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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).

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有利集團有限公司*
Yau Lee Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 0406)

MAJOR TRANSACTION
RELOCATION COMPENSATION FOR THE
EARLY TERMINATION OF LEASE AGREEMENTS

A letter from the Board is set out on pages 3 to 10 of this circular.

** For identification purpose only*

30 June 2015

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
Introduction	3
The Relocation Compensation Agreement	4
Background and Reasons for the Relocation Compensation	7
Information on Party A	8
Possible financial effects of the Relocation Compensation	8
Use of proceeds	9
Implications under the Listing Rules	9
Recommendations	10
Further information	10
 APPENDIX I Financial information of the Group	 11
 APPENDIX II General Information	 14

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
“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
“Directors”	the director(s) of the Company
“Further Compensation”	RMB50,000,000 being the further compensation and part of the Relocation Compensation payable by Party A to Party B and Party C
“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 PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules
“Initial Compensation”	RMB50,000,000 being the initial compensation and part of the Relocation Compensation payable by Party A to Party B and Party C
“Latest Practicable Date”	25 June 2015, 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
“Party A”	深圳市龍華清湖股份合作公司 (previously known as 深圳市寶安區龍華鎮清湖經濟發展公司 and 深圳市清湖經濟發展有限公司), a company incorporated in the PRC, the landlord of Resumption Land No. 1 and Resumption Land No. 2

DEFINITIONS

“Party B”	Yau Lee Construction Materials & Technology Limited (有利建材技術有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Party C”	有利華建築預制件(深圳)有限公司, a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relocation Compensation”	the relocation compensation is payable by Party A to Party B and Party C as compensation for the costs and expenses incurred in relation to the early termination of two lease agreements in respect of Resumption Land No. 1 and Resumption Land No. 2 due to the urban redevelopment plan of Long Hua District of Shenzhen, the PRC
“Relocation Compensation Agreement”	the relocation compensation agreement entered into between Party A, Party B and Party C dated 29 April 2015 in relation to the Relocation Compensation
“Resumption Land No. 1”	the parcel of land approximately 51,910 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen, the PRC. As at the date of this circular, Party B has a remaining tenure of approximately 13 years until 28 February 2028 on Resumption Land No. 1
“Resumption Land No. 2”	the parcel of land approximately 5,745.46 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen, the PRC. As at the date of this circular, Party C has a remaining tenure of approximately 12 years until 31 October 2027 on Resumption Land No. 2
“RMB”	Renminbi, the lawful currency of the PRC
“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

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:

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Bermuda

Principal Place of Business:

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Enterprise Square

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Kowloon Bay

Kowloon, Hong Kong

30 June 2015

To the Shareholders

Dear Sirs,

MAJOR TRANSACTION RELOCATION COMPENSATION FOR THE EARLY TERMINATION OF LEASE AGREEMENTS

INTRODUCTION

Reference is made to the announcements of the Company dated 30 April 2015, 19 May 2015 and 22 May 2015 regarding the Relocation Compensation Agreement entered into between Party A, Party B and Party C on 29 April 2015.

On 29 April 2015, two wholly-owned subsidiaries of the Company, Party B and Party C, entered into the Relocation Compensation Agreement with Party A, pursuant to which Party B and Party C will receive an aggregate compensation of RMB350,000,000 or its monetary worth (as the case may be), RMB100,000,000 of which in the form of cash and RMB250,000,000 in kind by way of new residential properties to be constructed at or near the same location for the early termination of two lease agreements in respect of Resumption Land No. 1 and Resumption Land No. 2 due to the urban redevelopment plan of Long Hua District of Shenzhen, the PRC in accordance with the terms of the Relocation Compensation Agreement.

* *For identification purpose only*

LETTER FROM THE BOARD

Resumption Land No. 1 and Resumption Land No. 2 are currently occupied on lease by Party B and Party C as factory, offices and warehouse.

The purpose of this circular is to provide you with further information on the Relocation Compensation Agreement, including certain financial and general information on the Group as well as Resumption Land No. 1 and Resumption Land No. 2.

