

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus (as defined herein) or as to the action to be taken, you should consult your licenced securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company (as defined herein), you should at once hand this Prospectus and the accompanying Application Forms (as defined herein) to the purchaser or transferee or to the bank, licenced securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Dealings in the Shares and the Offer Shares may be settled through CCASS (as defined herein) established and operated by HKSCC (as defined herein). You should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of the Prospectus Documents together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong and the SFC (as defined herein) take no responsibility for the contents of any of those documents.

Subject to the granting of listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC (as defined herein) for deposit, clearance and settlement in CCASS (as defined herein) with effect from the commencement date of dealings in the Offer Shares or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. You should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.



Heng Fai Enterprises Limited

恒輝企業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TEN EXISTING SHARES HELD ON THE RECORD DATE

The latest time for acceptance and payment for the Offer Shares is 4:00 p.m. on Wednesday, 15 April 2015. The procedure for application and payment is set out on pages 15 to 17 of this Prospectus.

The existing Shares (as defined herein) have been dealt with on an ex-entitlement basis since Thursday, 12 March 2015. Such dealings in the Shares will take place whilst the conditions to which the Open Offer (as defined herein) is subject remain unfulfilled. A person dealing in Shares on an ex-entitlement basis will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

It is noted that the Underwriter may, by notice in writing to the Company prior to 4:00 p.m. on Monday, 20 April 2015 or such other time or date as the Company and the Underwriter may agree in writing terminate the Underwriting Agreement on the occurrence of certain events including force majeure as set out in the section headed "Termination of the Underwriting Agreement" on page 6 of this Prospectus.

If the Underwriter terminates the Underwriting Agreement, or if the conditions of the Underwriting Agreement are not fulfilled (or waived by the Underwriter) in accordance with the terms thereof, the Open Offer will not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

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DEFINITIONS

In this document, the following expressions have the following meanings unless the context otherwise requires:

“Announcement”	the announcement dated 27 February 2015 issued by the Company in relation to the Open Offer
“Application Form(s)”	the application form to be issued to the Qualifying Shareholders in respect of their assure entitlements under the Open Offer
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays in Hong Kong) on which licensed banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended and supplemented from time to time
“Companies (Winding Up Miscellaneous Provisions) Ordinance”	the Companies (Winding Up Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Company”	Heng Fai Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Concert Parties”	in respect of person or company, means parties acting in concert (as defined under the Takeovers Code) with such person or company in relation to the voting rights of the Shares or the Offer Shares
“Conditions”	the conditions of the Open Offer
“Directors”	the directors of the Company

DEFINITIONS

“Excess Application Form(s)”	excess application form(s) to be used by the Qualifying Shareholders to apply for excess Offer Shares
“Group”	the Company and its subsidiaries
“HFHL”	Heng Fai Holdings Limited, a company incorporated in the Commonwealth of The Bahamas with limited liability, which are ultimately owned by a discretionary trust established by Mr. Chan Heng Fai as settlor
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than connected persons of the Company
“Last Trading Day”	27 February 2015
“Latest Practicable Date”	19 March 2015, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on 15 April 2015 or such other time or date as the Underwriter may agree in writing with the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Heng Fai, together with the Concert Parties, the controlling Shareholder which is interested in approximately 67.12% of the existing issued share capital of the Company. Mr. Chan is the chairman of the Company and the spouse of Mrs. Chan

DEFINITIONS

“Mrs. Chan”	Ms. Chan Yoke Keow, together with the Concert Parties, the controlling Shareholder which is interested in approximately 67.12% of the existing issued share capital of the Company. Mrs. Chan is an executive director of the Company and the spouse of Mr. Chan
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board, after making enquiry, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant overseas places or the requirements of the relevant regulatory bodies or stock exchanges in those places to exclude such Overseas Shareholders from the Open Offer
“Offer Share(s)”	the new Share(s) proposed to be issued under the Open Offer
“Open Offer”	the proposed issue by the Company of the Offer Shares by way of open offer to Qualifying Shareholders on the basis of one Offer Share for every ten existing Shares held on the Record Date at the Subscription Price
“Options”	the share options granted under the Share Option Scheme
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown in the register of members of the Company on that date is/are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form(s) and Excess Application Form(s)
“Prospectus Posting Date”	26 March 2015 or such other date as the Underwriter may agree in writing with the Company as the date of despatch of the Prospectus Documents

DEFINITIONS

“PSGCL”	Prime Star Group Co., Ltd., a company incorporated in the British Virgin Islands with limited liability, which are ultimately owned by a discretionary trust established by Mrs. Chan as settlor
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	20 March 2015, being the record date for determining entitlements to participate in the Open Offer
“Registrar”	the share registrar of the Company in Hong Kong, being Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Settlement Date”	20 April 2015 (or such other time or date as the Underwriter and the Company may agree in writing)
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 28 August 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Storm Warning”	a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal
“Subscription Price”	the subscription price of HK\$0.10 per Offer Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Mr. Chan Heng Fai
“Underwriting Agreement”	the underwriting agreement dated 27 February 2015 and entered into between the Company and the Underwriter in relation to the Open Offer
“%”	percentage

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Record Date	Friday, 20 March 2015
Latest time for acceptance of and payment for Offer Shares and excess Offer Shares	4:00 p.m. on Wednesday, 15 April 2015
Underwriting Agreement becomes unconditional	4:00 p.m. on Monday, 20 April 2015
Announcement of results of the Open Offer and excess application	Wednesday, 22 April 2015
Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares expected to be despatched on or before	Thursday, 23 April 2015
Certificates for Offer Shares expected to be despatched on or before	Thursday, 23 April 2015
Dealings in Offer Shares expected to commence on	Friday, 24 April 2015

All dates and times referred to in this Prospectus are Hong Kong dates and times. Dates or deadlines specified in this Prospectus for events in the timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by the Company. Any changes to the anticipated timetable for the Open Offer will be published or notified to Shareholders as appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION AND PAYMENT FOR THE OFFER SHARES AND EXCESS OFFER SHARES

The latest time for acceptance of and payment for Offer Shares and excess Offer Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a 'black' rainstorm warning:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 15 April 2015. Instead the latest time for acceptance of and payment for the Offer Shares and excess Offer Shares will be extended to 5:00 p.m. on the same business day;
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 15 April 2015. Instead the latest time of acceptance of and payment for the Offer Shares and excess Offer Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares and excess Offer Shares does not take place on 15 April 2015, the dates mentioned in this section may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company at any time prior to 4:00 p.m. on the Settlement Date, if at any time prior to 4:00 p.m. on the Settlement Date:

- (a) The Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties and representations was inaccurate, misleading or breached, and in each case where it is (in the reasonable opinion of the Underwriter) material in the context of the Open Offer; or
- (b)
 - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - (ii) any change in local, national or international financial, political, industrial or economic conditions;
 - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
 - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten Business Days;
 - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which will or may materially and adversely affect the Group or a material proportion of the Shareholders in their capacity as such, which event or events is or are in the reasonable opinion of the Underwriter:
 - (i) likely to have a material adverse effect on the business or financial or trading position or prospects of the Company or the Group; or
 - (ii) likely to have a material adverse effect on the success of the Open Offer or the level of acceptance of the Offer Shares; or
 - (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed. Upon the Underwriter giving a notice of termination to the Company, all obligations of the Underwriter under the Underwriting Agreement shall cease immediately and determine and be null and void and no party shall have any claim or liability against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees as may then be agreed by the parties thereto.



Heng Fai Enterprises Limited

恒輝企業控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

Executive Directors:

Chan Heng Fai (*Managing Chairman*)
Chan Tong Wan (*Managing Director*)
Chan Yoke Keow

Registered and principal office:

24/F., Wyndham Place
40-44 Wyndham Street
Central
Hong Kong

Non-executive Directors:

Lam, Lee G. (*Vice-Chairman*)
Fong Kwok Jen

Independent non-executive Directors:

Wong Dor Luk, Peter
Wong Tat Keung
Chan King Fai

26 March 2015

*To the Qualifying Shareholders and,
for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TEN EXISTING SHARES HELD ON THE RECORD DATE

INTRODUCTION

On 27 February 2015, the Board announced that the Company proposes to raise approximately HK\$36.56 million, before expenses, by issuing 365,565,717 new Shares (assuming no conversion or subscription rights attaching to the Options are exercised on or before the Record Date) by way of an Open Offer at a price of HK\$0.10 per Offer Share on the basis of one Offer Share for every ten existing Shares held on the Record Date.

