THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed 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 to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

NGAI LIK INDUSTRIAL HOLDINGS LIMITED
毅力工業集團有限公司#

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF CERTAIN PROPERTY
IN DONGGUAN

Financial Adviser

Access Capital

A letter from the Board is set out on pages 4 to 16 of this circular.

A notice convening the Special General Meeting (SGM) to be held at Flat 29-32, 8/F., Block B Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong on 8 September 2008, at 3:00 p.m. is set out on pages 85 to 86 of this circular. Whether or not you intend to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instruction printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish.

For identification purpose only

13 August 2008

CONTENTS

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

"Adjacent Property"	comprising of land area collectively owned by the peasants and used for non-agricultural construction of approximately 49,000 sq.m., adjacent to the Collective Land together with the buildings with total gross floor area approximately 80,000 sq.m. erected thereon
"Agreement"	the sale and purchase agreement dated 4 July 2008 entered into between the Vendor and the Purchaser in respect of the Disposal
"Board"	the board of Directors
"Buildings"	comprising of 28 blocks of buildings of approximately 198,297.14 sq.m. erected on the Collective Land and being used for manufacturing facilities, staff quarters and canteens
"Bye-Laws"	the bye-laws of the Company
"Collective Land"	集體建設用地. Land area collectively owned by the peasants and used for non-agricultural construction of approximately 124,176.10 sq.m. situated at Longping Road, Guanjingtou, Fenggang Town, Dongguan City, Guangdong Province, the PRC for industrial purpose
"Company"	Ngai Lik Industrial Holdings Limited, a company incorporated in the Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Disposal
"Consideration"	HK$230,000,000, being the consideration payable by the Purchaser to the Vendor for the Disposal
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Property and Adjacent Property pursuant to the Agreement
"Facilities"	comprising of the water and electrical appliance and fixtures and fire control facilities installed on the Collective Land and the Buildings
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	person(s), or in case of companies, their ultimate beneficial owner(s), who are independent of and are not connected with the Group and its connected persons (as defined in the Listing Rules)
"Independent Valuer"	B.I. Appraisals Limited, an independent valuer not connected with the Company
"Latest Practicable Date"	12 August 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong and Macau
"PRC Legal Opinion"	the legal opinion dated 8 July 2008, issued by Hills & Co., the PRC legal adviser of the Company
"Property"	comprising of the Collective Land together with the Buildings and the Facilities erected thereon
"Purchaser"	陽江市源泰投資有限公司 (Yang Jiang Yuan Tai Investments Limited)#, a company incorporated in the PRC
"Remaining Group"	the Group immediately after the Completion
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be held to consider and, if thought fit, to approve the Disposal and the transactions contemplated thereunder
"Shares(s)"	ordinary share(s) 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

"US"	the United States of America
"Vendor"	東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Company Limited)#, a sino-foreign joint venture in the PRC established by the Group with an Independent Third Party
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"sq.m."	square metres
"%"	percentage

For the purpose of illustration only, conversion of RMB into HK$ in this circular is based on the exchange rate of RMB1.00 to HK$1.11. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be exchanged at this or any other rate.

NGAI LIK INDUSTRIAL HOLDINGS LIMITED
毅力工業集團有限公司[#]

(Incorporated in Bermuda with limited liability)
(Stock Code: 332)

Directors
Executive Directors
Dr. Lam Man Chan *(Chairman)*
Ms. Ting Lai Ling
Ms. Ting Lai Wah
Mr. Yeung Cheuk Kwong
Mr. Lam Shing Ngai

Independent Non-Executive Directors
Mr. Ng Chi Yeung, Simon
Mr. Tam Yuk Sang, Sammy
Mr. Ho Lok Cheong

Principal Office
Flat 29–32
8/F., Block B
Focal Industrial Centre
21 Man Lok Street
Hunghom
Kowloon

Registered Office
Clarendon House
Church Street
Hamilton HM11
Bermuda

13 August 2008

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL DISPOSAL OF CERTAIN PROPERTY IN DONGGUAN

INTRODUCTION

On 9 July 2008, the Company announced that the Agreement was entered into between the Vendor and the Purchaser with regard to the Disposal by the Vendor to the Purchaser for a cash consideration of HK$230,000,000.

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 75%, the Disposal constitutes a very substantial disposal for the Company under Listing Rules which is subject to Shareholders' approval requirements under Rule 14.49 of the Listing Rules.

[#] *For identification purpose only*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and no Shareholder is required to abstain from voting for the approval of the Disposal at the SGM.

The purpose of this circular is to provide you with, among other things, the relevant information relating to the Disposal and a notice of the SGM.

THE DISPOSAL

The Agreement

Date

4 July 2008

Parties

Vendor: 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Company Limited)#

Purchaser: 陽江市源泰投資有限公司 (Yang Jiang Yuan Tai Investments Limited)#

The Purchaser is principally engaged in property investment. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject matter

The Property comprises of the Collective Land together with the Buildings and the Facilities erected thereon.

Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the valuation on the Property at RMB215,000,000 (approximately HK$238,650,000) as at 30 June 2008 made by the Independent Valuer ("Market Value"). The Consideration represents a discount of approximately 3.6% to the Market Value. The Consideration and the book value of the Property as at 31 March 2008 are approximately HK$230,000,000, respectively. The Consideration will be paid in cash in four instalments as follows:

(i) a deposit ("Deposit") equal to 10% of the Consideration, HK$23,000,000 (or its equivalent) upon signing of the Agreement (the "1st Instalment");

(ii) a further sum of HK$40,000,000 (or its equivalent) on or before 30 July 2008 (the "2nd Instalment");

(iii) a further sum of HK$67,000,000 (or its equivalent) on or before 30 January 2009 (the "3rd Instalment"); and

(iv) the balance of HK$100,000,000 (or its equivalent) together with any outstanding sum due and payable under the Agreement on or before 30 June 2009 (the "4th Instalment").

Conditions Precedent

Completion is conditional upon:

(i) the Stock Exchange and/or other relevant authorities (if any) confirming that they have no further comments on the announcement and circular in relation to the Disposal; and

(ii) the passing of an ordinary resolution by the Shareholders at the SGM as required by the Listing Rules to approve the Disposal and the transactions contemplated thereunder.

If any of the above conditions precedent is not fulfilled within 180 days of the signing of the Agreement, the Vendor has the right to rescind the Agreement and is required to return to the Purchaser the Deposit together with any amount of the Consideration received by it and the interest to be accrued thereon, and both the Vendor and the Purchaser shall then have no claims against each other under the Agreement.

Major Terms of the Agreement

(i) Subject to payment of the 2nd Instalment by the Purchaser and that the Shareholders' approval on the Disposal having been obtained at the SGM, and by no later than 1 September 2008, the Vendor will assign to the Purchaser the net rentals (after deducting expenses) of those parts of the Buildings which are currently rented out to Independent Third Parties. The Vendor will pay such rentals to the Purchaser in one lump sum within 15 days after the 4th Instalment having been settled by the Purchaser. If the Purchaser fails to settle payments according to the above payment schedule, the rentals already assigned by the Vendor to the Purchaser shall be fully refunded to the Vendor.

(ii) Upon payment of the 4th Instalment by the Purchaser, the Vendor shall procure the transfer of title of the Property to the Purchaser. If the Purchaser (a) makes early payment of the 4th Instalment or provides the Vendor with mortgage, finance, guarantee acceptable by the Vendor or (b) makes an early partial payment of the 4th Instalment and provides the Vendor with partial mortgage, finance, guarantee acceptable by the Vendor, the Vendor can proceed with the relevant transfer procedures on the Property ahead of the agreed schedule at the Vendor's discretion.

(iii) Subject to full payment of the Consideration by the Purchaser, the Vendor will procure the amendments of the current tenancy agreements entered into by the Vendor and the relevant tenants in respect of those parts of the Buildings which are currently rented out (the "Current Tenancy Agreements") in order to assign to the Purchaser all the Vendor's rights and obligations under the Current Tenancy Agreements, including the rental income generated therefrom.

(iv) Subject to full payment of the Consideration by the Purchaser and upon Completion, the Vendor will transfer to the Purchaser the interest of the Adjacent Property as a gift (the "Transfer") on the basis that the land use rights and property ownership certificates for the Adjacent Property have not yet been obtained as at the date of the Agreement. The Vendor's interest in the Adjacent Property is vested under the terms and conditions of certain transfer agreements entered into by the Group and the relevant land owners. Pursuant to the Agreement, the Purchaser confirmed that they are aware of the current status including title of the Adjacent Property and the potential economic and legal risks on the Transfer. The Purchaser undertakes that they will neither terminate the Agreement nor claim against the Vendor for compensation arising from any defects on the title of the Adjacent Property.

(v) At the discretion of the Vendor and subject to the applicable laws and regulations of the PRC, the Property might be transferred into a newly incorporated wholly owned subsidiary of the Vendor (the "New Co"). The Vendor will sell 100% shareholdings in the New Co to the Purchaser at the Consideration with the same terms and conditions, including, inter alia, the same payment schedule and conditions precedent as stated above. The Purchaser will reimburse the Vendor for any additional costs incurred directly attributable to this arrangement, except that 50% of the costs to be incurred in relation to the transfer of the title of the Property to the New Co will be borne by the Vendor, subject to a maximum of HK$3,000,000. Further announcement will be made by the Company in accordance with the Listing Rules if the Vendor decides to adopt such arrangement.

The arrangement under the paragraph headed "Major terms of the Agreement" point (ii) is to allow a greater flexibility for the Completion to be made earlier if the Purchaser can satisfy the Vendor its financial ability, such as by providing mortgage, finance and guarantee to the Vendor to fulfil its obligations under the Agreement. In respect of the defects on the title of the Adjacent Property, according to the PRC Legal Opinion, the failure of transfer of the Vendor's interest in the Adjacent Property to the Purchaser will not constitute a breach of the Agreement by the Vendor and the Vendor will not have any legal obligations arising therefrom.

THE PROPERTY AND THE ADJACENT PROPERTY

As at 31 March 2008, approximately 214,000 sq.m. and 69,000 sq.m. respectively of the gross floor area of the Property and the Adjacent Property are used for investment purposes and for the Group's manufacturing facilities. During the year ended 31 March 2007, the Group has vacated some of the floor areas of the Property and the Adjacent Property when the Group's certain production facilities were relocated to Qingyuan, the PRC. Due to the change of use of these floor areas, i.e. previously used by companies of the Group, in accordance with the Hong Kong Accounting Standards, the relevant portions of the Property and the Adjacent Property were re-classified from leasehold properties to investment properties and carried at fair value which was determined on the basis of the valuation carried out by the Independent Valuer of the same date. Parts of the Buildings with net asset values of approximately HK$136.3 million as at 31 March 2008 are mortgaged for the Group's banking facilities.

Set out below is the income generated from profit before and after tax attributable to the Property and the Adjacent Property:

	For the year ended 31 March	
	2008	2007
	HK$'000	*HK$'000*
Total Income		
– Inter-companies	**13,380**	22,168
– Independent Third Parties	**2,609**	45
	15,989	22,213
(Loss)/profit before tax attributable to the Property and the Adjacent Property	**(76,978)**	49,508*
(Loss)/profit after tax attributable to the Property and the Adjacent Property	**(63,090)**	38,345*

* *Including a fair value gain of approximately HK$33,828,000*

Note: The above figures are derived and based upon books and records which form parts of the audited consolidated financial statements of the Company.

The loss of approximately HK$77.0 million for the year ended 31 March 2008 was largely attributable to the net loss of the Property and the Adjacent Property of approximately HK$83.7 million, which represented a decrease in fair value of approximately HK$108.9 million netting off the exchange gain arising from the translation of investment properties portion of approximately HK$25.1 million, and an impairment loss of approximately HK$5.2 million. The decrease in fair value and the impairment loss were attributable to the decline in price of properties in Dongguan due to the austerity measures on property market imposed by the PRC Government. In particular, the Dongguan Industrial City, established since 1991, has been in operation for over 15 years, which is more likely to expose to decline in the property market due to the age of its properties.

According to the PRC Legal Opinion, the Group has proper title of ownership on the Property. As at the Latest Practicable Date, no land use rights and property ownership certificates on the Adjacent Property have been obtained. Total income derived from the Property and the Adjacent Property for the year ended 31 March 2008 decreased by approximately 28.0% as compared to that of the previous year as the Group have been relocating certain production facilities from Dongguan to Qingyuan for operation efficiency and leased additional areas of the Property and the Adjacent Property to Independent Third Parties. The Buildings and the buildings erected on the Adjacent Property with a total gross floor area of approximately 36,800 sq.m. are being leased to various Independent Third Parties representing an occupancy rate of approximately 13% with monthly rentals of approximately RMB297,000 (approximately HK$329,670) for industrial purposes as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in design, manufacture and sale of electronic products and property investment.

The Board intends to realise the Group's property investment and apply part of the sales proceeds to reduce the Group's bank borrowings. As stated in the Company's annual report for the year ended 31 March 2008 ("2008 Annual Report"), the Group's audited total bank and other borrowings was approximately HK$839,080,000 as at 31 March 2008 (31 March 2007: approximately HK$707,517,000) of which approximately HK$534,710,000 (31 March 2007: approximately HK$426,371,000) was due within one year. The Group's total bank and other borrowings to total equity was approximately 89.5% as at 31 March 2008 (31 March 2007: approximately 65.5%).

Interest expenses on bank and other borrowings were approximately HK$45,623,000 for the year ended 31 March 2008 (31 March 2007: approximately HK$37,961,000). The increase in interest expenses was mainly due to higher average interest rate on the Group's bank borrowings which were denominated in RMB.

Upon Completion, part of net sales proceeds (after deducting expenses) from the Disposal will be applied to repay the Group's bank borrowings and to release the related mortgage on the Buildings. Accordingly, the Group's interest expenditure and debt burden are expected to be reduced. The Group's production facilities are currently located in Qingyuan and Dongguan, Guangdong Province, the PRC. According to the 2008 Annual Report, the Group has been consolidating its manufacturing facilities by relocating most of its operations to Qingyuan for operating efficiency. Upon Completion, all production facilities in the Property and the Adjacent Property will be relocated to the Qingyuan Industrial Estate in Qingyuan, the PRC. Having considered the above mentioned reasons and benefits of the Disposal, the uncertainties as to the time and cost to be incurred to rectify the titles of the Adjacent Property and the uncertainties prevailing the property market in the PRC, the Directors are of the view that, despite the expected loss resulting from the Disposal, the terms of the Agreement, including the Consideration which is at a slight discount to the Market Value and the Transfer which is one of the major terms of the Agreement, are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross sales proceeds from the Disposal will be approximately HK$230,000,000. The Board intends to use part of the net sales proceeds from the Disposal to repay certain bank borrowings and to release the related mortgage on the Buildings and for general working capital of the Group. However, the Group has not yet determined the exact allocation of the net sale proceeds from the Disposal.

