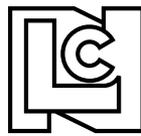

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Ngai Lik Industrial Holdings Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**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****Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

A letter from the Board is set out on pages 3 to 8 of this circular and a letter from the Independent Board Committee is set out on page 9 of this circular. A letter from Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice, is set out on pages 10 to 17 of this circular.

A notice convening a special general meeting of Ngai Lik Industrial Holdings Limited to be held at The Harbour Room, 3/F., The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on 15th September, 2006 at 4:00 p.m. or as soon thereafter as the Annual General Meeting which is scheduled to be held at 3:00 p.m. at the same place and date shall have been concluded is set out on pages 23 to 24 of this circular. Whether or not you intend to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting as the case may be. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

For identification purpose only

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context requires otherwise:

“Access Capital”	Access Capital Limited, a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as set out in schedule 5 to the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal
“Agreement”	the conditional sale and purchase agreement dated 1st August, 2006 and entered into between Dr. Lam Man Chan 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 People’s Republic of China
“Independent Shareholders”	Shareholders other than Dr. Lam Man Chan and his associates
“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
“Latest Practicable Date”	17th August, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“MCS”	Metro Capital Securities Limited, a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, 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”	Wealthy Regent Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by 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 issued share capital of MCS as at the Latest Practicable Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM Notice”	the notice convening the Special General Meeting as set out on pages 23 to 24 of this circular
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s), currently with par value of HK\$0.10 each in the share capital of the Company
“Special General Meeting”	the special general meeting of the Company to be held at The Harbour Room, 3/F., The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on 15th September, 2006 at 4:00 p.m. or as soon thereafter as the Annual General Meeting which is scheduled to be held at 3:00 p.m. at the same place and date shall have been concluded to approve the Disposal as contemplated under the Agreement
“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.

LETTER FROM THE BOARD



NGAI LIK INDUSTRIAL HOLDINGS LIMITED

毅力工業集團有限公司 #

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

Executive Directors:

Dr. Lam Man Chan, *Chairman*

Ms. Ting Lai Ling

Ms. Ting Lai Wah

Mr. Yeung Cheuk Kwong

Registered office:

Clarendon House

Church Street

Hamilton HM11

Bermuda

Independent non-executive Directors:

Mr. Ng Chi Yeung, Simon

Mr. Tam Yuk Sang, Sammy

Mr. Ho Lok Cheong

Principal place of business

in Hong Kong:

Flat 29-32

8th Floor, Block B

Focal Industrial Centre

21 Man Lok Street

Hunghom

Kowloon

Hong Kong

22nd August, 2006

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

On 1st August, 2006, the Directors announced that the Vendor entered into the Agreement with the Dr. Lam Man Chan, pursuant to which the Vendor has conditionally agreed to dispose of and Dr. Lam Man Chan has conditionally agreed to acquire the Sale Shares for a cash consideration of HK\$20,000,000.

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

For identification purpose only

LETTER FROM THE BOARD

Purchaser is company wholly-owned by 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 the Special General Meeting.

As required under the Listing Rules, the votes of the Independent Shareholders to approve the Disposal as contemplated under the Agreement at the Special General Meeting will be taken on a poll.

As at the Latest Practicable Date, Dr. Lam and his associates hold 278,723,176 Shares representing approximately 35.15% of the existing issued share capital of the Company. Dr. Lam and his associates will abstain from voting in respect of the resolution to be proposed at the Special General Meeting to approve the Disposal as contemplated under the Agreement.

In addition, an independent board committee comprising all the independent non-executive Directors has been 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. Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

The purpose of this circular is to provide you with the relevant information regarding the Disposal and to seek your approval of the ordinary resolution relating to the Disposal as contemplated under the Agreement at the Special General Meeting.

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

Pursuant to a letter of instructions dated 15th August, 2006 executed by Dr. Lam Man Chan and confirmed by the Vendor, Dr. Lam Man Chan informed the Vendor that he will nominate a company, Wealthy Regent Limited, wholly-owned by himself to purchase the Sale Shares. Given the Purchaser is a company wholly-owned by 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.

