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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)*

PROFIT WARNING ANNOUNCEMENT

This announcement is made by Heng Fai Enterprises Limited (the “Company” and together with its subsidiaries, the “Group”) pursuant to Rule 13.09(2) of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) (the “SFO”).

Reference is made to the joint announcement of the Company dated 6 May 2015 in relation to the possible unconditional mandatory cash offer by Alliance Capital Partners Limited for and on behalf of Joy Town Inc. to acquire all the issued shares of the Company (other than those shares already owned or agreed to be acquired by Joy Town Inc. and parties acting in concert with it) and for the cancellation of all outstanding options (the "Announcement"). Terms used herein shall have the meaning in the Announcement unless otherwise defined.

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that based on the Board’s preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 March 2015 and the information currently available to the Group, the Group is expected to record a loss attributable to owners of the Company for the year ended 31 March 2015 which is higher than the loss attributable to owners of the Company of approximately HK\$43.5 million for the previous financial year, mainly due to (i) the absence of a gain on disposal of subsidiaries in the corresponding period for 2014; (ii) net decrease in fair value of investment properties as compared to net increase in fair value of investment properties; and (iii) increase in legal and professional fees in relation to secondary listing and other prospective fund raising exercises.

The Company is in the process of finalising the annual results of the Group for the year ended 31 March 2015 (the “Annual Results”). The information contained in this announcement is only based on preliminary assessment of the management accounts of the Group subject to finalisation and necessary adjustments, which has not been finalised nor audited by the Company’s auditor. The Annual Results are expected to be released on 29 June 2015.

This profit warning constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers (the “Takeovers Code”) and would need to be reported on by both the Company’s financial advisers and its accountants or auditors in accordance with Rule 10.4 of the Takeovers Code. Given the time constraints when issuing this profit warning announcement, the Company would like to draw the attention of the Company’s shareholders and potential investors that this profit warning does not meet the standard required by Rule 10 of the Takeovers Code and that the Company’s shareholders and potential investors should exercise caution in placing reliance on such forecasts in assessing the merits or demerits of the Offer and on this announcement when dealing in the Company’s securities.

The profit forecast will be reported on as soon as reasonably practicable and the relevant reports will be contained in the next document to be sent to the Company’s shareholders.

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

Hong Kong SAR, 9 June, 2015

As at the date of this announcement, the executive Directors are Mr. Chan Heng Fai, Mr. Chan Tong Wan, Ms. Chan Yoke Keow; the non-executive Directors are Dr. Lam, Lee G. and Mr. Fong Kwok Jen and the independent non-executive Directors are Mr. Wong Tat Keung, Mr. Wong Dor Luk, Peter and Mr. Chan King Fai.

All directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.