THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained therein.

Frontier Global Group Limited
（先鋒環球集團有限公司）
(a company incorporated in the BVI with limited liability)

Ngai Lik Industrial Holdings Limited
（毅力工業集團有限公司）*
(a company incorporated in Bermuda with limited liability)

(Stock code: 332)

Composite Document relating to Mandatory Unconditional Cash Offer by

Quam Securities & Futures 華富嘉洛證券期貨

Quam Securities Company Limited
on behalf of Frontier Global Group Limited
to acquire all the issued shares of
Ngai Lik Industrial Holdings Limited
(other than those already owned by
Frontier Global Group Limited and parties acting in concert with it)

Financial adviser to Frontier Global Group Limited

Quam Capital 華富嘉洛企業融資

Financial adviser to Ngai Lik Industrial Holdings Limited

SOMERLEY LIMITED

Independent financial adviser to
the Independent Board Committee

第一上海 First Shanghai Group
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

First Shanghai Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from the Board is set out on pages 7 to 10 of this Composite Document.

A letter from Quam Capital containing, among other things, details of the terms of the Offer is set out on pages 11 to 17 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 18 to 19 of this Composite Document.

A letter from the independent financial adviser, First Shanghai, containing its advice in respect of the Offer to the Independent Board Committee is set out on pages 20 to 37 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out on pages I-1 to I-6 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Monday, 3 January 2011 or such later time and/or date as the Offeror may decide and announce in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" of Appendix I to this Composite Document before taking any action. It is the responsibility of each overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Each overseas Shareholder is advised to seek professional advice on deciding whether to accept the Offer.

* *For identification purpose only*

13 December 2010

CONTENTS

Page

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

Offer opens for acceptance	Monday, 13 December 2010
Latest time and date for acceptance of the Offer *(Notes 1 and 3)*	4:00 p.m. on Monday, 3 January 2011
Closing Date *(Note 1)*	Monday, 3 January 2011
Announcement of the results of the Offer or as to whether the Offer has been revised or extended, on the website of the Stock Exchange *(Note 1)*	by 7:00 p.m. on Monday, 3 January 2011
Latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances received on or before the latest time for acceptance of the Offer *(Note 2)*	Thursday, 13 January 2011

Notes:

1. The latest time for acceptance of the Offer is 4:00 p.m. on Monday, 3 January 2011. The Offer, which is unconditional, will be closed on Monday, 3 January 2011 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror reserves the right to extend the Offer until such date it may determine pursuant to the Takeovers Code. The Offeror will issue an announcement by 7:00 p.m. on Monday, 3 January 2011 as to whether the Offer has been revised, extended or expired and, in relation to any extension of the Offer, to state either the next closing date or that the Offer will remain open until further notice.

2. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares under the Offer will be posted to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within 10 days of the date of receipt by the Registrar of all the relevant documents of title to render the acceptance by such Independent Shareholder under the Offer complete and valid.

3. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in paragraph 4 headed "Right of withdrawal" in Appendix I to this Composite Document.

All time and date references contained in this Composite Document refer to Hong Kong time and date.

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

"acting in concert"	has the meaning given to it in the Takeovers Code
"associate(s)"	has the meaning defined in the Listing Rules
"Board"	the board of Directors
"BVI"	British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Closing Date"	Monday, 3 January 2011, the closing date of the Offer, which is 21 days after the date on which the Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
"Companies Ordinance"	Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended from time to time
"Company"	Ngai Lik Industrial Holdings Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Stock Exchange
"Composite Document"	this composite offer and response document jointly issued by and on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among other things, details of the Offer together with the Form of Acceptance
"Concert Group"	the Offeror, Mr. Wang, Mr. Pan, Mr. Gao, Mr. Zhou, Jinlong International Holdings Limited and Asia Debt Management Hong Kong Limited, and any parties acting in concert with any of them
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Encumbrances"	includes without any limitation, with respect to any asset, any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or other security or any equity or restriction (including any restriction imposed under the Companies Ordinance)

"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"First Announcement"	the announcement of the Company dated 4 November 2010 in relation to the update on the suspension of trading in Shares pending release of the Joint Announcement
"First Shanghai"	First Shanghai Capital Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee in respect of the Offer
"Form of Acceptance"	the form of acceptance and transfer of the Shares in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries as at the Latest Practicable Date
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Board Committee"	an independent board committee of the Board comprising all the independent non-executive Directors, namely, Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie, formed to give recommendations to the Independent Shareholders in respect of the Offer
"Independent Shareholders"	the Shareholders other than the Concert Group
"Joint Announcement"	the announcement of the Company dated 8 November 2010 in respect of, among other things, the Share Transfer and the Offer
"Last Trading Day"	25 October 2010, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the release of the Joint Announcement
"Latest Practicable Date"	10 December 2010, being the latest practicable date prior to the date of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"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
"Mr. Gao"	Mr. Gao Xiong, the ultimate beneficial owner of 18.75% effective interests in the Offeror
"Mr. Lau"	Mr. Lau Ching Kei, the Chairman of the Company and one of the ultimate beneficial owners of the Vendor
"Mr. Pan"	Mr. Pan Junfeng, the ultimate beneficial owner of 18.75% effective interests in the Offeror
"Mr. Wang"	Mr. Wang Jianqing, the ultimate beneficial owner of 37.5% effective interests in the Offeror
"Mr. Yeung"	Mr. Yeung Kwai Tong, an executive Director and one of the ultimate beneficial owners of the Vendor
"Mr. Zhou"	Mr. Zhou Jiawei, the ultimate beneficial owner of 25% effective interests in the Offeror
"Offer"	the mandatory unconditional cash offer by Quam Securities on behalf of the Offeror to acquire all the issued Shares other than those already owned by the Concert Group in accordance with the Takeovers Code
"Offer Price"	HK$0.0314 per Share payable in cash by the Offeror for each Share accepted under the Offer
"Offer Shares"	all the issued Share(s) other than those already owned by the Concert Group
"Offeror"	Frontier Global Group Limited, a company incorporated in the BVI with limited liability
"PRC"	the People's Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Quam Capital"	Quam Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror in respect of the Offer

"Quam Securities"	Quam Securities Company Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
"Registrar"	Tricor Tengis Limited, the Company's branch share registrar in Hong Kong located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"Relevant Period"	the period beginning six months prior to 4 November 2010, (being the date of the First Announcement) and ended on and including the Latest Practicable Date
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	an aggregate of 5,668,795,837 Shares acquired by the Offeror pursuant to the Share Transfer
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holders of the Share(s)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Share Transfer"	the sale of Sale Shares by the Vendor to the Offeror pursuant to the sale and purchase agreement dated 29 October 2010
"Somerley"	Somerley Limited, the financial adviser to the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning given to it in section 2 of the Companies Ordinance
"Takeovers Code"	The Code on Takeovers and Mergers issued by the SFC as in force from time to time

"Vendor"	Success Pioneer Limited, a company incorporated under the laws of the BVI with limited liability and is wholly owned by Rainbow Step Limited which is held as to (i) 45% by Corporate Smart Limited which is wholly owned by Mr. Yeung; (ii) 30% by Big Trophy Limited which is wholly owned by Mr. Lau; (iii) 15% by McCallum Venture Capital Limited which is wholly owned by Mr. Tam Norman Hok Cheong; and (iv) 10% by Best Kingdom Limited which is wholly owned by Mr. Kuok Hoi Sang
"%"	per cent

NGAI LIK INDUSTRIAL HOLDINGS LIMITED
(毅力工業集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

Executive Directors:
Mr. Lau Ching Kei *(Chairman)*
Mr. Yeung Kwai Tong

Non-Executive Director:
Mr. Tam Norman Hok Cheong

Independent Non-Executive Directors:
Dr. Leung Hoi Ming
Mr. Wong Chi Keung
Mr. Tom Xie

Registered Office:
Clarendon House
Church Street
Hamilton HM11
Bermuda

Principal place of business:
Unit D, 12/F., Seabright Plaza
9–23 Shell Street, North Point
Hong Kong

13 December 2010

To the Shareholders

Dear Sir or Madam,

Mandatory Unconditional Cash Offer
by Quam Securities Company Limited
on behalf of Frontier Global Group Limited
to acquire all the issued shares of
Ngai Lik Industrial Holdings Limited
(other than those already owned by
Frontier Global Group Limited and parties acting in concert with it)

INTRODUCTION

Reference is made to the joint announcement made by the Company and the Offeror dated 8 November 2010, among other things, the Share Transfer and the Offer.

Immediately following the completion of the Share Transfer on 2 November 2010, the Concert Group is interested in 5,668,795,837 Shares, representing approximately 71.48% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Concert Group is required to make a mandatory unconditional cash offer for all issued Shares (other than those already owned by the Concert Group) pursuant to Rule 26.1 of the Takeovers Code.

* *For identification purpose only*

The Independent Board Committee comprising all independent non-executive Directors (who have no direct or indirect interest in the Offer), namely, Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie, has been appointed to advise the Independent Shareholders in respect of the Offer. As Mr. Tam Norman Hok Cheong, being the non-executive Director, is one of the ultimate beneficial owners of the Vendor, Mr. Tam Norman Hok Cheong is not included in the Independent Board Committee. The appointment of First Shanghai has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer and the letter from First Shanghai containing its advice to the Independent Board Committee in respect of the Offer.

THE OFFER

Quam Securities is making, for and on behalf of the Offeror, the Offer to acquire all the issued Shares other than those already owned by the Concert Group on the following basis:

For each Offer Share . . . . **HK$0.0314 in cash**

The Offer is unconditional in all respects.

Pursuant to the Share Transfer, the total consideration at which the Sale Shares were acquired by the Offeror from the Vendor was HK$178,000,000, representing approximately HK$0.0314 per Sale Share. HK$150,000,000 of the consideration for the Sale Shares was settled in RMB129,510,000 (based on the agreed exchange rate of HK$100 = RMB86.34 with reference to RMB exchange middle rate as at 28 October 2010, being the last trading day before the signing of the sale and purchase agreement, according to Bank of China) and the remaining HK$28,000,000 was settled in Hong Kong dollar.

The Offer Price represents:

(a) a discount of approximately 81.5% to the closing price of HK$0.170 per Share, as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 77.4%, 77.4%, 77.6% and 75.8% over the average of the closing prices of approximately HK$0.139, HK$0.139, HK$0.140 and HK$0.130 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and

(c) a discount of approximately 75.1% to the closing price of HK$0.126 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(d) a premium over the audited consolidated net liabilities of the Company of approximately HK$0.0036 per Share as at 31 March 2010 based on the annual report of the Company for the year ended 31 March 2010.

As at the Latest Practicable Date, there are a total of 7,930,166,684 Shares in issue, and the Company does not have any outstanding warrants, options, derivatives or other securities carrying any conversion or subscription rights into Shares.

Further terms of the Offer are set out in the letter from Quam Capital, Appendix I to this Composite Document and in the accompanying Form of Acceptance. If a Shareholder wishes to accept the Offer in respect of one or all of his/her Share(s), he/she should complete the accompanying Form of Acceptance in accordance with the instructions set out therein.

SHAREHOLDING OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately before completion of Share Transfer; and (ii) as at the Latest Practicable Date:

	Immediately before completion of Share Transfer		**As at the Latest Practicable Date**	
	No. of Shares (thousand)	*%*	*No. of Shares (thousand)*	*%*
Vendor	5,668,796	71.48	—	—
Concert Group	—	—	5,668,796	71.48
Other public shareholders	2,261,371	28.52	2,261,371	28.52
Total	7,930,167	100.00	7,930,167	100.00

FURTHER INFORMATION OF THE OFFER

Please also refer to the letter from Quam Capital and Appendix I to this Composite Document for further information in relation to the Offer, the making of the Offer to the Shareholders residing in overseas countries, taxation, acceptance and settlement procedures of the Offer.

INFORMATION ON THE GROUP

The Company is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board. The Group is principally engaged in the design, manufacture and sale of electronic products and property investment.

As at the Latest Practicable Date, the Company had not entered into any agreement, arrangement, understanding, intention or negotiation about (i) any disposal, termination or scaling-down of any Company's existing business or; (ii) acquisition of new assets or business.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability. Please refer to the letter from Quam Capital contained in this Composite Document for more information about it.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the letter from Quam Capital contained in this Composite Document which sets out the intention of the Offeror regarding the business of the Group and the biographies of the proposed new Directors. The Board is aware of the Offeror's intention in respect of the Group and is willing to co-operate with the Offeror further which are of the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Your attention is drawn to the letters from the Independent Board Committee and First Shanghai, respectively, which set out their recommendations and opinions in relation to the Offer and the principal factors considered by them before arriving at their recommendations. You are also advised to read the remainder of this Composite Document and the Form of Acceptance in respect of the acceptance and settlement procedures of the Offer.

By order of the Board
Ngai Lik Industrial Holdings Limited
Lau Ching Kei
Chairman

Quam Capital Limited
A Member of The Quam Group

13 December 2010

To the Independent Shareholders

Dear Sir or Madam,

Mandatory Unconditional Cash Offer
by Quam Securities Company Limited
on behalf of Frontier Global Group Limited
to acquire all the issued shares of
Ngai Lik Industrial Holdings Limited
(other than those already owned by
Frontier Global Group Limited and parties acting in concert with it)

INTRODUCTION

Reference is made to the Joint Announcement. Immediately following the completion of the Share Transfer on 2 November 2010, the Concert Group is interested in 5,668,795,837 Shares, representing approximately 71.48% of the entire issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Concert Group is required to make a mandatory unconditional cash offer for all issued Shares (other than those already owned by the Concert Group) pursuant to Rule 26.1 of the Takeovers Code.

This letter, together with Appendix I to this Composite Document and the accompanying Form of Acceptance, sets out, among other things, the terms and other details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. Terms used in this letter shall have the same meaning as those defined in the Composite Document unless the context otherwise requires.

The Independent Shareholders are strongly advised to consider carefully the information contained in the letter from the Board, letter from the Independent Board Committee and letter from First Shanghai as set out in this Composite Document.

THE OFFER

Principal terms of the Offer

Quam Securities is making, for and on behalf of the Offeror, the Offer to acquire all the issued Shares other than those already owned by the Concert Group on the following basis:

The Offer

For each Offer Share . . . . HK$0.0314 in cash

The Offer is unconditional in all respects.

Pursuant to the Share Transfer, the total consideration at which the Sale Shares were acquired by the Offeror from the Vendor was HK$178,000,000, representing approximately HK$0.0314 per Sale Share. HK$150,000,000 of the consideration for the Sale Shares was settled in RMB129,510,000 (based on the agreed exchange rate of HK$100 = RMB86.34 with reference to RMB exchange middle rate as at 28 October 2010, being the last trading day before the signing of the sale and purchase agreement, according to Bank of China) and the remaining HK$28,000,000 was settled in Hong Kong dollar. On the basis of the above, the Offer is made on the basis of HK$0.0314 per Offer Share in cash.

Comparisons of value

The Offer Price represents:

(a) a discount of approximately 81.5% to the closing price of HK$0.170 per Share, as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 77.4%, 77.4%, 77.6% and 75.8% over the average of the closing prices of approximately HK$0.139, HK$0.139, HK$0.140 and HK$0.130 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and

(c) a discount of approximately 75.1% to the closing price of HK$0.126 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(d) a premium over the audited consolidated net liabilities of the Company of approximately HK$0.0036 per Share as at 31 March 2010 based on the annual report of the Company for the year ended 31 March 2010.

Total consideration and financial resources

As at the Latest Practicable Date, the Company had a total of 7,930,166,684 Shares in issue. Assuming that there is no change in the issued share capital of the Company prior to the close of the Offer, and based on the Offer Price of HK$0.0314 per Offer Share, the entire issued share capital of the Company is valued at approximately HK$249.0 million, and all of the 2,261,370,847 Offer Shares are valued at approximately HK$71.01 million.

Quam Capital is satisfied that sufficient financial resources are available to the Offeror to meet the full acceptance of the Offer. The Offeror will finance the Offer by a shareholder's loan from its sole shareholder, Touch Billion Limited. Touch Billion Limited will in turn be financed by a term loan facility provided by Jinlong International Holdings Limited in the amount of HK$100 million. Pursuant to the loan agreement, this term loan facility shall be used for (i) financing the purchase of the Sale Shares by the Offeror; (ii) financing the Offer; and/or (iii) borrowings among Touch Billion Limited, the Offeror, Champion Golden Limited and Galaxy King Limited. This term loan facility is secured by a charge over the entire issued capital of each of Touch Billion Limited and the Offeror and a debenture over all the assets of Touch Billion Limited. Jinlong International Holdings Limited is a special purpose company owned by the funds managed or advised by Asia Debt Management Hong Kong Limited, an investment advisory firm established under the laws of Hong Kong and licensed by the SFC to carry on type 9 (asset management) regulated activity as defined in the SFO. The Offeror does not intend that the payment of interest and repayment of the aforesaid loan will depend on the business of the Company.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and with all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of this Composite Document.

The procedures for acceptance and further terms of the Offer are set out in Appendix I to the Composite Document.

Overseas Shareholders

The availability of the Offer to the Independent Shareholders whose addresses as shown in the register of members of the Company in Hong Kong to be outside Hong Kong may be subject to, or limited by, the laws or regulations of their respective jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

The attention of the Independent Shareholders not being a resident in Hong Kong or with a registered address as shown in the register of members of the Company in Hong Kong to be outside Hong Kong is drawn to paragraph 6 in Appendix I to this Composite Document.

Stamp duty

The ad valorem stamp duty payable by the accepting Shareholders in connection with the Offer amounting to HK$1.00 for every HK$1,000 or part thereof of the consideration for the Offer or the market value of the Shares subject to the relevant acceptances, whichever is higher, will be deducted by the Offeror from the consideration payable to the accepting Shareholders on acceptance of the Offer. The Offeror will pay the stamp duty on behalf of the accepting Shareholders.

Settlement of the consideration

The amounts due to the Independent Shareholders who accept the Offer should be paid by the Offeror to the Independent Shareholders as soon as possible but in any event within 10 days of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by or for the Offeror. Settlement of the amounts due to the Independent Shareholders who accept the Offer will be implemented in full without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

Compulsory acquisition

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

DEALINGS IN SECURITIES OF THE COMPANY

Details of the dealings in securities of the Company by the Concert Group are set out in the section headed "Additional disclosure of interests and dealings" in Appendix III to this Composite Document.

INFORMATION ON THE GROUP

Details of the information on the Company are set out in the letter from the Board of this Composite Document.

Financial information on the Group is set out in Appendix II to this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI on 27 April 2010 with limited liability. The Offeror is wholly-owned by Touch Billion Limited, an investment holding company incorporated under the laws of the BVI. Save for the investment in the Offeror, Touch Billion Limited has not conducted any business since its incorporation, and does not have any material assets as at the Latest Practicable Date. Touch Billion Limited is owned as to 75% by Champion Golden Limited and 25% by Galaxy King Limited. Champion Golden Limited is an investment holding company owned as to 50% by Mr. Wang, 25% by Mr. Pan and 25% by Mr. Gao as at the Latest Practicable Date. Galaxy King Limited is an investment holding company wholly-owned by Mr. Zhou. Mr. Wang, Mr. Gao and Mr. Zhou are the directors of the Offeror and Touch Billion Limited. Mr. Wang and Mr. Gao are the directors of Champion Golden Limited. Mr. Zhou is the sole director of Galaxy King Limited. Save for the entering into of the Share Transfer, the Offeror has not conducted any business since its incorporation. Save for the Sale Shares and the funds retained for the Offer, the Offeror does not have any material assets as at the Latest Practicable Date.

