

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

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



**Ngai Lik Industrial Holdings Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 332)**

**Success Pioneer Limited**  
*(Incorporated in the British Virgin Islands with limited liability)*

**(1) PROPOSED CAPITAL REORGANISATION;**

**(2) PROPOSED GROUP REORGANISATION AND CREDITOR SCHEME;**

**(3) PROPOSED SUBSCRIPTION OF NEW SHARES AND APPLICATION FOR  
THE GRANTING OF THE WHITEWASH WAIVER;  
AND**

**(4) RESUMPTION OF TRADING OF THE SHARES OF THE COMPANY**

**Financial adviser to Ngai Lik  
Industrial Holdings Limited**

**Access  
Capital** 

**Financial adviser to  
Success Pioneer Limited**

 **SOMERLEY LIMITED**

**PROPOSED CAPITAL REORGANISATION**

The Board proposes to place before the Shareholders a proposal for the Capital Reorganisation, pursuant to which the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid-up capital on each existing Share. Immediately upon the Capital Reorganisation taking effect, and on the basis that the Company does not allot or issue any further existing Shares prior thereto, the Company's issued and paid-up share capital shall be approximately HK\$7,930,167 comprising 793,016,684 Shares, each with a par value of HK\$0.01.

## **PROPOSED GROUP REORGANISATION AND CREDITOR SCHEME**

The Board proposes to place before the Shareholders a proposal for the Group Reorganisation, which will involve the entire interest in the share capital of each of the Retained Subsidiaries to be transferred to the Issuer Vehicle and the entire interest in the share capital of Ngai Lik BVI (excluding the Retained Subsidiaries) to be transferred by the Company to the Administrators Vehicle. Further, the Company shall make available a sum of HK\$70,000,000 out of the Share Consideration to the Administrators Vehicle to be set out in the Scheme Document upon receipt by the Company of the Share Consideration.

Upon completion of the Group Reorganisation, the Group will be split into the Retained Group and the companies held by the Administrators Vehicle. It is expected that upon completion of the Group Reorganisation, the Group will only consist of the Company, the Issuer Vehicle Holdco, the Issuer Vehicle and the Retained Subsidiaries. The detailed mechanisms and procedures of the Group Reorganisation have not yet been concluded or finalised by the Company, its creditors or the Subscriber, which may or may not involve a distribution in specie to the Existing Shareholders.

The Company will proceed to discuss with its creditors to restructure the Scheme Indebtedness by way of a scheme of arrangement on the terms to the reasonable satisfaction of the Subscriber, such that all Scheme Indebtedness will be released and discharged so far as the Company is concerned and the proceeds from future disposal of assets or business of Ngai Lik BVI and the Scheme Subsidiaries, together with a sum of HK\$70,000,000 being part of the Share Consideration, will be made available to the Administrators to settle and discharge the Scheme Indebtedness. Further, the primary mandate of the Administrators is that they will realise the assets and business of the Administrators Vehicle and its subsidiaries for the primary purpose of repayment of all Scheme Indebtedness and other liabilities (if any), indebtedness and liabilities (actual or contingent) of each of Ngai Lik BVI, members of the Retained Subsidiaries and the Scheme Subsidiaries. Any residual amounts will then be held by the Administrators for the benefit of the Existing Shareholders after the aforesaid repayment. Terms of the mandate for the Administrators are still being formulated and they are subject to discussion with the creditors of the Company and details of which will be disclosed in further announcement (as and when appropriate) and the circular.

While the detailed mechanisms and procedures are not yet finalised by the relevant parties, the Company is not yet in a position to determine conclusively whether the Group Reorganisation or the Creditor Scheme would constitute a transaction under chapters 13 and/or 14 of the Listing Rules. Once the Company is in a position to determine the nature of the aforesaid transactions after finalising the detailed mechanisms and procedures and if necessary, the Company will make relevant disclosure in compliance with the requirements of the Listing Rules. In the event that the Group Reorganisation constitutes a disposal of assets under chapter 14 of the Listing Rules, the Company will comply with all applicable requirements under chapter 14 of the Listing Rules.

Sanction of the Creditor Scheme is a condition precedent to the Subscription Agreement.

### **SUBSCRIPTION OF THE SUBSCRIPTION SHARES**

On 9 February 2009, the Company entered into the Subscription Agreement with Success Pioneer pursuant to which the Company had conditionally agreed to allot and issue to Success Pioneer, and Success Pioneer has conditionally agreed to subscribe for, the Subscription Shares at the Share Consideration.

Upon Completion, the Concert Group will, in aggregate, hold approximately 90% of the enlarged issued share capital of the Company and this will give rise to (in the absence of the Whitewash Waiver) an obligation for the Concert Group to make a mandatory offer for all the Shares (not already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code. An application will be made by the Subscriber to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval by the Independent Shareholders by way of a poll at the SGM.

The completion of the Capital Reorganisation, Group Reorganisation and the Subscription, and the Creditor Scheme becoming effective are inter-conditional upon each other.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **SGM**

The Company will convene the SGM for the purpose of considering, and if thought fit, approving, among other things the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and the Whitewash Waiver, subject to the approval of the Independent Shareholders at the SGM. An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and Whitewash Waiver. An independent financial adviser will also be appointed to advise the independent board committee and the Independent Shareholders on the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and the Whitewash Waiver. The Company will issue a further announcement regarding the appointment of the independent financial adviser in due course.

A circular containing, among other things, details of the Capital Reorganisation, the Group Reorganisation, the Creditor Scheme, the Subscription Agreement, the Whitewash Waiver, the financial information of the Group, the pro forma financial information of the Retained Group and the Group after the Group Reorganisation, the recommendation of the Independent Board Committee and the advice of the independent financial adviser on the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and the Whitewash Waiver and a notice convening the SGM will be despatched to the Shareholders as soon as practicable and in compliance with the Takeovers Code and the Listing Rules.

Pursuant to Rule 8.2 of the Takeovers Code, the Company is required to despatch a circular in relation to, among other things, the proposed Subscription involving the application for the Whitewash Waiver by the Subscriber to the Shareholders within 21 days after the date of the announcement, which is on or before 17 March 2009. Since the circular will include the audited financial information of the Group as well as the unaudited consolidated pro forma financial statements of the Retained Group for the year ending 31 March 2009, the Company will make an application to the Executive for an extension of deadline for the despatch of the circular of the Company. Further announcement will be made by the Company as and when appropriate.

#### **RESUMPTION OF TRADING OF THE SHARES**

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 9 February 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 25 February 2009 has been made by the Company.

