

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



NGAI LIK INDUSTRIAL HOLDINGS LIMITED
(毅力工業集團有限公司) *
(Incorporated in Bermuda with limited liability)
(Stock Code: 332)

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



SUCCESS PIONEER LIMITED
(Incorporated in the British Virgin
Islands with limited liability)

**Financial adviser to
Success Pioneer Limited**



Joint Announcement
Waiver of condition precedent of the Subscription Agreement
and
Possible unconditional mandatory cash offer by
Somerley Limited
for and on behalf of Success Pioneer Limited
for all the issued shares in Ngai Lik Industrial Holdings Limited
(other than those already owned by or agreed to be acquired by
Success Pioneer Limited and parties acting in concert with it)

Reference is made to the joint announcements dated 24 February 2009, 11 March 2009, 28 April 2009, 31 July 2009 and 28 August 2009, 30 September 2009 and 27 October 2009 jointly issued by the Board and the board of the Subscriber, the announcements dated 17 March 2009, 23 March 2009 and 13 July 2009 issued by the Board and the Circular dated 30 September 2009 issued by the Board with regards to, among other things, the Group Reorganisation, the Creditor Scheme, the Subscription Agreement and the Whitewash Waiver.

WAIVER OF CONDITIONS PRECEDENT OF THE SUBSCRIPTION AGREEMENT

Completion is subject to the fulfilment or waiver (as the case may be) of the conditions precedent of the Subscription Agreement as described in the section headed “Conditions precedent of the Subscription Agreement” of the Circular, including but not limited to, the approval of the Whitewash Waiver by the Independent Shareholders.

The Subscriber has given the Company a notice in writing to waive condition precedent (1) to the extent that it relates to the Whitewash Waiver Resolution “passing of the Resolutions at the SGM by way of poll by the Shareholders, other than Shareholders abstaining from voting as may be so required by law, the Listing Rules or the Takeovers Code or by the Stock Exchange and/or the SFC (as the case may be)” as set out in the section headed “Conditions precedent of the Subscription Agreement” of the Circular with immediate effect, such that Completion shall no longer be conditional on the passing of the Whitewash Waiver Resolution by the Independent Shareholders.

THE POSSIBLE OFFER

Upon Completion, the Subscriber and parties acting in concert with it will be interested in 7,137,150,000 Shares, representing approximately 90.0% of the enlarged issued share capital of the Company. Subject to Completion having taken place and pursuant to Rule 26.1 of the Takeovers Code, the Subscriber is required to make an unconditional mandatory cash offer for all the issued Shares, other than those already owned by or agreed to be acquired by the Subscriber or parties acting in concert with it.

The Possible Offer will be made on the basis of HK\$0.012 for each Share in cash. The principal terms of the Possible Offer are set out in the section headed “The Possible Offer” in this announcement.

WARNING

THE POSSIBLE OFFER WILL ONLY BE MADE IF COMPLETION TAKES PLACE, WHICH IS SUBJECT TO FULFILMENT (OR, IF APPLICABLE, WAIVER) OF THE CONDITIONS PRECEDENT OF THE SUBSCRIPTION AGREEMENT. THEREFORE, THE POSSIBLE OFFER MAY OR MAY NOT BE MADE AND, AS SUCH, IS A POSSIBILITY ONLY. POTENTIAL INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

Reference is made to the joint announcements dated 24 February 2009, 11 March 2009, 28 April 2009, 31 July 2009 and 28 August 2009, 30 September 2009 and 27 October 2009 jointly issued by the Board and the board of the Subscriber, the announcements dated 17 March 2009, 23 March 2009 and 13 July 2009 issued by the Board and the circular dated 30 September 2009 (the “Circular”) issued by the Board with regards to, among other things, the Group Reorganisation, the Creditor Scheme, the Subscription Agreement and the Whitewash Waiver. Unless otherwise stated, terms defined in the Circular have the same meanings when used in this announcement.

WAIVER OF CONDITIONS PRECEDENT OF THE SUBSCRIPTION AGREEMENT

Completion is subject to the fulfilment or waiver (as the case may be) of the conditions precedent of the Subscription Agreement as described in the section headed “Conditions precedent of the Subscription Agreement” of the Circular, including but not limited to, the approval of the Whitewash Waiver by the Independent Shareholders.

Reference is made to the joint announcements dated 27 October 2009 issued by the Board and the board of the Subscriber that the Resolution to approve the Whitewash Waiver (the “Whitewash Waiver Resolution”) was not passed at the SGM.

The Subscriber has given the Company a notice in writing to waive condition precedent (1) to the extent that it relates to the Whitewash Waiver Resolution “passing of the Resolutions at the SGM by way of poll by the Shareholders, other than Shareholders abstaining from voting as may be so required by law, the Listing Rules or the Takeovers Code or by the Stock Exchange and/or the SFC (as the case may be)” as set out in the section headed “Conditions precedent of the Subscription Agreement” of the Circular with immediate effect, such that Completion shall no longer be conditional on the passing of the Whitewash Waiver Resolution by the Independent Shareholders.

