
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 adviser.

If you have sold or transferred all your shares in Yau Lee Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**RE-ELECTION OF RETIRING DIRECTORS;
GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board of Directors (the “**Board**”) of Yau Lee Holdings Limited (the “**Company**”) is set out on pages 1 to 8 of this circular.

A notice convening the annual general meeting of Yau Lee Holdings Limited to be held on Monday, 22 August 2016 at 38th Floor, Holiday Inn Express Hong Kong SoHo, No. 83 Jervois Street, Sheung Wan, Hong Kong at 10:00 a.m. is set out on pages 9 to 12 of this circular.

If you are not able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company in Hong Kong at 10th Floor, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

* *For identification purpose only*

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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)

Executive Directors:

Wong Ip Kuen (*Chairman*)
Wong Tin Cheung (*Vice Chairman*)
Wong Wai Man
Sun Chun Wai

Independent Non-Executive Directors:

Chan, Bernard Charnwut
Wu King Cheong
Yeung Tsun Man, Eric

Registered Office:

Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business:

10th Floor, Tower 1
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Kowloon, Hong Kong

14 July 2016

To the shareholders

Dear Sirs,

**RE-ELECTION OF RETIRING DIRECTORS;
GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

This circular includes information required by the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to be given to shareholders concerning (1) the re-election of retiring Directors, namely, Ms. Wong Wai Man and Mr. Chan, Bernard Charnwut; and (2) the proposed general mandates for the issue of shares and repurchase of fully-paid shares to be granted to the Directors of the Company to be approved by shareholders at the annual general meeting (the “**AGM**”) of the Company to be held on Monday, 22 August 2016.

* For identification purpose only

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

The Board currently comprises Mr. Wong Ip Kuen (Chairman), Ir. Wong Tin Cheung (Vice Chairman), Ms. Wong Wai Man, Mr. Sun Chun Wai, Mr. Chan, Bernard Charnwut, Mr. Wu King Cheong and Dr. Yeung Tsun Man, Eric.

Pursuant to Bye-law 98 of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office by rotation provided that no Director holding office as Chairman shall be subject to retirement by rotation or be taken into account in determining the number of Directors to retire. The Directors to retire shall be those who have been longest in office since their last election. A retiring Director shall be eligible for re-election.

In addition, in accordance with Code Provision A.4.2 of the Corporate Governance Code as set out in Appendix 14 under the Rules Governing The Listing of Securities on the Stock Exchange (the “**Listing Rules**”), all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Accordingly, Ms. Wong Wai Man and Mr. Chan, Bernard Charnwut, shall retire from office by rotation and being eligible for re-election, they have offered themselves for re-election at the AGM. The brief biographies of Ms. Wong Wai Man and Mr. Chan, Bernard Charnwut, being the Directors proposed to be re-elected at the AGM, are set out below:–

Ms. Wong Wai Man, aged 49, has been appointed as an Executive Director of the Company since 2008, after working with different entities in the Group since 2003.

She is also Director of various companies which carry out primary business of the Group, namely Yau Lee Construction Company Limited, Yau Lee Wah Concrete Precast Products Company Limited, Yau Lee Hing Materials Manufacturing Limited, Yau Lee Curtain Wall and Steel Works Limited, REC Green Energy Solutions Company Limited, Yau Lee Hotel Limited, Yau Lee Innovative Technology Limited, VHSOFT Technologies Company Limited, InnoVision Architects & Engineers Limited and Leena Theme Painting Limited; Founder & CEO of Global Virtual Design & Construction Limited; as well as the Managing Director of Yau Lee Construction (Macau) Company Limited, Yau Lee Construction (Singapore) Pte. Ltd., REC Engineering (Singapore) Pte. Ltd., REC Green Technologies (Singapore) Pte. Ltd. and REC Green Energy Solutions (Singapore) Pte. Ltd.

Ms. Wong leads the Group’s integrated business sectors and plays a pivotal role in formulating overall strategic planning. With over a decade of entrepreneurial experience, she oversees corporate business development, management of construction projects in Hong Kong, together with the expansion of regional and overseas markets, implementation of full lifecycle management and Virtual Design & Construction. From building construction, IT solutions, MEP Services, architecture & engineering, energy optimization solutions, precast and low

LETTER FROM THE BOARD

carbon building materials, curtain wall & steel works, to investment, property and hotel development. Ms. Wong is driven by her passion for combining technology, innovation and science with sustainable ecosystem in Energy & Environmental Systems, Water Sustainability, Nanotechnology & Digital Fabrication, Artificial Intelligence, Coding, Networks & Computing Systems, Cyber Security as well as E-health, Wellness & Biotechnology. Under her leadership, Yau Lee has grown to be an award winning, forward-thinking, green company on a global scale.

