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HENG FUNG HOLDINGS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

BONUS ISSUE OF WARRANTS

The Board recommends, subject to the fulfillment of the conditions as described below, a proposed bonus issue of warrants to shareholders (other than Overseas Shareholders) whose names appear on the Company's register of members as at the close of business on Wednesday, 1st December, 1999 on the basis of 1 Bonus Warrant for every 5 Shares.

BONUS WARRANT ISSUE

The board (the "Board") of directors of Heng Fung Holdings Company Limited (the "Company") announces that the Company recommends a proposed bonus warrant issue (the "Bonus Warrant Issue") of warrants ("Bonus Warrants") to shareholders (other than those whose addresses are outside Hong Kong) ("Overseas Shareholders") whose names appear on the Company's register of members as at the close of business on Wednesday, 1st December, 1999 (the "Record Date") on the basis of 1 Bonus Warrant for every 5 shares of HK\$0.25 each in the capital of the Company ("Shares") held on the Record Date.

The Bonus Warrants will be issued by the Company pursuant to the general mandate granted to the Board at the annual general meeting of the Company held on 29th September, 1999.

Based on 1,250,456,676 Shares in issue as at 28th October, 1999 (assuming no Shares are issued or repurchased after 28th October, 1999 and up to the Record Date), an aggregate of 250,091,335 Bonus Warrants will fall to be issued pursuant to the Bonus Warrant Issue, entitling holders thereof to subscribe in aggregate for 250,091,335 Shares, at the initial subscription price of HK\$0.25 per Share (subject to adjustment). If all the subscription rights attached to the share options of the Company are converted into new Shares by the Record Date there would be a total of 1,333,778,415 Shares in issue on the Record Date, and a total of 266,755,683 Bonus Warrants will be issued pursuant to the Bonus Warrant Issue.

Each Bonus Warrant will confer upon its holder the right to subscribe in cash for new Shares at a price of HK\$0.25 per Share (subject to adjustment) at any time from the date of issue thereof which is currently expected to be Friday, 3rd December, 1999 up to and including 31st December, 2000 (both dates inclusive). New Shares issued on the exercise of the subscription rights attaching to the Bonus Warrants will rank *pari passu* in all respects with the then existing Shares including the right to receive any dividends and other distributions the record date for which is on or after the relevant subscription date. Any subscription rights attaching to the Bonus Warrants not exercised on or before 31st December, 2000 will lapse.

The Directors are of the view that the grant of the Bonus Warrants to Overseas Shareholders would or might, in the absence of compliance with registration or other special formalities in other territories, be unlawful or impracticable. Accordingly, no allotment or issue of Bonus Warrants will be made to Overseas Shareholders. Arrangements will be made for the Bonus Warrants which would otherwise be issued to such Overseas Shareholders to be sold in the market as soon as practicable after dealings in the Bonus Warrants commence if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed to such persons at their own risk *pro rata* to their respective shareholdings unless the amount falling to be distributed to any such person shall be less than HK\$100 in which case such amount will not be distributed but will be retained for the benefit of the Company.

Fractional entitlements to the Bonus Warrants will not be issued to Shareholders but will be aggregated and sold for the benefit of the Company.

The Bonus Warrant Issue is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listings of, and permissions to deal in, the Bonus Warrants and the Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Warrants and the Shares to be issued upon the exercise of the subscription rights attached to the Bonus Warrants.

Dealings in the Bonus Warrants are expected to commence on Wednesday, 8th December, 1999. The proposed board lot for trading in the Bonus Warrants will be 50,000 units of Bonus Warrants carrying the rights to subscribe for a total of 50,000 Shares at the subscription price of HK\$0.25 per Share (subject to adjustment).

For the purpose of determining entitlements to the Bonus Warrant Issue, the register of members of the Company will be closed from Monday, 29th November, 1999 to Wednesday, 1st December, 1999, both dates inclusive, during which period no transfer of Shares may be effected. The last day of dealings in Shares *cum* entitlements to the Bonus Warrant Issue will be Wednesday, 24th November 1999.

In order to qualify for the Bonus Warrant Issue, all transfer forms accompanied by the relevant Share certificates must be lodged with the Registrars at 5th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong by 4:00 p.m. on Friday, 26th November, 1999.

A circular containing details of the Bonus Warrant Issue will be despatched to the shareholders of the Company as soon as practicable.

By Order of the Board
CHAN HENG FAI
Chairman & Managing Director