#### **WARNING**

**Shareholders and investors should be aware that the Subscription is subject to certain conditions being fulfilled or waived (if applicable) and may or may not be completed and hence Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

### **1. PROPOSED CAPITAL REORGANISATION**

Pursuant to the proposed Capital Reorganisation, the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid-up capital on each existing Share. Immediately upon the Capital Reorganisation taking effect, and on the basis that the Company does not allot or issue any further existing Shares prior thereto, the Company's issued and paid-up share capital shall be approximately HK\$7,930,167 comprising 793,016,684 Shares, each with a par value of HK\$0.01.

## **1.1 Reasons for the Capital Reorganisation and Capital Reduction**

- (1) The Capital Reduction will facilitate future fund raising exercises by the Company through the issuance of new Shares. Presently, the existing Shares have a par value of HK\$0.10, which means that, pursuant to the Companies Act, the minimum price at which a new Share can be issued is HK\$0.10. In light of the Company's current financial condition, the Directors consider that it is not realistic for such a minimum issue price for the Shares to be achieved, and that the Company will not be able to raise any equity funds unless the price is set at a level substantially below HK\$0.10 per Share. Shareholders should note that a reduction of the par value of the Shares to HK\$0.01 does not require the Company to issue new Shares at that price. The Directors will continue to endeavour to obtain the best possible issue price for the Shares in the interests of the Shareholders. The Capital Reduction will provide the Company with maximum flexibility in future fund raising exercises through new Share issues; and
- (2) The Capital Reduction is necessary to enable the Subscription Agreement, details of which are set out below, to proceed. One of the conditions precedent of the Subscription Agreement, is that the Capital Reduction will be approved at the SGM.

Among other resolutions, the Capital Reorganisation, of which the Capital Reduction forms part of, is subject to the approval of the Independent Shareholders at the SGM.

## **1.2 Effects of the Capital Reorganisation and Capital Reduction**

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$120,000,000 divided into 1,200,000,000 existing Shares, of which 793,016,684 existing Shares had been allotted and issued as fully paid.

The Capital Reorganisation has the following implications:

- (1) capital reduction where the par value of each existing Share will be reduced from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid-up capital on each existing Share;
- (2) sub-division where each of the authorised but unissued Share in the capital of the Company of par value HK\$0.10 will be sub-divided into 10 Shares of par value HK\$0.01 each; and
- (3) (if required) increase of authorised share capital of the Company to an amount sufficient for the issue and allotment of the Subscription Shares.

### **1.3 Status of the new Shares after Capital Reduction**

The new Shares after Capital Reduction will be identical and rank pari passu in all respects with each other and the Capital Reduction will not result in any change in the relative rights of the Existing Shareholders.

### **1.4 Conditions of the Capital Reorganisation**

The implementation of the Capital Reorganisation and the listing of the new Shares are conditional upon:

- (1) the passing of a special resolution by the Independent Shareholders at the SGM to approve the Capital Reduction and an ordinary resolution to approve the Capital Reorganisation other than the Capital Reduction;
- (2) the registration by the Registrar of Companies in the Bermuda of a memorandum containing particulars of the Capital Reorganisation together with such other information as required under the Companies Act; and
- (3) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares in issue arising from the Capital Reorganisation.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the new Shares in issue arising from the Capital Reorganisation.

Upon the conditions mentioned above being fulfilled, the Capital Reorganisation and the listing of the new Shares will become effective.

Further announcement will be made by the Company to inform the Shareholders of the arrangements of the free exchange of the new Share certificates for the existing Share certificates as and when appropriate.

## **2. PROPOSED GROUP REORGANISATION AND CREDITOR SCHEME**

### **2.1 Proposed Group Reorganisation**

The Board proposes to place before the Shareholders a proposal for the Group Reorganisation, which will involve the following principal elements:

- (1) the entire interest in the share capital of each of the Retained Subsidiaries will be transferred to the Issuer Vehicle, the unaudited net asset value (after adjusting net inter-companies balances of approximately HK\$344 million) of the Retained Subsidiaries as at 30 September 2008 was approximately HK\$397 million;

- (2) the entire interest in the share capital of Ngai Lik BVI will be transferred by the Company to the Administrators Vehicle, the unaudited net asset value (after adjusting net inter-companies balances of approximately HK\$323 million) of Ngai Lik BVI together with its subsidiaries (excluding the Retained Subsidiaries) as at 30 September 2008 was approximately HK\$474 million; and
- (3) upon receipt by the Company of the Share Consideration, the Company shall make available a sum of HK\$70,000,000 out of the Share Consideration to the Administrators Vehicle as set out in the Scheme Document,

subject to such modifications and additions (including the inclusion of additional element resulting in the Administrators becoming the holders of the interests in the Administrators Vehicle to the extent as permitted by the applicable laws and regulations) to be further set out in the announcement and/or circular of the Company and the Scheme Document.

Upon completion of the Group Reorganisation, the Group will be split into the Retained Group and the companies held by the Administrators, provided that Group Reorganisation shall be conducted on terms which are (1) to the reasonable satisfaction of the Company, the Subscriber and the creditors of the Company, in another words, the Company may not be obliged to proceed with the Group Reorganisation if it is not satisfied with the proposed terms of such reorganisation or the Company is notified by either the Subscriber or the creditors of the Company that the Subscriber or the creditors of the Company (as the case may be) is not satisfied with the proposed terms of the such reorganisation, (2) in compliance with the Listing Rules and the Takeovers Code and all applicable laws and regulations of all relevant jurisdictions including Hong Kong and Bermuda, and (3) where applicable, pursuant to the requirements of the Stock Exchange and the SFC or such other governmental or regulatory bodies or authorities of competent jurisdiction.

It is expected that upon completion of the Group Reorganisation, the Group will only consist of the Company, the Issuer Vehicle Holdco, the Issuer Vehicle and the Retained Subsidiaries. The detailed mechanisms and procedures of the Group Reorganisation have not yet been concluded or finalised by the Company, its creditors or the Subscriber, which may or may not involve a distribution in specie to the Shareholders.

While the detailed mechanisms and procedures are not yet finalised by the relevant parties, the Company is not yet in a position to determine conclusively whether the Group Reorganisation or the Creditor Scheme would constitute a transaction under chapters 13 and/or 14 of the Listing Rules. Once the Company is in a position to determine the nature of the aforesaid transactions after finalising the detailed mechanisms and procedures of the Group Reorganisation and if necessary, the Company will make relevant disclosure in compliance with the requirements of the Listing Rules. In the event that the Group Reorganisation constitutes a disposal of assets under chapter 14 of the Listing Rules, the Company will comply with all applicable requirements under chapter 14 of the Listing Rules.