THE RELOCATION COMPENSATION AGREEMENT

Set out below are the principal terms of the Relocation Compensation Agreement:

Date: 29 April 2015

Parties: (1) Party A

(2) Party B

(3) Party C

Subject land

Resumption Land No. 1: a parcel of land approximately 51,910 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen, the PRC, at which Party A is the landlord.

Party A (as lessor) and Party B (as lessee) entered into a lease agreement on 28 November 1997 pursuant to which Party A has leased Resumption Land No. 1 to Party B for a term of 30 years commencing from 1 March 1998. Since that date, Party B has erected certain factory, offices and other facilities on Resumption Land No. 1.

Resumption Land No. 2: a parcel of land approximately 5,745.46 square metres in size located at Heping Road, Longhua Street, Longhua New District, Shenzhen, the PRC, at which Party A is the landlord.

Party A (as lessor) and Party C (as lessee) entered into a lease agreement on 1 November 2002 pursuant to which Party A has leased Resumption Land No. 2 to Party C for a term of 25 years commencing from 1 November 2002. Since that date, Party C has erected certain factory, offices and other facilities on Resumption Land No. 2.

LETTER FROM THE BOARD

- Amount of Relocation Compensation:** RMB350,000,000 or its monetary worth (as the case may be).
- Payment of Relocation Compensation:** The Relocation Compensation shall be paid to Party B and Party C in the following manner:
- a. RMB50,000,000 being the Initial Compensation to be paid in cash within 15 days from the date of the Relocation Compensation Agreement;
 - b. RMB50,000,000 being the Further Compensation to be paid in cash within 1 year from the date of the Relocation Compensation Agreement; and
 - c. the balance of agreed monetary value of RMB250,000,000 to be paid in kind by way of a total construction area of 10,000 square metres in the new residential properties to be constructed at or near the same location of Resumption Land No. 1 and Resumption Land No. 2 (“**Subject Properties**”) calculated at the agreed rate of RMB25,000 per square metre with reference to the market situation, to be completed and to pass property title to Party B and Party C within 78 months from the date on which Party B and Party C deliver possession of the Resumption Land No. 1 and Resumption Land No. 2 to Party A. The construction costs of such residential properties shall be borne solely by Party A.
- Delivery of possession:** Party B and Party C shall demolish and remove certain specified items as agreed and deliver possession of Resumption Land No. 1 and Resumption Land No. 2 to Party A within 5 months from the date of receipt of full payment of the Initial Compensation and Further Compensation.
- Effective date:** The Relocation Compensation Agreement shall become effective from the date of receipt of the Initial Compensation.

The Board is pleased to announce that the Initial Compensation of RMB50,000,000 was received by Party B and Party C on 6 May 2015 and as such, the Relocation Compensation Agreement has become effective on that date. Furthermore, the Further Compensation of RMB50,000,000 was also received by Party B and Party C on 3 June 2015. According to the terms of the Relocation Compensation Agreement, Party B and Party C shall complete the demolition and removal of certain specified items as agreed and deliver possession of Resumption Land No. 1 and Resumption Land No. 2 to Party A within 5 months from the date of receipt of full payment of the Initial Compensation and Further Compensation, i.e. on or before 3 November 2015.

LETTER FROM THE BOARD

Other terms

If Party A fails to complete the Subject Properties and to pass property title to Party B and Party C within 108 months from the date on which Party B and Party C deliver possession of Resumption Land No. 1 and Resumption Land No. 2 to Party A, Party B and Party C have the option to give up the Subject Properties and request Party A to pay the amount of RMB250,000,000 in cash in full plus a capital charge.

Basis of Relocation Compensation

The Relocation Compensation to be made by Party A to Party B and Party C under the Relocation Compensation Agreement was determined based on arm's length negotiation between the parties concerned taking into account (i) the agreed value of RMB25,000 per square metre between the parties concerned represents a prudent projection of the future first-hand residential properties value of the Subject Properties with references to the then current market value provided by PRC property agents in the Long Hua District of Shenzhen as well as previous growth rate of residential properties in the secondary market in Shenzhen; and (ii) the Directors have assessed the estimated costs and expenses for the relocation and were of the view that the total amount of Relocation Compensation as being able to cover the costs and expenses to be spent for the relocation as more particularly set out in the "Use of Proceeds" section in this circular.

