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Ngai Hing Hong Company Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1047)

PROPOSED OPEN OFFER OF NEW SHARES ON THE BASIS OF ONE OFFER SHARE FOR EVERY FIVE SHARES HELD ON RECORD DATE PAYABLE IN FULL ON ACCEPTANCE AND RESUMPTION OF TRADING

Financial adviser to the Company



First Shanghai Capital Limited

PROPOSED OPEN OFFER

The Company proposes to raise approximately HK\$36 million, before expenses, by issuing 60,000,000 Offer Shares at a price of HK\$0.60 per Offer Share by way of the Open Offer, payable in full on application, on the basis of one Offer Share for every five existing Shares held on the Record Date.

The Open Offer is fully underwritten by the Underwriter and is subject to the terms and conditions of the Underwriting Agreement.

The net proceeds of approximately HK\$35.20 million will be used as general working capital of the Group.

The Open Offer is conditional upon fulfilment of the conditions set out in the section headed "Conditions of the Open Offer" below. In particular, the Open Offer is conditional upon (i) the Stock Exchange granting the listing of and the permission to deal in the Offer Shares; and (ii) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with its terms. Accordingly, the Open Offer may or may not proceed and the Shareholders and potential investors are advised to exercise caution when dealing in the Shares and consult their professional advisers if they are in any doubt about their positions.

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from Monday, 23 May 2005 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on or before 4:00 p.m. on Monday, 13 June 2005), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 May 2005 to Thursday, 26 May 2005, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.



RECORD DATE

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged with the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by 4:00 p.m. on Tuesday, 24 May 2005.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on Monday, 9 May 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 11 May 2005.

PROPOSED OPEN OFFER

On 9 May 2005, the Company entered into the Underwriting Agreement with the Underwriter in respect of the Open Offer and further details of the Open Offer are set out below:

Issue statistics

Basis of the Open Offer:	One Offer Share for every five Shares held on the Record Date
Number of Shares in issue as at the date of this announcement:	300,000,000 Shares
Number of Offer Shares to be issued:	60,000,000 Shares, representing 20% of the existing issued Shares and approximately 16.67% of the issued share capital as enlarged by the issue of the Offer Shares
Subscription Price:	HK\$0.60 per Offer Share payable in full on application

The Company has not conducted any other fund raising exercises within 12 months preceding the date of this announcement and there was no open offer or rights issue made by the Company prior to such 12 months period where dealing in respect of such shares issued pursuant thereto commenced within such 12 months period preceding the date of this announcement.

The Company has adopted a new share option scheme on 5 December 2002, by which, 28,500,000 Options had been granted to the executive Directors and other continuous contract employees and were outstanding as at the date of this announcement. As at the date of this announcement, the Company has outstanding and exercisable Options entitling the Option Holders thereof to subscribe for up to an aggregate of 17,000,000 Shares at an exercise price of HK\$0.82 per Share prior to the Record Date. Each of the Option Holders of the exercisable Options has given an irrevocable undertaking to the Company that he/she would not exercise their respective Options on or before the Record Date. Save as the Options, as at the date of this announcement, there are no other outstanding convertible note, share option, warrant, derivative or other securities convertible into or exchangeable for the Shares.

Pursuant to the Underwriting Agreement, the Company has undertaken that it will not, from the date of the Underwriting Agreement to the Record Date, issue any Shares or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than pursuant to the exercise of the Options).

TERMS OF THE OPEN OFFER

Subscription Price of the Offer Shares

The Subscription Price of HK\$0.60 per Offer Share will be payable in full upon acceptance of the provisional allotments. The Subscription Price represents:

- (i) a discount of approximately 6.25% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 9.09% to the average closing price of approximately HK\$0.66 per Share for the previous five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

- (iii) a discount of approximately 9.64% to the average closing price of approximately HK\$0.664 per Share for the previous ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 36.84% to the net asset value per Share of approximately HK\$0.95 with reference to the latest published audited financial statements of the Group as at 30 June 2004;
- (v) a discount of approximately 38.78% to the unaudited consolidated net asset value per Share of the Group of approximately HK\$0.98 per Share as at 31 December 2004; and
- (vi) a discount of approximately 5.21% to the theoretical ex-entitlement price of approximately HK\$0.633 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day.