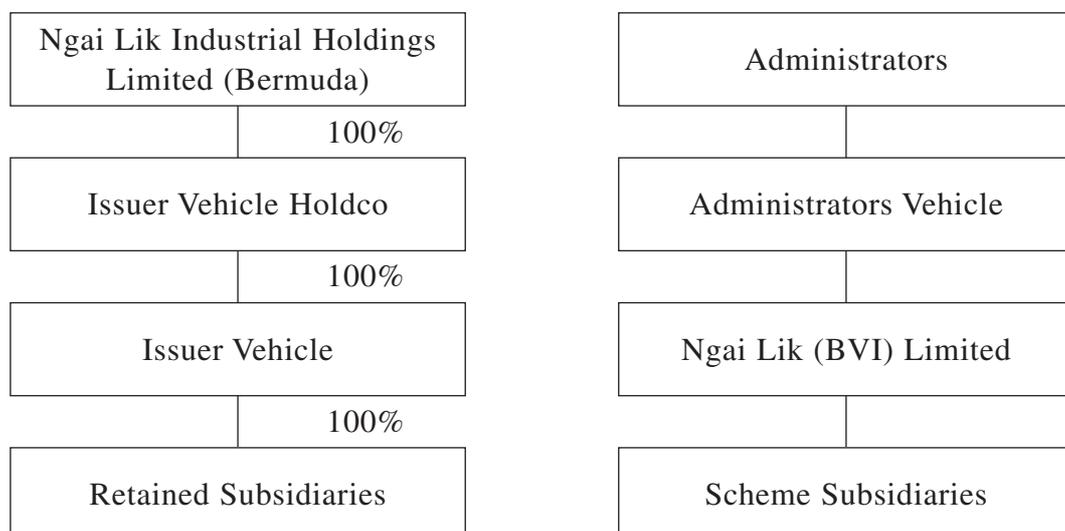
The Board is of the view that, immediately upon completion of the Group Reorganisation, the Group will have sufficient level of operations and have tangible assets of sufficient value to warrant the continued listing of the Shares.

## 2.2 Proposed corporate structure as at the date of this announcement and immediately upon completion of the Group Reorganisation

*As at the date of announcement:*



*Immediately upon completion of the Group Reorganisation:*



The lists for the Retained Subsidiaries and the Scheme Subsidiaries have been proposed by the Company for discussion purposes with the creditors of the Company and the Subscriber and they are subject to the finalisation of the mechanisms and procedures of the Group Reorganisation by the Company, its creditors and the Subscriber. Once the structure of the Group Reorganisation has been finalised and the lists for the Retained Subsidiaries and the Scheme Subsidiaries have been conclusively determined, the Company will make further announcement regarding the Creditors Scheme including details of the Retained Subsidiaries and the Scheme Subsidiaries accordingly. Details of the aforesaid will also be disclosed in the circular.

### **2.3 Proposed Creditor Scheme**

After signing of the Subscription Agreement, the Company has commenced discussion with its creditors (including the banks) to restructure the Scheme Indebtedness by way of a scheme of arrangement under Section 99 of the Companies Act and by way of a scheme of arrangement under Section 166 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) on the terms to the reasonable satisfaction of the Subscriber, such that:

- (1) all Scheme Indebtedness will be released and discharged so far as the Company is concerned;
- (2) proceeds from future disposal of assets or business of Ngai Lik BVI and the Scheme Subsidiaries, together with a sum of HK\$70,000,000 being part of the Share Consideration, will be made available to the Administrators to settle and discharge the Scheme Indebtedness, indebtedness and liabilities (actual or contingent) of each of Ngai Lik BVI, members of the Retained Subsidiaries and the Scheme Subsidiaries; and
- (3) the primary mandate of the Administrators is that they will realise the assets and business of the Administrators Vehicle and its subsidiaries for the primary purpose of repayment of all Scheme Indebtedness and other liabilities (if any), indebtedness and liabilities (actual or contingent) of each of Ngai Lik BVI, members of the Retained Subsidiaries and the Scheme Subsidiaries. Any residual amounts will then be held by the Administrators for the benefit of the Existing Shareholders after the aforesaid repayment. Terms of the mandate for the Administrators are still being formulated and they are subject to discussion with the creditors of the Company and details of which will be disclosed in further announcement (as and when appropriate) and the circular.

Detailed terms will be set out in the Scheme Document and the Creditor Scheme shall only be commenced by the Company after consulting such bank creditors.

Sanction of the Creditor Scheme is a condition precedent to the Subscription Agreement, details of which are set out in paragraph 3.6.1(4) and 3.6.4 below.

**Shareholders and investors should be aware that, as at the date of this announcement, there is no formal or informal, binding or non-binding agreement between the Company and its creditors (including the banks) regarding the proposed Creditor Scheme.**

## **2.4 Reasons for the Group Reorganisation and Creditor Scheme**

Due to the adverse impact of the worldwide economic downturn as triggered by the recent financial crisis in the United States, the financial position of the Group has significantly deteriorated. As disclosed in the announcement of the Company dated 6 January 2009, the Board announced, among other things, that the Group has decided to significantly scale down and to restructure its mobile division in order to alleviate the financial situation of the Group.

While the Company is currently engaging in discussions with its banks to explore the possibility of seeking a forbearance of the Group's banking facilities with the view to strengthen the Group's overall cash flow position, the Company has also considered the necessity of fund raising exercises that may be able to relieve the immediate liquidity problem of the Group. After arm's length negotiations between the Company and the Subscriber, the Subscriber has conditionally agreed to subscribe for the Subscription Shares and the Company intends that the existing indebtedness of the Group shall be restructured by way of the Creditor Scheme.

The Board considers that the Group Reorganisation will enable the Group to deal with its indebtedness in a formal and orderly manner so that, so far as the Company is concerned, the Scheme Indebtedness will be released and discharged, which is in the interests of the Company and the Shareholders as a whole. As at 31 January 2009, the Scheme Indebtedness amounted to approximately HK\$390 million.

## **3. SUBSCRIPTION AGREEMENT DATED 9 FEBRUARY 2009 AND WHITEWASH WAIVER**

### **3.1 Issuer**

The Company

### **3.2 Subscriber**

Success Pioneer is an investment holding company incorporated in the British Virgin Islands with limited liability.

The Subscriber is independent of, not connected with and not acting in concert with any of the Directors, the chief executives or the substantial Shareholders of the Company or its subsidiaries or any of their respective associates. As at the date of this announcement, the Concert Group does not hold any existing Shares.

### **3.3 Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue to Success Pioneer, and Success Pioneer has conditionally agreed to subscribe for, the Subscription Shares at the Share Consideration.

The effect on the changes in the Company's shareholding structure immediately upon allotment and issue of the Subscription Shares upon Completion are set out in paragraph 3.10 below.

The Subscription Shares, when issued and fully-paid, will rank equally in all respects among themselves and with all other Shares in issue as at the date of their allotment and issue.

### **3.4 Subscription Price**

The Subscription Price of approximately HK\$0.011 per new Share represents:

- a discount of approximately 91.3% to the closing price of HK\$0.127 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 88.0% to the average closing price of approximately HK\$0.092 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- a discount of approximately 87.2% to the average closing price of approximately HK\$0.086 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The estimated net price of the Subscription Shares to be received by the Company is approximately HK\$0.010 per Share.

