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有利集團有限公司[#]
Yau Lee Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 406)

**VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF PROPERTY
AND
SUSPENSION AND RESUMPTION OF TRADING**

THE DISPOSAL

The Board is pleased to announce that on 21 November 2007, Century Score Limited, an indirect wholly-owned subsidiary of the Company, accepted a tender submitted by the Purchaser to purchase the Property at a total cash consideration of HK\$1,580,000,000.

GENERAL

The Disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and requires the approval of the shareholders of the Company at the SGM to be convened for such purpose.

A circular containing further information on the Disposal, including a valuation report on the Property and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 2:30 p.m. on 21 November 2007 pending the release of this announcement. Application for the resumption of trading in the Shares has been made by the Company to the Stock Exchange to the effect that trading in the Shares will resume at 9:30 a.m. on 28 November 2007.

[#] For identification purpose only

THE AGREEMENT

Date: 21 November 2007

Parties: Century Score Limited, being the Vendor and an indirect wholly-owned subsidiary of the Company
Smart Easy Enterprises Limited, being the Purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial shareholders are independent of the Company, its subsidiaries and their respective connected persons.

THE PROPERTY

The asset to be disposed of by the Vendor is its entire interest in the Property. The Purchaser agrees to purchase the Property subject to and with the benefit of the existing Hotel Management Agreement and its tenancies and such tenancies shall be assigned to the Purchaser upon Completion.

CONSIDERATION

The consideration for the Disposal is HK\$1,580,000,000 and payable in cash by the Purchaser as follows:

- (i) HK\$80,000,000 has been paid by the Purchaser as initial deposit ("**Initial Deposit**") and part of the payment of the consideration on 21 November 2007;
- (ii) HK\$78,000,000 shall be payable to the Vendor's Solicitors as further deposit ("**Further Deposit**") and part of the payment of the consideration on or before 5 December 2007; and
- (iii) the remaining balance of HK1,422,000,000 (the "**Balance Consideration**") shall be payable upon Completion.

In the event that the Vendor fails to complete the Renovation Works and obtain the Approvals on or before the Completion Date, part of the Balance of Consideration in the sum of HK\$30,000,000 ("**Stakeholder Money**") shall be paid by the Purchaser to the Vendor's Solicitors as stakeholder. In the event that the Vendor fails to complete the Renovation Works and obtain the Approvals within one (1) year from the Completion Date, the Vendor's Solicitors shall return the Stakeholder Money together with any interests accrued thereon to the Purchaser and in such event, neither party shall have any further cause of action or claims against each other. If the Vendor shall have completed the Renovation Works and obtained the Approvals at any time within the said one (1) year period, the Vendor's Solicitors shall be obliged to release the Stakeholder Money together with any interests accrued thereon to the Vendor.

The consideration for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser having taken into account the recent market conditions of the property market in Hong Kong, market research done by the Directors and of a valuation of the Property at HK\$1,000,000,000 as of 16 March 2007 for financing purpose made by an independent qualified property valuer. A full valuation report on the Property is being prepared for inclusion in the circular as required by the Listing Rules.

CONDITIONS

Completion of the Disposal is conditional upon fulfilment of the following conditions:

- (i) upon the Hotel Manager not exercising or otherwise giving up the Right of First Refusal to purchase the Property at least thirty (30) days before the Completion Date;
- (ii) the Vendor producing to the Purchaser the Cancellation Documents on or before 15 February 2008; and
- (iii) the shareholders of the Company approving the Agreement and the Disposal at the SGM in accordance with the Listing Rules.

COMPLETION

Completion shall take place on the Completion Date.

If any of the above conditions is not fulfilled at the relevant time, the Agreement shall be annulled and cancelled and the Vendor shall procure the Vendor's Solicitors to return the Initial Deposit and the Further Deposit to the Purchaser within three (3) Business Days together with any interest accrued but without any cost or compensation and neither parties shall have any claim against each other and the parties hereto shall at their own respective legal cost enter into and cause to be registered at the Land Registry a cancellation agreement to cancel the sale and purchase of the Property.

If the Purchaser fails to observe or comply with the terms of the Agreement, the Vendor may determine this Agreement by giving notice in writing to the Purchaser or its solicitors to such effect and the Vendor shall thereupon be entitled to re-enter upon the Property and repossess the same if possession shall have been given to the Purchaser free from any right or interest of the Purchaser and the Vendor shall be entitled to forfeit the Initial Deposit and Further Deposit (if already paid by the Purchaser) absolutely.

INFORMATION ON THE GROUP

The Company was listed on the Stock Exchange in 1991. Based on a solid foundation of conventional construction experience, its subsidiary, Yau Lee Construction Company Limited, founded in 1958, had progressively developed as one of the leading and most experienced construction companies in Hong Kong. Subsequently, the Group has expanded its business into different areas in line with the market needs. Apart from the major building construction business in Hong Kong, the Group had also started expanding its business to Mainland China in the 90's. The Company's major businesses include, amongst others building construction, maintenance, renovation, plumbing and drainage works, building materials trading, precast products manufacturing and trading, property development, hotel and property investment, IT solution and services.

INFORMATION ON THE PURCHASER

The Purchaser is Smart Easy Enterprises Limited, a company incorporated in the British Virgin Islands. The Purchaser is primarily engaged in property investment. It is an independent third party of the Company.