FINANCIAL EFFECTS OF THE DISPOSAL

Set out in Appendix III to this circular is the Unaudited Pro Forma Financial Information of the Remaining Group which illustrates the possible financial impact of the Disposal on the results of the Group assuming the Disposal had been completed on 1 April 2007 and the financial impact of the Disposal on the assets and liabilities of the Remaining Group assuming the Disposal had been completed on 31 March 2008.

Based on the Unaudited Pro Forma Consolidated Net Asset Statement of the Remaining Group as at 31 March 2008, the net assets value of the Remaining Group would decrease by approximately HK$9.9 million. Based on the Unaudited Pro Forma Consolidated Income Statement, the loss on Disposal of the Property and the Adjacent Property of approximately HK$90.1 million is the difference between HK$227.9 million (being the Consideration net of estimated expenses directly attributable to the Disposal of HK$2.1 million), and the carrying value of the Property and the Adjacent Property of approximately HK$318.0 million as at 1 April 2007. Furthermore, pursuant to the Agreement, the Vendor is only responsible for the relevant tax expenses pertaining to the portion of Consideration, being RMB20.0 million assigned to the land use rights. All of the tax expenses attributable to the rest of the Consideration (i.e. in excess of the RMB20.0 million) pertaining to the Disposal will be borne by the Purchaser. After assessments on the applicable PRC tax laws, the Board estimates the relevant aggregated tax expenses to be borne by the Vendor to be approximately HK$7.8 million. Details of the estimated tax expenses are set out in note 5 of Appendix III to this circular. To the best knowledge of the Directors, the above mentioned estimation of approximately HK$7.8 million is considered sufficient.

The estimated loss on Disposal to the Remaining Group based on the financial information as at 31 March 2008 is approximately HK$9.9 million, including estimated expenses and tax expenses directly attributable to the Disposal of HK$2.1 million and HK$7.8 million respectively. The actual loss on the Disposal before expenses and tax expenses to the Remaining Group will be represented by the difference between the Consideration and the carrying value of the Property as at the date of Completion. Accordingly, the actual loss on the Disposal can only be ascertained upon Completion.

Part of the proceeds will be used to repay some of the outstanding bank borrowings of the Group. Based on the Unaudited Pro Forma Consolidated Net Asset Statement of the Remaining Group, the total bank and other borrowings to total equity ratio of the Remaining Group will be reduced to approximately 85.7%.

The rental income derived from leasing out the Property and the Adjacent Property will no longer be available to the Group after the Completion. Based on the Unaudited Pro Forma Consolidated Income Statement of the Remaining Group assuming the Disposal has been completed on 1 April 2007, the turnover of the Remaining Group will decrease from approximately HK$3,087.0 million to approximately HK$3,084.4 million.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

EMS Division

Looking forward to the year of 2008, the Directors expect that the US sub-prime crisis, record-high oil price and global inflation will adversely affect consumer spending, particularly in the US. Slowing export growth is being caused by both economic weakness in the US and the appreciation of the RMB against the US dollar, which makes Chinese goods relatively more expensive.

With the drastic reduction in home audio business, the Group will aggressively launch new products for replacement and carry out cost reduction measures to reduce overheads. The Group has developed a new range of digital products which include digital photo frames, portable televisions, iPOD audio products, global positioning system devices and low-cost notebooks. The Group has striven to reduce the time-to-market of the new products under development.

Several new models of low-cost notebook of 8, 9 and 10 inches screen size will be launched in the second quarter of financial year 2009. Numerous features, like built-in Wi-Fi, bluetooth and web camera, would also be added to this product line. New products of mobile internet devices and ultra mobile personal computers are also under development. Convergence of the computer and electronics products is expected to be the continuing trend.

The Group is currently operating under a challenging environment as the price of raw materials including, metals and plastics, rose following the increase in oil price coupled with the rising operating costs in the PRC resulting from the continuing appreciation of the RMB and upward pressure on wages and employee benefits. In particular, the new PRC Labour Contract Law which came into effect in January 2008, has introduced numerous changes to the rights and obligations of employers and employees, resulting in drastic impact on human resources management and workforce cost control in the PRC.

Amid slowing demand due to the US slowdowns and high oil prices, prices for the liquid crystal display/thin film transistor panels have fallen since the beginning of the year 2008. The average manufacture prices of the mainstream panels are expected to be stable in the second half of 2008. The Group will monitor the procurement of panels cautiously to reduce the carrying costs of such inventory.

The Group has vigorously downsized its operations in Dongguan and Qingyuan and has ceased certain component manufacturing operations that did not derive profit contribution to the Group. The Group will shift all operations of the industrial city in Dongguan to Qingyuan. The Group will continue to streamline and rationalise its manufacturing operations with an aim to maintaining a lean and competitive production platform in the PRC. The Group has implemented a new enterprise resource planning ("ERP") computer system of ERP in stages since the beginning of 2008. The first phase will be completed in the second quarter of financial year 2009, which mainly covers the customer relationship management ("CRM"). The main purpose of the CRM system is to enhance the marketing operations and to serve customers more effectively. We will commence the second phase of the ERP implementation with particular emphasis on business process improvement on the value chain management.

On the sales and marketing front, the Group has diversified its customer base and has reduced reliance on volume business with large-scale retailers that failed to yield reasonable contribution to the Group's revenue in the past. The mobile division is focusing on global positioning system devices and marine audio products. The division is providing a steady revenue stream to the Group and the Group will further strengthen its financing and funding structure with the aim to grooming it as an independent business unit. For the financial year ended 31 March 2008, the Group's net worth decreased, mainly as a result of the decrease in fair value of investment properties but the Group has maintained its liquidity by the drawdown of certain term loans from the Agricultural Bank of China in the PRC.

Properties Division

The Group will pursue initiatives to enhance the value of these properties and will consider different ways to provide best returns to the Group and maximise their potential value. One of the Group's strategic initiatives is to reduce the Group's financial gearing and the finance costs for the year ended 31 March 2008 increased further from HK$37 million in the preceding financial year to HK$46 million. The remaining investment properties after the Disposal are or will be rented out to earn recurring income.

As mentioned in previous annual reports, the Group has changed the use of the production plants in Dongguan. Currently, the gross floor area ("GFA") of the investment properties totalled to approximately 350,000 sq.m. of which approximately 60% are attributable to the Dongguan industrial city ("Dongguan Industrial City"). In particular, the Group has significantly reduced the production capacity of Dongguan Industrial City since 2007. Established in 1991, Dongguan Industrial City has been in operation for about two decades. The Group currently has 4 production lines therein and has rented out approximately 36,800 sq.m. of GFA to Independent Third Parties.

Since the PRC Labour Contract Law became effective in January 2008, numerous factories closed down in Dongguan and this factor adversely affected the demand of rental of industrial properties. As only a small percentage of the Dongguan Industrial City is rented out, the Dongguan Industrial City is not optimally operated.

It has been our corporate strategy to realize the value of the non-core assets to strengthen the financial position of the Group. The Group expects to achieve considerable cost saving through the disposal of the Dongguan Industrial City and consolidation of operations in Qingyuan.

Furthermore, the US sub-prime mortgage financial crisis is affecting the global economy and the risk of recession is apparently increasing. The operating environment for the consumer electronic industry will continue to be difficult and the Group will encounter challenges including the appreciation of RMB and increase in minimum wages. The Group has implemented measures, including upgrade of product mix and consolidation of production operations, to maintain its long term competitiveness.

The Group will closely monitor the amount of funding available and future investment requirements for the coming year. The Disposal, if approved by the Shareholders, will increase the available funding. Given the difficult business environment, the Group will adopt a prudent funding strategy and intends to close any funding gap, if applicable, by reducing the capital investment, mainly on fixed assets, or by obtaining additional funds through disposal of non-core assets or other appropriate means. The Group will also look into different business opportunities to further diversify its business.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Financial and business performance

The aggregate turnover of the Remaining Group for the year ended 31 March 2008 amounted to approximately HK$3,084.4 million, of which, approximately HK$3,072.4 million was attributable to the electronic manufacturing services ("EMS") business; and approximately HK$12.0 million was attributable to property investment.

In July 2008, the Group through the Vendor has entered into the Agreement with the Purchaser, an Independent Third Party for the Disposal for a cash consideration of approximately HK$230.0 million, subject to Shareholders' approval. The estimated loss arising from the Disposal is approximately HK$90.1 million (assuming the Completion had taken place on 1 April 2007) as set out in the Unaudited Pro Forma Consolidated Income Statement of the Remaining Group in Appendix III to this circular, the Remaining Group recorded a net loss attributable to the equity holders of the Company of approximately HK$140.4 million for the financial year end 31 March 2008.

The fair value of the investment properties of the Remaining Group was approximately HK$218.7 million as at 31 March 2008, rental and management services income attributable to the above mentioned investment properties amounted to approximately HK$12.0 million for the year ended 31 March 2008.

The remaining investment properties after the Disposal are or will be rented out to earn recurring income. The Group will pursue initiatives to enhance the value of these investment properties and will consider different way to provide best returns to the Group and maximize their potential value. It has been the corporate strategy of the Group to realise the value of the non-core assets to strengthen the financial position of the Group.

Financial resources and liquidity

As at 31 March 2008, the Remaining Group had current assets and current liabilities of approximately HK$1,035.0 million and HK$878.5 million, respectively. The current ratio of the Remaining Group was approximately 1.18 being the ratio of total current assets to total current liabilities. The Remaining Group's major current assets comprises inventories and bank balances and cash.

Capital Structure

The Remaining Group's capital structure as of 31 March 2008 consisted of equity attributable to the equity holders of the Company of approximately HK$928.1 million. The Remaining Group had bank and other borrowings of approximately HK$795.1 million as at 31 March 2008.

Cash and cash equivalent and gearing ratio

As at 31 March 2008, assuming the Disposal had taken place at the commencement of the financial year ended 31 March 2008 and including the net proceeds to be derived from the Disposal, the Remaining Group had cash and bank balances amounted to approximately HK$334.4 million.

As at 31 March 2008, the gearing ratio of the Remaining Group was approximately 1.33, being the ratio of total liabilities to total equity.

For the year ended 31 March 2008, the Group's bank and other borrowings of HK$202.3 million carry interest ranging from Hong Kong inter-bank offered rate plus 0.6% to 1.3% (year ended 31 March 2007: 0.6% to 1.0%) per annum, HK$305.7 million carry interest ranging from 5.7% to 7.5% per annum, subject to re-pricing every three months based on the interest rate prescribed by the People's Bank of China for the applicable loan period, and HK$331.1 million carry fixed interest rates ranging from 3.0% to 6.1% (year ended 31 March 2007: 5.7% to 6.9%) per annum. Certain assets of the Group have been pledged to secure certain bank and other borrowings of the Group. As at year ended 31 March 2008, approximately HK$534.7 million of the above mentioned bank and other borrowings are repayable within one year and the remaining approximately HK$304.3 million are due after one year.

Employees and remuneration policies

As at 31 March 2008, there were a total of 12,200 staff employed with staff costs excluding directors' emoluments before capitalisation amounted to approximately HK$363.3 million.

The employee remuneration packages including provident fund and medical benefits currently offered are competitive to the market. Employee remuneration is reviewed and determined by management annually based on both employees' individual and Group's overall performance.

Exchange and interest rate risks exposure

The Group is mainly exposed to the currency of RMB.

SGM

The SGM will be held at Flat 29-32, 8/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong on 8 September 2008 at 3:00 p.m.. Notice of the SGM is set out on pages 85 to 86 to this circular. The purpose of SGM is to consider and, if thought fit, pass the ordinary resolution to approve the Disposal.

A form of proxy for use at the SGM accompanies this circular. Whether or not you will be able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof if you so wish.

PROCEDURES BY WHICH A POLL MAY BE DEMANDED

As mentioned above, the Disposal is subject to the approval by the Shareholders at the SGM by way of poll. For the information of the Shareholders, the procedures by which the Shareholders may demand a poll at the SGM are set out below.

Pursuant to bye-law 66 of the Bye-Laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (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 Shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or

(iii) by any Shareholder or Shareholders present in person by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(iv) by a Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and holding Shares 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 Shares conferring that right; or

(v) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

Each proxy shall only have one vote on a show of hands and shall be deemed to represent one Shareholder only when making a demand for a poll in accordance with bye-law 66 of the Bye-Laws notwithstanding that he has been appointed as proxy by and actually represents more than one Shareholder.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

IMPLICATION OF THE LISTING RULES

Since the applicable percentage ratios as calculated under Rule 14.07 of the Listing Rules exceed 75%, the Disposal constitutes a very substantial disposal for the Company under Listing Rules which is subject to Shareholders' approval requirements under Rule 14.49 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and no Shareholder is required to abstain from voting for the approval of the Disposal at the SGM.

RECOMMENDATION

The Directors are of the view that, despite the expected loss resulting from the Disposal, the terms of the Agreement, including the Consideration which is at a slight discount to the Market Value and the Transfer which is one of the major terms of the Agreement, are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the resolution as set out in the notice of the SGM to approve the Disposal at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular and the notice of the SGM.

Yours faithfully,
For and on behalf of the Board of
Ngai Lik Industrial Holdings Limited
Lam Man Chan
Chairman

(I) UNAUDITED INCOME STATEMENTS OF THE PROPERTY AND THE ADJACENT PROPERTY

		Year ended 31 March		
		2008	**2007**	**2006**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
Rental income	(a)			
– Inter-companies		13,380	22,168	33,592
– Independent Third Parties		2,609	45	–
		15,989	22,213	33,592
Direct expenses	(b)	(3,978)	(6,533)	(8,226)
Gross profit		12,011	15,680	25,366
Net (loss) gain of the Property and the Adjacent Property		(83,744)	33,828	–
Impairment loss of the Property and the Adjacent Property		(5,245)	–	–
(Loss) profit before taxation attributable to the Property and the Adjacent Property		(76,978)	49,508	25,366
Taxation credit (charge)		13,888	(11,163)	–
(Loss) profit after taxation attributable to the Property and the Adjacent Property		(63,090)	38,345	25,366

Notes:

(a) The rental income represents income from leasing out the Property and the Adjacent Property.

(b) The direct expenses represent depreciation, management fees, local government levy, repair and maintenance of the Property and the Adjacent Property.

The above are the unaudited income statements on the identifiable net income stream in relation to the Property and the Adjacent Property for each of the three financial years ended 31 March, 2006, 2007 and 2008 which have been prepared by the Company in compliance with the Rule 14.68(2)(b)(i) of the Listing Rules, based on the underlying books and records of the Group.