Ms. Wong is also the Chairperson of Next Generation Leadership Council, Exponential Advisory Board Member of Singularity University, Board Member of Virtual Builder and Advisory Board Member of Center for Integrated Facility Engineering (CIFE) at Stanford University.

Ms. Wong holds a Bachelor Degree in Design from the De Montfort University, a Master Degree in Design from the Royal College of Art in the UK, and Executive Master Degree in Business Administration, Master Degree in Philosophy both awarded by the Chinese University of Hong Kong and an executive programme in technology from the Singularity University in the US.

Ms. Wong is the daughter of Mr. Wong Ip Kuen and sister of Ir. Wong Tin Cheung.

Ms. Wong's emoluments comprise annual salary package, discretionary bonuses and retirement benefits contribution, and are determined by the Board having regard to the recommendation of the Remuneration Committee of the Company with reference to operating performance of the Company, market conditions and her responsibilities. During the year ended 31 March 2016, she was paid approximately HK\$3,749,000 as her emoluments. She does not hold any directorship in any other listed company in the last three years. Ms. Wong has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Chan, Bernard Charnwut, aged 51, has been an Independent Non-Executive Director of the Company since 2000. He is a graduate of Pomona College in California, USA and he holds the positions of Executive Director and President of Asia Financial Holdings Limited and Asia Insurance Company Limited. Mr. Chan is a Hong Kong Deputy to the National People's Congress of the People's Republic of China and a Member of Hong Kong's Executive Council. He is Chairman of the Committee on Reduction of Salt & Sugar in Food and the Steering Committee on Restored Landfill Revitalisation Funding Scheme. He is a Non-Executive Director of City e-Solutions Limited, and an Independent Non-Executive Director of Chen Hsong Holdings Limited and China Resources Beer (Holdings) Limited, all of which are listed on the Stock Exchange. In addition, he is also an Advisor of the Bangkok Bank (China) Company Limited, the Chairman of Hong Kong-Thailand Business Council, the Chairperson of The Hong Kong Council of Social Service and a Trustee of the Pomona College, California, USA.

LETTER FROM THE BOARD

Apart from Independent Non-Executive Director, Mr. Chan does not hold any other positions with the Company or any of its subsidiaries. He receives a fixed annual salary of HK\$300,000. Mr. Chan is not entitled to any additional remuneration, any bonus payments or any shares option. Mr. Chan does not have any business relationship with any directors, senior management or controlling shareholders of the Company nor does he has any material business relationship with the Company or any of its subsidiaries. Mr. Chan does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. Chan has served as an Independent Non-Executive Director of the Company for more than nine years. Pursuant to Code Provision A.4.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, the re-election of Mr. Chan will be subject to a separate resolution to be approved by the shareholders at the AGM. The Board considers that the appointment of Mr. Chan as an Independent Non-Executive Director is justified due to the following reasons:

1. to the best knowledge of the Directors of the Company, Mr. Chan has not relied on the remuneration given by the Company and he is independent of any connected person and substantial shareholder of the Company;
2. the Company believes that Mr. Chan is able to exercise his professional judgment and draw upon his extensive knowledge in financial risk management and corporate governance matters for the benefit of the Company and its shareholders as a whole, in particular, the independent shareholders; and
3. Mr. Chan has confirmed his independence as regards each of the factors set out in Rule 3.13 of the Listing Rules that the Stock Exchange takes into account in assessing the independence of a non-executive director.

As far as the Directors are aware, and saved as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company and there is no information relating to the above Directors which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

EXERCISE OF THE SHARE ISSUE MANDATE

Resolution No. 4(1) set out in the notice of AGM (the “**AGM Notice**”) dated 14 July 2016 will, if passed, give a general unconditional mandate (the “**Share Issue Mandate**”) to the Directors authorising the exercise by the Directors of the powers of the Company to allot additional shares of HK\$0.20 each in the capital of the Company (“**Shares**”). Subject to certain exceptions as set out in the AGM Notice, the additional shares allotted shall not in aggregate exceed 20 per cent of the nominal amount of the share capital of the Company in issue at the date of the AGM (i.e. not exceeding 87,610,720 shares based on the issued share capital of the Company of 438,053,600 shares as at 8 July 2016, being the latest practicable date (the “**Latest Practicable Date**”) prior to the printing of this circular and assuming that such issued share capital remains the same as at the date of passing the resolution) and may be exercised at any time during the Relevant Period (as defined in Resolution No. 4(1) set out in the AGM Notice).

