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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

The board (the “**Board**”) of directors (the “**Directors**”) of Heng Fai Enterprises Limited (the “**Company**”), wishes to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 September 2014 (the “**Period**”), which have been reviewed by the Company’s audit committee (the “**Audit Committee**”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

		Six months ended	
		30 September	30 September
		2014	2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	3	32,064	14,622
Cost of sales		(989)	(887)
Gross profit		31,075	13,735
Other operating income		2,628	967
Gain on disposal of financial assets at fair value through profit or loss		648	1,740
Fair value gain (loss) on financial assets at fair value through profit or loss		10,078	(11,318)
Bad debt recovered		–	57
Administrative expenses		(41,868)	(52,225)
Fair value gain on revaluation of investment properties		14,657	13,933

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

		Six months ended	
		30 September	30 September
		2014	2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Profit (loss) from operations	4	17,218	(33,111)
Finance costs	5	(4,512)	(2,912)
Share of results of associates		(988)	(291)
		<hr/>	<hr/>
Profit (loss) before income tax		11,718	(36,314)
Income tax expenses	6	(1,844)	(180)
		<hr/>	<hr/>
Profit (loss) for the Period		9,874	(36,494)
		<hr/>	<hr/>
Profit (loss) for the Period attributable to:			
Owners of the Company		9,758	(36,264)
Non-controlling interests		116	(230)
		<hr/>	<hr/>
		9,874	(36,494)
		<hr/>	<hr/>
Earnings (loss) per share	8		
		<i>Cents</i>	<i>Cents</i>
– Basic and diluted		0.27	(1.01)
		<hr/>	<hr/>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	Six months ended	
	30 September 2014	30 September 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit (loss) for the Period	<u>9,874</u>	<u>(36,494)</u>
Other comprehensive expenses:		
Exchange differences arising on translating of foreign operations	<u>(12,339)</u>	<u>(9,668)</u>
Other comprehensive expenses for the Period	<u>(12,339)</u>	<u>(9,668)</u>
Total comprehensive loss for the Period	<u>(2,465)</u>	<u>(46,162)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(2,068)	(45,932)
Non-controlling interests	<u>(397)</u>	<u>(230)</u>
	<u>(2,465)</u>	<u>(46,162)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2014

	<i>Notes</i>	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	15,197	14,903
Prepaid lease payments		20,759	20,999
Investment properties	9	980,591	711,914
Interests in associates		3,780	3,120
Available-for-sale financial assets		3,334	3,334
Pledged bank deposits		4,716	4,738
		<u>1,028,377</u>	<u>759,008</u>
Current assets			
Inventories		177	215
Trade and other receivables, deposits and prepayments	10	61,280	49,425
Loans receivables		612	612
Financial assets at fair value through profit or loss		92,339	126,350
Pledged bank deposits		30,402	49,535
Bank balances and cash		44,793	102,732
		<u>229,603</u>	<u>328,869</u>
Assets held for sale		–	6,450
		<u>229,603</u>	<u>335,319</u>
Current liabilities			
Trade and other payables and accruals	11	12,453	8,887
Borrowings – current portion		138,818	101,716
Obligations under a finance lease – current portion		221	103
Tax payables		2,322	481
Amounts due to a director		28,224	61,165
		<u>182,038</u>	<u>172,352</u>
Net current assets		<u>47,565</u>	<u>162,967</u>
Total assets less current liabilities		<u>1,075,942</u>	<u>921,975</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AT 30 SEPTEMBER 2014

		30 September 2014	31 March 2014
	<i>Notes</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities			
Borrowings – non-current portion		236,957	99,590
Obligations under a finance lease – non-current portion		715	345
Deferred taxation		270	270
		<u>237,942</u>	<u>100,205</u>
Net assets		<u>838,000</u>	<u>821,770</u>
CAPITAL AND RESERVES			
Share capital	<i>12</i>	989,646	970,951
Reserves		<u>(146,221)</u>	<u>(144,153)</u>
Equity attributable to owners of the Company		843,425	826,798
Non-controlling interests		<u>(5,425)</u>	<u>(5,028)</u>
Total equity		<u>838,000</u>	<u>821,770</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. GENERAL

Heng Fai Enterprises Limited (the “Company”) is a public limited liability company incorporated and domiciled in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) include investment holding, property investment and trading, hotel operations, securities trading and investment, treasury investment, property development and REIT and Property Development Management.

