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NGAI LIK INDUSTRIAL HOLDINGS LIMITED

毅力工業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 332)

EXECUTION OF SCHEME SECURITY AND DEED OF UNDERTAKING AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

THE EXECUTION OF SCHEME SECURITY AND DEED OF UNDERTAKING

On 13 July 2009, the Chargors (being 12 wholly-owned subsidiaries of the Company) each executed a debenture in favour of the Security Trustee for the HK Banks. Each Debenture constitutes a fixed and floating charge over all the assets of the relevant Chargor, and is granted as a continuing security for the payment and discharge in full of the Secured Obligations. The Company and its subsidiaries also executed on the same day the Deed of Undertaking under which each of them have irrevocably given the HK Banks certain positive and negative undertakings in relation to, among other things, the creation of the Scheme Security and certain aspects of the conduct of business of the relevant members of the Group. The Debentures constitute the first batch of Scheme Security to be granted to the HK Banks. In return, the Company received on the same day the Standstill Letter which states that the HK Banks agreed not to make demand or take any action to enforce the payment of monies under any of the Existing Facilities in order to facilitate the discussions of the restructuring of the Existing Facilities. The Standstill Letter is without prejudice to any HK Banks' rights to withdraw at any time from discussions with the Group on any restructuring and upon such withdrawal, any HK Bank is entitled to make demand and enforce any of its rights under the Existing Facilities and any HK Bank can request the Security Trustee to enforce the Debentures. The Deed of Undertaking shall cease to have full force and effect upon the execution of the Restructuring Agreement.

As at the date of this announcement, none of the conditions precedent of the Subscription Agreement have been fulfilled or waived. Furthermore announcement(s) will be made to inform Shareholders and potential investors of any further developments as and when appropriate. **Shareholders and potential investors should be aware that the Subscription is subject to certain conditions being fulfilled or waived (if applicable) and may or may not be completed and hence Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board announces that Quam Capital Limited has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders of the Company in respect of the Capital Reorganisation, the Group Reorganisation, the Subscription Agreement and the Whitewash Waiver and the appointment has been approved by the independent board committee of the Company.

Reference is made to the joint announcements dated 24 February 2009, 11 March 2009 and 28 April 2009 (the “Joint Announcements”) issued by the Board and the board of the Subscriber and the announcements dated 17 March 2009 and 23 March 2009 issued by the Board with regards to, among other things, the Group Reorganisation, the Creditor Scheme, the Subscription Agreement and the Whitewash Waiver. Unless otherwise stated, terms defined in the Joint Announcements have the same meanings when used in this announcement.

THE EXECUTION OF SCHEME SECURITY AND DEED OF UNDERTAKING

As disclosed in the announcement of the Company dated 6 January 2009, certain subsidiaries of the Company defaulted in the repayment of the outstanding amounts owing to some of the banks and financial institutions (collectively, the “Banks”) under the existing banking facilities owed by them to the Banks. Based on the further discussions between the Company and the Banks, the Company has agreed that certain of its wholly-owned subsidiaries would execute security documents over certain of their assets to secure the obligations owing by them (or any or them) to certain of the Banks. Accordingly, on 13 July 2009, the Company and the following 12 wholly-owned subsidiaries of the Company (collectively, the “Chargors”):

- Flourishing China Limited;
- Greatmerry Limited;
- Marvel Sports Limited;
- Panda Wave Limited;
- Sportwide Limited;
- Stand United Limited;
- Standfirm Limited;
- Ecotec Electronics Company Limited;
- Ngai Lik Electronics Company Limited;

- Ngai Lik Properties Limited;
- Kin Ngai Industrial Limited; and
- Lik Way Chemical Limited,

each executed a debenture (the “Debenture”) in favour of The Hongkong and Shanghai Banking Corporation Limited acting as security trustee (the “Security Trustee”) for The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank, Limited, CITIC Ka Wah Bank Limited, Agricultural Bank of China Limited, Hong Kong Branch, DBS Bank (Hong Kong) Limited and Bank of China (Hong Kong) Limited (collectively, the “HK Banks”). Each Debenture constitutes a fixed and floating charge over all the assets of the relevant Chargor, and is granted as a continuing security for the payment and discharge in full of the Secured Obligations (as defined in each Debenture).