LETTER FROM THE BOARD

EXERCISE OF THE REPURCHASE MANDATE

Resolutions Nos. 4(2) and 4(3) set out in the AGM Notice will, if passed, give a general unconditional mandate (the “**Repurchase Mandate**”) to the Directors authorising the repurchase by the Company of up to 10 per cent of the fully paid Shares in issue at the date of the AGM at any time during the Relevant Period (as defined in Resolution No. 4(2) set out in the AGM Notice).

The Directors believe that these proposals, which are similar to those approved by shareholders in previous years, will provide the Board with a prudent measure of flexibility for them to act in the Company’s interests. The information set out below constitutes an Explanatory Statement (as set out in Rule 10.06 of the Listing Rules) for the purpose of the Listing Rules:–

(1) Share Capital

Exercise in full of the Repurchase Mandate (on the basis of 438,053,600 Shares in issue as at the Latest Practicable Date) would result in up to 43,805,360 Shares being repurchased by the Company during the Relevant Period as defined in Resolution No. 4(2).

(2) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement in the value of the Shares and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

(3) Funding of Repurchases

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and Bye-laws of the Company. Such funds may include profits available for distribution and the proceeds of a fresh issue of Shares made for the purpose of the repurchases.

There might be an adverse impact on the working capital requirements or gearing levels of the Company (as compared with the position disclosed in the annual report of the Company for the year ended 31 March 2016 in the event that the Repurchase Mandate is exercised in full at any time during the Relevant Period (as defined in Resolution No. 4(2)). However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in such circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing level which in the opinion of the Directors are from time to time appropriate for the Company.

LETTER FROM THE BOARD

(4) Share Price

The highest and lowest prices at which Shares have been traded on the Stock Exchange during each of the previous twelve months from 1 July 2015 were as follows:

	Traded Market Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2015		
July	1.87	1.40
August	1.60	1.22
September	1.37	1.12
October	1.37	1.10
November	1.37	1.11
December	1.39	1.12
2016		
January	1.28	1.10
February	1.29	1.05
March	1.30	1.13
April	1.35	1.19
May	1.38	1.12
June	1.36	1.15
July (up to the Latest Practicable Date)	1.36	1.22

(5) Disclosure of Interests

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such Repurchase Mandate is approved by shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the laws of Bermuda.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by shareholders.

LETTER FROM THE BOARD

(6) Hong Kong Code on Takeovers and Mergers

If as a result of a repurchase of Shares by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or a group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code. All Fine Investment Company Limited and Billion Goal Holdings Limited hold 230,679,599 Shares and 32,747,000 Shares respectively, representing approximately 60.14 per cent of the issued share capital of the Company as at the Latest Practicable Date. Mr. Wong Ip Kuen, a Director of the Company, owns the entire issued share capital of All Fine Investment Company Limited and Billion Goal Holdings Limited. The Directors are not aware of any such consequences which would arise under the Code as a consequence of any purchase pursuant to the Repurchase Mandate. In the event that any exercise of the Repurchase Mandate would, to the knowledge of the Directors, have such a consequence, the Directors would not exercise the mandate to such an extent.

In addition, assuming that the Repurchase Mandate is exercised in full, the share capital of the Company in issue will be reduced to 394,248,240 Shares (on the basis of 438,053,600 Shares in issue as at the Latest Practicable Date). Mr. Wong Ip Kuen, through All Fine Investment Company Limited and Billion Goal Holdings Limited, will hold 263,426,599 Shares, representing approximately 66.82 per cent of the issued share capital of the Company after the exercise of the Repurchase Mandate in full. As far as the Directors are aware, the full exercise of the Repurchase Mandate will not have any impact on the relevant minimum public shareholding requirements as stipulated in the Listing Rules.

(7) Repurchases made by the Company

The Company has not repurchased Shares (whether on the Stock Exchange or otherwise) in the six months up to the Latest Practicable Date.