For the six months immediately preceding the date of the First Announcement, save for the entering into of the Share Transfer, the Concert Group has not dealt in nor do they have any interest in the securities of the Company. None of the members of the Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company. Up to the Latest Practicable Date, save for the Sale Shares, none of the members of the Concert Group owns or has control or direction over, any voting rights or rights over Shares or any options, warrants or securities convertible into Shares. None of the members of the Concert Group has entered into and has any outstanding derivative in respect of any securities in the Company as at the Latest Practicable Date.

Mr. Wang is currently the general manager of Guangzhou Circle Energy Company Ltd. (廣州元亨能源有限公司). He obtained his bachelor's degree in 工業管理工程 (Industrial Management Engineering*) from Zhenjiang Shipbuilding College (鎮江船舶學院) (now known as the Jiangsu University of Science and Technology (江蘇科技大學)).

Save as disclosed above, Mr. Wang did not hold any directorship in other listed public companies or any other positions with the Company and other members of the Group in the last three years. Save for his indirect interest in the Sale Shares, Mr. Wang does not have any other interest in the Shares within the meaning of Part XV of the SFO. Mr. Wang does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Wang does not have a service contract with the Company but is subject to retirement and re-election at annual general meeting and vacation of office in accordance with the provisions of the bye-laws of the Company. Subject to the approval of the remuneration committee of the Company, Mr. Wang will be entitled to receive a fixed monthly remuneration of HK$25,000, and discretionary bonuses as may be determined by the committee from time to time with reference to the performance of the Company, duties and responsibilities of the director concerned and prevailing market conditions.

Mr. Pan is currently the deputy general manager of a shipping company that principally engaged in oil and bulk goods trading business in Yangtze region.

Save as disclosed above, Mr. Pan did not hold any directorship in other listed public companies or any other positions with the Company and other members of the Group in the last three years. Save for his indirect interest in the Sale Shares, Mr. Pan does not have any other interest in the Shares within the meaning of Part XV of the SFO. Mr. Pan does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Pan does not have a service contract with the Company but is subject to retirement and re-election at annual general meeting and vacation of office in accordance with the provisions of the bye-laws of the Company. Subject to the approval of the remuneration committee of the Company, Mr. Pan will be entitled to receive a fixed monthly remuneration of HK$25,000, and discretionary bonuses as may be determined by the committee from time to time with reference to the performance of the Company, duties and responsibilities of the director concerned and prevailing market conditions.

Mr. Gao holds a bachelor's degree in 絲綢工程 (Silk Textile Technology*) from Suzhou Institute of Silk Textile Technology (蘇州絲綢工學院) (now known as Suzhou (Soochow) University (蘇州大學)). He currently is the assistant to the general manager of a textile company in the PRC that principally engaged in the trading of textile products and international trading. Mr. Gao is responsible for market development and operation management in the textile company.

Mr. Zhou holds a bachelor's degree in Business Management from Zhejiang Sci-Tech University (浙江理工大學). He is currently the vice president of a rubber and plastic electro-mechanical company, responsible for the daily production and financial management.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Following the completion of the Share Transfer, the Offeror intends to continue the Group's principal business of design, manufacture and sale of electronic products and property investment and the Offeror will conduct a detailed review of the operations of the Group with a view to developing a long term corporate strategy for the Group upon completion of the Offer and explore other business or investment opportunities for enhancing its future development. Subject to the result of the review and should suitable investment of business opportunities arise, the Offeror may consider diversifying the business of the Group with an objective to broaden its income source. However, no such investment or business opportunities have been identified up to the Latest Practicable Date. The Offeror has no intention to inject any asset or business into the Group or redeploy any fixed assets of the Group or dispose of/terminate/scale-down the existing business of the Group other than in its ordinary course of business. The Offeror considers it commercially justifiable to make investment in the Group.

PROPOSED CHANGE TO BOARD COMPOSITION OF THE COMPANY

The Offeror has no intention to make major changes to the employees of the Group save for change in the composition of the Board.

The Board is currently made up of six Directors, comprising two executive Directors being Mr. Lau and Mr. Yeung; one non-executive Director being Mr. Tam Norman Hok Cheong and three independent non-executive Directors being Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie. Mr. Lau, Mr. Yeung and Mr. Tam Norman Hok Cheong will resign from the Board with effect from the earliest time as permitted under the Takeovers Code. The Board has approved the appointments of Mr. Wang and Mr. Pan as executive Directors with effect from the day immediately after the posting of the Composite Document.

The brief biographies of Mr. Wang and Mr. Pan are set out in the section headed "Information on the Offeror" of this letter.

Save as disclosed above, as at the date of this Composite Document, the Board is not aware of any other matters relating to their appointment that need to be brought to the attention of the Shareholders and there is no information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

— a false market exists or may exist in the trading of the Shares; or

— there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares until the level of sufficient public float is attained.

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The directors of the Offeror and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

It should be noted that if the Company remains a listed company on the Stock Exchange, the Stock Exchange 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 transactions of the Company and any such transactions may result in the Company being treated as if it were a new listing applicant subject to the requirements for new listing application as set out in the Listing Rules.

TAX IMPLICATIONS

None of the Offeror, Quam Capital or Quam Securities or any of their respective directors or any other parties involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. The Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer. None of the Offeror, Quam Capital or Quam Securities, or any of their respective directors or any other parties involved in the Offer accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further terms and other details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances sent to the Independent Shareholders by ordinary post will be sent to them at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the register of members of the Company. None of the Offeror, Quam Capital or Quam Securities, or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

You are advised to read carefully the letter from First Shanghai as contained in this Composite Document before deciding whether or not to accept the Offer.

Your attention is drawn to the additional information set out in the appendices to this Composite Document.

Yours faithfully,
For and on behalf of
QUAM CAPITAL LIMITED
Gary Mui
Executive Director

NGAI LIK INDUSTRIAL HOLDINGS LIMITED
（毅力工業集團有限公司）*

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

13 December 2010

To the Independent Shareholders

Dear Sir or Madam,

Mandatory Unconditional Cash Offer
by Quam Securities Company Limited
on behalf of Frontier Global Group Limited
to acquire all the issued shares of
Ngai Lik Industrial Holdings Limited
(other than those already owned by
Frontier Global Group Limited and parties acting in concert with it)

INTRODUCTION

We refer to the composite offer and response document (the ''Composite Document'') dated 13 December 2010 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned.

First Shanghai has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the Offer. Details of its advice and principal factors taken into consideration in arriving at its recommendation are set out in the letter from First Shanghai on pages 20 to 37 of the Composite Document.

* *For identification purpose only*

RECOMMENDATION

Having taken into account the terms of the Offer and the advice and recommendation of First Shanghai and the principal factors and reasons taken into consideration by it in arriving at its opinion, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Ngai Lik Industrial Holdings Limited

Dr. Leung Hoi Ming **Mr. Wong Chi Keung** **Mr. Tom Xie**
Independent Non-executive Directors

The following is the text of a letter of advice to the Independent Board Committee from First Shanghai in respect of the Offer prepared for the purpose of incorporation in the Composite Document.

第一上海
FIRST SHANGHAI GROUP
FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

FIRST SHANGHAI CAPITAL LIMITED
19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

13 December 2010

To the Independent Board Committee

Dear Sir or Madam,

Mandatory Unconditional Cash Offer
by
Quam Securities Company Limited
on behalf of Frontier Global Group Limited
to acquire all the issued shares of
Ngai Lik Industrial Holdings Limited
(other than those already owned by
Frontier Global Group Limited and parties acting in concert with it)

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offer. Details of the Offer are set out in the Composite Document jointly issued by the Offeror and the Company dated 13 December 2010, of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document.

On 29 October 2010, the Vendor, the Offeror, Mr. Yeung and Mr. Lau entered into a sale and purchase agreement for the Share Transfer pursuant to which the Offeror has conditionally agreed to acquire from the Vendor 5,668,795,837 Shares, representing approximately 71.48% of the entire issued share capital of the Company. Immediately following the completion of the Share Transfer on 2 November 2010, the Concert Group is interested in 5,668,795,837 Shares, representing approximately 71.48% of the entire issued share capital of the Company. Accordingly, the Concert Group is required to make a mandatory unconditional cash offer for all issued Shares (other than those already owned by the Concert Group) pursuant to Rule 26.1 of the Takeovers Code.

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. In accordance with Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors who has no direct or indirect interests in the Offer, namely Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie, has been appointed to advise the Independent Shareholders in respect of the Offer. As the non-executive Director, Mr. Tam Norman Hok Cheong, is one of the ultimate beneficial owners of the Vendor, Mr. Tam Norman Hok Cheong is not included in the Independent Board Committee. The Independent Board Committee has approved our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the Offer.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive directors and the management of the Group and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and continue to be true, accurate and complete in all material aspects up to the date of this letter. We have also sought and received confirmation from the directors and the management of the Group that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

We have not considered the tax implications on the Independent Shareholders of acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

The Offer is being made to acquire all the issued Shares other than those already owned by the Concert Group in compliance with the Takeovers Code on the following basis:

For each Share . . . . HK$0.0314 in cash

The Offer Price is equal to the price paid by the Offeror for each Sale Share under the sale and purchase agreement for the Share Transfer entered into between the Vendor, the Offeror, Mr. Yeung and Mr. Lau.

Details of the terms of the Offer are contained in the "Letter from Quam Capital" and Appendix I to the Composite Document. Independent Shareholders are urged to read the relevant sections in the Composite Document in full.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion with regard to the Offer, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

The Group is principally engaged in design, manufacture and sale of electronic products and property investment. The Shares have been listed on the Main Board of the Stock Exchange since 25 September 1992.

(i) *Historical financial performance of the Group*

The following table summarizes the consolidated income statements of the Group for each of the three years ended 31 March 2010 and the six months ended 30 September 2010, details of which are set out in Appendix II to the Composite Document:

	For the year ended 31 March			For the six months ended 30 September	
	2008	**2009**	**2010**	**2009**	**2010**
	(audited)	*(audited)*	*(audited)*	*(unaudited)*	*(unaudited)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Turnover	2,508,093	1,525,438	849,416	462,843	477,120
Gross (loss)/profit	132,513	(141,151)	(6,294)	24,410	(8,681)
(Loss)/profit before taxation	(151,316)	(818,967)	63,983	(74,436)	(46,954)
(Loss)/profit for the year from continuing operation	(130,988)	(814,195)	61,337	(76,576)	(46,954)
Discontinued operation					
(Loss)/gain for the year/period from discontinued operations	(5,563)	(102,133)	(190,735)	21,009	—
Loss for the year and total comprehensive income for the year, attributable to the owner of the Company	(136,551)	(916,328)	(129,398)	(55,567)	(46,954)

(a) *For the year ended 31 March 2008*

Turnover from the Group's continuing operations was approximately HK$2,508.1 million, while the Group's gross profit was approximately HK$132.5 million, for the year ended 31 March 2008. As stated in the annual report of the Company for the year ended 31 March 2008, the decrease in the Group's turnover and gross profit was mainly attributable to (i) the Group's strategy to reduce the sales of low profitability products, including compact disc and other conventional audio and visual products; (ii) the decline in market demand for the Group's products; and (iii) the increase in raw material and labour costs and certain redundancy payments made to lay-off labour in the PRC.

Net loss from the Group's continuing operations of approximately HK$131.0 million was recorded for the year ended 31 March 2008, which was mainly attributable to net loss on investment properties of approximately HK$78.1 million and finance costs of approximately HK$43.4 million was recorded as a result of the significantly high average interest rates and increase in bank and other borrowings during the year.

During the last quarter of the year ended 31 March 2009, the Group ceased operations of the mobile electronics division. The mobile electronics division recorded a loss of approximately HK$5.6 million for the year ended 31 March 2008.

As a result, net loss attributable to the equity holders of the Company of approximately HK$136.6 million was recorded for the year ended 31 March 2008.

(b) *For the year ended 31 March 2009*

Turnover from the Group's continuing operations for the year ended 31 March 2009 was approximately HK$1,525.4 million, representing a decrease of approximately 39.2% as compared with the same for the year ended 31 March 2008 which was mainly attributable to the negative impact of the financial tsunami and the cash flow problems of the Group arising from the tightened credit environment. In addition, the Group's gross profit for the year ended 31 March 2009 turned to gross loss of approximately HK$141.2 million from a gross profit of approximately HK$132.5 million for the year ended 31 March 2008. Such significant decline was due to the high level of overheads resulting from the sub-optimal production scale, increase in royalties and impairment loss on inventories arising from the cessation of production of unprofitable production lines during the year.

Net loss from the continuing operations increased substantially from approximately HK$131.0 million for the year ended 31 March 2008 to approximately HK$814.2 million for the year ended 31 March 2009, which was mainly attributable to (i) the adverse impact to the Group's turnover arising from the financial tsunami; (ii) the impairment loss on property, plant and equipment and intangible assets of approximately HK$422.5 million; and (iii) the restructuring exercises to cease and/or downsize unprofitable operations of the Group.

Due to the rapid deterioration of the mobile electronics division, it was ceased operations in the last quarter of the year ended 31 March 2009. During the restructuring exercises as mentioned below, the Group also transferred the property investment businesses to the administrators during the year ended 31 March 2009. The discontinued mobile electronics and property investment businesses recorded a net loss of approximately HK$102.1 million for the year ended 31 March 2009.

As a result of the above, the net loss attributable to the equity holders of the Company increased to approximately HK$916.3 million for the year ended 31 March 2009 from approximately HK$136.6 million for the year ended 31 March 2008.

During the year ended 31 March 2009, the Group encountered serious financial hardship which was evidenced with (i) its substantially high level of financial leverage with approximately 33.0 times of debt to equity ratio mainly arising from the capital expenditure incurred for projects in Qingyuan; (ii) certain subsidiaries of the Company defaulted in the repayment of outstanding amounts owing to creditors; and (iii) bank borrowings due within one year were higher than the Group's bank balances and cash by approximately 16.3 times as at 31 March 2009.

In response to such serious financial problems, the Group conducted a series of restructuring exercises (the "**Restructuring**"), details of which are set out in the announcement of the Company dated 24 February 2009, including among others, (i) a share subscription by the Vendor at cash consideration of HK$83.5 million (the "**Subscription**"), mainly for the distribution to scheme creditors and settlement of professional fees, with the remaining of approximately HK$10.0 million for working capital of the Group; and (ii) a group reorganization to divide the Group's then existing businesses into the retained electronic manufacturing services business (the "**EMS Business**") of the Group and the scheme subsidiaries which are principally engaged in manufacturing and sales of electronics products and property investment business to the scheme administrators for the benefit of the relevant creditors (collectively the "**Group Reorganization**"). The Restructuring reduced the Group's financial gearing and downsized the operations of the Group.

(c) *For the year ended 31 March 2010*

As a result of the lack of normal credit facilities to finance the Group's remaining business operations and negative impact of the Restructuring, turnover from the Group's continuing operations for the year ended 31 March 2010 was approximately HK$849.4 million, representing a decrease of approximately 44.3% as compared with the same for the year ended 31 March 2009. Nevertheless, gross loss was significantly improved from approximately HK$141.2 million for the year ended 31 March 2009 to approximately HK$6.3 million for the year ended 31 March 2010, which was mainly due to the positive impact from the downsizing in the Group's operations subsequent to the Group Reorganization and the additional funding from the Subscription to alleviate the cash flow problems encountered by the Group in the previous financial year.

Net profit from the Group's continuing operations improved substantially from a loss of approximately HK$814.2 million for the year ended 31 March 2009 to a profit of approximately HK$61.3 million for the year ended 31 March 2010. However, such significant improvement in the continuing operations was mainly due to a non-recurring gain on debt restructuring of approximately HK$185.7 million was recorded for the year ended 31 March 2010 following the Restructuring.

The loss from the discontinued operations, the mobile electronics and property investment businesses, was approximately HK$190.7 million for the year ended 31 March 2010.

As a result, net loss attributable to the equity holders of the Company of approximately HK$129.4 million was recorded for the year ended 31 March 2010.

(d) *For the six months ended 30 September 2010*

Turnover of the Group's continuing operations for the six months ended 30 September 2010 was approximately HK$477.1 million, representing an increase of approximately 3.1% as compared with the same for the six months ended 30 September 2009, which was mainly attributable to the increased sales in digital products. Gross profit deteriorated from approximately HK$24.4 million for the six months ended 30 September 2009 to gross loss of approximately HK$8.7 million for the six months ended 30 September 2010, which was mainly due to the (i) the adverse increase in raw material costs; (ii) additional royalty provisions paid; and (iii) significant increase in processing fees to subcontractors resulted from the manufacturing contract processing arrangement. Accordingly, net loss attributable to the equity holders of the Company of approximately HK$47.0 million was recorded for the six months ended 30 September 2010.

(ii) ***Financial position of the Group***

The following table summarises the financial positions of the Group as at 31 March 2010 and 30 September 2010, details of which are set out in full in Appendix II to the Composite Document:

	As at 31 March 2010 *(audited)* *HK$'000*	As at 30 September 2010 *(unaudited)* *HK$'000*
Non-current assets		
Property, plant and equipment	4,896	5,363
Interest in an associate	—	38
	4,896	5,401
Current assets		
Inventories	95,176	74,604
Trade and other receivables and prepayments	45,042	84,304
Taxation recoverable	45	45
Bank balances and cash	19,147	11,762
	159,410	170,715
Current liabilities		
Trade and other payables	174,615	233,395
Taxation payable	45	45
Obligations under finance leases		
— due within one year	32	32
Provision	17,844	17,844
	192,536	251,316
Net current liabilities	(33,126)	(80,601)
Non-current liabilities		
Obligations under finance leases		
— due after one year	35	19
Net deficit	(28,265)	(75,219)
Net deficit per Share ***(note)***	0.0036	0.0095

Note: calculated based on the total number of 7,930,166,684 Shares as at the Latest Practicable Date.

As a result of the increase in trade and other payables of approximately 33.7% as compared to the same as at 31 March 2010, net current liabilities and net deficit of the Group increased from approximately HK$33.1 million and HK$28.3 million as at 31 March 2010 to approximately HK$80.6 million and HK$75.2 million as at 30 September 2010, respectively. We noted that the increase in trade and other payables as at 30 September 2010 was mainly due to seasonal fluctuation.

As at 30 September 2010, the Group had total assets of approximately HK$176.1 million, representing an increased of approximately 7.2% over the same as at 31 March 2010. Property, plant and equipment of approximately HK$5.4 million represented approximately 3.0% of the total assets of the Group. Among the current assets, inventories amounted to approximately HK$74.6 million; trade and other receivables and prepayments amounted to approximately HK$84.3 million; and bank balances and cash amounted to approximately HK$11.8 million, representing approximately 42.4%, 47.9% and 6.7% of the Group's total assets respectively.

As at 30 September 2010, the Group had total liabilities of approximately HK$251.3 million, increased by approximately 30.5% over the same as at 31 March 2010. Obligations under finance leases due after one year of approximately HK$19,000 represented all of the non-current liabilities of the Group. Among the current liabilities, trade and other payables amounted to approximately HK$233.4 million; provision amounted to approximately HK$17.8 million; representing approximately 92.9% and 7.1% of the Group's total liabilities respectively.

As at 30 September 2010, the Group maintained its debt-free position and had net cash position of approximately HK$11.8 million. The net deficit per Share was approximately HK$0.0095 as at 30 September 2010.

(iii) ***Future development of the Group***

After the implementation of the Restructuring, the Group focuses on the EMS Business and all the manufacturing operations for the electronic products have continued under manufacturing contract processing arrangement.