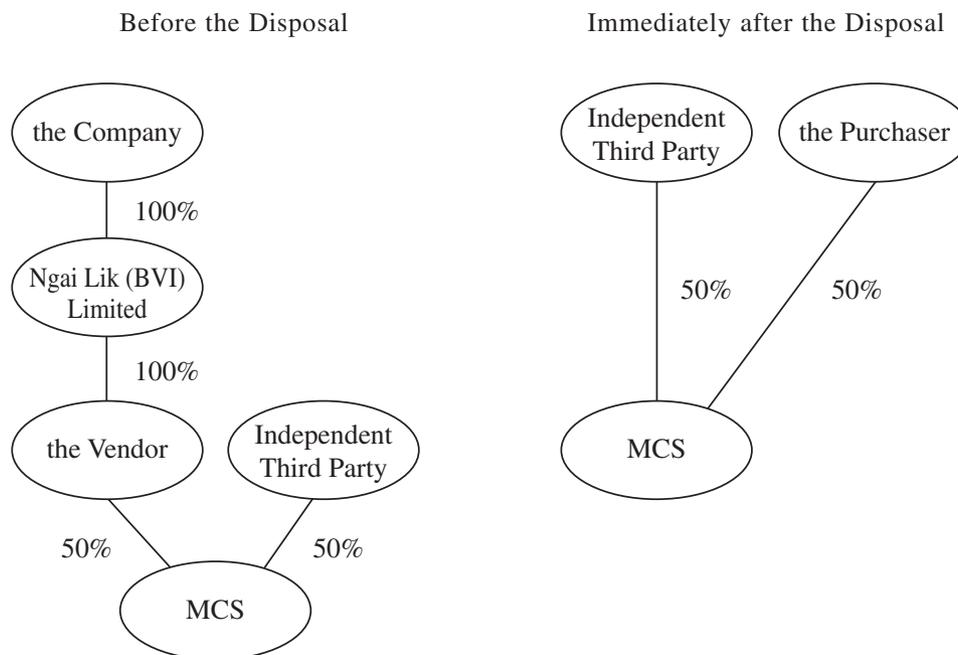
(iii) Subject of the Disposal

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

LETTER FROM THE BOARD

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 SFO. The principal activities of MCS are provision of brokerage, underwriting and securities margin financing services to clients. MCS is also a participant of the Stock Exchange. The Company does not have any present intention to engage in the provision of brokerage, underwriting and securities margin financing business after completion of the Disposal.

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.

LETTER FROM THE BOARD

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.

Save for Dr. Lam Man Chan, who abstained from voting at and Ms. Ting Lai Ling (the spouse of Dr. Lam Man Chan) and Ms. Ting Lai Wah (the sister of Ms. Ting Lai Ling and the sister-in-law of Dr. Lam Man Chan) who did not attend the meeting of the Board to consider the Disposal due to their relationships with Dr. Lam Man Chan, the executive Directors, namely Mr. Yeung Cheuk Kwong and Mr. Hui King Chun (who has resigned on 7th August, 2006), consider that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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.

As MCS is treated as an associated company in the accounts of the Company, the Disposal is not expected to have any material impact on the assets, liabilities and earnings of the Company, save that upon completion of the Disposal, the Group's net assets will be increased by approximately HK\$1 million.

Following the completion of the Disposal, MCS will cease to be an associated company of the Company.

LETTER FROM THE BOARD

SPECIAL GENERAL MEETING

Set out on pages 23 to 24 of this circular is the SGM Notice at which an ordinary resolution will be proposed to the Shareholders to approve the Disposal as contemplated under the Agreement. The Special General Meeting will be held at The Harbour Room, 3/F., The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on 15th September, 2006 at 4:00 p.m. or as soon thereafter as the Annual General Meeting which is scheduled to be held at 3:00 p.m. at the same place and date shall have been concluded.

A form of proxy for use at the Special General Meeting is enclosed. Whether or not you intend to attend the meeting, please complete and return the enclosed form of proxy to the Company's branch registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting as the case may be. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

PROCEDURES FOR DEMANDING A POLL

Pursuant to Bye-law 66 of the Bye-laws, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a member or members present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of total voting rights of all members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

RECOMMENDATION

Access Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole so as to enable the Independent Shareholders to consider whether to vote in favour of or against the ordinary resolution to approve the Disposal as contemplated under the Agreement to be put forth at the Special General Meeting.

LETTER FROM THE BOARD

A letter from Access Capital to the Independent Board Committee and the Independent Shareholders is reproduced on pages 10 to 17 of this circular.

Having considered the factors and reasons set out in its letter, Access Capital is of the view that the Disposal as contemplated under the Agreement is fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, Access Capital recommends that the Independent Shareholders should vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Agreement and the Disposal as contemplated thereunder.