VOTING BY POLL

Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the resolutions proposed at the AGM will also be taken by poll. A poll results announcement will be made by the Company after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 9 to 12 of this circular. A form of proxy for use at the AGM is dispatched with this circular. If you do not intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company's principal place of business in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. Completion and deposit of the form of proxy will not preclude you from attending and voting at the AGM if you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the re-election of the retiring Directors, the Share Issue Mandate and the Repurchase Mandate are in the interests of the Company and the shareholders of the Company as a whole. Accordingly, the Directors recommend that all shareholders should vote in favour of the relevant Resolutions to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Yau Lee Holdings Limited
Wong Ip Kuen
Chairman

NOTICE OF ANNUAL GENERAL MEETING



有利集團有限公司*

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 0406)

NOTICE IS HEREBY GIVEN that the annual general meeting of Yau Lee Holdings Limited (the “**Company**”) will be held at 38th Floor, Holiday Inn Express Hong Kong SoHo, No. 83 Jervois Street, Sheung Wan, Hong Kong on Monday, 22 August 2016 at 10:00 a.m. for the following purposes:

1. To consider and receive the audited consolidated financial statements, Report of the Directors and Independent Auditor’s Report for the year ended 31 March 2016;
2. To re-elect retiring Directors and to authorise the Board of Directors to fix the Directors’ remuneration;
3. To re-appoint Independent Auditor and to authorise the Board of Directors to fix their remuneration; and

As special business to consider and, if thought fit, pass the following Resolutions as Ordinary Resolutions:

4. (Please read Note 4)

(1) “**THAT:**

- (a) the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company, including making and granting offers, agreements and options which would or might require shares to be allotted, issued or dealt with whether during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

restrictions or obligations under the laws of or the requirements of, any recognised regulatory body or any stock exchange in, any territory outside Hong Kong), the additional shares allotted, issued or dealt with, (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20 per cent of the nominal amount of the share capital of the Company in issue at the date of this Resolution;

(b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of Bermuda or the Bye-laws of the Company to be held; and
- iii. the revocation or variation of the authority given under this Resolution by way of Ordinary Resolution of the shareholders of the Company in general meeting; and

(c) the authority contained in this Resolution shall replace the similar authority granted at the general meeting of the Company held on 26 August 2015.”

(2) **“THAT:**

(a) there be granted to the Directors of the Company an unconditional general mandate to repurchase shares in the capital of the Company, and that the exercise by the Directors of the Company of all powers of the Company to purchase shares subject to and in accordance with all applicable laws, rules and regulations be and is hereby generally and unconditionally approved, subject to the following conditions:

- i. such mandate shall not extend beyond the Relevant Period (as hereinafter defined);
- ii. such mandate shall authorise the Directors of the Company to procure the Company to repurchase shares at such prices as the Directors of the Company may at their discretion determine;
- iii. the aggregate nominal amount of the shares repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(b) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of Bermuda or the Bye-laws of the Company to be held; and
- iii. the revocation or variation of the authority given under this Resolution by way of Ordinary Resolution of the shareholders of the Company in general meeting; and

(c) the authority contained in this Resolution shall replace the similar authority granted at the general meeting of the Company held on 26 August 2015.”; and

(3) “**THAT** conditional upon the passing of Resolutions Nos. 4(1) and 4(2) as set out in the AGM Notice, the aggregate nominal amount of the shares which are repurchased by the Company pursuant to and in accordance with Resolution No. 4(2) above shall be added to the aggregate nominal amount of the shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to and in accordance with Resolution No. 4(1).”

By Order of the Board
Wong Ip Kuen
Chairman

Hong Kong, 14 July 2016

Registered Office:
Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

*Principal place of
business in Hong Kong:*
10th Floor, Tower 1
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Kowloon, Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member entitled to attend and vote at the meeting convened by the notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's principal place of business at 10th Floor, Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong at least 48 hours before the time fixed for holding the meeting or any adjournment thereof.
3. Ms. Wong Wai Man and Mr. Chan, Bernard Charnwut are retiring Directors eligible for re-election at the forthcoming general meeting.
4. With regard to the Ordinary Resolutions 4(1) and 4(2), approval is being sought from the shareholders for a general mandate to (a) allot shares of the Company and (b) repurchase shares up to the respective 20 per cent and 10 per cent limits. These authorities are sought in order that the Directors might take advantage of any relevant circumstances but the Directors have no immediate plans to issue any new shares of the Company or repurchase any shares of the Company pursuant to such mandates.
5. Members are recommended to read the circular of the Company containing information concerning the Resolutions proposed in this notice.