As set out in the annual report of the Company for the year ended 31 March 2010, the Directors considered that the business environment of the Group is still challenging given that (i) the worsening labour shortage situation causing the escalating labour cost; and (ii) the rebound of the global economy increased the raw materials cost for production.

As set out in the interim result of the Group for the six months ended 30 June 2010, the business environment for export-manufacturing is still critical despite of the recovery in global economy. The business performance of the Group was still affected by (i) the labour shortage problem in the Pearl River Delta resulting in the increase in wages; (ii) the depreciation in United States dollar causing the reduction of the product margin; (iii) the sharp rise in material prices such as plastics, paper and copper; and (iv) the more stringent policy in granting banking facilities.

Going forward, the Group will maintain its emphasis on new product development, implementation of effective cost control policy, expansion of domestic sale and the alignment of strategic partners in developing electronic and other markets.

We noted that (i) the Group has been loss making over the past three years ended 31 March 2010 and, in particular, for the six months ended 30 September 2010 where the Group had completed the Group Reorganisation; and (ii) the net deficit and net current liabilities positions of the Group have further deteriorated as at 30 September 2010. As at the Latest Practicable Date, we are advised that there was no other existing plan to revitalize the business of the Group. Having considered the competitive business environment of the electronic manufacturing industry in the PRC with the increasing labour cost, depreciation in United States dollar and increasing material cost, we concur with the Directors that the future outlook of the electronic manufacturing business in the PRC will continue to be challenging. In the absence of any dramatic change, it is uncertain as to whether the profitability of the Group would be improved after the close of the Offer.

3. Background of the Offeror and its intention regarding the future of the Group

(i) ***Background of the Offeror***

As set out in the "Letter from Quam Capital" to the Composite Document, the Offeror is an investment holding company incorporated in the BVI on 27 April 2010 with limited liability and is wholly-owned by Touch Billion Limited. Touch Billion Limited is an investment holding company incorporated under the laws of the BVI and is owned as to 75% by Champion Golden Limited and 25% by Galaxy King Limited. Touch Billion Limited has not conducted any business since its incorporation, and does not have any material assets as at the Latest Practicable Date. Champion Golden Limited is an investment holding company owned as to 50% by Mr. Wang, 25% by Mr. Pan and 25% by Mr. Gao as at the Latest Practicable Date. Galaxy King Limited is an investment holding company wholly-owned by Mr. Zhou. Mr. Wang, Mr. Gao and Mr. Zhou are the directors of the Offeror. Save for the entering into of the sale and purchase agreement for the Share Transfer, the Offeror has not conducted any business since its incorporation. Save for the Sales Shares and the funds retained for the Offer, the Offeror does not have any material assets as at the Latest Practicable Date. Independent Shareholders may refer to the "Letter from Quam Capital" to the Composite Document for further information about the Offeror.

(ii) ***Intentions regarding the business of the Group***

As set out in the "Letter from Quam Capital" to the Composite Document, the Offeror intends to continue the Group's principal business of design, manufacture and sale of electronic products and property investment and the Offeror will conduct a detailed review of the operations of the Group with a view to developing a long term corporate strategy for the Group upon completion of the Offer and explore other business or investment opportunities for enhancing its future development. Subject to the result of the review and should suitable investment of business opportunities arise, the Offeror may consider diversifying the business of the Group with an objective to broaden its income source. However, no such investment or business opportunities have been transferred up to the Latest Practicable Date, the Offeror has no intention to inject any asset or business into the Group or redepoly any fixed assets of the Group or dispose of/terminate/scale-down the existing business of the Group other than in its ordinary course of business. The Offeror considers it commercially justifiable to make investment in the Group.

(iii) ***Intentions regarding the management of the Group***

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. As set out in the "Letter from Quam Capital" to the Composite Document, Mr. Lau, Mr. Yeung, and Mr. Tam Norman Hok Cheong will resign from the Board with effect from the earliest time as permitted under the Takeovers Code. The Board has approved the appointments of Mr. Wang and Mr. Pan as executive Directors with effect from the day immediately after the posting of the Composite Document.

(iv) ***Maintenance of the listing status of the Company***

As set out in the "Letter from Quam Capital" to the Composite Document, the Offeror intends that the Company remains listed on the Stock Exchange after the close of the Offer. Each of the Offeror, the Company and the new Directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange that appropriate steps will be taken to ensure that sufficient public float exists in the Shares.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares until the level of sufficient public float is attained. In this connection, it should be noted that upon completion of the Offer, there may be insufficient public float for the Shares and therefore, trading in the Shares may be suspended until a prescribed level of public float is attained.

4. Evaluation of the Offer Price

(i) ***Basis of determining the Offer Price***

The Offer Price of HK$0.0314 per Share is equal to the price paid by the Offeror for each of the Sale Share under the sale and purchase agreement for the Share Transfer entered into between the Vendor, the Offeror, Mr. Yeung and Mr. Lau. The Offer Price represents:

(a) a discount of approximately 75.1% to the closing price of HK$0.126 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a discount of approximately 81.5% to the closing price of HK$0.170 per Share, as quoted on the Stock Exchange on the Last Trading Day;

(c) a discount of approximately 77.4%, 77.4%, 77.6% and 75.8% over the average of the closing prices of approximately HK$0.139, HK$0.139, HK$0.140 and HK$0.130 per Share respectively for the 10, 20, 30 and 90 consecutive trading days up to and including the Last Trading Day; and

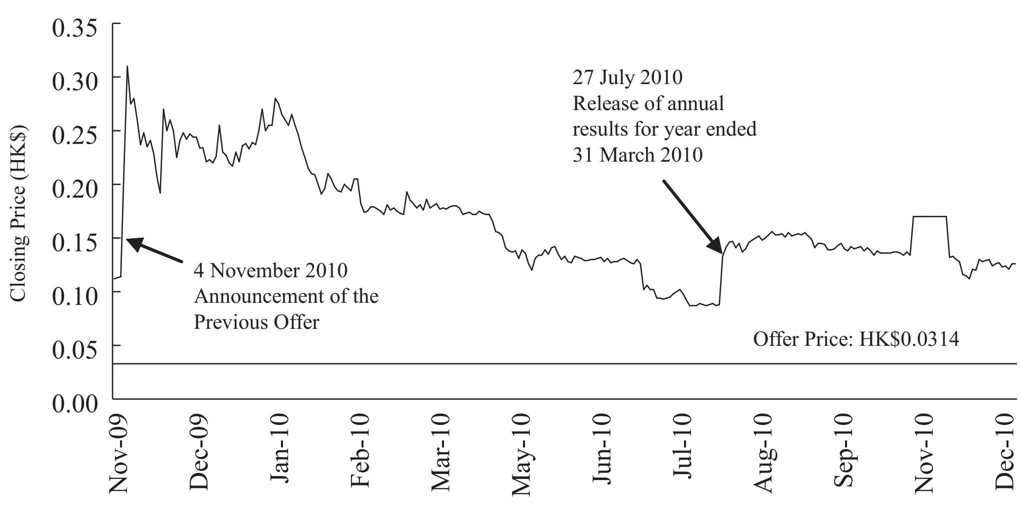
(d) a premium over the unaudited consolidated net deficit of the Company of approximately HK$0.0095 per Share as at 30 September 2010 based on the interim result of the Company for the six months ended 30 September 2010.

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the "Letter from Quam Capital" and Appendix I to the Composite Document.

(ii) ***Historical price performance of the Shares***

Chart 1 below depicts the daily closing prices of the Shares from 1 November 2009 (approximately 12 months prior to the sale and purchase agreement for the Share Transfer) up to the Latest Practicable Date (the "**Review Period**"):

Chart 1: Share price performance



Source: Bloomberg

During the Review Period, the Shares traded within a range of HK$0.087 to HK$0.31 per Share. The Offer Price was substantially lower than the closing prices of the Share during the Review Period.

Following the publication of the joint announcement dated 4 November 2009 regarding the possible mandatory cash offer (the "**Previous Offer**") by the Vendor for all the issued shares of the Company (other than those already owned by or agreed to be acquired by the

Vendor and parties acting in concert with it) at HK$0.012, the Share price increased substantially from HK$0.114 on 4 November 2009 to HK$0.217 on 5 November 2009. The Share price then reached the highest closing price during the Review Period of HK$0.31 on 6 November 2009.

On 11 January 2010, the Group announced the completion of, among others, the Group Reorganization and the Subscription under the Restructuring. The Share price then closed at HK$0.28 on 12 January 2010 from HK$0.255 on 11 January 2010.

The Previous Offer was closed at 18 February 2010. Following the close of the Previous Offer, we noted from the above chart 1 that the Share price continued its decreasing trend from HK$0.205 on 18 February 2010 to the lowest point during the Review Period of HK$0.087 on 29 July 2010.

Following the publication of the results announcement of the Company for the year ended 31 March 2010 dated 27 July 2010, the Share price rebounded substantially within a few days and reached HK$0.133 on 2 August 2010 from HK$0.088 on 27 July 2010. We are advised from the Company that they were not aware of any reasons, other than the said annual results announcement, for such significant increase. The Share price then fluctuated within a narrow range at between HK$0.134 and HK$0.156 and closed at HK$0.134 on 22 October 2010.

On 25 October 2010, being the Last Trading Day, the Shares increased substantially to HK$0.17 from the previous closing price of HK$0.134 on 22 October 2010. The Directors advised us that the Company was also not aware of any reasons for such increase in the Share price.

After the release of the Joint Announcement on 8 November 2010 and up to the Latest Practicable Date, the Shares closed at between HK$0.112 and HK$0.133 and closed at HK$0.126 as at the Latest Practicable Date, representing a premium of approximately 301.3% over the Offer Price.

Liquidity of the Shares

Table below sets out the total number and the average daily number of Shares traded per month and the respective percentages of the average daily trading volume compared to the average total issued Shares and the average number of Shares held by the public during the Review Period:

	Total monthly trading volume of the Shares *(million Shares)*	**Average daily trading volume of the Shares during the month** *(million Shares)*	**% of average daily trading volume of the Shares to the average total issued Shares** *(note 1)*	**% of average daily trading volume of the Shares to average public float** *(note 2)*
2009				
November	1,547.3	73.7	9.29%	15.51%
December	149.5	6.8	0.86%	1.43%
2010				
January	302.1	15.1	0.28%	0.67%
February	1,607.9	89.3	1.13%	14.25%
March	455.1	19.8	0.25%	1.79%
April	929.1	48.9	0.62%	4.42%
May	280.2	14.0	0.18%	1.27%
June	98.4	4.7	0.06%	0.42%
July	196.4	9.4	0.12%	0.84%
August	982.2	44.6	0.56%	4.03%
September	231.5	11.0	0.14%	1.00%
October	215.1	13.4	0.17%	1.21%
November	601.0	37.6	0.47%	3.39%
December *(note 3)*	43.7	5.5	0.07%	0.49%

Source: Bloomberg

Notes:

1. Calculated based on the average of the number of issued Shares in each month during the Review Period.

2. Calculated based on the average of the number of Shares held by the public in each month during the Review Period obtained from Bloomberg.

3. Up to the Latest Practicable Date.

As illustrated in the table above, save for (i) November 2009, where the Company announced the Previous Offer; and (ii) February 2010, where the Previous Offer was still open, the average daily trading volume of Shares as a percentage of the average total issued Shares was less than 1.0% and within the range of 0.06% to 0.86%; while the average daily trading volume of Shares as a percentage of the average total number of Shares held by the public was less than 5.0% and within the range from 0.42% to 4.42%.

In view of the above, we consider that the liquidity of the Shares was extremely low during the Review Period and there may not be sufficient liquidity in the Shares for the Independent Shareholders to dispose of their Shares in the open market without having an adverse impact on the market price level of the Shares. Accordingly, we consider that the market price of the Share may not necessarily reflect the proceed Independent Shareholders can receive by disposal of the Shares in the open market.

(iii) ***Comparison with comparable companies and offers***

Comparable companies

Given the Group was loss making and has not paid any dividend for the year ended 31 March 2010 and had net deficit position as at 30 September 2010, we consider that the traditional approaches of evaluating price to earnings multiples, price to book multiples or dividend yields of comparable companies cannot be applied to the present case.

Other offers

As far as we are aware of from the website of the Stock Exchange, we identified ten exhaustive companies which are listed on the Stock Exchange and were the subjects of general offers from 1 May 2010 (approximately 6 months prior to the sale and purchase agreement for the Share Transfer) to 29 October 2010 (being the date of entering into of the sale and purchase agreement for the Share Transfer) (the "**Other Offers**"). Summarised below are our relevant findings:

			Premium/discount over/to closing price or average closing price			
Date of announcement	**Company (Stock code)**	**Offer price**	**Last trading date immediately prior to the relevant announcement ("Last Price")**	**10 trading days immediately prior to the relevant announcement ("10 Days Average Price")**	**30 trading days immediately prior to the relevant announcement ("30 Days Average Price")**	**90 trading days immediately prior to the relevant announcement ("90 Days Average Price")**
		(HK$) per share	(%)	(%)	(%)	(%)
4 May-10	Asian Capital Resources (Holdings) Limited (8025)	0.06	(96.72)	(96.64)	(95.41)	(93.58)
28 May-10	Easyknit International Holdings Limited (1218)	3.30	33.06	22.91	16.07	54.93
7 Jun-10	Hong Kong Aircraft Engineering Company Limited (44)	105.0	25.00	26.54	15.75	8.00
7 Jul-10	Kee Shing (Holdings) Limited (174)	1.542	(9.29)	(14.67)	12.80	35.86
16 Jul-10	Sonavox International Holdings Limited (8226)	0.40	0.0	0.0	0.0	(11.50)
4 Aug-10	Morning Star Resources Limited (542)	0.20	(29.82)	(26.74)	(2.91)	42.86
4 Aug-10	Finet Group Limited (8317)	0.3578	(69.42)	(64.04)	(59.89)	(70.11)
26 Aug-10	New Island Printing Holdings Limited (377)	2.15	43.33	49.93	50.88	111.82
5 Oct-10	Tonic Industries Holdings Limited (978)	0.10635	(37.07)	(22.93)	(24.57)	(31.83)
18 Oct-10	Eternite International Company Limited (8351)	0.50	(3.85)	13.12	49.25	63.40
		Mean	**(14.48)**	**(11.25)**	**(3.80)**	**10.98**
		Median	**(6.57)**	**(7.33)**	**6.40**	**21.93**
		Maximum	**43.33**	**49.93**	**50.88**	**111.82**
		Minimum	**(96.72)**	**(96.64)**	**(95.41)**	**(93.58)**
8 Nov-10	**Ngai Lik Industrial Holdings Limited (332)**	**0.0314**	**(81.53)**	**(77.41)**	**(77.57)**	**(75.85)**

Source: Bloomberg and the respective announcements and offer documents of the Other Offers published on the website of the Stock Exchange

As demonstrated in the above table, the discounts represented by the Offer Price of HK$0.0314 per Share over the Last Price, the 10 Days Average Price, the 30 Days Average Price and the 90 Days Average Price of approximately 81.53%, 77.41%, 77.57% and 75.85% respectively are within the range of the corresponding average prices of the Other Offers.

Independent Shareholders should note that the businesses, operations, industry and prospects of the Company are not the same as the Other Offers as set out in the above table. In particular, the offer price in a general offer exercise may also vary due to factors including but not limited to the unique business, operation, industry and prospects of each individual company, and the arm's length negotiations between the offeror and the vendor. Accordingly, the Other Offers are only used to provide a general reference for general offer made by companies listed on the Stock Exchange and we have not relied on the Other Offers to evaluate the Offer Price.

Having considered that (i) the continuous loss making situation of the Group during the three years ended 31 March 2010, in particular, for the six months ended 30 September 2010 after the Group had completed the Restructuring; (ii) the net deficit and net current liabilities positions of the Group of approximately HK$75.2 million and HK$80.6 million as at 30 September 2010; (iii) the cash position of approximately HK$11.8 million only represents approximately 6.7% of the total assets of the Group as at 30 September 2010 while the liquidity of the other assets of the Group is relatively low; (iv) the uncertainty as to whether the profitability of the Group would be improved after the close of the Offer; and (v) the extremely low trading liquidity of the Shares during the Review Period where the market price of the Share may not necessarily reflect the proceed Independent Shareholders can receive by disposal of the Shares in the open market, we are of the opinion that it is reasonable that the Offer Price was set at deep discounts to the historical closing prices of the Shares.

ANALYSIS AND OPINION

In assessing the Offer, we have considered the following principal factors:

— the continuous loss making situation of the Group during the three years ended 31 March 2010, in particular, for the six months ended 30 September 2010 after the Group had completed the Restructuring, and the further deteriorated net deficit and net current liabilities positions of the Group as at 30 September 2010. The cash position of approximately HK$11.8 million only represents approximately 6.7% of the total assets of the Group as at 30 September 2010 while the liquidity of the other assets of the Group is relatively low. Having considered the competitive business environment of the Group, we are of the view that in the absence of any dramatic change, it is uncertain as to whether the profitability of the Group would be improved after the close of the Offer;

- — the trading liquidity of the Shares had been extremely low during the Review Period. It is uncertain as to whether the liquidity of the Shares could be improved before the close of the Offer to allow the Independent Shareholders to dispose of their holding in the Shares at the market price in the market;

- — the Offer Price of HK$0.0314 represented a premium over the unaudited consolidated net deficit of the Company of approximately HK$0.0095 per Share as at 30 September 2010;

- — no dividend was distributed by the Company during the three years ended 31 March 2010 and it is not certain that any dividend will be distributed in the foreseeable future;

- — the Offer Price of HK$0.0314 represents a substantial discount to the Last Price of the Shares as well as the 10 Days Average Price, the 30 Days Average Price and the 90 Days Average Price. However, given the consistent extremely thin trading volume of the Shares, Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares. Accordingly, we consider that the market price of the Share may not necessarily reflect the proceed Independent Shareholders can receive by disposal of the Shares in the open market; and the Offer represents an alternative opportunity for the Independent Shareholders to realize their investment in the Company; and

- — as at the Latest Practicable Date, the Offeror has no intention or concrete plan regarding any acquisition of assets and/or business by the Group.

Having considered the above analysis, on balance, we consider the terms of the Offer are fair and reasonable to the Independent Shareholders and we recommend the Independent Shareholders to accept the Offer.

Nevertheless, in view of the market price of the Shares exceeded the Offer Price during the Review Period despite the consistent extremely thin trading volume of the Shares, including the trading days after the release of the Joint Announcement, the closing price of the Shares at the Latest Practicable Date of HK$0.126 represents a premium of 301.3% over the Offer Price. If any Independent Shareholders (i) prefer to dispose of their investment in the Company; and (ii) are able to identify other potential purchaser to purchase the Shares in the open market at a price higher than the Offer Price despite the consistent extremely thin trading volume of the Shares, such Independent Shareholders shall consider to sell their Shares if they are able to do so. Independent Shareholders who wish to sell but have not done so in the open market at prices higher than the Offer Price should consider to accept the Offer. Independent Shareholders should note the possibility that, following the close of the Offer, the price of the Shares may or may not be higher than the Offer Price.

As at the Latest Practicable Date, the Offeror has no intention or concrete plan regarding any acquisition of assets and/or business by the Group. Independent Shareholders who are confident of the future prospects of the Group following the Offer after considering the information on the Offeror contained in the "Letter from Quam Capital" of the Composite Document, should consider retaining some or all of their Shares.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Helen Zee	**Fanny Lee**
Managing Director	*Deputy Managing Director*

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer by post or by hand to the Registrar marked "**Ngai Lik Industrial Holdings Limited Offer**" on the envelope by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the completed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form(s) of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on the Closing Date; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorize your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost as the case may be and you wish to accept the Offer, the Form(s) of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form(s) of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to Quam Securities and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar, and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form(s) of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form(s) of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in accordance with the requirements of the Takeovers Code and announce, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form(s) of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.