The unaudited consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The unaudited consolidated financial statements for the six months ended 30 September 2014 were approved for issue by the Board on 28 November 2014. The consolidated financial statements is unaudited, but has been reviewed by the Company’s Audit Committee.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 September 2014 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”, issued by the International Accounting Standards Board (“IASB”). IAS 34 is consistent with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”, issued by HKICPA and accordingly this unaudited condensed consolidated financial statements is also prepared in accordance with HKAS 34.

The preparation of the unaudited condensed consolidated financial statements in conformity with IAS/HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The unaudited condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2014. The Group’s policies on financial risk management were set out in the financial statements included in the Company’s 2014 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 September 2014.

The Group’s unaudited condensed consolidated financial statements contain explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 March 2014. The unaudited condensed consolidated financial statements does not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) or Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies applied in the preparation of this unaudited condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2014.

3. SEGMENT INFORMATION

The Group is organised into six (2013: six) main operating segments – securities trading and investments, treasury investment, property investment and trading, hotel operations, property development and REIT and Property Development Management. These principal operating activities are the bases on which the executive Directors allocate resources to segments and assess their performance.

Information regarding the Group's reportable segments as provided to the executive Directors is set out as below:

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
By reportable segment:				
Financing operations	–	12	–	(630)
Securities trading and investments	3,940	1,663	14,304	(8,652)
Treasury investment	413	656	(383)	568
Property investment and trading	18,521	8,541	28,293	19,137
Hotel operations	3,644	3,750	(1,086)	110
Property development	–	–	(160)	–
REIT and Property Development Management	5,546	–	(2,010)	–
	<u>32,064</u>	<u>14,622</u>	<u>38,958</u>	<u>10,533</u>
Unallocated other income			2,581	138
Unallocated corporate expenses			(26,652)	(45,245)
Profit (loss) from operations			14,887	(34,574)
Finance costs			(2,181)	(1,449)
Share of results of associates			(988)	(291)
Profit (loss) before income tax			11,718	(36,314)
Income tax expenses			(1,844)	(180)
Profit (loss) for the Period			<u>9,874</u>	<u>(36,494)</u>

4. PROFIT (LOSS) FROM OPERATIONS

	Six months ended	
	30 September	30 September
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit (loss) from operations has been arrived at after charging (crediting):		
Depreciation	907	652
Amortisation of prepaid lease payments	240	240
Dividend income	(3,940)	(1,663)
	<u>907</u>	<u>652</u>

5. FINANCE COSTS

	Six months ended	
	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
Interest on bank loans and overdrafts	4,512	1,566
Interest expense on non-convertible bonds	–	1,346
	<u>4,512</u>	<u>2,912</u>

6. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for each of the Corresponding Period and the Period.

Taxes on overseas profits have been calculated on the estimated assessable profit for the Period at the rates of taxation prevailing in the countries in which the entity operates.

	Six months ended	
	30 September 2014 HK\$'000 (Unaudited)	30 September 2013 HK\$'000 (Unaudited)
Current tax		
– Hong Kong	–	–
– Overseas	1,825	–
	<u>1,825</u>	–
Under-provision in prior years		
– Overseas	19	180
	<u>19</u>	<u>180</u>
Total tax expenses for the Period	<u>1,844</u>	<u>180</u>

7. DIVIDEND

No dividend was paid during the Period or during the six months ended 30 September 2013 (the “Corresponding Period”). The Directors do not recommend the payment of an interim dividend.

8. PROFIT (LOSS) PER SHARE

The calculation of basic profit (loss) per share is based on the profit attributable to owners of the Company for the Period of approximately HK\$9,758,000 (Corresponding Period: loss of approximately HK\$36,264,000) and the weighted average number of 3,640,886,683 (Corresponding Period: 3,588,449,786) ordinary shares in issue during the Period.

There were no potential dilutive ordinary shares for each of the Corresponding Period and the Period, and therefore, diluted earnings per share was the same as the basic earnings per share.