The Subscription Price is determined by the Company and the Subscriber on an arm's length basis having taken into account, among other things, the following factors:

- the significant unaudited loss of the Group for the six months ended 30 September 2008;
- the possible adverse impact of the Incident;
- the persistent deterioration of market conditions;
- the urgent need to satisfy the Company's financial obligations of approximately HK\$165 million which have become overdue since 1 October 2008; and
- the business outlook of the Group.

In view of the above, the Directors (excluding the independent non-executive Directors) consider that although the Subscription Price represents more than 85% discount of the recent trading price of the Shares, the Subscription Price has been arrived at on a fair and reasonable basis.

### **3.5 Deposit**

The Subscriber has delivered to the Escrow Agent the Deposit in accordance to the terms of the Subscription Agreement. Pursuant to the terms of the Subscription Agreement, the Deposit is fully refundable to the Subscriber unless (i) Completion does not take place due to default of the Subscriber, in which case the Company shall be entitled to forfeit the Deposit (together with any interest accrued on it); or (ii) Completion does not take place not attributable to the default of either the Company nor the Subscriber of their respective obligations under the Subscription Agreement, in which case the Company shall be entitled to keep the sum representing 25% of the Deposit (together with any interest accrued on such sum).

Upon Completion, the Deposit shall be released by the Escrow Agent to the Company and applied as payment of part of the Share Consideration by the Subscriber to the Company.

### **3.6 Conditions Precedent**

**3.6.1** Pursuant to the Subscription Agreement, Completion shall be conditional upon the following conditions precedent being fulfilled or waived (as the case may be):

- (1) passing of the Resolutions at the SGM by way of poll by the Shareholders, other than Shareholders abstaining from voting as may be so required by law, the Listing Rules or the Takeovers Code or by the Stock Exchange and/or the SFC (as the case may be);
- (2) the granting of the Whitewash Waiver by the Executive conditional only on the approval by Shareholders (other than Shareholders abstaining from voting as may be so required by the Takeovers Code or by the Executive) of the Whitewash Waiver; and such Whitewash Waiver not having been revoked by the Executive;
- (3) listing of and permission to deal in all of the Subscription Shares having been granted by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions);
- (4) all consents, approvals, sanctions, despatch and filing of documents (including the Scheme Document) necessary for the purpose of making the Creditor Scheme effective having been obtained and done in accordance with the applicable laws and regulations;

- (5) completion of elements (1) and (2) of the Group Reorganisation set out in paragraph 2.1 above;
- (6) trading in the Shares on the Stock Exchange not being suspended for a period of more than seven consecutive trading days in the period of fourteen days immediately preceding the Completion Date, excluding any suspension for the purposes of clearing any announcement and/or circular, in relation to the transactions contemplated under the Subscription Agreement by SFC, the Stock Exchange and other regulatory authorities; and any suspension in respect of which the Stock Exchange having not indicated that trading in the Shares will not be resumed after such suspension;
- (7) listing of the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to Completion and there being no indication received by the Company from the SFC or the Stock Exchange prior to the Completion Date that listing of Shares will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated under the Subscription Agreement or otherwise;
- (8) there being no material change in the financial position, business or property, results or operations of any member of the Retained Group as at Completion and the warranties given by the Company under the Subscription Agreement being true and accurate in all material respect as at Completion, in each case save and except as disclosed pursuant to the Subscription Agreement;
- (9) (if required) the Bermuda Monetary Authority granting its consent to the issue and allotment and free transferability of the Subscription Shares;
- (10) any other waivers, consents, authorizations, clearances and approvals which are required from the relevant courts, governmental or regulatory authorities in Hong Kong and Bermuda, and any confirmations, declarations and certificates of any kind, for the Subscription Agreement and the transactions contemplated therein (including the Capital Reorganisation and the Group Reorganisation) having been granted, fulfilled or given (as applicable); and
- (11) completion of the Due Diligence Review within the Due Diligence Period in respect of the affairs of the Retained Group to the satisfaction of the Subscriber.

**3.6.2** The Subscriber may at any time waive any or all of the conditions precedent set out above (save and except for conditions precedent (1), (3), (4), (5), (9) and (10) if as a result of such waiver the Company would be in breach of the Listing Rules, the Takeovers Code, or the rules or regulations of any relevant governmental, statutory or regulatory authority) either in whole or in part by giving written notice to the Company.

In the event that the Subscriber waives the satisfaction of condition precedent (2) and elects to proceed with the Subscription, the Subscriber will comply with all the relevant requirements under the Takeovers Code, including but not limited to, the making of a general offer (subject to, amongst other things, the financial adviser to the Subscriber being satisfied that the Subscriber has sufficient financial resources to satisfy full acceptance of the general offer) and further announcement(s). As at the date of this announcement, the Subscriber has not yet determined whether or not to proceed with the Subscription in the absence of the Whitewash Waiver.

**3.6.3** The Company shall deliver the unaudited consolidated pro forma financial statements of the Retained Group and a report by the auditors or the reporting accountants of the Company prepared in accordance with the relevant requirements of the Listing Rules to the Subscriber not later than the close of business of the date when the circular of the Company, in respect of the transactions under the Subscription Agreement, is despatched. The Subscriber shall give a notice in writing to the Company confirming whether condition precedent (11) above has been satisfied or not on or before the end of the Due Diligence Period. If the Subscriber fails to give such a notice in writing as aforesaid, then condition precedent (11) above shall cease to be a condition precedent to the Completion and shall be deemed for all purposes and intents to have been fulfilled and satisfied or otherwise waived by the Subscriber with effect automatically from the next day immediately following the end of the Due Diligence Period. If the Subscriber shall state in the notice in writing to the Company that the Due Diligence Review has not been completed to the satisfaction of the Subscriber (or statements to similar effect), then the Subscription Agreement shall be deemed to have been terminated.

**3.6.4** If the Company cannot reach preliminary agreement with at least a majority in both value and number of the creditors of the Company in respect of the major terms of the Creditor Scheme on or before 16 March 2009 (or such other date as mutually agreed by the Company and the Subscriber), the Company shall have the right (but not as an obligation) to give a notice in writing to the Subscriber to terminate the Subscription Agreement provided that such notice shall be issued not later than three Business Days before 16 March 2009 (or as extended).

**3.6.5** Each of the parties to the Subscription Agreement shall use its reasonable endeavours to procure the fulfilment of the conditions precedent as set out in the Subscription Agreement on or before the Longstop Date (or such other date as may be agreed in writing between the Company and the Subscriber). If the conditions precedent have not been fulfilled (or waived by the Subscriber in whole or in part in accordance with paragraph 3.6.2 above) on or before the Longstop Date (or such other date as may be agreed in writing between the Company and the Subscriber), the Subscription Agreement shall be deemed to have been terminated.

