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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)

DISCLOSEABLE AND CONNECTED TRANSACTION PROPOSED DISPOSAL OF THE 50% INTEREST IN METRO CAPITAL SECURITIES LIMITED

The Board is pleased to announce that on 1st August, 2006, the Agreement was entered into between the Vendor and the Purchaser, pursuant to which the Vendor conditionally agreed to dispose of and the Purchaser conditionally agreed to acquire the Sale Shares for a cash consideration of HK\$20 million.

The applicable percentage ratio of the profit test (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal is more than 5% but less than 25%. Accordingly, the Disposal will constitute a discloseable transaction for the Company under Rule 14.08 of the Listing Rules. Given the Purchaser is a Director and a connected person of the Company, the transaction will also constitute a connected transaction under Rule 14A.13 (1) (a) of the Listing Rules.

An independent board committee comprising of the independent non-executive Directors will be established to consider and advise the Independent Shareholders as to whether the terms of the Disposal are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this respect.

A circular containing, among other things, details of the Agreement will be despatched to the Shareholders as soon as practicable.

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Summarised below are the principal terms of the Agreement.

THE AGREEMENT

(i) Date

1st August, 2006

(ii) Parties

Vendor: Trade Seasons Investments Limited, an indirect wholly-owned subsidiary of the Company

Purchaser: Dr. Lam Man Chan, Chairman and an executive Director

Given the Purchaser is a Director and a connected person of the Company, the Disposal will constitute a connected transaction under Rule 14A.13 (1) (a) of the Listing Rules.

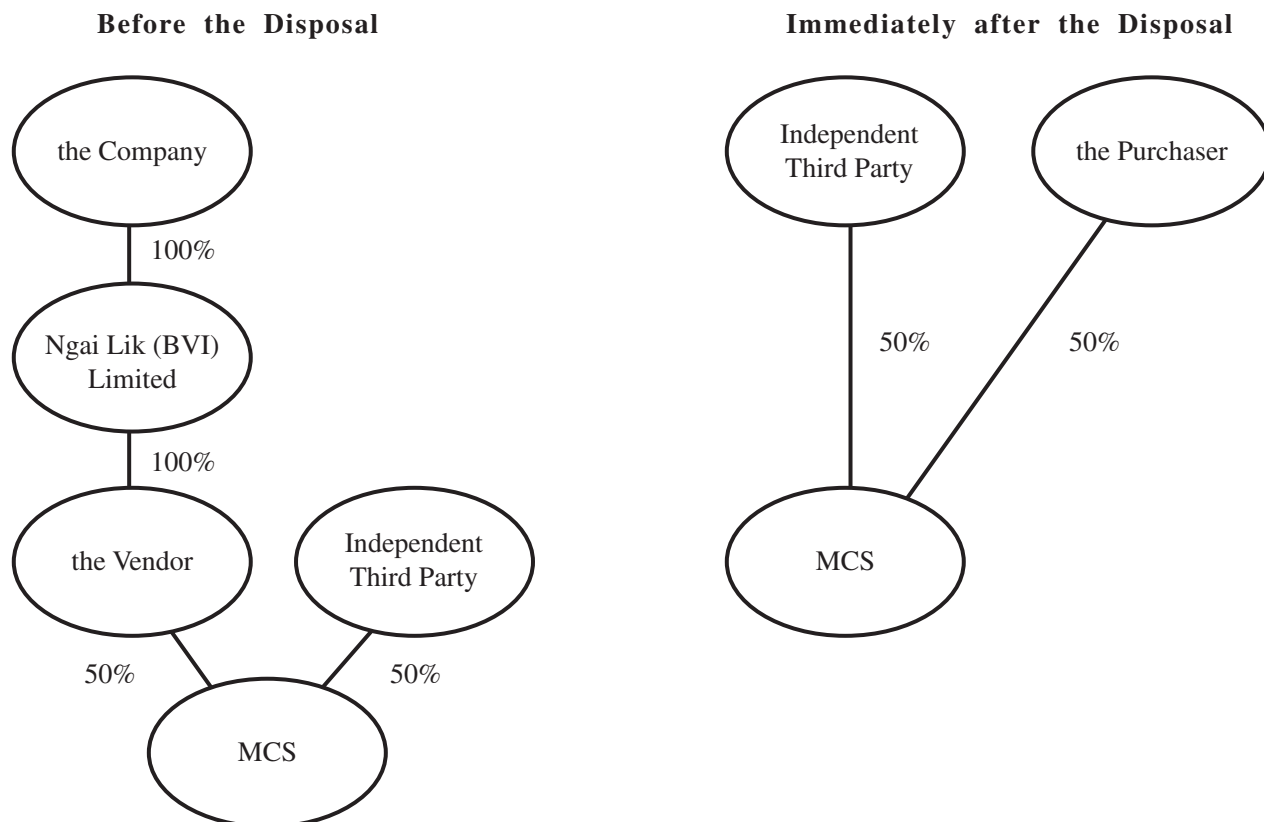
* For identification only

(iii) Subject of the Disposal

Pursuant to the Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to acquire from the Vendor the Sale Shares.

The Vendor is an investment holding company incorporated in Hong Kong with limited liability and the sole asset of which is the 12,000,000 shares of HK\$1.00 each in the capital of MCS, representing 50% of the existing issued share capital of MCS. The remaining 50% interest in MCS is currently held by a person (Mr. Vong Kuoc Meng), who to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is an Independent Third Party.