FINANCIAL EFFECT OF THE DISPOSAL

The consideration for the Disposal is HK\$1,580,000,000, after deducting the book value of the Property of approximately HK\$859,908,000 as at 31 March 2007 and the Expenses of approximately HK\$17,000,000, the Company expected to realise a gain from the Disposal of approximately HK\$703,092,000.

The net profit before taxation and extraordinary items attributable to the Property for the financial years ended 31 March 2006 and 2007 were approximately HK\$14,594,000 and HK\$58,849,000 respectively. The net profit after taxation and extraordinary items attributable to the Property for the financial years ended 31 March 2006 and 2007 were approximately HK\$14,124,000 and HK\$46,441,000 respectively.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE AGREEMENT

The Company initially intended to hold the Property as a long-term investment which is partly for hotel operation and partly for property leasing purposes. Having considered the revitalizing property market condition and the consideration of the Property offered by the Purchaser, the Directors consider that the Disposal is a good opportunity for the Company to realise its investment. The proceeds from the Disposal will enable the Company to reduce its borrowings and future interest expenses and improve the financial position and the working capital condition of the Company.

The Directors (including independent non-executive Directors) consider that the Agreement is entered into after arm's length negotiations and the terms therein are in accordance with the normal practice in the property market and the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The consideration for the Disposal is HK\$1,580,000,000, after taking into account the Expenses of approximately HK\$17,000,000, the net sale proceeds will be approximately HK\$1,563,000,000. The Company intends to use the net sale proceeds from the Disposal for the repayment of the mortgage loan of approximately HK\$436,800,000 as at 31 October 2007 and the remaining balance will be used as the general working capital of the Company and for future investment and expansion of the Company's business.

SPECIAL GENERAL MEETING

The Disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and therefore is subject to approval by Shareholders at the SGM under Rule 14.49 of the Listing Rules.

The Directors shall seek the approval of the Shareholders on the Disposal at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting for the approval of the Disposal at the SGM.

GENERAL

A circular containing, amongst other things, the notice of the SGM, valuation report on the Property and further information of the Disposal will be dispatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING OF SHARES

At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 2:30 p.m. on 21 November 2007 pending the release of this announcement. Application for the resumption of trading in Shares has been made by the Company to the Stock Exchange to the effect that trading in the Shares will resume at 9:30 a.m. on 28 November 2007.

DEFINITIONS

In this announcement, the following words and phrases have the following meanings:

“Agreement”	the tender submitted by the Purchaser to the Vendor to purchase the Property on 21 November 2007 and accepted by the Vendor on the same date
“Approvals”	all the necessary approvals and licences from all relevant Government authorities including but not limited to the approval to building plans from the Building Authority and the hotel licence to cover the whole of 29th Floor of the Property for converting the 29th Floor of the Property from its present restaurant use to a floor for hotel use comprising 14 hotel rooms
“Business Day”	means a day excluding Saturday(s) and general holiday (as defined and referred to in the General Holidays Ordinance (Cap.149))
“Cancellation Documents”	documentary evidence to prove to the reasonable satisfaction of the Purchaser’s solicitors that the Provisional Agreement for Sale and Purchase and the Agreement for Sale and Purchase respectively registered in the Land Registry by Memorial Nos. UB6257981 and UB6287133 were cancelled and of no further effect whatsoever
“Company”	Yau Lee Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Agreement
“Completion Date”	29 February 2008
“Disposal”	disposal of the entire interest in the Property to the Purchaser by the Vendor pursuant to the Agreement

“Expenses”	being the cost of the Renovation Works, the legal and professional fees, property agent commission, valuation fee, printing charges and miscellaneous expenses in relation to the Disposal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hotel Manager”	InterContinental Hotels Group (Greater China) Limited
“Hotel Management Agreement”	the management agreement dated 10 October 2003 made between the Vendor as owner and the Hotel Manager and subsequently varied by an agreement dated 27 April 2004 and by all further contracts, licences, agreements and arrangements made with or obtained from third parties by the Hotel Manager in its own capacity and/or for and on behalf of the Vendor pursuant thereto are collectively referred to in the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	the property situated at No. 33 Sharp Street East and No. 11 Yiu Wa Street, Causeway Bay, Hong Kong, named the Express by Holiday Inn Causeway Bay Hong Kong, a hotel with 269 guest rooms before the Renovation Works. The gross floor area of the Property is 155,650 square feet
“Purchaser”	Smart Easy Enterprises Limited, a company incorporated in the British Virgin Islands with registered address at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
“Renovation Works”	the relevant renovation/alteration works for converting the 29th Floor of the Property from its present restaurant use to a floor for hotel use comprising 14 hotel rooms
“Right of First Refusal”	the right of first refusal as stipulated under the Hotel Management Agreement which provides that the Vendor has to notify the Hotel Manager upon the Vendor receiving from a third party a bona fide offer acceptable to the Vendor to purchase the Property and that the Hotel Manager shall be given a fair and reasonable opportunity to bid
“SGM”	the special general meeting of the Company to be convened to approve amongst other things, the Disposal
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Century Score Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

“Vendor’s Solicitors”

Baker & McKenzie of 14th Floor, Hutchison House, Central, Hong Kong

By order of the Board
Yau Lee Holdings Limited
Chui Man Lung, Everett
Company Secretary

Hong Kong, 27 November 2007

As at the date of this announcement, the Board of Directors comprises of Wong Ip Kuen (Chairman), Wong Tin Cheung, So Yau Chi, Sun Chun Wai as Executive Directors and Wu King Cheong, Chan Bernard Charnwut, Yeung Tsun Man, Eric as Independent Non-executive Directors.