

*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.*

*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares or other securities in the Company.*



**NGAI LIK INDUSTRIAL HOLDINGS LIMITED**  
**( 毅 力 工 業 集 團 有 限 公 司 ) \***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 332)**

- (I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF UNION HONOR LIMITED INVOLVING THE ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE PREFERRED SHARES;**  
**(II) POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS;**  
**(III) UNUSUAL PRICE MOVEMENT OF SHARES; AND**  
**(IV) RESUMPTION OF TRADING**

**Financial adviser to the Company**



**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



Capital Asia Limited

**(I) THE UHL SPA**

The Board is pleased to announce that on 28 October 2013 (after trading hours), the Purchaser, the Vendor and the Vendor's Shareholders entered into the UHL SPA, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of UHL at the total consideration of HK\$2,861,775,000, which will be satisfied as to (i) HK\$70,000,000 to be deemed as paid in cash by the Deposit; (ii) HK\$1,953,875,000 by procuring the Company to issue and allot to the Vendor's Shareholders of a total of 2,791,250,000 Consideration Shares at an issue price of HK\$0.70 per Consideration Share; and (iii) the balance of HK\$837,900,000 by procuring the Company to issue and allot to the Vendor's Shareholders of a total of 1,197,000,000 Convertible Preferred Shares at an issue price at par value of HK\$0.70 per Convertible Preferred Shares.

\* for identification purpose only

The Consideration has been arrived at after arm's length negotiations among the Company, the Purchaser, the Vendor and the Vendor's Shareholders with reference to, including but not limited to, (i) the business prospects of UHL Group; (ii) the profit-making track record of Circle Gas Group for the three years ended 31 December 2012 and in particular the unaudited consolidated net profit of Circle Gas Group attributable to its shareholders of approximately RMB65.2 million (equivalent to approximately HK\$81.5 million) for the year ended 31 December 2012; (iii) the price-to-earnings ratio of approximately 18 times of UHL Group, which is within the range of the price-to-earnings ratio of the companies listed in Hong Kong whose principal activities include, among others, distribution, sales, trading and transportation of natural gas, which is similar to that of UHL Group; (iv) the Profit Guarantee and the related adjustment mechanism to the Consideration as described in the sub-section headed "Profit Guarantee and adjustment for the Consideration" below; and (v) the benefits of the Acquisition as detailed in the sub-section headed "Reasons for and benefits of the Acquisition" below.

The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) consider that the terms of the UHL SPA and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Consideration Shares and Convertible Preferred Shares) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **(II) POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS**

Circle Gas Group has been involved and will continue to be involved in (i) the sales of LNG to Guizhou Natural Gas; and (ii) the purchase of LNG from Guizhou Natural Gas. Guizhou Natural Gas is a subsidiary of Guizhou Gas. As Guizhou Gas is a substantial shareholder of Huaheng Energy which will become a non wholly-owned subsidiary of the Company following Completion, the LNG Supply Arrangement and the LNG Purchase Arrangement will constitute continuing connected transactions of the Enlarged Group under the Listing Rules following Completion.

Circle Gas Group has entered into the framework agreements with Guizhou Natural Gas pursuant to which the members of Circle Gas Group will continue to engage in the LNG Supply Arrangement and the LNG Purchase Arrangement on normal commercial terms at prices to be mutually agreed by the parties provided that such prices shall not be less favourable than the prevailing market prices following Completion.

Apart from the transactions with Guizhou Natural Gas, Circle Gas Group has been involved and will continue to be involved in the sales of LNG to Tongzi Gas, which is a subsidiary of Guizhou Gas. Therefore, the Tongzi LNG Supply Arrangement will constitute continuing connected transactions of the Enlarged Group under the Listing Rules following Completion.

Circle Gas Group has also been involved and will continue to be involved in the sales of LNG to JS Runfu, which is owned as to 70% by Mr. Wang Jian, a brother of Mr. Wang. Accordingly, JS Runfu is regarded as a connected person of the Company pursuant to the Listing Rules following Completion and the JS LNG Supply Arrangement will constitute continuing connected transactions of the Enlarged Group under the Listing Rules following Completion.

As at the date of this announcement, no framework agreements have been entered into between Circle Gas Group and each of Tongzi Gas and JS Runfu in relation to the Tongzi LNG Supply Arrangement and the JS LNG Supply Arrangement respectively. It is the intention of the Company and each of Tongzi Gas and JS Runfu that immediately upon Completion, Circle Gas Group will enter into the respective Framework Agreements with Tongzi Gas and JS Runfu which will set out the basis upon which the members of Circle Gas Group will engage in the transactions with Tongzi Gas and JS Runfu respectively after Completion.

### **(III) LISTING RULES IMPLICATIONS**

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the entering into of the UHL SPA constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is owned as to approximately 62.89% by Champion Ever which is wholly and beneficially owned by Mr. Wang, being an executive Director, the chairman and chief executive officer of the Company and the controlling Shareholder beneficially interested in, through Frontier Global Group Limited, an aggregate of 636,540,351 Shares, representing approximately 62.43% of the total issued share capital of the Company as at the date of this announcement. The Vendor is therefore a connected person of the Company pursuant to the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **(IV) GENERAL**

The Company will despatch the Circular in accordance with the requirements under the Listing Rules, which will contain, among other things, (i) further information on UHL Group, the UHL SPA and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Consideration Shares and the Convertible Preferred Shares); (ii) a recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the UHL SPA and the transactions contemplated thereunder; (iv) the financial information of Circle Gas Group; (v) the valuation of the property interests of UHL Group; (vi) the unaudited pro forma financial information of the Enlarged Group; and (vii) notice of the SGM. In view of the substantial amount of information to be contained in the Circular, the Company expects that the Circular will be despatched to the Shareholders on or before 16 December 2013, so as to allow sufficient time for the preparation of the relevant information for the inclusion in the Circular. The Shareholders and potential investors should refer to the Circular for further details of the UHL SPA and the transactions contemplated thereunder.

## **(V) UNUSUAL PRICE MOVEMENT OF SHARES**

The Board has noted the increase in the price of the Shares on 25 October 2013. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that it is not aware of any reasons for the price movement and, save as the information in relation to the UHL SPA and transactions contemplated thereunder and the post-Completion continuing connected transactions of the Company as described in this announcement, it is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Future Ordinance.

**As the Acquisition may or may not proceed, the Shareholders and/or potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **(VI) RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares has been halted from 1:00 p.m. on 25 October 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 29 October 2013.

## **(I) THE UHL SPA**

The Board is pleased to announce that on 28 October 2013 (after trading hours), the Purchaser, the Vendor and the Vendor's Shareholders entered into the UHL SPA, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to dispose of the Sale Shares, representing the entire issued share capital of UHL at the total consideration of HK\$2,861,775,000.

### **Date**

28 October 2013 (after trading hours)

### **Parties**

1. Firmwill Investment Limited, a wholly owned subsidiary of the Company, as the Purchaser;
2. Ying Hui Limited as the Vendor; and
3. Vendor's shareholders

The Vendor is an investment holding company. As at the date of this announcement, the Vendor is owned as to approximately 62.89% by Champion Ever, as to approximately 0.49% by Forever Honor Holdings Limited, as to approximately 0.25% by Michael Feng Group Limited, as to approximately 1.27% by Hong Kong World Asia Investment Limited, as to approximately 0.63% by Ultimate Gains Limited, as to approximately 0.63% by Celestial Speed Limited, as to approximately 3.80% by Profit Rise Holdings Limited, as to approximately 3.16% by Weyoung Technology Co., Limited, as to approximately 2.98% by Merifund Growth Capital, as to approximately 0.63% by Excel Glory Investment Limited, as to approximately 0.76% by Jin Pei Investments Limited, as

to approximately 7.54% by Ever Express Group Holdings Limited (“**Ever Express**”), as to approximately 3.57% by August World Limited, as to approximately 3.68% by Billion Central Limited, as to approximately 2.60% by Kingyield Limited, as to approximately 1.99% by Advance Yield Limited, as to approximately 1.25% by Trophy City Limited and as to approximately 1.87% by Sure August Limited.