For the year ended 31 March 2008, the net loss of the Property and Adjacent Property of approximately HK$83,744,000 and an impairment loss of approximately HK$5,245,000 were mainly attributable to the deterioration of the market value of properties. Price of properties in Dongguan has been experiencing notable declines due to the austerity measures on property market imposed by the PRC Government. In particular, the Dongguan Industrial City, established since 1991, has been in operation for over 15 years, which is more likely to expose to decline in the property market due to the age of its properties.

In accordance with paragraph 14.68(2)(b)(i) of the Listing Rules, the Directors of the Company engaged Deloitte Touche Tohmatsu, the auditor of the Company, to perform certain factual findings procedures in respect of the compilation of the unaudited income statements and valuations of the

Property and the Adjacent Property in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The auditor agreed amounts included in the unaudited income statements and valuations as set out in paragraphs headed (I) Unaudited income statements of the Property and the Adjacent Property and (II) Valuations of the Property and Adjacent Property (investment properties portion) of Appendix I to this circular, respectively, to the underlying books and records of the Property and the Adjacent Property, the valuation report issued by the independent professional valuer or the relevant audited consolidated financial statements of the Group, as appropriate. The auditor reported that they found that such information has been properly compiled and derived from the underlying books and records of the Group, the valuation report issued by the independent professional valuer or the relevant audited consolidated financial statements of the Group, as appropriate. The procedures performed by the auditor do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA. Consequently, no assurance is provided by the auditor on the unaudited income statements or valuations of the Property and the Adjacent Property.

(II) VALUATIONS OF THE PROPERTY AND ADJACENT PROPERTY (INVESTMENT PROPERTIES PORTION)

	As at 31 March		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Valuations	172,500	254,000	N/A

The valuation of the investment property portion of the Property and the Adjacent Property as at 31 March 2007 is based on the valuation report issued by B.I. Appraisals Limited, an independent professional valuer. The valuation of the investment property portion of the Property and the Adjacent Property as at 31 March 2008 is determined by the Directors with reference to the Consideration and the valuation report on the Property as at 31 March 2008 issued by B.I. Appraisals Limited with a valuation of RMB162,000,000, equivalent to approximately HK$178,022,000 (translated at the rate of RMB0.91: HK$1).

(III) RECONCILIATION STATEMENT

	HK$'000
Book value of the Property and Adjacent Property as at 31 March 2008 (Investment properties and fixed assets portion)	230,000
Net movement of additions and depreciation	312
Book value of the Property and Adjacent Property as at 30 June 2008 (Investment properties and fixed assets portion)	230,312
Valuation figure of the Property and Adjacent Property as at 30 June 2008 (Investment properties and fixed assets portion)	238,650 *(Note)*
Reconciling difference	8,338

The reconciling difference of approximately HK$8,338,000 represents a discount of approximately 3.5% to the combined value of the Property, RMB215,000,000 (approximately HK$238,650,000) as per the valuation report as at 30 June 2008 on the Property, and the Adjacent Property of nil value.

Note: Valuation on the Property per the valuation report by B.I. Appraisals Limited as at 30 June 2008 was RMB215,000,000.

1. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2006, 2007 AND 2008

(Terms defined herein apply to this appendix only.)

The following financial information is a reproduction of the relevant information extracted from the audited financial statements of the Group for the three years ended 31 March 2006, 2007 and 2008 as published in the respective 2006, 2007 and 2008 annual reports of the Company. There were no qualified or modified opinions in the independent auditors' report for the three years ended 31 March 2006, 2007 and 2008.

Consolidated Income Statement

For the year ended 31 March

		2008	2007	2006
	Notes	*HK$'000*	*HK$'000*	*HK$'000*
				(Restated)
Turnover	6	3,086,972	3,654,926	2,843,345
Cost of sales and direct expenses		(2,940,216)	(3,491,324)	(2,690,346)
Gross profit		146,756	163,602	152,999
Other operating (expenses) income, net		(46,462)	3,654	5,261
Selling and distribution expenses		(23,628)	(36,967)	(33,151)
Administrative expenses		(110,219)	(121,859)	(107,793)
Other income		5,549	6,370	5,871
Impairment loss of intangible assets		–	–	(7,359)
Impairment loss of property, plant and equipment		(5,245)	–	–
Net (loss) gain on investment properties		(78,063)	57,519	33,142
Finance costs	7	(46,102)	(37,190)	(26,907)
Share of results of associates		–	574	2,179
(Loss) profit before taxation	8	(157,414)	35,703	24,242
Taxation	9	20,863	(22,621)	(11,104)
(Loss) profit for the year		(136,551)	13,082	13,138
Attributable to:				
Equity holders of the Company		(136,551)	13,082	13,138
Minority interests		–	–	–
		(136,551)	13,082	13,138
Dividend	12			
– Interim, paid		7,930	7,930	11,895
– Final, paid		–	–	7,930
(Loss) earnings per share – basic	13	(HK17.2 cents)	HK1.6 cents	HK1.7 cents

Consolidated Balance Sheet
At 31 March

	Notes	2008 HK$'000	2007 HK$'000	2006 HK$'000
Non-current assets				
Investment properties	14	391,181	467,000	186,358
Property, plant and equipment	15	846,393	886,653	1,060,487
Land use rights – non-current portion	16	70,132	68,458	65,323
Interests in associates	17	–	1,641	20,107
Intangible assets	18	38,089	33,742	27,667
Deposits for acquisition of property, plant and equipment and land use rights		13,800	14,774	3,782
Long-term bank deposit		–	–	22,207
Available-for-sale financial assets		–	–	16,922
		1,359,595	1,472,268	1,402,853
Current assets				
Land use rights – current portion	16	1,653	1,578	1,450
Inventories	19	453,065	442,642	445,467
Trade and other receivables and prepayments	20	198,467	198,117	166,436
Taxation recoverable	9	47,494	47,494	48,927
Bank balances and cash	21	159,463	166,825	198,550
		860,142	856,656	860,830
Current liabilities				
Trade and other payables	22	307,869	385,896	363,647
Taxation payable		76,997	75,395	75,989
Bank and other borrowings – due within one year	23	534,710	426,371	384,076
Obligations under finance leases – due within one year	24	4,083	2,583	31
		923,659	890,245	823,743
Net current (liabilities) assets		(63,517)	(33,589)	37,087
Total assets less current liabilities		1,296,078	1,438,679	1,439,940

Consolidated Balance Sheet *(Continued)*
At 31 March

	Notes	**2008** *HK$'000*	**2007** *HK$'000*	**2006** *HK$'000*
Non-current liabilities				
Bank and other borrowings				
– due after one year	23	304,370	281,146	317,866
Obligations under finance leases				
– due after one year	24	3,668	4,130	–
Deferred taxation	25	50,059	72,524	48,110
		358,097	357,800	365,976
Net assets		937,981	1,080,879	1,073,964
Capital and reserves				
Share capital	26	79,302	79,302	79,302
Reserves		854,659	997,557	990,642
Equity attributable to equity holders of the Company		933,961	1,076,859	1,069,944
Minority interests		4,020	4,020	4,020
Total equity		937,981	1,080,879	1,073,964

Consolidated Statement of Changes in Equity

For the year ended 31 March

	Share capital *HK$'000*	Share premium *HK$'000*	Property revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Investment reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated profits *HK$'000*	Attributable to equity holders of the Company *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 April 2005	79,302	82,844	–	1,108	–	–	898,788	1,062,042	4,020	1,066,062
Surplus arising from revaluation of properties	–	–	17,837	–	–	–	–	17,837	–	17,837
Deferred taxation liability arising on revaluation of properties	–	–	(5,910)	–	–	–	–	(5,910)	–	(5,910)
Increase in fair value of available-for-sale financial assets	–	–	–	–	3,770	–	–	3,770	–	3,770
Net income recognised directly in equity	–	–	11,927	–	3,770	–	–	15,697	–	15,697
Realised on disposal of subsidiaries	–	–	–	(1,108)	–	–	–	(1,108)	–	(1,108)
Profit for the year	–	–	–	–	–	–	13,138	13,138	–	13,138
Total recognised income and expenses for the year	–	–	11,927	(1,108)	3,770	–	13,138	27,727	–	27,727
Dividends paid	–	–	–	–	–	–	(19,825)	(19,825)	–	(19,825)

Consolidated Statement of Changes in Equity *(Continued)*
For the year ended 31 March

	Share capital *HK$'000*	Share premium *HK$'000*	Property revaluation reserve *HK$'000*	Exchange reserve *HK$'000*	Investment reserve *HK$'000*	Share option reserve *HK$'000*	Accumulated profits *HK$'000*	Attributable to equity holders of the Company *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 31 March 2006	79,302	82,844	11,927	–	3,770	–	892,101	1,069,944	4,020	1,073,964
Surplus arising from revaluation of properties	–	–	8,258	–	–	–	–	8,258	–	8,258
Deferred taxation liability arising on revaluation of properties	–	–	(2,725)	–	–	–	–	(2,725)	–	(2,725)
Decrease in fair value of available-for-sale financial assets	–	–	–	–	(90)	–	–	(90)	–	(90)
Net income (expenses) recognised directly in equity	–	–	5,533	–	(90)	–	–	5,443	–	5,443
Realised on disposal of available-for-sale financial assets	–	–	–	–	(3,680)	–	–	(3,680)	–	(3,680)
Profit for the year	–	–	–	–	–	–	13,082	13,082	–	13,082
Total recognised income and (expenses) for the year	–	–	5,533	–	(3,770)	–	13,082	14,845	–	14,845
Dividend paid	–	–	–	–	–	–	(7,930)	(7,930)	–	(7,930)
At 31 March 2007	79,302	82,844	17,460	–	–	–	897,253	1,076,859	4,020	1,080,879
Loss for the year	–	–	–	–	–	–	(136,551)	(136,551)	–	(136,551)
Recognition of equity-settled share based payments	–	–	–	–	–	1,583	–	1,583	–	1,583
Dividend paid	–	–	–	–	–	–	(7,930)	(7,930)	–	(7,930)
At 31 March 2008	79,302	82,844	17,460	–	–	1,583	752,772	933,961	4,020	937,981

Consolidated Cash Flow Statement
For the year ended 31 March

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
(Loss) profit before taxation	(157,414)	35,703	24,242
Adjustments for:			
Interest income	(4,462)	(5,071)	(4,729)
Interest expenses	45,623	37,012	26,883
Finance leases charges	479	178	24
Share of results of associates	–	(574)	(2,179)
Loss (gain) on disposal of an associate	359	(960)	–
Gain on disposal of land use rights	–	–	(2,044)
Net loss (gain) on investment properties	78,063	(57,519)	(33,142)
Loss (gain) on disposal of property, plant and equipment	4,866	686	(57)
Share-based payment expense	1,583	–	–
(Gain) loss on disposal of available-for-sale financial assets	(393)	(2,741)	166
Depreciation of property, plant and equipment	76,436	79,548	82,462
Amortisation of land use rights	1,653	1,452	1,467
Amortisation of intangible assets	23,109	18,678	19,639
Impairment loss of intangible assets	–	–	7,359
Impairment loss of property, plant and equipment	5,245	–	–
Gain on disposal of subsidiaries	–	–	(1,118)
Exchange difference	39,957	–	–
Operating cash flows before movements in working capital	115,104	106,392	118,973
(Increase) decrease in inventories	(10,423)	2,825	(26,877)
Increase in trade and other receivables and prepayments	(350)	(31,681)	(37,447)
(Decrease) increase in trade and other payables	(92,554)	22,249	(49,461)
Cash generated from operations	11,777	99,785	5,188
Interest received	4,462	3,878	3,779
Tax paid	–	(1,532)	(10,443)
Tax refunded	–	1,439	–
NET CASH FROM (USED IN) OPERATING ACTIVITIES	16,239	103,570	(1,476)

Consolidated Cash Flow Statement *(Continued)*
For the year ended 31 March

	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(43,358)	(86,399)	(111,196)
Cost incurred in respect of investment properties	(862)	(6,677)	(34)
Additions to land use rights	(3,402)	(22,051)	–
Deposits paid for acquisition of property, plant and equipment and land use rights	(2,594)	(14,774)	(3,782)
Proceeds from disposal of property, plant and equipment	4,218	2,850	5,912
Proceeds from disposal of land use rights	–	–	4,000
Addition of available-for-sale financial assets	(23,563)	–	–
Net proceeds from disposal of available-for-sale financial assets	23,956	15,893	2,415
Proceeds from disposal of an associate	210	20,000	–
Dividend received from an associate	–	–	540
Additions to intangible assets	(27,456)	(24,753)	(22,900)
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	–	–	(90)
Redemption of long-term bank deposit	–	23,400	–
NET CASH USED IN INVESTING ACTIVITIES	(72,851)	(92,511)	(125,135)
FINANCING ACTIVITIES			
Dividends paid	(7,930)	(7,930)	(19,825)
Repayments of bank and other borrowings	(406,195)	(542,514)	(186,220)
Repayments of obligations under finance leases	(3,923)	(2,290)	(3,144)
Interest paid	(45,623)	(37,961)	(28,248)
Finance leases charges paid	(479)	(178)	(24)
New bank and other borrowings raised	513,400	548,089	347,202
NET CASH FROM (USED IN) FINANCING ACTIVITIES	49,250	(42,784)	109,741
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,362)	(31,725)	(16,870)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	166,825	198,550	215,420
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	159,463	166,825	198,550
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Bank balances and cash	159,463	166,825	198,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2008

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information included in the annual report.

The financial statements are presented in Hong Kong dollars as the directors of the Company control and monitor the performance and financial position of the Company by using Hong Kong dollars.

The Company is an investment holding company. The principal activities of its subsidiaries and associate are set out in notes 37 and 17 respectively.

2. BASIS OF PREPARATION

As at 31 March 2008, the Group has net current liabilities of HK$63,517,000. The directors of the Company consider that the consolidated financial statements have been prepared on a going concern basis because the Group has adequate funds to enable the Group to meet in full its financial obligations as they fall due for the foreseeable future after taking into account the future plans of the Group and available banking facilities.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 April 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in current year.

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company are in the process of assessing the potential impact and so far concluded that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate and explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Interests in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Income for provision of after sale services is recognised when the services are rendered.

Rental and management service income is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Transfer from investment property to property, plant and equipment will be made when there is a change in use, evidenced by commencement of owner occupation. Property interests held under operating lease previously classified as an investment property was accounted for as if it were a finance lease and measured under the fair value model. The Group continues to account for the lease as a finance lease, even if subsequent event changes the nature of the property interest so that it is no longer classified as investment property.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Construction in progress represents buildings under construction for production, which are stated at cost, less any identified impairment loss. Construction in progress is not depreciated until completion of construction and the asset is put into intended use. The cost of completed construction works is transferred to appropriate category of property, plant and equipment.

