
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **Yau Lee Holdings Limited** (the “**Company**”), you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



有利集團有限公司*
Yau Lee Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 0406)

MAJOR TRANSACTION
DISPOSAL OF PROPERTY IN HONG KONG

A letter from the Board is set out on pages 3 to 7 of this circular.

29 September 2014

* *For identification purpose only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
Introduction	3
The Provisional Agreement	4
Assets to be disposed of	4
Consideration	4
Conditions Precedent	5
Completion	5
Signing of Formal Agreement	5
Information on the Purchaser	5
Financial impact of the Disposal	6
Use of Proceeds	6
Reasons for and benefits of the Disposal	6
Implications under the Listing Rules	7
Recommendations	7
Additional information	7
APPENDIX I – Financial information of the Group	8
APPENDIX II – Valuation Report	11
APPENDIX III – General Information	15

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of Stock Exchange
“Completion”	completion of the sale and purchase of the Property pursuant to the terms and conditions of the Provisional Agreement
“Consideration”	the aggregate consideration in the amount of HK\$328,000,000 for the Property
“Directors”	the director(s) of the Company
“Disposal”	the proposed disposal of the Property by the Vendor to the Purchaser in accordance with the terms of the Provisional Agreement
“Formal Agreement”	the formal agreement for sale and purchase of the Property dated 28 August 2014 entered into between the Purchaser and the Vendor
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 September 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Model Code”	the Model Code for Securities Transaction by Director of Listed Issuers
“Property”	a non-residential property located at Kwun Tong Inland Lot No. 359 & Kwun Tong Inland Lot No. 360, Hong Kong
“Provisional Agreement”	the provisional agreement for sale and purchase dated 5 August 2014 and entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	Wave Team Development Limited, a company incorporated in Hong Kong with limited liability
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Best Ease Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

LETTER FROM THE BOARD



有利集團有限公司*
Yau Lee Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 0406)

Directors:

Executive directors:

Mr. Wong Ip Kuen (*Chairman*)

Ir. Wong Tin Cheung

Ms. Wong Wai Man

Mr. Sun Chun Wai

Independent non-executive directors:

Mr. Chan, Bernard Charnwut

Mr. Wu King Cheong

Dr. Yeung Tsun Man, Eric

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business:

10th Floor, Tower I

Enterprise Square

9 Sheung Yuet Road

Kowloon Bay

Kowloon, Hong Kong

29 September 2014

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
DISPOSAL OF PROPERTY IN HONG KONG**

INTRODUCTION

Reference is made to the announcement of the Company dated 5 August 2014 in relation to the Disposal.

On 5 August 2014, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Provisional Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property at the Consideration of HK\$328,000,000.

* *For identification purpose only*

LETTER FROM THE BOARD

Since certain applicable percentage ratios for the Disposal are more than 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with further information on the Disposal.

THE PROVISIONAL AGREEMENT

Date: 5 August 2014

Parties:

Vendor: Best Ease Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

Purchaser: Wave Team Development Limited, a company incorporated in Hong Kong with limited liability

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

ASSETS TO BE DISPOSED OF

The Property is located at Kwun Tong Inland Lot No. 359 and Kwun Tong Inland Lot No. 360, Hong Kong. It is a non-residential property with site area of approximately 9,169 square feet which was acquired by the Group in 2009 subject to a mortgage which will be released upon Completion. The Property is presently occupied by the Group for the storage of building materials. The Purchaser agrees to purchase the Property on an "as is" basis.

As no tenancy agreement in respect of the Property has been committed since 2010, no rental income has been generated since then. Therefore, no net profits were attributable to the Property for the two financial years immediately preceding the transaction.

CONSIDERATION

Pursuant to the Provisional Agreement, the Consideration of HK\$328,000,000 for the Property shall be payable by the Purchaser to the Vendor in the following manner:

- (a) an initial deposit in the sum of HK\$15,000,000 shall be paid by the Purchaser to the Vendor's solicitors upon the signing of the Provisional Agreement;
- (b) a further deposit in the sum of HK\$17,800,000 shall be paid by the Purchaser to the Vendor's solicitors on or before 20 August 2014 upon the signing of the Formal Agreement; and

LETTER FROM THE BOARD

- (c) the balance of the Consideration of HK\$295,200,000 shall be paid by the Purchaser to the Vendor's solicitors upon Completion on or before 18 December 2014.