In determining the future value of the Subject Properties, the following assumptions were made:

- (1) Party B and Party C will deliver possession of the Resumption Land No. 1 and Resumption Land No. 2 to Party A on or before 3 November 2015;
- (2) The Subject Properties will be completed and property title of which will be passed to Party B and Party C in 78 months from November 2015, i.e. in 2022; and
- (3) The price of the Subject Properties will be stable in the coming years with an average growth rate between 2 to 3% each year taking into account historically market statistics have indicated that the price of residential properties in Shenzhen have risen by more than 5% annually in general in 2013 and 2014 but the growth across all sectors in the PRC has slowed in 2015 and therefore the Directors considered the estimated growth rate between 2 to 3% each year as being fair and reasonable.

Based on the abovementioned information and analysis outlined above, the Directors have made a projection on the future first-hand residential property value of the Subject Properties, which formed the basis of determining part of the Relocation Compensation that will be settled by the Subject Properties, and considered the agreed rate of RMB25,000 per square metre as being fair and reasonable.

LETTER FROM THE BOARD

Estimated costs and expenses for the relocation

The estimated costs and expenses for the relocation are approximately as follows:

Items	Amount
Settlement and severance payment to existing workers in Shenzhen and hiring of new staff	RMB20,000,000
Rental payment for new factory for the remaining lease periods	RMB144,000,000
Construction of infrastructure and purchase of furniture, fixtures and office equipment	RMB80,000,000
Purchase of machineries	RMB78,000,000
Purchase of computer equipment and networks installation	RMB15,000,000
Operating costs during the relocation	RMB15,000,000

The Directors have assessed the above estimated costs and expenses for the relocation and were of the view that the total amount of Relocation Compensation as being able to cover the costs and expenses to be spent for the relocation.

Based on the abovementioned information and analysis outlined above, the Directors considered the above basis of determining the Relocation Compensation as being fair and reasonable.

BACKGROUND AND REASONS FOR THE RELOCATION COMPENSATION

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 resumption of land, to which the Resumption Land No. 1 and Resumption Land No. 2 form part, is part of the programme for the urban redevelopment of Long Hua District of Shenzhen, the PRC.

Resumption Land No. 1 and Resumption Land No. 2 are currently occupied on lease by Party B and Party C as factory, offices and warehouse, mainly for the manufacturing of precast products.

The production of precast products of the Group mainly depends on the production by the factory located at Resumption Land No. 1 and Resumption Land No. 2 in Shenzhen and the other factory in Huizhou. The maximum existing production capacity of precast products as derived from the factory located at Resumption Land No. 1 and Resumption Land No. 2 represents approximately 45.13% of the total production capacity of precast products of the Group.

The Company has been gradually shifting the production capacity of our factory in Shenzhen to our other factory in Huizhou and the Company intends to commence production in Huizhou as soon as possible on a date between August and November 2015. This process will be expected to be completed before the end of 2015.

LETTER FROM THE BOARD

As both factories in Shenzhen and Huizhou have not been utilized to their full capacity (currently only 41% of the production area of the factory in Huizhou has been established and utilized for the purpose of manufacturing precast products), and arrangements have been made to reallocate the production capacity of precast products from Shenzhen to Huizhou as gradually and as smoothly as possible, the Directors do not expect the impact of relocation as a result of the Relocation Compensation Agreement to be significant.

The Company has also made arrangements for the demolition and removal of certain specified items as agreed between the parties to the Relocation Compensation Agreement. The relocation will be on-going between August and November 2015 and is expected to be completed on or before 3 November 2015.

In view that the terms of the Relocation Compensation Agreement were arrived after arm's length negotiation with Party A and that the Relocation Compensation is expected to be sufficient to cover, *inter alia*, the relocation costs and expenses, the Directors consider the terms of the Relocation Compensation 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.