The purpose of this Prospectus is to provide you with further information regarding the Open Offer, including information on procedures for application and payment and certain financial information and other information in respect of the Group.

LETTER FROM THE BOARD

TERMS OF THE OPEN OFFER

Issue Statistics

Basis of Open Offer	:	one Offer Share for every ten existing Shares held on the Record Date
Number of existing Shares in issue	:	3,655,657,172 Shares as at the Latest Practicable Date
Number of Offer Shares to be issued under the Open Offer	:	365,565,717 Offer Shares
Subscription Price for the Offer Shares	:	HK\$0.10 per Offer Share
Underwriter	:	Mr. Chan

As at the Latest Practicable Date, there are 10,000,000 outstanding Options granted to a non-executive Director under the Share Option Scheme.

Save for the outstanding Options as mentioned above, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to convert into or subscribe for Shares as at the Latest Practicable Date.

Qualifying Shareholders:

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus to the Non-Qualifying Shareholders for information purposes only.

To qualify for the Open Offer, a Shareholder must on the Record Date:

- be registered as a member of the Company; and
- not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificate(s)) with the Company's registrar, Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. (Hong Kong time) on Friday, 13 March 2015.

The invitation to apply for the Offer Shares is not transferable or capable of renunciation and there will not be any trading of entitlements to apply for Offer Shares on the Stock Exchange.

LETTER FROM THE BOARD

Subscription price

HK\$0.10 per Offer Share, payable in full when a Qualifying Shareholder applies for the Offer Shares.

The Subscription Price was determined with reference to the then market environment and the prevailing Share prices at the time of signing of the Underwriting Agreement and represents:

- (i) a discount of approximately 11.5% to the closing price of HK\$0.113 per Share quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 10.6% to the theoretical ex-entitlement price of HK\$0.112 per Share based on the closing price per Share on the Last Trading Day;
- (iii) a discount of approximately 13.0% to the average closing price of HK\$0.115 per Share for the last five full trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 13.0% to the average closing price of HK\$0.115 per Share for the last ten full trading days up to and including the Last Trading Day;
- (v) a discount of approximately 21.3% to the closing price of HK\$ 0.127 per Share at the Latest Practicable Date; and
- (vi) a discount of approximately 56.7% to the net asset value of HK\$0.231 per Share based on the unaudited consolidated net asset value as at 30 September 2014 and 3,655,657,172 Shares in issue as at the Latest Practicable Date.

The theoretical ex-entitlement price is calculated by adding the market value of all outstanding Shares (based on the closing price on the Last Trading Day) with the total amount expected to be received from the Open Offer, and then divided by the total number of outstanding Shares after the Open Offer. The estimated net proceeds of the Open Offer are approximately HK\$35.5 million and the net price per Offer Share will be approximately HK\$0.097.

Basis of assured allotment

One Offer Share for every ten existing Shares held by a Qualifying Shareholder on the Record Date.

Fractions of assured allotments will not be issued and will be aggregated and made available for application by the Qualifying Shareholders who wish to apply for Shares in excess of their own assured allotments.

LETTER FROM THE BOARD

Status of the Offer Shares

When allotted, issued and fully-paid, the Offer Shares will rank *pari passu* in all respects with the existing Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of issue and allotment of the fully-paid Offer Shares.

The Offer Shares have a market price of approximately HK\$41.3 million based on the closing price of the Shares of HK\$0.113 on the Last Trading Day, and a market price of approximately HK\$46.4 million based on the closing price of the Shares of HK\$0.127 on the Latest Practicable Date.

Rights of Non-Qualifying Shareholders

As the Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong, a Shareholder's address as shown in the register of members of the Company was outside Hong Kong and was a Non-Qualifying Shareholder, such Shareholder would not be eligible to take part in the Open Offer. Accordingly, the Offer Shares will not be offered to the Non-Qualifying Shareholders and no application for Offer Shares and excess Offer Shares will be accepted from the Non-Qualifying Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, there were 48 Overseas Shareholders with addresses in Australia, Canada, Macau, New Zealand, Singapore, Taiwan, the United Kingdom, and the U.S. After making enquiries with the Company's overseas legal advisers regarding the legal restrictions under the laws of the relevant jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges for the Company to offer the Offer Shares and excess Offer Shares to such Overseas Shareholders in accordance with Rule 13.36(2)(a) of the Listing Rules, the Directors have been advised by the legal advisers in the relevant jurisdictions that the Company would need to comply with certain requirements or procedures of the regulatory bodies for offering the Offer Shares and excess Offer Shares to Overseas Shareholders resident in Australia, Canada and the U.S., but not in Macau, New Zealand, Singapore, Taiwan and the United Kingdom. Accordingly, Overseas Shareholders in Macau, New Zealand, Singapore, Taiwan and the United Kingdom are also Qualifying Shareholders. After considering the legal costs for compliance with the relevant requirements or procedures of the regulatory bodies in Australia, Canada and the U.S. and the minimal size of shareholdings of the Overseas Shareholders resident in such places, the Directors are of the opinion that it would be necessary or expedient to exclude such Overseas Shareholders resident in Australia, Canada and the U.S. (i.e., Non-Qualifying Shareholders) from the Open Offer. Accordingly, the Offer Shares and the excess Offer Shares will not be offered to the Non-Qualifying Shareholders and no application for Offer Shares and the excess Offer Shares will be accepted from the Non-Qualifying Shareholders. The Company will send copies of this Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the Application Forms and the Excess Application Forms to them.

LETTER FROM THE BOARD

In any event, it is the responsibility of any person (including but without limitation to nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Offer Shares under the Open Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant territory or jurisdiction, including obtaining any governmental or other consents or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection with taking up any Offer Shares. Any acceptance of the Offer Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that those local laws and requirements of the relevant territory or jurisdiction have been fully complied with. HKSCC Nominees Limited, who take up the Offer Shares on behalf of the CCASS participants, is not subject to the above representations and warranty. If you are in any doubt as to your position, you should consult your professional advisers.

Any Offer Shares which would otherwise have been in assured allotments of the Non-Qualifying Shareholders will be available for application by the Qualifying Shareholders who wish to apply for Shares in excess of their own assured allotments.

Share Certificates

Subject to the fulfilment of the conditions of the Open Offer, certificates for fully-paid Offer Shares are expected to be posted to successful applicants at their own risk on or before Thursday, 23 April 2015. Refund cheques in respect of wholly or partially unsuccessful applications for Offer Shares in excess of assured allotments are also expected to be posted on or before Thursday, 23 April 2015 by ordinary post to the applicants at their own risk. Qualifying Shareholders will receive one share certificate for all the Offer Shares validly applied for and issued to the Qualifying Shareholders.

Application for listing and dealings in the Offer Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong. The board lot size of the Offer Shares is 10,000 shares.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon each of the following events happening:

- (a) the filing and registration of the Prospectus Documents (with all the documents required to be attached thereto by Section 38D of the Companies (Winding Up and Miscellaneous Provision) Ordinance) (all having been duly authorised for registration by the Stock Exchange and signed by every Director or his agent authorised in writing) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance no later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting the listings of, and permission to deal in, the Offer Shares either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) on or prior to the Prospectus Posting Date and not having withdrawn or revoked such listings and permission before 4:00 p.m. on the Settlement Date; and
- (d) the Underwriting Agreement not having been terminated by the Underwriter in accordance with the terms thereof.

In the event that any of the Conditions is not fulfilled, the Open Offer will not proceed.

Undertakings by Mr. Chan

As at the Latest Practicable Date, Mr. Chan is interested in:

- (i) 64,584,300 Shares, representing approximately 1.77% of the existing entire issued share capital of the Company; and
- (ii) 1,489,155,806 Shares, representing approximately 40.74% of the existing entire issued share capital of the Company which are owned by HFHL.

Mr. Chan and HFHL have irrevocably agreed and undertaken to the Company that they will apply for the entire number of the Offer Shares in the assured allotments in which they are beneficially interested. Mr. Chan and/or HFHL may consider applying for excess Offer Shares subject to compliance with the relevant regulatory requirements.

As at the Latest Practicable Date, save as disclosed above, the Board has not received any information or irrevocable undertakings from any substantial Shareholders of their intention to take up their assured entitlements under the Open Offer.