Champion Ever is an investment holding company which is wholly owned by Mr. Wang who is an executive Director, the chairman and chief executive officer of the Company and the controlling Shareholder beneficially interested in, through Frontier Global Group Limited, an aggregate of 636,540,351 Shares, representing approximately 62.43% of the total issued share capital of the Company as at the date of this announcement. Champion Ever is therefore a connected person of the Company pursuant to the Listing Rules.

Ever Express is owned as to 16% by Mr. Bao Jun and as to 16% by Mr. Wang Jianshan, both of them are cousins of Mr. Wang. Although Ever Express is not a connected person of the Company pursuant to the Listing Rules, Mr. Bao Jun and Mr. Wang Jianshan are associates of Mr. Wang and therefore connected persons of the Company pursuant to Chapter 14A of the Listing Rules.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of Michael Feng Group Limited, Forever Honor Holdings Limited, Hong Kong World Asia Investment Limited, Ultimate Gains Limited, Celestial Speed Limited, Profit Rise Holdings Limited, Weyoung Technology Co., Limited, Merifund Growth Capital, Excel Glory Investment Limited, Jin Pei Investments Limited, Ever Express, August World Limited, Billion Central Limited, Kingyield Limited, Advance Yield Limited, Trophy City Limited and Sure August Limited is principally engaged in investment holding. Save and except for Champion Ever, Mr. Bao Jun and Mr. Wang Jianshan, who are the ultimate beneficial owners of in aggregate of 32% of equity interest in Ever Express (as disclosed above), each of the Vendor’s Shareholders and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons in accordance with the Listing Rules and are third parties independent of each other as at the date of this announcement.

## **Subject**

The Sale Shares, representing the entire issued share capital of UHL.

## **Consideration**

Pursuant to the terms of the UHL SPA, the Consideration of HK\$2,861,775,000 (subject to adjustment as described in the sub-section headed “Profit guarantee and adjustment for the Consideration” below) shall be settled in the following manners upon the date of Completion:

1. as to HK\$70,000,000 to be deemed as paid in cash by the Deposit (as defined below) (the “**Cash Portion**”);
2. as to HK\$1,953,875,000 to be satisfied by procuring the Company to issue and allot to the Vendor’s Shareholders (and/or their respective nominee(s)) a total of 2,791,250,000 Consideration Shares, credited as fully paid) in accordance with their respective shareholding in the Vendor (as for Champion Ever, its proportionate

interest in the Consideration Shares shall be deducted accordingly by the Cash Portion of HK\$70,000,000) at an issue price of HK\$0.70 per Consideration Share (the “**CS Portion**”); and

3. as to the balance of HK\$837,900,000 to be satisfied by procuring the Company to issue and allot to the Vendor’s Shareholders (and/or their respective nominee(s)) of a total of 1,197,000,000 Convertible Preferred Shares in accordance with their respective shareholding in the Vendor at an issue price at par value of HK\$0.70 per Convertible Preferred Shares.

Pursuant to the terms of the UHL SPA, a refundable deposit (the “**Deposit**”) of HK\$70,000,000 shall be payable by the Purchaser to the Vendor within 10 Business Days upon the signing of the UHL SPA. The Deposit shall bear no interest. The Deposit will be applied as part of the Consideration upon Completion. If any of the conditions precedent of the UHL SPA has not been satisfied (or as the case may be, waived by the Purchaser) on or before the Long Stop Date, the Vendor shall return the Deposit in cash to the Purchaser within 10 Business Days from the Long Stop Date. In the event the UHL SPA is terminated, the Vendor shall return the Deposit in cash to the Purchaser within 10 Business Days from the day of termination of the UHL SPA.

### **Basis for the Consideration**

The Consideration has been arrived at after arm’s length negotiations among the Company, the Purchaser, the Vendor and the Vendor’s Shareholders with reference to, including but not limited to, (i) the business prospects of UHL Group; (ii) the profit-making track record of Circle Gas Group for the three years ended 31 December 2012 and in particular the unaudited consolidated net profit of Circle Gas Group attributable to its shareholders of approximately RMB65.2 million (equivalent to approximately HK\$81.5 million) for the year ended 31 December 2012; (iii) the price-to-earnings ratio of approximately 18 times of UHL Group, which is within the range of the price-to-earnings ratio of the companies listed in Hong Kong whose principal activities include, among others, distribution, sales, trading and transportation of natural gas, which is similar to that of UHL Group; (iv) the Profit Guarantee and the related adjustment mechanism to the Consideration as described in the sub-section headed “Profit Guarantee and adjustment for the Consideration” below; and (v) the benefits of the Acquisition as detailed in the sub-section headed “Reasons for and benefits of the Acquisition” below.

The sum of the Cash Portion and the CS Portion of HK\$2,023,875,000, which is equivalent to approximately 70% of the total Consideration, has been agreed between the parties of the UHL SPA on arm’s length basis with reference to, among other things, the unaudited consolidated net profit (after tax but excluding all extraordinary and exceptional items and minority interests) of Circle Gas Group of approximately RMB90.6 million (equivalent to approximately HK\$113.3 million) for the twelve months period ended 31 July 2013, which represents approximately 70% of the Guaranteed Profit (as defined under the section headed “Profit Guarantee and adjustment for the Consideration” below). Accordingly, the entitlements to the Convertible Preferred Shares of the Vendor’s Shareholders (and the holders of the Convertible Preferred Shares) of HK\$837,900,000, being approximately 30% of the Guaranteed Profit (as defined under the section headed “Profit Guarantee and adjustment for the Consideration” below), is set as the maximum liability of the Vendor’s Shareholders (and the holders of the Convertible Preferred Shares) under the Profit Guarantee.

## Conditions precedent

Completion shall be conditional upon satisfaction or waiver as applicable of each of the following conditions precedent:

- (i) the Purchaser conducting a due diligence review of and being satisfied with the assets, liabilities, operation and business of UHL Group;
- (ii) the passing by the Shareholders at the SGM of relevant resolution(s) to approve the UHL SPA and the transactions contemplated thereunder (in compliance with the Listing Rules, statutory documents and all applicable laws and regulations), including but not limited to:
  - (a) the issue and allotment of the Consideration Shares (credited as fully paid) to each of the Vendor's Shareholders and/or its nominee(s);
  - (b) the issue and allotment of the Convertible Preferred Shares to each of the Vendor's Shareholders and/or its nominee(s);
  - (c) the issue and allotment of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Preferred Shares; and
  - (d) amendments to statutory documents of the Company to increase the authorised share capital of the Company to facilitate the issue of the Consideration Shares, the Convertible Preferred Shares and the Conversion Shares;
- (iii) the Listing Committee of the Stock Exchange having granted listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;
- (iv) no indication having been received from the Stock Exchange that the transactions contemplated under the UHL SPA will be treated or, as the case may be, ruled by the Stock Exchange as a "reverse takeover" under Rule 14.06(6) of the Listing Rules, and/or the Company will be deemed as a new listing applicant under Rule 14.54 of the Listing Rules;
- (v) all necessary consent, approval, authorization and permission from the relevant governmental or regulatory authorities which are necessary in connection with the UHL SPA and the transactions contemplated thereby having been obtained and/or procured to be obtained on or before the date of Completion;
- (vi) no event or circumstance has occurred that would result in any material adverse impacts on the legal status or the continuation of the business of each of the members of UHL Group;
- (vii) the obtaining of a PRC legal opinion (in form, substance and scope satisfactory to the Purchaser) by a PRC legal adviser covering matters including but not limited to the UHL SPA and the transactions contemplated thereunder and the business of UHL Group; and
- (viii) the warranties given by the Vendor and by the Vendor's Shareholders as set out in the UHL SPA remaining true and accurate in all respects on or as the date of Completion.