(f) No acknowledgement of receipt of any Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

(g) The address of the Registrar is at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised or extended with the consent of the Executive, all Forms of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall close on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

The Offeror may introduce new conditions to be attached to any revision to the terms of the Offer, or any subsequent revision thereof but only to the extent necessary to implement the revised Offer and subject to the consent of the Executive.

If the Closing Date is extended, any reference in the Composite Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

3. ANNOUNCEMENTS

(a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. (or such later time and/or date as the Executive may in exceptional circumstance permit) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or has expired.

The announcement must state the following:

(i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Concert Group before the offer period (as defined under the Takeovers Code); and

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the offer period (as defined under the Takeovers Code) by the Concert Group.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Concert Group has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(b) In computing the total number of Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the acceptance conditions under paragraph 1(e) of this Appendix.

(c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and (if applicable) the Stock Exchange have confirmed that they have no further comments thereon, will be published on the website of the Stock Exchange (http://www.hkex.com.hk) and the website of the Company (http://www.ngailik.com).

4. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders or by their respective agent(s) on their respective behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

(b) If the Offeror is unable to comply with the requirements of Rule 19 of the Takeovers Code, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until such requirements are met.

5. SETTLEMENT

(a) Provided that the Form(s) of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares tendered by him/her or his/her agent(s) under the Offer, less seller's ad valorem stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Independent Shareholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days from the date of receipt of duly completed acceptances by the Registrar and in accordance with the Takeovers Code.

(b) Settlement of the consideration to which any of the Independent Shareholders is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders.

If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of the Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders who have tendered acceptances to the Offer.

No fraction of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

6. OVERSEAS SHAREHOLDERS

The making of the Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror and/or Quam Securities that the local laws and requirements have been fully complied with and such acceptance shall be valid and binding in accordance with applicable laws. Independent Shareholders should consult their respective professional adviser if in doubt.

7. GENERAL

(a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipts, other documents of title in respect of the Shares (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents through ordinary post at their own risk, and none of the Company, the Offeror, Quam Capital, Quam Securities, Somerley, First Shanghai, the Registrar nor any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(c) The accidental omission to despatch this Composite Document and/or the Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, Quam Securities or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, in respect of which such person has accepted the Offer.

(f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by any such person or persons free from all liens, claims and encumbrances and together with all rights attaching thereto including the right to receive all future dividends or other distributions, if any, declared, paid or made on the Shares by reference to a record date on or after the date on which the Offer is made, i.e. the date of this Composite Document.

(g) The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Shares and/or right over Shares not acquired under the Offer after the close of the Offer.

(h) References to the Offer in this Composite Document and in the Form(s) of Acceptance shall include any extension and/or revision thereof.

(i) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to Offeror that the number of Shares in respect of which it is indicated in the Form(s) of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who are accepting the Offer.

(j) The English text of the Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. FINANCIAL SUMMARY

The following is a summary of the audited consolidated results of the Company and its then subsidiaries for the three years ended 31 March 2010 extracted from the relevant annual reports of the Company:

	Year ended 31 March		
	2010	**2009**	**2008**
	HK$'000	*HK$'000*	*HK$'000*
RESULTS			
Turnover	856,141	1,851,078	3,086,972
(Loss) profit before taxation	(31,096)	(932,221)	(157,414)
Taxation (charge) credit	(98,302)	15,893	20,863
(Loss) profit for the year	(129,398)	(916,328)	(136,551)
Attributable to:			
Owners of the Company	(129,398)	(916,328)	(136,551)
Minority interests	—	—	—
	(129,398)	(916,328)	(136,551)
(Loss) Earning per share			
From continuing and discontinued operations — basic and diluted (HK cents)	(5.5)	(115.5)	(17.2)
From discontinued operations — basic and diluted (HK cents)	(2.6)	(102.6)	(16.5)

Notes:

1. The Group has not declared any dividends for the three years ended 31 March 2010 save for the interim dividend of HK$0.01 per share for the financial year ended 31 March 2008, which amounted to approximately HK$7.9 million.

2. The Group did not have any extraordinary or exceptional items in each of the three financial years ended 31 March 2010.

3. No auditors of the Company has issued a qualified audit opinion for the three financial years ended 31 March 2010. However, Shareholders' attention is drawn to the sub-section headed "Emphasis of Matters" in (i) the auditors' report on the financial information of the Group for the financial year ended 31 March 2009 as set out on pages II-3 to II-4 of this appendix; and (ii) the auditors' report on the financial information of the Group for the financial year ended 31 March 2010 as set out on page II-6 of this appendix, respectively.

2. AUDITORS' REPORT ON THE FINANCIAL INFORMATION OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

The auditors' report (the "2009 Auditors' Report") on the financial information of the Group for the financial year ended 31 March 2009 contained in the annual report 2009 of the Company is reproduced below. The 2009 Auditors' Report did not contain any qualifications and disclaimers as set out in the Auditors' Report. However, Shareholders' attention is drawn to the sub-section headed "Emphasis of Matters" in the 2009 Auditors' Report as set out on pages II-3 to II-4 of this appendix. Capitalised terms and references used in this section shall have the same meanings as those defined in the annual report 2009 of the Company.

TO THE MEMBERS OF NGAI LIK INDUSTRIAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Ngai Lik Industrial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 118 of the annual report 2009 of the Company, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following material uncertainties:

Going concern basis

Note 2 to the consolidated financial statements indicates that the Group incurred a net loss of approximately HK$916 million during the year ended 31 March 2009 and as at that date, its current liabilities exceeded its current assets by approximately HK$512 million. Furthermore, during the year, and as at 31 March 2009, the Group has breached certain terms and defaulted on the repayment of certain banking facilities. As at 31 March 2009, loan repayments in the aggregate sum of approximately HK$192 million were overdue and HK$156 million of bank borrowings became repayable on demand as a result of the breach. To address these issues, the Group is currently in the process of exploring the possibility of implementing a restructuring scheme, details of which are more fully set out in notes 2 and 39 to the consolidated financial statements. However, the success of the proposed restructuring cannot presently be determined and accordingly, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Tax appeal

As explained in note 9(c) and (g) to the consolidated financial statements, the hearing of the appeal in respect of the taxability of profits ("Tax Appeal") of certain subsidiaries for the years of assessment 1991/92 to 1995/96 was held on 8 July 2009 and the Company expects the Court of Final Appeal to deliver judgment in or about August 2009. In relation to the Tax Appeal, the Group has made provision of approximately HK$12.8 million (included in taxation payable in the consolidated balance sheet as at 31 March 2009), which represents the Company's directors' best estimate of the potential tax liability and the Group has purchased tax reserve certificates totaling approximately HK$9 million (included in taxation recoverable in the consolidated balance sheet as at 31 March 2009) which may be used to settle the liability should it arise. Depending on the outcome of the Tax Appeal, the Group may become liable for penalties of up to three times the tax under charged. However, in this respect, prior to the delivery of written judgment of the Tax Appeal, in the opinion of the directors of the Company, a reliable estimate of the amount of penalties, if any, cannot presently be made, and accordingly, no provision for penalties in this regard has been made in the consolidated financial statements.

Litigation

As explained in note 37 to the consolidated financial statements, a subsidiary of the Company is the defendant in a lawsuit claiming damages of defective products and compensation for losses of approximately HK$12 million and HK$146 million, respectively. In the opinion of the directors of the Company, the litigation is currently still premature and at the stage of collation of evidence and the eventual outcome of the lawsuit cannot presently be determined with accuracy, and accordingly, no provision for any liability has been made in the consolidated financial statements.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

13 July 2009

3. AUDITORS' REPORT ON THE FINANCIAL INFORMATION OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

The auditors' report (the "Auditors' Report") on the financial information of the Group for the financial year ended 31 March 2010 contained in the annual report 2010 of the Company is reproduced below. The Auditors' Report did not contain any qualifications and disclaimers. However, Shareholders' attention is drawn to the sub-section headed "Emphasis of Matters" in the Auditors' Report as set out on page II-6 of this appendix. Capitalised terms and references used in this section shall have the same meanings as those defined in the annual report 2010 of the Company.

A. AUDITORS' REPORT

TO THE MEMBERS OF NGAI LIK INDUSTRIAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Ngai Lik Industrial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 118 of the annual report 2010 of the Company which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2010 and of its loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

Going concern basis

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates the Group incurred a loss and total comprehensive expense for the year attributable to owners of the Company of approximately HK$129,398,000 for the year ended 31 March 2010 and as of that date, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$33,126,000 and HK$28,265,000, respectively. As further detailed in note 2 to the consolidated financial statements, the Group has identified measures to improve its financial position, certain of which have not yet been implemented. The Group's ability to continue as a going concern is dependent on the successful implementation of these measures. These conditions therefore indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 July 2010

B. FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Continuing operation			
Turnover	6	849,416	1,525,438
Cost of sales and direct expenses		(855,710)	(1,666,589)
Gross loss		(6,294)	(141,151)
Other operating expenses		(8,174)	(36,250)
Selling and distribution expenses		(13,624)	(32,671)
Administrative expenses		(70,536)	(151,241)
Other income		5,376	1,010
Gain on debt restructuring	7	185,668	—
Impairment loss on property, plant and equipment		(8,775)	(405,989)
Impairment loss on intangible assets		—	(16,471)
Finance costs	8	(19,658)	(36,204)
Profit (loss) before taxation	9	63,983	(818,967)
Taxation (charge) credit	10	(2,646)	4,772
Profit (loss) for the year from continuing operation		61,337	(814,195)
Discontinued operations	13		
Loss for the year from discontinued operations		(190,735)	(102,133)
Loss for the year and total comprehensive expense for the year, attributable to owners of the Company		(129,398)	(916,328)
(Loss) earnings per share	14		
From continuing and discontinued operations — basic and diluted		(HK5.5 cents)	(HK115.5 cents)
From continuing operation — basic and diluted		HK2.6 cents	(HK102.6 cents)

Consolidated Statement of Financial Position
At 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current asset			
Investment properties	15	—	203,182
Property, plant and equipment	16	4,896	287,862
Land use rights — non-current portion	17	—	66,582
Intangible assets	18	—	—
Deposits for acquisition of property, plant and equipment and land use rights		—	766
		4,896	558,392
Current assets			
Land use rights — current portion	17	—	601
Inventories	19	95,176	130,619
Trade and other receivables and prepayments	20	45,042	70,790
Tax recoverable		45	47,494
Bank balances and cash	21	19,147	33,192
		159,410	282,696
Assets classified as held for sale	22	—	230,000
		159,410	512,696
Current liabilities			
Trade and other payables	23	174,615	285,412
Tax payable		45	84,209
Bank and other borrowings — due within one year	24	—	526,796
Obligations under finance leases — due within one year	25	32	2,835
Provision	26	17,844	15,175
Bank overdraft	21	—	1,844
		192,536	916,271
Liabilities associated with assets classified as held for sale	22	—	108,454
		192,536	1,024,725

	NOTES	2010 HK$'000	2009 HK$'000
Net current liabilities		(33,126)	(512,029)
Total assets less current liabilities		(28,230)	46,363
Non-current liabilities			
Obligations under finance leases — due after one year	25	35	754
Deferred taxation	27	—	26,956
		35	27,710
		(28,265)	18,653
Capital and reserves			
Share capital	28	79,302	79,302
Reserves		(107,567)	(61,669)
(Deficit) equity attributable to owners of the Company		(28,265)	17,633
Minority interests		—	1,020
Total (deficit) equity		(28,265)	18,653

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

	Share capital *HK$'000*	Share premium *HK$'000*	Other reserve *HK$'000* *(note i)*	Property revaluation reserve *HK$'000* *(note ii)*	Share options reserve *HK$'000*	Accumulated profits (losses) *HK$'000*	Attributable to owners of the Company *HK$'000*	Minority interests *HK$'000*	Total equity (deficit) *HK$'000*
At 1 April 2008	79,302	82,844	—	17,460	1,583	752,772	933,961	4,020	937,981
Loss and total comprehensive expense for the year	—	—	—	—	—	(916,328)	(916,328)	—	(916,328)
Acquisition of additional interest of a subsidiary	—	—	—	—	—	—	—	(3,000)	(3,000)
At 31 March 2009	79,302	82,844	—	17,460	1,583	(163,556)	17,633	1,020	18,653
Loss and total comprehensive expense for the year	—	—	—	—	—	(129,398)	(129,398)	—	(129,398)
Capital reduction	(71,372)	—	71,372	—	—	—	—	—	—
Issue of shares	71,372	12,128	—	—	—	—	83,500	—	83,500
Reclassification adjustment upon completion of debt restructuring	—	—	—	(17,460)	—	17,460	—	—	—
Reclassification adjustment upon lapse of share options	—	—	—	—	(1,583)	1,583	—	—	—
Debt restructuring	—	—	—	—	—	—	—	(1,020)	(1,020)
At 31 March 2010	79,302	94,972	71,372	—	—	(273,911)	(28,265)	—	(28,265)

Notes:

(i) The other reserve represents the credit arising from the capital reduction where the par value of each existing share was 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.

(ii) The property revaluation reserve represents the increase in fair value, net of related deferred taxation charges, of the properties transferred to investment properties in previous years.

Consolidated Statement of Cash Flows
For The Year Ended 31 March 2010

	NOTES	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		(31,096)	(932,221)
Adjustments for:			
Amortisation of intangible assets		—	16,656
Amortisation of land use rights		1,066	1,676
Depreciation of property, plant and equipment		19,189	65,520
Exchange loss, net		1,161	8,517
Finance lease charges		184	607
Gain on disposal of mobile division		(21,009)	—
Gain on debt restructuring	7	(185,668)	—
Loss on disposal of assets classified as held for sale		52,000	—
Impairment loss on deposits for acquisition of land use rights		—	9,563
Impairment loss on property, plant and equipment		8,775	421,590
Impairment loss on inventories		—	97,369
Impairment loss on intangible assets		—	32,884
Impairment loss on trade and other receivables and prepayments		3,097	27,859
Interest expenses		19,474	37,762
Interest income		(2,540)	(956)
Loss on disposal of property, plant and equipment		1,601	25,781
Net loss on investment properties		24,010	20,804
Operating cash flows before movements in working capital		(109,756)	(166,589)
Decrease in inventories		26,207	225,077
(Increase) decrease in trade and other receivables and prepayments		(4,419)	99,818
Increase (decrease) in trade and other payables		47,696	(22,457)
Increase in provision		2,669	15,175
Cash (used in) generated from operations		(37,603)	151,024
Income taxes paid		(2,326)	—
Income taxes refunded		3,860	—
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(36,069)	151,024

	NOTES	2010 HK$'000	2009 HK$'000
INVESTING ACTIVITIES			
Amounts received in respect of assets classified as held for sale	22	115,000	63,000
Proceeds from disposal of property, plant and equipment		8,125	14,371
Interest received		2,540	956
Purchase of property, plant and equipment		(6,668)	(22,266)
Net cash flow on disposal of mobile division		(195)	—
Additions to investment properties		(146)	(2,873)
Acquisition of additional interest of a subsidiary		—	(3,000)
Additions to intangible assets		—	(11,451)
NET CASH FROM INVESTING ACTIVITIES		118,656	38,737
FINANCING ACTIVITIES			
Repayments of bank and other borrowings		(393,620)	(342,028)
Net cash outflow on debt restructuring	7	(95,067)	—
Interest paid		(19,474)	(37,762)
Repayments of obligations under finance leases		(2,631)	(4,162)
Finance lease charges paid		(184)	(607)
New bank and other borrowings raised		332,688	66,683
Proceeds from issue of shares		83,500	—
NET CASH USED IN FINANCING ACTIVITIES		(94,788)	(317,876)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,201)	(128,115)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		31,348	159,463
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		19,147	31,348
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS represented by:			
Bank balances and cash		19,147	33,192
Bank overdraft		—	(1,844)
		19,147	31,348

Notes to the Consolidated Financial Statements

For the year ended 31 March 2010

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). After the capital and the group reorganisation (the "Restructuring") that took place on 11 January 2010 (the "Effective Date"), the holding company of the Company is Success Pioneer Limited. The directors consider that the Company's ultimate holding company is Success Pioneer Limited, a limited liability company incorporated in the British Virgin Islands. Prior to the Restructuring, the majority shareholder was Dr. Lam Man Chan. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information included in the annual report.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 40.

2. BASIS OF PREPARATION

The Company and its subsidiaries (the "Group") incurred a loss and total comprehensive expense for the year attributable to owners of the Company of approximately HK$129,398,000 for the year ended 31 March 2010 (2009: HK$916,328,000) and as of that date, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$33,126,000 (2009: HK$512,029,000) and HK$28,265,000 (2009: total assets exceeded its total liabilities by approximately HK$18,653,000), respectively.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

On the Effective Date, the Company announced that the Restructuring set out in the circular of the Company issued on 30 September 2009, and approved by the shareholders of the Company at a special general meeting on 27 October 2009, had been completed, including:

(a) A capital reduction through the cancellation of HK$0.09 out of HK$0.10 of the paid-up capital on each existing share of the Company;

(b) Subscription of 7,137,150,000 new shares of the Company of par value of HK$0.01 each at a subscription price of approximately HK$0.012 per share by a new investor, Success Pioneer Limited, resulting in cash consideration of HK$83.5 million;

(c) A group reorganisation and creditor scheme ("Creditor Scheme"), which split the Group into a group comprising the Company and certain subsidiaries retained under the control of the Company ("Retained Group") and a group comprising the other subsidiaries ("Scheme Subsidiaries"), which are controlled by the administrators appointed under Creditor Scheme (the "Administrators' Vehicle");

(d) Pursuant to the Creditor Scheme, from the Effective Date, all Scheme Indebtedness (as defined in the jointly announcement of the Company and the board of directors of Success Pioneer Limited dated 24 February 2009) was released and discharged and the proceeds from future disposal of assets or business of the Scheme Subsidiaries, together with a sum of HK$73.5 million, being part of the new share subscription consideration, was made available to the Administrators' Vehicle to settle and discharge the Scheme Indebtedness, indebtedness and liabilities (actual or contingent) of the Retained Group and the Scheme Subsidiaries; and

(e) Certain portion of any net profit after tax generated from the Retained Group on a combined basis shall be paid by the Retained Group (on a pro-rata basis) to the Administrators' Vehicle for the period from the Effective Date to 31 March 2013 on a yearly basis. In the opinion of the directors of the Company, no profit is expected to be attributable to Administrators' Vehicle as the Retained Group is currently incurring losses after excluding the gain on debt restructuring and it is anticipated that the Retained Group would continue to incur losses in the foreseeable future.

The consolidated financial statements have been prepared on a going concern basis. In the opinion of the directors of the Company, the Group should be able to continue as a going concern in the coming year taking into consideration various measures to improve its financial position which include, but are not limited to, the following:

(i) On the successful implementation of the Restructuring, the Group has been released and discharged from all Scheme Indebtedness, thereby improving the liquidity position of the Group at the end of the reporting period;

(ii) The Company has the plan to have rights issue, the success of which primarily depends upon the support from holding company of the Company. The directors of the Company believe that the holding company of the Company intends to vote in favour of the resolution on the General Mandate for issue of additional shares to be proposed at the forthcoming Annual General Meeting of the Company and to subscribe in full for those shares pursuant to the rights issue that are attributable to it to enable the Group to meet its financial obligation as they fall due for the foreseeable future; and

(iii) The directors of the Company are looking for various business alternatives to broaden its business scope and sources of income by taking business opportunities to diversify into other business through investment or business ventures to improve the profitability of the Group.

