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Frontier Global Group Limited

(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)

Financial adviser to Frontier Global Group Limited

Financial adviser to Ngai Lik Industrial Holdings Limited



JOINT ANNOUNCEMENT

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)

and

Resumption of Trading

INTRODUCTION

The Company was informed by the Vendor that the Vendor, the Offeror, Mr. Yeung and Mr. Lau entered into a sale and purchase agreement on 29 October 2010 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 as at the date of this 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. 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 Offeror is wholly-owned by Touch Billion Limited, an investment holding company incorporated under the laws of the BVI. 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. Galaxy King Limited is an investment holding company wholly-owned by Mr. Zhou. For the six months immediately before the Share Transfer and up to the date of this joint announcement, save for the Share Transfer, the Concert Group has not dealt in nor do they have any interest in the securities of the Company.

Consideration for the Offer

The consideration in respect of the Offer is as follows:

For each Share **HK\$0.0314 in cash**

Suspension and Resumption of Trading in Shares

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 11:47 a.m. on 25 October 2010 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 November 2010.

INTRODUCTION

The Company was informed by the Vendor that the Vendor, the Offeror, Mr. Yeung and Mr. Lau entered into a sale and purchase agreement on 29 October 2010 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 as at the date of this joint announcement. Mr. Yeung and Mr. Lau have jointly and severally given certain warranties to the Offeror in respect of the indebtedness 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 total consideration at which the Sale Shares were acquired 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.

MANDATORY UNCONDITIONAL CASH OFFER FOR THE SHARES

Quam Securities Company Limited will, on behalf of the Offeror, make a mandatory unconditional cash offer to all the Shareholders to acquire all the issued Shares, other than those already owned by the Concert Group, on the following basis:

For each Share HK\$0.0314 in cash

Comparisons of Value

The Offer Price represents:

- (i) 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;
- (ii) 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
- (iii) 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.

The Offer Price is not less than the price per Sale Share paid by the Offeror under the Share Transfer.

Highest and Lowest Prices

During the six-month period preceding the date of this joint announcement, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.170 per Share on 25 October 2010, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.087 per Share on 19, 20, 21, 26, 29 July 2010 respectively.

Consideration for the Shares subject to the Offer

As at the date of this joint announcement, there are 7,930,166,684 Shares in issue (of which the Concert Group is interested in 5,668,795,837 Shares) and there are no outstanding options, warrants or securities convertible into Shares.

On the basis of the Offer Price, the total consideration payable by the Offeror under the Offer amounts to approximately HK\$71.01 million. 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.

Financial Resources Available for the Offer

Quam Capital Limited, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to meet the full acceptance of the Offer.

Effect of Accepting the Offer

By accepting the Offer, 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 posting of the Composite Document in respect of the Offer.

Settlement of Consideration for the Offer

Settlement of the consideration for the Offer will be made 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.

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.

Other Arrangements

As at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer. Save for the Share Transfer, there is no agreement or arrangement to which members of the Concert Group is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

As at the date of this joint announcement, none of the members of the Concert Group has received any irrevocable commitment to accept the Offer.

BACKGROUND OF THE OFFEROR AND ITS INTENTION REGARDING THE COMPANY

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 date of this joint announcement. 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 date of this joint announcement. 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 Share Transfer, the Offeror has not conducted any business since its incorporation, and does not have any material assets as at the date of this joint announcement.

For the six months immediately preceding the date of this joint 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 date of this joint announcement, 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 date of this joint announcement.

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)).

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.

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.

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, the Offeror has no intention to inject any asset or business into the Group other than in its ordinary course of business. The Offeror considers it commercially justifiable to make investment in the Group.

The Board currently comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The executive Directors will resign with effect after the close of the Offer. The Offeror intends to nominate one or more new Directors to the Board in due course. The Offeror has not decided its nominations on Directors to be appointed and any such appointments will only be effective from the next day following the date of despatch of the Composite Document.

INFORMATION ON THE GROUP

The Group is principally engaged in design, manufacture and sale of electronic products and property investment.

GENERAL MATTERS RELATING TO THE OFFER

Maintenance of the listing status of the Company

The Offeror intends that the Shares remain 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 not less than 25% of the Shares will be held by the public following the close of the Offer.

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. 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.

Waiver of Rule 8.2 of the Takeovers Code

In accordance with Rule 8.2 of the Takeovers Code, the offer document is required to be posted by or on behalf of the Offeror within 21 days of the date of this joint announcement. The Company and the Offeror intend to combine the offer document and the Company's response document into the Composite Document which will set out, among other things, details of the Offer, a letter of advice from the independent board committee of the Company in relation to the Offer and a letter of advice from an independent financial adviser in respect of the Offer. However, as the Company will soon announce its interim results for the 6 months period ended 30 September 2010 on or around 30

November 2010 and the Company intends to include the interim results into the Composite Document, application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to a date on or before 15 December 2010.

Independent Board Committee

In accordance with Rule 2.1 of the Takeovers Code, an independent board committee comprising all independent non-executive Directors 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 independent board committee of the Company will approve the appointment of an independent financial adviser to advise it in respect of the Offer. A further announcement will be made by the Company in relation to the appointment of the independent financial adviser.

Dealings disclosure

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined in the Takeovers Code) of the Company (including Shareholder(s) who owns or controls 5% or more of any class of relevant securities issued by the Offeror or the Company), the Vendor and the Offeror are reminded to disclose their dealings in the securities in the Company under Rule 22 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

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.”

SUSPENSION AND RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 11:47 a.m. on 25 October 2010 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 9 November 2010.

DEFINITIONS

The following definitions apply throughout this joint announcement, unless the context requires otherwise:

“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
“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”	the offer and response document (in composite form) to be issued to all Shareholders in accordance with the Takeovers Code containing, among other things, details of the Offer and the form of acceptance and transfer
“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
“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

“Group”	the Company and its subsidiaries as at the date of this joint announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	the Shareholders other than the Concert Group
“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 this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Jun Feng, 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 Jia Wei, the ultimate beneficial owner of 25% of the issued share capital of the Offeror
“Offer”	the mandatory unconditional cash offer to be made by Quam Securities Company Limited on behalf of the Offeror to acquire all the issued Shares other than those already owned by the Concert Group
“Offer Price”	HK\$0.0314 per Share payable in cash by the Offeror under the Offer
“Offeror”	Frontier Global Group Limited, a company incorporated in the BVI with limited liability
“PRC”	People’s Republic of China
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning given to it in section 2 of the Companies Ordinance
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers 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

By order of the Board
Frontier Global Group Limited
Wang Jianqing
Director

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

Hong Kong, 8 November 2010

As at the date of this joint announcement, the Board of Directors of the Company comprises Mr. Lau Ching Kei (Chairman) and Mr. Yeung Kwai Tong as executive Directors, Mr. Tam Norman Hok Cheong as non-executive Director and Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie as independent non-executive Directors.

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

As at the date of this joint announcement, there are three directors of the Offeror namely Mr. Wang Jianqing, Mr. Gao Xiong and Mr. Zhou Jia Wei.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group, the Vendor, their respective associates and parties acting in concert with each of the Group and the Vendor) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Group or the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.

** For identification purpose only.*