The theoretical ex-entitlement price is calculated based on the following:

$$\frac{(5 \times \text{closing price on the Last Trading Day}) + (1 \times \text{Subscription Price})}{(5 + 1)}$$

$$(5 + 1)$$

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter, having regard to the prevailing market conditions, the recent trading volume, the price performance of the Shares and the financial position of the Group. The Board considers that the Subscription Price and the terms and the conditions of the Open Offer to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only on or about Thursday, 26 May 2005. To qualify for the Open Offer, Shareholders must be registered as members of the Company as at the close of business on the Record Date and not be Unqualifying Shareholders.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfer of Shares (with the relevant share certificates) for registration with the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited, Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong by 4:00 p.m. on Tuesday, 24 May 2005.

The invitation to apply for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 25 May 2005 to Thursday, 26 May 2005, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

Rights of Unqualifying Shareholders

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda.

Having reviewed the register of members as at the date of this announcement, the Company noted that four Shareholders have maintained addresses located in two places outside Hong Kong in the

Company's register of members, namely, Macau and Thailand. The shareholding of such individual Overseas Shareholders ranges from 2,000 Shares to 20,000 Shares, representing approximately 0.0007% to 0.0067% of the existing issued Shares; and the total shareholding of these Overseas Shareholders represents approximately 0.0153% of the existing issued Shares in aggregate. These Overseas Shareholders may be governed by legislations similar to Hong Kong which requires registration of the Prospectus Documents. The Directors will make enquires regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and will only exclude such Shareholders for the Open Offer if it would be necessary or expedient to do so in accordance with Rule 13.36(2)(a) of the Listing Rules.

If the Directors, after making enquiries, find it necessary or expedient to exclude the Overseas Shareholders for the Open Offer, the Company will not make provisional allotment of Offer Shares to the Overseas Shareholders. The basis of exclusion of the Unqualifying Shareholders from the Open Offer, if any, will be disclosed in the Prospectus. The Company will send copies of the Prospectus to such Overseas Shareholders for their information only, but will not send the Application Forms and the Excess Application Forms to such Overseas Shareholders.

Application for excess Offer Shares

Under the Open Offer, Qualifying Shareholders may apply for any unsold entitlements of the Unqualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders. Application can be made by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied for.

The Directors will allocate the excess Offer Shares at their discretion and on a fair and equitable basis and give preference to topping up odd lots to whole board lots.

Intention of the controlling Shareholder and other Shareholders

As at the date of this announcement, Good Benefit Limited is the controlling Shareholder holding 153,000,000 Shares, representing approximately 51% of the issued share capital of the Company. Good Benefit Limited has irrevocably undertaken to the Company that it will up to and inclusive of the latest date for application of the Offer Shares remain the beneficial owner of at least 153,000,000 Shares and will subscribe for its entitlement in full in respect of such Shares under the Open Offer pursuant to an undertaking letter. In addition, each of Ever Win Limited, Evergrow Company Limited, Mr. Hui Sai Chung, Mr. Hui Kwok Kwong and Madam Liu Sau Lai (currently holding 5,000,000 Shares, 1,735,000 Shares, 12,268,000 Shares, 12,702,000 Shares and 1,102,500 Shares respectively), has also irrevocably undertaken to accept their respective entitlements in full under the Open Offer pursuant to an undertaking letter. Mr. Hui Sai Chung, Mr. Hui Kwok Kwong and Madam Liu Sau Lai are the Directors.

Share Certificates and refund cheques

Subject to fulfillment of the conditions of the Open Offer set out in the section headed "Conditions of the Open Offer" below, certificates for all fully paid Offer Shares and refund cheques in respect of unsuccessful excess applications (if any) are expected to be posted on or before Tuesday, 14 June 2005 to those who have accepted/applied and paid for the Offer Shares at their own risks. No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of the applicable stamp duty and any other applicable fees and charges in Hong Kong.

UNDERWRITING ARRANGEMENTS

Good Benefit Limited is the controlling Shareholder holding 153,000,000 Shares, representing approximately 51% of the issued share capital of the Company as at the date of this announcement. Each of Good Benefit Limited, Ever Win Limited, Evergrow Company Limited, Mr. Hui Sai Chung, Mr. Hui Kwok Kwong and Madam Liu Sau Lai, has irrevocably undertaken to accept their respective entitlements in aggregate 37,161,500 Offer Shares in full under the Open Offer. Good Benefit Limited has underwritten 22,838,500 Offer Shares pursuant to the Underwriting Agreement. The terms of the Underwriting Agreement were reached after arm's length negotiation between the Company and the Underwriter, and the Directors consider that the Underwriting Agreement is on normal commercial

terms.