Based on the aforesaid factors, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised HKFRSs has had no material impact on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

The consolidated statement of comprehensive income for the year ended 31 March 2009 has been re-presented as the property investment segment as defined in note 6 was discontinued during the year ended 31 March 2010 (see note 13). The adoption of HKAS 1 (Revised 2007) has not resulted in the presentation of a third consolidated statement of financial position as at 1 April 2008 as the comparative statement of financial position remains the same.

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purposes of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see note 6).

Improving disclosures about financial instruments (Amendments to HKFRS 7 "Financial Instruments: Disclosures")

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting reported results and/or financial position

HKAS 23 (Revised 2007) "Borrowing Costs"

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all the borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset. The Group has applied the revised accounting policy to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 April 2009 in accordance with the transitional provisions in HKAS 23 (Revised 2007). As the revised accounting policy has been applied prospectively from 1 April 2009, this change in accounting policy has not resulted in restatement of amounts reported in respect of prior accounting periods. In the current year, no borrowing costs were capitalised.

New and revised HKFRSs that have been issued but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for annual periods beginning on or after 1 February 2010
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2011
8 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition date is on or after 1 July 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

Based on the existing available information, the directors of the Company preliminarily anticipate that the adoption of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received and receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Income for provision of after-sale services is recognised when the services are rendered.

Rental and management service income is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Construction in progress represents buildings under construction for production, which is stated at cost, less any recognised impairment loss. Construction in progress is not depreciated until completion of construction and the asset is put into intended use. The cost of completed construction works is transferred to appropriate category of property, plant and equipment.

Building and leasehold improvements are depreciated on a straight-line basis over the remaining term of the leases or over their estimated useful lives and after taking into account their estimated residual value, on a straight-line basis, whichever is shorter.

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, buildings and leasehold improvements, over their estimated useful lives, on a reducing balance basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment determined as the difference between the sales proceeds and the carrying amount of the asset is recognised in profit or loss.

Land use rights

Land use rights represent interest in land held under operating lease arrangements and are amortised on a straight-line basis over the lease terms.

The land and building elements of a lease of land and building are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Intangible assets

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion.

Impairment losses on tangible assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/ liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments. Interest expense is recognised on an effective interest basis.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 7 days to 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities

Financial liabilities (including trade and other payables, and bank and other borrowings) are measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire, or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership and control of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised immediately to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the exchange rate prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of the reporting period, and their income and expense are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All the borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. Payment to the MPF Scheme is charged as expenses when employees have rendered service entitling them to the contributions.

In addition, the Group's contributions to a local municipal government retirement scheme in the People's Republic of China (the "PRC") are expensed when employees have rendered service entitling them to the contributions while the local municipal government in the PRC undertakes to assume the retirement benefit obligations of all existing and future retirees of the qualified staff in the PRC.

Share-based payments

Share options granted to employees and directors of the Group

For share options which were granted to employees and directors of the Group after 7 November 2002 and vested on or after 1 January 2005, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits (losses). In relation to share options granted before 1 April 2005, the Group chooses not to apply HKFRS 2 "Share-based Payments" with respect to share options granted after 7 November 2002 and vested before 1 April 2005, no amount has been recognised in the consolidated financial statements in respect of these equity-settled share-based payments.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies described in note 4, management makes various estimations based on past experiences, expectations of the future and other information. The key sources of estimation uncertainty that may significantly affect the amounts recognised in the consolidated financial statements are disclosed below:

Trade receivables

Note 4 describes that trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. An impairment loss is recognised in profit and loss when there is objective evidence that the asset is impaired.

In making the judgment, management considered detailed procedures have been in place to monitor this risk as a significant proportion of the Group's investment for working capital is devoted to trade receivables. In determining whether there is objective evidence of impairment, the Group takes into consideration estimation of future cash flows. As at 31 March 2010, the carrying amounts of trade receivable is HK$37,024,000 (net of allowance for doubtful debts of HK$Nil) (2009: HK$53,943,000 (net of allowance for doubtful debts of HK$28,114,000)).

Impairment assessment on property, plant and equipment

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of the reporting period. Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Where the actual future cash flows are less than the expected future cash flow, impairment losses may arises. The carrying amount of property, plant and equipment at 31 March 2010 was HK$4,896,000 (2009: HK$287,862,000). Details are set out in note 16.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated variable selling expenses. The cost of inventories is written down to net realisable value when there is objective evidence that the cost of inventories may not be recoverable. The amount written off to the consolidated statement of comprehensive income is the difference between the carrying value and net realisable value of the inventories. In determining whether the cost of inventories can be recovered, significant judgment is required. In making this judgment, the Company evaluates, among other factors, the duration and extent and the means by which the amount will be recovered. These estimates are based on the current market conditions and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customer preference and competitor actions in response to market conditions. As at 31 March 2010, the carrying amounts of inventories are HK$45,042,000 (2009: HK$70,790,000).

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segment to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments that included electronics manufacturing services business ("EMS business"), property rental and provision of management services ("property investment") and manufacturing and trading of mobile electronic products ("mobile division"). The EMS business is engaged in design, manufacture and sale of electronic and electrical products while property investment is engaged in property rental and provision of management services. The application of HKFRS 8 has not resulted in a redesignation of the Group reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measure of segment profit or loss.

The property investment and mobile division segments were discontinued during the years ended 31 March 2010 and 2009 respectively (see note 13). The Group is currently engaged in EMS business only. The Group's results from continuing operation are derived from EMS business, which relates to the sales of electronic products and represents an operating segment under HKFRS 8. The comparative figures in the consolidated statement of comprehensive income have been re-presented to exclude the corresponding information of those discontinued operations from the Group's results from continuing operation.

(a) Geographical Information

The following table provides an analysis of the Group's sales from continuing operation by geographical market and the Group's non-current assets by geographical location of the assets of the continuing operation, irrespective of the origin of the goods manufactured or services rendered:

	Turnover		**Non-current assets**	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States of America	412,463	753,227	—	—
Netherlands	47,870	81,092	—	—
Brazil	46,322	112,680	—	—
France	38,715	46,998	—	—
Canada	35,911	31,814	—	—
Hong Kong	10,559	14,198	4,896	24,245
The PRC	21,975	79,299	—	534,147
Others	235,601	406,130	—	—
	849,416	1,525,438	4,896	558,392

(b) Major Customers Information

Revenue from one (2009: one) customer in the EMS business amounted to approximately HK$316,159,000 (2009: HK$349,931,000), which individually represents more than 10 per cent of the Group's total revenue.

7. GAIN ON DEBT RESTRUCTURING

The Restructuring was completed on the Effective Date. In order to reorganise the Group and to facilitate the implementation of the Creditor Scheme, the Scheme Subsidiaries were transferred to the Administrators' Vehicle of the Creditor Scheme. The Group ceases to control the Scheme Subsidiaries after the transfer.

The particulars of principal subsidiaries transferred to the Administrators' Vehicle are set out in note 40.

The liabilities of those Scheme Subsidiaries that are engaged in EMS business ("EMS Scheme Subsidiaries") which have been released or discharged are set out below. The liabilities of the other Scheme Subsidiaries which are not engaged in EMS business ("Other Scheme Subsidiaries") which have also been released or discharged are set out in note 13.

		2010
	NOTES	*HK$'000*
Liabilities released or discharged:		
Bank overdraft		2,373
Trade and other payables		76,349
Obligation under finance lease		891
Provision for taxation		105,307
Deferred taxation *(note 27)*		11,531
	(i)	196,451
Bank borrowings		512,539
Total liabilities of EMS Scheme Subsidiaries released or discharged		708,990
Proceeds from the issuance of shares to be transferred to the Administrators' Vehicle	(ii)	(73,500)
		635,490
Net assets of EMS Scheme Subsidiaries derecognised		(348,500)
		286,990
Surplus of assets over liabilities of Other Scheme Subsidiaries *(note 13)*		(101,322)
Gain on debt restructuring attributable to continuing operation		185,668

Notes:

(i) This amount represents the aggregate Scheme Indebtedness, indebtedness and liabilities (actual or contingent) of the Retained Group and the EMS Scheme Subsidiaries released and discharged at the Effective Date.

(ii) 7,137,150,000 shares with par value of HK$0.01, representing approximately 90% of the enlarged issued share capital of the Company, were issued and allotted to a new investor, Success Pioneer Limited, for a cash consideration of HK$83.5 million (approximately HK$0.012 per share). Based on the Creditor Scheme, part of the proceeds from the issuance of the shares of HK$70,000,000 was made available to the Administrators' Vehicle and HK$3,500,000 was used to settle part of the cost, charges, expenses and disbursements in connection with the Creditor Scheme (the "Costs of Restructuring").

Analysis of carrying amounts of assets and liabilities of the EMS Scheme Subsidiaries, over which control was lost is as follows:

	2010
	HK$'000
Property, plant and equipment	252,710
Land use rights	19,166
Inventories	7,197
Tax recoverable	43,634
Bank balances and cash	23,940
Trade and other receivables and prepayments	2,873
Minority interests	(1,020)
Net assets less minority interests of EMS Scheme Subsidiaries derecognised	348,500

Net cash outflow on debt restructuring is set out as below:

	2010
	HK$'000
Cash and cash equivalent balances derecognised:	
Bank balances and cash	23,940
Bank overdraft	(2,373)
Repayments of bank borrowings (made available to Administrators' Vehicle) and payment of Costs of Restructuring	73,500
	95,067

8. FINANCE COSTS

	Continuing operation		Discontinued operations		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	(19,474)	(35,619)	—	(2,143)	(19,474)	(37,762)
Finance lease charges	(184)	(585)	—	(22)	(184)	(607)
	(19,658)	(36,204)	—	(2,165)	(19,658)	(38,369)

9. PROFIT (LOSS) BEFORE TAXATION

	Continuing operation		Discontinued operations		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit (loss) before taxation has been arrived at after charging (crediting):						
Directors' emoluments *(note 11)*	12,701	7,712	—	—	12,701	7,712
Contributions to retirement benefit schemes of other staff	615	4,894	—	267	615	5,161
Other staff costs:						
— severance payment	32,129	6,014	—	3,809	32,129	9,823
— salaries and other staff benefits	143,635	222,417	977	31,597	144,612	254,014
Total staff costs	189,080	241,037	977	35,673	190,057	276,710
Less: Staff costs capitalised in development expenditure	—	(4,168)	—	(4,027)	—	(8,195)
	189,080	236,869	977	31,646	190,057	268,515
Amortisation of intangible assets, included in cost of sales	—	12,936	—	3,720	—	16,656
Amortisation of land use rights	303	1,137	763	539	1,066	1,676
Depreciation of property, plant and equipment:						
— owned assets	17,015	60,597	1,890	3,603	18,905	64,200
— assets held under finance leases	284	1,181	—	139	284	1,320
	17,299	61,778	1,890	3,742	19,189	65,520
Auditor's remuneration	2,821	1,825	47	180	2,868	2,005
Cost of inventories recognised as expense	855,710	1,659,214	10,134	378,456	865,844	2,037,670
Exchange loss (gain), net	1,377	8,517	(216)	—	1,161	8,517
Gain on disposal of mobile division	—	—	(21,009)	—	(21,009)	—
Loss on disposal of assets classified as held for sale *(note 22)*	—	—	52,000	—	52,000	—
Impairment loss on deposits for acquisition of land use rights	—	9,563	—	—	—	9,563
Impairment loss on (waive of) trade receivables	7,579	23,357	(4,482)	4,502	3,097	27,859
Impairment loss on intangible assets	—	16,471	—	16,413	—	32,884
Impairment loss on inventories	—	60,535	—	36,834	—	97,369
Impairment loss on property, plant and equipment	8,775	405,989	—	15,601	8,775	421,590
Interest income	(2,540)	(888)	—	(68)	(2,540)	(956)
Loss on disposal of property, plant and equipment	1,601	24,775	—	1,006	1,601	25,781
Net loss on investment properties	—	—	24,010	20,804	24,010	20,804
Operating lease rentals in respect of building premises	339	3,340	3,171	644	3,510	3,984
Rental and management services income net of direct expenses amounting to HK$2,159,000 (2009: HK$7,374,000)	—	1	(4,566)	5,460	(4,566)	5,461

10. TAXATION (CHARGE) CREDIT

	Continuing operation		Discontinued operations		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The (charge) credit comprises:						
Current taxation						
Hong Kong						
— Over(under)provision in prior years	3,860	(3,910)	—	—	3,860	(3,910)
PRC Enterprise Income Tax						
— Provided for the year	(2,000)	(3,300)	(111,081)	—	(113,081)	(3,300)
— Underprovision in prior years	(4,506)	—	—	—	(4,506)	—
	(2,646)	(7,210)	(111,081)	—	(113,727)	(7,210)
Deferred taxation *(note 27)*	—	11,982	15,425	11,121	15,425	23,103
Taxation (charge) credit for the year	(2,646)	4,772	(95,656)	11,121	(98,302)	15,893

(a) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

(b) The Group appealed to the Board of Review against determination made by the Inland Revenue Department (the "IRD") that some profits of certain Scheme Subsidiaries ("Subsidiaries") for the years of assessment 1991/92 to 1995/96 should be Hong Kong sourced and subject to 50% of Hong Kong Profits Tax (the "Tax Appeal"). The Board of Review delivered its decision (the "Board's Decision") of the Tax Appeal whereby it dismissed the appeal of one of the subsidiaries (the "Said Subsidiary") but allowed the appeals of all other subsidiaries. The Said Subsidiary has appealed to the Court of First Instance of High Court and the Court of Appeal of High Court, against the Board's Decision and both of the appeals were dismissed in December 2007 and October 2008, respectively. The Said Subsidiary has further lodged an appeal (the "Final Appeal") to the Court of Final Appeal (the "CFA") and the Final Appeal hearing was held on 8 July 2009 but the CFA has reserved its judgment of the appeal at that date.

(c) In addition, for the years of assessment of 1996/97 to 2004/05, the IRD issued notices of assessment to the Group regarding the taxability of profits of the Subsidiaries. The Group had already lodged objections against these assessments ("Objections").

(d) At 31 March 2009, amounts of HK$8,991,000 and HK$38,503,000 have been paid to the IRD in relation to the Tax Appeal and the Objections as noted in (b) and (c) respectively and these amounts have been included in the taxation recoverable, which was derecognised upon the completion of debt restructuring as mentioned in note 7.

(e) The Commissioner of Inland Revenue had issued a writ in the District Court (the "Said Proceedings") against the Said Subsidiary to recover a sum of around HK$33,222,000 allegedly being the tax due and payable by the Said Subsidiary for the years of assessment 2000/01 to 2003/04. A hearing took place at the District Court and a judgment was delivered against the Said Subsidiary (the "Said Judgment"). The Said Subsidiary has lodged an application for, inter alia, setting aside and stay of execution of the Said Judgment in District Court. The application was declined in December 2008. The Said Subsidiary was in the course of seeking leave to appeal to the Court of Appeal of High Court. The hearing was fixed in February 2010. Upon the completion of debt restructuring, the Said Subsidiary was derecognised.

(f) In respect of the Tax Appeal and the Objections as described in (b) and (c) respectively, the Group has made provisions of HK$12,781,000 for the Tax Appeal and HK$68,030,000 for the Objections in respect of the potential tax liabilities in its consolidated statement of financial position as at 31 March 2009 in accordance with the IRD's assessments.

(g) On 24 July 2009, the CFA concluded that the additional assessments raised by the IRD for the years of assessment 1991/92 to 1995/96 were not validly made by the IRD. However, the CFA held that the IRD can raise additional assessments for the years of assessment 1993/94 to 1995/96 on a different basis. Up to the date of approval for issuance of these consolidated financial statements, the IRD had not yet issued any new additional assessments. Pursuant to the judgment of the CFA issued on 24 July 2009, the IRD has revised the additional assessments approval for issuance of these consolidated financial statements for the years of assessment 1991/92 and 1992/93 of the Said Subsidiary concluding that there was no additional amounts of tax payable for the said two years of assessment. Accordingly, the IRD has refunded the Tax Reserve Certificates purchased for the said two years of assessment (being the tax previously held over conditionally) to the Said Subsidiary. The total amount of Tax Reserve Certificates of HK$3,860,000 together with interests of HK$2,516,000 were redeemed by the Said Subsidiary in October 2009.

The taxation (charge) credit for the year from continuing operation can be reconciled to the profit (loss) before taxation per the consolidated statement of comprehensive income as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Profit (loss) before taxation from continuing operation	63,983	(818,967)
Taxation (charge) credit at domestic income tax rate of 16.5% (2009: 16.5%)	(10,557)	135,130
Tax effect of expenses not deductible for tax purpose	(24,409)	(75,566)
Tax effect of income not taxable for tax purpose	40,554	14,766
Underprovision in prior years	(646)	(3,910)
Tax effect of tax losses not recognised	(7,600)	(15,380)
Income tax at concessionary rate	—	(40,465)
Change in opening balance of deferred taxation liabilities	—	1,711
Effect of different tax rates of subsidiaries operating in other jurisdictions	12	(3,364)
Others	—	(8,150)
Taxation (charge) credit for the year from continuing operation	(2,646)	4,772

11. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company were as follows:

Year ended 31 March 2010

	Dr. Lam Man Chan	Ms. Ting Lai Ling	Ms. Ting Lai Wah	Mr. Lam Shing Ngai	Mr. Yeung Cheuk Kwong	Mr. Yeung Kwai Tong	Mr. Lau Ching Kei	Mr. Ng Chi Yeung	Mr. Tam Yuk Sang, Sammy	Mr. Ho Lok Cheong	Mr. Tam Norman Hok Cheong	Dr. Leung Hoi Ming	Mr. Wong Chi Keung	Mr. Tom Xie	Total 2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note i)	*(Note i)*	*(Note i)*	*(Note i)*	*(Note i)*	*(Note ii)*	*(Note ii)*	*(Note i)*	*(Note i)*	*(Note i)*	*(Note ii)*	*(Note ii)*	*(Note ii)*	*(Note ii)*	
Fees	1,939	743	—	180	426	36	36	180	180	120	36	36	48	36	3,996
Other emoluments															
Basic salaries and allowance	3,000	1,321	851	774	2,704	—	—	—	—	—	—	—	—	—	8,650
Contributions to retirement benefits schemes	11	11	11	11	11	—	—	—	—	—	—	—	—	—	55
Total emoluments	4,950	2,075	862	965	3,141	36	36	180	180	120	36	36	48	36	12,701
Non-contractual payments, for loss of office paid to former directors by:															
The Company's subsidiaries	1,391	993	789	583	1,197	—	—	—	—	—	—	—	—	—	4,953

Year ended 31 March 2009

	Dr. Lam Man Chan	Ms. Ting Lai Ling	Ms. Ting Lai Wah	Mr. Lam Shing Ngai	Mr. Yeung Cheuk Kwong	Mr. Ng Chi Yeung	Mr. Tam Yuk Sang, Sammy	Mr. Ho Lok Cheong	Total 2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	780	—	—	390	520	180	180	120	2,170
Other emoluments									
Basic salaries and allowance	1,244	1,244	960	541	1,493	—	—	—	5,482
Contributions to retirement benefits schemes	12	12	12	12	12	—	—	—	60
Total emoluments	2,036	1,256	972	943	2,025	180	180	120	7,712

Notes:

(i) The respective director resigned on 18 February 2010.