Set out below are the shareholding structure of TSI and MCS before and after the Disposal:



MCS is a licensed corporation for type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance. The principal activities of MCS are provision of brokerage, underwriting and securities margin financing services to clients. MCS is also a participant of the Hong Kong Stock Exchange.

For the year ended 31st December, 2005, MCS has recorded an audited turnover of approximately HK\$13.7 million (HK\$9.8 million in 2004) and an audited net profit of approximately HK\$3.9 million (HK\$2.9 million in 2004). As at 31st December, 2005, MCS has recorded an audited net assets of approximately HK\$34.5 million (HK\$31.6 million as at 31st December, 2004). For the six months ended 30th June, 2006, MCS has recorded an unaudited turnover of approximately HK\$8.6 million and an unaudited net profit of approximately HK\$3.2 million. As at 30th June, 2006, MCS has recorded an unaudited net assets of approximately HK\$37.7 million.

(iv) Consideration and use of proceeds

The consideration for the Disposal of HK\$20,000,000 was determined after arm's length negotiations between the parties by reference to the net asset value of MCS of approximately HK\$37.7 million as at 30th June, 2006.

The consideration of HK\$20,000,000 will be settled in cash on completion of the Agreement. The Directors intend to use the proceeds from the Disposal for general working capital of the Group.

(v) Conditions and completion

Completion of the Disposal will be subject to fulfillment of the following conditions:

- (i) all necessary approvals and consents required from the Securities and Futures Commission and the Stock Exchange having been obtained for the change in shareholding in MCS as contemplated under the Agreement; and
- (ii) approval of the Agreement and transactions contemplated thereunder by Independent Shareholders at a special general meeting of the Company in accordance with the Listing Rules.

None of the above conditions can be waived by the parties to the Disposal. In the event that the conditions referred to above not having been fulfilled by 30th November 2006 or such later time or date as the parties may agree, the Disposal will lapse.

Completion of the Disposal shall take place on the fifth business day following the day on which all the conditions referred to above are fulfilled.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company, through its subsidiaries, engages in the electronic manufacturing services business and property investment.

Taking into account the recent volatile securities market conditions and the increasing competition among the smaller brokers and the major brokers in Hong Kong, the Directors consider that the Disposal represent an ideal opportunity for the Company to realign its business and dispose of its non-core assets. The executive Directors (save for Dr. Lam Man Chan, who abstained from voting at and Ms. Ting Lai Ling and Ms. Ting Lai Wah who did not attend the meeting of the Board) to consider the Disposal consider the terms of the Disposal were fair and reasonable and in the interests of Shareholders as a whole. The independent non-executive directors will form a view on the Disposal once they receive the advice from the independent financial adviser.

As a result of the Disposal, the Group will recognize a gain on disposal of approximately HK\$1 million by reference to the net asset value of MCS as at 30th June, 2006.

GENERAL

The applicable percentage ratio of the profit test (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Disposal is more than 5% but less than 25%. Accordingly, the Disposal will constitute a discloseable transaction to the Company under Rule 14.08 of the Listing Rules. Given the Purchaser is a Director and a connected person of the Company, the transaction will also constitute a connected transaction under Rule 14A.13 (1) (a) of the Listing Rules and require the approval of the Independent Shareholders at a special general meeting of the Company.

As required under the Listing Rules, the votes of the Independent Shareholders to approve the Agreement and the Disposal at the special general meeting of the Company will be taken on a poll. As at the date hereof, Dr. Lam Man Chan and his associates hold 278,723,176 Shares representing approximately 35.15% of the existing issued share capital of the Company. Dr. Lam Man Chan and his associates will abstain from voting in respect of the resolution to be proposed at the special general meeting of the Company to approve the Agreement and the Disposal.

In addition, an independent board committee comprising of the independent non-executive Directors will be established to consider and advise the Independent Shareholders as to whether the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the Independent Shareholders in this respect.

A circular containing, among other things, details of the Agreement will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

- “Agreement” the conditional sale and purchase agreement dated 1st August, 2006 and entered into between the Purchaser and the Vendor in respect of the Disposal
- “associate(s)” has the meaning ascribed thereto in the Listing Rules

“Board”	the Board of Directors
“Company”	Ngai Lik Industrial Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares held by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s), and in the case of companies, their ultimate beneficial owner(s), who are independent of the Company and Connected Person(s) of the Company
“Independent Shareholders”	Shareholders other than Dr. Lam Man Chan and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MCS”	Metro Capital Securities Limited, a company incorporated in Hong Kong with limited liability. As at the date of this announcement, it has 24,000,000 shares of HK\$1.00 each in issue, of which 50% are beneficially owned by the Vendor and the remaining 50% is held by an Independent Third Party
“Purchaser”	Dr. Lam Man Chan, Chairman and an executive Director
“Sale Shares”	12,000,000 shares of HK\$1.00 each in MCS, representing 50% of the entire issue share capital of MCS as at the date hereof
“Shares(s)”	ordinary share(s), currently with par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TSI” or the “Vendor”	Trade Seasons Investments Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Yeung Cheuk Kwong
Director

Hong Kong, 1st August, 2006

As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Lam Man Chan, Ms. Ting Lai Ling, Ms. Ting Lai Wah, Mr. Hui King Chun and Mr. Yeung Cheuk Kwong, and three independent non-executive Directors, namely Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong.

Please also refer to the published version of this announcement in The Standard.