Leasehold buildings and leasehold improvements are depreciated on a straight-line basis over the remaining term of the leases or over their estimated useful lives and after taking into account of their estimated residual value, on a straight-line basis, whichever is shorter.

Depreciation is provided to write off the cost of property, plant and equipment, other than leasehold buildings and leasehold improvements, over their estimated useful lives, on a reducing balance basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

When an item of property, plant and equipment and the related prepaid lease payments are transferred to investment property carried at fair value, if the carrying amount is decreased as a result of a revaluation at the date of transfer, any resulting decrease in the carrying amount of the property is recognised in profit or loss. If the carrying amount is increased, to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss. The amount recognised in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised. Any remaining part of the increase is credited directly to equity (property revaluation reserve). On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to accumulated profits. The transfer from revaluation surplus to accumulated profits is not made through profit or loss.

Land use rights

Land use rights represent interest in land held under operating lease arrangements and are amortised on a straight-line basis over the lease terms.

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Intangible assets

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided to write off the cost of development expenditure on a straight-line basis over its estimated useful life of three years.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period to the net carrying amount of the asset/liability on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets, are non-derivatives that are either designated or not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 7 days to 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade and other payables, bank and other borrowings and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership and control of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the translation of monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxation is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all its employees in Hong Kong. Payment to the MPF Scheme is charged as expenses when employees have rendered service entitling them to the contributions.

In addition, the Group's contributions to a local municipal government retirement scheme in the People's Republic of China (the "PRC") are expensed when employees have rendered service entitling them to the contributions while the local municipal government in the PRC undertakes to assume the retirement benefit obligations of all existing and future retirees of the qualified staff in the PRC.

Share-based payments

For share options which were granted to employees of the Group after 7 November 2002 and vested on or after 1 January 2005, the fair value of services received is determined by reference to the fair value of share options granted at the grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited, after vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve. In relation to share options granted before 1 April 2005, the Group chooses not to apply HKFRS 2 "Share-based payments" with respect to share options granted after 7 November 2002 and vested before 1 April 2005, no amount has been recognised in the consolidated financial statements in respect of these equity-settled shared-based payments.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies described in note 4, management makes various estimations based on past experiences, expectations of the future and other information. The key source of estimation uncertainty that may significantly affect the amounts recognised in the consolidated financial statements is disclosed below:

Investment properties

Note 4 describes that investment properties are measured using the fair value model. The fair values of the Group's certain investment properties are arrived at on the basis of a valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market conditions.

Trade receivables

Note 4 describes that trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. An impairment loss is recognised in profit and loss when there is objective evidence that the asset is impaired.

In making the judgment, management considered detailed procedures have been in place to monitor this risk as a significant proportion of the Group's investment for working capital is devoted to trade receivables. In determining whether there is objective evidence of impairment, the Group takes into consideration estimation of future cash flows.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently organised into two operating divisions – electronics manufacturing services business ("EMS business") and property investment.

These divisions are the basis on which the Group reports its primary segment information.

The EMS business is engaged in design, manufacture and sale of electronic and electrical products while property investment is engaged in property rental and provision of management services.

Segment information about these businesses is presented below:

Year 2008

(i) Consolidated income statement

	EMS business	Property investment	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	3,072,456	14,516	–	3,086,972
Result				
Segment result	(16,373)	(70,562)		(86,935)
Interest income				4,462
Other rental income				1,087
Finance costs				(46,102)
Unallocated net expenses				(29,926)
Loss before taxation				(157,414)
Taxation				20,863
Loss for the year				(136,551)

(ii) Consolidated balance sheet

	EMS business	Property investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Segment assets	1,609,092	403,688	2,012,780
Unallocated assets			206,957
			2,219,737
Liabilities			
Segment liabilities	302,278	13,342	315,620
Unallocated liabilities			966,136
			1,281,756

(iii) Other information

	EMS business *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Capital expenditure	79,343	862	80,205
Depreciation and amortisation	101,198	–	101,198
Loss on disposal of property, plant and equipment	4,866	–	4,866
Net loss on investment properties	–	78,063	78,063
Impairment loss of property, plant and equipment	5,245	–	5,245

Year 2007

(i) Consolidated income statement

	EMS business *HK$'000*	**Property investment** *HK$'000*	**Eliminations** *HK$'000*	**Consolidated** *HK$'000*
Turnover	3,643,161	11,765	–	3,654,926
Result				
Segment result	3,213	61,193		64,406
Interest income				5,071
Other rental income				1,299
Finance costs				(37,190)
Share of results of associates				574
Unallocated income				1,543
Profit before taxation				35,703
Taxation				(22,621)
Profit for the year				13,082

(ii) Consolidated balance sheet

	EMS business *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Assets			
Segment assets	1,633,939	479,038	2,112,977
Interests in associates			1,641
Unallocated assets			214,306
			2,328,924
Liabilities			
Segment liabilities	367,872	24,737	392,609
Unallocated liabilities			855,436
			1,248,045

(iii) Other information

	EMS business HK$'000	Property investment HK$'000	Consolidated HK$'000
Capital expenditure	124,855	6,677	131,532
Depreciation and amortisation	99,678	–	99,678
Loss on disposal of property, plant and equipment	686	–	686
Net gain on investment properties	–	57,519	57,519

(b) Geographical segments

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods manufactured or services rendered:

	Turnover 2008 HK$'000	Turnover 2007 HK$'000
America	2,041,749	2,869,928
Europe	621,821	461,226
Asia	171,682	185,076
Others	251,720	138,696
	3,086,972	3,654,926

All the Group's assets and capital expenditure incurred during the year are located in the Greater China. Consequently, no geographical segment asset analysis is presented.

7. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank and other borrowings wholly repayable within five years	(45,623)	(37,961)
Finance leases charges	(479)	(178)
	(46,102)	(38,139)
Less: Interest capitalised in construction in progress	–	949
	(46,102)	(37,190)

8. (LOSS) PROFIT BEFORE TAXATION

	2008	2007
	HK$'000	*HK$'000*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments *(note 10)*	9,151	6,965
Contributions to retirement benefit schemes of other staff	6,504	5,875
Other staff costs	356,841	425,702
Total staff costs	372,496	438,542
Less: Staff costs capitalised in development expenditure	(21,043)	(18,916)
Staff costs capitalised in construction in progress	(161)	(1,000)
	351,292	418,626
Amortisation of intangible assets, included in cost of sales	23,109	18,678
Amortisation of land use rights	1,653	1,452
Depreciation of property, plant and equipment:		
– Owned assets	75,021	78,783
– Assets held under finance leases	1,415	765
	76,436	79,548
Auditors' remuneration	1,820	1,350
Cost of inventories recognised as expense	2,939,074	3,483,233
Exchange loss, net	39,957	6,941
Loss on disposal of property, plant and equipment	4,866	686
Loss (gain) on disposal of an associate	359	(960)
Gain on disposal of available-for-sale financial assets	(393)	(2,741)
Operating lease rentals in respect of building premises	3,730	4,414
Rental and management services income net of direct expenses amounting to HK$7,015,000 (2007: HK$8,091,000)	(7,501)	(3,674)
Interest income on:		
– bank balances and deposits	(4,462)	(3,878)
– long-term bank deposit (imputed interest income)	–	(1,193)
	(4,462)	(5,071)
Share of taxation of an associate (included in share of results of an associate)	–	213

9. TAXATION

	2008	**2007**
	HK$'000	*HK$'000*
The credit (charge) comprises:		
Current taxation		
Hong Kong		
– Provided for the year	–	–
– Underprovision in prior years	–	(932)
People's Republic of China ("PRC") Enterprise Income Tax		
– Provided for the year	(530)	–
– Underprovison in prior years	(1,072)	–
	(1,602)	(932)
Deferred taxation credit (charge) *(note 25)*	22,465	(21,689)
Taxation credit (charge) for the year	20,863	(22,621)

(a) Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year.

(b) On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. From 1 January 2008, the tax rate is changed from 33% to 25% for certain subsidiaries under the New Law and Implementation Regulations. The deferred taxation balance has been adjusted to reflect the taxation rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

(c) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

(d) The Group appealed to the Board of Review against determination made by the Inland Revenue Department (the "IRD") that some profits of certain subsidiaries ("Subsidiaries") for the years of assessment 1991/92 to 1995/96 should be Hong Kong sourced and subject to 50% of Hong Kong Profits Tax (the "Tax Appeal"). The Board of Review delivered its decision (the "Board's Decision") of the Tax Appeal whereby it dismissed the appeal of one of the subsidiaries (the "Said Subsidiary") but allowed the appeals of all other subsidiaries.

The Said Subsidiary has lodged an appeal to the Court of First Instance of High Court against the Board's Decision. By the judgement handed down in December 2007, the Said Subsidiary's appeal was dismissed. The legal counsel of the Said Subsidiary has made application for appeal of the said judgment to the Court of Appeal of High Court (the "Further Appeal") and the Further Appeal is fixed to be heard in October 2008.

For the years of assessment of 1996/97 to 2004/05, the IRD has issued notices of assessment to the Group regarding the taxability of profits of these Subsidiaries. The Group had already lodged objections against these assessments ("Objections").

Currently, an aggregate amount of HK$47,494,000 (31 March 2007: HK$47,494,000) has been paid to the IRD in relation to the Tax Appeal and the Objections and that amount has already been included in the taxation recoverable.

The Commissioner of Inland Revenue has issued a writ in the District Court ("the said proceedings") against the Said Subsidiary to recover a sum of around HK$33,222,000 allegedly being the tax due and payable by the Said Subsidiary for the years of assessment 2000/01 to 2003/04. A hearing was taken place at the District Court and a judgment was delivered against the Said Subsidiary ("the said judgment").

The legal counsel of the Said Subsidiary has lodged an appeal against the said judgement and the hearing of the appeal is scheduled to be taken place in October 2008.

Pending the outcome of the Further Appeal and the Objections, the Group has made provision for the potential tax liabilities in its consolidated balance sheet as at 31 March 2008 in accordance with the IRD's determination. Based on the legal advice, the directors of the Company considered that there was no material underprovision of tax liabilities as at 31 March 2008.

The taxation credit (charge) for the year can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

	2008	**2007**
	HK$'000	*HK$'000*
(Loss) profit before taxation	(157,414)	35,703
Tax credit (charge) at domestic income tax rate of 17.5% (2007: 17.5%)	27,547	(6,248)
Tax effect of share of results of associates	–	100
Tax effect of expenses not deductible for tax purpose	(9,112)	(10,607)
Tax effect of income not taxable for tax purpose	9,574	10,064
Underprovision in prior years	(1,072)	(932)
Tax effect of tax losses not recognised	(6,091)	(3,329)
Utilisation of tax losses previously not recognised	187	320
Income tax at concessionary rate	(6,311)	(4,391)
Change in opening deferred taxation liabilities	9,341	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5,205)	(9,230)
Others	2,005	1,632
Taxation credit (charge) for the year	20,863	(22,621)

10. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company were as follows:

Year ended 31 March 2008

	Dr. Lam Man Chan	Ms. Ting Lai Ling	Ms. Ting Lai Wah	Mr. Lam Shing Ngai	Mr. Yeung Cheuk Kwong	Mr. Ng Chi Yeung, Simon	Mr. Tam Yuk Sang, Sammy	Mr. Ho Lok Cheong	Total 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	780	–	–	390	520	180	180	120	2,170
Other emoluments									
Basic salaries and allowance	1,300	1,300	960	566	1,560	–	–	–	5,686
Contributions to retirement benefits schemes	12	12	12	12	12	–	–	–	60
Share-based payments	–	–	739	74	422	–	–	–	1,235
Total emoluments	2,092	1,312	1,711	1,042	2,514	180	180	120	9,151

Year ended 31 March 2007

	Dr. Lam Man Chan	Ms. Ting Lai Ling	Ms. Ting Lai Wah	Mr. Lam Shing Ngai	Mr. Hui King Chun	Mr. Yeung Cheuk Kwong	Mr. Ng Chi Yeung, Simon	Mr. Tam Yuk Sang, Sammy	Mr. Ho Lok Cheong	Total 2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Fees	780	–	–	60	–	400	180	180	120	1,720
Other emoluments										
Basic salaries and allowance	1,300	1,300	960	87	336	1,200	–	–	–	5,183
Contributions to retirement benefits schemes	12	12	12	2	12	12	–	–	–	62
Total emoluments	2,092	1,312	972	149	348	1,612	180	180	120	6,965

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2007: three) were directors of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining two (2007: two) were as follows:

	2008 *HK$'000*	**2007** *HK$'000*
Basic salaries and allowance	2,948	2,289

	2008 Number of employees	**2007 Number of employees**
HK$1,000,001 to HK$1,500,000	1	2
HK$1,500,001 to HK$2,000,000	1	–

12. DIVIDEND

	2008 *HK$'000*	**2007** *HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend paid: HK1 cent (2007: HK1 cent) per share	7,930	7,930

No final dividend for the year ended 31 March 2008 has been proposed by the directors of the Company.

13. (LOSS) EARNINGS PER SHARE

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

	2008 *HK$'000*	**2007** *HK$'000*
(Loss) profit for the year attributable to equity holders of the Company and earnings for the purposes of basic (loss) earnings per share	(136,551)	13,082

	Number of ordinary shares	
	2008	**2007**
Number of ordinary shares for the purposes of basic (loss) earnings per share	793,016,684	793,016,684

The computation of diluted loss per share for 2008 does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share. No diluted earnings per share has been presented for 2007 as the exercise price of the Company's options was higher than the average market price of the Company's share.

14. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2006	186,358
Additions	6,677
Transfer from property, plant and equipment	198,746
Transfer to property, plant and equipment	(5,300)
Transfer from land use rights	23,000
Increase in fair value of investment properties	57,519
At 31 March 2007	467,000
Additions	862
Transfer from construction in progress	1,382
Effect of exchange rate movements	46,187
Decrease in fair value of investment properties	(124,250)
Net loss on investment properties	(78,063)
At 31 March 2008	391,181

The fair values of the Group's investment properties of HK$172,500,000 at 31 March 2008 have been determined by the directors of the Company with reference to the consideration agreed in respect of disposal of those properties after the balance sheet date. Details of the disposal are set out in note 36. Accordingly, fair value loss of HK$108,865,000 was recognised in the consolidated income statement for the year ended 31 March 2008.

The fair values of the Group's remaining investment properties of HK$218,681,000 at 31 March 2008 and of all the Group's investment properties at 31 March 2007 have been arrived at on the basis of valuations carried out on those dates by B.I. Appraisals Limited, a firm of independent qualified professional valuers not connected with the Group. B.I. Appraisals Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by adopting the Investment Approach by taking into account the current rent passing and the reversionary income potential of the property.

