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HSIN CHONG GROUP HOLDINGS LIMITED

新昌集團控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00404)

US\$100 MILLION 6% CONVERTIBLE BONDS DUE 2017

(Stock Code: 5579)

US\$300 MILLION 8.75% SENIOR NOTES DUE 2018

(Stock Code: 5513)

US\$150 MILLION 8.50% SENIOR NOTES DUE 2019

(Stock Code: 5607)

**CLARIFICATION ANNOUNCEMENT
IN RELATION TO ANALYST REPORT
AND
RESUMPTION OF TRADING**

This announcement is made by Hsin Chong Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) at the request of the Stock Exchange.

We have noted the decrease in the trading price and increase in trading volume of the shares of the Company in the morning trading session on 28 September 2016, prior to the Company’s application to apply trading halt in its shares and debt securities on the Stock Exchange.

We have also noticed a report released on 28 September 2016 by Anonymous Analytics on the Company (the “Analyst Report”) and various media reports referring to the Analyst Report.

The Analyst Report refers to the Group’s projects at Tieling and Foshan, China.

In relation to the roles of Dr. Wilfred WONG Ying Wai (“Dr. WONG”) and Mr. LIN Zhuo Yan (“Mr. LIN”) (currently Non-Executive Chairman of the Company) referred to in the Analyst Report:–

- we note that the terms of the acquisition of those projects, the parties from whom the projects were acquired, the particulars of those projects (including financial information regarding those projects, property valuation reports and pro forma financial information of the Group taking into account the effects of the relevant acquisition) have been included in detail in the shareholders’ circulars of the Company dated 30 September 2011 and 4 November 2014 respectively;
- we also note that each transaction has proceeded only after independent shareholders’ approval was obtained at a special general meeting of the Company held for that purpose, at which various companies through which Dr. WONG and Ms. MA Kwing, Pony (the spouse of Mr. LIN) held shares in the Company, and Dr. WONG himself had abstained from voting. So far as we are aware, Mr. LIN did not hold any shares in the Company at the time.

In relation to the allegations in the Analyst Report with regards to the status of the two projects:–

- the Company has regularly reported on its developments plans (and adjustment of such plans) for the Tieling and Foshan projects after their acquisition, during a period which has seen extended depressed property market sentiment as well as pressures faced by the retail sector;
- photos included in our annual and interim reports are of the actual structures or “show flats” for sales activities taken on site, except those which are identified as “effect pictures”;
- given the sheer size of the Tieling and Foshan sites, in addition to completed buildings, they also include areas which are partially constructed as well as those which are not yet under construction. The indoor portion of the Tieling waterpark has not yet been completed. As regards the Foshan development which we acquired in early 2015, the repositioning plan that the Group developed has been submitted to the local government for approval as reported in the Company’s latest interim report.

It suffices to say that shareholders and investors have in the past when presented with such same information (apart from references above to specific parts of the development), made an informed assessment of the value of the Company's securities. We believe that the challenges faced by the property development sector in China is commonly known to investors in Hong Kong. It is unfortunate that the Analyst Report has chosen to adopt, based on information that the Company has published in the past, an extremely negative assessment of the prospects and valuation model. We urge shareholders of, and potential investors in, the Company's securities to continue to exercise their independent judgment when dealing in the Company's securities.

The Company continues to manage its financial resources and its debt mix, and in view of the recent performance of the debt market, may seek to issue debt securities or convertible notes to refinance its debt obligations when they fall due.

Having made such enquiry with respect to the Company as is reasonable in the circumstances, and subject to the clarifications mentioned above we confirm that we are not aware of any other reasons for these price or volume movements or of any other information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

Trading in the shares and debt securities of the Company on the Stock Exchange was halted with effect from 1:00 p.m. on 28 September 2016 pending the release of this announcement. Application has been made for the resumption of trading in the shares and debt securities of the Company on the Stock Exchange with effect from 9:00 a.m. on 29 September 2016.

By Order of the Board of Directors of
Hsin Chong Group Holdings Limited
LIN Zhuo Yan
Non-Executive Chairman

Hong Kong, 28 September 2016

As at the date of this announcement, the Board of Directors of the Company comprises Mr. LIN Zhuo Yan as the Non-Executive Chairman; Ir. Joseph CHOI Kin Hung (Co-Chief Executive Officer), Mr. ZHOU Wei (Chief Strategic Officer), Mr. Wilfred WU Shek Chun (Chief Risk Officer) and Mr. LUI Chun Pong (Chief Financial Officer) as Executive Directors; Mr. YAN Jie, Mr. CHEN Lei and Mr. CHUI Kwong Kau as Non-executive Directors; and Mr. CHENG Sui Sang, Ms. LEE Jai Ying, Mr. KWOK, Shiu Keung Ernest and Mr. George YUEN Kam Ho as Independent Non-executive Directors.