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NGAI LIK INDUSTRIAL HOLDINGS LIMITED

(毅 力 工 業 集 團 有 限 公 司) *

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE; AND INCREASE IN AUTHORIZED SHARE CAPITAL

The Board proposes to implement the Share Consolidation on the basis that every ten issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one Consolidated Share of HK\$0.10 each. The Board also proposes to change the board lot size for trading in the shares of the Company from 2,000 Shares to 4,000 Consolidated Shares after the Share Consolidation becoming effective.

The Share Consolidation is subject to the Shareholders' approval at the AGM and no Shareholders are required to abstain from voting on the ordinary resolution(s) in relation to the Share Consolidation. The AGM Circular containing further details of the Share Consolidation and the notice of the AGM will be despatched to the Shareholders as soon as practicable.

SHARE CONSOLIDATION

Share Consolidation

The Directors propose to implement the Share Consolidation on the basis that every ten issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one Consolidated Share of HK\$0.10 each in the issued and unissued share capital of the Company. Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company.

Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Effects of the Share Consolidation

As at the date of this announcement, the authorized share capital of the Company is HK\$120,000,000 divided into 12,000,000,000 Shares of HK\$0.01 each, of which 7,930,166,684 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto, the authorized share capital of the Company shall remain at HK\$120,000,000 divided into 1,200,000,000 Consolidated Shares of HK\$0.10 each, of which up to 793,016,668 Consolidated Shares will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's memorandum of association and Bye-laws. Other than the expenses, including professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders or creditors of the Company, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Application for listing of Consolidated Shares

An application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and all necessary arrangements will be made for the Consolidated Shares to be admitted into the CCASS established and operated by HKSCC.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Conditions of the Share Consolidation

The Share Consolidation will be completed upon fulfilling all the following conditions:

- (a) the passing of the necessary ordinary resolution by the Shareholders at the AGM to approve the Share Consolidation; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares as a result of the Share Consolidation.

Change in board lot size

The Board proposes to increase the current board lot size for trading in the shares of the Company from the existing 2,000 Shares to 4,000 Consolidated Shares after the Share Consolidation becoming effective. Based on the price of HK\$0.84 per Consolidated Share calculated based on the closing price of Shares as at the date of this announcement as quoted from the Stock Exchange, the theoretical board lot value of the Consolidated Shares (assuming the Share Consolidation is completed) will be increased from HK\$168 to HK\$3,360 after the Share Consolidation.

Reasons for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Recently, the price of the Shares has approached the extremities of HK\$0.01, the Board is of the opinion that the Share Consolidation would bring about a corresponding increase in the trading price of the Consolidated Shares and in compliance with Rule 13.64 of the Listing Rules. It is also expected that the change of board lot size shall increase the trading amount of each board lot. As a result, the Share Consolidation and change in board lot size would enable the Company to comply with the trading requirements of the Listing Rules. Accordingly, the Board is of the view that the Share Consolidation is in the interest of the Company and the Shareholders as a whole.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed SinoPac Securities (Asia) Limited (永豐金證券(亞洲)有限公司), as an agent to provide matching service, on a best effort basis, for the sale and purchase of odd lots of Consolidated Shares arising from the Share Consolidation. Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares should contact Ms. Danni Tang (鄧秀麗) at telephone number (852) 2586 8253 during office hours. Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Please refer to the section headed "Expected Timetable" below for the period during which the Company will provide matching service for the sale and purchase of odd lots of the Consolidated Shares.

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, Shareholders may submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, between 5 September 2011 and 14 October 2011 (both dates inclusive) during the business hours, to exchange, at the expense of the Company, for certificates of the Consolidated Shares. It is expected that the new certificates for the Consolidated Shares will be available for collection within 10 business days after the submission of the existing share certificates to the branch share registrar for exchange. Thereafter, the existing share certificates for the Shares

will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by Stock Exchange) per existing share certificate cancelled or new share certificate issued by shareholders, whichever number of certificates cancelled/issued is higher. Certificate for Shares will cease to be marketable and will not be acceptable for dealing purpose(s) after the end of parallel trading in Consolidated Shares (in form of new and existing certificates). Nevertheless, existing share certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time in accordance with the foregoing. The existing share certificates are in blue colour and the new share certificates will be in green colour.