The Purchaser may at any time waive in whole or in part all or any of the conditions precedent (i) and (v) to (viii) by notice in writing to the Vendor. If any of the conditions precedent has not been satisfied (or the case may be, waived by the Purchaser) at or before 12:00 noon on the Long Stop Date, the Vendor shall return the Deposit in cash to the Purchaser within 10 Business Days from the Long Stop Date, and the UHL SPA shall cease and determine (save and except for clauses relating confidentiality, notice and governing laws which shall continue to have full force and effect) and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

The Purchaser may consider exercising its discretion to waive in whole or in part all or any of the conditions precedent (i) and (v) to (viii) which it may waive only in circumstances where the non-satisfaction of such conditions would not have any material adverse effect on the transactions contemplated under the UHL SPA. As at the date of this announcement, the Purchaser and the Company have no intention to waive any of the above conditions.

### **Completion**

Completion shall take place at 5:00 p.m. on the fifth Business Day following the day on which all the conditions precedent of the UHL SPA are satisfied in full (or as the case may be, waived by the Purchaser).

### **Convertible Preferred Shares**

The principal terms of the Convertible Preferred Shares are as follows:

Issuer:	the Company
Issue price:	HK\$0.70 per Convertible Preferred Shares
Number of Convertible Preferred Shares:	1,197,000,000
Notional value:	100% of the aggregate principal amount of the Convertible Preferred Shares, being HK\$837,900,000
Dividend:	No dividend shall accrue or be payable on the Convertible Preferred Shares under any circumstances.
Maturity:	Convertible Preferred Shares will remain valid since the date of its issue until the occurrence of the dissolution, liquidation or winding up of the Company (“ <b>Maturity</b> ”).
Conversion rights:	No conversion shall take place prior to the expiry of the Guaranteed Period (as defined in the sub-section headed “Profit Guarantee and adjustment for the Consideration” below) or before the obligations of the Vendor’s Shareholders under the Profit Guarantee have been fulfilled.



Subject to the conversion restrictions below, all outstanding Convertible Preferred Shares will be mandatorily converted at the conversion price (subject to adjustments) after the expiry of the Guaranteed Period (as defined in the sub-section headed “Profit Guarantee and adjustment for the Consideration” below) and within 30 days following the fulfillment of the obligations of the Vendors’ Shareholders under the Profit Guarantee.

Conversion restrictions:

The Convertible Preferred Shares will not be mandatorily converted into Conversion Shares, and the holder(s) of the Convertible Preferred Shares shall have no right to convert all or any part of his Convertible Preferred Shares until the Company confirms that the below circumstances will not occur:

- 1) immediately after such conversion, the relevant holder of the Convertible Preferred Shares and parties acting in concert with it will trigger a mandatory general offer for the Shares under the Takeovers Code; or
- 2) immediately after such conversion, the public float of the Shares falls below the minimum public float requirements stipulated under the Listing Rules.

Conversion price:

The Convertible Preferred Shares shall be converted into Conversion Shares on a one to one basis. The conversion price will be adjusted by changing the number of the Convertible Preferred Shares and will be subject to adjustments for subdivision or consolidation of the Shares.

Conversion shares:

The Conversion Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Conversion Shares, and will be entitled to all dividends, bonuses and other distributions declared immediately after the date of the allotment and issue of the Conversion Shares. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Conversion Shares will be issued under a specific mandate to be sought at the SGM.

Redemption:

The Company shall have no right to redeem the Convertible Preferred Shares prior to Maturity, other than for the purposes of offsetting the Divergence (as defined below) under the Profit Guarantee.

- Voting rights: Holder of the Convertible Preferred Shares (in its mere capacity of a holder of Convertible Preferred Shares) will not be entitled to attend any meeting or to vote at such meetings.
- Ranking with other shares: The Convertible Preferred Shares rank in priority to (other than the obligations of the preferential status as provided by mandatory provisions of applicable laws):
- (1) all other class of preferred shares of the Company then in issue or to be issued as to return of capital; and
  - (2) all class of ordinary shares of the Company then in issue or to be issued as to return of capital.
- Ranking on liquidation, winding up and dissolution: On a return of capital on liquidation, winding-up and dissolution of the Company or otherwise (excluding conversion or redemption of Convertible Preferred Shares or any repurchase by the Company of Convertible Preferred Shares or Shares), the assets and funds of the Company available for distribution among the Shareholders shall, subject to applicable laws, be applied in the following priority:
- (1) Firstly, to the holders of the Convertible Preferred Shares, the principal amount per Convertible Preferred Share together with the amount of any outstanding dividend (if any) accruing on the Convertible Preferred Shares up to and including the date of the return of capital. If the assets and funds of the Company available for distribution shall be insufficient to provide for full payment to the holders of the Convertible Preferred Shares, the Company shall make payment on the Convertible Preferred Shares on a pro rata basis.
  - (2) Thereafter, the balance of such assets and funds of the Company available for distribution among the Shareholders shall belong to and be distributed rateably among the Shareholders and other classes of shares of the Company currently in issue or to be created in the future in the capital of the Company. The holders of the Convertible Preferred Shares shall not have the right to participate in such surplus assets.
- Listing: No application will be made for the listing of the Convertible Preferred Shares on the Stock Exchange or any other stock exchange.

Transferability: Each holders of the Convertible Preferred Shares may transfer all or part (in the board lot size of 4,000 or integral multiples), provided that if any Convertible Preferred Share(s) is/are intended to be transferable to a connected person (as defined in the Listing Rules) of the Company, such transfer shall be approved by the Company and the Stock Exchange (if applicable) and comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange (if any).

The conversion price of HK\$0.70 per Convertible Preferred Shares (the “**Conversion Price**”) represents:

- (i) a discount of approximately 46.15% to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 41.18% to the average of the closing prices of approximately HK\$1.19 per Share for the 10 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 34.58% to the average of the closing prices of approximately HK\$1.07 per Share for the 30 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$0.61 (or approximately 8 times) over the audited consolidated net assets value per Share of approximately HK\$0.09 as at 31 March 2013 (based on the Company’s latest published audited consolidated net assets value of approximately HK\$88,836,000 at 31 March 2013 and 1,019,592,858 Shares in issue as at the date of this announcement).

The maximum of 1,197,000,000 Conversion Shares calculated based on the initial Conversion Price of HK\$0.70 to be issued upon full conversion of the Convertible Preferred Shares represent approximately:

- (a) 117.40% of the existing issued share capital of the Company; and
- (b) 23.90% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and Conversion Shares upon full conversion of the Convertible Preferred Shares.

### **Consideration Shares**

A total of 2,791,250,000 Consideration Shares will be issued to the Vendor’s Shareholders upon Completion as part of the Consideration.