LETTER FROM THE BOARD

UNDERWRITING ARRANGEMENTS

Underwriting Agreement:

Date	:	27 February 2015
Underwriter	:	Mr. Chan Heng Fai (<i>Note</i>)
Number of Offer Shares underwritten	:	All Offer Shares other than those undertaken to be applied for by the Underwriter and HFHL
Underwriter's Commission	:	2.5% of the subscription price in respect of the maximum number of Offer Shares Underwritten (other than those shares held by Mr. Chan and the Concert Parties). Assuming that there is no change in the shareholding structure of the Company from the date of the Underwriting Agreement to immediately before completion of the Open Offer, it is estimated that the underwriter's commission will be HK\$300,457.30. The Directors (including the independent non-executive Directors) consider that the underwriting commission is fair and reasonable and is on normal commercial terms.

Note: Underwriting does not fall within the ordinary course of business of the Underwriter

As at the Latest Practicable Date, Mr. Chan and his Concert Parties, are interested in an aggregate of 2,453,827,967 Shares, representing 67.12% of the existing issued share capital of the Company. Mr. Chan and HFHL have irrevocably undertaken to the Company that they will apply for the entire number of the Offer Shares in the assured allotments in which they are beneficially interested. The Open Offer is fully underwritten by the Underwriter.

Assuming that (a) the Open Offer proceeds and is completed; (b) the assured allotments of Mr. Chan under the Open Offer are applied for in full; and (c) there is no change in the shareholding structure of the Company from the date of the Underwriting Agreement to immediately before completion of the Open Offer, set out below is the

LETTER FROM THE BOARD

shareholding structure of the Company as at the date of the Underwriting Agreement and immediately after completion of the Open Offer:

	As at the date of the Underwriting Agreement		Immediately after completion of the Open Offer and assuming that all Offer Shares are taken up by Qualifying Shareholders		Immediately after completion of the Open Offer and assuming that no Offer Shares are taken up by Qualifying Shareholders	
	<i>No. of shares</i>	<i>approx. %</i>	<i>No. of shares</i>	<i>approx. %</i>	<i>No. of shares</i>	<i>approx. %</i>
Mr. Chan	64,584,300	1.77%	71,042,731	1.77%	281,234,437	6.99%
HFHL	1,489,155,806	40.74%	1,638,071,386	40.74%	1,638,071,386	40.74%
PSGCL	592,039,274	16.20%	651,243,202	16.20%	592,039,274	14.72%
Mrs. Chan	230,827,843	6.31%	253,910,627	6.31%	230,827,843	5.74%
Chan Tong Wan	31,843,522	0.87%	35,027,874	0.87%	31,843,522	0.79%
Chan Sook Jin	12,276,572	0.34%	13,504,229	0.34%	12,276,572	0.31%
Chan Tung Moe	21,173,000	0.58%	23,290,300	0.58%	21,173,000	0.53%
Fong Kwok Jen	11,927,650	0.33%	13,120,415	0.33%	11,927,650	0.30%
Controlling shareholders	2,453,827,967	67.12%	2,699,210,764	67.12%	2,819,393,684	70.11%
Other Director	280,000	0.01%	308,000	0.01%	280,000	0.01%
Public	1,201,549,205	32.87%	1,321,704,125	32.87%	1,201,549,205	29.88%
Total	3,655,657,172	100.00%	4,021,222,889	100.00%	4,021,222,889	100.00%

In the event that the Underwriter is called upon to subscribe for the balance of the Offer Shares in full pursuant to its obligation under the Underwriting Agreement, the interest of Mr. Chan and his Concert Parties in the voting rights of the Company would increase from approximately 67.12% to approximately 70.11%.

POSSIBLE ADJUSTMENTS TO THE OPTIONS

As a result of the Open Offer, the exercise price and the number of Shares to be issued pursuant to the Options may be adjusted in accordance with the respective terms and conditions of the Share Option Scheme. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

WARNING OF THE RISKS OF DEALING IN SHARES

Existing Shares are expected to be dealt in on an ex-entitlements basis from Thursday, 12 March 2015. If the Underwriter terminates the Underwriting Agreement (see the paragraph headed "Termination of the Underwriting Agreement" above), or if the conditions of the Open Offer (see the section headed "Conditions of the Open Offer" above) are not fulfilled, the Open Offer will not proceed.

Shareholders and potential investors should therefore exercise caution when dealing in the Shares and are recommended to obtain advice from their professional adviser regarding dealings in Shares during these periods.

LETTER FROM THE BOARD

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Directors believe that, taking into account the prevalent financial market conditions, it would be in the interest of the Company and the Shareholders to raise long-term equity funding via the proposed Open Offer to strengthen the Company's capital base and to enhance its financial position and net assets base. The estimated net proceeds of the Open Offer are approximately HK\$35.5 million (equivalent to approximately HK\$0.097 per Offer Share) and are intended to be used as additional working capital to strengthen the Company's financial position.

Since the Open Offer will allow Qualifying Shareholders to maintain their pro-rata shareholdings in the Company by accepting their assured entitlements under the Open Offer and also will provide an opportunity to them to increase their shareholding by applying for excess Offer Shares, the Directors consider the terms of the Open Offer and the Subscription Price to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

EQUITY FUND-RAISING ACTIVITIES BY THE COMPANY

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
6 May 2014	Subscription of 56 million new Shares	Approximately HK\$19 million	General corporate and working capital of the Group and as funds for future development of the Company	The proceeds was fully utilised for general corporate and working capital of the Group and acquisition of properties

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

PROCEDURE FOR APPLICATION

Application for Offer Shares

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares on an assured basis as shown therein subject to payment in full on the Latest Time for Acceptance. Qualifying Shareholders should note that they may apply for any number of Offer Shares assured only up to the number set out in the Application Form.

If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their assured entitlement under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied with the Registrar, Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Wednesday, 15 April 2015. All remittance(s) must

LETTER FROM THE BOARD

be made by cheque or cashier's order in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Heng Fai Enterprises Limited – Open Offer Account" and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed Application Form, together with the appropriate remittance, have been lodged with the Registrar, Tricor Friendly Limited, by no later than 4:00 p.m. on Wednesday, 15 April 2015, the assured entitlement under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

Application for Offer Shares in excess of assured allotments

Any Offer Shares not taken up will be available for application for excess application by the Qualifying Shareholders. Qualifying Shareholders will have the right to apply for any Offer Shares in excess of their own assured allotments under the Application Forms but are not assured of being allocated any Shares in excess of those in their assured allotments.

Application for excess Offer Shares should be made by completing the Excess Application Forms enclosed with this Prospectus for excess Offer Shares and lodging the same in accordance with the instructions printed thereon with a separate remittance for the full amount payable in respect of the number of excess Offer Shares being applied for, with the Registrar, Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Wednesday, 15 April 2015. All remittances must be made by cheque or cashier's order in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "Heng Fai Enterprises Limited – Excess Application Account" and crossed "Account Payee Only".

The Company will notify the Qualifying Shareholders the allocation result of application for the Offer Shares and the excess Offer Shares on Wednesday, 22 April 2015 by way of announcement.

It should be noted that unless the duly completed and signed Excess Application Form, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 15 April 2015, the Excess Application Form is liable to be rejected. It should also be noted that the lodging of the Excess Application Form does not assure the Qualifying Shareholders of being allocated any Offer Shares in excess of those in their assured entitlements.

All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such application monies (if any) will be retained for the benefit of the Company. Any Excess Application Form in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected. No receipt will be issued in respect of any Excess Application Form or any application monies received.

LETTER FROM THE BOARD

The Company will allocate the Offer Shares in excess of assured allotments at their discretion on a fair and equitable basis, on a pro-rata basis to the excess Offer Shares applied for by the Qualifying Shareholders. However, no preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offered Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares.

Persons whose Shares are held by a nominee company (or which are held in CCASS) should note that for the purposes of the principles above, the Company will regard the nominee company (including HKSCC) as a single Shareholder according to the register of members of the Company. Accordingly, persons whose Shares are registered in the name of a nominee company (or which are held in CCASS) should note that the arrangements in relation to the allocation of the excess Offer Shares will not be extended to them individually.

Any Offer Shares not applied for by the Qualifying Shareholders will be taken up by the Underwriter.

Both Application Forms are for the use by the person(s) named therein only and are not transferable.

No receipt will be issued in respect of any application monies received.