**3.6.6** Completion shall take place on the date on which all the conditions on the Subscription Agreement have been fulfilled or waived (or such other date as may be agreed between the Company and the Subscriber).

### **3.7 Reasons for the Subscription**

As mentioned in paragraph 2.4 above, due to the adverse impact of the worldwide economic downturn as triggered by the recent financial crisis in the United States of America, the financial position of the Group has significantly deteriorated.

Although the Subscription Price represents a substantial discount to the recent trading price of the Shares and the shareholding of the Existing Shareholders will be significantly diluted as a result of the Completion, the Directors, having taken into account (i) the significant unaudited loss of the Group for the six months ended 30 September 2008; (ii) the persistent deterioration of market conditions; (iii) the urgent need to satisfy the financial obligations of the Company which have become and remained overdue since 1 October 2008; and (iv) the business outlook of the Group, consider that the Subscription will offer an efficient way for the Company to raise capital so as to repay part of the outstanding bank loans in a timely manner and at the same time enlarge the share capital and shareholder base of the Company. Not only the Subscription will allow the Company to strengthen its financial position and broaden its equity base, the strong industrial and financial expertise and business network in the manufacturing and retailing sectors of the members of the Subscriber are also considered complementary to the experience of the existing management of the Company. Detailed information relating to the background and expertise of the members of the Subscribers are set out in section “5. Information on the Company and the Subscriber” below.

In view of the Subscriber’s strong expertise, and manufacturing and retailing business networks, the introduction of the Subscriber is expected to benefit the Company’s long-term business development by strengthening the Company’s operational and financial management and opening to it more business opportunities in the future. Accordingly, the Directors (excluding the independent non-executive Directors) consider that the Subscription is in the interests of the Company and the Shareholders as a whole and the terms of the Subscription Agreement are fair and reasonable.

### 3.8 Use of proceeds

Pursuant to the Subscription Agreement, a sum of HK\$70,000,000 out of the Share Consideration received by the Company shall be made available to the Administrators Vehicle towards settlement and discharge of the Scheme Indebtedness pursuant to the terms of the Creditor Scheme and the remaining balance of HK\$10,000,000 shall be retained by the Company, which the Directors intend to use for the general working capital of the Company.

### 3.9 Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### 3.10 Changes in the Company's shareholding structure

As at the date of this announcement, the Company has a total of 793,016,684 issued Shares and outstanding options granted under the option scheme of the Company entitling the holders thereof to subscribe for a total of 15,000,000 Shares. Save for the above, the Company does not have any other Shares, outstanding warrants, options, derivatives or other securities carrying any conversion or subscription rights into Shares.

The following table sets out the existing shareholding structure of the Company and the changes thereto as a result of the allotment and issue of the Subscription Shares:

Name of Shareholders	Existing shareholding		Shareholding immediately after the allotment and issue of the Subscription Shares	
	Number of Shares	%	Number of Shares	%
Success Pioneer and parties acting in concert with it	–	–	7,137,150,000	90.00
<i>Existing Shareholders</i>				
Goodchamp Holdings Limited (1)	278,829,176	35.16	278,829,176	3.52
Public	514,187,508	64.84	514,187,508	6.48
Total	<u>793,016,684</u>	<u>100.00</u>	<u>7,930,166,684</u>	<u>100.00</u>

*Note:*

1. The interests are held by Goodchamp Holdings Limited, which is 100% owned by Sinowin (PTC) Inc. (formerly known as Sinowin Inc.) as trustee of The Sinowin Unit Trust. The Sinowin Unit Trust is a unit trust owned by HSBC International Trustee Limited as trustee of a discretionary trust. The discretionary trust was settled by Dr. Lam Man Chan (“Dr. Lam”) and the discretionary objects of which are Ms. Ting Lai Ling (“Ms. Ting”) herself (the wife of Dr. Lam) and the family members (including Mr. Lam Shing Ngai) of both Dr. Lam and Ms. Ting.

As shown in the above shareholding table and save for the entering into of the Subscription Agreement, none of the members of the Concert Group hold any Share, outstanding options, derivatives, warrants or other securities convertible or exchangeable into the Shares as at the date of this announcement. Upon Completion, Success Pioneer and parties acting in concert with it will be interested in 7,137,150,000 Shares, representing approximately 90.0% of the enlarged issued share capital of the Company. The Shares to be issued and allotted to Success Pioneer and parties acting in concert with it are not considered to be “in public hands”. In order to ensure that immediately upon Completion, the Shares held “in public hands” (as such term is understood in accordance with Rule 8.24 of the Listing Rules) will not be less than 25% of the Company’s entire issued ordinary share capital, the Subscriber will endeavor to secure other investors, who are independent investors not connected with the directors, the chief executives and the substantial shareholders of the Subscriber and the Company and their respective subsidiaries and associates (as defined in the Listing Rules), to subscribe sufficient number of Shares which shall restore the minimum 25% public float. However, as at the date of this announcement, the Company and the Subscriber are not yet in a position to announce specifically what steps will be taken to achieve the minimum 25% public float upon Completion. Further announcement will be made to update the Shareholders on the progress of the measures to be taken by the Subscriber and the Company. The Stock Exchange has stated that it will closely monitor trading and price movement in the Shares.

### **3.11 Whitewash Waiver**

Upon Completion, the Subscriber and parties acting in concert with it will, in aggregate, hold approximately 90.0% of the enlarged issued share capital of the Company and this will give rise to (in the absence of the Whitewash Waiver) an obligation for the Concert Group to make a mandatory offer for the Shares (not already owned or agreed to be acquired by the Concert Group) under Rule 26.1 of the Takeovers Code. An application will be made by the Subscriber to the Executive for the Whitewash Waiver which, if granted, will be subject to the approval by the Independent Shareholders by way of a poll at the SGM.

#### **4. FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS**

Save for the Subscription, the Company has not conducted any fund raising activities by way of issuing equity securities in the twelve-month period immediately preceding the date of this announcement.

#### **5. INFORMATION ON THE COMPANY AND THE SUBSCRIBER**

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in design, manufacture and sale of electronic products and property investment. As at the date of this announcement, the Group has operations in both Dongguan and Qingyuan, the PRC.

Success Pioneer is a company incorporated in the British Virgin Islands on 2 January 2009 with limited liability whose principal business is investment holding. The Subscriber is wholly owned by Rainbow Step which is in turn owned as to 40% by Corporate Smart, as to 30% by Big Trophy, as to 20% by McCallum VC and as to 10% by Allskill. The board of directors of each of the Subscriber and Rainbow Step comprises Mr. Yeung, Mr. Lau and Mr. Tam. Save for the entering into of the Subscription Agreement, the Subscriber has not conducted any business activities and has no other assets since its incorporation.