The investment properties are situated outside Hong Kong and represent interests in industrial plants in the PRC, which are under medium-term leases.

15. PROPERTY, PLANT AND EQUIPMENT

	Medium-term leasehold buildings in Hong Kong	Medium-term leasehold buildings outside Hong Kong	Construction in progress	Motor vehicles	Plant and machinery	Leasehold improvements, office equipment, furniture, and fixtures	Moulds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2006	16,298	425,820	33,246	41,543	646,321	203,585	288,364	1,655,177
Additions	–	5,077	19,361	2,864	28,020	20,066	24,714	100,102
Transfer from investment properties	5,300	–	–	–	–	–	–	5,300
Transfer to investmen properties	–	(195,190)	–	–	(1,025)	(80,285)	–	(276,500)
Increase in fair value upon transfer to investment properties	–	2,594	–	–	–	–	–	2,594
Transfers	–	43,175	(43,441)	–	–	266	–	–
Disposals	–	–	–	(2,678)	(15,921)	(27)	(15)	(18,641)
At 31 March 2007	21,598	281,476	9,166	41,729	657,395	143,605	313,063	1,468,032
Additions	–	879	9,536	1,343	18,177	13,011	8,941	51,887
Transfer to investment properties	–	–	(1,382)	–	–	–	–	(1,382)
Transfers	–	17,155	(17,320)	–	158	7	–	–
Disposals	–	–	–	(3,824)	(22,956)	(352)	(1,875)	(29,007)
At 31 March 2008	21,598	299,510	–	39,248	652,774	156,271	320,129	1,489,530
DEPRECIATION AND IMPAIRMENT								
At 1 April 2006	7,067	43,502	–	23,886	231,506	100,718	188,011	594,690
Provided for the year	402	7,575	–	3,777	37,923	13,497	16,374	79,548
Transfer to investment properties	–	(29,870)	–	–	(237)	(47,647)	–	(77,754)
Eliminated on disposals	–	–	–	(2,439)	(12,659)	(4)	(3)	(15,105)
At 31 March 2007	7,469	21,207	–	25,224	256,533	66,564	204,382	581,379
Provided for the year	472	7,199	–	3,118	37,243	10,730	17,674	76,436
Impairment loss recognised	–	5,245	–	–	–	–	–	5,245
Eliminated on disposals	–	–	–	(2,350)	(16,355)	(196)	(1,022)	(19,923)
At 31 March 2008	7,941	33,651	–	25,992	277,421	77,098	221,034	643,137
CARRYING VALUES								
At 31 March 2008	13,657	265,859	–	13,256	375,353	79,173	99,095	846,393
At 31 March 2007	14,129	260,269	9,166	16,505	400,862	77,041	108,681	886,653

The above items of property, plant and equipment other than leasehold buildings and leasehold improvements are depreciated on a reducing balance basis at the following rates per annum:

Motor vehicles	20%
Plant and machinery	5% – 20%
Office equipment	10% – 20%
Furniture and fixtures	10% – 20%
Moulds	15% – 25%

Leasehold buildings and leasehold improvements are depreciated on a straight-line basis over the shorter of the term of the leases, or at the following rates per annum:

Leasehold buildings	2%
Leasehold improvements	10%

As mentioned in note 36, the Group entered into an agreement to dispose of one of its premises in Dongguan, PRC. The directors conducted a review of those assets to be disposed of and determined the recoverable amount of those assets which are classified under property, plant and equipment including leasehold buildings and leasehold improvements and land use right based on fair value less costs to sell with reference to the consideration of the disposal. Accordingly, an impairment loss of approximately HK$5,245,000 was recognised by the Group.

Included in the carrying values of property, plant and equipment of the Group at 31 March 2008 is an amount of HK$11,856,000 (2007: HK$8,252,000) in respect of plant and machinery held under finance leases.

Included in construction in progress is net interest capitalised of approximately HK$Nil (2007: HK$949,000) during the year.

For the year ended 31 March 2007, the fair values of the properties transferred to investment properties at the date of transfer had been arrived at on the basis of a valuation carried out on that date by B.I. Appraisals Limited, a firm of independent qualified professional valuers not connected with the Group. B.I. Appraisals Limited has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by adopting investment approach and taking into account the current rent passing and the reversionary income potential of the tenancy.

16. LAND USE RIGHTS

The land use rights of the Group are held under medium-term lease in the PRC and amortised over the lease term of 50 years.

	HK$'000
COST	
At 1 April 2006	72,502
Additions	22,051
Increase in fair value upon transfer to investment properties	5,664
Transfer to investment properties	(24,333)
At 31 March 2007	75,884
Additions	3,402
At 31 March 2008	79,286
AMORTISATION	
At 1 April 2006	5,729
Provided for the year	1,452
Transfer to investment properties	(1,333)
At 31 March 2007	5,848
Provided for the year	1,653
At 31 March 2008	7,501
CARRYING VALUES	
At 31 March 2008	71,785
At 31 March 2007	70,036

	2008	**2007**
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Non-current assets	70,132	68,458
Current assets	1,653	1,578
	71,785	70,036

17. INTERESTS IN AN ASSOCIATE

	2008 *HK$'000*	2007 *HK$'000*
Unlisted investment, at cost	–	2,340
Share of post acquisition losses, net of dividends received	–	(699)
	–	1,641

Details of the Group's associate are as follows:

Name of associate	Place of incorporation	Place of operation	Nominal value of issued ordinary share capital	Percentage of nominal value of issued share capital held by the Group 2008	2007	Principal activity
Sun Bright Investments Limited	Samoa	PRC	US$1,000,000	–	30%	Trading and manufacturing of paints (operation ceased since January 2007)

During the year ended 31 March 2008, the interests in an associate were disposed of at a consideration of HK$1,282,000, resulting in a loss on disposal of HK$359,000. The consideration was settled by cash consideration of HK$210,000 after offsetting the advance of HK$1,072,000 to the Group.

The summarised financial information in respect of the Group's associate is set out below:

	2008 *HK$'000*	2007 *HK$'000*
Total assets	–	5,481
Total liabilities	–	(12)
Net assets	–	5,469
Group's share of net assets of an associate	–	1,641
Turnover	–	12,019
Loss for the year	–	(1,440)
Group's share of results of an associate for the year	–	(432)

18. INTANGIBLE ASSETS

	Development expenditure *HK$'000*
COST	
At 1 April 2006	90,298
Additions	24,753
At 31 March 2007	115,051
Additions	27,456
At 31 March 2008	142,507
AMORTISATION	
At 1 April 2006	62,631
Provided for the year	18,678
At 31 March 2007	81,309
Provided for the year	23,109
At 31 March 2008	104,418
CARRYING VALUES	
At 31 March 2008	38,089
At 31 March 2007	33,742

19. INVENTORIES

	2008 *HK$'000*	**2007** *HK$'000*
Raw materials	291,436	290,590
Work in progress	43,137	64,984
Finished goods	118,492	87,068
	453,065	442,642

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	173,037	163,847
Bills receivable	–	6,655
	173,037	170,502
Other receivables and prepayments	25,430	27,615
	198,467	198,117

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

The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts at the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Current – 30 days	162,366	154,228
31 – 60 days	8,909	14,005
61 – 90 days	679	206
Over 90 days	1,083	2,063
	173,037	170,502

Ageing of trade receivables which are past due but not impaired is as follows:

	2008	2007
	HK$'000	*HK$'000*
1 – 60 days	140,282	86,625
61 – 90 days	679	206
Over 90 days	1,083	2,063
	142,044	88,894

Trade and bills receivables denominated in currencies other than functional currency of the relevant group entities are set out below:

	2008	2007
	HK$'000	*HK$'000*
Chinese Renminbi	4,980	1,948

21. BANK BALANCES AND CASH

Bank balances and cash comprise short-term bank deposits with maturity of three months or less and cash held by the Group. The short-term bank deposits carry interest at market rates which ranges from 0.4% to 3.2%.

22. TRADE AND OTHER PAYABLES

	2008	**2007**
	HK$'000	*HK$'000*
Trade payables	148,677	194,981
Bills payable	29,276	12,126
	177,953	207,107
Other payables	129,916	178,789
	307,869	385,896

The following is an aged analysis of trade and bills payables at the balance sheet date:

	2008	**2007**
	HK$'000	*HK$'000*
Current – 30 days	152,924	166,874
31 – 60 days	18,096	21,962
61 – 90 days	2,202	2,176
Over 90 days	4,731	16,095
	177,953	207,107

Trade and bills payables denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2008	**2007**
	HK$'000	*HK$'000*
Chinese Renminbi	18,725	18,597
Euro	613	370
	19,338	18,967

23. BANK AND OTHER BORROWINGS

	2008	2007
	HK$'000	*HK$'000*
Carrying amount repayable:		
Within one year	534,710	426,371
More than one year, but not exceeding two years	78,390	145,146
More than two years, but not exceeding three years	205,980	105,417
More than three years, but not exceeding four years	6,667	30,583
More than four years, but not exceeding five years	6,667	–
More than five years	6,666	–
	839,080	707,517
Less: Amounts due within one year and shown under current liabilities	(534,710)	(426,371)
Amounts due after one year	304,370	281,146
Secured	350,226	187,728
Unsecured	488,854	519,789
	839,080	707,517

The bank and other borrowings of HK$202,267,000 carry interest ranging from Hong Kong Inter-bank Offered Rate plus 0.6% to 1.3% (2007: 0.6% to 1.0%) per annum, HK$305,747,000 carry interest ranging from 5.7% to 7.5% per annum, subject to repricing every three months based on the interest rate prescribed by the People's Bank of China for the applicable loan period, and HK$331,066,000 carry fixed interest rates ranging from 3.0% to 6.1% (2007: 5.7% to 6.9%) per annum. Certain assets of the Group have been pledged to secure certain bank and other borrowings of the Group (see note 32).

The Group's borrowings denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2008	2007
	HK$'000	*HK$'000*
Chinese Renminbi	305,747	169,000
Japanese Yen	–	1,722
	305,747	170,722

24. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The maturity of the obligations under finance leases is as follows:				
Within one year	4,344	2,877	4,083	2,583
More than one year, but not exceeding two years	2,806	2,877	2,717	2,639
More than two years, but not exceeding five years	964	1,630	951	1,491
	8,114	7,384	7,751	6,713
Less: Future finance charges	(363)	(671)	–	–
Present value of lease obligations	7,751	6,713	7,751	6,713
Less: Amounts due within one year shown under current liabilities			(4,083)	(2,583)
Amounts due after one year			3,668	4,130

The average lease term is 4 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates at Hong Kong Inter-bank Offered Rate plus 0.8% per annum and fixed interest rate of 3% per annum.

25. DEFERRED TAXATION

The following are the major deferred taxation liabilities (assets) recognised and movements thereon:

	Accelerated tax depreciation	Intangible assets	Revaluation of investment properties	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	33,430	3,058	16,823	(4,371)	(830)	48,110
Charge to equity for the year	–	–	2,725	–	–	2,725
Charge (credit) to consolidated income statement for the year	(2,409)	(106)	18,982	1,617	3,605	21,689
At 31 March 2007	31,021	2,952	38,530	(2,754)	2,775	72,524
Charge (credit) to consolidated income statement for the year	(4,692)	380	(9,101)	(3,278)	3,567	(13,124)
Change in opening deferred taxation liabilities arising from change in the tax rate	–	–	(9,341)	–	–	(9,341)
At 31 March 2008	26,329	3,332	20,088	(6,032)	6,342	50,059

At the balance sheet date, the Group had unused tax losses of HK$137,738,000 (2007: HK$85,276,000) available for offset against future profits and those can be carried forward indefinitely. Deferred taxation assets have been recognised in respect of HK$34,468,000 (2007: HK$15,748,000) of such tax losses. No deferred taxation assets have been recognised in relation to the remaining HK$103,270,000 (2007: HK$69,528,000) due to the unpredictability of future profit streams.

26. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.10 each		
Authorised:		
Balance as at 1 April 2006, 31 March 2007 and 31 March 2008	1,200,000,000	120,000
Issued and fully paid:		
Balance as at 1 April 2006, 31 March 2007 and 31 March 2008	793,016,684	79,302

27. SHARE OPTION

Pursuant to the share option scheme adopted on 23 August 2002 by the Company (the "Scheme"), the Company may grant options to inter alia, directors and employees of the Company or its subsidiaries, for the purpose of providing incentives, to subscribe for shares in the Company, subject to a maximum of 10% of the issued share capital of the Company from time to time and the maximum number of shares in respect of which options may be granted to any one employee shall not be more than 30% of the maximum number of shares in respect of options may be granted under the Scheme. Options granted are exercisable at any time during the option period, a period to be notified by the Board to each grantee at the time of making an offer which shall not expire later than 10 years from the offer date. The subscription price of the option shares shall not be less than the higher of (i) the closing price of the shares on the Stock Exchange on the date of grant; (ii) the average closing price on the Stock Exchange for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a share. Options granted must be taken up within 28 days of the date of grant and a nominal consideration of HK$1 is payable on each grant of option.

Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Outstanding share options which were granted under the Scheme as at 31 March 2008 are as follows:

Participants	Date of grant	Exercise period	Exercise price per share *HK$*	Outstanding at 1 April 2007	No. of options granted during the year	Outstanding at 31 March 2008
Director						
Ms. Ting Lai Wah	22 May 2007	11 June 2007 to 30 June 2009	0.690	–	7,000,000	7,000,000
Mr. Yeung Cheuk Kwong	22 May 2007	11 June 2007 to 30 June 2009	0.690	–	4,000,000	4,000,000
Mr. Lam Shing Ngai	22 May 2007	11 June 2007 to 30 June 2009	0.690	–	700,000	700,000
Others						
Employees	22 May 2007	11 June 2007 to 30 June 2009	0.690	–	3,300,000	3,300,000
				–	15,000,000	15,000,000

Outstanding share options which were granted under the Scheme as at 31 March 2007 are as follows:

Participants	Date of grant	Exercisable period	Exercise price per share *HK$*	Outstanding at 1 April 2006	Cancelled during the year	Outstanding at 31 March 2007
Director						
Mr. Yeung Cheuk Kwong	10 July 2003	2 August 2003 to 28 February 2008	2.475	4,700,000	(4,700,000)	–
Others						
Employees and other participant	10 July 2003	2 August 2003 to 28 February 2008	2.475	22,000,000	(22,000,000)	–
				26,700,000	(26,700,000)	–

At 31 March 2008, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 15,000,000, representing 1.89% of the shares of the Company in issue at that date.

Option granted under the Scheme are exercisable at any time during the option period with no vesting conditions.