Date:	9 May 2005
Underwriter:	Good Benefit Limited, a controlling Shareholder currently holding 153,000,000 Shares, representing 51% issued share capital of the Company
Number of Offer Shares underwritten:	22,838,500 Shares
Commission:	An underwriting commission of 1% of the aggregate Subscription Price of the Offer Shares underwritten by the Underwriter

Termination of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement if prior to 4:00 p.m. on the second Business Day following the Acceptance Date, that second Business Day expected to be Monday, 13 June 2005, in the absolute opinion of the Underwriter:

- 1. the occurrence of the following events would materially prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable for the Underwriter to proceed with the Open Offer:**
 - (a) the introduction of any new law or regulation or any material change in existing law or regulation or any material change in the judicial interpretation or application thereof by any court or other competent authority; or**
 - (b) the occurrence of any local, national or international event, development or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Underwriting Agreement) of a political, military, financial, regulatory or economic nature (whether or not ejusdem generis with any of the foregoing) resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, securities market conditions; or**
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally or the Company's securities on the Stock Exchange (i) occurring due to exceptional financial circumstances; or (ii) for a period of more than five consecutive Business Days (excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcement or circular in connection with the Open Offer); or**
 - (d) the occurrence of a change or development involving a prospective material change in taxation in Hong Kong or Bermuda or the implementation of exchange controls which will or might reasonably be expected to materially and adversely affect the Company; or**
 - (e) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs;**
- 2. the Underwriter shall receive notification pursuant to the Underwriting Agreement of, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would be untrue or inaccurate in any material respect if repeated as provided in the Underwriting Agreement and the Underwriter shall in its absolute opinion determine that any such untrue representation or warranty is likely to have a materially prejudicial effect on the Open Offer; or**
- 3. any change occurs in the circumstances of the Company or any member of the Group which would materially and adversely affect the prospects, business, financial or trading position of the Group taken as a whole including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the**

liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or

- 4. the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement in any material respect which breach or omission would have a material and adverse effect on the prospects, business, financial or trading position of the Group taken as a whole; or**
- 5. the occurrence of any event, or series of events, beyond the control of the Underwriter (including, without limitation, acts of government, strike, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of terrorism or acts of God) which in its absolute opinion has or would have the effect of materially and adversely affecting the Open Offer.**

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon the following conditions:

- (a) the filing with the Registrar of Companies in Bermuda of one copy of each of the Prospectus Documents duly signed by all Directors or by one of the Directors on behalf of all Directors in compliance with the Companies Act (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies Act 1981 of Bermuda on or before Thursday, 26 May 2005;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents, each duly certified by two Directors (or by their agents duly authorised in writing), and all other documents required to be attached thereto and otherwise complying with the requirements of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules on or before Thursday, 26 May, 2005;
- (c) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on or before Thursday, 26 May, 2005;
- (d) delivery to the Company and the Underwriter on 9 May 2005 the undertaking letters described in the sub-section headed "Intention of the controlling Shareholder and other Shareholders" above; and
- (e) the Listing Committee granting (either unconditionally or subject to conditions) and not having withdrawn or revoked, the listing of and permission to deal in the Offer Shares on or before 5:00 p.m. on Monday 13 June, 2005.

If the conditions referred to above are not fulfilled on or before the time and dates specified above (or such other time and date(s) as the Company and the Underwriter may mutually agree), the Underwriting Agreement will cease and terminate and the Open Offer will not proceed.

WARNING OF RISKS OF DEALING IN SHARES

If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement have not been fulfilled in accordance with the terms thereof, the Open Offer will not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares and are advised to consult their professional advisers if they are in any doubt about their positions.

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from Monday, 23 May 2005 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on or before 4:00 p.m.

on Monday, 13 June 2005), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed.