Corporate Smart is a company incorporated in the British Virgin Islands on 2 January 2009 with limited liability whose principal business is investment holding. Mr. Yeung is the sole director of and sole shareholder holding 100% interest in Corporate Smart. Corporate Smart has not conducted any business activities and has no other assets since its incorporation apart from its interest in the Subscriber through Rainbow Step.

Mr. Yeung has over 20 years experience in trading business of garment accessories related products. Mr. Yeung is currently the head of sales department of one of the well-established and leading garment accessories related products manufacturing companies in the Greater China. Mr. Yeung also has investment and holds directorship in a flexible plastic packaging company in the Greater China.

Big Trophy is a company incorporated in the British Virgin Islands on 2 January 2009 with limited liability whose principal business is investment holding. Mr. Lau is the sole director of and sole shareholder holding 100% interest in Big Trophy. Big Trophy has not conducted any business activities and has no other assets since its incorporation apart from its interest in the Subscriber through Rainbow Step.

Mr. Lau holds both a master degree and a bachelor degree in economics from the London School of Economics and Political Science. Mr. Lau has extensive experience in finance, investment and management. Mr. Lau had worked with several international financial institutions and had also worked as consultant or held in senior management positions for companies in various industries including information technology, tire manufacturing, pharmaceutical and retailing in the PRC and Hong Kong. Mr. Lau is also a Chartered Financial Analyst.

McCallum VC is a company incorporated in the British Virgin Islands on 15 January 2009 with limited liability whose principal business is investment holding. Mr. Tam is the sole director of and sole shareholder holding 100% interest in McCallum VC. McCallum VC has not conducted any business activities and has no other assets since its incorporation apart from its interest in the Subscriber through Rainbow Step.

Mr. Tam has over 30 years experience in the businesses of manufacturing, retailing and trading of a wide range of consumer electronic products in Hong Kong and the PRC. Mr. Tam is one of the founders and currently the chief executive officer and director of Citicall Retail Management Limited which is principally engaged in the retailing business of consumer electronic products in Hong Kong.

Allskill is a company incorporated in the British Virgin Islands on 6 January 2009 with limited liability whose principal business is investment holding. Mr. Chan is the sole director of and sole shareholder holding 100% interest in Allskill. Allskill has not conducted any business activities and has no other assets since its incorporation apart from its interest in the Subscriber through Rainbow Step.

Mr. Chan has over 20 years of audit and corporate advisory service experience in Hong Kong and the PRC and was involved in numerous financial reporting and investigations, and initial public offering engagements covering various industries such as, amongst others, property development and construction, garment and electronics manufacturing. Mr. Chan was graduated from Hong Kong Shue Yan University and gained his bachelor degree in Accounting at University of Southern Queensland, Australia. He is also a Certified Public Accountant (Practising) in Hong Kong, a Fellow member of Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant (“CPA”) of CPA Australia.

Save for the entering into of the Subscription Agreement, none of the members of the Concert Group has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into the Shares during the period commencing on the date falling six months prior to the date of this announcement. As at the date of this announcement, there are no relevant securities in the Company which the Concert Group has borrowed or lent. The Subscriber also confirms that there are no (i) arrangements in relation to the Shares (whether by way of option, indemnity or otherwise) referred to in note 8 to Rule 22 of the Takeovers Code and which might be material to the Subscription Agreement and/or the Whitewash Waiver, and (ii) agreements or arrangements which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription Agreement (other than those listed in the subsection 3.6 headed “Conditions Precedent”) and/or the Whitewash Waiver to which the Subscriber is a party to.

## **6. INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP**

The Group is principally engaged in design, manufacture and sale of electronic products and property investment. It is the intention of the Subscriber that following Completion, the Retained Group will continue with its existing principal activities of manufacturing and trading of electronic products (subject to the finalisation of the Group Reorganisation by the Company, its creditors and the Subscriber). The Subscriber will conduct a detailed review of the business and operations of the Retained Group in order to formulate long term strategy for the Retained Group and explore other business or investment opportunities in enhancing its future business development and strengthening its revenue bases. As at the date of this announcement, the Subscriber does not have any concrete plan to inject any assets or businesses into the Retained Group or to procure the Company to acquire or dispose of any assets other than in the ordinary course of business following Completion. Any acquisition or disposal of assets or business of the Retained Group in the future, if any, will be in compliance with the Listing Rules and the Takeovers Code (if applicable). The Retained Group will continue to seek new business opportunities to improve its profitability and prospects, and may diversify into other business should suitable opportunities arise.

## **7. BOARD COMPOSITION OF THE COMPANY AND OTHER MEMBERS OF THE RETAINED GROUP**

The Board currently comprises five executive Directors and three independent non-executive Directors. At Completion, the Subscriber may appoint executive Directors, subject to their being acceptable to the Stock Exchange, and may require the Company to procure resignation of any existing executive Director to resign, in each case with effect from the Completion Date such that the new executive Directors designated by the Subscriber will constitute all or a majority in number of the executive Directors. Any arrangements regarding changes to the Board composition will be made in compliance with the relevant requirements of the Listing Rules and/or the Takeovers Code.

To ensure management continuity, the Company has agreed to cause appointment of all the existing directors of the Issuer Vehicle and the Retained Subsidiaries to remain as directors of such companies for a period of two years after Completion.

## **8. MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Subscriber intends that the Company will maintain the listing status of the Shares on the Main Board of the Stock Exchange after the Completion. **The Stock Exchange has stated that if, at the Completion, less than 25% of the Shares are held in public hands or if the Stock Exchange believes that (i) a false market exists or may exist in the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares. Each of the Subscriber, the existing Directors and the new Directors to be appointed to the Board will undertake to the Stock Exchange to take appropriate steps as soon as possible following the Completion to ensure that not less than 25% of the Shares will be held by the public.**

**The Stock Exchange has also stated that if the Company remains a listed company on the Stock Exchange, it will closely monitor all future acquisitions or disposals of assets by the Company. Any acquisitions or disposals of assets by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue an announcement and/or a circular to the Shareholders irrespective of the size of any proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Company. The Stock Exchange also has the power pursuant to the Listing Rules to aggregate a series of acquisitions of assets by the Company and any such acquisitions may result in the Company being treated as if it were a new listing applicant and subject to the requirements of new listing applications as set out in the Listing Rules.**

## **9. SGM**

The Company will convene the SGM for the purpose of considering, and if thought fit, approving the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and the Whitewash Waiver, subject to the approval of the Independent Shareholders at the SGM. An independent board committee comprising the independent non-executive Directors will be formed to advise the Independent Shareholders on the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and Whitewash Waiver. An independent financial adviser will also be appointed to advise the independent board committee and the Independent Shareholders on the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and the Whitewash Waiver. The Company will issue a further announcement regarding the appointment of the independent financial adviser in due course.