These fair values were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2008
Weighted average share price	HK$0.1055
Exercise price	HK$0.69
Expected volatility	36.58%
Expected life	1 year
Risk-free rate	3.87%
Expected dividend yield	2.00%

Expected volatility was determined by using the historical volatility of the share option which were estimated using the Company's share price over the time period of 252 trading days before the date of grant.

The Group recognised the total expense of HK$1,583,000 for the year ended 31 March 2008 in relation to share options granted by the Company.

28. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$4,961,000.

29. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustee.

In addition, the Group's contribution to a local municipal government retirement scheme in the PRC are expensed as fall due while the local municipal government in the PRC undertakes to assume the retirement benefit obligations of all existing and future retirees of the qualified staff in the PRC.

The retirement benefit cost charged to the consolidated income statement represents contributions payable to the schemes by the Group at the rates specified in the rules of the schemes.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 23, obligations under finance leases disclosed in note 24, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

The Group's overall strategy remains unchanged from 2007.

31. FINANCIAL INSTRUMENTS

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 4.

(b) Categories of financial instruments

	2008	**2007**
	HK$'000	*HK$'000*
Financial assets		
Loans and receivables (including cash and cash equivalents)	350,300	354,448
Financial liabilities		
Amortised cost	1,146,949	1,093,413

(c) Financial risk management objectives

The management monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures.

(d) Foreign currency risk management

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Assets		**Liabilities**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Canadian dollars	3,994	1,894	–	–
Chinese Renminbi	29,203	77,091	364,082	250,883
Euro	–	–	613	370

Foreign currency sensitivity

The Group is mainly exposed to the currency of Canadian dollars, Chinese Renminbi and Euro.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive (negative) number indicates an increase (decrease) in profit or decrease (increase) in loss where the functional currencies of the relevant group entities weakens against the relevant foreign currencies. For a 5% strengthening of the functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the profit or loss.

	Profit or loss	
	2008	**2007**
	HK$'000	*HK$'000*
Canadian dollars	190	90
Chinese Renminbi	(15,947)	(8,276)
Euro	(29)	(18)

In management's opinion, the sensitivity analysis is only an estimation but not representative of the foreign exchange risk inherent in the financial assets and financial liabilities as the year end exposure does not reflect the exposure during the year.

(e) Interest rate risk management

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 23 for details of these borrowings).

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments including bank balances and borrowings, at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- loss for the year ended 31 March 2008 would increase/decrease by HK$3,714,000 (2007: profit for the year would decrease/increase by HK$2,645,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank balances and borrowings.

The Group's sensitivity to interest rates has increased during the current year mainly due to the increase in variable rate debt instruments.

(f) Credit risk management

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. It arises primarily from the Group's trade and other receivables. Impairment allowances are made for losses that have been incurred at the balance sheet date.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2008 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet after deducting any impairment allowance.

In respect of the Group's trade and other receivables, in order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Further quantitative disclosure in respect of the group's exposure to credit risk arising from trade and other receivables are set out in note 20.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Except for the financial guarantees given by the Company for certain bank facilities of its subsidiaries, the Group does not provide any other guarantees which would expose the Group or the Company to credit risk.

(g) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Such non-derivative financial liabilities outstanding at the balance sheet date are considered as if outstanding for the whole year. The table includes both interest and principal cash flows.

	0-60 days	**61-180 days**	**181-365 days**	**1-2 years**	**2-3 years**	**Over 3 years**	**Total undiscounted cash flows**	**Carrying amount at 31.03.2008**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2008								
Non-derivative financial liabilities								
Trade and other payables	307,749	120	–	–	–	–	307,869	307,869
Obligations under finance leases	270	540	3,534	2,806	835	129	8,114	7,751
Bank loans	16,521	37,222	165,258	87,660	253,563	24,579	584,803	512,493
Trust receipt loans	209,788	16,422	–	–	–	–	226,210	224,807
Discounted bills	95,386	6,745	–	–	–	–	102,131	101,780
	629,714	61,049	168,792	90,466	254,398	24,708	1,229,127	1,154,700

	0-60 days HK$'000	61-180 days HK$'000	181-365 days HK$'000	1-2 years HK$'000	2-3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.03.2007 HK$'000
2007								
Non-derivative financial liabilities								
Trade and other payables	367,585	18,311	–	–	–	–	385,896	385,896
Obligations under finance leases	200	399	2,278	2,877	1,630	–	7,384	6,713
Bank loans	28,229	27,929	122,205	153,711	117,121	55,095	504,290	452,828
Trust receipt loans	168,764	10,354	–	–	–	–	179,118	177,760
Discounted bills	77,308	–	–	–	–	–	77,308	76,929
	642,086	56,993	124,483	156,588	118,751	55,095	1,153,996	1,100,126

(h) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as inputs.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

32. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure certain bank and other borrowings of the Group (see note 23):

	2008 HK$'000	2007 HK$'000
Investment properties	166,877	210,619
Property, plant and equipment	238,871	79,324
Land use rights	47,831	43,786
	453,579	333,729

In addition, the Group's obligations under finance leases (see note 24) are secured by the lessors' title to the leased assets with a carrying amount of HK$11,856,000 (2007: HK$8,252,000).

At 31 March 2008, the trade receivables of a designated customer amounted to approximately HK$13,950,000 (2007: Nil) have been pledged to a bank for certain facilities granted to the Group.

33. CAPITAL COMMITMENTS

	2008	2007
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	5,928	9,884
Capital expenditure in respect of the acquisition of property, plant and equipment authorised but not contracted for	–	1,069
	5,928	10,953

34. OPERATING LEASE COMMITMENTS

As lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008	2007
	HK$'000	*HK$'000*
Within one year	11,337	10,910
In the second to fifth year inclusive	17,630	19,299
After five years	2,324	3,498
	31,291	33,707

Leases are negotiated for an average term of three years.

As lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of building premises and other assets falling due:

	2008	2007
	HK$'000	*HK$'000*
Within one year	1,402	2,916
In the second to fifth year inclusive	903	1,863
After five years	3,656	3,759
	5,961	8,538

Operating lease payments represent rental payable by the Group for certain building premises and machineries. Leases are negotiated for an average term of two years.

35. RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following significant transactions with related parties in the ordinary course of business:

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Rental expense paid to			
Man Fat Enterprise Company Limited		–	225
Legal and professional fees paid to Andrew Lam & Co.		–	305
Purchases from			
Sun Bright Investments Limited	(i)	–	5,650
Sun Bright Industrial Paints Limited	(i)	–	1,745
Rental income from			
Sun Bright Industrial Paints Limited	(i)	–	148
Sub-contracting income from			
Wah Mei (Lui's) Industrial Limited ("Wah Mei")	(ii)	298	–
Sales to Wah Mei	(ii)	607	–
Subcontracting fee paid to Wah Mei	(ii)	309	
Purchase from Wah Mei	(ii)	2	–
Sales to Qingyuan Regent International Hotel	(iii)	53	–
Hotel expenses and other expense paid to			
Qingyuan Regent International Hotel	(iii)	353	–
Brokerage and trading fee paid to Metro Capital			
Securities Limited	(iv)	25	–

Notes:

(i) For the year ended 31 March 2007, the Group made purchases with and received rental income from an associate and a subsidiary of the associate, namely, Sun Bright Investments Limited and Sun Bright Industrial Paints Limited respectively.

(ii) Wah Mei is a company controlled by the father-in-law and mother-in-law of Mr. Lam Shing Ngai, director of the Company.

(iii) Qingyuan Regent International Hotel is indirectly controlled by a discretionary trust for Dr. Lam Man Chan (the Chairman and director of the Company). Ms. Ting Lai Ling and Mr. Lam Shing Ngai and other family members of Dr. Lam and Ms. Ting are the beneficiary objects of the discretionary trust. Four directors of the Company, namely, Dr. Lam Man Chan, Ms. Ting Lai Ling, Mr. Lam Shing Ngai and Mr. Yeung Cheuk Kwong are directors of the hotel.

(iv) Metro Capital Securities Limited is a licensed corporation for type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance and is 50% indirectly interested by Dr. Lam Man Chan, the Chairman and director of the Company.

(b) Compensation of key management personnel

The remuneration of members of key management other than the directors of the Company are as follows:

	2008 *HK$'000*	**2007** *HK$'000*
Basic salaries and allowance	2,855	4,124
Contributions to retirement benefit scheme	24	17
Share-based payments	68	–
	2,947	4,141

The remuneration of the directors of the Company are disclosed in note 10.

36. SUBSEQUENT EVENTS

On 4 July 2008, a subsidiary of the Company entered into a sale and purchase agreement to dispose of one of the Group's factory premises located in Dongguan, PRC. Currently, the premises are used for investment purposes and for the Group's manufacturing facilities which are classified as investment properties and property, plant and equipment respectively. Details of the transactions are set out in the announcement of the Company dated 9 July 2008.

37. SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 March 2008 and 2007 are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Nominal value of issued ordinary share/ registered capital	Percentage of nominal value of issued share capital/registered capital held by the Company	Principal activities
Denca Industrial Limited	Hong Kong	Hong Kong	HK$2	100*	Trading of electronic products
Din Wai Electronics Limited	British Virgin Islands	PRC	US$2	100*	Manufacturing of electronic products
Dongguan Fenggang Ngai Lik Electronics Company Limited *(Note (a))*	PRC	PRC	HK$24,500,000	87*	Manufacturing of electronic products
Zhong Yi (Qing Yuan) Electronics Plastic Metal Company Limited *(Note (b))*	PRC	PRC	HK$135,373,358	100*	Manufacturing of electronic products
Faithful Lion Limited	Hong Kong	PRC	HK$10,000	100*	Property investment
Junestar Pacific Limited	Hong Kong	Hong Kong	HK$10,000	100*	Investment holding
Kin Ngai Industrial Limited	Samoa	PRC	US$10	100*	Leasing of plant and machineries
Million Age Enterprise Limited	Hong Kong	PRC	HK$10,000	100*	Property investment
Ngai Lik (BVI) Limited	British Virgin Islands	British Virgin Islands	US$10,000	100	Investment holding
Ngai Lik Capital Limited	Hong Kong	Hong Kong	HK$10,000	100*	Provision of financial services
Ngai Lik Electronics Trading Limited	Hong Kong	Hong Kong	HK$10,000	100*	Trading of electronic products
Ngai Lik Enterprises Limited	Hong Kong	Hong Kong	HK$3,000,000	100*	Provision of management and logistics services
Ngai Lik Mobile Electronics Limited	Hong Kong	Hong Kong and PRC	HK$10,000	100*	Trading and manufacturing of car audio products
Ngai Lik Properties Limited	Hong Kong	Hong Kong	HK$2	100*	Property investment

Name of subsidiary	Place of incorporation/ registration	Place of operation	Nominal value of issued ordinary share/ registered capital	Percentage of nominal value of issued share capital/registered capital held by the Company	Principal activities
Ngai Lik Trading (Macao Commercial Offshore) Limited	Macau	Macau	MOP1,000,000	100*	Trading of electronic products
Ngai Wai Plastic Manufacturing Limited	British Virgin Islands	PRC	US$1	100*	Manufacturing of plastic components
Pascal Investment Limited	Hong Kong	Hong Kong	HK$2	100*	Investment holding
Shing Wai Limited	British Virgin Islands	PRC	US$1	100*	Manufacturing of electrical and mechanical components

* *Interest held by the Company through subsidiaries.*

Notes:

(a) Dongguan Fenggang Ngai Lik Electronics Company Limited ("DFNL"), a sino-foreign joint venture in the PRC, was established by the Group with an independent third party. Since the signing of an agreement in the prior year, the Group is entitled to all the net profits arising from the operation of DFNL after the payment of certain fixed amounts to the independent third party. The Group is also entitled to all the assets and responsible for all the liabilities of DFNL other than the amount contributed by the independent third party.

(b) The subsidiary is set up as wholly-owned foreign investment enterprise registered in the PRC.

(c) None of the subsidiaries had any debt securities subsisting at 31 March 2008 or at any time during the year.

(d) The above table lists the subsidiaries of the Company which, in the opinion of the Board, principally affected the results or assets of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group, including its internally generated funds, the Group has sufficient working capital to satisfy its present requirements.

3. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 31 May 2008, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding bank and other borrowings of approximately HK$819,418,000 of which approximately HK$350,167,000 was secured by fixed charges on certain of the Group's assets, including investment properties, property, plant and equipment and land use right. In addition, certain plant and machinery were held under finance leases and the Group had outstanding obligations under finance leases of approximately HK$7,075,000.

Pledge of assets

As at the close of business on 31 May 2008, the Group has pledge of assets comprising of (i) investment properties, (ii) property, plant and equipment and (iii) land use rights with the carrying value of approximately HK$167,829,000, approximately HK$242,598,000 and approximately HK$44,851,000 respectively. These assets are pledged to secure certain bank borrowings of approximately HK$350,167,000 for operational purposes.

At 31 May 2008, the trade receivables of a designated customer amounted to approximately HK$39,647,000 have been pledged to a bank for certain facilities granted to the Group, amounted to HK$50,000,000.

Contingent liabilities

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 31 May 2008 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2008, being the date at which the latest published audited financial statement of the Group were made up.

A. INTRODUCTION

The accompanying Unaudited Pro Forma Consolidated Income Statement and Net Asset Statement of the Remaining Group (the "Unaudited Pro Forma Financial Information") have been prepared to illustrate the effect of the Disposal might have affected the financial information of the Group.

The Unaudited Pro Forma Consolidated Income Statement of the Remaining Group has been prepared based on the audited consolidated income statement of the Group for the year ended 31 March 2008 as extracted from the annual report of the Company for the year ended 31 March 2008, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Disposal had been completed at the beginning of the year ended 31 March 2008.

The Unaudited Pro Forma Consolidated Net Asset Statement of the Remaining Group has been prepared based on the audited consolidated balance sheet of the Group as at 31 March 2008 as extracted from the annual report of the Company for the year ended 31 March 2008, and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Disposal had been completed on 31 March 2008.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position and results of operation of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Remaining Group's future financial position and results of operation.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Property and the Adjacent Property and financial information of the Group as set out in Appendix I and II respectively of the circular.