(ii) The respective director appointed on 19 January 2010.

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, all the five individuals (2009: three) were directors of the Company whose emoluments are included in the disclosures in note 11 above. During the year ended 31 March 2009, the emoluments of the remaining two individuals were as follows:

	2009
	HK$'000
Basic salaries and allowance	2,627

	2009
	Number of employees
HK$1,000,001 to HK$1,500,000	2

13. DISCONTINUED OPERATIONS

Weeteck Limited ("Weeteck" and formerly known as Ngai Lik Mobile Electronics Limited) was engaged in the manufacturing and trading of mobile electronic products.

On 27 March 2009, it was resolved by the sole director of Weeteck that Weeteck cannot by reason of its liabilities continue its business. Accordingly, Weeteck ceased its business trading and production during the current year. Special Resolutions were passed by the shareholder of Weeteck at the extraordinary general meeting held on 24 April 2009 to wind up Weeteck voluntarily and appoint Mr. Kong Chi How, Johnson of BDO Financial Services Limited as liquidator for the purpose of the winding-up affairs. On the same day, a meeting with the creditors of Weeteck was also held subsequently whereby the appointed liquidator was confirmed by the creditors of Weeteck.

As mentioned in notes 2(c) and (d), on the Effective Date, the Group was split into two parts, the Retained Group and the Scheme Subsidiaries. All Scheme Subsidiaries were then immediately transferred by the Company to the Administrators' Vehicle. After the Restructuring, the Group does not hold any investment property as all subsidiaries included in the property investment segment have been transferred to the Administrators' Vehicle.

An analysis of the results and cash flows of the discontinued operations included in the consolidated statement of comprehensive income and the consolidated statement of cash flows is as follows:

Loss for the year from discontinued operations

	Property investment	**Mobile division**	**2010**
	HK$'000	*HK$'000*	*HK$'000*
2010			
Turnover	6,725	—	6,725
Cost of sales	(10,134)	—	(10,134)
Gross loss	(3,409)	—	(3,409)
Selling and distribution expenses	(2,159)	—	(2,159)
Administrative expenses	(35,512)	—	(35,512)
Other income	1,002	—	1,002
Net loss on investment properties	(24,010)	—	(24,010)
Loss on disposal of assets classified as held for sale *(note 22)*	(52,000)	—	(52,000)
Loss before taxation	(116,088)	—	(116,088)
Taxation charge	(95,656)	—	(95,656)
Loss of discontinued operations	(211,744)	—	(211,744)
Gain on disposal of mobile division	—	21,009	21,009
(Loss) profit for the year from discontinued operations	(211,744)	21,009	(190,735)

	Property investment	**Mobile division**	**2009**
	HK$'000	*HK$'000*	*HK$'000*
2009			
Turnover	12,834	312,806	325,640
Cost of sales	(7,373)	(371,083)	(378,456)
Gross profit (loss)	5,461	(58,277)	(52,816)
Other operating expenses	(238)	(1,098)	(1,336)
Selling and distribution expenses	—	(2,361)	(2,361)
Administrative expenses	(13,362)	(17,501)	(30,863)
Other income	622	81	703
Net loss on investment properties	(20,804)	—	(20,804)
Impairment loss on property, plant and equipment	—	(15,601)	(15,601)
Impairment loss on intangible assets	—	(16,413)	(16,413)
Settlement of trade payables at a discount	—	28,402	28,402
Finance costs	—	(2,165)	(2,165)
Loss before taxation	(28,321)	(84,933)	(113,254)
Taxation credit	11,121	—	11,121
Loss for the year from discontinued operations	(17,200)	(84,933)	(102,133)

	2010	2009
	HK$'000	*HK$'000*
Cash flows used in discontinued operations		
Net cash (used in) from operating activities	(84,765)	122,472
Net cash used in investing activities	(1,155)	(9,543)
Net cash from (used in) financing activities	85,920	(121,412)
Net decrease in cash flows	—	(8,483)

The net liabilities of Weeteck at the date of commencement of liquidation were as follows:

	2010
	HK$'000
Net liabilities derecognised	21,009
Gain on derecognition	(21,009)
	—

The particulars of principal subsidiaries transferred to the Administrators' Vehicle are set out in note 40.

The liabilities of the Scheme Subsidiaries that are engaged in property investment which have been released or discharged are set out below. The liabilities of the EMS Scheme Subsidiaries which have also been released or discharged are set out in note 7.

		2010
	NOTES	*HK$'000*
Liabilities released or discharged:		
Trade and other payables		58,769
Provision for taxation		90,303
Total liabilities of Other Scheme Subsidiaries released or discharged	(i)	149,072
Net assets derecognised on debt restructuring		(250,394)
Surplus of assets attributable to the Creditor Scheme *(note 7)*	(ii)	(101,322)

Notes:

(i) This amount represents the aggregate Scheme Indebtedness, indebtedness and liabilities (actual or contingent) of the Retained Group and the Scheme Subsidiaries released and discharged at the Effective Date.

(ii) The creditors of the Creditor Scheme are entitled to the assets of the Group through Scheme Subsidiaries.

Analysis of assets and liabilities of the Other Scheme Subsidiaries over which control was lost is as follows:

	2010
	HK$'000
Investment properties	179,318
Land use rights	46,951
Trade and other receivables and prepayments	24,125
Net assets derecognised	250,394

14. (LOSS) EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2010 *HK$'000*	2009 *HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(129,398)	(916,328)

	Number of ordinary shares 2010	 2009
Number of ordinary shares for the purposes of basic and diluted loss per share	2,357,323,533	793,016,684

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price of the Company's shares for both 2010 and 2009.

From Continuing Operation

The calculation of the basic and diluted earnings (loss) per share from continuing operation attributable to the owners of the Company is based on the following data:

	2010 *HK$'000*	2009 *HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic loss per share	(129,398)	(916,328)
Less: Loss for the year from discontinued operations	(190,735)	(102,133)
Profit (loss) for the purposes of basic and diluted earnings (loss) per share from continuing operation	61,337	(814,195)

The denominators used are the same as those detailed above for basic earnings (loss) per share.

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price of the Company's shares for both 2010 and 2009.

From Discontinued Operations

Basic loss per share for the discontinued operations is HK8.1 cents per share (2009: HK12.9 cents per share), based on the loss for the year from the discontinued operations of HK$190,735,000 (2009: HK$102,133,000) and the denominators detailed above for basic loss per share.

15. INVESTMENT PROPERTIES

	HK$'000
Fair Value	
At 1 April 2008	391,181
Effect of exchange rate movements	7,455
Additions	2,873
Decrease in fair value of investment properties	(28,259)
Transfer from property, plant and equipment	2,432
Transfer to assets classified as held for sale	(172,500)
At 31 March 2009	203,182
Effect of exchange rate changes on investment properties	1,341
Additions	146
Decrease in fair value of investment properties	(25,351)
Derecognised on debt restructuring	(179,318)
At 31 March 2010	—

The fair values of the Group's investment properties at the date of disposal on 11 January 2010 and 31 March 2009 were revalued by the directors of the Group with reference to valuation at 30 September 2009 and 31 March 2009 by B.I. Appraisals Limited, a firm of independent qualified professional valuers and recent market prices for similar properties. The valuation was arrived at by adopting the investment approach by taking into account the current rent passing and the reversionary income potential of the property.

The investment properties are situated outside Hong Kong and represent interests in industrial plants in the PRC, which are under medium-term leases.

16. PROPERTY, PLANT AND EQUIPMENT

	Medium-term leasehold land and buildings in Hong Kong	Buildings outside Hong Kong	Construction in progress	Motor vehicles	Plant and machinery	Leasehold improvements, office equipment, furniture, and fixtures	Moulds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2008	21,598	299,510	—	39,248	652,774	156,271	320,129	1,489,530
Additions	—	967	145	6,573	3,275	5,358	9,419	25,737
Transfer to assets classified as held for sale	—	(60,205)	—	—	—	(29,296)	—	(89,501)
Transfer to investment properties	—	—	—	—	—	(2,582)	—	(2,582)
Transfers	—	22,587	(145)	—	—	(22,442)	—	—
Disposals	—	(816)	—	(17,311)	(43,349)	(10,152)	(68,739)	(140,367)
At 31 March 2009	21,598	262,043	—	28,510	612,700	97,157	260,809	1,282,817
Additions	—	—	—	615	1,504	1,232	4,083	7,434
Disposals/written off	—	—	—	(7,338)	(262,487)	(51,979)	(218,238)	(540,042)
Derecognised on debt restructuring	(21,598)	(262,043)	—	(15,165)	(350,313)	(44,780)	(45,342)	(739,241)
At 31 March 2010	—	—	—	6,622	1,404	1,630	1,312	10,968
DEPRECIATION AND IMPAIRMENT								
At 1 April 2008	7,941	33,651	—	25,992	277,421	77,098	221,034	643,137
Provided for the year	472	4,803	—	2,373	33,535	9,043	15,294	65,520
Transfer to assets classified as held for sale	—	(17,323)	—	—	—	(17,604)	—	(34,927)
Transfer to investment properties	—	—	—	—	—	(150)	—	(150)
Transfers	—	7,405	—	—	—	(7,405)	—	—
Impairment loss recognised	—	44,096	—	5,169	259,759	38,621	73,945	421,590
Eliminated on disposals	—	(382)	—	(12,814)	(21,113)	(9,079)	(56,827)	(100,215)
At 31 March 2009	8,413	72,250	—	20,720	549,602	90,524	253,446	994,955
Provided for the year	346	4,076	—	1,285	9,067	3,221	1,194	19,189
Impairment loss recognised	—	5,353	—	929	—	2,493	—	8,775
Eliminated on disposals/written off	—	—	—	(7,083)	(253,508)	(51,937)	(217,788)	(530,316)
Eliminated on debt restructuring	(8,759)	(81,679)	—	(11,211)	(305,132)	(42,953)	(36,797)	(486,531)
At 31 March 2010	—	—	—	4,640	29	1,348	55	6,072
CARRYING VALUES								
At 31 March 2010	—	—	—	1,982	1,375	282	1,257	4,896
At 31 March 2009	13,185	189,793	—	7,790	63,098	6,633	7,363	287,862

The above items of property, plant and equipment other than buildings and leasehold improvements are depreciated on a reducing balance basis at the following rates per annum:

Motor vehicles	20%
Plant and machinery	5%–20%
Office equipment	10%–20%
Furniture and fixtures	10%–20%
Moulds	15%–25%

Buildings and leasehold improvements are depreciated on a straight-line basis at the following rates per annum, or the term of the leases, whichever is shorter:

Buildings	2%
Leasehold improvements	10%

During the year, the Group has experienced rapid and continuing deterioration in its business due to the drastic declining turnover, customers' purchase orders, production scale and customer confidence as a consequence of the financial turmoil. In light of these considerations, the Group recognised impairment losses of HK$5,353,000 (2009: HK$44,096,000) for certain of the Group's buildings outside Hong Kong that were left vacant and HK$3,422,000 (2009: HK$369,794,000) for its property, plant and equipment which are used in the manufacturing and trading of electronic products in profit or loss.

During the year ended 31 March 2009, the Group recognised impairment loss of HK$7,700,000 due to fire incident in its printed circuit board in factory located in Qingyuan, the PRC. Subsequently, the Group received an insurance compensation of RMB1,000,000 (approximately HK$1,136,000) for the year ended 31 March 2010.

All buildings outside Hong Kong have been derecognised during the year on debt restructuring.

The carrying values of the buildings outside Hong Kong that were left vacant at 31 March 2009 amounted to approximately HK$41,011,000. The carrying values represented their recoverable amounts, which have been determined based on fair values less cost to sell.

The recoverable amounts of the property, plant and equipment that are used in the EMS business are determined using the value in use calculations. The discount rate in measuring the amounts of value in use was 8% per annum. The carrying values of these property, plant and equipment (net of impairment losses) as at 31 March 2010 amounts to approximately HK$4,896,000 (2009: HK$287,862,000).

Included in the carrying values of property, plant and equipment of the Group at 31 March 2010 is an amount of HK$Nil (2009: HK$3,136,000) in respect of plant and machinery held under finance leases.

17. LAND USE RIGHTS

	HK$'000
COST	
At 1 April 2008	79,286
Transfer to assets classified as held for sale	(3,238)
At 31 March 2009	76,048
Derecognised on debt restructuring	(76,048)
At 31 March 2010	—
AMORTISATION	
At 1 April 2008	7,501
Provided for the year	1,676
Transfer to assets classified as held for sale	(312)
At 31 March 2009	8,865
Provided for the year	1,066
Eliminated on debt restructuring	(9,931)
At 31 March 2010	—
CARRYING AMOUNTS	
At 31 March 2010	—
At 31 March 2009	67,183

	2010 HK$'000	2009 HK$'000
Analysed for reporting purposes as:		
Non-current assets	—	66,582
Current assets	—	601
	—	67,183

The land use rights of the Group are held under medium-term lease in the PRC and amortised over the lease term of 50 years.

Moreover, the directors of the Company conducted a review of the Group's deposits for acquisition of land use rights which is included in deposits for acquisition of property, plant and equipment and land use rights in the consolidated statement of financial position as at 31 March 2009, and determined that the deposit is likely to be irrecoverable. Accordingly, the Group recognised an impairment loss of HK$9,563,000 in profit or loss during the year ended 31 March 2009.

18. INTANGIBLE ASSETS

	HK$'000
COST	
At 1 April 2008	142,507
Additions	11,451
At 31 March 2009	153,958
Derecognised on debt restructuring	(153,958)
At 31 March 2010	—
AMORTISATION AND IMPAIRMENT	
At 1 April 2008	104,418
Provided for the year	16,656
Impairment loss recognised	32,884
At 31 March 2009	153,958
Eliminated on debt restructuring	(153,958)
At 31 March 2010	—
CARRYING AMOUNTS	
At 31 March 2010 and 2009	—

The above intangible assets represent development expenditure capitalised and have definite useful lives. Such intangible assets are amortised on a straight-line basis over a period of 3 years.

As at 31 March 2009, the directors of the Company had performed an impairment assessment on the Group's intangible assets, and they considered that the carrying values of the intangible assets exceeded their recoverable amounts as a result of the rapid and continuing deterioration in the Group's business, decline in production orders, the continuing operating losses of certain subsidiaries and discontinuation of the mobile division. Accordingly, provision for impairment of HK$32,884,000 was recognised in profit or loss for the year ended 31 March 2009.

19. INVENTORIES

	2010	**2009**
	HK$'000	*HK$'000*
Raw materials	56,637	81,650
Work in progress	11,120	13,433
Finished goods	27,419	35,536
	95,176	130,619

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	37,024	82,057
Less: Impairment loss	—	(28,114)
	37,024	53,943
Other receivables and prepayments	8,018	16,847
	45,042	70,790

Customers are generally granted credit terms of letter of credit at sight or open accounts from 7 days to 30 days. Longer credit periods are granted to several customers which have long business relationship with the Group and strong financial position. The following is an analysis of trade receivables by age, presented based on invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Current–30 days	36,455	50,736
31–60 days	565	218
61–90 days	3	741
Over 90 days	1	2,248
	37,024	53,943

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no credit provision required as at the end of the reporting period.

Movements in the allowance for doubtful debts

	2010	2009
	HK$'000	*HK$'000*
Balance at the beginning of the year	28,114	255
Impairment losses recognised on trade receivables	7,579	27,859
Eliminated on debt restructuring	(35,693)	—
Balance at the end of the year	—	28,114

At 31 March 2009, included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$28,114,000. The Group did not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	2010	2009
	HK$'000	*HK$'000*
1–60 days	10,704	23,301
61–90 days	3	741
Over 90 days	1	2,248
Total	10,708	26,290

Trade receivables denominated in currencies other than functional currency of the relevant group entities are set out below:

	2010 *HK$'000*	2009 *HK$'000*
Renminbi	586	1,651

21. BANK BALANCES AND CASH/BANK OVERDRAFT

Bank balances and cash

Bank balances comprise short-term bank deposits with maturity of three months or less. The short-term bank deposits carry interest at market rates of 0.36% (2009: ranges from 0.01% to 0.36%) per annum.

Bank overdraft

Bank overdraft carries interest at fixed rate of 15% (2009: Hong Kong Prime Rate plus 8%) per annum.

22. ASSETS CLASSIFIED AS HELD FOR SALE

On 4 July 2008, a subsidiary of the Company entered into a sale and purchase agreement (the "Agreement") with an independent party to dispose of one of the Group's factory premises located in Dongguan, the PRC (the "Disposal") for a cash consideration of HK$230,000,000. The premises were used as investment properties during the year. The buyer paid deposits amounting to HK$63,000,000 up to 31 March 2009. As agreed by both parties in January 2010, the consideration was subsequently reduced to HK$178,000,000. Therefore, there was a loss on disposal of the assets classified as held for sale of HK$52,000,000 recognised in profit or loss during the year ended 31 March 2010. The Disposal was completed on 11 January 2010.

The major classes of assets and liabilities classified as held for sale at 31 March 2009 and 2010 are as follows:

	2010 *HK$'000*	2009 *HK$'000*
Assets		
Investment properties	–	172,500
Property, plant and equipment	–	54,574
Land use rights	–	2,926
Assets classified as held for sale	–	230,000
Liabilities		
Deposits received	–	63,000
Secured bank borrowings	–	45,454
Liabilities associated with assets classified as held for sale	–	108,454

The fair values of the Group's investment properties as at 31 March 2009 were determined by the directors of the Company. No valuation was performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to the selling price of the investment properties stated in the Agreement.

23. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	43,723	86,288
Bills payable	–	4,168
	43,723	90,456
Other payables	130,892	194,956
	174,615	285,412

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Current–30 days	28,848	53,615
31–60 days	811	5,269
61–90 days	8,664	3,133
Over 90 days	5,400	28,439
	43,723	90,456

Trade and bills payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2010	2009
	HK$'000	*HK$'000*
Renminbi	6,644	15,698
Euro	–	8,942
	6,644	24,640

24. BANK AND OTHER BORROWINGS

	2010	2009
	HK$'000	*HK$'000*
Carrying amount repayable:		
Within one year	—	526,796
	—	526,796
Less: Amounts due within one year and shown under current liabilities	—	(526,796)
Amounts due after one year	—	—
Secured	—	354,752
Unsecured	—	172,044
	—	526,796

At 31 March 2009, the bank and other borrowings of HK$348,194,000 carried variable interest rates ranging from Hong Kong Inter-bank Offered Rate plus 0.6% to 1.5% per annum and HK$178,602,000 carry fixed interest rates ranging from 3.0% to 7.5% per annum. Certain assets of the Group have been pledged to secure certain bank and other borrowings of the Group (see note 33).

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2010	2009
	HK$'000	*HK$'000*
Renminbi	—	209,520

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The maturity of the obligations under finance leases is as follows:				
Within one year	32	2,900	32	2,835
More than one year, but not exceeding two years	35	652	35	648
More than two years, but not exceeding five years	—	106	—	106
	67	3,658	67	3,589
Less: Future finance charges	—	(69)	—	—
Present value of lease obligations	67	3,589	67	3,589
Less: Amounts due within one year shown under current liabilities			(32)	(2,835)
Amounts due after one year			35	754

The average lease term is 4 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at Hong Kong Inter-bank Offered Rate plus 0.8% per annum and fixed interest rate of 3% per annum.

26. PROVISION

The amount represents warranty provision made during the year based on management's best estimate of the Group's potential liability in relation to warranty provided to customers for electronic products. The amount of provision is estimated based on prior experience and industry averages for defective products.