Shareholding structure of the Company

The following is the shareholding structure of the Company (i) before completion of the Open Offer; (ii) immediately following completion of the Open Offer assuming all Qualifying Shareholders have taken up their respective entitlement in full; and (iii) immediately following completion of the Open Offer assuming that no Qualifying Shareholder takes up his/her/its entitlement under the Open Offer except for Good Benefit Limited, Ever Win Limited, Evergrow Company Limited, Mr. Hui Sai Chung, Mr. Hui Kwok Kwong and Madam Liu Sau Lai:

	Before completion of the Open Offer		Immediately following completion of the Open Offer assuming that all Qualifying Shareholders have taken up their respective entitlement in full		Immediately following completion of the Open Offer assuming that no Qualifying Shareholder takes up his/her/its entitlement under the Open Offer except for Good Benefit Limited, Ever Win Limited, Evergrow Company Limited, Mr. Hui Sai Chung, Mr. Hui Kwok Kwong and Madam Liu Sau Lai	
	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Good Benefit Limited (Note 1)	153,000,000	51.0	183,600,000	51.0	206,438,500	57.3
Ever Win Limited (Note 2)	5,000,000	1.7	6,000,000	1.7	6,000,000	1.7
Evergrow Company Limited (Note 3)	1,735,000	0.6	2,082,000	0.6	2,082,000	0.6
Mr. Hui Sai Chung	12,268,000	4.1	14,721,600	4.1	14,721,600	4.1
Mr. Hui Kwok Kwong	12,702,000	4.2	15,242,400	4.2	15,242,400	4.2
Madam Liu Sau Lai	1,102,500	0.4	1,323,000	0.4	1,323,000	0.4
Public	114,192,500	38.0	137,031,000	38.0	114,192,500	31.7
Total	300,000,000	100.0	360,000,000	100.0	360,000,000	100.0

Notes:

- Good Benefit Limited is a company beneficially owned as to 45.1%, 45.1%, 0.8% and 9.0% by Ever Win Limited, Evergrow Company Limited, Madam Liu Sau Lai, and other shareholders who are not connected persons to the Company and are not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates (within the meaning under Rule 1.01 of the Listing Rules) respectively.
- Ever Win Limited is a company incorporated in British Virgin Islands with limited liability and is held by a trustee (as to 50,000 ordinary shares thereof) on behalf of a discretionary trust, the discretionary objects of which include Mr. Hui Sai Chung, a Director, and his family members and Mr. Hui Sai Chung and his spouse as to 30,834 and 5 class A non-convertible redeemable preferred shares thereof respectively.
- Evergrow Company Limited is a company incorporated in British Virgin Islands with limited liability and is held by a trustee (as to 50,000 ordinary shares thereof) on behalf of a discretionary trust, the discretionary objects of which include Mr. Hui Kwok Kwong, a Director, and his family members and by Mr. Hui Kwok Kwong as to 30,823 class A non-convertible redeemable preferred shares thereof.

Both the Company, the Directors and the Underwriter will ensure that appropriate steps will be taken to ensure the sufficiency of public float in the Shares.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Last day of dealings in shares on cum-entitlement basis	Friday, 20 May
First day of dealings in shares on ex-entitlement basis	Monday, 23 May
Latest time and date for lodging transfers of shares to qualify for the Open Offer	4:00 p.m. on Tuesday, 24 May
Register of members closes (both dates inclusive)	Wednesday, 25 May to Thursday, 26 May
Record Date	Wednesday, 25 May
Despatch of the Prospectus Documents	Thursday, 26 May
Register of members re-opens	Friday, 27 May
Latest time for acceptance of, and payment for, Offer Shares	4:00 p.m. on Thursday, 9 June
Open Offer become unconditional	4:00 p.m. on Monday, 13 June
Announcement of results of the open offer	Tuesday, 14 June
Despatch of refund cheques in respect of excess unsuccessful applications	Tuesday, 14 June
Certificates for fully-paid Offer Shares to be despatched	Tuesday, 14 June
Dealings in Offer Shares commence	Thursday, 16 June

Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer will be announced as appropriate.

Reasons for the Open Offer and use of proceeds

The Group is principally engaged in the trading and manufacturing of plastic materials, pigments colorants, compounded plastic resins, engineering plastic products and PVC compounds.