EXEMPTED CONNECTED TRANSACTIONS

The Underwriter is a connected person of the Company. The entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under the Listing Rules. The Company has made arrangements for the Qualifying Shareholders to apply for Offer Shares in excess of their entitlements under the Open Offer in accordance with Rule 7.26A of the Listing Rules. The transactions under the Underwriting Agreement will be exempted from the Independent Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules.

The payment of the underwriting commission by the Company to the Underwriter constitutes a connected transaction of the Company. As the total amount of underwriting commission payable by the Company is within the de minimis threshold for connected transaction under Chapter 14A of the Listing Rules, the payment of underwriting commission to the Underwriter pursuant to the Underwriting Agreement is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

LETTER FROM THE BOARD

SHAREHOLDERS' APPROVAL

The Open Offer is not subject to Shareholders' approval.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendices to this Prospectus.

Yours faithfully,
Heng Fai Enterprises Limited
Chan Tong Wan
Managing Director

1. AUDITED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the years ended 31 March 2012 (pages 58 to 207), 2013 (pages 66 to 237) and 2014 (pages 75 to 253) respectively, which are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hengfaienterprises.com). The auditors of the Company have issued unqualified opinions on the audited consolidated financial statements of the Group for each of the three years ended 31 March 2012, 2013 and 2014.

2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2014 (being the date to which the latest published audited financial statements of the Company were made up).

3. STATEMENT OF INDEBTEDNESS

As at the close of business on 28 February, 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding borrowings of approximately HK\$432.4 million, comprising mortgage loans of approximately HK\$94.4 million, bank loans of approximately HK\$309.0 million, amount due to a director of approximately HK\$28.2 million and obligation under a finance lease of HK\$0.8 million. The Group's bank borrowings were secured by certain land and buildings and prepaid lease payments, investment properties, bank deposits and motor vehicle of the Group with carrying value of approximately HK\$870.7 million.

On the other hand, bank deposits of approximately HK\$31.6 million were pledged as securities for bank facilities granted to subsidiaries.

Save as aforesaid and apart from the intra-group liabilities, none of the companies in the Group had outstanding at the close of business on 28 February, 2015 any mortgages, charges or debentures, loan capital, bank overdraft, loans, borrowings, debt securities or other similar indebtedness or any hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

For the purpose of the above indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange prevailing at the close of business on 28 February, 2015.

Except as disclosed above, the Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities at the close of business on 28 February, 2015.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including banking facilities and other internal resources, and the estimated net proceeds from the Open Offer, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this Prospectus.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year ended 31 March 2014 (“FY2014”), the bulk of the Group’s revenue and losses were attributable to the legacy business under five segments – Property Development, Hotels Operations, Securities Trading, Property Investments and Trading and Other Investments – undertaken prior to the launch of the REIT strategy.

Revenue declined 37.2% to approximately HK\$35.6 million compared to the preceding year (“FY2013”). The Group incurred a net loss of HK\$34.5 million compared to a profit of HK\$33.4 million in FY2013.

On 6 December 2013, the Group outlined a three pronged strategy (“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 six months ended 30 September 2014 (“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%.

The Group recorded a turnover of approximately HK\$32.1 million for the six months ended 30 September 2014 (“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 the Period, reflecting the contributions of the new corporate strategy.

To accelerate the growth of these two REITs we have commenced negotiations with U.S. financial institutions for credit lines, and have entered into an agreement with B2R Finance L.P. (“B2R”) – a subsidiary of Blackstone Group L.P., leading global investment and advisory firm – for a two-year loan facility of US\$5.0 million. This facility is being utilised by the Group’s subsidiary, American Housing REIT Inc., to build up its portfolio of single-family homes and accelerate the proposed migration of its listing status from the Over The Counter Bulletin Board to the NASDAQ main market.

The Company has explored a number of prospective fund raising exercises since 2013. Most significantly, in April 2014 the Company appointed London-based Allenby Capital Limited as adviser and broker for a proposed secondary listing of the Company’s shares on the U.K. Alternative Investment Market (“AIM”). In January 2015 we decided to put the AIM listing plans on hold in view of the costs of continuing the listing process and the prevailing sharp decline in the stock price of the Company in January 2015. The Company has engaged lawyers and other professionals for AIM listing and to explore other prospective fund raising exercises and has accumulatively incurred legal and professional fees of approximately HK\$20 million in this period. We will review the conditions and suitability on a regular basis.

Notwithstanding this, the Group continues to work towards listing the two U.S. REITs (“U.S. REITs”) first on the NASDAQ main market by the end of FY2016, and possibly later on other international exchanges. While the two REITs relate to residential property and medical assets, it is our intention to seed and manage other REITs on a global basis, working on an 8% annualised yield benchmark. These REITs will be primarily listed in the U.S. and will comprise niche assets in high-growth markets. The Group will update shareholders as and when there are material developments.

(1) INTRODUCTION

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Open Offer, on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Open Offer had taken place on 30 September 2014.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company derived from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2014, as extracted from the published interim report of the Company for the six months ended 30 September 2014 and is adjusted for the effect of the Open Offer.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purpose only, based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Open Offer actually been completed as at 30 September 2014 or at any future date.

(2) UNAUDITED PRO FORMA STATEMENT OF THE ADJUSTED
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

	Based on the Subscription Price of HK\$0.10 per Offer Share HK\$'000	Per Share HK\$
Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2014 (<i>Note 1</i>)	843,425	0.231
Estimated net proceeds from the Open Offer (<i>Note 2</i>)	35,500	
Unaudited pro forma consolidated net tangible assets of the Group attributable to equity holders of the Company after the Open Offer (<i>Notes 3 and 4</i>)	878,925	0.219

**(3) NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF THE ADJUSTED
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP***Notes:*

1. The unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 September 2014 are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2014 of approximately HK\$843,425,000 as set out on page 4 of the interim report. As at 30 September 2014, the unaudited consolidated net tangible assets per share of the Company is HK\$0.231 which is calculated based on 3,655,657,172 shares of the Company in issue on 30 September 2014.
2. The estimated net proceeds from the Open Offer are based on 365,565,717 Offer Shares issued at a subscription price of HK\$0.10 per Offer Share totaling HK\$36.56 million, after deduction of the expenses directly attributable to the Open Offer of approximately HK\$1.05 million.
3. The unaudited pro forma consolidated net tangible assets of the Group attributable to owners of the Company represents the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2014 plus the estimated net proceeds from the Open Offer (Note 3).
4. The unaudited pro forma consolidated net tangible assets per share is calculated based on the unaudited pro forma consolidated net tangible assets of HK\$878,925,000 and the number of shares in issue of 4,021,222,889 which representing 3,655,657,172 shares in issue as at 30 September 2014 and 365,565,717 Offer Shares to be issued pursuant to the Open Offer.

(4) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of the report on the unaudited pro forma financial information of the Group, prepared for the sole purpose of inclusion in this Prospectus, from the independent reporting accountants, Deloitte Touche Tohmatsu.



**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

To the Directors of Heng Fai Enterprises Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Heng Fai Enterprises Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2014 and related notes as set out on pages 22 to 23 of the prospectus issued by the Company dated 26 March 2015 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages 22 to 23 of the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the open offer on the basis of an assured allotment of one offer share for every ten existing shares held on the record date at the subscription price of HK\$0.10 per offer share (the "Open Offer") on the Group's financial position as at 30 September 2014 as if the proposed Open Offer had taken place as at 30 September 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements as at 30 September 2014, on which no audit or review report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 30 September 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 26 March 2015

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

The issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Open Offer were/will be as follows:

		HK\$
<i>Issued, to be issued and fully paid or credited as fully paid:</i>		
3,655,657,172 Shares in issue as at the Latest Practicable Date		189,642,328.55
365,565,717 Offer Shares to be issued pursuant to the Open Offer		<u>36,556,571.70</u>
 <i>Total:</i>		
4,021,222,889 Shares following completion of the Open Offer		<u><u>226,198,900.25</u></u>

All existing Shares rank equally in all respects, including in particular as to dividend, voting rights and return on capital.

The Offer Shares will, when issued, allotted and fully paid rank pari passu in all respects with the Shares in issue including the right to receive all future dividends and distributions which are declared, made or paid on or after the date of issue and allotment of the fully-paid Offer Shares.

The Shares are listed on the Stock Exchange. Other than the Offer Shares and the U.S. REITs, no part of the equity or debt securities of the Company is listed or dealt in any other stock exchange and no application is being made or is currently proposed or sought for the Shares or debt securities of the Company to be listed or dealt in any other stock exchange.

