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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors (the “Board”) of Ngai Lik Industrial Holdings Limited (the “Company”) announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012, together with the comparative figures, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Notes</i>	(Unaudited)	(Unaudited)
Gross amounts of oil and gas sales contracts	2,560,031	434,559
Gross amounts of oil and gas purchase contracts	(2,556,322)	(432,108)
Net income from oil and gas contracts	3,709	2,451
Revenue (EMS business)	1,499	81,929
Cost of sales (EMS business)	(1,469)	(81,190)
Gross profit from EMS business	30	739
Other income	705	9,043
Gain on deconsolidation of subsidiaries	—	159,001
Selling and distribution expenses	—	(2,358)
Administrative expenses	(5,815)	(41,535)
(Loss)/Profit from operations	(1,371)	127,341
Finance costs	(2,747)	—
(Loss)/Profit before taxation	(4,118)	127,341
Taxation charge	(22)	(213)
(Loss)/Profit for the period	(4,140)	127,128
Other comprehensive (expense)/income		
— Exchange differences on translation of a foreign operation	(20)	152
Total comprehensive (expense)/income for the period	(4,160)	127,280
(Loss)/Earnings per share		
<i>(in HK Cents)</i>	<i>7</i>	
— Basic and diluted	(0.41)	16.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2012 <i>HK\$'000</i> (Unaudited)	As at 31 March 2012 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	<i>13</i>	22	10
Current assets			
Trade receivables	<i>8</i>	1,499	—
Receivables arising from oil and gas sales contract	<i>9</i>	433,844	222,832
Bank balances and cash		8,127	113,343
		443,470	336,175
Current liabilities			
Trade and other payables and accruals	<i>10</i>	13,088	5,417
Payables arising from oil and gas purchase contracts	<i>11</i>	341,109	96,678
Bills payable	<i>12</i>	1,500	122,285
Amounts due to a substantial shareholder of the Company		—	7,750
Amounts due to related companies		—	11,943
Amount due to an associate		38	38
Tax payable		196	353
		355,931	244,464
Net current assets		87,539	91,711
Total assets less current liabilities		87,561	91,721
Capital and reserves			
Share capital	<i>14</i>	101,959	101,959
Reserves		(14,398)	(10,238)
Total equity		87,561	91,721

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total equity/ (deficit) <i>HK\$'000</i>
At 1 April 2011 (Audited)	79,302	94,972	71,372	—	(378,126)	(132,480)
Total comprehensive income for the period	—	—	—	152	127,128	127,280
At 30 September 2011 (Unaudited)	79,302	94,972	71,372	152	(250,998)	(5,200)
At 1 April 2012 (Audited)	101,959	171,200	71,372	214	(253,024)	91,721
Total comprehensive expense for the period	—	—	—	(20)	(4,140)	(4,160)
At 30 September 2012 (Unaudited)	<u>101,959</u>	<u>171,200</u>	<u>71,372</u>	<u>194</u>	<u>(257,164)</u>	<u>87,561</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Unaudited)
Net cash used in operating activities	<u>(102,456)</u>	<u>(1,169)</u>
Net cash used in investing activities	<u>(12)</u>	<u>(67)</u>
Net cash used in financing activities	<u>(2,747)</u>	<u>(35)</u>
Net decrease in cash and cash equivalents	(105,215)	(1,271)
Cash and cash equivalents at 1 April	113,343	8,857
Effect of foreign exchange rate changes, net	<u>(1)</u>	<u>37</u>
Cash and cash equivalents at 30 September	<u><u>8,127</u></u>	<u><u>7,623</u></u>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<u><u>8,127</u></u>	<u><u>7,623</u></u>

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\$4 million for the six months ended 30 September 2012 (For the six months ended 30 September 2011: profit of HK\$127 million) and as at 30 September 2012 the Group had net current assets of approximately HK\$88 million (As at 31 March 2012: HK\$92 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 2012.

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 2012, except for the adoption for the first time of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (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 2012:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

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.

Amendment to HKFRSs	Annual Improvement to HKFRS 2009 — 2011 ¹
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ²
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ³
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

- ¹ Effective for annual periods beginning on or after 1 January 2013
² Effective for annual periods beginning on or after 1 January 2015
³ Effective for annual periods beginning on or after 1 July 2012
⁴ Effective for annual periods beginning on or after 1 January 2014

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

Reportable and operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the Chairman and chief executive officer) for the purpose of allocating resources to segments and assessing their performance.

