



Heng Fai Enterprises Limited
恒輝企業控股有限公司
Hong Kong Stock Exchange: 185

HK-Listed Heng Fai Enterprises Sells Singapore Properties for S\$53.9 million (HK\$328.8 Million) To SGX Catalist-Listed OEL

Singapore, Hong Kong, 16 January 2014 –Hong Kong Stock Exchange-listed **Heng Fai Enterprises Ltd.** (“HFE” or the “Company”) has agreed to sell S\$53.9 million (HK\$328.8 million) worth of Singapore properties (“the Properties”) to Singapore Exchange Catalist-listed OEL (Holdings) Limited (“OEL”).

HFE, controlled by Hong Kong-born Singaporean Mr. Chan Heng Fai (“Mr. Chan”), is disposing the Properties (“the Disposal”) for S\$10 million (HK\$61 million) in cash to be paid by OEL to Corporate Space Pte Ltd (“CSPL”), a HFE subsidiary, and S\$43.9 million (HK\$267.8 million) in the form of convertible bonds (“CB”) to be issued by OEL to CSPL.

The five-year 2.5% per annum coupon CB is convertible into OEL shares at 11 Singapore cents each (HK\$0.67), subject to anti-dilution and adjustment provisions for private placements, bonus issues or rights issues.

The Properties comprise 35 commercial, residential and small-office, home office (“SOHO”) units currently held under two HFE indirect wholly owned Singapore subsidiaries, Singapore Service Residence Pte Ltd (“SSRPL”) and Expats Residences Pte Ltd (“ERPL”).

The Properties have a carrying value of approximately S\$72.1 million (HK\$439.8 million) and outstanding bank loans of approximately S\$19.4 million (HK\$118.3 million) as at 30 September 2013.

The consideration of S\$53.9 million represents approximately 100% of the combined net asset value of SSRPL and ERPL, as at the date of the completion of the Disposal. Hence, HFE does not expect to record any gain or loss on the Disposal, subject to a review by auditors.

The transaction is subject to due diligence and shareholder approval at an extraordinary general meetings to be convened by OEL (formerly known as Oakwell Engineering Ltd), which is principally engaged in shipbuilding activities in Thailand that focuses on support and service vessels for the oil and gas industry.

Upon completion of the Disposal, HFE will be allowed to appoint two non-executive directors to the board of OEL.

HFE intends to use the S\$10 million cash portion of the transaction for working capital.

HFE has announced that it intends seed and grow Real Estate Investment Trusts (“REITS”) in the United States and to manage them directly. This new business model offers the Company recurring income and growth opportunities arising from the recovery of the U.S. real estate market.

As part of this strategy, HFE is also exploring options for secondary or dual listings of its shares in international exchanges such as London or Singapore to raise additional capital for its REIT strategy.

HFE’s Managing Chairman, Mr. Chan, said, “The disposal of our Singapore properties allows us to accelerate the growth of our U.S. REIT strategy.”

OEL shares closed at 12.4 Singapore cents on 13 January 2014. Shares of both HFE and OEL have been halted for trading and will resume trading on today.

End of press release###

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

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About Heng Fai Enterprises Limited

Heng Fai Enterprises Limited (“HFE” or the “Company”), formerly known as Xpress Group Limited, listed on the Hong Kong Stock Exchange in 1972 with a current market capitalisation of approximately HK\$1.3 billion (US\$162 million). The Chan family owns approximately 72% of the Company’s share capital base. The Group has recently unveiled a strategy to develop and manage REITs in the United States with a view to seize opportunities to enhance shareholder value through recurring revenue and profits.