Having considered the opinion of Access Capital, the Independent Board Committee are of the view that the terms of the Disposal as contemplated under the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of
Ngai Lik Industrial Holdings Limited
Yeung Cheuk Kwong
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



NGAI LIK INDUSTRIAL HOLDINGS LIMITED

毅力工業集團有限公司[#]

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

22nd August, 2006

To the Independent Shareholders,

Dear Sir or Madam,

We refer to the circular dated 22nd August, 2006 issued by the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been established by the Board for the purpose of advising the Independent Shareholders in connection with the Disposal, details of which are set out in the “Letter from the Board” in the Circular. The Independent Board Committee comprises all independent non-executive Directors. Access Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Disposal. Details of the advice from Access Capital together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 10 to 17 of the Circular.

Having considered the Disposal, the interests of the Independent Shareholders, the principal factors and reasons considered by Access Capital and the advice of Access Capital, we consider that the terms of the Disposal as contemplated under the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Agreement and the Disposal as contemplated thereunder.

Yours faithfully,

Independent Board Committee

Ng Chi Yeung, Simon Tam Yuk Sang, Sammy Ho Lok Cheong

Independent non-executive Directors

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LETTER FROM ACCESS CAPITAL

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Access Capital prepared for incorporation in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

22nd August, 2006

To: The Independent Board Committee and the Independent Shareholders of Ngai Lik Industrial Holdings Limited

Dear Sirs,

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

I. INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders with regard to the terms of the Disposal as contemplated under the Agreement, details of which are contained in the “Letter from the Board” of the circular to the Shareholders dated 22nd August, 2006 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise specifies.

Pursuant to the Agreement, the Company conditionally agreed to dispose of and Wealthy Regent Limited (a company incorporated in Hong Kong with limited liability and wholly-owned by Dr. Lam Man Chan, the “Purchaser”) conditionally agreed to acquire 50% of the entire issue share capital of MCS at a consideration of HK\$20 million. As at the Latest Practicable Date, Dr. Lam Man Chan, a chairman and an executive Director, and his associates hold 278,723,176 Shares representing approximately 35.15% of the existing issued share capital of the Company and therefore a connected person of the Group for the purpose of the Listing Rules. Based on the applicable size tests performed regarding the Disposal, the relevant profit test ratio under Rule 14.07 of the Listing Rules is more than 5% but less than 25%. Accordingly, the Disposal constitutes a connected transaction and a discloseable transaction for the Company under the Listing Rules and will be subject to the approval of the Independent Shareholders in the Special General Meeting by poll under Chapter 14 and Chapter 14A of the Listing Rules. Dr. Lam Man Chan and his associates (as defined in the Listing Rules) will abstain from voting at the Special General Meeting to approve the Disposal.

LETTER FROM ACCESS CAPITAL

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of four executive Directors, namely Dr. Lam Man Chan, Ms. Ting Lai Ling, Ms. Ting Lai Wah 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.

The Independent Board Committee comprising the independent non-executive Directors, Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong, has been established to consider the terms of the Agreement.

We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable; and as to whether the transactions contemplated therein were agreed on normal commercial terms and were fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; as well as to give our opinion in relation to the terms of the Agreement for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. BASES OF AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available, under the present circumstances and have performed all necessary steps as required under Rule 13.80 of the Listing Rules, including the notes thereto, to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

LETTER FROM ACCESS CAPITAL

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

1. Background to the Disposal

1.1 Principal activities of the Group

The Group is principally engaged in the electronic manufacturing services business (“EMS business”) and property investment.

As stated in the Group’s 2005 and 2004 audited annual reports, the Group achieved an audited turnover of approximately HK\$3,417.6 million and an audited profit attributable to Shareholders of approximately HK\$60.2 million for the year ended 31st March, 2005, as compared to an audited turnover of approximately HK\$3,299.4 million and an audited profit attributable to Shareholders of approximately HK\$245.2 million for the year ended 31st March, 2004. The substantial decrease in audited profit attributable to Shareholders for the year ended 31st December, 2005 was partly attributable to the erosion of the gross profit margin due to the increases in prices of key raw materials.

Most recently in its 2006 audited annual report, the Group reported an audited turnover for the year ended 31st March, 2006 of approximately HK\$2,836.2 million and an audited profit attributable to Shareholders of approximately HK\$13.1 million, as compared to an audited turnover of approximately HK\$3,417.6 million and an audited profit attributable to Shareholders of approximately HK\$60.2 million for the year ended 31st March, 2005.

