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**Heng Fai Enterprises Limited**  
恒輝企業控股有限公司

*(Incorporated in Hong Kong with limited liability)*  
*(Stock Code: 185)*

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

### **THE SUBSCRIPTION**

The Board is pleased to announce that on 6 May 2014, the Subscriber and the Company entered into the Subscription Agreement pursuant to which the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber, the Subscription Shares at the Subscription Price.

The Subscription Shares will be issued under the General Mandate and will rank *pari passu* among themselves and with all of the Shares in issue at the Completion Date.

The Subscription Shares represent approximately 1.47% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.45% of the enlarged issued share capital of the Company immediately after the Completion.

### **INTRODUCTION**

The Board is pleased to announce that on 6 May 2014, the Subscriber and the Company entered into the Subscription Agreement, pursuant to which the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber, the Subscription Shares at the Subscription Price.

## **SUBSCRIPTION AGREEMENT**

### **Date of the Subscription Agreement**

6 May 2014

### **Parties**

- (1) The Company as issuer
- (2) The Subscriber as subscriber

### **The Subscription**

Pursuant to the Subscription Agreement, the Subscriber will subscribe for and the Company will allot and issue to the Subscriber 53,000,000 new Shares at the Subscription Price of HK\$0.36 per Subscription Share.

### **The Subscription Shares**

The 53,000,000 new Shares to be allotted and issued under the Subscription represent approximately 1.47% of the existing issued share capital of the Company as at the date of this announcement, and approximately 1.45% of the enlarged issued share capital of the Company immediately after the Completion. The Subscription Shares will rank *pari passu* among themselves and with all of the Shares in issue at the Completion.

The Subscription Shares will be issued under the General Mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the Company's annual general meeting held on 28 August 2013. Under the General Mandate, the Board was authorised to allot and issue up to 720,531,434 new Shares. No new Share has been issued under the General Mandate. Accordingly, no separate Shareholders' approval is required for the issue of the Subscription Shares pursuant to the Subscription Agreement.

### **Condition of the Subscription**

Pursuant to the Subscription Agreement, Completion is conditional upon the Company having been granted the permission from the Listing Committee of the Stock Exchange to list and deal in all the Subscription Shares to be issued pursuant to the Subscription Agreement.

In the event that the Condition Precedent above remains unsatisfied at 5:00 p.m. on the Long Stop Date, the Subscription Agreement will automatically be terminated and be of no further effect and the parties to the Subscription Agreement shall have no claim against the others, save and except for any antecedent breaches.

## Subscription Price

The Subscription Price of HK\$0.36 per Subscription Share represents (a) a discount of approximately 11.11% to the closing price of HK\$0.405 as quoted on the Stock Exchange on 5 May 2014, being the Business Day immediately prior to the date of the Subscription Agreement; and (b) a discount of approximately 11.33% to the average closing price of HK\$0.406 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the latest market price of the Shares.

The aggregate Subscription Price of HK\$19,080,000 is payable in cash by the Subscriber upon the Completion.

## Completion

Completion shall take place on the Completion Date.

## APPLICATION FOR LISTING

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## EFFECTS OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding in the Company before and after the Subscription are summarised as follows (assuming there are no other changes in the issued share capital of the Company):

	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Shareholding	Number of Shares	Shareholding
Mr. and Mrs. Chan (Note 1)	2,341,477,223	64.99%	2,341,477,223	64.05%
Other Directors	44,051,172	1.22%	44,051,172	1.21%
The Subscriber	-	-	53,000,000	1.45%
Other public	1,217,128,777	33.78%	1,217,128,777	33.29%
<b>TOTAL</b>	<b>3,602,657,172</b>	<b>100.00%</b>	<b>3,655,657,172</b>	<b>100.00%</b>

Note 1: The interest disclosed includes the interests/deemed interests of Mr. Chan Heng Fai (Chairman of the Company) and Ms. Chan Yoke Keow (Director).

## **REASONS FOR THE SUBSCRIPTION**

The Group is principally engaged in property development and property trading and investment, securities trading and investment, treasury investments and hotel operation. The Directors have considered various ways of raising funds and believe that the Subscription, apart from bringing new capital to the Group for further development of its existing business, will broaden the shareholder base of the Company thereby increasing the liquidity of the Shares. The Directors (including the independent non-executive Directors) consider that the Subscription Agreement is entered into upon normal commercial terms after arm's length negotiations between the Company and the Subscriber and the terms of the Subscription Agreement (including the Subscription Price) and the Subscription to be fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

As none of the Directors has any material interest in the Subscription, no Director was required to abstain from voting on the board resolutions passed in connection with this announcement.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS OF THE COMPANY**

The Company has not conducted any fund raising activities by way of issuing equity securities in the 12-month period immediately preceding the date of this announcement.

## **USE OF PROCEEDS**

The net proceeds of the Subscription will be approximately HK\$19 million (representing a net subscription price of approximately HK\$0.358 per Subscription Share). The Company intends to use the net proceeds of the Subscription for the general corporate and working capital of the Group and as funds for future development of the Company when the investment opportunities arise.

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber is Ms. Teo Kim Hong, an individual investor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a third party independent of, and not connected with, the Company and its connected persons.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	board of Directors
“Business Day”	any day other than a Saturday, Sunday or public holiday, on which banks are open in Hong Kong to the general public for business
“Company”	Heng Fai Enterprises Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	the completion of subscription
“Completion Date”	the third Business Day following the due fulfillment of the Condition Precedent, or such other date as the parties to the Subscription Agreement may agree
“Condition Precedent”	the condition precedents set out under the paragraph headed “Condition of the Subscription” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with a maximum of 720,531,434 new Shares granted by the Shareholders to the Directors at the annual general meeting of the Company held on 28 August 2013
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 May 2014 (or such later date as may be agreed between the parties to the Subscription Agreement)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Ms. Teo Kim Hong
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	a conditional subscription agreement entered into between the Company and the Subscriber dated 6 May 2014 in relation to the Subscription
“Subscription Price”	HK\$19,080,000, representing HK\$0.36 per Subscription Share
“Subscription Shares”	53,000,000 new Shares to be allotted and issued under the Subscription

By Order of the Board  
**Heng Fai Enterprises Limited**  
**Chan Tong Wan**  
*Managing Director*

Hong Kong SAR, 6 May, 2014

*As at the date of this announcement, the executive Directors are Mr. Chan Heng Fai, Mr. Chan Tong Wan, Ms. Chan Yoke Keow; the non-executive Directors are Mr. Fong Kwok Jen and Mr. Teh Wing Kwan and the independent non-executive Directors are Mr. Chan King Fai, Mr. Tan Choon Seng, Mr. Wong Dor Luk, Peter and Mr. Wong Tat Keung.*