The amounts set out in (a) and (b) above have been paid by the Purchaser to the Vendor's solicitors on 5 August 2014 and 20 August 2014 respectively.

All deposits payable by the Purchaser have been/shall be paid to the Vendor's solicitors as stakeholders who may release the same to the Vendor provided that the balance of the Consideration is sufficient to discharge the existing mortgage.

The Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendor after taking into account, inter alia, the recent market conditions of the property market in Hong Kong.

CONDITIONS PRECEDENT

Pursuant to the Provisional Agreement, Completion is subject to the satisfactory fulfillment of the following conditions precedent:

- (i) The approval by the Shareholders in respect to the entering into the Provisional Agreement and the transactions contemplated therein shall have been obtained; and
- (ii) The Company and the Vendor have obtained all necessary consents, approval, authentication and authorisation in connection with the Provisional Agreement and the transactions contemplated therein.

COMPLETION

It is expected that Completion shall take place on or before 18 December 2014. The Vendor shall deliver vacant possession of the Property to the Purchaser upon Completion pursuant to the Provisional Agreement.

SIGNING OF FORMAL AGREEMENT

The Formal Agreement embodying the principal terms of the Provisional Agreement and such other terms as agreed between the parties was signed on 28 August 2014.

INFORMATION ON THE PURCHASER

The Purchaser, a company incorporated in Hong Kong with limited liability, is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

LETTER FROM THE BOARD

FINANCIAL IMPACT OF THE DISPOSAL

The book value of the Property as at 31 March 2014 was HK\$268,000,000, representing approximately 4.29% of the total assets of the Group as at that date. The Consideration represents a premium of approximately 22.39% of the book value of the Property.

It is anticipated that upon Completion, the Group would realise a gain on the Disposal of approximately HK\$47,000,000, representing the difference between the Consideration and the aggregate of the book value of the Property of approximately HK\$268,000,000 as at 31 March 2014 and all relevant expenses of approximately HK\$13,000,000.

Upon Completion, the total assets of the Company would remain unchanged and the total liabilities would be reduced by HK\$60,000,000 before transaction costs and professional fees.

USE OF PROCEEDS

The Property is subject to a mortgage in favour of a financial institution to secure certain loan facilities, the outstanding principal amount of which as at the date hereof amounts to approximately HK\$60,000,000.

According to the Provisional Agreement, the Consideration is HK\$328,000,000. It is estimated that a sum of approximately HK\$73,282,000 will be used for discharging the existing mortgage and paying the relevant expenses. Upon discharging the existing mortgage and paying the relevant expenses, the net proceeds from the Disposal is estimated to be approximately HK\$254,718,000. The Company intends to apply all the net proceeds as the general working capital of the Company and for future investment and expansion of the Group's business.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations.

The Disposal enables the Group to realise cash and unlock the value in its investment in the Property at fair market value. The net proceeds to be received by the Vendor from the Disposal will improve working capital condition of the Company for future opportunities that may arise.

The Directors consider the terms of the Provisional Agreement are on normal commercial terms that are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios (as defined in the Listing Rules) exceed 25% but are less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Disposal. As such, the Disposal may be approved by written Shareholders' approval in accordance with Rule 14.44 of the Listing Rules. The two largest shareholders of the Company All Fine Investment Company Limited and Billion Goal Holdings Limited, to which the chairman of the Company Wong Ip Kuen is the 100% controlling shareholder, holding 230,679,599 shares and 29,980,000 shares of the Company respectively representing 52.66% and 6.84% of the issued share capital of the Company as at the date of 8 August 2014 and 230,679,599 and 30,142,000 shares of the Company as at the Latest Practicable Date, have given written approval for the Disposal in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules. Therefore, no general meeting of the Company for the approval of the Disposal will be held.

To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his shares of the Company to a third party, either generally or on a case-by-case basis.

RECOMMENDATIONS

The Board considers that the Provisional Agreement, the Formal Agreement and the transactions respectively contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the Provisional Agreement, the Formal Agreement and the transactions respectively contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years preceding the financial year ended 31 March 2014 have been set out in the Company's annual reports issued in 2012, 2013 and 2014.

All annual reports of the Company have been posted on the websites of the Stock Exchange (www.hkex.com.hk) and the Company ((i) <http://www.yaulee.com> and (ii) <http://www.irasia.com>).