The issue price of HK\$0.70 per Consideration Share (the “**Issue Price**”) represents:

- (i) a discount of approximately 46.15% to the closing price of HK\$1.30 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 41.18% to the average of the closing prices of approximately HK\$1.19 per Share for the 10 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 34.58% to the average of the closing prices of approximately HK\$1.07 per Share for the 30 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$0.61 (or approximately 8 times) over the audited consolidated net assets value per Share of approximately HK\$0.09 as at 31 March 2013 (based on the Company's latest published audited consolidated net assets value of approximately HK\$88,836,000 at 31 March 2013 and 1,019,592,858 Shares in issue as at the date of this announcement).

The 2,791,250,000 Consideration Shares represent approximately:

- (a) 273.76% of the existing issued share capital of the Company; and
- (b) 55.74% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and Conversion Shares upon full conversion of the Convertible Preferred Shares.

As disclosed in the Company's annual report for the year ended 31 March 2013, the audited consolidated net assets value per Share was approximately HK\$0.09 (based on the Company's latest published audited consolidated net assets value of approximately HK\$88,836,000 at 31 March 2013 and 1,019,592,858 Shares in issue as at the date of this announcement). The Company also recorded net loss of HK\$0.29 per Share for the year ended 31 March 2013. Excluding the one-off gain of approximately HK\$152.8 million as a result of the deconsolidation of a subsidiary upon its voluntary winding-up in 2011, the Group was making net loss for the financial year ended 31 March 2012. Same loss-making trend is experienced by the Group for the three financial years ended 31 March 2011. Accordingly, it is considered that the current trading price of the Shares may not reflect the true value of the Shares as there is a lack of correlation between the current trading price of the Shares and the underlying business operations or financial performance of the Group, and therefore lesser weight should be placed on trading price of the Shares when determining the Conversion Price and the Issue Price. As the Company was loss making for the latest financial year, the consolidated net assets value of the Company is therefore used as a reference in determining the Conversion Price and the Issue Price. On the basis that each of the Conversion Price and the Issue Price represents a significant premium over the audited consolidated net assets value per Share of approximately HK\$0.09 as at 31 March 2013, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) are of the view that the Conversion Price and the Issue Price are fair and reasonable.

The Conversion Shares and the Consideration Shares are to be issued and allotted by the Company under specific mandates. The Conversion Shares and the Consideration Shares, when issued and allotted, will rank *pari passu* in all respects with all the Shares then in issue.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Conversion Shares and the Consideration Shares.

## **Profit Guarantee and adjustment for the Consideration**

Pursuant to the UHL SPA, each of the Vendor's Shareholders severally (to the extent of their respective shareholding percentage to the Vendor) and irrevocably warrants and guarantees to the Purchaser that the audited consolidated net profit (after tax but excluding all extraordinary and exceptional items and minority interests) of UHL Group for the year ending 31 December 2013 (the "**Guaranteed Period**") shall be no less than HK\$158,987,500 (the "**Guaranteed Profit**") which is determined with reference to the business prospects of UHL Group.

In the event that the audited consolidated net profit (after tax but excluding all extraordinary and exceptional items and minority interests) of UHL Group for the Guaranteed Period as shown in the Accounts (as defined below) (the "**Actual Profit**") is less than the Guaranteed Profit, the Purchaser and the Company shall have the right to redeem at par value and cancel at nil consideration such number of the Convertible Preferred Shares pro-rata to each holders of the Convertible Preferred Shares to offset such divergence up to HK\$837,900,000 on a dollar for dollar basis pursuant to the following formula:

$$\text{Divergence} = (\text{Guaranteed Profit} - \text{Actual Profit}) \times 18^{(\text{Note})}$$

*Note:* The price-to-earnings ratio of approximately 18 times of UHL Group is within the range of the price-to-earnings ratio of the companies listed in Hong Kong whose principal activities include, among others, distribution, sales, trading and transportation of natural gas, which is similar to that of UHL Group. The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) are of the view that the ratio of 18 is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The maximum liability of each of the Vendor's Shareholders (and holders of the Convertible Preferred Shares) under the Profit Guarantee equals their respective entitlements to the Convertible Preferred Shares. In the event that there are any outstanding amount of Convertible Preferred Shares after deducting the Divergence under the Profit Guarantee, the Purchaser shall notify the Vendor's Shareholders and/or the holders of the Convertible Preferred Shares the face value of Convertible Preferred Shares amounting to the remaining balance after deducting the Divergence and the mandatory conversion of the Convertible Preferred Shares by the date falling three days after the receipt of the foregoing notice and the Accounts (as defined below). In the event that the Actual Profit exceeds the Guaranteed Profit, no adjustment will be made to the number of Convertible Preferred Shares and the full amount of the Convertible Preferred Shares shall be converted mandatorily subject to the conversion restrictions set out in sub-section headed "Convertible Preferred Shares" above.

The Purchaser shall procure that the audited consolidated financial statements of UHL Group for the Guaranteed Period (the "**Accounts**") shall be prepared, reported on and signed by the auditors of the Company (the "**Auditor**"), in accordance with Hong Kong Financial Reporting Standards, by 21 March 2014 after the expiry of the Guaranteed Period, or such extended period determined by the Company. The Purchaser shall notify in writing the Vendor's Shareholders and/or the holders of the Convertible Preferred Shares by 21 March 2014 from the expiry of the Guaranteed Period, unless otherwise extended by the Company. The Actual Profit set out in the Accounts shall, in the absence of manifest error, be final and conclusive of the matters stated therein and binding on the

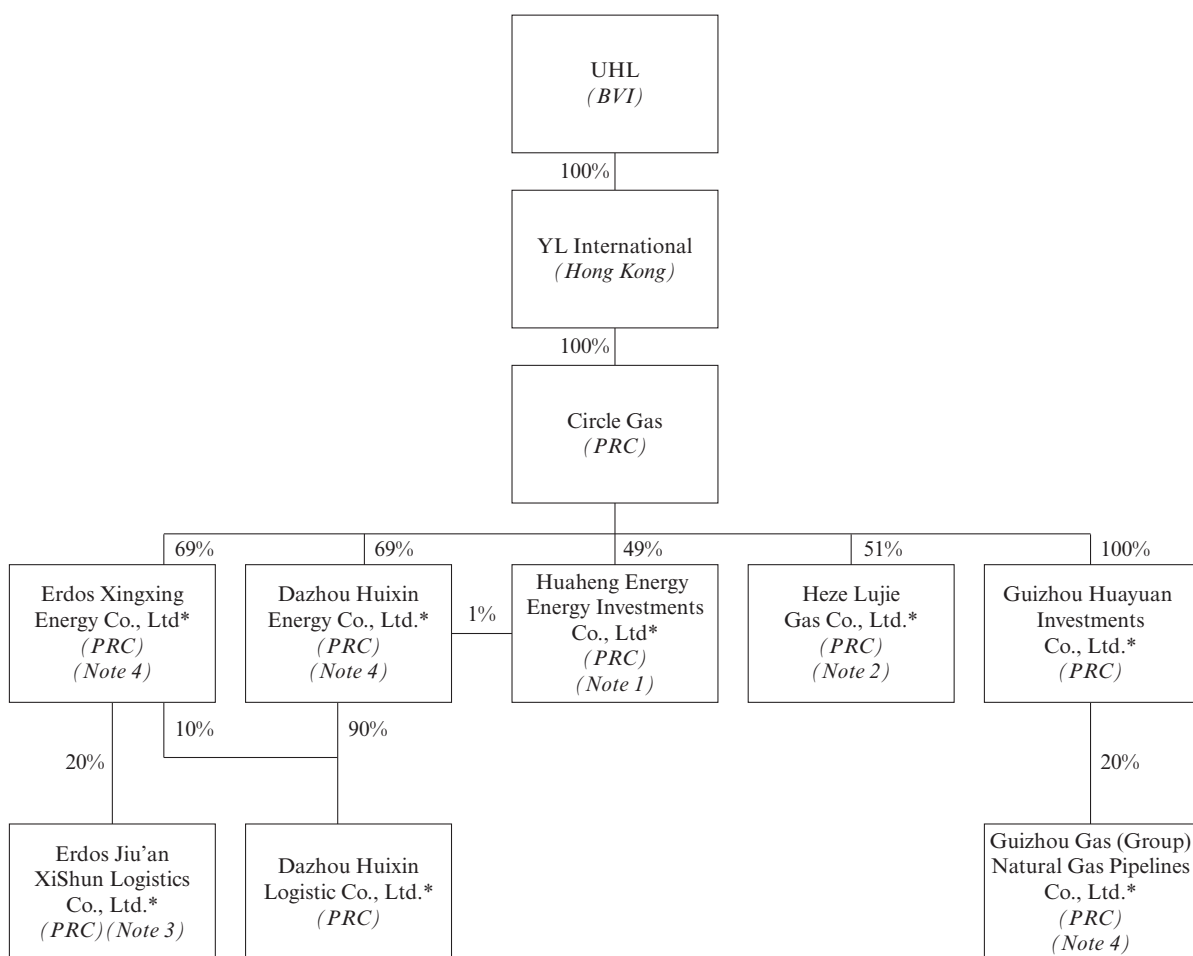
Purchaser and the Vendor's Shareholders. The Vendor's Shareholders shall provide all necessary assistance with a view to facilitating the Auditor in the preparation of the Accounts. The cost of the Auditor shall be borne by the Purchaser.