INFORMATION ON PARTY A

Based on the information provided by Party A, Party A is a company incorporated in the PRC to engage in certain urban renewal and related redevelopment in Long Hua District in Shenzhen, the PRC.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Party A and its ultimate beneficial owner are Independent Third Parties.

POSSIBLE FINANCIAL EFFECTS OF THE RELOCATION COMPENSATION

In view of the receipt of the Initial Compensation and the Further Compensation, as at the latest Practicable Date, an increase to the total assets of the Group of RMB100,000,000 has been recorded. The operating lease commitment in respect of the rental payment for the two lease agreements of Resumption Land No. 1 and Resumption Land No. 2 being HK\$40,541,000 and HK\$4,392,000 respectively would be cancelled in accordance with the Relocation Compensation Agreement.

The Company as well as Party B and Party C will arrange for the relocation of the factory, offices and other facilities. The Directors believe that such relocation will not lead to any material disruption to the business of the Company and its subsidiaries and will not have any material adverse effect to the financial performance of the Company and its subsidiaries. While the total liabilities and the net profits attributable to the Relocation Compensation could not be determined as at the Latest Practicable Date, the Directors have assessed the relocation costs and all expenses incidental thereto and confirm that such costs and expenses will be more or less equivalent to the amount of Relocation Compensation to be received and expect that the total assets will be more or less equivalent to the total liabilities and that there will be no material gain or loss as a result of the Relocation Compensation Agreement in view of the current market conditions.

LETTER FROM THE BOARD

USE OF PROCEEDS

The proceeds from the Relocation Compensation will be used for the demolition and removal of certain specified items on Resumption Land No. 1 and Resumption Land No. 2 as agreed, settlement and severance payment to its existing workers in Shenzhen, acquisition or rental payment for the new factory, relocation of assets including machineries to a new site, replacement of machineries, construction of new infrastructure and hiring of new staff for the new factory.

IMPLICATIONS UNDER THE LISTING RULES

The early termination of lease agreements by way of the Relocation Compensation Agreement constitute termination of operating leases under Rule 14.04(1)(d) of the Listing Rules and if the Company were to acquire the Subject Properties pursuant to the Relocation Compensation Agreement, it would also constitute an acquisition of assets under 14.04(1)(a).

As one of the applicable percentage ratios (as defined in the Listing Rules) calculated in accordance with Rule 14.07 of the Listing Rules exceed 25% but is less than 75%, the transaction as contemplated under the Relocation Compensation Agreement constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

Since no shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the transaction as contemplated under the Relocation Compensation Agreement, pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting of the Company, Shareholders' written approval is accepted for the transaction as contemplated under the Relocation Compensation Agreement. The two largest shareholders of the Company, All Fine Investment Company Limited and Billion Goal Holdings Limited (the chairman of the Company Wong Ip Kuen being the controlling shareholder of both companies) holding an aggregate of 230,679,599 and 32,155,000 shares of the Company representing 52.66% and 7.34% of the issued share capital of the Company as at 30 April 2015, have given written approval for the transaction as contemplated under the Relocation Compensation Agreement. Therefore, no general meeting of the Company for the approval of the transaction as contemplated under the Relocation Compensation Agreement 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.

LETTER FROM THE BOARD

Furthermore, it is noted that the Shareholders' written approval mentioned above only covers if Party B and Party C were to receive the Subject Properties within the 108 months from the date on which Party B and Party C deliver possession of the Resumption Land No. 1 and Resumption Land No. 2 to Party A. If Party B and Party C were to acquire the Subject Properties and the property title of the Subject Properties were to be passed to Party B and Party C as part payment of the Relocation Compensation after the said 108 months, the Company shall then ascertain the transaction classification regarding such acquisition of the Subject Properties and comply with the reporting, announcement, circular and Shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules, to the extent where applicable.

RECOMMENDATIONS

The Board considers that the Relocation Compensation Agreement and the transactions 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 Relocation Compensation Agreement and the transactions as contemplated thereunder at such general meeting.