As at the Latest Practice Date, there are 10,000,000 outstanding options granted to Mr. Fong Kwok Jen, a non-executive Director under the Share Option Scheme for a consideration of HK\$1. The details of the Options are as follows:

Date granted	Exercisable period	Exercise price per share	No. of Options	No. of underlying share
13 February 2015	13 February 2015 to 12 February 2020	HK\$0.115	10,000,000	10,000,000

Save as disclosed in this Prospectus, no share or loan capital of the Company has been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally or unconditionally to be issued or granted.

3. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE OPEN OFFER

Registered office	24th Floor, Wyndham Place 40–44 Wyndham Street Central, Hong Kong
Authorised representatives	Chan Tong Wan 24th Floor, Wyndham Place 40–44 Wyndham Street Central, Hong Kong
	Chan Yoke Keow 24th Floor, Wyndham Place 40–44 Wyndham Street Central, Hong Kong
Joint Company secretaries	Chan Suk King, Zoe ACCA, AHKICPA, ACIS, ACS Yuen Ping Man MBA, FCIS, FCS, MHKSI, MIHRM(HK), MIPS(HK), MHKIM, MCIM, RFP
Underwriter	Chan Heng Fai
Auditors	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F., One Pacific Place 88 Queensway Hong Kong
Registrar	Tricor Friendly Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Solicitors	<i>As to Hong Kong laws</i> Sidley Austin 39/F, Two International Finance Centre Central Hong Kong

Principal bankers

Hang Seng Bank Limited
83 Des Voeux Road Central, Hong Kong

Standard Chartered Bank (Hong Kong) Ltd
L5 the Forum, Exchange Square
8 Connaught Place Central
Hong Kong

Credit Suisse AG
Level 88 International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

DBS Bank (Hong Kong) Limited
Unit 1208-18, Miramar Tower
132 Nathan Road
Tsim Sha Tsui
Kowloon
Hong Kong

OCBC Bank Limited
65 Chulia Street #01-00
OCBC Centre, Singapore 049513

UBS AG
Level 52 Two International Commerce Centre
8 Finance Street
Central
Hong Kong

United Overseas Bank Limited
Main Branch
80 Raffles Place
UOB Plaza 1, Singapore 048624

4. PARTICULARS OF DIRECTORS

The business address of all the Directors and the senior management of the Company is 24th Floor, Wyndham Place, 40–44 Wyndham Street, Central, Hong Kong and their brief biographies are set out below:

Executive Directors

Mr. Chan Heng Fai, aged 70, is the Managing Chairman of the Company. He has been a Director since September 1992.

Mr. Chan is responsible for the overall business development of the Group. He is an expert at banking and finance, with years of experience in the industry. Since taking over as Managing Chairman, he has grown the net asset value of the Group from HK\$39.2 million in 1992 to approximately HK\$826.8 million in 2014. Mr. Chan is currently also the chairman of Toronto Stock Exchange-listed RSI International Systems Inc, a leading provider of cloud-based Property Management System software and related marketing and online support products and services to the global hospitality industry.

Mr. Chan was the Deputy Managing Director of a recently disposed Singapore Exchange (“SGX”) Catalist-listed subsidiary, SingHaiyi Group Ltd (“SingHaiyi”). Under Mr. Chan’s leadership, SingHaiyi transformed from a failed store-fixtured business provider with a net asset value of less than S\$10 million into a property development company with a net asset value of over S\$150 million before Mr. Chan ceded controlling interest in late 2012.

Mr. Chan has restructured over 35 companies in different industries and countries in the past 40 years. He was formerly the:

- (i) Executive Chairman of HKSE-listed China Gas Holdings Limited (“China Gas”), which under Mr. Chan’s guidance and direction, was restructured from a failing fashion retail company to become one of the largest participants in the investment, operation and management of city gas pipeline infrastructure, distribution of natural gas and LPG to residential, commercial and industrial users in China;
- (ii) Director of Global Med Technologies, Inc., a NASDAQ-listed medical company engaged in the development and marketing of new information management software products for blood banks, hospitals, centralised transfusion centres and other healthcare related facilities;
- (iii) Director of Skywest Ltd, an airline company listed on the Australian Stock Exchange; and
- (iv) Chairman and Director of American Pacific Bank, a commercial bank listed on NASDAQ from 1988 to 2005. Mr. Chan had acquired American Pacific Bank, a U.S. full-service commercial bank in 1987. Under his guidance it became a high asset-quality bank, with zero loan losses for over five consecutive years before it was ultimately acquired and merged into Riverview Bancorp Inc. Prior to its acquisition, it was ranked #13 by the Seattle Times’ “Annual Northwest’s Top 100 Public Companies” and #6 in Oregon state, ahead of names such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.

On 1 July 2013, Australian Stock Exchange-listed biotechnology company, Holista Colltech Ltd, announced it had appointed Mr. Chan as its Non-Executive Director, a role which will allow the company to tap into his vast business and corporate experience. The appointment follows the subscription by Hengfai

Business Development Pte Ltd, a Singapore-based company controlled by Mr. Chan, with A\$1.5 million worth of convertible bonds in Holista. In April 2014, Mr. Chan was redesignated to be the Chief Executive Officer of SGX-listed Singapore eDevelopment Limited (formerly known as CCM Group Limited) (“SeD”), where he had played an integral role in SeD’s capital restructuring. Within three months, SeD’s market capitalisation increased from approximately S\$8.3 million to S\$15.2 million.

Mr. Chan is the spouse of Ms. Chan Yoke Keow and the father of Mr. Chan Tong Wan.

Mr. Chan Tong Wan, Tony, aged 40, is the Managing Director of the Company.

Mr. Tony Chan joined the Company as a Non-Executive Director in January 2000, re-designated as an Executive Director in September 2002 and was appointed as Managing Director in August 2003. As the Managing Director of the Company, Mr. Tony Chan oversees the Group’s principal strategic investments activities in both publicly listed and private companies.

Mr. Tony Chan has over 15 years of experience in investment banking-related vocations and specialised in Asian equity financial products for two international investment banking firms, originating and dealing in listed and over-the-counter structured products. He has also acted as a securities’ principal in a U.S. NASD-licensed brokerage house. Mr. Tony Chan was an Executive Director of SingHaiyi Group Ltd. Mr. Tony Chan graduated from the University of British Columbia with a Bachelor of Commerce degree (honours) with a Finance specialisation. Mr. Tony Chan is the son of Mr. Chan Heng Fai and Ms. Chan Yoke Keow.

Ms. Chan Yoke Keow, aged 66, has been a director since January 1992. She is responsible for the general administration and financial planning of the Group.

Ms. Chan has over 25 years of experience in financial management and administration. She is a member of the Hong Kong Securities and Investment Institute, and was previously a Non-Executive Director of SingHaiyi Group Ltd from September 2007 to January 2013.

Ms. Chan is the spouse of Mr. Chan Heng Fai, the mother of Mr. Chan Tong Wan.

Non-executive Directors

Dr Lam Lee G., aged 55, was appointed as the vice-chairman and a non-executive director of the Company in July 2014.

Dr. Lam holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science and a Master of Business Administration, all from the University of Ottawa in Canada, a Post-graduate Diploma in Public Administration

from Carleton University in Canada, a Post-graduate Diploma in English and Hong Kong Law and a Bachelor of Law (Hons) from Manchester Metropolitan University in the U.K., a PCLL in Law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LLM in Law from the University of Wolverhampton in the U.K. and a Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong. A former member of the Hong Kong Bar, Dr. Lam is a Solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia.

Dr. Lam has over 30 years of experience in multinational general management, management consulting, corporate governance, investment banking, direct investment and fund management across the telecommunications, media and technology (TMT), consumer/healthcare, infrastructure/real estates, resources/energy and financial services sectors, and he also serves on the board of several publicly-listed companies and investment funds in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms and as a Member of the Legal Aid Services Council of Hong Kong, he is a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference (CPPCC), a Vice Chairman of Liaoning Chinese Overseas Friendship Association, a Member of the New Business Committee of the Financial Services Development Council (FSDC), a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx), a Member of the Hong Kong Institute of Bankers, a Member of the World Presidents' Organization (WPO), a Member of the Chief Executives Organization (CEO), a Fellow of the Hong Kong Institute of Directors, a Fellow of the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the General Council of the Chamber of Hong Kong Listed Companies, a Vice President of the Hong Kong Real Property Federation, a founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce, a Member of the Hong Kong-Thailand Business Council, a founding Member of the Hong Kong-Korea Business Council, a Board Member of the Australian Chamber of Commerce in Hong Kong and Macau, Chairman of Monte Jade Science and Technology Association of Hong Kong, a Member of the Court of City University of Hong Kong, a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing, and an adjunct professor at the Department of Management in the Chinese University of Hong Kong.