A circular containing, among other things, details of the Capital Reorganisation, the Group Reorganisation, the Creditor Scheme, the Subscription Agreement, the Whitewash Waiver, the financial information of the Group, the pro forma financial information of the Retained Group and the Group after the Group Reorganisation, the recommendation of the Independent Board Committee and the advice of the independent financial adviser on the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and the Whitewash Waiver and a notice convening the SGM will be despatched to the Shareholders as soon as practicable and in compliance with the Takeovers Code and the Listing Rules.

Pursuant to Rule 8.2 of the Takeovers Code, the Company is required to despatch a circular in relation to, among other things, the proposed Subscription involving the application for the Whitewash Waiver by the Subscriber to the Shareholders within 21 days after the date of the announcement, which is on or before 17 March 2009. Since the circular will include the audited financial information of the Group as well as the unaudited consolidated pro forma financial statements of the Retained Group for the year ending 31 March 2009, the Company will make an application to the Executive for an extension of deadline for the despatch of the circular of the Company. Further announcement will be made as and when appropriate.

The completion of the Capital Reorganisation, Group Reorganisation and the Subscription, and the Creditor Scheme becoming effective are inter-conditional upon each other.

To the best knowledge of the Directors having made all reasonable enquiries, the Subscriber is not a Shareholder as at the date of this announcement. Under the Takeovers Code, the Concert Group shall not acquire or dispose of any Shares until Completion, and hence the Concert Group is not entitled to vote on any resolutions at the SGM. Only Shareholders who do not have a material interest in the Subscription will vote at the SGM on the resolutions to approve the Capital Reorganisation, the Group Reorganisation and the Subscription Agreement. For the avoidance of doubt, Dr. Lam and entity(ies) owned or controlled by him and/or his family are allowed to vote on the resolutions to approve the Capital Reorganisation, the Group Reorganisation and the Subscription Agreement at the SGM. Only the Independent Shareholders will vote on the resolution to approve the Whitewash Waiver at the SGM.

In accordance with Rule 25 of the Takeovers Code, if there is any Scheme Creditor who is a Shareholder and holds the relevant Shares as beneficial owner, the transactions contemplated under the Group Reorganisation may constitute a special deal and the relevant Scheme Creditor(s) will be required to abstain from voting at the SGM. As at the date of this announcement, the Company is still enquiring whether any of the Scheme Creditors beneficially own any Shares. In the event that the transactions contemplated under the Group Reorganisation constitute a special deal under the Takeovers Code, the circular to be despatched to the Shareholders will be prepared in accordance with the relevant provisions, including but not limited to, notes 4 and 5 of rule 25 of the Takeovers Code (if applicable) and include all the relevant disclosure. Further details will be set out in the circular.

#### **10. RESUMPTION OF TRADING OF THE SHARES OF THE COMPANY**

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 9 February 2009 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 25 February 2009 has been made by the Company.

**Shareholders and investors should be aware that the Subscription is subject to certain conditions being fulfilled or waived (if applicable) and may or may not be completed and hence shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

#### **11. DEALING DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Any associates of the Company and parties acting in concert with it are reminded to disclose their respective dealings in any securities of the Company in compliance with the Takeovers Code.

## 12. DEFINITIONS

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

“acting in concert”	the same meaning ascribed to it under the Takeovers Code
“Administrators”	the administrators sanctioned by the court(s) of competent jurisdiction in respect of the Creditor Scheme
“Administrators Vehicle”	the holding company deployed by the Administrators for the purposes of holding the entire issued share capital of Ngai Lik BVI upon completion of the Group Reorganisation
“Allskill”	Allskill Limited, a company incorporated in the British Virgin Islands with limited liability
“associate”	the same meaning ascribed to it under the Listing Rules
“Big Trophy”	Big Trophy Limited, a company incorporated in the British Virgin Islands with limited liability
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and a Sunday and a day on which a tropical cyclone warning number 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours

“Capital Reduction”	the reduction of the par value of each Share from HK\$0.10 to HK\$0.01 by the cancellation of HK\$0.09 of the paid-up capital on each existing share pursuant to the Capital Reorganisation
“Capital Reorganisation”	the meaning as described under paragraph 1.2, headed “Effects of the Capital Reorganisation and Capital Reduction”, in this announcement
“Company” or “Issuer”	Ngai Lik Industrial Holdings Limited (Stock Code: 332), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Companies Act”	Companies Act 1981 of Bermuda
“Completion”	pursuant to the Subscription Agreement, completion of the transactions contemplated thereunder
“Completion Date”	the date on which all the conditions precedent pursuant to the Subscription Agreement are fulfilled or waived (or such other date as may be agreed between the Company and the Subscriber)
“Concert Group”	the Subscriber and parties acting in concert with it, including but not limited to, Mr. Chan, Mr. Lau, Mr. Tam and Mr. Yeung
“Connected Person(s)”	the meaning ascribed to it under the Listing Rules
“Corporate Smart”	Corporate Smart Limited, a company incorporated in the British Virgin Islands with limited liability
“Creditor Scheme”	the meaning as described under paragraph 2.3, headed “Proposed Creditor Scheme”, in this announcement
“Deposit”	a sum of HK\$2,000,000 paid by the Subscriber to the Escrow Agent upon signing of the Subscription Agreement
“Directors”	the directors of the Company

“Due Diligence Period”	the period commencing from the date of the Subscription Agreement and ending on the earlier of (1) the seventh Business Day immediately following the date of delivery by the Company to the Subscriber the annual report of the Company for the financial period ended on 31 March 2009 and the unaudited consolidated pro forma financial statements of the Retained Group for the financial period ended on 31 March 2009 with a report by the auditors or the reporting accountants of the Company prepared in accordance with the relevant requirements of the Listing Rules and (2) 31 July 2009 (or such other date as may be agreed in writing between the Company and the Subscriber)
“Due Diligence Review”	a due diligence review and investigation to be carried out by or on behalf of the Subscriber on the members of the Retained Group including without limitation to their assets, liabilities, contracts, commitments and business and financial and legal and taxation aspects
“Escrow Agent”	the Subscriber’s solicitors
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time or any of its delegate
“Existing Shareholders”	the persons who will be shareholders of the Company as at the record date for the purpose of convening the SGM
“Group”	the Company and all its subsidiaries before implementation of the Group Reorganisation
“Group Reorganisation”	the meaning as described under paragraph 2.1, headed “Proposed Group Reorganisation”, in this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