	HK$'000
At 1 April 2009	15,175
Additions	2,669
At 31 March 2010	17,844

27. DEFERRED TAXATION

The following are the major deferred taxation liabilities (assets) recognised and movements thereon:

	Accelerated tax depreciation	Intangible assets	Revaluation of properties	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008	26,329	3,332	20,088	(6,032)	6,342	50,059
Charge (credit) to profit or loss for the year	(18,648)	(3,142)	(4,663)	3,938	1,123	(21,392)
Change in opening deferred taxation liabilities arising from change in the tax rate	(1,504)	(190)	—	345	(362)	(1,711)
At 31 March 2009	6,177	—	15,425	(1,749)	7,103	26,956
Charge (credit) to profit or loss for the year	554	—	—	(554)	—	—
Credit to profit or loss for the year — discontinued operations	—	—	(15,425)	—	—	(15,425)
Release upon debt restructuring — continuing operation *(note 7)*	(6,177)	—	—	1,749	(7,103)	(11,531)
At 31 March 2010	554	—	—	(554)	—	—

At the end of the reporting period, the Group had unused tax losses of HK$101,375,000 (2009: HK$207,070,000) available for offset against future profits and those can be carried forward indefinitely. Deferred taxation assets have been recognised in respect of HK$3,356,000 (2009: HK$10,600,000) of such tax losses. No deferred taxation assets have been recognised in relation to the remaining HK$98,019,000 (2009: HK$196,470,000) due to the unpredictability of future profit streams. All unrecognised tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK$0.01 each (2009: HK$0.10 each)		
Authorised:		
Balance as at 1 April 2008and 31 March 2009	1,200,000,000	120,000
Increase	10,800,000,000	—
Balance as at 31 March 2010	12,000,000,000	120,000
Issued and fully paid:		
Balance as at 1 April 2008 and 31 March 2009	793,016,684	79,302
Capital reduction *(note 2(a))*	—	(71,372)
Issue of shares *(note 2(b))*	7,137,150,000	71,372
Balance as at 31 March 2010	7,930,166,684	79,302

The new shares rank *pari passu* with the existing shares in all respects.

29. SHARE OPTIONS

Pursuant to the share option scheme adopted on 23 August 2002 by the Company (the "Scheme"), the Company may grant options to, *inter alia*, directors and employees of the Company or its subsidiaries, for the purpose of providing incentives, to subscribe for shares in the Company, subject to a maximum of 10% of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may be granted to any one employee shall not be more than 30% of the maximum number of shares in respect of options may be granted under the Scheme. Options granted are exercisable at any time during the option period, a period to be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the offer date. The subscription price of the option shares shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of grant; (ii) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share. Options granted must be taken up within 28 days of the date of grant and a nominal consideration of HK$1 is payable on each grant of option.

Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Outstanding share options which were granted under the Scheme as at 31 March 2010 are as follows:

Participants	Date of grant	Exercise period	Exercise price per share *HK$*	Outstanding at 1 April 2009	Lapsed during the year	Outstanding at 31 March 2010
Directors						
Ms. Ting Lai Wah	22 May 2007	11 June 2007 to 30 June 2009	0.690	7,000,000	(7,000,000)	—
Mr. Yeung Cheuk Kwong	22 May 2007	11 June 2007 to 30 June 2009	0.690	4,000,000	(4,000,000)	—
Mr. Lam Shing Ngai	22 May 2007	11 June 2007 to 30 June 2009	0.690	700,000	(700,000)	—
Others						
Employees	22 May 2007	11 June 2007 to 30 June 2009	0.690	2,650,000	(2,650,000)	—
				14,350,000	(14,350,000)	—

Outstanding share options which were granted under the Scheme as at 31 March 2009 are as follows:

Participants	Date of grant	Exercise period	Exercise price per share *HK$*	Outstanding at 1 April 2008	Lapsed during the year	Outstanding at 31 March 2009
Directors						
Ms. Ting Lai Wah	22 May 2007	11 June 2007 to 30 June 2009	0.690	7,000,000	—	7,000,000
Mr. Yeung Cheuk Kwong	22 May 2007	11 June 2007 to 30 June 2009	0.690	4,000,000	—	4,000,000
Mr. Lam Shing Ngai	22 May 2007	11 June 2007 to 30 June 2009	0.690	700,000	—	700,000
Others						
Employees	22 May 2007	11 June 2007 to 30 June 2009	0.690	3,300,000	(650,000)	2,650,000
				15,000,000	(650,000)	14,350,000

At 31 March 2009, the number of shares in respect of which options had remained outstanding under the Scheme was 14,350,000, representing 1.81% of the shares of the Company in issue at that date.

Options granted under the Scheme are exercisable at any time during the option period with no vesting conditions.

30. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustee.

In addition, the Group's contribution to a local municipal government retirement scheme in the PRC are expensed as fall due while the local municipal government in the PRC undertakes to assume the retirement benefit obligations of all existing and future retirees of the qualified staff in the PRC.

The retirement benefit cost charged to the profit or loss in the consolidated statement of comprehensive income represents contributions payable to the schemes by the Group at the rates specified in the rules of the schemes.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the bank and other borrowings disclosed in note 24, obligations under finance leases disclosed in note 25, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses as disclosed in the consolidated statement of changes in equity.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through adjusting the return capital to shareholders, issue new shares or sell assets to reduce debt.

32. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4.

(b) Categories of financial instruments

	2010	2009
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	63,509	101,176
Financial liabilities		
Amortised cost	47,249	863,095

(c) Financial risk management

objectives The management monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risks.

(d) Foreign currency risk management

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		Liabilities	
	2010	2009	2010	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Canadian Dollars	—	1,840	—	—
Renminbi	2,494	18,631	18,081	340,786
Macau Pataca	4	—	—	—
Euro	—	2	—	8,942
Sterling Pound	—	11	—	12,000

Foreign currency sensitivity

The Group is mainly exposed to the currencies of Renminbi, Euro and Sterling Pound.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A negative (positive) number below indicates a decrease (increase) in loss for the year where HKD strengthens 5% against Renminbi. For a 5% weakening of HKD against Renminbi, there would be an equal but opposite impact on the loss for the year.

	Effect on profit or loss	
	2010	**2009**
	HK$'000	*HK$'000*
Canadian Dollars	—	92
Renminbi	779	16,108
Euro	—	447
Sterling Pound	—	599

In management's opinion, the sensitivity analysis is only an estimation but no representative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

(e) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 24 for details of these borrowings).

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments including bank balances and borrowings, at the year end date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 March 2009 would increase/decrease by HK$2,339,000.

(f) Credit risk management

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. It arises primarily from the Group's trade and other receivables. Impairment allowances are made for losses that have been incurred at the end of the reporting period.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position after deducting any impairment allowance.

In respect of the Group's trade and other receivables, in order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Further quantitative disclosure in respect of the group's exposure to credit risk arising from trade and other receivables are set out in note 20.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Revenue from one (2009: one) customer in the EMS business individually represents more than 10 per cent of the Group's total revenue (see note 6(b)).

The remaining customers come from over 40 countries. Therefore, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Except for the financial guarantees given by the Company for certain banking facilities of its subsidiaries, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk.

(g) Liquidity risk management

The Group is exposed to significant liquidity risk as at the end of the reporting period, the Group's current liabilities exceeded its current assets and its total liabilities exceeded its total assets by approximately HK$33,126,000 (2009: HK$512,029,000) and HK$28,265,000 (2009: total assets exceeded its total liabilities by approximately HK$18,653,000), respectively.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Such non-derivative financial liabilities outstanding at the year end date are considered as if outstanding for the whole year. The table includes both interest and principal cash flows.

	Weighted average interest rate	**0-60 days**	**61-180 days**	**181-365 days**	**1-2 years**	**2-3 years**	**Over 3 years**	**Total undiscounted cash flows**	**Carrying amount at 31.03.2010**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2010									
Non-derivative financial liabilities									
Trade and other payables	—	47,182	—	—	—	—	—	47,182	47,182
Obligations under finance leases	—	—	5	11	16	32	3	67	67
		47,182	5	11	16	32	3	47,249	47,249

	Weighted average interest rate	**0-60 days**	**61-180 days**	**181-365 days**	**1-2 years**	**2-3 years**	**Over 3 years**	**Total undiscounted cash flows**	**Carrying amount at 31.03.2009**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009									
Non-derivative financial liabilities									
Trade and other payables	—	270,527	14,885	—	—	—	—	285,412	285,412
Obligations under finance leases	3.34	853	1,169	926	655	106	—	3,709	3,589
Bank loans	0.76	416,147	—	—	—	—	—	416,147	412,989
Trust receipt loans	0.47	159,491	—	—	—	—	—	159,491	158,735
Discounted bills	0.19	527	—	—	—	—	—	527	526
Bank overdraft	3.36	1,906	—	—	—	—	—	1,906	1,844
		849,451	16,054	926	655	106	—	867,192	863,095

(h) Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their corresponding fair values.

33. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure certain bank and other borrowings of the Group (see note 24):

	2010	2009
	HK$'000	*HK$'000*
Investment properties	—	79,204
Property, plant and equipment	—	168,585
Land use rights	—	59,684
Assets classified as held for sale	—	136,334
	—	443,807

The Group's obligations under finance leases (see note 25) are secured by the lessors' title to the leased assets with an aggregate carrying values of HK$3,136,000 at 31 March 2009.

At 31 March 2009, the trade receivables of a designated customer amounted to approximately HK$8,705,000 have been pledged to a bank for certain facilities granted to the Group.

34. CAPITAL COMMITMENTS

	2010	2009
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	—	521
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	—	48
	—	569

35. OPERATING LEASE COMMITMENTS

As lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2010	2009
	HK$'000	*HK$'000*
Within one year	—	4,132
In the second to fifth year inclusive	—	2,445
	—	6,577

Leases are negotiated for an average term of three years.

As lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of building premises and other assets falling due:

	2010	**2009**
	HK$'000	*HK$'000*
Within one year	121	66
In the second to fifth year inclusive	46	—
	167	66

Operating lease payments represent rental payable by the Group for certain building premises and, machineries. Leases are negotiated for an average term of two years.

36. RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following significant transactions with related parties in the ordinary course of business:

		2010	**2009**
	NOTES	*HK$'000*	*HK$'000*
Sub-contracting income from Wah Mei (Lui's) Industrial Limited ("Wah Mei")	(i)	99	144
Sales to Wah Mei	(i)	74	479
Hotel expenses and other expenses paid to Qingyuan Regent International Hotel	(ii)	177	351

Notes:

(i) Wah Mei is a company controlled by the father-in-law and mother-in-law of Mr. Lam Shing Ngai, the ex-director (resigned on 18 February 2010) of the Company.

(ii) Qingyuan Regent International Hotel is indirectly controlled by a discretionary trust for Dr. Lam Man Chan (the ex-Chairman and ex-director of the Company). Ms. Ting Lai Ling and Mr. Lam Shing Ngai and other family members of Dr. Lam and Ms. Ting are the beneficiary objects of the discretionary trust. Four ex-directors of the Company, namely, Dr. Lam Man Chan, Ms. Ting Lai Ling, Mr. Lam Shing Ngai and Mr. Yeung Cheuk Kwong are directors of the hotel.

(b) Compensation of key management personnel

The remuneration of members of key management other than the directors of the Company are as follows:

	2010	**2009**
	HK$'000	*HK$'000*
Basic salaries and allowance	—	2,056
Contributions to retirement benefit scheme	—	9
	—	2,065

The remuneration of the directors of the Company is disclosed in note 11.

37. CONTINGENT LIABILITIES

	2010	2009
	HK$'000	*HK$'000*
Contingent liabilities		
Court proceedings		
— damaged goods	—	12,088
— compensation losses	—	145,699
	—	157,787

A subsidiary of the Company was the defendant in a lawsuit filed by a customer (the "Claimant") against defective products and related compensation losses. On 28 October 2008, an application was made to the Supreme Court of England and Wales claiming damages for defective goods and compensating for losses amounting to GBP1,089,000 (approximately HK$12,088,000) and GBP13,126,000 (approximately HK$145,699,000) respectively.

During the year, the Claimant entered into a settlement agreement with the subsidiary of the Company. Based on the agreement, the Claimant has agreed to pay GBP200,000 (approximately HK$2,284,000) to the subsidiary of the Company. Accordingly, the litigation has been settled upon entering into the agreement with the Claimant.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period is summarised as follows:

	2010	2009
	HK$'000	*HK$'000*
Non-current asset		
Investments in subsidiaries	—	—
Current assets		
Amounts due from subsidiaries	10	61,705
Prepayment and deposits	64	—
Tax recoverable	45	—
Bank balances and cash	9,302	589
	9,421	62,294
Current liabilities		
Other payables	5,235	14,804
Amounts due to subsidiaries	—	15
Tax payable	45	45
Obligations crystallised under corporate guarantees provided	—	73,500
	5,280	88,364
Net current assets (liabilities)	4,141	(26,070)
Total assets less current liabilities	4,141	(26,070)
Capital and reserves		
Share capital	79,302	79,302
Reserves *(note 39)*	(75,161)	(105,372)
Total equity (deficit)	4,141	(26,070)

39. RESERVES

	Share premium HK$'000	Other reserve HK$'000 (note)	Share options reserve HK$'000	Accumulated profits (losses) HK$'000	Total HK$'000
THE COMPANY					
At 1 April 2008	82,844	—	1,583	538,424	622,851
Loss and total comprehensive expense for the year	—	—	—	(728,223)	(728,223)
At 31 March 2009	82,844	—	1,583	(189,799)	(105,372)
Loss and total comprehensive expense for the year	—	—	—	(53,289)	(53,289)
Capital reduction	—	71,372	—	—	71,372
Issue of shares	12,128	—	—	—	12,128
At 31 March 2010	**94,972**	**71,372**	**1,583**	**(243,088)**	**(75,161)**

Note: The other reserve represents the credit arising from the 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.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2010 and 2009 are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Nominal value of issued ordinary share/ registered capital	Percentage of nominal value of issued share capital/ registered capital held by the Company 2010	2009	Principal activities
Din Wai Digital Limited	Samoa	Hong Kong	US$1	100*	100*	Trading of electronic products
Din Wai Electronics Limited#	British Virgin Islands	PRC	US$2	—	100*	Manufacturing of electronic products
Din Wai Services (MCO) Limited	Macao	Macao	MOP1,000,000	100*	100*	Inactive
Dongguan Fenggang Ngai Lik Electronics Company Limited#	PRC	PRC	HK$24,500,000	—	100*	Manufacturing of electronic products
Elite Novel Limited	British Virgin Islands	British Virgin Islands	US$1	100*	—	Investment holding
Flourishing China Limited#	British Virgin Islands	PRC	US$100	—	100*	Property investment
Grand More Enterprises Limited	Samoa	Hong Kong	US$1	100*	100*	Trading of electronic products
Greatmerry Limited#	British Virgin Islands	PRC	US$100	—	100*	Property investment

Name of subsidiary	Place of incorporation/ registration	Place of operation	Nominal value of issued ordinary share/ registered capital	Percentage of nominal value of issued share capital/ registered capital held by the Company 2010	2009	Principal activities
Kin Ngai Industrial Limited#	Samoa	PRC	US$10	—	100*	Leasing of plant and machineries
Marvel Sports Limited#	British Virgin Islands	PRC	US$100	—	100*	Property investment
Ngai Lik (BVI) Limited#	British Virgin Islands	British Virgin Islands	US$10,000	—	100	Investment holding
Ngai Lik Capital Limited#	Hong Kong	Hong Kong	HK$10,000	—	100*	Provision of financial services
Ngai Lik Electronics Trading# Limited	Hong Kong	Hong Kong	HK$10,000	—	100*	Trading of electronic products
Ngai Lik Enterprises Limited	Hong Kong	Hong Kong	HK$3,000,000	100*	100*	Trading of electronic products
Ngai Lik Industrial Limited	Hong Kong	Hong Kong	HK$1	100*	100*	Inactive
Ngai Lik Properties Limited#	Hong Kong	Hong Kong	HK$2	—	100*	Property investment
Ngai Wai Plastic Manufacturing Limited#	British Virgin Islands	PRC	US$1	—	100*	Manufacturing of plastic components
Panda Wave Limited#	British Virgin Islands	PRC	US$100	—	100*	Property investment
Shing Wai Limited#	British Virgin Islands	PRC	US$1	—	100*	Manufacturing of electrical and mechanical components
Sportwide Limited#	British Virgin Islands	PRC	US$100	—	100*	Property investment
Stand United Limited#	British Virgin Islands	PRC	US$100	—	100*	Property investment
Standfirm Limited#	British Virgin	PRC	US$100	—	100*	Property investment
Top Novel Limited	British Virgin Islands	British Virgin Islands	US$1	100*	—	Investment holding
Zhong Yi (Qingyuan) Electronics Plastic Metal Company Limited *(Note (a))*#	PRC	PRC	HK$136,000,000	—	100*	Manufacturing of electronic products

* Interest held by the Company through subsidiaries.

Companies being transferred to the Administrators' Vehicle of the Creditor Scheme on 11 January 2010 and formed no part of the restructured group.

Notes:

(a) The subsidiary is set up as wholly-owned foreign investment enterprise registered in the PRC.

(b) None of the subsidiaries had any debt securities subsisting at 31 March 2010 or at any time during the year.

(c) The above table lists the subsidiaries of the Company which, in the opinion of the Board, principally affected the results or assets of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

4. UNAUDITED INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDER 30 SEPTEMBER 2010

The following information has been extracted from the interim report of the company for the six months ended 30 September 2010:

Condensed Consolidated Statement of Comprehensive Income

	NOTES	Six months ended 30 September 2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
Continuing operations			
Turnover	*3*	477,120	462,843
Cost of sales		(485,801)	(438,433)
Gross (loss) profit		(8,681)	24,410
Other operating expenses, net		(448)	(1,178)
Other income		1,206	2,803
Selling and distribution expenses		(5,235)	(8,984)
Administrative expenses		(33,795)	(29,984)
Impairment loss on property, plant and equipment		—	(8,774)
Decrease in fair value of investment properties		—	(24,010)
Decrease in fair value of assets classified as held for sale		—	(15,909)
Loss from operations		(46,953)	(61,626)
Finance costs		(1)	(12,810)
Loss before taxation	*4*	(46,954)	(74,436)
Taxation charge	*5*	—	(2,140)
Loss for the period from continuing operations		(46,954)	(76,576)
Discontinued operation			
Gain for the period from discontinued operation		—	21,009
Loss for the period		(46,954)	(55,567)
Other comprehensive income for the period		—	—
Total comprehensive loss for the period		(46,954)	(55,567)

		Six months ended 30 September	
		2010	**2009**
	NOTES	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
(Loss) earnings per share (in HK Cents)	*7*		
From continuing and discontinued operations			
— Basic and diluted		(0.59)	(7.01)
From continuing operations			
— Basic and diluted		(0.59)	(9.66)
From discontinued operation			
— Basic and diluted		—	2.65

Condensed Consolidated Statement of Financial Position

	NOTES	As at 30 September 2010 HK$'000 (Unaudited)	As at 31 March 2010 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	5,363	4,896
Interest in an associate		38	—
		5,401	4,896
Current assets			
Inventories		74,604	95,176
Trade and other receivables and prepayments	8	84,304	45,042
Taxation recoverable		45	45
Bank balances and cash		11,762	19,147
		170,715	159,410
Current liabilities			
Trade and other payables	9	233,395	174,615
Taxation payable		45	45
Obligations under finance leases — due within one year		32	32
Provision		17,844	17,844
		251,316	192,536
Net current liabilities		(80,601)	(33,126)
Total assets less current liabilities		(75,200)	(28,230)
Non-current liabilities			
Obligations under finance leases — due after one year		(19)	(35)
Net liabilities		(75,219)	(28,265)
Capital and reserves			
Share capital		79,302	79,302
Reserves		(154,521)	(107,567)
Total deficit		(75,219)	(28,265)

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 September 2010

	Share capital	Share premium	Other reserve	Properties revaluation reserve	Share options reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total (deficit) equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009 (Audited)	79,302	82,844	—	17,460	1,583	(163,556)	17,633	1,020	18,653
Total comprehensive loss for the period	—	—	—	—	—	(55,567)	(55,567)	—	(55,567)
At 30 September 2009 (Unaudited)	79,302	82,844	—	17,460	1,583	(219,123)	(37,934)	1,020	(36,914)
At 1 April 2010 (Audited)	79,302	94,972	71,372	—	—	(273,911)	(28,265)	—	(28,265)
Total comprehensive loss for the period	—	—	—	—	—	(46,954)	(46,954)	—	(46,954)
At 30 September 2010 (Unaudited)	79,302	94,972	71,372	—	—	(320,865)	(75,219)	—	(75,219)

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2010	**2009**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash (used in) generated from operating activities	(5,836)	8,610
Net cash used in investing activities	(1,533)	(1,172)
Net cash used in financing activities	(16)	(33,318)
Net decrease in cash and cash equivalents	(7,385)	(25,880)
Cash and cash equivalents at 1 April	19,147	31,348
Cash and cash equivalents at 30 September	11,762	5,468
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	11,762	17,419
Bank overdrafts	—	(11,951)
	11,762	5,468

Notes to the Unaudited Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (the "HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group reported a consolidated loss attributable to owners of the Company of approximately HK$47 million for the six months ended 30 September 2010 (For the six months ended 30 September 2009: HK$56 million) and as at 30 September 2010 the Group had net current liabilities of approximately HK$81 million (As at 31 March 2010: HK$33 million).

