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

*(formerly known as Xpress Group Limited 特速集團有限公司)*  
*(Incorporated in Hong Kong with limited liability)*  
*(Stock Code: 185)*

**VOLUNTARY ANNOUNCEMENT**

**CORPORATE AND BUSINESS UPDATE – FORMATION OF U.S. REITS,  
REIT MANAGEMENT AND POTENTIAL SECONDARY LISTINGS**

This is a voluntary announcement made by Heng Fai Enterprises Limited (“**Company**”, and together with its subsidiaries, “**Group**”) for the purpose of keeping shareholders and potential investors of the Company informed of its latest business development.

The board (“**Board**”) of directors (“**Directors**”) of the Company is pleased to provide the following business and corporate strategy update.

**CORPORATE AND BUSINESS UPDATE**

**I. Strategic Review Following Disposal of Substantial Business**

The Group completed the disposal of Hotel Plaza Miyazaki in Japan in December 2012. In January 2013, the Group also completed the disposal of its entire equity interest in Singapore Exchange Catalist-listed SingHaiyi Group Ltd. (“**SingHaiyi**”). Previously known as SingXpress Land Ltd., it had served as the Group’s main property development arm, focusing initially on four residential projects in Singapore.

Subsequent to the disposal of SingHaiyi, the Directors have carried out an extensive review of the Group’s corporate direction and concluded, amongst others, that:

- 1) The Group's current business activities – development, trading and investment of property, and treasury-related and hotel operations – have led to very lumpy earnings. Its record of restructuring companies, transforming and disposing them contributed to the growth in the audited net asset value (“NAV”) of the Group from HK\$427.7 million as at 31 March 2009 – at the height of the global financial crisis – to HK\$904.4 million as at 31 March 2013. However, despite the growth in asset base, its revenue and profits over the years have been lumpy, reflecting the nature of such investment-related activities. This unevenness may have deterred institutional investors seeking steady, sustainable growth in revenue and profit, as well as regular dividend income.
- 2) The risk element in major Asian property markets such as Singapore, Hong Kong and China has increased with higher land cost and capital outlay, numerous government-led cooling measures and uncertainty of the interest rate environment.
- 3) Among the real estate markets of the major global economies, the U.S. offers strong potential in view of the current market cycle, inflationary expectations and the expected recovery of the job market – which will lead to growth in rentals as well as capital values in several key states.

## **II. Business Focus on REITs and REIT Management, Beginning with the U.S. Market**

Against the above backdrop, the Directors have outlined a three-pronged growth strategy, which leverages on its management's strong experience and track record in capital markets and property management. The combined strategy involves: (i) seeding and growing real estate investment trusts (“REITs”), principally in the U.S., which could potentially offer attractive and sustainable yields; (ii) developing a steady stream of recurring income from the Group's direct management of these REITs; and (iii) raising capital for both the Company and the REITs through listings on various international exchanges.

## **III. Execution of First Phase of REIT and REIT Management Strategy**

The Directors wish to announce the following corporate actions, which are in line with the first-phase execution of the new strategic direction:

### *1) U.S. Single-Family Homes (“SFH”) REIT*

The Company has acquired 94.9% equity interest of a company listed on the U.S. OTC market, which is being renamed American Housing REIT Inc. (“AHR”). Backed by initial funding by the Company, AHR has commenced all cash-acquisitions of SFHs in Texas. These SFHs have been carefully selected for their location, condition, tenant profile and potential for capital appreciation. The Company hopes to enter into acquisition contracts on at least 100 homes by the end of December 2013 and targets to raise this to 300 by the end of the financial year ending 31 March 2014.

AHR intends to distribute to its shareholders a yield of 8% per annum (measured from the time capital is deployed on a leveraged basis), paid out on a quarterly basis starting in the January-March 2014 quarter. In the following quarter, AHR is expected to raise capital through issue of new shares within the U.S. capital market. In line with the capital base increase, AHR plans to transfer its listing status from OTC to the NASDAQ Global Market before the end of financial year 2015.

Apart from initial seeding of capital by the Company and subsequent capital raises, AHR expects to fund subsequent SFHs via borrowings on 50:50 debt-equity basis, and has commenced discussions with several U.S. banking institutions for the extension of credit lines.

The Directors will explore the establishment of other REITs in the U.S. and other countries, following the successful roll-out of AHR.

## 2) *REIT Management Revenue Stream*

The Company has established an 85% owned U.S. company, Inter-American Management Corp. (“IA”) which will directly manage AHR and other REITs which may be internally funded by the Company. IA expects to derive a recurring fee of approximately 1.5% of the REIT’s net assets under management (“AUM”) and, possibly, performance-related incremental earnings.

IA’s management is led by Mr. Jeff Busch, who had served under two U.S. presidents as assistant to the Secretary of Housing and Urban Development (“HUD”) and as a U.S representative in the United Nations in Geneva, Switzerland. He is supported by a highly experienced team, including in-house legal counsel, Mr. Conn Flannigan, corporate finance expert, Mr. Robert Trapp, and other property management professionals.

## 3) *Possible Secondary Listings On International Exchanges*

To facilitate the expansion of the strategy outlined above, in addition to the proposed secondary listing in Singapore announced by the Company on 9 August 2013 (which is at a preliminary stage of discussion), the Company is also actively exploring options for secondary listings in international exchanges including London and the United States. These proposed secondary listings will raise additional capital for the Company as well as the REITs and widen the network of investors.

The Directors believe that the above corporate strategy will help the Company develop a business strategy that will enhance shareholder value, offering recurring revenue and profit in future.

## **GENERAL**

Shareholders and potential investors of the shares of the Company should note that the abovementioned voluntary announcement contains forward-looking statements or will contain certain targets, plans, intents, which may or may not materialize. Shareholders and potential investors of the shares of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong SAR, 6 December, 2013

*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.*

*Any forward-looking statements contained in this announcement are based upon the Company's current assumptions and expectations concerning future events and financial performance and are made pursuant to the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. Such statements are subject to significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. All information provided in this announcement is as of the date of this announcement, and the Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law.*