“Incident”	the contents of newspaper articles which appeared in Apple Daily on 20 December 2008, and Ming Pao Daily and South China Morning Post on 23 December 2008, referring to, among other things, certain suppliers of Weeteck Limited (formerly known as Ngai Lik Mobile Electronics Limited), a subsidiary of the Company, seeking settlement of the amounts due to them and the lay-offs of Weeteck Limited workers
“Independent Shareholder(s)”	Shareholder(s), other than the Concert Group and those who are involved or interested in, in each case in its capacity as a Shareholder, the Subscription Agreement and the Whitewash Waiver, and are required to abstain from voting at the SGM
“Independent Third Party(ies)”	third party(ies) independent of the Company and Connected Persons of the Company
“Issuer Vehicle”	a company incorporated after the date of the Subscription Agreement and designated by the Company, which shall be a wholly-owned subsidiary of the Company, to be the holding company of the Retained Subsidiaries upon the completion of the Group Reorganisation
“Issuer Vehicle Holdco”	a newly incorporated company designated by the Company, which shall be a wholly-owned subsidiary of the Company to directly hold the entire interest in the issued ordinary share capital of the Issuer Vehicle upon the completion of the Group Reorganisation
“Last Trading Day”	6 February 2009, being the last trading date prior to the signing of the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	31 December 2009 (or such other date as may be agreed in writing between the Company and the Subscriber)
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of growth enterprise market (“GEM”) (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM

“McCallum VC”	McCallum Venture Capital Limited, a company incorporated in the British Virgin Islands with limited liability
“Mr. Chan”	Mr. Chan Sek Kwan Rays
“Mr. Lau”	Mr. Lau Ching Kei
“Mr. Tam”	Mr. Tam Norman Hok Cheong
“Mr. Yeung”	Mr. Yeung Kwai Tong
“Ngai Lik BVI”	Ngai Lik (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company before implementation of the Group Reorganisation
“PRC”	the People’s Republic of China
“Rainbow Step”	Rainbow Step Limited, a company incorporated in the British Virgin Islands with limited liability directly holding 100% interest in the Subscriber
“Resolutions”	<p>the resolutions to be considered by the Shareholders (or, where applicable, the Independent Shareholders) which are necessary to give effect to the transactions contemplated under the Subscription Agreement and comply with the Listing Rules and the Takeovers Code and, including:</p> <ol style="list-style-type: none"> <li>(1) the approval of the Capital Reorganisation;</li> <li>(2) the approval of the Group Reorganisation;</li> <li>(3) (if required) the approval of the terms of the Subscription Agreement;</li> <li>(4) the approval of the issue and allotment of the Subscription Shares; and</li> <li>(5) the Whitewash Waiver</li> </ol>
“Retained Group”	the Company, the Issuer Vehicle Holdco, the Issuer Vehicle and the Retained Subsidiaries

“Retained Subsidiaries”	the subsidiaries of Ngai Lik BVI as per the Subscription Agreement including, Ngai Lik Electronics Trading Limited, Ngai Lik Enterprises Limited, Ecotec Electronics Company Limited, Ngai Lik Digital Technology Limited, Din Wai Electronics Limited, Eurobest Limited, Shing Wai Limited, Ngai Wai Plastic Manufacturing Limited, Lik Way Chemical Limited, Shing Wai Company Limited, Ngai Lik Industrial Limited, Kin Ngai Industrial Limited and Din Wai Digital Limited (subject to such amendments and variations, whether in respect of their composition, principal businesses, properties, assets, accounting, financial and legal aspects or otherwise, as may be agreed by the Company and the Subscriber in writing from time to time)
“Scheme Document”	the scheme document to be issued by the Company in respect of the Creditor Scheme accompanied by a notice convening a meeting of the creditors of the Company in such location and manner as may be ordered by the courts of competent jurisdiction, in such form and substance to the reasonable satisfaction of the Subscriber and, in any event, in compliance with, where applicable, the Listing Rules and the Takeovers Code and all applicable laws and regulations of all relevant jurisdictions including Hong Kong and Bermuda and pursuant to the requirements of the Stock Exchange and the SFC or such other governmental or regulatory bodies or authorities of competent jurisdiction
“Scheme Indebtedness”	the indebtedness and liabilities (actual or contingent) of the Company as at the record date fixed for the purpose of convening the relevant meetings in respect of the Creditor Scheme which, for the avoidance of doubt, does not include any indebtedness and liability (actual or contingent) of members of the Group other than the Company
“Scheme Subsidiaries”	the subsidiaries of Ngai Lik BVI, other than the Retained Subsidiaries, as at the date of this announcement (subject to amendments and variations, whether in respect of their composition, principal businesses, properties, assets, accounting, financial and legal aspects or otherwise, as may be agreed by the Company and the Subscriber in writing from time to time)

“SFC”	the Securities and Future Commission of Hong Kong
“SGM”	the special general meeting of the Company to be convened for the purposes of considering, and if thought fit, approving, the Resolutions
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of a par value of HK\$0.10 in the existing share capital of the Company on the date of the Subscription Agreement and before Capital Reorganisation and all other (if any) stock or shares from time to time and for the time being ranking pari passu therewith and all other (if any) stock or shares in the share capital of the Company resulting from any sub-division, consolidation or re-classification thereof
“Share Consideration”	the sum of HK\$80,000,000 for the subscription of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 9 February 2009 entered into between the Company (as issuer) and the Subscriber (as subscriber) in relation to the Subscription
“Subscription Price”	the price of approximately HK\$0.011 per Subscription Share payable by the Subscriber pursuant to the Subscription Agreement
“Subscription Shares”	the 7,137,150,000 new Shares of par value of HK\$0.01 each to be subscribed for by the Subscriber, representing approximately 90% of the enlarged issued share capital of the Company immediately upon Completion
“Success Pioneer” or “Subscriber”	Success Pioneer Limited, a company incorporated in the British Virgin Islands with limited liability
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Whitewash Waiver” the whitewash waiver pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Concert Group to make a general offer for all the issued Shares not already owned or agreed to be acquired by the Concert Group which might otherwise arise as a result of the Subscriber subscribing for the Subscription Shares under the Subscription Agreement

“%” per cent.

By order of the Board  
**Ngai Lik Industrial Holdings Limited**  
**Lam Man Chan**  
*Chairman*

By order of the board  
of directors of  
**Success Pioneer Limited**  
**Lau Ching Kei**  
*Director*

Hong Kong, 24 February 2009

*As at the date of this announcement, the executive Directors of the Company are Dr. Lam Man Chan, Ms. Ting Lai Ling, Ms. Ting Lai Wah, Mr. Yeung Cheuk Kwong and Mr. Lam Shing Ngai and the independent non-executive Directors of the Company are Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong.*

*As at the date of this announcement, there are three directors of Success Pioneer namely Mr. Yeung Kwai Tong, Mr. Lau Ching Kei and Mr. Tam Norman Hok Cheong.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Concert Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement (other than opinions expressed by the Concert Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statements in this announcement misleading.*

*The directors of Success Pioneer jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement (other than opinions expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statements in this announcement misleading.*