### **Information on UHL group**

UHL is an investment holding company and was incorporated in the BVI with limited liability. The total historical investment costs to UHL incurred by the Vendor and Champion Ever in December 2011 and December 2012 were US\$59,529,839 (equivalent to approximately HK\$464,332,744).

The Directors are aware of the considerable premium when comparing the Consideration of HK\$2,861,775,000 with the historical investment costs of UHL paid by the Vendor and Champion Ever of approximately HK\$464,332,744. However, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) are of the view that the historical investment costs of UHL by the Vendor and Champion Ever are irrelevant to the assessment of the fairness and reasonableness of the Consideration since the historical investments costs incurred by the Vendor and Champion Ever could have been affected by many factors, including but not limited to, the then market environment, the then expectation on the financial performance and business development of Circle Gas Group and/or the then valuation of other comparable players in the industry, at the time around one to two years ago which could be substantially different from the current situation. Therefore, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) considered that the factors as stated in the sub-section headed "Basis of the Consideration" above, in particular, the business prospects of UHL Group, the Profit Guarantee and the benefits for the Acquisition as described in the sub-section headed "Reasons for and benefits of the Acquisition" below are fair and reasonable bases in determining the Consideration.

The following diagram illustrates the group structure of UHL Group as at the date of this announcement:



Note:

1. 貴州華亨能源投資有限公司(Guizhou Huaheng Energy Investments Co., Ltd\*, “**Huaheng Energy**”) is owned as to 50% by 貴州燃氣(集團)有限責任公司 (Guizhou Gas (Group) Co., Ltd\*, “**Guizhou Gas**”). Huaheng Energy is a non wholly-owned subsidiary of UHL and the result of which is consolidated into the accounts of UHL.
2. 菏澤綠潔燃氣有限責任公司 (Heze Lujie Gas Co., Ltd.\*, “**Heze Lujie**”) is owned as to 38% by 菏澤交通集團總公司 (Heze Transportation Group Co., Ltd.\*, “**Heze Group**”) and as to 11% by 山東宏智交通投資開發有限公司 (Shandong Hongzhi Transportation Development Co., Ltd.\*, “**Shandong Hongzhi**”). Heze Lujie is a non wholly-owned subsidiary of UHL and the result of which is consolidated into the accounts of UHL.
3. 鄂爾多斯市九安喜順物流有限公司(Erdos Jiu'an XiShun Logistics Co., Ltd.\*, “**Erdos Jiu'an**”) is owned as to 70% by 鄂爾多斯市九安商貿有限公司 (Erdos Jiu'an Commerce Co., Ltd\*, “**Erdos Commerce**”) and as to 10% by 深圳市喜順實業發展有限公司 (Shenzhen XiShun Development Co., Ltd\*, “**Shenzhen Development**”). Erdos Jiu'an is owned as to an associate of UHL.
4. 貴州燃氣(集團)天然氣支綫管道有限公司 (Guizhou Gas (Group) Natural Gas Pipelines Co., Ltd.\*, “**Guizhou Gas Pipelines**”) is owned as to 51% by Guizhou Gas and 29% by 貴州農金投資有限公司 (Guizhou Agricultural Gold Investment Co., Ltd., “**Guizhou Agricultural**”). Guizhou Gas Pipelines is owned as an associate of UHL.
5. 鄂爾多斯市星星能源有限公司 (Erdos Xingxing Energy Co., Ltd.\*, “**Erdos Xingxing**”) and 達州市匯鑫能源有限公司 (Dazhou Huixin Energy Co., Ltd.\* “**Dazhou Huixin**”) are owned as to 31% respectively by Mr. Wu Lexian.

\* for identification purpose only

6. As Guizhou Gas is a substantial shareholder of Huaheng Energy which will become a non wholly-owned subsidiary of the Company following Completion, Guizhou Gas is regarded as a connected person of the Company pursuant to the Listing Rules upon Completion. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save and except for Guizhou Gas who will become a connected person of the Company upon Completion, each of Mr. Wu Lexian, Heze Group, Shangdong Hongzhi, Erdos Commerce, Shenzhen Development and Guizhou Agricultural are third parties independent of the Company and its connected persons in accordance with the Listing Rules.

Save for its 100% equity interests in YL International which in turn is the registered owner of Circle Gas, UHL has not carried out other significant business activities and has not recorded any turnover since its incorporation on 7 January 2011. Save for minimal administrative expenses incurred and the shareholder's loan from its holding company, UHL does not have other significant assets and liabilities as at 31 December 2012.

YL International is the registered owner of Circle Gas. Save for its investment in Circle Gas and other investment relating to the trading of oil future contracts which recognised a gain of approximately HK\$143,375 for the year ended 31 December 2012 and recorded no gain or loss for the seven months period ended 31 July 2013, YL International has not carried out other significant business activities and has not recorded any turnover since its incorporation on 11 July 2011. Save for minimal administrative expenses incurred and the shareholder's loan from UHL, YL International does not have other significant assets and liabilities as at 31 December 2012.

Accordingly, the financial information of each of UHL and YL International is immaterial to UHL Group and the principal business operations of UHL Group are carried out entirely through Circle Gas Group.

Circle Gas Group is principally engaged in processing, distribution, sales, trading and transportation of LNG products and other auxiliary business in the PRC. Circle Gas Group liquefies the natural gas into LNG then sells to wholesale and retail customers. Circle Gas Group is also involved in LNG trading business.

As at the date of this announcement, Circle Gas through Dazhou Huixin and Erdos Xingxing (both are non-wholly owned subsidiaries of Circle Gas), operates two natural gas liquefaction plants that are situated in Sichuan Province (the "**Huixin Plant**") and Inner Mongolia Autonomous Region (the "**Erdos Plant**") respectively. The designed processing capacity of the Huixin Plant and the Erdos Plant are 200,000 tonnes per annum with daily processing capacity of 1 million cubic metres respectively.