Expected timetable

Set out below is the expected timetable for the implementation of the Share Consolidation and change in board lot size:

2011

Despatch of the AGM Circular and the AGM Notice.	On or before Wednesday, 3 August
Latest time for lodging the proxy forms for use at the AGM.	3:00 p.m. on Wednesday, 31 August
Closure of Register (both dates inclusive)	Tuesday, 30 August to Friday, 2 September
Record Date for determination of entitlements to the AGM	Friday, 2 September
Date and time of AGM.	3:00 p.m. on Friday, 2 September
Announcement of the poll results of the AGM to be posted on the Stock Exchange's website	Not later than 11:00 p.m. on Friday, 2 September
Effective date for the Share Consolidation.	Monday, 5 September
First day for free exchange of existing share certificates for new share certificates	Monday, 5 September
Original counter for trading in Shares in board lots of 2,000 Shares temporarily closes	9:00 a.m. on Monday, 5 September
Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 5 September

Original counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates) re-opens 9:00 a.m. on Tuesday, 20 September

Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates commences 9:00 a.m. on Tuesday, 20 September

Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares Tuesday, 20 September

Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) closes 4:00 p.m. on Tuesday, 11 October

Parallel trading in Consolidated Shares in the form of new share certificates and existing share certificates closes 4:00 p.m. on Tuesday, 11 October

Designated broker ceases to stand in the market to provide matching services for odd lots of Consolidated Shares. Tuesday, 11 October

Last day for free exchange of existing share certificates for new share certificates Friday, 14 October

INCREASE IN AUTHORIZED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$120,000,000 divided into 12,000,000,000 Shares of HK\$0.01 each, of which 7,930,166,684 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto, the authorized share capital of the Company shall remain at HK\$120,000,000 divided into 1,200,000,000 Consolidated Shares of HK\$0.10 each, of which up to 793,016,668 Consolidated Shares will be in issue.

The Board proposes to increase the authorized share capital of the Company from HK\$120,000,000 divided into 1,200,000,000 Consolidated Shares of HK\$0.10 each to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by creating an additional 8,800,000,000 unissued Consolidated Shares. Such additional Consolidated Shares will rank pari passu in all respects with the existing Consolidated Shares. The proposed increase in the authorized share capital of the Company is subject to the approval of the Shareholders by way of an ordinary resolution at the AGM.

Immediately after the completion of increase in authorized share capital of the Company and assuming no new Shares are issued or repurchased from the date of this announcement up to the date of the AGM, the authorized share capital of the Company will be HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares of HK\$0.10 each, with 793,016,668 Consolidated Shares in issue and 9,206,983,332 Consolidated Shares unissued.

The effect of the Share Consolidation and increase in authorized share capital is summarized below:

	Prior to the Share Consolidation	After Share Consolidation but immediately before the increase of authorized share capital (Note)	Immediately following the increase of authorized share capital becoming effective (Note)
Nominal value of each Share	HK\$0.01	HK\$0.10	HK\$0.10
Authorized share capital	HK\$120,000,000	HK\$120,000,000	HK\$1,000,000,000
Number of Shares in issue	7,930,166,684	793,016,668	793,016,668
Issued and fully paid-up share capital	HK\$79,301,666.84	HK\$79,301,666.80	HK\$79,301,666.80

Note:

The issued share capital (i) after Share Consolidation but immediately before the increase of authorized share capital and (ii) immediately following the increase of authorized share capital becoming effective is presented on the assumption that no further Share would be issued or repurchased between the date of this announcement and the date of the AGM. Any fraction arising from Share Consolidation is not shown in the table.

The Board proposes the increase in authorized share capital of the Company in order to accommodate future expansion and growth of the Group. The Board believes that the increase in authorized share capital of the Company is for the benefit of the Company and the Shareholders as a whole.

The Directors have no current intention of issuing any part of the enlarged authorized share capital of the Company upon the approval of the increase in the authorized share capital at the AGM.

The increase in authorized share capital of the Company is conditional upon the passing of an ordinary resolution by the Shareholders by way of poll at the AGM. No Shareholder is required to abstain from voting on such resolution. The AGM Circular containing further details of the Share Consolidation and the notice of the AGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at Conference Room, 22nd Floor, United Centre, 95 Queensway, Hong Kong on Friday, 2 September 2011 at 3:00 p.m., notice of which is set out in the AGM Circular, or any adjournment thereof
“AGM Circular”	the circular of the AGM of the Company to be dated 3 August 2011
“AGM Notice”	the notice convening the AGM set out in the AGM Circular
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company for the time being
“CCASS”	the Central Clearing and Settlement System, established and operated by HKSCC
“Company”	Ngai Lik Industrial Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Consolidated Shares”	consolidated ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administration Region and Taiwan
“Register”	the register of members of the Company
“Share Consolidation”	The proposed consolidation of every 10 Shares into 1 Consolidated Share
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
Ngai Lik Industrial Holdings Limited
Wang Jianqing
Chairman and Executive Director

Hong Kong, 27 July 2011

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Wang Jianqing (Chairman) and Mr. Pan Junfeng, and four independent non-executive Directors, namely Dr. Leung Hoi Ming, Mr. Wong Chi Keung, Mr. Tom Xie and Mr. Lo Wai Hung.

* *For identification purpose only*