THE POSSIBLE OFFER

Upon Completion, the Subscriber and parties acting in concert with it will be interested in 7,137,150,000 Shares, representing approximately 90.0% of the enlarged issued share capital of the Company. Subject to Completion having taken place and pursuant to Rule 26.1 of the Takeovers Code, the Subscriber is required to make an unconditional mandatory cash offer for all the issued Shares, other than those already owned by or agreed to be acquired by the Subscriber or parties acting in concert with it (the “Possible Offer”).

The Subscriber confirms that, so far as it is aware, prior to the entering into of the Subscription Agreement, none of the members of the Concert Group owned or had control or direction over any voting rights and/or rights over the Shares. The Subscriber further confirms, so far as it is aware, that there are no voting rights or rights over the Shares:

- (a) which are owned or controlled or directed by any members of the Concert Group;
- (b) in respect of which the Concert Group has received an irrevocable commitment to accept the Possible Offer; and
- (c) in respect of which the Concert Group holds convertible securities, warrants or options.

The Subscriber confirms that, so far as it is aware, there have been no dealings in the securities in the Company by the Concert Group during the period beginning on the date six months prior to 6 January 2009, being the date of the Company’s announcement in relation to, among other things, the notification to be made under Rule 3.7 of the Takeovers Code, and ended on the date of this announcement.

The Subscriber also confirms, so far as it is aware, that there are no outstanding derivative instruments in respect of securities of the Company that have been entered into by the Concert Group. The Subscriber confirms that there are no arrangements (whether by way of option, indemnity or otherwise) in relation to shares of the Subscriber or the Company and which might be material to the Possible Offer. The Subscriber further confirms that, save for the Subscription Agreement, there are no other agreements or arrangements to which the Subscriber is a party and relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Possible Offer. As at the date of this announcement, the Subscriber and any party acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Principal terms of the Possible Offer

Upon Completion, Somerley Limited, on behalf of the Subscriber, will make the Possible Offer to acquire all the issued Shares (other than those already owned by or agreed to be acquired by the Subscriber or parties acting in concert with it) on the following basis:

For each Share HK\$0.012 in cash

Pursuant to the Subscription Agreement, the Subscriber will subscribe for 7,137,150,000 Subscription Shares at the Share Consideration of HK\$83,500,000, representing approximately HK\$0.011699 per Subscription Share.

The Possible Offer will only be made if Completion takes place, which is subject to fulfilment (or, if applicable, waiver) of the conditions precedent of the Subscription Agreement as set out in the section headed “Conditions precedent of the Subscription Agreement” of the Circular. Therefore, the Possible Offer may or may be made and, as such, is a possibility only.

As at the date of this announcement, conditions (1), (2) and (11) as set out in the section headed “Conditions precedent of the Subscription Agreement” of the Circular have been fulfilled or waived, and conditions (3), (4), (5), (6), (7), (8), (9) and (10) as set out in the section headed “Conditions precedent of the Subscription Agreement” of the Circular remain outstanding.

In the event that the Possible Offer is made, it will be an unconditional cash offer.

As at the date of this announcement, there are a total of 793,016,684 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.

Comparison of value

The offer price of HK\$0.012 per Share (the “Offer Price”) receivable by Shareholders under the Possible Offer is slightly higher than the price paid by the Subscriber for each Share under the Subscription Agreement. It represents:

- (a) a discount of approximately 82.6% to the closing price of HK\$0.069 per Share as quoted on the Stock Exchange on 19 December 2008, being the last trading day prior to the suspension of trading in the Shares on 22 December 2008 pending for the release of the initial announcement in relation to the Subscription;
- (b) a discount of approximately 90.6% to the closing price of HK\$0.127 per Share as quoted on the Stock Exchange on the last trading day prior to the signing of the Subscription Agreement (the “Last Trading Day”);
- (c) a discount of approximately 87.0% to the average closing price of approximately HK\$0.092 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (d) a discount of approximately 86.0% to the average closing price of approximately HK\$0.086 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;
- (e) a discount of approximately 89.5% to the closing price of HK\$0.114 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (f) a discount of approximately 50.0% to the audited consolidated net assets per Share of approximately HK\$0.024 as at 31 March 2009 (based on the audited consolidated net assets of the Group as at 31 March 2009 of approximately HK\$18,653,000 and 793,016,684 Shares in issue as at 31 March 2009).

Highest and lowest price

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange in the six-month period prior to the date of the Joint Announcement and up to the date of this announcement was HK\$0.34 on 11 July 2008 and HK\$0.053 on 9 December 2008, respectively.

Total consideration

On the basis of 793,016,684 Shares in issue as at the date of this announcement, the Possible Offer based on the Offer Price values the equity value of the Company at approximately HK\$9,516,200. Assuming that the Possible Offer was accepted in full by the Shareholders and based on 793,016,684 Shares in issue as at the date of this announcement, the total amount of cash required to effect the Possible Offer is approximately HK\$9,516,200.