The Group has not conducted any fund raising exercise since dealings in the Shares on the main board of the Stock Exchange commenced around ten years ago. However, the Group's (i) turnover had significantly increased from approximately HK\$703.59 million for the year ended 30 June 2000 to approximately HK\$1,017.78 million for the year ended 30 June 2004 (representing a compound annual growth rate of approximately 9.67%); (ii) its total assets had also increased from approximately HK\$331.40 million as at 30 June 2000 to approximately HK\$536.66 million as at 30 June 2004 (representing a compound annual growth rate of approximately 12.81%); whereas (iii) its current assets had only increased from approximately HK\$151.20 million as at 30 June 2000 to approximately HK\$167.91 million as at 30 June 2004 (representing a compound annual growth rate of approximately 2.66%). The Group's working capital requirements have also substantially increased over the years, the Directors therefore consider that the Open Offer represents an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. As a consequence, the Company will be in a better position to capture any potential business opportunity and facilitate its business expansion and to enhance its earning potential, and therefore enhance the overall value of the Shares. However, the Company has not identified any specific investment target of acquisitions as at the date of this announcement. Moreover, the Directors are of the view that it is in the interests of the Company and its Shareholders as a whole to raise the capital through the Open Offer since it would allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Company.

The estimated expenses of the Open Offer is about HK\$800,000, which will be borne by the Company. The net proceeds of approximately HK\$35.20 million will be used as general working capital of the Group.

ADJUSTMENT TO THE OPTIONS

Under the terms of the share option scheme of the Company adopted on 5 December 2002, adjustments to the exercise price or number of the options granted is required upon the completion of

the Open Offer. Such adjustment(s) will be set out in the Company's announcement of results of acceptance of the Open Offer.

GENERAL

As at the date of this announcement, the executive Directors are Mr. Hui Sai Chung, Mr. Hui Kwok Kwong, Dr. Wong Chi Ying, Anthony, Mr. Lai Kam Wah, Mr. Ching Yu Lung and Madam Liu Sau Lai; and the independent non-executive Directors are Mr. Ho Wai Chi, Paul, Mr. Fong Pong Hing and Mr. Chan Dit Lung.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 9:30 a.m. on Monday, 9 May 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 11 May 2005.

DEFINITIONS

"Acceptance Date"	Thursday, 9 June 2005 (or such other date as the Underwriter may agree in writing with the Company as the latest date for lodging the application of and payment for the Offer Shares)
"Application Form(s)"	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
"Board"	the board of the Directors
"Business Day"	a day on which banks in Hong Kong are generally open for business (other than a Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
"Company"	Ngai Hing Hong Company Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
"Director(s)"	the director(s) of the Company, including the independent non-executive directors of the Company
"Excess Application Form(s)"	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Offer Shares, being in such usual form as may be agreed between the Company and the Underwriter
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Last Trading Day"	6 May 2005, being the last trading day which was immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Offer Share(s)"	60,000,000 new Shares to be allotted and issued under the Open Offer
"Open Offer"	the proposed issue of the Offer Shares at the Subscription Price by way of open offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
"Option(s)"	the outstanding option(s) granted by the Company pursuant to the share option scheme of the Company adopted on 5 December 2002
"Option Holder(s)"	the holder(s) of the outstanding Options
"Overseas Shareholder(s)"	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong

“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau Special Administration Region and Taiwan
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders in connection with the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form and the Excess Application Form
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Unqualifying Shareholder(s)
“Record Date”	Wednesday, 25 May 2005, being the date by reference to which entitlements to the Open Offer will be determined (or such other date as the Underwriter may agree in writing with the Company)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.60 per Offer Share pursuant to the Open Offer
“Underwriter”	Good Benefit Limited, a company beneficially owned as to 45.1%, 45.1%, 0.8% and 9.0% by Ever Win Limited, Evergrow Company Limited, Madam Liu Sau Lai, and other shareholders who are not connected persons to the Company and are not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates (within the meaning under Rule 1.01 of the Listing Rules) respectively
“Underwriting Agreement”	the underwriting agreement dated 9 May 2005 (as amended by a letter dated 10 May 2005) entered into between the Company and the Underwriter
“Unqualifying Shareholder(s)”	those persons whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register as at that date are in jurisdictions outside Hong Kong and as to be excluded from the Open Offer as may be determined by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules
“HK\$”	Hong Kong dollars
“%”	per cent.

By order of the Board
**Ngai Hing Hong Company
Limited**
Hui Sai Chung
Chairman

Hong Kong, 11 May 2005