Dr. Lam is an independent non-executive director of China LNG Group Limited, CSI Properties Limited, Glorious Sun Enterprises Limited, Mei Ah Entertainment Group Limited, Mingyuan Medicare Development Company Limited, Vongroup Limited, Imagi International Holdings Limited and Ruifeng Petroleum Chemical Holdings Limited and, a non-executive director of Sunwah Kingsway Capital Holdings Limited (all of which are listed on the Main Board of the Stock Exchange). Dr. Lam is an independent non-executive director of Asia Pacific

Strategic Investment Limited and Top Global Limited and Rowsley Ltd. (all of which are listed on the Main Board of the Singapore Stock Exchange), an independent non-executive director of Vietnam Equity Holding and Vietnam Property Holding (both of which are listed on the Stuttgart Stock Exchange), an independent non-executive director of Coalbank Limited (whose shares are listed on the Australian Stock Exchange), and an independent director of Sunwah International Limited (whose shares are listed on the Main Board of the Toronto Stock Exchange).

Previously, Dr. Lam was an independent non-executive director of China Communication Telecom Services Company Limited, Far East Holdings International Limited, Hutchison Harbour Ring Limited and Wai Chun Mining Industry Group Co. Ltd. (all of which are listed on the Stock Exchange). He was also previously an independent non-executive director of Next-Generation Satellite Communications Limited (whose shares are listed on the Singapore Stock Exchange) and TMC Life Sciences Berhad (whose shares are listed on the Malaysian Stock Exchange).

Mr. Fong Kwok Jen, aged 65, is a solicitor practising in Singapore. Mr. Fong is a director of Equity Law LLC, a law firm in Singapore. Mr. Fong was appointed as a non-executive director of the Company in May 1995. Mr. Fong graduated from the University of Singapore with a Bachelor of Laws degree with honours. In 1976 to 1977, he was awarded the Colombo Plan Award to attend the Government Legal Officer's Course in the United Kingdom. In 1986, he attended the NITA Advocacy Programme at Harvard Law School. He served as Chairman of the Disciplinary Committee of Singapore Exchange Securities Trading Limited from 1995 to 2007 and was a member of the Securities Industry Council between 1992 and 2003. He was also a Council Member of the Law Society of Singapore from 1990 to 1992. He is an Independent Non-Executive Director of CapitaMall Trust Management Limited and was a director of WBL Corporation Ltd and Capitacommercial Trust, the shares of which are listed on the Singapore Stock Exchange.

Independent non-executive Directors

Mr. Wong Dor Luk, aged 72, has been appointed as an independent non-executive Director in September 1998 and member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has over 32 years' experience in the fashion industry including distribution, sourcing, overseeing manufacturing and exporting to international clients in France, the United Kingdom, Germany and the United States.

Mr. Wong Tat Keung, aged 44, was appointed as an independent non-executive Director in December 2009.

Mr. Wong has more than 15 years of audit, taxation, accounting and business advisory experience. From 2006 to February 2010, he was the proprietor of Aston Wong & Co., Certified Public Accountants practising in Hong Kong. Since January 2010, he has been a director of his own corporate practice: Aston Wong CPA Limited. He was also previously an independent non-executive director of SingHaiyi Group Ltd.

Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. He holds a Master's Degree in Business Administration (Financial Services) from the University of Greenwich.

Mr. Chan King Fai, aged 44, was appointed as an independent non-executive Director in August 2011. He is currently a partner of Lau Chan and Company, Certified Public Accountants practising in Hong Kong.

Mr. Chan holds a Master's Degree in Business Administration and a Master's Degree in Accountancy. He is a fellow member of the Association of Chartered Certified Accountants and associate members of the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong, the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators and is a Certified Tax Advisor in Hong Kong.

Senior Management

Mr. Chan Tung Moe, aged 36, was appointed as Group Chief Operating Officer on 1 April 2014 responsible for the Group's global business operations.

Mr. Moe Chan joined the Company in 2001 and has held various positions within the Group he was previously Chief Investment Officer of the Company, responsible for the overall management of the Investment Division of the Group, and an Executive Director of the Company.

Mr. Moe Chan is also currently a director of the Toronto Stock Exchange-listed RSI International Systems Inc. He was previously the Executive Director and Chief of Project Development of SingHaiyi Group Ltd, overseeing all of its property development project.

Mr. Moe Chan has a diverse background and has experience in fields such as technology, consumer finance, hospitality, investment and property. He holds a Master's Degree in Business Administration with honours from the University of Western Ontario, a Master's Degree in Electro-Mechanical Engineering with honours and a Bachelor's Degree in Applied Science with honours from the University of British Columbia.

Mr. Moe Chan is the son of Mr. Chan Heng Fai and Ms. Chan Yoke Keow and the brother of Mr. Chan Tong Wan and Ms. Chan Sook Jin, Mary-ann.

Mr. Wong Shui Yeung, aged 44, is the Chief Financial Officer of the Group responsible for the financial and management reporting of the Group.

Mr. Wong has 20 years of experience in public accounting, taxation, and financial consultancy and management in Hong Kong. He had worked with an international accounting firm prior to joining the Group in 2001. He was previously also the Chief Financial Officer of SingHaiyi Group Ltd.

Mr. Wong holds a Bachelor's Degree in Business Administration and is currently practicing as a certified public accountant in Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities and Investment Institute.

Ms. Chan Sook Jin, Mary-ann, aged 44, is the Group Investor Relations Director in charge of the Group's Investor Relations activities. She also assists with the Group's securities operations.

Ms. Chan was previously an Executive Director (from September 1997 to October 2009) and served as an Executive Director of China Gas Holdings Limited from 1997 to 2002, during its transition from a fashion retail company to China Gas as it is known today. She has prior experience with HSBC where she was involved in its sales and marketing functions, as well as taking on the role of relationship management for its global securities office. Before relocating to Hong Kong, Ms. Chan worked in North America as an investment and securities advisor, as well as a banker for various financial institutions.

Ms. Chan graduated from the University of British Columbia with a Bachelor of Arts degree, and has completed a Registered Representatives Examination (Series 7) of the Financial Industry Regulatory Authority, United States of America.

Ms. Chan is the daughter of Mr. Chan Heng Fai and Ms. Chan Yoke Keow, and the sister of Mr. Chan Tong Wan and Mr. Chan Tung Moe.

Mr. Yuen Ping Man, aged 51, is the joint Company Secretary and the Chief Operating Officer (Hong Kong) responsible for the Group's corporate secretarial functions and business operations.

Mr. Yuen has over 20 years of managerial experience in corporate secretarial, business development, human resources and general administration. Mr. Yuen was previously the Chief Operating Officer of Xpress Finance Limited ("Xpress Finance"), a non-wholly owned subsidiary of the Company responsible for compliance, human resource, operations, sales and marketing, customer service and general administration of Xpress Finance. Prior to joining Xpress Finance in June 1997, Mr. Yuen worked in two listed groups and a financial institution.

Mr. Yuen is a fellow member of the Institute of Chartered Secretaries and Administrators (U.K.) and of the Hong Kong Institute of Chartered Secretaries, a senior member of The Hong Kong Institute of Marketing, a professional member of the Hong Kong Institute of Human Resource Management, a member of the Hong Kong Securities and Investment Institute, the Chartered Institute of Marketing (U.K.), the Hong Kong Institute of Purchasing & Supply and Society of Registered Financial Planners.

Mr. Yuen holds a Master's Degree in Business Administration and is also a certified risk planner and a licensed estate agent.

Mr. Lui Wai Leung, Alan, aged 44, joined the Group in 1997 and is currently its financial controller.

His duties include overseeing the Group's financial reporting and focusing on its financing operations, securities and treasury investment.

Mr. Lui is a member of CPA Australia and he also holds a Bachelor's Degree in Business Administration from The Hong Kong Baptist University.

United States Management

Mr. Jeffrey Busch, aged 57, is the Chief Executive Officer of the Group's 85%-owned U.S. subsidiary, Inter-American Group Holdings Inc. ("IA Group"), and oversees all of IA Group's REIT management and real estate activities in the United States.