The Group's reportable and operating segments are as follows:

EMS business — Design, manufacture and sale of electronic and electrical products.

Oil and gas transactions — Entering into oil and gas sales and purchase contracts and provision of consultancy services in relation to such contracts.

Segments results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 September 2012 (Unaudited)

	EMS Business HK\$'000 (Unaudited)	Oil and gas Transactions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue to external customers	1,499	2,560,031	2,561,530
Less: Gross amount of oil and gas purchase contracts	—	<u>(2,556,322)</u>	<u>(2,556,322)</u>
Net income from oil and gas contracts		<u>3,709</u>	
Revenue (EMS business)	<u>1,499</u>		
Segment results	<u>23</u>	<u>136</u>	159
Unallocated expenses			<u>(4,277)</u>
Loss before tax			(4,118)
Income tax expenses			<u>(22)</u>
Loss for the period			<u>(4,140)</u>

For the six months ended 30 September 2011 (Unaudited)

	EMS Business HK\$'000 (Unaudited)	Oil and gas Transactions HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue to external customers	81,929	434,559	516,488
Less: Gross amount of oil and gas purchase contracts	—	(432,108)	(432,108)
Net income from oil and gas contracts		<u>2,451</u>	
Revenue (EMS business)	<u>81,929</u>		
Segment results	<u>(28,922)</u>	<u>(1,040)</u>	(29,962)
Unallocated income			30
Unallocated expenses			(1,728)
Gain on disposal of subsidiaries			<u>159,001</u>
Profit before tax			127,341
Income tax expenses			<u>(213)</u>
Profit for the period			<u>127,128</u>

Segment assets and liabilities

No segment assets and liabilities are presented as the chief operating decision maker does not review them regularly.

Geographical segments

The following table provides an analysis of the Group's segment revenue from oil and gas transactions and revenue (EMS business) by geographical market and the Group's non-current assets by geographical location of the assets, irrespective of the origin of the goods delivered or services rendered:

	Segment revenue from oil and gas transactions		Revenue (EMS business)		Non-current assets	
	Six months ended 30 September		Six months ended 30 September		As at 30 September	As at 31 March
	2012	2011	2012	2011	2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
The PRC, other than Hong Kong	770,104	244,165	—	—	22	10
Hong Kong	—	190,394	—	—	—	—
Dubai	—	—	1,499	60,808	—	—
United States of America	—	—	—	13,154	—	—
Philippines	—	—	—	7,967	—	—
Singapore	1,789,927	—	—	—	—	—
Others	—	—	—	—	—	—
	<u>2,560,031</u>	<u>434,559</u>	<u>1,499</u>	<u>81,929</u>	<u>22</u>	<u>10</u>

4. (LOSS)/PROFIT BEFORE TAXATION

Six months ended 30 September	
2012	2011
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

(Loss)/Profit before taxation has been arrived at after charging/(crediting):

Bad debts recovery	—	(5,528)
Depreciation of property, plant and equipment	2	—
Exchange (gains)/losses, net	(681)	35
Loss on disposal of property, plant and equipment	—	23
Impairment loss on trade and other receivables	—	11,412
Interest income	(25)	(1)
Operating lease rentals in respect of building premises	—	773
	<u>—</u>	<u>773</u>

5. TAXATION CHARGE

Six months ended 30 September	
2012	2011
<i>HK\$'000</i>	<i>HK\$'000</i>
(Unaudited)	(Unaudited)

The taxation charge in continuing operations comprises:

Current taxation		
Hong Kong	14	213
Other jurisdictions	8	—
	<u>22</u>	<u>213</u>

Taxation charge for the period

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 September 2012 and 2011.

Under the Law of the Peoples's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiary is 25%.

6. DIVIDEND

No dividend was proposed for the six months ended 30 September 2012 and 2011.

7. (LOSS)/EARNING PER SHARE

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

	Six months ended 30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net (loss)/profit for the period attributable to owners of the Company and loss for the purposes of basic and diluted (loss)/earnings per share	<u>(4,160)</u>	<u>127,128</u>
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u>1,019,592,858</u>	<u>793,016,668</u>

8. TRADE RECEIVABLES

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

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

	As at	As at
	30 September	31 March
	2012	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Current–30 days	<u>1,499</u>	<u>—</u>

9. RECEIVABLES ARISING FROM OIL AND GAS SALES CONTRACTS

Receivables arose from oil and gas sales contracts which are either settled by letter of credit or bills issued by banks with high credit-ratings assigned by international credit-rating agencies and are receivable with an average credit period ranging from seven days to six months after the bills of lading date of delivery or by telegraphic transfer.