As stated in the Group’s annual report for the year ended 31st March, 2006, the decrease in turnover by 17.0% as compared to the turnover for the year ended 31st March, 2005 was partly attributable to the competitive environment and partly to the planned reduction in the sales of products with higher plastic consumption and the reduction of gross profit margin.

1.2 Business strategy

As stated in the 2006 annual report, one of the strategies of the Group has been to focus on its traditional strengths in EMS business. Such as shifting from producing conventional audio products to digital products with much higher value; strategic reduction in low margin products and exit from loss-making electronics and electrical products; and consolidation of Dongguan operations to Qingyuan Industrial Estate.

Through the Disposal, the Directors believe that the Company will be able to focus on the EMS business. Accordingly, we concur with the view of the Directors and are of the view that the divestment of non-core assets is a step taken by the Company in line with its existing business strategies to focus on its traditional EMS business.

LETTER FROM ACCESS CAPITAL

1.3 Reasons for and benefits of the Disposal

MCS's key revenue streams are generated from its brokerage operations, which include securities trading, commodities trading, and margin financing; that are dependent upon the performance of the financial markets as a whole. MCS's performance is therefore dependent upon the economic conditions as well as general securities and commodities market environments. Fluctuations in the Hong Kong securities market and economic sentiments may also result in prolonged periods of lower market activity, which would in turn adversely impact on MCS's business and financial results, which in turn, would potentially affect the Group's result.

We note from the Directors that they believe competition in the brokerage business will continue to intensify; in particular, facing the local competition from various banks and financial institutions which offer a variety of financial services as well as from several branded medium-sized and small brokerage firms which offer a similar range of services.

As the Group is principally engaged in the EMS business, it has been constantly appraising approaches to promote its digital products with higher value to its customers and continued to expand its product range in portable DVD players. 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 (i) represents an ideal opportunity for the Company to realign its business and dispose of its non-core assets; and (ii) allows the management of the Company to focus on the development of its core business.

In addition, MCS is only one of the many non-listed securities firms in Hong Kong, and the Company does not control the business operation or the management of MCS, it would place the Company in a difficult position to attract independent purchasers for the Sales Shares irrespective of whether the Company is actively seeking for investors to purchase the subject Sale Shares.

Save for Dr. Lam Man Chan, who abstained from voting at and Ms. Ting Lai Ling (the spouse of Dr. Lam Man Chan) and Ms. Ting Lai Wah (the sister of Ms. Ting Lai Ling and the sister-in-law of Dr. Lam Man Chan) who did not attend the meeting of the Board to consider the Disposal due to their relationships with Dr. Lam Man Chan, the executive Directors, namely Mr. Yeung Cheuk Kwong and Mr. Hui King Chun (who has resigned on 7th August, 2006), consider the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In view of the Company's business strategy as mentioned above, the uncertainties in the Hong Kong securities market and economic sentiment, and the increasing competition in the securities market in Hong Kong, we concur with the Directors' view and are of the view that the Disposal is a step consistent with the Company's stated business strategy and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM ACCESS CAPITAL

2. Terms of the Agreement

2.1 *Assets to be disposed*

Pursuant to the Agreement, the Vendor, an indirect wholly-owned subsidiary of the Company, conditionally agreed to dispose of and the Purchaser conditionally agreed to acquire the Sale Shares at a consideration of HK\$20 million for cash.

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.

