



HKSE-Listed Heng Fai Enterprises Reverses Loss To 1H2015 Net Profit Of HK\$9.8M On Contributions From New REIT Strategy

HK\$'000	1H2015	1H2014	Change (%)
Revenue	32,064	14,622	119.3
Gross Profit	31,075	13,735	126.2
Gross Profit Margin (%)	96.9	93.9	3.0 <i>pt</i>
Net Profit / (Loss) Attributable To Equity Holders	9,758	(36,264)	N.M. ¹
Earnings / (Loss) Per Share (Cent) ²	0.27	(1.01)	N.M.

¹ N.M. – Not Meaningful

² EPS was calculated based on 3,640,886,683 weighted average number of shares in issue during six months ended 30 September 2014 (1H2014: 3,588,449,786)

HONG KONG, 28 November 2014 – Heng Fai Enterprises Limited (“HFE” or the “Company”) reported today net profit of HK\$9.8 million for the six months ended 30 September 2014 (“1H2015”), reversing from a net loss of HK\$36.3 million a year earlier, as its new REIT strategy began contributing to financial performance.

Hong Kong Stock Exchange-listed HFE said its 1H2015 revenue doubled to HK\$32.1 million as a result of its new REIT ownership and management strategy outlined in December 2013. Gross margin and net profit grew in tandem with the rise in revenue.

The Company’s business segments mostly improved, led by a sharp reversal in its securities trading segment from an operating loss of HK\$8.7 million in 1H2014 to an operating profit of HK\$14.3 million in 1H2015, mostly from dividends and net realized and unrealized profit on marketable securities.

The property investments and trading division reported a 116.8% growth in 1H2015 revenue to HK\$18.5 million and a 47.8% rise in operating profit to HK\$28.3 million, including a fair-value gain on revaluation of investment properties of HK\$14.7 million, a 5.2% rise from HK\$13.9 million in 1H2014.

Due to the seeding of its single-family rentals (“SFRs”) and medical facility REIT subsidiaries, HFE’s current ratio as at 30 September 2014 decreased to 1.3 from 1.9 as at 31 March 2014, while gearing ratio³ increased to 23.6% compared to 4.1% across the comparative periods.

HFE’s earnings per share was 0.27 Hong Kong cent in 1H2015 reversing from a loss per share of 1.01 Hong Kong cents a year ago. Net asset value per share increased to 23.1 Hong Kong cents as at 30 September 2014 from 22.9 Hong Kong cents as at 31 March 2014.

³ Defined as the ratio of total borrowings less bank balances and cash and pledged bank deposits to total assets.



Heng Fai Enterprises Limited

恒輝企業控股有限公司

Hong Kong Stock Exchange: 185

Heng Fai Enterprises Limited – 1H2015 Results Press Release

HFE's Managing Chairman, Mr. Chan Heng Fai, said: *"We've started to recognise maiden contributions from our new REIT strategy, a strong testament on the effectiveness of HFE's transformation to become a REIT owner and manager, deriving a steady stream of recurring dividend yields and management income to enhance shareholder value."*

The Company's two U.S. Over-The-Counter-listed REITs distribute higher-than-average quarterly or monthly dividends of annualized yields in excess of 8%. Via an 85%-owned U.S. REIT management subsidiary ("IA Group"), HFE also earns recurring fees of 1.5% to 2% of the REITs' asset under management.

In 1H2015, Global Medical REIT, Inc. ("GMR") acquired an orthopedic surgery centre in Asheville, North Carolina, for US\$2.5 million following an earlier acquisition of a long-term acute care hospital in Omaha for US\$21.7 million. American Housing REIT, Inc. ("AHR") currently owns a portfolio of SFRs.

"Our REITs can pay significantly higher yields compared to its peers because of a streamlined and efficient management structure to pass on savings to unit-holders. The REITs have clear differentiators – AHR cherry-picks SFRs to reduce vacancy rates and operating costs while GMR acquires only high-acuity medical facilities targeting developers looking to exit property exposure and operators hoping to dispose of physical assets to focus on core businesses," Mr. Chan added.

HFE plans to grow GMR's net asset value aggressively and seek bank financing for AHR on an indicative 50% or greater loan-to-value ratio to accelerate the growth of its portfolio. The Company hopes to upgrade both REITs to the NASDAQ main market by the end of FY2015.

Apart from REIT management, the Company is working with IA Group to identify and secure significant property development opportunities in the U.S. – where it can be a master developer or sub-divide properties to third parties – taking advantage of the current U.S. property market cycle.

HFE is also working closely with its nominated advisor and broker, Allenby Capital Limited, to accelerate the proposed secondary listing on the U.K. AIM market that will allow the Company to tap on the U.K. equity market to fund its growth.

End of release



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Issued on behalf of the Company by WeR1 Consultants Pte Ltd.

Media & Investor Contact Information

WeR1 Consultants Pte Ltd

38A Circular Road

Singapore 049394 Tel: (65) 6737 4844, Fax: (65) 6737 4944

Amelia Lee, Amelia@wer1.net

Benjamin Cher, Benjamin@wer1.net

About Heng Fai Enterprises Ltd.

Heng Fai Enterprises Limited has been listed on the Hong Kong Stock Exchange since 1972 and has a current market capitalisation of approximately HK\$1.1 billion (~US\$146 million). The Chan family has majority control of the Company's share capital base.

The Company is led by directors with strong finance and property experience as well as an established track record on Wall Street, and in Hong Kong and Singapore.