2. INDEBTEDNESS STATEMENT

(1) Borrowings

As at the close of business on 31 July 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had total borrowings of approximately HK\$2,655,844,000 comprising bank borrowings of approximately HK\$2,615,849,000 and obligations under finance lease of approximately HK\$39,995,000.

(2) Securities

As at the close of business on 31 July 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group's bank loans were secured by restricted deposits, financial assets at fair value through profit or loss, trade receivables of certain construction contracts, property, plant and equipment, investment properties, leasehold land and property under development of the Group and corporate guarantees provided by the Company.

The borrowings by the Vendor of HK\$60,000,000 has been secured by the Property. As at the date hereof, the outstanding principal of the relevant facility amounts to approximately HK\$60,000,000 and the loan is to be repaid in one lump sum on the date of its maturity under the terms of the facilities.

(3) Debt securities

At the close of business on 31 July 2014, the Group had no debt securities.

(4) Contingent liabilities

- (a) In the normal course of its business, the Group is subject to various claims under its construction contracts. At 31 July 2014, the Group had various liquidated damages claims on certain contracts for which the respective extension of time claims have been forwarded and filed to the clients. The amount of the ultimate damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

- (b) In 2010, the Group filed a statement of claims against a subcontractor of HK\$10,000,000 in respect of the subcontractor's failure to perform contractual duties and for recovery of overpayment made to the subcontractor. The subcontractor raised a counterclaim against the Group in the sum of HK\$10,000,000. The case is in the process of exchanging evidence for proceedings. The Directors are of the view that no provision is presently required with respect to the case.
- (c) At 31 July 2014, the Group has provided performance bonds amounting to approximately HK\$897,249,000 in favour of the Group's customers.

Disclaimers

Save as aforesaid and apart from intra-group liabilities, normal trade payable and gross amount due to customers for contract works, the Group did not, at the close of business on 31 July 2014, have any mortgages, charges, debts, securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

The Directors confirm that there was no material change in the indebtedness status of the Group since 31 July 2014 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, after taking into account the expected Completion and in the absence of any unforeseen circumstances and based on the present available banking facilities and the internal resources of the Group, the Group has sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014, being the date to which the latest published audited financial statements were made up.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the contracting of building construction, plumbing renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials supply, property investment and development and hotel operations.

With years of solid construction experiences, high quality performance and innovative achievements, the Company has become a trusted contractor among its customers and the current contracts between the Company and its existing customers project a continued and sustainable level of workload for the next few years.

On the macro level, the Group is optimistic that the industry's demand outlook for our key markets will remain promising over the medium term bolstered by the continued robust public and private sector construction demands.

However, while the demand outlook remains positive, the Group anticipates continuous margin pressure due to rising costs for the raw material as well as shortage of quality subcontractors and labour supply, the Group will strive to enhance its operational efficiency and maintain prudent costs management to counter fierce costs pressure.

The Disposal enables the Group to realise cash and unlock the value in its investment in the Property at fair market value and that would allow the Group to invest for future opportunities that may arise, including but not limited to the developments of innovative construction technologies, green businesses and quality and safety measures that would allow the Company to progress towards being an “innovative green corporation.”

The following is the text of the letter and valuation certificate received from Savills Valuation and Professional Services Limited, an independent property valuer, prepared for the purpose for incorporation in this circular, in connection with the valuation of the Property as at 5 August 2014.



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

The Directors
Yau Lee Holdings Limited
10th Floor, Tower I
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Kowloon
Hong Kong

29 September 2014

Dear Sirs

Re: 43-45 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong (the “Property”)

In accordance with your instructions for us to value the Property held by Best Ease Investment Limited, a wholly-owned subsidiary of Yau Lee Holdings Limited (the “Company”), we confirm that we have carried out inspections, made relevant searches at the Land Registry and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 5 August 2014 for the purposes of inclusion in a circular to be issued by the Company in relation to the disposal of the Property.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of Yau Lee Holdings Limited and our valuation is prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors, and complies with Chapter 5 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

We have valued the Property as a development site on the basis that it will be developed and completed in accordance with its latest development proposal provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposal will be obtained without onerous conditions or undue time delay which might affect value.

In arriving at our opinion of the value, we have adopted direct comparison approach and made reference to the sales of comparable properties as available in the market. We have also taken into account the relevant costs that will be expended to complete the proposed development.

TITLE INVESTIGATIONS

We have not been provided with any title documents relating to the Property but we have caused searches to be made at the Land Registry. We have not, however, inspected the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies obtained by us.