Circle Gas Group has two joint ventures, namely Huaheng Energy and Heze Lujie, which are engaged in sales and distribution of LNG in the PRC. As at the date of this announcement, Huaheng Energy operates two LNG satellite stations in Guizhou Province and Heze Lujie operates two LNG fueling stations in Shangdong Province. Save for the aforesaid, Circle Gas Group also holds interests in Erdos Jiu'an and 達州市匯鑫物流有限公司 (Dazhou Huixin Logistic Co., Ltd.\*), which are logistics companies managing 50 LNG trucks in total as at the date of this announcement.

In addition, Circle Gas beneficially owns the entire issued capital of 貴州華元投資有限公司 (Guizhou Huayuan Investments Co., Ltd.\*) which holds 20% equity interests of Guizhou Gas Pipelines. Guizhou Gas Pipelines was incorporated on 25 July 2013 and is intended to be engaged in the investment in, the operation and management of gas pipeline infrastructure and the sales and distribution of piped gas in Guizhou Province.

\* for identification purpose only



Set out below is the unaudited consolidated financial information of Circle Gas Group for the two financial years ended 31 December 2011 and 2012 respectively:

	For the year ended 31 December 2011 <i>RMB million</i> <i>(equivalent to HK\$ million</i> <i>(unaudited)</i>	For the year ended 31 December 2012 <i>RMB million</i> <i>(equivalent to HK\$ million)</i> <i>(unaudited)</i>
Turnover	1,000.1 (1,250.1)	<b>1,208.5</b> <b>(1,510.6)</b>
Profit before taxation	113.6 (142.0)	<b>120.7</b> <b>(150.9)</b>
Profit for the year attributable to		
— owners of Circle Gas	59.5 (74.4)	<b>65.2</b> <b>(81.5)</b>
— minority interest	19.0 (23.8)	<b>17.3</b> <b>(21.6)</b>

As at 31 July 2013, the unaudited consolidated net assets value of Circle Gas Group was approximately RMB610.4 million (equivalent to approximately HK\$763.0 million).

The unaudited net loss (both before and after taxation and extraordinary items) of UHL for the period from 7 January 2011 (date of incorporation) to 31 December 2011 and the year ended 31 December 2012 were approximately HK\$23,800 and HK\$37,900 respectively. As at 31 July 2013, the unaudited net deficit of UHL was approximately HK\$81,600.

YL International recorded unaudited net loss (before and after taxation and extraordinary items) of approximately HK\$54,900 for the period from 11 July 2011 (date of incorporation) to 31 December 2011 and unaudited net profit (before and after taxation and extraordinary items) of approximately HK\$124,200 for the year ended 31 December 2012. As at 31 July 2013, the unaudited net assets value of YL International was approximately HK\$239.2 million.

### **Reasons for and benefits of the Acquisition**

The Group is currently principally engaged in (i) the design and sales of electronic and electrical products (“EMS”); and (ii) trading of oil and gas products and the provision of the related consultancy services.

As mentioned in the Company’s annual reports for the three financial years ended 31 March 2013, the Group scaled down its EMS operations since September 2011 due to the severe business environment for export manufacturing industry. With the cessation of the loss-making product lines and the downsized operations in the EMS business, the Group setup a new business division in April 2011 which is principally engaged in trading of oil and gas and provision of consultancy services. Since the financial year ended 31 March 2012, the oil and gas trading division took over the EMS division as the major revenue

stream of the Group. In addition, the Group also commenced LNG trading in the current financial year and started to record revenue from the LNG trading business for the same period. Going forward, the Group will continue to develop its oil and gas trading business platform by expanding its product range and covering wider trade areas in Asia Pacific region. The acquisition of UHL Group, which possesses well-established LNG processing, distribution, sales, trading, transportation and other ancillary operations and networks, is considered as complementary and a reinforcement to the Group's existing energy division. The Board believes that the Acquisition is in line with the development strategies of the Group, and can create long-term and strategic benefits to the Group, including but not limited to the following:

- Circle Gas Group maintains close relationship with upstream suppliers and downstream customers in energy industry. The Group could leverage on Circle Gas Group's business network and customer base to further expand its distribution network in, including but not limited to, the trading of oil and gas products;
- the Acquisition will enable the Group to expand and integrate into upstream operations of natural gas processing. Benefiting from the Acquisition, the Group will be able to secure a reliable supply of LNG for the Group's energy trading operations, therefore improve the Group's operation flexibility and expand its trading platform. Accordingly, the management of the Group believes that the Group's oil and gas trading business and Circle Gas Group's LNG business could complement each other, broaden the Group's income base and improve the financial flexibility of the Group; and
- given the fast growing economic conditions of the PRC and the awareness of the use of clean energy, the Acquisition will also enable the Company to seize the market opportunities, to tap into the PRC energy market and create value for the Shareholders.

Upon Completion, UHL will become a wholly-owned subsidiary of the Group and the financial results and position of UHL Group will be consolidated into the Group's financial statements.

The Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) consider that the terms of the UHL SPA and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Consideration Shares and the Convertible Preferred Shares) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The issue of the Consideration Shares and the conversion of the Convertible Preferred Shares will result in dilution to the interest of the Independent Shareholders. Having considered that (i) the benefits for the Acquisition as described above; and (ii) the Group is unable to settle the Consideration in cash without significantly increase its gearing in immediate future, the Directors (excluding the independent non-executive Directors who will express their view after receiving the advice from the Independent Financial Adviser) are of the view that the dilutive impact to the interest of Independent Shareholders is acceptable and in the interests of the Company and the Shareholders as a whole.

## Shareholding structure of the Company

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately upon the Completion and the issue and allotment of the Consideration Shares but prior to the conversion of the Convertible Preferred Shares at the initial Conversion Price; and (iii) immediately upon the Completion and the issue and allotment of the Consideration Shares and assuming the full conversion of the Convertible Preferred Shares at the initial Conversion Price.

	As at the date of this announcement		Immediately upon Completion and the issue and allotment of the Consideration Shares but prior to the conversion of the Convertible Preferred Shares at the initial Conversion Price		Immediately upon Completion and the issue and allotment of the Consideration Shares and assuming full conversion of the Convertible Preferred Shares at the initial Conversion Price	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Frontier Global Group Limited <sup>(1)</sup>	636,504,351	62.43	636,504,351	16.70	636,504,351	12.71
Champion Ever	—	—	1,718,217,590 <sup>(2)</sup>	45.09	2,470,973,822	49.34
Sub-total	636,504,351	62.43	2,354,721,941	61.79	3,107,478,173	62.05
<b>Public Shareholders:</b>						
Michael Feng Group Limited	—	—	7,316,834	0.19	10,346,060	0.21
Forever Honor Holdings Limited	—	—	14,218,310	0.37	20,104,801	0.40