Mr. Busch has more than two decades of real estate experience as a developer, manager and investor, and has held senior positions representing the U.S. government – he was appointed by two U.S. Presidents to serve in senior administration capacities, including Assistant Secretary of the U.S. Housing and Urban Development ("HUD") agency, and as U.S. Ambassador to the United Nations in Geneva, Switzerland. At HUD, Mr. Busch oversaw an annual budget of over US\$3 billion used to develop housing and commercial real estate.

As a principal investor, Mr. Busch has developed properties valued at hundreds of millions of U.S. dollars in various real estate asset classes, including large-scale residential, commercial, hospitality, and retail projects.

Mr. Busch is a graduate of the New York University Stern School of Business, holds a Master of Public Administration from New York University, and also a Doctor of Jurist Prudence from Emory University.

Mr. Eric Illowsky, aged 57, is the Chief Operating Officer of IA Group. Together with Mr. Busch, he established, and oversees IA Group's, AHR's and GMR's daily operations in the United States, and plays a critical role in growing IA Group's business interests.

Mr. Illowsky has over 25 years of asset acquisition, business development, and start-up experience at large corporations. Working on both the "buy" and "sell" sides of large commercial transactions and joint ventures, Mr. Illowsky has built successful business units at The Walt Disney Company, Cox Communications, USA Networks and Hollywood Media Corp. Mr. Illowsky has many years of experience in the real estate market as a principal investor, having sourced and evaluated residential and commercial assets focusing on risk analysis and financial partnerships.

Prior to his appointment at IA Group, Mr. Illowsky was Chief Operating Officer at LitGreen MK2 Inc., a cutting-edge LED technology company serving municipalities. Mr. Illowsky holds business degrees from the University of Pennsylvania's Wharton School and UCLA.

Mr. David Young, aged 67, is the Chief Executive Officer of the Company's 99.5%-owned U.S. REIT subsidiary, Global Medical REIT Inc. He spearheads GMR's business strategies and manages its healthcare-related asset portfolio.

Mr. Young has over 25 years of experience in the healthcare real estate industry. He was the founder and CEO of Global Medical Realty trust, a medical facility developer and owner focused on sponsored development and equity lease financing of market-leading healthcare real estate. Mr. Young was also Senior Vice President of Business Development for General Electric Capital from 2004 to 2008, spearheading the co-launch and growth of GE's first acute medical real estate financing initiative.

Mr. Young has an excellent track record in developing successful New York Stock Exchange-listed healthcare REITs including Windrose Medical Properties, the core assets of which Mr. Young grew from start-up to over US\$500 million. He also grew the portfolio of Healthcare Property Investors Inc. from US\$300 million to over US\$3.5 billion, delivering an internal rate of return of 23% per annum over his ten year tenure.

Mr. Young graduated from the University of Iowa with a Bachelor of Science in Microbiology, and holds a Masters in Business Administration from Suffolk University's Sawyer School of Management.

Mr. Charles MacKenzie, aged 44, is Chief Development Officer of IA Group's real estate development arm, Inter-American Development, LLC. He leads a highly-experienced team in sourcing, evaluating and executing complex transactions relating to IAD's real estate development and investment activities.

Mr. MacKenzie has almost two decades of real estate experience initiating and managing residential, office/flex, retail, industrial, land and redevelopment projects. He specialises in site selection, contract negotiations, marketing and feasibility analyses, building design, construction, management oversight and investor relations. Mr. MacKenzie's partners include an impressive list of property owners, developers, general contractors, and large tenants, who He has helped to optimize best use and rates of return for their projects. Mr. MacKenzie has developed over 650,000 square feet of office and retail projects from the ground up.

Mr. MacKenzie has closed more than 42 real estate development partnerships and is a limited partner in over two million square feet of office, retail and flex projects. He received a Bachelor of Arts and a graduate degree from St. Lawrence University, where he served on the Board of Trustees from 2003–2007.

Mr. Don McClure, aged 46, is the Chief Financial Officer of IA Group, and is responsible for IA Group's financial planning and risk-management in the United States.

Mr. McClure is a real estate business professional, leader, trainer, advisor and entrepreneur. His work experience covers many functional areas of finance and accounting, including policy and procedure development, compliance, internal controls, and acquisition due diligence. His core real estate business experience covers residential, office, retail, medical office and industrial asset classes, as well as ground-up development projects. Mr. McClure is also well-versed in housing and urban development, tax credit, bond deals, condominium and home owner's association issues, and has extensive experience in operational business development creating policy and procedures specific to REIT compliance to prevent fraud and material errors.

Prior to his appointment in IA Group, Mr. McClure served as the Accounting Manager of Washington Real Estate Investment Trust (NYSE/WRE), the oldest REIT in the country, with an established track record of consecutive dividend distributions. He also served as the Chief Financial Officer/Controller of Quantum Real Estate Management, an organization of over 140 employees. Mr. McClure brings experience working with the "Big Four" accounting firms, along with many local firms, having been engaged in over 300 client-side quarterly, interim and year-end audits.

Mr. McClure holds a Bachelor of Science in Finance from North Carolina A&T State University, and a Masters of Business Administration from Keller School of Management. He is currently pursuing his doctorate in International Finance at Walden University.

Mr. Conn Flanigan, aged 46, is the In-house Counsel of IA Group. He first joined the Group in 2000, serving as General Counsel and Secretary with several of its U.S. subsidiaries.

Mr. Flanigan provides advisory services on all corporate and securities matters, including corporate finance and structure, debt and equity offerings, and securities compliance. He also negotiates, drafts, and oversees the companies' transactions.

Prior to his appointment, Mr. Flanigan held senior positions and provided legal advice in corporate finance, corporate acquisitions, securities law, contracts, intellectual property and employment law to numerous companies in the U.S. such as MediaOne Group, Inc., US WEST, Inc., and Tele-Communications, Inc.

Mr. Flanigan received a B.A. in International Relations from the University of San Diego in 1990 and a Juris Doctor Degree from the University of Denver Sturm College of Law in 1996.

5. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, or any interests or short positions which have to be notified to the Company and the Stock Exchange, were as follows:

Long positions*(a) Ordinary shares of the Company*

Name of director	Capacity in which interests are held	Number of shares held	Approximate percentage of the issued share capital of the Company %
Chan Heng Fai	Beneficial owner	64,584,300	1.77
	Interest of controlled corporations (<i>Note 1</i>)	1,489,155,806	40.74
	Interest of spouse (<i>Note 2</i>)	<u>822,867,117</u>	<u>22.51</u>
		2,376,607,223	65.02
Chan Yoke Keow	Beneficial owner	230,827,843	6.31
	Interest of controlled corporations (<i>Note 3</i>)	592,039,274	16.20
	Interest of spouse (<i>Note 4</i>)	<u>1,553,740,106</u>	<u>42.51</u>
		2,376,607,223	65.02
Fong Kwok Jen	Beneficial owner	11,927,650	0.33
Chan Tong Wan	Beneficial owner	31,843,522	0.87
Wong Dor Luk, Peter	Beneficial owner	280,000	0.01

Notes:

1. These shares are owned by Heng Fai Holdings Limited (formerly known as Heng Fai Master Holdings Limited), which are ultimately owned by a discretionary trust established by Mr. Chan Heng Fai as settler and Credit Suisse Trust Limited as trustee.
2. Mr. Chan Heng Fai is the spouse of Ms. Chan Yoke Keow. He is deemed to be interested in the Shares held by Ms. Chan Yoke Keow under the SFO.
3. These Shares are owned by Prime Star Group Co. Ltd., which are ultimately owned by a discretionary trust established by Ms. Chan Yoke Keow as settler and Credit Suisse Trust Limited as trustee.
4. Ms. Chan Yoke Keow is the spouse of Mr. Chan Heng Fai. She is deemed to be interested in the Shares held by Mr. Chan Heng Fai under the SFO.