VALUATION ASSUMPTIONS AND CONSIDERATION

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancy status, site and floor areas and all other relevant matters.

We have not carried out on-site measurement to verify the correctness of the site area in respect of the Property but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us and are therefore only approximations.

We have inspected the exterior of the property valued. Our inspection was carried out by Ms Carol Kwok (Qualified Surveyor) on 26 August 2014. However, we have not been able to carry out investigations on site to determine the suitability of the ground conditions and services etc. for future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS (GP)
Managing Director

Note: Mr Charles C K Chan, chartered estate surveyor, *MSc, FRICS, FHKIS, MCI Arb, RPS (GP)*, has been a qualified valuer since June 1987 and has about 30 years experience in the valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 5 August 2014
43-45 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong	The Property comprises two contiguous sites namely "43 Tsun Yip Street" and "45 Tsun Yip Street" with a total registered site area of approximately 9,169 sq ft (851.80 sq m).	The Property is currently a vacant site.	HK\$305,000,000
Kwun Tong Inland Lots Nos. 359 and 360.	The Property has been proposed to be developed into a 24-storey (including a basement) commercial building with a total gross floor area of approximately 110,000 sq ft (10,219.30 sq m).		
	The Ground Floor of the proposed development is planned as retail uses and car park entrance; the basement and 1st Floor are planned as car park; the upper floors are devoted to commercial/office uses.		
	The proposed development also accommodates 36 private car parking spaces, 4 light good vehicle parking spaces, 1 heavy good vehicle parking space and 5 motor cycle parking spaces on the Basement to the 1st Floor of the proposed development.		
	Kwun Tong Inland Lots Nos. 359 and 360 are each held from the Government under a Government Lease for a term which expired on 27 June 1997 and had been extended upon expiry to 30 June 2047 without premium but at a revised annual Government rent at 3% of the rateable value for the time being of the lot.		

Notes:

- (1) The current registered owner of the Property is Best Ease Investment Limited, which is a wholly-owned subsidiary of the Company.
- (2) The Property is subject to a mortgage and a rent assignment both dated 20 August 2009 in favour of The Hongkong and Shanghai Banking Corporation Limited vide memorial nos. 09082802970144 and 09082802970158 respectively.
- (3) In undertaking our valuation, we have based on the latest development proposal provided to us and allowed for the premium for the Government land exchange.
- (4) The Property lies within an area zoned "Other Specified Uses (Business)" under Kwun Tong South Outline Zoning Plan No. S/K14S/19.
- (5) Our inspection was carried out by Ms Carol Kwok *MHKIS MRICS*, on 26 August 2014. The property was a vacant site fenced by metal hoardings.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive officer's interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors, chief executive and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register maintained by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Shares of HK\$0.2 each in the Company

Director	Number of shares held (long position)	
	Corporate interest	Percentage
Mr. Wong Ip Kuen	260,821,599	59.54%

The shares referred to above are registered in the name of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 30,142,000 shares of the Company. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Investment Company Limited and Billion Goal Holdings Limited. All Fine Investment Company Limited and Billion Goal Holdings Limited are incorporated in the Cook Islands and the British Virgin Islands respectively. Mr. Wong Ip Kuen is a director of both All Fine Investment Company Limited and Billion Goal Holdings Limited.

As at the Latest Practicable Date, the Company had no outstanding share options granted to the Directors to subscribe for shares in the Company.

In addition to the above, certain Directors have non-beneficial personal equity interest in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the previous minimum company membership requirements of the Companies Ordinance. Certain directors also have beneficial interests in non-voting deferred shares in a subsidiary which practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting or to participate in any distribution on the winding-up of the subsidiary.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or the chief executive of the Company or their respective spouse or children under 18 years of age had any interests or short positions in the Shares, underlying shares and debenture of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Directors' service contracts

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group, excluding contracts expiring or which may be terminated by the employer within a year without payment of any compensation (other than statutory compensation).

(iii) Interests in the Group's assets, contracts or arrangement significant to the Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2014, the date to which the latest published audited financial statements of the Group were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which has been entered into by the Company or any member of the Group that is subsisting at the date of this circular and is significant in relation to the business of the Group.