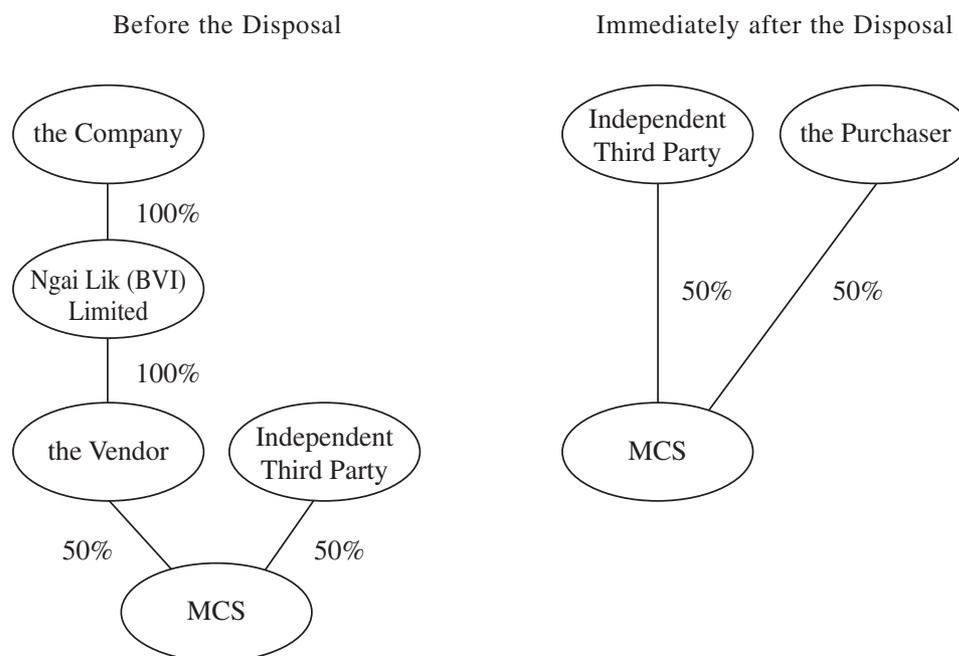
The Vendor is an investment holding company incorporated in Hong Kong with limited liability and the sole asset of which is the 12,000,000 shares of HK\$1.00 each in the capital of MCS, representing 50% of the existing issued share capital of MCS. The remaining 50% interest in MCS is currently held by 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.

Upon completion of the Disposal, the Company will not hold any interest directly or indirectly in MCS.

Despite the fact that the increase in both turnover and net profit for the year ended 31 December 2005 as compared to the previous year, given that (i) the unpredictability of the Hong Kong securities market which depends on, amongst other things, the general securities market and economic sentiments; and (ii) the increasing competition in the retails market of which MSC operates; the profitability of MCS may not be ascertain in future. Given the uncertainty of the future profitability of MSC, we concur with the Directors' view and are of the view that the Company should implement the Disposal which is in the interests of the Company and the Shareholders as a whole.

LETTER FROM ACCESS CAPITAL

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



2.2 Consideration and use of proceeds

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

We have noted a number of listed companies in Hong Kong on the main board or the Growth Enterprise Market of the Stock Exchange with certain parts of their operations are engaged in similar business as MCS. However, they are substantially larger in terms of business scope, (i.e. covering securities, commodities and bullion trading, wealth management and asset management), turnover and market capitalization (i.e. over HK\$100 million), which we are of the view that they should not be considered as direct/appropriate comparable to MCS. We have also tried to gather recent publicly announced transactions with regard to disposal of securities firms in Hong Kong for comparison purpose. However, no such information is available.

Taking into account the fact that there is no publicly available market data for benchmarking the consideration of the Sale Shares, we are of the view that the consideration payable under the Disposal is priced at a level by reference to the net assets of MCS is an appropriate benchmark and fair and reasonable. In addition, we noted that B.I. Appraisals Limited, and independent valuer, has valued MCS as at 31st July, 2006 at HK\$35 million. Given that the price of the Disposal was determined after arm's length negotiations between the parties by reference to the net assets of MCS and further supported by and independent

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valuation, and the reasons for and benefits of the Disposal set out in this letter, we are of the view that the consideration to be received by the Group under the Disposal is fair and reasonable, and the terms of the Agreement are fair and reasonable and on normal commercial terms.

The consideration of HK\$20 million will be settled in cash on completion of the Agreement. The Directors intend to use the proceeds of the Disposal as a general working capital of the Group.

3. Possible financial effect on the Group as a result of the Disposal

The Disposal is expected to realise a gain of approximately HK\$1 million (being the difference between the consideration of the Disposal of HK\$20 million and 50% of the net asset value of MCS of approximately HK\$18.9 million as at 30th June, 2006) which will be reflected in the interim consolidated accounts of the Company for the year ending 30th September, 2006.

As MCS is treated as an associated company in the accounts of the Company, the Disposal is not expected to have any material impact on the assets, liabilities and earnings of the Company, save for upon completion of the Disposal, the Group's net assets will be increased by approximately HK\$1 million.

V. RECOMMENDATION

In considering the terms of the Agreement and the Disposal, we have taken into account the following factors:

- the operation and business strategy of the Group as described in paragraphs 1.1 and 1.2 above;
- the reasons for and benefits of the Disposal as described in paragraphs 1.3 above;
- the terms of the Agreement with regard to the basis of the consideration, which were arrived at following arm's length negotiations between relevant parties and by reference to the net asset value of MCS as well as further supported by an independent valuation as described in paragraph 2.2 above; and
- the possible financial effect on the Group as described in paragraph 3 above.

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After having considered the above principal factors and based on the information provided and the representations made to us, we consider the terms of the Agreement to be fair and reasonable so far as the Independent Shareholders are concerned; and that the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolution which will be proposed at the Special General Meeting to approve the Disposal.

Yours faithfully,
For and on behalf of
ACCESS CAPITAL LIMITED
Jeanny Leung
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interest of the Directors in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) were as follows:

- (i) the Company

Name of Director	Note	Capacity/ Nature of interest	Number of Shares held		Percentage of holding
			Long position	Short position	
Lam Man Chan (“Dr. Lam”)	1	family interest	278,723,176	–	35.15%
Ting Lai Ling (“Ms. Ting”)	1	family interest	278,723,176	–	35.15%

Note

- (1) The interests are held by Goodchamp Holdings Limited, which is 100% owned by Sinowin Inc. as trustee of The Sinowin Unit Trust. The Sinowin Unit Trust is a unit trust owned by HSBC International Trustee Limited as trustee of a discretionary trust. The discretionary trust was settled by Dr. Lam and the discretionary objects of which are Ms. Ting herself (the wife of Dr. Lam) and the family members of both Dr. Lam and Ms. Ting.

Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company have interest and short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein

or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange.

- (b) As at the Latest Practicable Date, so far as was known to the Directors, the interest of the Shareholders in the Shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Notes	Capacity/ Nature of interest	Number of shares held		Percentage of holding
			Long position	Short position	
Goodchamp Holdings Limited	1	Beneficial interest	277,923,176	–	35.05%
HSBC International Trustee Limited	1	Trustee interest	278,423,176	–	35.11%
Sinowin Inc.	1	Trustee interest	277,923,176	–	35.05%
Grandlink Holdings Limited	2	Beneficial interest	40,640,000	–	5.12%
Guardian Trustee Limited	2	Trustee interest	40,640,000	–	5.12%
Basab Inc.	2	Trustee interest	40,640,000	–	5.12%
FMR Corp.	3	Investment manager	70,904,000	–	8.94%
Templeton Investment Counsel, LLC	–	Investment manager	63,622,532	–	8.02%
Oaktree Capital Management, L.L.C. (“OCM”)	4	Corporate interest	48,880,000	–	6.16%
OCM Emerging Markets Fund, L.P. (“EMF”)	4	Beneficial interest	48,880,000	–	6.16%

Notes

1. The details of this note are stated in note 1 of the above section headed "Disclosure of Interests".
2. The 40,640,000 shares of the Company are held by and registered in the name of Grandlink Holdings Limited, which is 100% owned by Basab Inc. as trustee of The Basab Unit Trust. The Basab Unit Trust is a unit trust owned by Guardian Trustee Limited as trustee of a discretionary trust.
3. The interests are indirectly held by FMR Corp. through its 100% controlled corporations, namely, Fidelity Management & Research Company and Fidelity Management Trust Company.
4. These shares are held through EMF. OCM is the general partner of EMF and is holding 2% in EMF. OCM is deemed to be interested in shares held by EMF solely as general partner of EMF but disclaims any beneficial interest therein except for its pecuniary interest.

(c) Save as disclosed above, as at the Latest Practicable Date:

- (i) so far as was known to the Directors, none of the Directors or chief executives of the Company had any interest or short positions in any Shares or underlying shares or interests in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and
- (ii) there was no person known to the Directors who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of any member of the Group, or any options in respect of such capital.

3. DIRECTORS' INTERESTS IN CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.
- (b) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31st March, 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by, or leased to the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

For the year ended 31st March, 2006, the Group paid rental expense to (i) Man Fat Enterprise Company Limited and (ii) Geming Company Limited amounting to HK\$828,000. This represents rental expense arising from the leasing of warehouse, car park and office space from Man Fat Enterprise Company Limited and Geming Company Limited, companies in which Dr. Lam and Ms. Ting Lai Ling, both are Directors, have beneficial interests.

For the year ended 31st March, 2006, the Group paid the legal and professional fee to Messrs. Andrew Lam & Co amounting to HK\$958,000 in which Mr. Lam Ping Cheung, Andrew, a former non-executive director of the Company, has a beneficial interest.

Save as disclosed in this Circular, none of the Directors was materially interested in any contracts or arrangements which were subsisting at the Latest Practicable Date and were significant in relation to the business of the Group.

- (c) As at the Latest Practicable Date, none of the Directors or their respectively associates had any interest in businesses, which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31st March, 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up).

5. QUALIFICATIONS OF EXPERT AND CONSENT

- (a) The following are the qualifications of the expert who has given opinion or advice contained in this circular:

Name	Qualifications
Access Capital Limited	a licensed corporation for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as set out in schedule 5 to the SFO

- (b) (i) Access Capital does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.
- (ii) Access Capital does not have any direct or indirect interest in any assets which have been since 31st March, 2006 (being the date to which the latest published audited consolidated accounts of the Company were made up) acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

- (iii) Access Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice dated 22nd August, 2006 and the references to its name, in the form and context in which they respectively appear.

6. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Flat 29 – 32, 8th Floor, Block B, Focal Industrial Centre, 21 Man Lok Street, Hungghom, Kowloon, Hong Kong during normal business hours on any business day up to and including 15th September, 2006:

- (a) the Agreement and letter of instructions dated 15th August, 2006 between the Vendor and Dr. Lam Man Chan;
- (b) the letter from Access Capital, the text of which is set out in this circular; and
- (c) the written consent referred to in the paragraph headed “Expert” of this appendix.

8. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, Church Street, Hamilton HM11, Bermuda. The head office and principal place of business of the Company in Hong Kong is Flat 29 – 32, 8th Floor, Block B, Focal Industrial Building, 21 Man Lok Street, Hungghom, Kowloon, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong.
- (c) Mr. Yeung Cheuk Kwong is the company secretary and qualified accountant of the Company. He is Fellow Member of the Association of Chartered Certified Accountant, Associate Member of the Institute of Chartered Accountant in England and Wales and Fellow Member of the Hong Kong Institute of Directors.
- (d) The translation into Chinese language of this circular is for reference only. In the event of any inconsistency, the English text of this circular shall prevail over the Chinese language text.

NOTICE OF SPECIAL GENERAL MEETING



NGAI LIK INDUSTRIAL HOLDINGS LIMITED

毅力工業集團有限公司 #

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

NOTICE IS HEREBY GIVEN that a special general meeting of Ngai Lik Industrial Holdings Limited (the “Company”) will be held at The Harbour Room, 3/F., The Ritz-Carlton Hong Kong, 3 Connaught Road Central, Hong Kong on 15th September, 2006 at 4:00 p.m. or as soon thereafter as the Annual General Meeting which is scheduled to be held at 3:00 p.m. at the same place and date shall have been concluded for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the execution of the sale and purchase agreement (the “Agreement”) dated 1st August, 2006 and letter of instructions dated 15th August, 2006, between Trade Seasons Investments Limited, an indirect wholly-owned subsidiary of the Company, and Dr. Lam Man Chan (who has nominated Wealthy Regent Limited, a company wholly-owned by Dr. Lam Man Chan to act as purchaser) relating to, inter alia, the sale by Trade Seasons Investments Limited of 12,000,000 shares representing 50% of the issued share capital of Metro Capital Securities Limited (“MCS”) to Wealthy Regent Limited for a consideration of HK\$20,000,000 (a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification), be and is hereby confirmed, approved and ratified and the transactions contemplated under the Agreement be and are hereby approved and any one director of the Company be and is hereby authorised to execute such documents and take such actions on behalf of the Company as he may consider necessary and desirable to complete and give effect to the transactions contemplated under the Agreement.”

By Order of the Board

Yeung Cheuk Kwong

Director

Hong Kong, 22nd August, 2006

For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
Church Street
Hamilton HM11
Bermuda

Principal place of business in Hong Kong:

Flat 29-32
8th Floor, Block B
Focal Industrial Centre
21 Man Lok Street
Hung Hom
Kowloon
Hong Kong

Notes:

1. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company. A proxy need not be a member.
2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of authority, shall be delivered to the Company's branch registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
3. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint holders of a share if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy or by a duly authorised corporate representative, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
5. As at the date of the SGM Notice, the Board comprises four executive Directors, namely Dr. Lam Man Chan, Ms. Ting Lai Ling, Ms. Ting Lai Wah 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.