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE REMAINING GROUP FOR THE YEAR ENDED 31 MARCH 2008

	The Group	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Turnover	3,086,972	(2,609)	2	3,084,363
Cost of sales and direct expenses	(2,940,216)	1,543	2	(2,938,673)
Gross profit	146,756			145,690
Other operating expenses, net	(46,462)	(1,121)	5	(47,583)
Selling and distribution expenses	(23,628)			(23,628)
Administrative expenses	(110,219)	2,435	2	(107,784)
Other income	5,549			5,549
Impairment loss of property, plant and equipment	(5,245)	5,245	2	–
Net (loss) gain on investment properties	(78,063)	83,744	2	5,681
Loss on disposal of the Property and the Adjacent Property	–	(90,138)	1	(90,138)
Finance costs	(46,102)	3,693	4	(42,409)
Loss before taxation	(157,414)			(154,622)
Taxation	20,863	(6,658)	5	14,205
Loss for the year	(136,551)			(140,417)
Attributable to:				
Equity holders of the Company	(136,551)			(140,417)
Minority interests	–			–
	(136,551)			(140,417)

C. UNAUDITED PRO FORMA CONSOLIDATED NET ASSET STATEMENT OF THE REMAINING GROUP AS AT 31 MARCH 2008

	The Group	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Non-current assets				
Investment properties	391,181	(172,500)	3	218,681
Property, plant and equipment	846,393	(54,574)	3	791,819
Land use rights - non-current portion	70,132	(2,861)	3	67,271
Intangible assets	38,089			38,089
Deposits for acquisition of property, plant and equipment and land use rights	13,800			13,800
	1,359,595			1,129,660
Current assets				
Land use rights - current portion	1,653	(65)	3	1,588
Inventories	453,065			453,065
Trade and other receivables and prepayments	198,467			198,467
Taxation recoverable	47,494			47,494
Bank balances and cash	159,463	174,919	6	334,382
	860,142			1,034,996
Current liabilities				
Trade and other payables	307,869	(1,246)	3	306,623
Taxable payable	76,997			76,997
Bank and other borrowings – due within one year	534,710	(43,956)	4	490,754
Obligations under finance leases – due within one year	4,083			4,083
	923,659			878,457
Net current (liabilities) assets	(63,517)			156,539
Total assets less current liabilities	1,296,078			1,286,199

	The Group	Pro forma adjustments	Notes	The Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Non-current liabilities				
Bank and other borrowings				
– due after one year	304,370			304,370
Obligations under finance leases				
– due after one year	3,668			3,668
Deferred taxation	50,059			50,059
	358,097			358,097
Net assets	937,981			928,102

D. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The adjustment reflects the loss on the Disposal calculated as the difference between the consideration of HK$227,900,000 (net of estimated expenses directly attributable to the Disposal of HK$2,100,000), and the carrying value of the Property and the Adjacent Property of approximately HK$318,038,000 as at 1 April 2007.

2. The adjustment reverses gross rental income, management fees, local government levy and repair and maintenance (included in "cost of sales and direct expenses"), depreciation charge (included in "administrative expenses"), impairment loss, net loss on investment properties attributable to the Property and the Adjacent Property due to the Disposal.

3. The adjustment eliminates the carrying value of the Property and the Adjacent Property with an aggregate amount of approximately HK$230,000,000 as at 31 March 2008. According to the Agreement, the rights and obligations in relation to the existing tenancies will be transferred to the purchaser of the Property and the Adjacent Property upon completion of the Disposal. Therefore, the Disposal would result in the payment of the rental deposits received from tenants to the Purchaser.

4. The adjustments reflect the reversal of finance costs and the repayment of interest-bearing bank borrowings secured by the Property and the Adjacent Property. Based on the relevant loan agreement, the repayment of bank borrowings is required before the release of the pledge of Property and the Adjacent Property.

5. According to the Agreement, the total consideration of the Disposal is HK$230,000,000 and the Vendor is only responsible for the relevant tax expenses pertaining to the consideration of RMB20,000,000 assigned to the land use rights. All of the tax expenses attributable to the rest of the consideration (i.e. in excess of the RMB20,000,000) pertaining to the Disposal are borne by the Purchaser. In view of the above, the adjustments reflect estimated expenses with an aggregate amount of approximately HK$7,779,000 to the Vendor, which mainly includes land appreciation tax of approximately HK$4,739,000 (included in taxation), enterprise income tax of approximately HK$1,919,000 (included in taxation) and business tax and stamp duty of in aggregate approximately HK$1,121,000 (included in other operating expenses).

6. The adjustment reflects the effect of the net cash inflow as mentioned in notes 1, 3, 4 and 5.

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF NGAI LIK INDUSTRIAL HOLDINGS LIMITED

We report on the Unaudited Pro Forma Financial Information of Ngai Lik Industrial Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed disposal (the "Disposal") of the Property and the Adjacent Property as defined in the circular dated 13 August 2008 (the "Circular") might have affected the financial information presented, for inclusion in Appendix III to the Circular. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on page 64 to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 31 March 2008 or at any future date; or
- the results of the Group for the year ended 31 March 2008 or any future period.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 13 August 2008

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent property valuer, in connection with the valuation of the properties held by the Group as at 30 June 2008.

B.I.
To Know Your Strength Better

B. I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants
Unit 1301, 13th Floor, Tung Wai Commercial Building,
Nos. 109-111 Gloucester Road, Wan Chai, Hong Kong
Tel: (852) 2127 7762 Fax: (852) 2137 9876
Email: info@biappraisals.com.hk
Website: www.bisurveyors.com.hk

The Directors
Ngai Lik Industrial Holdings Limited
Units 29-32, 8th Floor, Block B
Focal Industrial Centre
21 Man Lok Street
Hung Hom
Kowloon

13 August 2008

Dear Sirs,

Re: Portion of the industrial complex known as Ngai Lik Industrial City, Longping Highway, Guanjingtou, Fenggang Town, Dongguan City, Guangdong Province, the PRC

In accordance with the instructions from Ngai Lik Industrial Holdings Limited (hereinafter referred to as the "Company") for us to carry out valuation of the captioned property (hereinafter referred to as the "Property"), which is held by the Company and/or its subsidiaries (hereinafter collectively referred to as the "Group"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 30 June 2008 (hereinafter referred to as the "Date of Valuation").

It is our understanding that this valuation document is to be used for reference purpose regarding the possible disposal of the Property and that our opinion of value and/or valuation report will subsequently be incorporated in an announcement and/or a circular to be issued by the Company.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and the title investigation we have made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgably prudently and without compulsion."

Our valuation has been carried out in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) issued by the Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Practice Note 12 issued by The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

In arriving at our opinion of value for the Property, which is partly occupied by the Group and partly held for investment, we have adopted the investment approach, which takes into account the current rents passing and the reversionary income potential of the Property. We have considered the market rent by making reference to comparable letting evidence or offerings as available in the relevant market. In addition, we have also considered comparable sales evidence or offerings in the relevant market.

VALUATION ASSUMPTIONS

Our valuation has also been made on the assumption that the property interest is to be sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, or any similar arrangement that would serve to affect its value. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amount owing on the Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions, and outgoings of an onerous nature that could affect its value.

TITLE INVESTIGATION

We have been provided by the Company with copies of title documents relating to the land use rights of the subject site as well as the buildings erected thereon. Yet, we have not scrutinized the original documents to verify ownership and to ascertain the existence of any amendments that may not appear on the copies handed to us. In the course of our valuation, we have relied on the advice given by the Group regarding the title to the Property and the legal opinions dated 8 July 2008 and 12 August 2008 prepared by 君道律師事務所 (Hills & Co.), the Group's legal advisor on PRC law, regarding the title to and the interest of the Group in the Property.

LIMITING CONDITIONS

We have inspected the exterior, and where possible, the interior of the Property. However, no structural survey has been made nor have any tests been carried out on any of the services provided in the Property. We are, therefore, not able to report that the Property is free from rot, infestation or any other structural defects. Yet, in the course of our inspection, we did not note any serious defects.

We have not conducted any on-site measurements to verify the correctness of the site and floor areas of the Property but have assumed that the areas shown on the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation certificate attached are based on information contained in the documents provided to us by the Company and are therefore approximations only.

Moreover, we have not carried out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred in the event of any redevelopment.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, completion dates of buildings, particulars of occupancy, tenancy summary, site and floor plans, site and floor areas and other relevant matters in the identification of the Property. We have not seen original planning consents and have assumed that the Property has been erected and are being occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information supplied. We considered that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any information has been withheld.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation report are in Renminbi (RMB).

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Group, the Property and the value reported herein.

We attach herewith our valuation certificate.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED

William C. K. Sham
Registered Professional Surveyor (G.P.)
China Real Estate Appraiser
MRICS, MHKIS, MCIREA
Executive Director

Note: Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 25 years' experience in the valuation of properties in Hong Kong and has over 10 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2008
Portion of the industrial complex known as Ngai Lik Industrial City, Longping Highway, Guanjingtou, Fenggang Town, Dongguan City, Guangdong Province, the PRC	Ngai Lik Industrial City is an industrial complex erected on an irregular-shaped site formed by various parcels of land having a total site area of approximately 173,565.32 sq.m. (or 1,868,257 sq.ft.). It is located on the southern side of Longping Road within Fenggang Town of Dongguan City. The Property comprises portion of the land having a site area of approximately 124,176.10 sq.m. (or 1,336,632 sq.ft.) together with various buildings and structures erected thereon. Major buildings include 5 blocks of 2 to 5-storey workshop/ warehouse building, 1 block of 5-storey canteen building and 21 blocks of 5 to 7-storey staff quarters building. The property includes also some 1 to 2-storey ancillary buildings and structures for office, workshop and storage uses. All buildings and structures appeared to be completed in the period between 1991 and 2005. The total gross floor area of the Property is approximately 198,297.14 sq.m. (or 2,134,470 sq.ft.), excluding the additional structures erected on rooftop of various workshop and staff quarters buildings, which have a total gross floor area of approximately 12,246.28 sq.m. (or 131,818 sq.ft.), and the ancillary buildings and structures. The land use rights of the Property have been granted for a term due to expire on 18 September 2056 for industrial use.	Portions of the Property with a total gross floor area of approximately 21,721.00 sq.m. (or 233,805 sq.ft.) are subject to various tenancies for a total monthly rent of RMB190,299.00 for terms of 3 to 8 years with the latest due to expire on 18th January 2015. The remaining portion of the property is either vacant or occupied by the Group. We understand that an aggregate gross floor area of approximately 98,585.15 sq.m. the property was occupied by other member companies of the Group at an annual rental and management service charges of HK$11,830,218 and that there were no formal tenancy agreements signed.	RMB215,000,000

Notes:

(1) Pursuant to the Agreement for Transfer of Land on 27 December 1990, the Supplementary Agreement for Transfer to Land Use Right dated 18 August 1991 and the supplementary Agreement for Transfer of Land Use Right dated 30 March 1993 entered into between 東莞市鳳崗鎮官井頭管理區 (Dongguan Fenggang Guanjintou Management District) ("Party A") and 香港萬年世紀企業有限公司 (Million Age Enterprise Limited, subsequently replaced by 香港毅力電子國際有限公司 (Ngai Lik Electronics International Limited, "Party B"), a parcel of land located at an area locally known as 石橋頭 (Shi Qiao Tou), having a site area of 42,925 sq.m. has been agreed to be transferred from Party A to Party B for a land use term of 50 years from 1 January 1991 to 31 December 2040 for industrial and ancillary uses.

(2) Pursuant to the Contract for Transfer of Land Use Rights entered into between 東莞市鳳崗鎮官井頭管理區 (Dongguan

Fenggang Guanjintou Management District) ("Party A") and 毅力集團萬年世紀企業有限公司 (Millian Age Enterprise Limited) ("Party B") on 1 March 1997, the land use rights of a parcel of land located at an area locally known as 鷹山門 (Ying Sha Men) with a site area of approximately 88,830.30 sq.m. was agreed to be transferred from Party A to Party B for a consideration of RMB4,263,854.40 for a land use term of 50 years form 1 March 1997 to 1 March 2047 for industrial and ancillary uses.

(3) Pursuant to the Letter of Transfer entered into between 李子林 (Li Zi Lin) and 香港毅力電子國際有限公司 (Ngai Lik Electronics International Limited), on 6 January 1998, the land use rights of a parcel of land located at an area locally known as 勾骨頭 (Gou Gu Tou) with a site area of approximately 25 mu (or 16,666.75 sq.m.) was agreed to be transferred to 毅力集團公司 (Ngai Lik Group).

(4) Pursuant to the Agreement for Transfer of Land Use Rights entered into between 東莞市鳳崗鎮官井頭管理區 (Dongguan Fenggang Guanjintou Management District) ("Party A") and 毅力集團有限公司 (Ngai Lik Holdings Limited) ("Party B") on 1 September 2001, the land use rights of a parcel of land with a site area of approximately 32,722.47 sq.m. was agreed to be transferred from Party A to Party B for a consideration of RMB1,308,898.80 for a land use term of 50 years from 1 October 2001 to 30 September 2051 for industrial and ancillary uses.

(5) Pursuant to the Certificate of Collective Land Use 東府集用(1992)第1900220200003號 (Dong Fu Ji Yong (1992) No. 1900220200003) dated 19 June 2007 issued by People's Government of Dongguan City, the land use rights of a parcel of land at Guanjingtou Village in Fenggang Town, with a site area of 18,524.00 sq.m., is held by 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Co., Ltd.), an 87%-owned subsidiary of the Company, by way of circulated transfer (流轉出讓) for industrial use for a term due to expire on 18 September 2056.

(6) Pursuant to the Certificate of Collective Land Use 東府集用(1993)第1900220200002號 (Dong Fu Ji Yong (1993) No. 1900220200002) dated 19 June 2007 issued by People's Government of Dongguan City, the land use rights of a parcel of land at Guanjingtou Village in Fenggang Town, with a site area of 24,149.00 sq.m., is held by 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Co., Ltd.) by way of circulated transfer for industrial use for a term due to expire on 18 September 2056.

(7) Pursuant to the Certificate of Collective Land Use 東府集用(1999)字第1900220211811號 (Dong Fu Ji Yong (1999) No. 1900220211811) dated 19 June 2007 issued by People's Government of Dongguan City, the land use rights of a parcel of land at Guanjingtou Village in Fengang Town, with a site area of 75,005.40 sq.m., is held by 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Co., Ltd.) by way of circulated transfer for industrial use for a term due to expire on 18 September 2056.

(8) Pursuant to the Certificate of Collective Land Use 東府集用(2008)字第1900220216012號 (Dong Fu Ji Yong (2008) No. 1900220216012) dated 2 February 2008 issued by People's Government of Dongguan City, the land use rights of a parcel of land at Guanjingtou Village in Fengang Town, with a site area of 6,497.70 sq.m., is held by 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Co., Ltd.) by way of circulated transfer for industrial use for a term due to expire on 18 September 2056.