9. INVESTMENT PROPERTIES/PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired investment properties, property, plant and equipment of approximately HK\$249.7 million (Corresponding Period: approximately HK\$43.9 million).

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

An aging analysis of the trade receivables at the end of the reporting period is as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
0–60 days	1,931	414
61–90 days	505	38
Over 90 days	<u>9,887</u>	<u>7,532</u>
	12,323	7,984
Other receivables, deposits and prepayments	48,480	40,964
Prepaid lease payments	<u>477</u>	<u>477</u>
	<u>61,280</u>	<u>49,425</u>

11. TRADE AND OTHER PAYABLES AND ACCRUALS

An aging analysis of the trade payables at the end of the Period, based on the invoice date, is as follows:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
0–60 days	563	153
61–90 days	–	–
Over 90 days	<u>–</u>	<u>–</u>
	563	153
Other payables and accrued expenses	11,890	8,734
	<u>12,453</u>	<u>8,887</u>

12. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
<i>Issued and fully paid:</i>		
At 1 April 2014	3,602,657,172	970,951
Issuance of new shares	53,000,000	18,695
	<hr/>	<hr/>
At 30 September 2014	3,655,657,172	989,646
	<hr/>	<hr/>

13. PLEDGE OF ASSETS

As at 30 September 2014, the Group's borrowings of approximately HK\$376.7 million (31 March 2014: HK\$201.3 million) were mainly secured by its investment properties, land and buildings, prepaid lease payments, motor vehicle and bank deposits with an aggregate carrying value of approximately HK\$871.0 million (31 March 2014: HK\$667.2 million).

14. CAPITAL COMMITMENT

The Group had the following capital commitments at the end of the Period:

	30 September 2014 HK\$'000 (Unaudited)	31 March 2014 HK\$'000 (Audited)
Capital expenditure in respect of acquisition of investment properties contracted for but not provided in the condensed consolidated financial statements	–	20,186
	<hr/>	<hr/>

15. RELATED PARTY TRANSACTIONS

During the Period, no transactions have been entered into with the Directors (being the key management personnel) during the Period other than the emoluments paid to them (being key management personnel compensation) (Corresponding Period: Nil).

16. SUBSEQUENT EVENTS

On 8 October 2014, a reduction of the share capital account of the Company by a sum equal to HK\$800 million (the "Capital Reduction") became effective. The credit arising from the Capital Reduction was applied to a capital reduction reserve account, for which approximately HK\$651 million was used to set off against its accumulated losses.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group recorded a turnover of approximately HK\$32.1 million for the Period, representing an increase of approximately 119% as compared to a turnover of approximately HK\$14.6 million for the Corresponding Period. The increase was mainly attributable to the execution of the new REIT ownership and management strategy outlined in December 2013.

The Company reversed from a loss of approximately HK\$36.3 million in the Corresponding Period to a profit attributable to owners of approximately HK\$9.8 million in this Period, reflecting the contributions of the new corporate strategy.

Accordingly, the Company reversed from a loss per share of 1.01 Hong Kong cents to earnings per share of 0.27 Hong Kong cent over the Corresponding Period.

Property Development

The Group has continued to identify new property development projects and attractive investment opportunities, primarily in the U.S.. It is also evaluating the feasibility of redeveloping certain older properties in Asia within its investment portfolio to facilitate long-term growth.

Hotels Operations

Revenue for the hotel operation division declined 3% to approximately HK\$3.6 million in the Period, contributing to a loss by the segment of approximately HK\$1.1 million compared to profit of approximately HK\$0.1 million over the Corresponding Period.

Securities Trading

During the Period, the Group's securities business recorded an operating profit of approximately HK\$14.3 million as compared to an operating loss of approximately HK\$8.7 million in the Corresponding Period.

Property Investments and Trading

During the Period, the property investments and trading division contributed revenues of approximately HK\$18.5 million (Corresponding Period: HK\$8.5 million) and operating profit of approximately HK\$28.3 million (Corresponding Period: HK\$19.1 million), including a fair value gain on revaluation of investment properties of approximately HK\$14.7 million as compared to a gain of approximately HK\$13.9 million in the Corresponding Period.