(iv) Substantial shareholders' and other persons' interests in securities

Shares of HK\$0.2 each in the Company

Director	Number of shares held (long position)	
	Corporate interest	Percentage
Mr. Wong Ip Kuen	260,821,599	59.54%

As at the Latest Practicable Date, so far as is known to the Directors, the register of substantial shareholders maintained under Section 336 of the SFO showed that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and the chief executive as disclosed above.

(v) Directors' interests in competing business

As at the Latest Practicable Date so far as the Directors are aware of, none of the Directors or their respective associates was interested in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group.

3. LITIGATION

In the normal course of its business, the Group is subject to various claims under its construction contracts. At 31 July 2014, the Group had various liquidated damages claims on certain contracts for which the respective extension of time claims have been forwarded and filed to the clients. The amount of the ultimate damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

In 2010, the Group filed a statement of claims against a subcontractor of HK\$10,000,000 in respect of the subcontractor's failure to perform contractual duties and for recovery of overpayment made to the subcontractor. The subcontractor raised a counterclaim against the Group in the sum of HK\$10,000,000. The case is in the process of exchanging evidence for proceedings. The Directors are of the view that no provision is presently required with respect to the case.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

4. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice which are contained in this circular.

Name	Qualification
Savills Valuation and Professional Services Limited	Independent property valuer

Savills Valuation and Professional Services Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report, in the form and context as appears in Appendix II to this circular.

As at the Latest Practicable Date, Savills Valuation and Professional Services Limited was not beneficially interested in the share capital of any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interest, either direct or indirect, in any assets which had been since 31 March 2014 being the date to which the latest published audited accounts of the Company were made up.

5. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the term loan agreement dated 12 October 2012 entered into between a wholly-owned subsidiary of the Company Million Wealth Enterprises Limited as borrower and a bank in Hong Kong as lender whereby the lender agreed to make available to the borrower a term loan facility of up to HK\$300,000,000 for the exclusive purpose of financing the general working capital requirements of the borrower, the Company and its subsidiaries for a term of 60 months commencing from the date of the term loan agreement;
- (b) the agreement for sale and purchase dated 24 December 2012 entered into between Metro Power International Limited and a wholly-owned subsidiary of the Company Grace Top Investment Limited to acquire a property located at ALL THOSE 116 equal undivided 4,646th parts or shares of and in ALL THAT piece or parcel of ground registered in the Land Registry as KOWLOON INLAND LOT NO. 6019 And of and in the messuages erections and building thereon now known as “METRO CENTRE (美羅中心)”, No. 32 Lam Hing Street, Kowloon, Hong Kong (the “Building”) TOGETHER with the sole and exclusive right and privilege to hold use occupy and enjoy FIRST ALL THOSE WORKSHOPS NOS. 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 and 16 on the THIRD FLOOR of the Building and SECONDLY ALL THOSE ROOFS NOS. 1, 9, 10, 11, 12 and 16 on the THIRD FLOOR of the Building;
- (c) The Provisional Agreement; and
- (d) The Formal Agreement.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 9:00 a.m. to 12:30 p.m. and from 1:30 p.m. to 5:30 p.m. on any weekdays (except for Saturday and public holidays) at the Company’s principal place of business in Hong Kong for a period of 14 days from the date of this circular:

- (i) the memorandum of association and bye-laws of the Company;
- (ii) the service contracts referred to in the section headed “Disclosure of Interests – Directors’ service contracts” in this appendix;
- (iii) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (iv) the valuation report of the Property included in Appendix II to this circular;

- (v) the written consent referred to under the section headed “Expert and Consent” in this appendix;
- (vi) the annual reports of the Company for the three financial years ended 31 March 2012, 31 March 2013 and 31 March 2014; and
- (vii) this circular.

7. MISCELLANEOUS

- (i) the registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (ii) the head office and principal place of business of the Company is at 10th Floor, Tower I, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.
- (iii) the Company’s principal transfer office is located at Codan Services Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Ltd. at Room No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (iv) as at the date of this circular, the Board comprises Mr. Wong Ip Kuen (Chairman), Ir. Wong Tin Cheung, Ms. Wong Wai Man and Mr. Sun Chun Wai as Executive Directors and Mr. Chan, Bernard Charnwut, Mr. Wu King Cheong and Dr. Yeung Tsun Man, Eric as Independent Non-executive Directors.
- (v) the company secretary of the Company is Ms. Lam Kwok Fan, a practicing member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Chartered Secretaries.
- (vi) the English text of this circular prevails over the Chinese text in case of inconsistency.