(9) Pursuant to twenty-eight sets of Certificate of Real Estate Property Ownership issued by Dongguan City People's Government, the ownership of twenty-eight blocks of buildings in the Property are vested in 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Co., Ltd.) for industrial use. The details of the said certificates are summarized as follows:

Certificate No.	Date of Issue	Block No.	No. of Storey	Year Built	Gross Floor Area *(sq.m.)*
粵房地證字第C1043749號 (Yue Fang Di Zheng Zi No. (C1043749)	30 July 2002	10 (Quarters)	5	1991	3,409.60
粵房地證字第C1043750號 (Yue Fang Di Zheng Zi No. (C1043750)	30 July 2002	2 (Factory)	5	1991	6,848.80
粵房地證字第C1043751號 (Yue Fang Di Zheng Zi No. (C1043751)	30 July 2002	3 (Factory)	5	1991	6,848.80
粵房地證字第C1043752號 (Yue Fang Di Zheng Zi No. (C1043752)	30 July 2002	7 (Canteen)	3	1991	4,206.20
粵房地證字第C1043753號 (Yue Fang Di Zheng Zi No. (C1043753)	30 July 2002	11 (Quarters)	5	1991	3,409.60
粵房地證字第C1043754號 (Yue Fang Di Zheng Zi No. (C1043754)	30 July 2002	12 (Quarters)	5	1991	3,409.60

Certificate No.	Date of Issue	Block No.	No. of Storey	Year Built	Gross Floor Area (sq.m.)
粵房地證字第C1043755號 (Yue Fang Di Zheng Zi No. (C1043755)	30 July 2002	1 (Factory)	5	1991	6,848.80
粵房地證字第C1043756號 (Yue Fang Di Zheng Zi No. (C1043756)	30 July 2002	14 (Quarters)	6	1991	3,682.20
粵房地證字第C1043757號 (Yue Fang Di Zheng Zi No. (C1043757)	30 July 2002	4 & 5 (Factory)	6	1991	24,125.46
粵房地證字第C1043758號 (Yue Fang Di Zheng Zi No. (C1043758)	30 July 2002	8 (Office)	3	1991	3,515.62
粵房地證字第C1043759號 (Yue Fang Di Zheng Zi No. (C1043759)	30 July 2002	9 (Senior Staff Quarters)	5	1991	2,406.76
粵房地證字第C1043760號 (Yue Fang Di Zheng Zi No. (C1043760)	30 July 2002	13 (Quarters)	6	1991	3,682.20
粵房地證字第C1043761號 (Yue Fang Di Zheng Zi No. (C1043761)	30 July 2002	15 (Quarters)	6	1991	3,682.20
粵房地證字第C1043762號 (Yue Fang Di Zheng Zi No. (C1043762)	30 July 2002	16 (Quarters)	6	1991	3,682.20
粵房地證字第C1160815號 (Yue Fang Di Zheng Zi No. (C1160815)	19 August 2002	6 (Quarters)	6	1999	8,406.90
粵房地證字第C1160816號 (Yue Fang Di Zheng Zi No. (C1160816)	19 August 2002	B (Factory)	5	1999	6,546.60
粵房地證字第C1160817號 (Yue Fang Di Zheng Zi No. (C1160817)	19 August 2002	5 (Quarters)	6	1999	8,406.90
粵房地證字第1691932號 (Yue Fang Di Zheng Zi No. (1691932)	31 December 1998	Canteen	2	1998	4,824.52
粵房地證字第1691933號 (Yue Fang Di Zheng Zi No. (1691933)	31 December 1998	A (Quarters)	6	1998	4,034.10
粵房地證字第1691934號 (Yue Fang Di Zheng Zi No. (1691934)	31 December 1998	B (Quarters)	6	1998	4,034.10
粵房地證字第1691958號 (Yue Fang Di Zheng Zi No. (1691958)	22 March 1999	Factory	2	1998	41,228.77
粵房地證字第1691959號 (Yue Fang Di Zheng Zi No. (1691959)	22 March 1999	D (Quarters)	6	1998	4,034.10
粵房地證字第1691960號 (Yue Fang Di Zheng Zi No. (1691960)	22 March 1999	C (Quarters)	6	1998	4,034.10
粵房地證字第C3338782號 (Yue Fang Di Zheng Zi No. (C3338782)	4 September 2007	H (Factory)	5	1999	10,356.65
粵房地證字第C3338783號 (Yue Fang Di Zheng Zi No. (C3338783)	4 September 2007	C (Factory A)	5	1999	9,995.00
粵房地證字第C3338784號 (Yue Fang Di Zheng Zi No. (C3338784)	4 September 2007	Power Plant	1	1999	1,617.56
粵房地證字第C3338785號 (Yue Fang Di Zheng Zi No. (C3338785)	4 September 2007	Power Plant Dormitory	3	1999	1,024.80
粵房地證字第C3338786號 (Yue Fang Di Zheng Zi No. (C3338786)	4 September 2007	C (Factory B)	5	1999	9,995.00

(10) The opinions of Hill & Co. dated 8 July 2008 and 12 August 2008 are summarized as follows:

a) Dongguan Fenggang Ngai Lik Electronics Co., Ltd., an 87%-owned subsidiary of the Company, is the legal owner to the land use rights of the four parcels of land with a total site area of 124,176.10 sq.m. together with 28 blocks of buildings having a total gross floor area 198,297.14 sq.m. erected thereon and is entitled to transfer such property.

b) 23 of the 28 blocks of buildings mentioned in Note 10a above with a total gross floor area of 165,308.13 sq.m. have been mortgaged to Agricultural Bank of China, Dongguan Branch. Yet, such buildings are not subject to any valid seizure.

c) The four parcels of land mentioned in Note 10a above are not subject to any mortgage or seizure.

d) For portions of the Property the Certificates of Building Ownership / Real Estate Property Ownership of which have not been obtained, the tenancy agreements they are currently subject to cannot be enforced.

e) According to the confirmation letter issued by Dongguan Fenggang Ngai Lik Electronics Co., Ltd., the tenancy agreements and the supplements were executed properly. There were no breach of contract terms or any issue that might lead to variation or rescission of the tenancy agreements. There were no query or penalty from the relevant government authorities.

f) According to the confirmation letter issued by Dongguan Fenggang Ngai Lik Electronics Co., Ltd., there were no notice, order or proposal from relevant government authorities that would affect the whole or any part thereof or the value of the leased portions of the Property the Certificates of Building Ownership of which have been obtained and there did not exist any condition that would substantially affect Dongguan Fenggang Ngai Lik Electronics Co., Ltd. to continue its leasing of such property in accordance with the relevant tenancy agreements.

g) For the leased portions of the Property, the Certificate of Building Ownership of which have been obtained, the individual tenants have the pre-emption rights to the respective portions they are occupied. Dongguan Fenggang Ngai Lik Electronics Co., Ltd. cannot transfer the leased portions of the Property to third party unless the individual tenants have stated explicitly to give up their pre-emption rights or have not exercised such rights within a reasonable period upon receiving the notice of property transfer. Pursuant to the confirmation from the Company, all the individual tenants have signed the relevant documents to give up their pre-emption rights.

h) For the leased portions of the Property, the Certificate of Building Ownership of which have been obtained, the individual tenants, upon expiry of the respective tenancies, have the priority to lease such property under the same terms and conditions offered. Yet, Dongguan Fenggang Ngai Lik Electronics Co., Ltd. has the right to use such leased property for other use.

i) Pursuant to the confirmation of Dongguan Fenggang Ngai Lik Electronics Co. Ltd., the outstanding loan amount in respect of the mortgage (as mentioned in Note 10b above) is less than payments of the transfer consideration payable by the purchaser in accordance with the transfer agreement. Hence, there will not be any legal impediment in releasing the above-mentioned mortgage. Besides Dongguan Fenggang Ngai Lik Electronics Co. Ltd. further confirmed that the relevant procedure for releasing the mortgage was in progress.

(11) Pursuant to our recent valuation report on portion of the Property, which is classified by the Company as "Properties Held for Investment", the market value as at 31 March 2008 of such investment property with a transferable land use area of approximately 105,652.22 sq.m. and a total gross floor area of approximately 133,267.90 sq.m. has been assessed at RMB162,000,000.

(12) The status of title and grant of major approvals, consents or licences in accordance with the information provided by the Company and the aforesaid legal opinion are as follows:

Contract of Transfer of Land Use Rights	Yes
Certificates of Collective Land Use	Yes
Certificate of Real Estate Property Ownership	Yes

1. RESPONSIBILTY 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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

Ordinary Shares

Authorised:		*HK$'000*
1,200,000,000	Shares of HK$0.10 each	120,000
Issued:		
793,016,684	Shares of HK$0.10 each	79,302

All the issued Shares are fully paid and rank pari passu in all respects including the rights as to voting, dividends and return of capital.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, Directors and chief executive of the Company and their respective associates had the following interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (ii) to be entered in the register required to be kept by the Company under section 352 of the SFO or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules ("Model Code"), to be notified to the Company and the Stock Exchange:

Name of Directors	Notes	Capacity/Nature of interest	Number of Shares held Long position	Short position	Number of underlying Shares (in respect of the share options) of the Company	Percentage of total holding
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%
Lam Shing Ngai ("Mr. Lam")	1 & 2	Family interest and personal interest	278,723,176	–	700,000	35.24%
Ting Lai Wah	3	Personal interest	–	–	7,000,000	0.88%
Yeung Cheuk Kwong ("Mr. Yeung")	4	Personal interest	–	–	4,000,000	0.50%

Notes:

(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 (including Mr. Lam) of both Dr. Lam and Ms. Ting.

(2) The personal interest of Mr. Lam represents 700,000 underlying Shares in respect of share options granted to him on 22 May 2007. The options are exercisable at a subscription price of HK$0.690 for each Share during the period from 11 June 2007 to 30 June 2009. The percentage of holding is calculated on the basis (i) that the options are fully exercised; and (ii) the number of issued share capital of the Company when the options are exercised is the same as that as the Latest Practicable Date.

(3) The personal interest of Ms. Ting Lai Wah represents 7,000,000 underlying Shares in respect of share options granted to her on 22 May 2007. The options are exercisable at a subscription price of HK$0.690 for each Share during the period from 11 June 2007 to 30 June 2009. The percentage of holding is calculated on the basis (i) that the options are fully exercised; and (ii) the number of issued share capital of the Company when the options are exercised is the same as that as at the Latest Practicable Date.

(4) The personal interest of Mr. Yeung represents 4,000,000 underlying Shares in respect share options granted to him on 22 May 2007. The options are exercisable at a subscription price of HK$0.690 for each Share during the period from 11 June 2007 to 30 June 2009. The percentage of holding is calculated on the basis (i) that the options are fully exercised; and (ii) the number of issued share capital of the Company when the options are exercised is the same as that as the Latest Practicable Date.

In addition to the above, certain Directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of compliance with the minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporation (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 or which were required to be entered in the register required to be kept under Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests and short positions in Shares or underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the interests disclosed above in respect of certain directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO as recorded in the register to be kept under Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group are set out below:

			Number of Shares held		
Name of Shareholders	**Notes**	**Capacity/ Nature of Interest**	**Long position**	**Short position**	**Percentage of holding**
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%
FMR Corp.	2	Investment manager	70,904,000	–	8.94%
Grandlink Holdings Limited	3	Beneficial interest	40,640,000	–	5.12%
Safeguard Trustee Limited	3	Trustee interest	40,640,000	–	5.12%
Basab Inc.	3	Trustee interest	40,640,000	–	5.12%

Notes:

1. The details of this note are stated in note (1) of the above section headed "Interests of Directors".

2. The interests are indirectly held by FMR Corp. through its 100% controlled corporations, namely, Fidelity Management & Research Company and Fidelity Management Trust Company.

3. The interests are held 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 Safeguard Trustee Limited as trustee of a discretionary trust.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any other persons who had an interest and or short position in the Shares or underlying Shares of the Company which is required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under Section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2008 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in, apart from the Group's business, any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

7. OTHER INTERESTS

As at the Latest Practicable Date:

(a) save as disclosed above, none of the Directors had any interests, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2008 (being the date to which the latest published audited consolidated accounts of the Group were made up); and

(b) save as disclosed above, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	**Qualification**
Deloitte Touche Tohmatsu ("Deloitte")	certified public accountants
B.I. Appraisals Limited ("B.I.")	independent professional valuer
Hills & Co.	PRC legal adviser

B.I., Deloitte and Hills & Co. have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their respective letters and reports (as the case may be) and references to their respective names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of B.I., Deloitte and Hills & Co. was beneficially interested in the share capital of any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either directly or indirectly, in any assets which had been acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2008 (being the date to which the latest published audited accounts of the Group were made up).

9. MATERIAL CONTRACT

Save for the Agreement, no material contract (not being contracts entered into in the ordinary course of business) had been entered into by the Group within the two years preceding the Latest Practicable Date.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Flat 29-32, 8/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, from the date of this circular up to 8 September 2008:

(a) the memorandum of association of the Company and Bye-Laws;

(b) the annual reports of the Company for the three years ended 31 March 2006, 2007 and 2008;

(c) the accountants' report on the Unaudited Pro Forma Financial Information of the Group from Deloitte, the text of which is set out in Appendix III to this circular;

(d) the property valuation report prepared by B.I. Appraisals Limited, the text of which is set out in Appendix IV to this circular;

(e) the PRC legal opinions dated 8 July 2008 and 12 August 2008 prepared by Hills & Co., the PRC legal adviser of the Company;

(f) the material contract referred to in the paragraph headed "Material Contract" of this appendix; and

(g) the written consents referred to in the paragraph headed "Experts and Consents" of this appendix.

11. MISCELLANEOUS

(a) The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business is located in Hong Kong at Flat 29-32, 8/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon.

(b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(c) The secretary and the qualified accountant of the Company is Mr. Yeung Cheuk Kwong. Mr. Yeung is a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.

(d) In case of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Ngai Lik Industrial Holdings Limited (the "Company") will be held at Flat 29-32, 8/F., Block B, Focal Industrial Centre, 21 Man Lok Street, Hunghom, Kowloon, Hong Kong on 8 September 2008 at 3:00 p.m. 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 dated 4 July 2008 (the "Agreement") between 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Company Limited)[#], a sino-foreign joint venture in the People's Republic of China established by the Group with an Independent Third Party as Vendor and 陽江市源泰投資有限公司 (Yang Jiang Yuan Tai Investment Limited)[#], a company incorporated in the People's Republic of China as purchaser relating to the disposal of the Property (as defined in the Agreement) for a consideration of HK$230,000,000 and the transfer of the Adjacent Property (as defined in the Agreement) as a gift by 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Company Limited)[#] to 陽江市源泰投資有限公司 (Yang Jiang Yuan Tai Investments Limited) (a copy of the Agreement 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
Lam Man Chan
Chairman

Hong Kong, 13 August 2008

[#] *For identification purpose only*

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
Hunghom
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, Tricor 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 five executive Directors, namely Dr. Lam Man Chan, Ms. Ting Lai Ling, Ms. Ting Lai Wah, Mr. Yeung Cheuk Kwong and Mr. Lam Shing Ngai, and three independent non-executive Directors, namely Mr. Ng Chi Yeung, Simon, Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong.