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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)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

The Board of the Company is pleased to announce that on 5 April, 2017, Yau Lee Wah Technology, a wholly-owned subsidiary of the Company, entered into a JV Agreement with Jiangsu First Construction for the formation of the JV Company.

Pursuant to the JV Agreement, the JV Company shall be, after its formation, owned as to 35% by Yau Lee Wah Technology and 65% by Jiangsu First Construction. The registered capital of the JV Company is expected to be RMB100 million. Yau Lee Wah Technology will contribute a total amount of RMB35 million, RMB20 million of which will be in the form of cash while the remaining balance of RMB15 million will be in the form of the right to use of patented technologies for manufacturing precast concrete products. Jiangsu First Construction will contribute a total amount of RMB65 million in the form of cash.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of the Company to the JV Company pursuant to the JV Agreement are more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

INTRODUCTION

The Board of the Company is pleased to announce that on 5 April, 2017, Yau Lee Wah Technology, a wholly-owned subsidiary of the Company, entered into a JV Agreement with Jiangsu First Construction for the formation of the JV Company. The JV Company will become an associate company of the Company after its formation.

* For identification purpose only

THE JV AGREEMENT

The principal terms of the JV Agreement are summarized below:

Date:	5 April 2017
Intended location of the factory(ies) of the JV Company:	Nanjing, PRC
Parties and shareholding ratio:	(1) Yau Lee Wah Technology (35%) (2) Jiangsu First Construction (65%)
Total registered capital of the JV Company:	RMB100 million
Capital contribution:	<p>RMB100 million, to be contributed as follows:</p> <p>(1) 35% (amounting to a total of RMB35 million in the forms of cash and the right to use of patented technologies for manufacturing precast concrete products) by Yau Lee Wah Technology; and</p> <p>(2) 65% (amounting to RMB65 million in the form of cash) by Jiangsu First Construction.</p> <p>The amount of capital contributions was determined after arm's length negotiation between the parties to the JV Agreement with reference to the capital contribution intentions of the parties. Capital contribution by Yau Lee Wah Technology will be funded by the internal resources of the Group.</p>
Scope of business	Primarily engaged in the manufacturing and sale of precast concrete products.
Board composition	The board of the JV Company will consist of 5 directors. Yau Lee Wah Technology is entitled to appoint 2 directors. Jiangsu First Construction is entitled to appoint 3 directors. One director appointed by Jiangsu First Construction shall act as the chairman of the board who shall also act as the legal representative of the JV Company.
Term of business of the JV Company:	20 years
Early termination	The JV Agreement shall be automatically terminated if the intended venue of the factory(ies) of the JV Company is not approved by the relevant government authority(ies) within 180 days from the date of signing of the JV Agreement.

INFORMATION ON THE GROUP AND THE PARTIES TO THE JV AGREEMENT

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 and hotel investment and development.

Jiangsu First Construction is a company incorporated in the PRC with limited liability and is principally engaged in building construction by general contracting.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jiangsu First Construction and its ultimate beneficial owner are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

Through the formation of the JV Company, Yau Lee Wah Technology and Jiangsu First Construction are able to complement the strength of each other and share resources, which is beneficial to the development of the business of the JV Company. The Board expects that the JV Company may enhance future earning capability and potential of the Group.

The Board is of the view that the terms of the JV Agreement are normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of the Company to the JV Company pursuant to the JV Agreement are more than 5% but less than 25%, the entering into the JV Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Associate(s)”	have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	have the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“independent third parties”	third party(ies) independent of and not connected with the Company and connected persons of the Company
“Jiangsu First Construction”	江蘇省第一建築安裝集團股份有限公司, a company incorporated in the PRC with limited liability
“JV Agreement”	the joint venture agreement dated 5 April 2017 entered into between Yau Lee Wah Technology and Jiangsu First Construction in relation to the formation of the JV Company
“JV Company”	a limited liability company to be formed under the JV Agreement and to be incorporated under the laws of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	have the meaning ascribed to it under the Listing Rules
“Yau Lee Wah Technology”	Yau Lee Wah Technology Development Company Limited (有利華技術發展有限公司), a company incorporated in Hong Kong with limited liability
“%”	per cent

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

Hong Kong, 6 April 2017

As at the date of this announcement, 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.