	As at the date of this announcement		Immediately upon Completion and the issue and allotment of the Consideration Shares but prior to the conversion of the Convertible Preferred Shares at the initial Conversion Price		Immediately upon Completion and the issue and allotment of the Consideration Shares and assuming full conversion of the Convertible Preferred Shares at the initial Conversion Price	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Hong Kong World Asia Investment Limited	—	—	36,584,171	0.96	51,730,302	1.03
Ultimate Gains Limited	—	—	18,292,085	0.48	25,865,151	0.52
Celestial Speed Limited	—	—	18,292,085	0.48	25,865,151	0.52
Profit Rise Holdings Limited	—	—	109,752,512	2.88	155,190,906	3.10
Weyoung Technology Co., Limited	—	—	91,460,427	2.40	129,325,755	2.58
Merifund Growth Capital	—	—	86,019,855	2.26	121,632,744	2.43
Excel Glory Investment Limited	—	—	18,292,085	0.48	25,865,151	0.52
Jin Pei Investments Limited	—	—	21,950,502	0.58	31,038,181	0.62
Ever Express	—	—	217,971,628	5.72	308,213,578	6.15
August World Limited	—	—	103,297,498	2.71	146,063,466	2.92
Billion Central Limited	—	—	106,503,133	2.79	150,596,259	3.01
Kingyield Limited	—	—	75,214,784	1.97	106,354,290	2.12
Advance Yield Limited	—	—	57,557,417	1.51	81,386,636	1.63
Trophy City Limited	—	—	36,123,634	0.95	51,079,099	1.02
Sure August Limited	—	—	54,185,450	1.42	76,618,648	1.53
Other public Shareholders	<u>383,088,507</u>	<u>37.57</u>	<u>383,088,507</u>	<u>10.06</u>	<u>383,088,507</u>	<u>7.64</u>
Sub-total	<u>383,088,507</u>	<u>37.57</u>	<u>1,456,120,917</u>	<u>38.21</u>	<u>1,900,364,685</u>	<u>37.95</u>
Total	<u><u>1,019,592,858</u></u>	<u><u>100.00</u></u>	<u><u>3,810,842,858</u></u>	<u><u>100.00</u></u>	<u><u>5,007,842,858</u></u>	<u><u>100.00</u></u>

*Notes:*

1. Frontier Global Group Limited is wholly owned by Touch Billion Limited. Touch Billion Limited is held as to 75% by Champion Golden Limited, in which (i) Mr. Wang has 50% of the voting right; and (ii) Mr. Pan Junfeng (an executive Director) has 25% of the voting right.
2. As for Champion Ever, its proportionate interest in the Consideration Shares shall be deducted accordingly by the Cash Portion of HK\$70,000,000.

3. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor's Shareholders (other than (i) Champion Ever and (ii) Mr. Bao Jun and Mr. Wang Jianshan, who are relatives to Mr. Wang and holding in aggregate 32% equity interests in Ever Express) and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons in accordance with the Listing Rules and are third parties independent to each other as at the date of this announcement.
4. The above percentages are subject to rounding error.

## (II) POST-COMPLETION CONTINUING CONNECTED TRANSACTIONS

Circle Gas Group has been involved and will continue to be involved in (i) the sales of LNG to 貴州省天然氣有限公司 (Guizhou Natural Gas Limited\*, "**Guizhou Natural Gas**"); and (ii) the purchase of LNG from Guizhou Natural Gas. Guizhou Natural Gas is a subsidiary of Guizhou Gas. Guizhou Gas is a substantial shareholder of Huaheng Energy in which Circle Gas directly holds a 49% equity interests and 1% equity interest through Dazhou Huixin. Huaheng Energy is accounted for as a non wholly-owned subsidiary of UHL and the result of which is consolidated into the accounts of UHL. As Huaheng Energy will become a non wholly-owned subsidiary of the Company following Completion, the sales of LNG from Circle Gas Group to Guizhou Natural Gas (the "**LNG Supply Arrangement**") and the purchase of LNG from Guizhou Natural Gas by UHL Group (the "**LNG Purchase Arrangement**") will constitute continuing connected transactions of the Enlarged Group under the Listing Rules following Completion.

Circle Gas Group has entered into the framework agreements with Guizhou Natural Gas pursuant to which the members of Circle Gas Group continue to engage in the LNG Supply Arrangement and the LNG Purchase Arrangement on normal commercial terms at prices as may be mutually agreed by the parties provided that such prices shall not be less favourable than the prevailing market prices following Completion. It is expected that the maximum annual cap of the LNG Supply Arrangement for the period from the date of Completion to 31 March 2014 will not exceed HK\$50 million (the "**Estimated Supply Cap**"). The Estimated Supply Cap is arrived at based on, among other things, (i) the historical sale volume of LNG to Guizhou Natural Gas by UHL Group; (ii) the estimated amount of LNG to be sold to Guizhou Natural Gas in the future; and (iii) a buffer to allow flexibility for any possible changes in the market conditions. The maximum annual cap of the LNG Purchase Arrangement for the period from the date of Completion to 31 March 2014 is expected not to exceed HK\$47 million (the "**Estimated Purchase Cap**"). The Estimated Purchase Cap is arrived at based on, among other things, (i) the historical purchase volume of LNG from Guizhou Natural Gas by UHL Group; (ii) the estimated amount of LNG purchase from Guizhou Natural Gas in the future; and (iii) a buffer to allow flexibility for any possible changes in the market conditions.

As the applicable percentage ratios (other than the profits ratio) as determined with reference to each of the Estimated Supply Cap and the Estimated Purchase Cap are, on annual basis, more than 1% but less than 5%, the LNG Supply Arrangement and the LNG Purchase Arrangement are subject to reporting and announcement requirements and annual review requirements but are exempted from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors), consider that the LNG Supply Arrangement and the LNG Purchase Arrangement are on normal commercial terms and are fair and reasonable and in the interests of the Company and

\* for identification purpose only

the Shareholders as a whole. The Directors confirm that they have no materials interests in the transactions to be contemplated under the LNG Supply Arrangement and the LNG Purchase Arrangement.

Apart from the transactions with Guizhou Natural Gas, Circle Gas Group has been involved and will continue to be involved in the sales of LNG to 貴州燃氣(集團)桐梓縣燃氣有限公司 (Guizhou Gas (Group) Tongzi Gas Limited\*, “**Tongzi Gas**”), which is a subsidiary of Guizhou Gas. Therefore, the sales of LNG from Circle Gas Group to Tongzi Gas (the “**Tongzi LNG Supply Arrangement**”) will constitute continuing connected transactions of the Enlarged Group under the Listing Rules following Completion.

Circle Gas Group has also been involved and will continue to be involved in the sales of LNG to 江蘇潤富新能源發展有限公司 (Jiangsu Runfu New Energy Development Co., Ltd.\*, “**JS Runfu**”), which is owned as to 70% by Mr. Wang Jian, a brother of Mr. Wang. Accordingly, JS Runfu is regarded as a connected person of the Company pursuant to the Listing Rules following Completion and the sales of LNG from Circle Gas Group to JS Runfu (the “**JS LNG Supply Arrangement**”) will constitute continuing connected transactions for the Enlarged Group under the Listing Rules following Completion.

As at the date of this announcement, no framework agreements have been entered into between Circle Gas Group and each of Tongzi Gas and JS Runfu in relation to the Tongzi LNG Supply Arrangement and the JS LNG Supply Arrangement respectively. It is the intention of the Company and each of Tongzi Gas and JS Runfu that immediately upon Completion, Circle Gas Group will enter into the framework agreements (the “**Framework Agreements**”) with Tongzi Gas and JS Runfu respectively setting out the basis upon which members of Circle Gas Group will after Completion continue to engage in the transactions with Tongzi Gas and JS Runfu respectively.

Further announcement(s) will be made by the Company in relation to the Tongzi LNG Supply Arrangement, the JS LNG Supply Arrangement and the terms of the Framework Agreements as and when appropriate.