The following is an aged analysis of these receivables presented, based on the invoice date, at the end of the reporting period.

	As at	As at
	30 September	31 March
	2012	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Current–30 days	280,303	99,210
30 days–90 days	117,873	—
90–180 days	34,575	123,622
Over 180 days	<u>1,093</u>	<u>—</u>
	<u>433,844</u>	<u>222,832</u>

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30 September 2012 <i>HK\$'000</i> (Unaudited)	As at 31 March 2012 <i>HK\$'000</i> (Audited)
Trade payables	1,469	—
Other payables	8,103	4,413
Accruals	3,516	1,004
	<u>13,088</u>	<u>5,417</u>

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

	As at 30 September 2012 <i>HK\$'000</i> (Unaudited)	As at 31 March 2012 <i>HK\$'000</i> (Audited)
Current–30 days	<u>1,469</u>	<u>—</u>

11. PAYABLES ARISING FROM OIL AND GAS PURCHASE CONTRACTS

Payables arising from oil and gas purchase contracts of HK\$341,109,000 (31 March 2012: HK\$96,678,000) are aged within 30 days based on the invoice date at the end of the reporting period and are granted by suppliers with an average credit period ranging from seven days to six months after the bills of lading date of delivery.

	As at 30 September 2012 <i>HK\$'000</i> (Unaudited)	As at 31 March 2012 <i>HK\$'000</i> (Audited)
Current–30 days	243,043	90,637
31–60 days	5,454	2,778
61–90 days	77,429	3,263
90–180 days	9,141	—
Over 180 days	6,042	—
	<u>341,109</u>	<u>96,678</u>

12. BILLS PAYABLE

	As at 30 September 2012 <i>HK\$'000</i> (Unaudited)	As at 31 March 2012 <i>HK\$'000</i> (Audited)
Secured borrowings		
Discounted bills with recourse	1,500	123,622
Less: upfront interest paid	—	(1,337)
	<u>1,500</u>	<u>122,285</u>

The Group entered into oil and gas contracts in the current year. Certain receivables arising from oil and gas contracts are discounted to banks with recourse to facilitate the operation of the oil and gas transactions. Accordingly, the Group continues to recognise these discounted bill receivables (see note 9) and has recognised the cash received as secured borrowings.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2012, the Group spent approximately HK\$12,000 (six months ended 30 September 2011: approximately HK\$16,000) on the property, plant and equipment.

14. SHARE CAPITAL

	Number of shares '000 (Unaudited)	Share capital <i>HK\$'000</i> (Unaudited)
Ordinary shares, issued and fully paid: At 1 April 2012 and 30 September 2012, shares of HK\$0.10 each	<u>1,019,593</u>	<u>101,959</u>

DIVIDEND

The Board of Directors have resolved not to declare an interim dividend for the six months ended 30 September 2012 (2011: nil).

BUSINESS REVIEW

During the period from 1 April, 2012 to 30 September 2012 (“the Relevant Period”), the Group recorded a loss of approximately HK\$4 million, as compared to a gain of approximately HK\$127 million in the prior period. The gain in the prior period was mainly attributable to a substantial gain of approximately HK\$159 million arising from the deconsolidation of a subsidiary upon its voluntary winding-up on 29 September 2011. Turnover of the Group for the Relevant Period increased to approximately HK\$2,562 million from approximately HK\$516 million.

The Group’s oil trading division has contributed a turnover of approximately HK\$2,560 million for the Relevant Period. The growth was mainly attributable to the open offer completed on 14 March 2012, which allowed the division to capture more business opportunities with the enlarged working capital.

In view of the critical business environment for export-manufacturing, the management continued to downsize the Group’s EMS operation. As a result, the EMS division’s turnover decreased to approximately HK\$1.5 million for the Relevant Period.

There have been no material changes in respect of the future developments in the business of the Group as mentioned in the annual report of FY2011/2012.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Turnover

The Group’s turnover increased to approximately HK\$2,562 million for the period ended 30 September 2012, an increase of approximately 396.0% as compared to the preceding financial period. The rise was mainly attributable to the growth in the oil trading business which reported a turnover of approximately HK\$2,560 million during the period.