(b) Share options

Name of director	Date granted	Exercisable period <i>HK\$</i>	Exercise price per share	Number of share options outstanding as at the Latest Practicable Date	Percentage of the issued share capital of the Company
Fong Kwok Jen	13.2.2015	13.2.2015 – 12.2.2020	0.115	10,000,000	0.27
				10,000,000	0.27

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of, the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (other than a Director or the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or

more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group:

(i) The Company

Name	Nature of interest	Number of shares/underlying shares held	%
Heng Fai Holdings Limited	Beneficial owner (Note 1)	1,489,155,806	40.74
Tenby Nominees Limited	Interest of controlled corporation (Note 1)	1,489,155,806	40.74
Brock Nominees Limited	Interest of controlled corporation (Note 1)	1,489,155,806	40.74
Prime Star Group Co., Ltd.	Beneficial owner (Note 2)	592,039,274	16.20
Right Team Holdings Limited	Interest of controlled corporation (Note 2)	592,039,274	16.20
Seletar Limited	Interest of controlled corporation (Note 2)	592,039,274	16.20
Serangoon Limited	Interest of controlled corporation (Note 2)	592,039,274	16.20
Credit Suisse Trust Limited	Trustee (Note 1 and Note 2)	2,081,195,080	56.93

Notes:

1. These Shares are owned by Heng Fai Holdings Limited, which are ultimately owned by a discretionary trust established by Mr. Chan Heng Fai as settlor and Credit Suisse Trust Limited as trustee.
2. These Shares are owned by Prime Star Group Co. Ltd., which are ultimately owned by a discretionary trust established by Ms. Chan Yoke Keow as settler and Credit Suisse Trust Limited as trustee.

(ii) Subsidiaries of the Company

Name of subsidiaries	Name of substantial shareholder	Percentage of shareholding (%)
Xpress Finance Limited	MBf Asia Capital Corporation Holdings Limited	18%
Inter-American Group Holdings Inc.	Jeffrey Busch	15%

Save as disclosed above, the Directors are not aware of any person as at the Latest Practicable Date who had an interest or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and any other member of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in litigation or arbitration of material importance and so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against any member of the Group.

7. SERVICE CONTRACTS

Save as set out below, (i) none of the Directors has any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation); and (ii) none of the Directors has any service contracts with the Company or any of its subsidiaries or associated companies in force for Directors which have more than 12 months to run:

On 2 December 2014, a service contract was entered into between the Company and Mr. Chan Heng Fai for a term of three years commencing from 1 October, 2013. The service contract provides for a basic salary of HK\$800,000 per month, together with a performance bonus (a) referenced to the annual return on equity of the Group, not to exceed 10 months basic salary, (b) plus 2% of any increase in the audited net asset value of the Group from the last fiscal year. In the event that either party terminate the service contract, the terminated party shall be entitled to receive, and the terminating party shall pay and transfer to the terminated party, as liquidated damages, a lump sum equal to the sum which would have been payable by the Company to Mr. Chan as gross salary (excluding bonus, if applicable), not to exceed 12 months of salary, in respect of the unexpired term of the service contract on the date notice of termination is given.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the directors or their respective associates had any interests in a business which competes or may compete with the businesses of the Group or had any other conflict of interest with the Group.

9. NO MATERIAL INTEREST IN CONTRACTS

As at the Latest Practicable Date, save for the Underwriting Agreement, there is no contracts or arrangement of significance in relation to the business of the Group in which a Director is materially interested subsisted.

10. EXPERT AND CONSENT**(i) Qualification of expert**

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

(ii) Consent of expert

Deloitte Touche Tohmatsu has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters, reports and/or summary of its opinions (as the case may be) and references to its name in the form and context in which they are included.

(iii) Interests of expert

As at the Latest Practicable Date, Deloitte Touche Tohmatsu was not beneficially interested in any securities of any member of the Group or had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities of any member of the Group and it did not have any direct or indirect interest in any assets which had been, since 31 March 2014 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

11. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this Prospectus which are or may be material:

- (a) On 13 January 2014, the Company, Corporate Space Pte Ltd (“CSPL”), a company incorporated in Singapore with limited liability which is an indirect wholly owned subsidiary of the Company and OEL (Holdings) Limited (“OEL”), a company incorporated in Singapore with limited liability, the shares of which are listed on the SGX-ST entered into a conditional and legally binding heads of agreement (supplemented on 11 February 2014), under which CSPL has agreed to sale, and OEL has agreed to purchase of the entire issued and paid-up share capital of each of Singapore Service Residence Pte Ltd (“SSRPL”) and Expats Residences Pte Ltd (“ERPL”), companies incorporated in Singapore with limited liability which are wholly owned subsidiaries of CSPL at an aggregate consideration of S\$53.9 million. A definitive sale and purchase agreement (“SPA”) was entered into between the

parties on 28 February 2014. On 9 May 2014, the parties entered into a mutual termination agreement to terminate the SPA and that neither party has any claim against the others;

- (b) On 28 March 2014, a loan agreement was entered into between Mr. Chan Heng Fai and the Company, pursuant to which Mr. Chan has agreed to grant an interest free loan of HK\$60,000,000 to the Company for the purpose of the funding its US REIT investments. The loan is interest free, unsecured and repayable on demand by Lender;
- (c) On 15 April 2014, Global Medical REIT, Inc. (“GMR”), a subsidiary of the Company has entered into a sale and purchase agreement with LTACH Landlord, LLC (“LTACH”), pursuant to which GMR has agreed to acquire for and LTACH has agreed to dispose of a 56-bed long term acute care hospital located at 1870 S 75th Street, Omaha, Nebraska for a purchase price of approximately US\$21.7 million. The acquisition was completed on 5 June 2014;
- (d) On 6 May 2014, Ms. Teo Kim Hong (“Subscriber”) and the Company entered into a subscription agreement, pursuant to which the Subscriber has agreed to subscribe for, and the Company has agreed to issue to the Subscriber, 53,000,000 new shares of the Company at the subscription price of HK\$0.36 per share with an aggregate subscription price of HK\$19,080,000. The subscription was completed on 22 May 2014 and the new shares was allotted and issued accordingly;
- (e) On 19 June 2014, GMR has entered into a sale and purchase agreement with HHA Asheville, LLC (“HHA”), pursuant to which GMR has agreed to acquire for and HHA has agreed to dispose of an approximately 8,840 square foot medical office building known as the Orthopedic Surgery Center, located in Asheville, North Carolina for approximately \$2.52 million. The acquisition was completed on 19 September 2014;
- (f) On 9 December 2014, the Company entered into a placing agreement with BMI Securities Limited (“BMI”), whereby the Company has agreed to issue and BMI has agreed, on a best efforts basis, to act as placing agent to procure subscribers to subscribe for such number of series of 5.5% to 7.5% bonds in an aggregate principal amount of up to HK\$500 million due on the day immediately preceding the third to eight anniversary of their respective date(s) to be issued by the Company. As at the Latest Practicable Date, there is no bond in issue;
- (g) On 9 February 2015, Expats Residences Pte Ltd (“Expats”), a subsidiary of the Company has entered into an option to purchase agreement with an individual buyer (“Buyer”), pursuant to which Expats has agreed to offer to sell to the Buyer a residential unit located at 38 Dakota Crescent #14-09 Singapore 399938 for a consideration of S\$2,550,000. The offer was accepted by the Buyer on 17 February 2015 and the completion is expected to be on 20 April 2015; and

- (h) the Underwriting Agreement.

12. MISCELLANEOUS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to any member of the Group, or which are proposed to be acquired, disposed of or leased to any member of the Group, since 31 March 2014, the date to which the latest published audited financial statements of the Group were made up.
- (b) The registered office of the Company is at 24th Floor, Wyndham Place, 40–44 Wyndham Street, Central, Hong Kong.
- (c) The English text of this prospectus prevails over the Chinese text in case of inconsistency.

13. EXPENSES

The expenses in connection with the Open Offer, including underwriting commission, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately HK\$1.05 million, which will be payable by the Company.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of this Prospectus, the Application Forms and the written consent given by Deloitte Touche Tohmatsu as referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

15. LEGAL EFFECT

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all person concerned bound by the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from 9:00 a.m. to 5:00 p.m. (Monday to Friday) at 24th Floor, Wyndham Place, 40–44 Wyndham Street, Central, Hong Kong from the date of this Prospectus up to and including 15 April 2015:

- (a) the articles of association of the Company;
- (b) the material contracts referred to in the section headed “material contracts” of this Appendix;
- (c) the service contract referred to in the section headed “Service Contracts” in this Appendix;
- (d) the annual reports of the Company for each of the two financial years ended 31 March 2014;
- (e) the letter from Deloitte Touche Tohmatsu contained in Appendix II to this Prospectus;
- (f) the written consent from Deloitte Touche Tohmatsu referred to in the section headed “Expert and Consent” of this Appendix; and
- (g) this Prospectus.