### **(III)LISTING RULES IMPLICATIONS**

As one or more of the relevant percentage ratios applicable to the Company exceeds 100%, the entering into of the UHL SPA constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Vendor is owned as to approximately 62.89% by Champion Ever which is wholly and beneficially owned by Mr. Wang, being an executive Director, the chairman and chief executive officer of the Company and the controlling Shareholder beneficially interested in, through Frontier Global Group Limited, an aggregate of 636,540,351 Shares, representing approximately 62.43% of the total issued share capital of the Company as at the date of this announcement. The Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company pursuant to the Listing Rules and is subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

\* *for identification purpose only*

Mr. Wang and his associates shall abstain from voting on the proposed resolution(s) to approve the Acquisition at the SGM. Save for the aforesaid and to the best knowledge of the Company, no Shareholder is involved in or interested in the Acquisition which requires him/her/it to abstain from voting on the proposed resolution(s) to approve the Acquisition at the SGM as at the date of this announcement.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the UHL SPA and the transactions contemplated thereunder. The Company has appointed Investec Capital Asia Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the UHL SPA and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Consideration Shares and the Convertible Preferred Shares) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

#### **(IV) GENERAL**

The Company will despatch the Circular in accordance with the requirements under the Listing Rules, which will contain, among other things, (i) further information on UHL Group and the UHL SPA and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Consideration Shares and the Convertible Preferred Shares); (ii) the recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the UHL SPA and the transactions contemplated thereunder; (iv) the financial information of Circle Gas Group; (v) the valuation report of the property interests of UHL Group; (vi) the unaudited pro forma financial information of the Enlarged Group upon Completion; and (vii) notice of the SGM. In view of the substantial amount of information to be contained in the Circular, the Company expects that the Circular will be despatched to the Shareholders on or before 16 December 2013, so as to allow sufficient time for the preparation of the relevant information for the inclusion in the Circular. The Shareholders and potential investors should refer to the Circular for further details of the UHL SPA and the transactions contemplated thereunder.

#### **(V) UNUSUAL PRICE MOVEMENT OF SHARES**

Reference is made to the announcement of the Company dated 7 October 2013 in relation to, among other things, a possible acquisition of an energy project in the PRC.

The Board has noted the increase in the price of the Shares on 25 October 2013. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Board confirms that it is not aware of any reasons for the price movement and, save as the information in relation to the UHL SPA and transactions contemplated thereunder and the post-Completion continuing connected transactions of the Company as described above, it is not aware of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Future Ordinance.

**As the Acquisition may or may not proceed, the Shareholders and/or potential investors are advised to exercise caution when dealing in the securities of the Company.**

## (VI) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been halted from 1:00 p.m. on 25 October 2013 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares from 9:00 a.m. on 29 October 2013.

## (VII) DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares pursuant to the UHL SPA
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding a Saturday, Sunday or public holidays) on which banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Champion Ever”	Champion Ever Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Wang
“Circle Gas”	廣州元亨燃氣有限公司(Guangzhou Circle Gas Corporation Limited*), a wholly-owned foreign enterprise established under the laws of the PRC and a direct wholly-owned subsidiary of YL International
“Circle Gas Group”	Circle Gas and its subsidiaries and associates
“Circular”	the shareholders’ circular to be issued by the Company in accordance with the Listing Rules in respect of the UHL SPA and the transactions contemplated thereby
“Company”	Ngai Lik Industrial Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange
“Completion”	completion of the transactions contemplated under the UHL SPA
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$2,861,775,000 for the Sale Shares under the UHL SPA

\* *for identification purpose only*



“Consideration Share(s)”	new Shares to be issued and credited as fully paid at Completion to the Vendor’s Shareholders by the Company to satisfy part of the Consideration
“Conversion Share(s)”	new Shares to be issued upon the exercise by the holder of Convertible Preferred Shares of the conversion rights attached to such Convertible Preferred Shares
“Convertible Preferred Share(s)”	the non-voting convertible preferred shares of HK\$0.70 each in the Company to be created and issued at Completion to the Vendor’s Shareholders by the Company to satisfy part of the Consideration
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group and UHL Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Company whose members comprise all the independent non-executive Directors to advise the Independent Shareholders on the terms of the UHL SPA and the transaction contemplated thereunder
“Independent Financial Adviser”	Investec Capital Asia Limited, a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Independent Shareholders”	Shareholders other than Frontier Global Group Limited, Mr. Wang and his associates and those who have a material interest in the Acquisition other than in the capacity as Shareholders only
“Last Trading Day”	24 October 2013, being the last full trading 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 announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LNG”	liquefied natural gas
“Long Stop Date”	31 March 2014 or such other date as the Purchaser and the Vendors may agree in writing

“Mr. Wang”	Mr. Wang Jianqing, the ultimate beneficial owner of Champion Ever, an executive Director, the chief executive officer and chairman of the Company and the controlling Shareholder
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Profit Guarantee”	the guarantee given severally by each of the Vendor’s Shareholders (to the extent of their respective shareholding percentage to the Vendor) to the Purchaser that the audited consolidated net profit (after tax but excluding all extraordinary and exceptional items and minority interests) of UHL Group for the year ending 31 December 2013 shall be no less than HK\$158,987,500
“Purchaser”	Firmwill Investment Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	59,529,840 shares of US\$1.00 each in the share capital of UHL, the entire issued and fully paid-up share thereof
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the terms of the UHL SPA and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) in the Company of HK\$0.10 each
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“UHL”	Union Honor Limited, a company incorporated in the BVI with limited liability
“UHL Group”	UHL, YL International and members of Circle Gas Group
“UHL SPA”	the agreement to acquire the Sale Shares entered into amongst the Purchaser, the Vendor and the Vendor’s Shareholders on 28 October 2013
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Ying Hui Limited, a company incorporated in the BVI with limited liability

“Vendor’s Shareholders”

- (i) Champion Ever;
- (ii) Forever Honor Holdings Limited, a company incorporated in the BVI with limited liability;
- (iii) Michael Feng Group Limited, a company incorporated in the BVI with limited liability;
- (iv) Hong Kong World Asia Investment Limited, a company incorporated in Samoa with limited liability;
- (v) Ultimate Gains Limited, a company incorporated in Republic of Seychelles with limited liability;
- (vi) Celestial Speed Limited, a company incorporated in Samoa with limited liability;
- (vii) Profit Rise Holdings Limited, a company incorporated in Samoa with limited liability;
- (viii) Weyoung Technology Co., Limited, a company incorporated in Hong Kong with limited liability;
- (ix) Merifund Growth Capital, a company incorporated in Cayman Islands with limited liability;
- (x) Excel Glory Investment Limited, a company incorporated in Hong Kong with limited liability;
- (xi) Jin Pei Investments Limited, a company incorporated in the BVI with limited liability;
- (xii) Ever Express, a company incorporated in the BVI with limited liability;
- (xiii) August World Limited, a company incorporated in Samoa with limited liability;
- (xiv) Billion Central Limited, a company incorporated in Samoa with limited liability;
- (xv) Kingyield Limited, a company incorporated in Samoa with limited liability;
- (xvi) Advance Yield Limited, a company incorporated in Samoa with limited liability;
- (xvii) Trophy City Limited, a company incorporated in the BVI with limited liability; and
- (xviii) Sure August Limited, a company incorporated in the BVI with limited liability.

“YL International”	Ying Luen International Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of UHL
“%”	per cent

By Order of the Board  
**Ngai Lik Industrial Holdings Limited**  
**Pan Junfeng**  
*Executive Director*

Guangzhou, the PRC, 28 October 2013

*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 and Mr. Tom Xie.*

*The Board collectively and individually accepts responsibility for the accuracy of this announcement.*

*For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB0.80 to HK\$1 and conversion of US\$ into HK\$ is based on the approximate exchange rate of US\$1 to HK\$7.8. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in HK\$, RMB or US\$ have been, could have been or may be converted at such or any other rates or at all.*

*Any discrepancies in any table between totals and sums of amounts listed herein are due to rounding.*