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2010.

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010, except for the adoption for the first time of the following new and revised Hong Kong Financial Reporting Standards ("HKFRS") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) and amendments to HKFRSs issued by the HKICPA, which are effective for the Group's accounting periods beginning on 1 April 2010:

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRS 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 (Amendment)	Classification of rights issues
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC)-Int 17	Distribution of non-cash assets to owners

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related party disclosures[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[2]
HKFRS 7 (Amendments)	Disclosures — Transfer of financial assets[4]
HKFRS 9	Financial instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a minimum funding requirement[3]
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instruments[2]

1 Amendments that are effective for accounting periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

2 Effective for accounting periods beginning on or after 1 July 2010

[3] Effective for accounting periods beginning on or after 1 January 2011

[4] Effective for annual periods beginning on or after 1 July 2011

[5] Effective for accounting periods beginning on or after 1 January 2013

The directors of the Company are in the process of assessing the potential impact and anticipate that the application of these new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group is solely engaged in EMS business — Design, manufacture and sale of electronic and electrical products. The following table provides an analysis of the Group's sales by geographical market and the Group's non-current assets by geographical location of the assets, irrespective of the origin of the goods manufactured or services rendered:

	Turnover		Non-current assets	
	Six months ended 30 September		As at 30 September	As at 31 March
	2010	2009	2010	2010
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
United States of America	233,265	239,264	—	—
Netherlands	41,557	19,212	—	—
Brazil	11,826	22,149	—	—
France	12,334	17,551	—	—
Canada	33,071	30,096	—	—
Hong Kong	2,192	8,515	1,361	4,896
The PRC	—	8,291	4,002	—
Others	142,875	117,765	—	—
	477,120	462,843	5,363	4,896

4. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	463	9,287
Amortisation of land use rights	—	672
(Gain) loss on disposal of property, plant and equipment	(179)	3,438
Impairment loss on property, plant and equipment	—	8,774
Impairment loss on trade and other receivables	—	3,112
Interest income	(18)	(2,527)
Exchange losses (gains), net	627	(615)

5. TAXATION CHARGE

	Six months ended 30 September 2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
The taxation charge in continuing operations comprises:		
Current taxation		
Hong Kong		
— overprovision in prior years	—	3,860
People's Republic of China ("PRC")		
Enterprise Income Tax		
— under provision in prior years	—	(6,000)
Taxation charge for the period	—	(2,140)

Notes:

(a) No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 September 2010 and 2009 as the companies operating in Hong Kong has no estimated assessable profits for both periods.

(b) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

6. DIVIDEND

No dividend was proposed for the six months ended 30 September 2010 and 2009.

7. (LOSS) EARNINGS PER SHARE

The calculation of basic and diluted (loss) earnings per share is based on the following data:

	Six months ended 30 September 2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
From continuing and discontinued operations		
Net loss for the period attributable to owners of the Company and loss for the purposes of basic and diluted loss per share	(46,954)	(55,567)
From continuing operations		
Net loss for the period attributable to owners of the Company	(46,954)	(55,567)
Less: gain for the period from discontinued operation	—	21,009
Loss for the purpose of basic and diluted loss per share	(46,954)	(76,576)

	Six months ended 30 September 2010 HK$'000 (Unaudited)	2009 HK$'000 (Unaudited)
From discontinued operation		
Gain for the period from discontinued operation and gain for the purpose of basic and diluted earnings per share	—	21,009

	Number of Shares	Number of Shares
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	7,930,166,684	793,016,684

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 September 2010 HK$'000 (Unaudited)	As at 31 March 2010 HK$'000 (Audited)
Trade receivable (net of allowance for doubtful debts)	79,466	37,024
Other receivables and prepayments	4,838	8,018
	84,304	45,042

Customers are generally granted credit terms of letter of credit at sight or open accounts from 7 days to 30 days. Longer credit periods are granted to several customers which have long business relationship with the Group and strong financial position.

The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the reporting date:

	As at 30 September 2010 HK$'000 (Unaudited)	As at 31 March 2010 HK$'000 (Audited)
Current–30 days	78,741	36,455
31–60 days	724	565
61–90 days	—	3
Over 90 days	1	1
	79,466	37,024

9. TRADE AND OTHER PAYABLES

	As at 30 September 2010 *HK$'000* (Unaudited)	As at 31 March 2010 *HK$'000* (Audited)
Trade payables	77,535	43,723
Other payables	155,828	130,892
Amount due to associates	32	—
	233,395	174,615

The following is an aged analysis of trade payables at the reporting date:

	As at 30 September 2010 *HK$'000* (Unaudited)	As at 31 March 2010 *HK$'000* (Audited)
Current–30 days	73,870	28,848
31–60 days	2,493	811
61–90 days	600	8,664
Over 90 days	572	5,400
	77,535	43,723

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$1.7 million on the property, plant and equipment in order to upgrade its manufacturing capabilities.

11. CAPITAL COMMITMENTS

	As at 30 September 2010 *HK$'000* (Unaudited)	As at 31 March 2010 *HK$'000* (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	134	—

12. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following significant transactions with related parties in the ordinary course of business:

		Six months ended 30 September	
		2010	**2009**
	NOTES	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
Sales to Qingyuan Regent International Hotel	*1*	11	—
Hotel expenses paid to Qingyuan Regent International Hotel	*1*	98	127
Non-interest bearing loan from Manfulview Limited	2	5,452	—
Remuneration paid to Directors and other members of key management		11,763	4,428

Notes:

1. Qingyuan Regent International Hotel is indirectly controlled by a discretionary trust for Dr. Lam Man Chan, Ms. Ting Lai Ling and Mr. Lam Shing Ngai and other family members of Dr. Lam and Ms. Ting are the beneficiary objects of the discretionary trust. Four ex-directors, Dr. Lam Man Chan, Ms. Ting Lai Ling, Mr. Lam Shing Ngai and Mr. Yeung Cheuk Kwong are directors of hotel.

2. Manfulview Limited is a company controlled by Dr. Lam Man Chan and Ms. Ting Lai Ling.

5. INDEBTEDNESS

Borrowings

As at the close of business on 30 September 2010, certain plant and machinery were held under finance leases and the Group had outstanding obligations under finance leases of approximately HK$51,000. Save as the aforementioned matter, the Group did not have any other outstanding bank and other borrowings.

Debt securities

At the close of business on 30 September 2010, the Group did not have any debt securities.

Commitments

At the close of business on 30 September 2010, the Group had capital commitments contracted but not provided for of approximately HK$134,000.

Contingent liabilities

At the close of business on 30 September 2010, the Group did not have any contingent liabilities. Apart from intra-group liabilities and normal trade payables, as at the close of business on 30 September 2010, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

6. MATERIAL CHANGE

Save as disclosed in the Group's unaudited financial information for the 6 months period ended 30 September 2010 as set out in Appendix II to the Composite Document, in particular, the gross loss of approximately HK$8,681,000 and the unaudited loss of approximately HK$46,954,000 for the 6 months period ended 30 September 2010 and the ongoing net-liabilities financial position of the Group, the Board confirms that there is no material change in the financial or trading position or outlook of the Group since 31 March 2010 (the date to which the latest audited consolidated financial statements of the Group were made up) to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENTS

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than information relating to the Concert Group and the terms and conditions of the Offer) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (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 Composite Document, the omission of which would make any statement in this Composite Document misleading.

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at 31 March 2010 (being the latest financial year end of the Company), and the Latest Practicable Date were as follows:

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
Balance as at 31 March 2010 and the Latest Practicable Date	12,000,000,000	120,000
Issued and fully paid:		
Balance as at 31 March 2010 and the Latest Practicable Date	7,930,166,684	79,302

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants and other convertible securities or rights affecting the Shares.

All the existing issued Shares are fully paid up and rank pari passu with each other in all respects including all rights as to dividends, voting and capital.

The Company has not issued any Shares since 31 March 2010, being the date of the latest published audited accounts of the Group.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register to be kept under Section 336 of the SFO, or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying right to vote in all circumstances at general meetings of the Company or any other members of the Group or had any options in respect of such shares:

Name	*Note*	**Capacity/nature of interest**	**Number of Shares Long position**	**Number of Shares Short position**	**Percentage of holding**
The Offeror	1	Beneficial interest	5,668,795,837	—	71.48%
Touch Billion Limited	1	Interest of controlled corporation	5,668,795,837	—	71.48%
Champion Golden Limited	1	Interest of controlled corporation	5,668,795,837	—	71.48%
Cheng Xu	1	Interest of spouse	5,668,795,837	—	71.48%
Mr. Wang	1	Interest of controlled corporation	5,668,795,837	—	71.48%
ADM Gaileus Fund I Limited	2	Security interest in Shares	5,668,795,837	—	71.48%
ADM Investment Management Limited	2	Investment manager	5,668,795,837	—	71.48%
Jinlong International Holdings Limited	2	Security interest in Shares	5,668,795,837	—	71.48%

Notes:

1. The Offeror is wholly-owned by Touch Billion Limited which in turn is owned (i) as to 75% by Champion Golden Limited, a company owned as to 50% by Mr. Wang, 25% by Mr. Pan and 25% by Mr. Gao; and (ii) as to 25% by Galaxy King Limited, a company wholly-owned by Mr. Zhou. Mr. Wang's spouse, Ms. Cheng Xu, is deemed to be interested in Mr. Wang's interest in the Company under the SFO.

2. Jinlong International Holdings Limited is controlled by ADM Investment Management Limited indirectly through, *inter alia*, ADM Gaileus Fund I Limited, which directly has 50% control of Jinlong International Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any other persons who had an interest and/or short position in the Shares or underlying Shares of the Company which is required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under Section 336 of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group or had any options in respect of such shares.

4. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS

(a) As at the Latest Practicable Date, none of the Directors had any interests in any shares, convertible securities, warrants, options or other derivatives of the Company, and save as the Share Transfer, none of the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Company during the Relevant Period.

(b) As at the Latest Practicable Date, none of the Directors had any interests in any shares, convertible securities, warrants, options or other derivatives of the Offeror, and none of the Directors had dealt for value in any shares, convertible securities, warrants, options or other derivatives of the Offeror during the Relevant Period.

(c) As at the Latest Practicable Date, no Shares had been borrowed or lent by any of the Directors or by the Company.

(d) As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(e) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code, and no such person had dealt in the Shares or any convertible securities, warrants, options or derivatives issued by the Company during the offer period and ending with the Latest Practicable Date.

(f) As at the Latest Practicable Date, no benefit (other than statutory compensation) will be or have been given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Offer.

(g) None of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; or (iii) any advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code but excluding exempt principal traders) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and none of them had dealt in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(h) No Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company as at the Latest Practicable Date, and none of them had dealt in any shares, convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

(i) As at the Latest Practicable Date, save for the Share Transfer, there was no agreement, arrangement or understanding (including any compensation arrangement) between any member of the Concert Group and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

(j) Save as disclosed in the section headed "Substantial Shareholders" in this appendix, none of the Offeror, any parties acting in concert with it and any of their respective directors owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date, and save for the Share Transfer, none of them had dealt for value in any such securities during the Relevant Period.

(k) As at the Latest Practicable Date, save for the Share Transfer, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

(l) As at the Latest Practicable Date, no Shares had been borrowed or lent by the Concert Group.

(m) As at the Latest Practicable Date, the Offeror or parties acting in concert with it or its associates had no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any person.

(n) As at the Latest Practicable Date, the Company did not hold any shares, convertible securities, warrants, options or derivatives of the Offeror. During the Relevant Period, the Company did not deal in any shares, convertible securities, warrants, options or derivatives of the Offeror.

(o) As at the Latest Practicable Date, no person had irrevocably committed themselves to accept or reject the Offer.

(p) As at the Latest Practicable Date, there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Company which might be material to the Offer.

(q) As at the Latest Practicable Date, save for the Share Transfer, there was no agreement or arrangement to which the Offeror is a party 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 Offer.

(r) By a loan agreement entered into between Touch Billion Limited, the sole shareholder of the Offeror, as borrower and Jinlong International Holdings Limited as lender dated 29 October 2010, the Offeror has agreed to deposit with an escrow agent all the share certificates issued by the Company in favour of the Offeror in respect of the Sale Shares and all the other Shares herein proposed to acquire under the Offer until termination of such loan agreement.

As at the Latest Practicable Date, save for the said escrow arrangement, the Offeror has no agreement, arrangement or understanding or intention to transfer, charge or pledge the Shares acquired in pursuance with the Offer to any other persons.

(s) As at the Latest Practicable Date, there were no service contracts with the Group and the Company's associated companies in force for Directors (i) which (including both continuous and fixed terms contracts) have been entered into or amended within the Relevant Period; (ii) which are continuous contracts with a notice period of 12 months or more; or (iii) which are fixed term contracts with more than 12 months to run irrespective of the notice period.

5. MARKET PRICES

(a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.170 per Share on 25 October 2010 and HK$0.087 per Share on 19, 20, 21, 26 and 29 July 2010, respectively.

(b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the Relevant Period on which trading of the Shares took place:

Date	**Closing Price of Shares** *HK$*
31 May 2010	0.131
30 June 2010	0.102
31 July 2010	0.088
31 August 2010	0.152
30 September 2010	0.142
25 October 2010	0.170
30 November 2010	0.127

(c) The closing price of the Shares on the Stock Exchange on 25 October 2010, being the last trading day immediately preceding the date of the First Announcement and the Joint Announcement was HK$0.170.

(d) The closing price of the Shares on the Stock Exchange on the Latest Practicable Date was HK$0.126.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group after the date two years before 4 November 2010 (being the date of the First Announcement) and are or may be material:

(a) the subscription agreement dated 9 February 2009 entered into between the Company (as issuer) and Success Pioneer Limited (as subscriber), together with supplemental deeds dated 11 March 2009, 28 April 2009, 31 July 2009, 28 August 2009, 30 September 2009 and 11 December 2009, (collectively, "Subscription Agreement") in relation to the subscription of 7,137,150,000 Shares by Success Pioneer Limited at the total consideration of HK$83,500,000;

(b) the deed of undertakings dated 9 December 2009 and the supplemental deed dated 11 January 2010 entered into among certain subsidiaries of the Company immediately following the completion of the Subscription Agreement which took place on 11 January 2010, namely, Din Wai Services (Macao Commercial Offshore) Limited, Din Wai Digital Limited, Grand More Enterprises Limited, Ngai Lik Enterprises Limited and Ngai Lik Industrial Limited (collectively, "Retained Subsidiaries"), and Mighty Firm Limited (a company held by the administrators sanctioned by the Supreme Court of Bermuda and the Court of First Instance of the High Court of Hong Kong for the purposes of the scheme of arrangement for the Company pursuant to Section 166 of the Companies Ordinance, and pursuant to Section 99 of the Companies Act 1981 of Bermuda, which became effective on 11 January 2010 ("Scheme")) in respect of the distribution of certain portion of the profits of the Retained Subsidiaries on a combined basis after the date of the Scheme being effective to the creditors under the Scheme in accordance with the terms of the Scheme; and

(c) the deed of assignment of loans dated 6 January 2010 entered into among the Company, the Retained Subsidiaries and Mighty Firm Limited in respect of the assignment of all rights in the entire amounts owing by the member of the Company and its subsidiaries prior to completion of the group reorganisation of the Company which became effective on 11 January 2010 (other than the Company and the Retained Subsidiaries) by the Retained Subsidiaries to Mighty Firm Limited for the benefit of the creditors under the Scheme.

8. CONSENTS AND QUALIFICATIONS

The following is the qualifications of each of the experts who have given opinion or advice which is contained in this Composite Document:

Name	Qualification
Quam Capital	a corporation licensed under SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the financial adviser to the Offeror in respect of the Offer
Quam Securities	a corporation licensed under SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities
First Shanghai	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee in respect of the Offer

As at the Latest Practicable Date, none of Quam Capital, Quam Securities and First Shanghai had any shareholding in any member of the Group nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or had any interest, either directly or indirectly, in any assets which had been, since 31 March 2010 (the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Quam Capital, Quam Securities and First Shanghai has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice or letter and references to its name and logo in the form and context in which it appears.

9. GENERAL

(a) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is at Unit D, 12/F., Seabright Plaza, 9–23 Shell Street, North Point, Hong Kong.

(c) The registered office of (i) the Offeror and (ii) Touch Billion Limited, Champion Golden Limited and Galaxy King Limited (together the "Offeror's Holding Companies") is at Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands. The correspondance address of the Offeror and the Offeror's Holding Companies is at 6/F., Shun On Commercial Building, 112–114 Des Voeux Road Central, Hong Kong.

(d) The registered office of Somerley Limited is at 10/F., The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong.

(e) The registered office of Quam Capital and Quam Securities is at Room 3208, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong.

(f) The registered office of First Shanghai Capital Limited is at 19/F., Wing On House, 71 Des Voeux Road, Central, Hong Kong.

(g) The Company's branch share registrar in Hong Kong is Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(h) The company secretary of the Company is Mr. Chan Sek Kwan Rays, who is 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.

(i) The English language text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese language text in the case of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the websites of the SFC (www.sfc.hk) and the Company (www.ngailik.com) and, during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays), at the Company's principal office in Hong Kong from the date of this Composite Document until the close of the Offer:

(a) the memorandum of association and bye-laws of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the two years ended 31 March 2010;

(d) the interim report of the Company for the six month ended 30 September 2010;

(e) the letter from Quam Capital, the text of which is set out in this Composite Document;

(f) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

(g) the letter from First Shanghai, the text of which is set out in this Composite Document;

(h) the material contracts referred to in the section headed "Material contracts" in this appendix; and

(i) the written consents referred to in this appendix.