The Company and its subsidiaries also executed on the same day a deed of undertaking under which each of them have irrevocably given to the HK Banks certain positive and negative undertakings in relation to, among other things, the creation of the Scheme Security (as defined in the Deed of Undertaking) and certain aspects of the conduct of business of the relevant members of the Group (the “Deed of Undertaking”). The Debentures constitute the first batch of Scheme Security to be granted to the HK Banks. In return, the Company received on the same day a standstill letter (the “Standstill Letter”) from The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank, Limited, acting as joint coordinator banks of the HK Banks, stating that the HK Banks agreed not to make demand or take any action to enforce the payment of monies under any of their existing banking facilities (the “Existing Facilities”). The Standstill Letter is without prejudice to any HK Banks’ rights to withdraw at any time from discussions with the Group on any restructuring and upon such withdrawal, any HK Bank is entitled to make demand and enforce any of its rights under the Existing Facilities and any HK Bank can request the Security Trustee to enforce the Debentures.

Under the Deed of Undertaking, the Company and the following 11 wholly-owned subsidiaries of the Company:

- Din Wai Electronics Limited;
- Ngai Lik (BVI) Limited;
- Ngai Wai Plastic Manufacturing Limited;
- Shing Wai Limited;
- Faithful Lion Enterprises Limited;
- Ngai Lik Electronics International Limited;
- Eurobest Limited;
- Quest Assets Ltd.;
- Callington Industries Ltd.;
- 東莞鳳崗毅力電子有限公司 (Dongguan Fenggang Ngai Lik Electronics Co., Ltd.)*; and
- 忠毅 (清遠) 電子塑膠五金有限公司 (Zhong Yi (Qing Yuan) Electronics Plastic Metal Company Limited)*

undertook, prior to or on the signing of a formal restructuring agreement (the “Restructuring Agreement”) between, among others, the relevant members of the Group and the HK Banks, to execute or procure the execution of the remainder of the Scheme Security, including assignment of indebtedness, debenture, share charge, pledge of equity interest and/or corporate guarantee, in favour of the Security Trustee (on behalf of the HK Banks). The Deed of Undertaking shall cease to have full force and effect upon the execution of the Restructuring Agreement.

Given that the cooperation of the HK Banks is required for the purpose of allowing the Group to implement solutions to resolve its financial difficulties, and that the survival of the Company is, directly or indirectly inter-dependent on the survival of its subsidiaries, the Directors are of the view that it is the best interest and for the commercial benefit of the Group that the Company and the relevant subsidiaries enter into the Scheme Security and the Deed of Undertaking.

As at the date of this announcement, none of the conditions precedent of the Subscription Agreement have been fulfilled or waived. Furthermore announcement(s) will be made to inform Shareholders and potential investors of any further developments as and when appropriate. **Shareholders and potential investors should be aware that the Subscription is subject to certain conditions being fulfilled or waived (if applicable) and may or may not be completed and hence Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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Hong Kong, 13 July 2009

By Order of the Board
Ngai Lik Industrial Holdings Limited
Lam Man Chan
Chairman

* *For identification purposes only*

As at the date of this announcement, the executive directors of the Company are Dr. Lam Man Chan, Ms. Ting Lai Ling, Ms. Ting Lai Wah, Mr. Yeung Cheuk Kwong and Mr. Lam Shing Ngai, and the independent non-executive directors of the Company are Mr. Ng Chi Yeung, Simon and Mr. Tam Yuk Sang, Sammy and Mr. Ho Lok Cheong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statements in this announcement misleading.