO Hong Kong, LLC
"Old UAE Agreement"	the assets purchase agreement dated 29 May 2009 (U.S.A. time) entered into between Yau Lee Materials as purchaser and MECO as vendor in relation to a production line to be built in the UAE
"PRC"	People's Republic of China
"PRC Agreement"	the assets purchase agreement dated 29 May 2009 (U.S.A. time) entered into between Yau Lee Materials as purchaser and MECO as vendor in relation to a production line to be built in the PRC
"Production Line"	the production line that will be built with the Equipment and Services for the production of environmentally friendly and high performance building materials
"Purchaser"	Yau Lee Hing Materials Manufacturing (UAE) Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company
"Services"	services to be provided by the Vendor to the Purchaser under the Agreement for and in relation to the Equipment
"Share(s)"	ordinary share(s) of HK$0.2 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	StarStone LLC, a company incorporated under the laws of California
"UAE"	the United Arab Emirates
"US$"	United States dollars, the lawful currency of the U.S.A.
"U.S.A."	United States of America
"Yau Lee Materials"	Yau Lee Materials Manufacturing Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of the Company
"%"	per cent.

Note: For purpose of this announcement, the exchange rate used is US$1 = HK$7.8.

By Order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 14 September 2010

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 and Tsang Chiu Kwan as Executive Directors and Wu King Cheong, Chan Bernard Charnwut, Yeung Tsun Man, Eric as Independent Non-executive Directors.

The full version of this announcement can also be accessed on the following URL:

(i) http://www.yaulee.com; and

(ii) http://www.irasia.com