FURTHER INFORMATION

Your attention is also drawn to the financial information of the Group and 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 two financial years preceding the financial year ended 31 March 2014 have been set out in the Company's annual reports issued in 2013 and 2014.

Furthermore, the preliminary announcement of the audited annual results of the Company for the financial year ended 31 March 2015 has been published on 24 June 2015.

All annual reports for 2013 and 2014 and the preliminary announcement of the audited annual results for the financial year ended 31 March 2015 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 30 April 2015, 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\$2,458,445,000 comprising bank borrowings of approximately HK\$2,421,884,000 and obligations under finance lease of approximately HK\$36,561,000.

(2) Securities

As at the close of business on 30 April 2015, 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.

(3) Debt Securities

At the close of business on 30 April 2015, 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 30 April 2015, 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 instigated legal proceedings against a subcontractor claiming a sum 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 approximately HK\$4,898,000 as recently amended. The case is in the process of pre-trial management review pending a trial date to be fixed. The Directors are of the view that no provision is presently required with respect to the case.
- (c) At 30 April 2015, the Group has provided performance bonds amounting to approximately HK\$978,823,000 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 30 April 2015, 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 30 April 2015 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 present available banking facilities, the internal resources of the Group, the Relocation Compensation expected to be received and in the absence of unforeseen circumstances, the Group has sufficient working capital for its present 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. In fact, three of our construction projects have been awarded with “Quality Public Housing Construction & Maintenance Awards – Innovative Use of BIM Technology” and our capability is renown amongst our clients.

With the governments in Hong Kong and Singapore continue to introduce various housing projects in response to the current severe housing shortage, it offers the Group with abundant opportunities.

While the outlook for business remains positive in general, there is an ongoing problem of escalating construction costs and labor shortage and we would continue to use our best endeavours to enhance productivity so as to alleviate their adverse impacts towards the construction costs.

To tackle those problems and to uplift our core competence and competitive edges to win over businesses with reasonable margins, we invest continuously in manufacturing process automation. We also put our resources into research and development which aim to improve construction methods and the applications of precast.

Being an innovative green corporation continues to be the blueprint for the future of the Group, with this vision, the Group invests relentlessly in developing construction solutions and technologies that bring sustainable benefits to the industry as well as communities, for example, 5D Building Information Modeling (“BIM”) and energy optimisation consultancy services, just to name a few.

In view of the Relocation Compensation Agreement and in anticipation of time required to relocate the precast production in Shenzhen, the Group has expanded our factory in Huizhou to enhance its precast production capacity to meet the ongoing demands from our customers.

We are mindful of shareholders’ interests in the Group and shall do our best to bring better return to our shareholders. We believe the Group’s contracts in hand would be kept at high level and solidify a base for continuous developments and quality performance.

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 for Securities Transaction by Directors of Listed Issuers (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	262,834,599	60.00%

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 32,155,000 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.

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 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	262,834,599	60.00%

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 30 April 2015, 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 instigated legal proceedings against a subcontractor claiming a sum 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 approximately HK\$4,898,000 as recently amended. The case is in the process of pre-trial management review pending a trial date to be fixed. 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. 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 provisional agreement for sale and purchase dated 5 August 2014 and entered into between Best Ease Investment Limited as vendor and Wave Team Development Limited as purchaser in relation to the disposal of a non-residential property located at Kwun Tong Inland Lot No. 359 & Kwun Tong Inland Lot No. 360, Hong Kong;
- (b) the formal agreement for sale and purchase dated 28 August 2014 entered into between Best Ease Investment Limited as vendor and Wave Team Development Limited as purchaser in relation to the disposal of a non-residential property located at Kwun Tong Inland Lot No. 359 & Kwun Tong Inland Lot No. 360, Hong Kong; and
- (c) the Relocation Compensation Agreement.

5. 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 annual reports of the Company for the two years ended 31 March 2013 and 31 March 2014;
- (v) the preliminary announcement of the audited annual results of the Company for the financial year ended 31 March 2015;
- (vi) the Relocation Compensation Agreement;
- (vii) the circular dated 29 September 2014; and
- (viii) this circular.

6. 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 at 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.