Financial resources

Somerley Limited, as the financial adviser to the Subscriber, is satisfied that sufficient financial resources are available to the Subscriber to satisfy the full acceptance of the Possible Offer.

Effects of accepting the Possible Offer

By accepting the Possible Offer, the relevant Shareholders will sell their Shares to the Subscriber free from all liens, claims and encumbrances and with all rights attached to them as at the Completion Date, including the right to receive all dividends and distributions declared, paid or made, if any, on or after the Completion Date.

Stamp duty

Assuming that the Possible Offer is made upon completion of the Subscription Agreement, (i) the seller's ad valorem stamp duty arising in connection with acceptance of the Possible Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance will be deducted from the amount payable to the Shareholders who accept the Possible Offer, and (ii) the Subscriber will bear its own portion of the buyer's ad valorem stamp duty amounting to 0.1% of the amount payable in respect of relevant acceptances and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Possible Offer.

Payment

Payment in cash in respect of acceptances of the Possible Offer will be made within 10 days of the date on which the relevant documents of title are received by the Subscriber to render each such acceptance complete and valid.

Shareholders and potential investors are advised to exercise caution in dealing in the Shares as the Possible Offer may or may not proceed and will only be made upon Completion, which is subject to fulfilment (or, if applicable, waiver) of the conditions precedent of the Subscription Agreement as set out under the section headed "Conditions precedent of the Subscription Agreement" in the Circular and the obligation to make the Possible Offer will only be triggered if Completion taken place. If investors have any doubt about their position, they should consult their professional advisers. Further announcement(s) will be made by the Subscriber and the Company regarding the Possible Offer as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Subscriber intends that the Company will maintain the listing status of the Shares on the Main Board of the Stock Exchange after the Completion. The Stock Exchange has stated that if, at the Completion, less than 25% of the Shares are held in public hands or if the Stock Exchange believes that (i) a false market exists or may exist in the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading

in the Shares. Each of the Subscriber, the existing Directors and the new Directors to be appointed to the Board will undertake to the Stock Exchange to take appropriate steps as soon as allowable under the Takeovers Code to ensure that not less than 25% of the Shares will be held by the public.

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

GENERAL

In connection with the Possible Offer and pursuant to the Takeovers Code, an independent board committee comprising the independent non-executive Directors will be formed in order to make a recommendation to the Independent Shareholders.

An independent financial adviser will be appointed in due course by the independent board committee in respect of the Possible Offer, in particular, as to whether the Possible Offer is, or is not, fair and reasonable and as to its acceptance if it is made. The advices and recommendations of the independent financial adviser and the independent board committee in respect of the Possible Offer will be included in the offer document. Further announcement will be made in relation to the appointment of the independent financial adviser pursuant to Rule 2.1 of the Takeovers Code.

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing the terms of the Possible Offer, together with the accompanying form of acceptance and transfer of Shares in respect of the Possible Offer (the "Form of Acceptance"), should normally be posted to the Shareholders by or on behalf of the Subscriber within 21 days of the date of the announcement of the terms of the Possible Offer. The Subscriber and the Company intend to combine the offer document and the Company's response document into a composite offer and response document. Such composite document (accompanied by the Form of Acceptance) in connection with the Possible Offer setting out, inter alia, details of the Possible Offer and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser on the Possible Offer will be issued and despatched by the Subscriber and the Company jointly to the Shareholders in accordance with the Takeovers Code. Given that the Possible Offer is subject to Completion, it is expected that the Possible Offer may not take place within 21 days of the date of this announcement. In such event, an application will be made to the Executive in respect of Rule 8.2 of the Takeovers Code for its consent to extend the date of the posting of the composite offer and response document within seven days of Completion. Further announcement(s) in this respect will be made, as and when necessary.

Further announcement(s) regarding the despatch of the composite offer and response document will be made in due course. Independent Shareholders are encouraged to read the composite offer and response document carefully, including the advice of the independent financial adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Independent Shareholders and in respect of the Possible Offer, before deciding whether or not to accept the Possible Offer.

DEALING DISCLOSURE

The associates (as defined in the Takeovers Code) of the Company and the Subscriber are reminded to disclose their dealings in the securities in the Company under Rule 22 of the Takeovers Code.

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

This dispensation does not alter the obligation of principals, associates (as defined in the Takeovers Code) and other person themselves to initiate disclosure of their own dealings, whatever total value is involved.

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

WARNING

THE POSSIBLE OFFER WILL ONLY BE MADE IF COMPLETION TAKES PLACE, WHICH IS SUBJECT TO THE FULFILMENT (OR, IF APPLICABLE, WAIVER) OF THE CONDITIONS PRECEDENT OF THE SUBSCRIPTION AGREEMENT. THEREFORE, THE POSSIBLE OFFER MAY OR MAY NOT BE MADE AND, AS SUCH, IS A POSSIBILITY ONLY. POTENTIAL INVESTORS AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.

Hong Kong, 4 November 2009

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

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

* *For identification purposes only*

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

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

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

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