REIT and Property Development Management

During the Period, the new REIT and Property Development Management division contributed revenues of approximately HK\$5.5 million (Corresponding Period: Nil) and operating loss of approximately HK\$2.0 million (Corresponding Period: Nil).

Other Investments

As at 30 September 2014, the Group held approximately 25.9% of the issued share capital in RSI International Systems Inc. (“RSI”), a company listed on the TSX Venture Exchange of Canada. During the Period, the Group shared RSI’s loss of approximately HK\$1.0 million.

Liquidity and Capital Resources

As at 30 September 2014, the total equity of the Group was approximately HK\$838.0 million (31 March 2014: HK\$821.8 million) and the Group had bank balances, cash and pledged bank deposits of approximately HK\$79.9 million (31 March 2014: HK\$157.0 million) mainly denominated in U.S. dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. Total borrowings increased to approximately HK\$376.7 million (31 March 2014: HK\$201.8 million) mainly due to bank financing for the acquisition of single-family-rentals (“SFRs”) and medical facilities in the U.S. – which is in line with its new corporate strategy – during the Period. The borrowings were mainly denominated in Hong Kong dollars, Singapore dollars and U.S. dollars. As at 30 September 2014, the Group recorded a current ratio of 1.3 (31 March 2014: 1.9) and gearing ratio of 23.6% (31 March 2014: 4.1%), defined as the ratio of total borrowings less bank balances and cash and pledged bank deposits to total assets.

Material Acquisitions and Disposals for Material Investments

On 6 December 2013 the Group outlined a three-pronged strategy (the “Strategy”) involving (i) the seeding and growing of real estate investment trusts (“REITs”), principally in the U.S., with a target annualized yield of 8.0%; (ii) developing a steady stream of recurring income from the Group’s direct management of these REITs via a subsidiary incorporated in the U.S. which is 85%-owned by the Group, Inter-American Group Holdings Inc. (“IA Group”); and (iii) raising capital for both the Company and the REITs through listings on various international exchanges.

In line with this strategy, during the Period:

- (a) American Housing REIT, Inc. (“AHR”), a company incorporated in the U.S. which is 99.6%-owned by the Group, acquired approximately 80 SFRs mainly located in the metropolitan regions of Dallas and Houston, Texas, U.S. for an aggregate consideration of approximately US\$8.6 million. During the Period, AHR distributed two consecutive quarterly dividend payments with an annualized yield in excess of 8.0%.
- (b) Global Medical REIT, Inc. (“GMR”), a company incorporated in the U.S. which is 99.5%-owned by the Group, acquired two medical facilities located in Omaha, Nebraska and Asheville, North Carolina, U.S. for approximately US\$25.2 million. During the Period, GMR distributed four consecutive monthly dividends payments with an annualized yield in excess of 8.0%.

Contingent Liabilities

The Company has provided for its proportionate guarantee of S\$2.1 million to a bank in connection with banking facilities granted to Corporate Residence Pte Ltd, a company which is 90% owned by SingHaiyi Group Limited and 10% by the Group.

Foreign Exchange Exposure

The revenues, expenses, assets and liabilities are denominated substantially in U.S. dollars, Hong Kong dollars, Singapore dollars and Japanese Yen. Due to currency peg of the Hong Kong dollars to the U.S. dollars, the exchange rate between these two currencies has remained stable, the Group has not implemented any hedging or other alternatives. Going forward, the Group may formulate a foreign currency hedging policy to provide a reasonable margin of safety for its exposure to Japanese Yen and Singapore dollars through transactions, assets and liabilities.

Human Resources

Remuneration packages are generally structured with reference to prevailing market terms and individual qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance-related bonuses. Share options may also be granted to eligible employees of the Group. Total staff costs, including Directors' emoluments during the Period, amounted to HK\$23.3 million (Correspondence Period: HK\$32.6 million).

As at 30 September 2014, the Group had approximately 60 employees.

Pledge of Assets

As at 30 September 2014, the Group's borrowings of approximately HK\$376.7 million (31 March 2014: HK\$201.3 million) were mainly secured by its investment properties, land and buildings, prepaid lease payments, motor vehicle and bank deposits with an aggregate carrying value of approximately HK\$871.0 million (31 March 2014: HK\$667.2 million).

Outlook and Prospects

In line with the Strategy, the Group, via its 85%-owned subsidiary in the U.S., IA Group, has been executing its game-changing strategy of owning and managing U.S.-listed REITs, which distribute higher-than-average quarterly or monthly dividends in excess of 8% annualized yields. Apart from dividend yields, the Group has started to earn management fees (amounting to between 1.5% to 2% of the REITs' assets under management) during the latest period under review, and expects this revenue stream to increase as the REITs expand in size.

The Group currently owns two REITs listed on the Over-The-Counter in the U.S. – American Housing REIT, Inc (“AHR”) and Global Medical REIT, Inc (“GMR”). The former currently owns a portfolio of SFRs while the latter is building a portfolio of high-acuity medical facilities which are all in the U.S. Both REITs plan to migrate the listing status to the NASDAQ main market by the year ended 31 March 2015, barring any unforeseen circumstances.

AHR intends to seek bank financing on an indicative 50% or greater loan-to-value ratio so as to expedite the pace of building the portfolio of SFRs. During the Period, GMR acquired an orthopedic surgery center in Asheville, North Carolina in the U.S., for US\$2.52 million, which followed the acquisition of a long-term acute care hospital in Omaha in the U.S. for US\$21.7 million. The Group intends to grow GMR's net asset value aggressively, targeting situational assets by working with developers looking to exit property exposure, and operators who wish to dispose of physical assets to focus on their core businesses.

IA Group is also working to identify and secure significant property development opportunities in the U.S., to be managed by its development arm, Inter-American Development, LLC ("IAD"). Led by a highly experienced team, IAD is identifying projects where it can be a master developer that can subdivide the properties to third parties. With its management ability, the Group believes such opportunities – in the current stage of the current U.S. property market cycle, can enhance shareholder value.

The Group has appointed Allenby Capital Limited as its nominated advisor and broker to consider a secondary listing on the U.K. AIM market. The Group hopes to tap the U.K. equity market to accelerate its growth plans and REITs strategy, and will make further announcements as and when there are material updates.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for Directors in their dealings in the securities of the Company. The Company has made specific enquiry with all Directors and, all Directors confirmed that they have fully complied with the Model Code during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51(B) of the Listing Rules, the changes in information of a Director subsequent to the date of 2014 Annual Report of the Company are set out below:

Dr. Lam Lee, G., a non-executive Director and vice-chairman of the Company, was appointed as an independent non-executive director of Mingyuan Medicare Development Company Limited and China LNG Group Limited (companies listed on the Stock Exchange) on 12 September 2014 and 23 October 2014 respectively and has ceased to act as an independent non-executive director of Next-Generation Satellite Communications Limited and Far East Holdings International Limited (companies listed on the Stock Exchange) with effect from 14 August 2014 and 21 October 2014 respectively.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all code provisions (“**Code Provisions**”) and, where applicable, the recommended best practices of the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the Period, except for the following deviations:

- i. None of the non-executive Directors has been appointed for a specific term, which is a deviation from the requirement under Code A.4.1 of the Code Provisions. However, as the Directors are subject to the retirement by rotation provisions under the articles of association of the Company and the Listing Rules, the Board considers that sufficient measures are in place to ensure that the Company’s corporate governance practices are no less exacting than the Code Provisions.
- ii. Pursuant to Code A.6.7 of the Code Provisions, independent non-executive Directors and other non-executive Directors should attend the general meetings of the Company. Dr. Lam Lee, G., non-executive Director, was unable to attend the annual general meeting of the Company held on 28 August 2014 as he was not in Hong Kong at that time.

AUDIT COMMITTEE

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group and discussed, among other things, auditing, internal control and financial reporting matters including a review of the unaudited interim financial information for the Period. The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE’S AND COMPANY’S WEBSITE

The Company’s interim report for the six months ended 30 September 2014 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under “Latest Listed Company Information” and on the website of the Company at <http://www.hengfaienterprises.com> under “Investor Relations” in due course.

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

Hong Kong, 28 November 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 Dr. Lam Lee, G. and Mr. Fong Kwok Jen and the independent non-executive Directors are Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai.