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**Heng Fai Enterprises Limited**

**恒輝企業控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

*(Stock Code: 185)*

## **DISCLOSEABLE TRANSACTION**

On 3 August 2015, GMR and the Vendor entered into the Agreement, under which the Vendor has agreed to sell, and GMR has agreed to acquire, the Medical Facility at a consideration of US\$10,750,000 (approximately HK\$83,348,000).

As the applicable percentage calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 3 August 2015, GMR has entered into the Agreement with the Vendor. Pursuant to the Agreement, the Vendor shall sell and GMR shall acquire an office/surgery centre named as West Mifflin Office and Surgery Center located at 9970 Mountain View Drive, West Mifflin, Pennsylvania, United States (the “**Medical Facility**”), for US\$10,750,000 (approximately HK\$83,348,000).

## THE AGREEMENT

Set out below are the major terms of the Agreement:

- Date of Agreement: 3 August 2015
- Vendor: Associates Properties, LP, to the best knowledge, information and belief of the Board and after making all reasonable enquiry, the Vendor and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company
- Purchaser: Global Medical REIT, Inc.
- Asset to be acquired: The Medical Facility
- Consideration: US\$10,750,000 (approximately HK\$83,348,000) payable in cash
- Date of completion: on or before 10 September, 2015 or such other later date as may be agreed between the parties in writing.
- Terms of Payments:
- (a) a sum of US\$200,000 has been paid by GMR to the Vendor as initial deposit and part payment of the Consideration within three business days upon signing of the Agreement on 3 August 2015.
  - (b) The balance of the consideration will be paid on completion of the Acquisition.
- Others:
- (i) GMR is entitled to perform due diligence review on the Medical Facility for a period of 25 business days from the date of the Agreement and shall have the right to terminate the Agreement by written notice to the Vendor in the event GMR in its sole discretion, is not satisfied with the Medical Facility for any reason.
  - (ii) It was agreed that the Vendor's affiliate (an independent third party) that owns the offsite parking lot located across Century III Mall Street from the Medical Facility (the "**Parking Site**") shall enter into a contract with GMR to tender a deed to the Parking Site prior to the expiration of the due diligence period for US\$600,000.

(iii) The Medical Facility and Parking Site shall be sold on an “as is” basis and upon the completion of the Acquisition, GMR and Associates In Ophthalmology, Ltd. (“AIO”) will enter into a lease agreement in respect of the leaseback of 15,317 sq. ft. on the first and second floors and 1,930 sq. ft. in the basement of the Medical Facility and the Parking Site and GMR and Associates Surgery Centers, LLC (“ASC”) will enter into a lease agreement in respect of the lease of 9,946 sq. ft. on the first floor of the Medical Facility for a term of fifteen years with four 5-year renewal options for an aggregate annual rental of US\$783,653 for the first three year with annual rental rate escalations of 2% started from the fourth year.

The Medical Facility is a 27,193-square-foot class A facility built in 2006 located in the Pittsburgh Metropolitan Statistical Area. The Medical Facility will be 100% leased at closing. AIO will lease 63% of the building and ASC will lease 37% (with the lease guaranteed by AIO). The leases are coterminous with each other. Specialties of this group include treatment of cataracts, glaucoma, diabetic eye care, and macular degeneration. AIO is a leading provider of surgical eye operations, with seven locations and 11 physicians in the Pittsburgh metropolitan area. The surgery center is Medicare-certified and accredited by the Accreditation Association for Ambulatory Health Care.

Having considered that (i) the Acquisition is in line with the business strategy of the Group to develop in the REITs and (ii) the favourable prospects of the Medical Facility, the Board considers that the Consideration, which was arrived at after arm’s length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Reasons for the Acquisition**

The Group is principally engaged in property development, property investment and trading, hotel operations and securities trading and investment.

The Directors consider that the Acquisition represents a good investment opportunity and believe that the Group will benefit from the stable and attractive rental income and anticipated appreciation in value of the Property while building the Group’s portfolio of medical investment properties in the United States. The Directors believe that the terms of the Agreement are on normal commercial terms, and are fair and reasonable so far as

the Company and the Shareholders are concerned, and that the term of the Agreement is in the interest of the Company and the Shareholders as a whole.

The Group may finance the funding requirements for the Acquisition by internal resources and corporate banking facilities or from other sources as deemed appropriate by the Board from time to time. It is expected that the aggregate consideration of the Acquisition and the Parking Site of US\$11,350,000 (approximately HK\$88,000,000) will be funded by approximately US\$4.3 million in cash and the remaining balance will be funded by bank borrowing.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage calculated according to Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	: The acquisition of the Medical Facility by GMR from the Vendor pursuant to the Agreement
“Agreement”	: The asset purchase agreement in relation to the Acquisition entered into among GMR and the Vendor on 3 August 2015
“Board”	: the board of Directors
“Company”	: Heng Fai Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	: the director(s) of the Company
“GMR”	: Global Medical REIT Inc, a 99% owned subsidiary of the Company, the shares of which are listed on Over-The-Counter Board in the United States.
“Group”	: the Company and its subsidiaries from time to time
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China

- “Listing Rules” : Rules Governing the Listing of Securities on the Stock Exchange
- “Medical Facility” : the following medical facility and assets pursuant to the Agreement:
- (i) The real property on which the Medical Facility is located (“**Real Property**”);
  - (ii) The Vendor’s fee simple title in and to all buildings, structures, facilities, amenities, driveways, walkways, parking lots and other improvements located on the Real Property;
  - (iii) all right, title and interest of Vendor in and to the Real Property;
  - (iv) all personal property owned by Vendor and used in connection with the Medical Facility; and
  - (v) all licenses, permits and warranties benefiting the Medical Facility.
- “Shareholder(s)” : shareholder(s) of the Company
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “Vendor” : Associates Properties, LP
- “HK\$” : Hong Kong dollar(s), the lawful currency of Hong Kong
- “US” or “United States” : the United States of America
- “US\$” : the United States dollars, the lawful currency of the United States
- “%” : per cent.

By Order of the Board  
**Heng Fai Enterprises Limited**  
**Zhang Jingguo**

*Chairman, Chief Executive Officer and Executive  
Director*

Hong Kong, 10 August, 2015

*As at the date of this announcement, the executive Directors are Mr. Zhang Jingguo, Mr. Zhang Guoqiang, Mr. Eric Jackson Chang; the non-executive Director is Ms. Huang Yanping and the independent non-executive Directors are Mr. Liu Da, Dr. Liu Qiao and Mr. Ma Yuntao.*