The EMS division’s turnover dropped to approximately HK\$1.5 million for the period, a reduction of approximately 98.2% as compared to the preceding financial period. The decline was mainly attributable to the elimination of loss-making products.

Gross Profit

The gross profit was about HK\$3.7 million for the period, an increase of approximately 17.2% as compared to the preceding financial period.

Expenses

The Group’s administrative expenses for the period ended 30 September 2012 totaled to approximately HK\$5.8 million, representing a decrease of approximately 86.0% as compared to the corresponding figures last period. The Group’s has no selling and distribution expenses during the period, as compared to approximately HK\$2.4 million in the preceding financial period. The drop in the expenses was mainly attributable to the elimination of loss-making product lines in the EMS division, which were generating excessive overheads as compared to the oil trading division. The Group has finance costs amounted to approximately HK\$2.7 million, no significant finance costs were incurred

in the preceding financial period. The finance costs were mainly attributable to the trade financing from bankers for the oil trading business obtained before the completion of open offer in March 2012. With the enlarged working capital resulted from the open offer, the oil trading division was able to place less reliance on bank financing. As a result, the finance costs decreased significantly towards the end of the period.

Working Capital Management

As at 30 September 2012, the Group maintained bank balances and cash of approximately HK\$8.1 million (31 March 2012: approximately HK\$113.3 million). As at 31 March 2012, the Group's average inventory turnover days was approximately 2 days.

Financing and Capital Structure

For the period ended 30 September 2012, the Group had no debts (31 March 2012: Nil).

Capital Expenditure on Property, Plant and Equipment

No significant capital expenditure for the period was spent during the period.

Liquidity and Financial Resources

The net current assets of the Group as at 30 September 2012 were approximately HK\$87.5 million (31 March 2012: approximately HK\$91.7 million). The current ratio was approximately 1.25 (31 March 2012: approximately 1.38). Shareholders' equity were approximately HK\$87.6 million (31 March 2012: approximately HK\$91.7 million) because of the loss of approximately HK\$4.2 million for the period.

Pledge of Assets

As at 30 September 2012, none of the Group's assets were pledged.

Capital Commitments

As at 30 September 2012, the Group had no material capital commitments.

Treasury Policy

The majority of the Group's sales and purchases are denominated in US Dollars. As Hong Kong Dollars and US Dollars are pegged, the Group had minimum exposure to foreign exchange fluctuation in this respect. The Group still monitors the overall currency and interest rate exposures.

Employee Information

As at 30 September 2012, the Group had 17 employees (31 March 2012: 15). The remuneration packages are generally structured with reference to market conditions and the individual qualifications. Salaries and wages of the Group's employees are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 September 2012 have not been audited, but have been reviewed by the Audit Committee of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions set out in the Code on Corporate Governance Practices (“the CG Code”) in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2012, except for the deviations from CG Code provision A2.1 in respect of the separation of roles of the Chairman and the Chief Executive Officer.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Dr. Leung Hoi Ming, Mr. Wong Chi Keung and Mr. Tom Xie. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 September 2012.

COMPLIANCE WITH CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding directors’ securities transactions (the “Code”). Having made specific enquiry of all directors of the Company, the directors of the Company have complied with the required standard set out in the Model Code throughout the period ended 30 September 2012.

DEALING IN COMPANY’S LISTED SECURITIES

During the period, there were no purchases, sale or redemption by the Company or any of its subsidiaries, of the Company’s listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement of interim results is available for viewing on the website of Hong Kong Exchange and Clearings Limited at www.hkex.com.hk under “Latest Listed Company Information” and on the website of IR Asia Limited at www.irasia.com/listco/hk/ngailik/. The interim report of the Company containing all the information required by the Listing Rules will be published on the above websites in due course.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank each and every of the management, staff and employees for their dedication, loyalty and commitment in the past.

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

Hong Kong, 30 November 2012

As at the date of this announcement, the executive Directors are Mr. Wang Jianqing and Mr. Pan Junfeng; and the Independent non-executive Directors are Dr. Leung Hoi Ming, Mr. Wong Chi Keung, Mr. Tom Xie and Mr. Lo Wai Hung.

* For identification purpose only