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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)

ANNOUNCEMENT INSIDE INFORMATION

**DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF SHARES IN
SYNERGIS HOLDINGS LIMITED**

AND

RESUMPTION OF TRADING

Financial Adviser



Euto Capital Partners Limited

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

THE SALE AND PURCHASE AGREEMENT

On 18 November 2016 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company), the Purchaser and the Company entered into the Sale and Purchase Agreement pursuant to which the Vendor had agreed to sell and the Purchaser had agreed to purchase the Sale Shares at an aggregate consideration of HK\$279,010,790. The Sale Shares consist of 169,116,777 Synergis Shares, representing approximately 48.58% of the entire issued share capital of Synergis and 80,000,000 Synergis Preference Shares, representing approximately 18.69% of the enlarged issued share capital of Synergis upon conversion into Synergis Shares as at the date of this announcement. The Company has agreed to guarantee the performance by the Vendor of its obligations under the Sale and Purchase Agreement. The Completion took place on 21 November 2016.

As one or more of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and debt securities of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 21 November 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and debt securities of the Company with effect from 1:00 p.m. on 23 November 2016.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

On 18 November 2016 (after trading hours), the Vendor (a direct wholly-owned subsidiary of the Company), the Purchaser and the Company entered into the Sale and Purchase Agreement, pursuant to which the Vendor had agreed to sell and the Purchaser had agreed to purchase the Sale Shares at an aggregate consideration of HK\$279,010,790. The Sale Shares consist of 169,116,777 Synergis Shares, representing approximately 48.58% of the entire issued share capital of Synergis and 80,000,000 Synergis Preference Shares, representing approximately 18.69% of the enlarged issued share capital of Synergis upon conversion into Synergis Shares as at the date of this announcement. The Company has agreed to guarantee the performance by the Vendor of its obligations under the Sale and Purchase Agreement. The Completion took place on 21 November 2016.

THE SALE AND PURCHASE AGREEMENT

Date

18 November 2016 (after trading hours)

Parties

- (i) the Vendor as vendor;
- (ii) the Company as guarantor to the Vendor; and
- (iii) the Purchaser as purchaser.

The Purchaser is an investment holding company incorporated in the BVI with limited liability. As at the date of this announcement, the Purchaser is directly wholly-owned by Mrs. Chu Yuet Wah. To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company, the Vendor, Synergis and any connected persons of the Company, the Vendor and Synergis.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Vendor had agreed to sell and the Purchaser had agreed to purchase, the Sale Shares, being 169,116,777 Synergis Shares, representing approximately 48.58% of the entire issued share capital of Synergis and 80,000,000 Synergis Preference Shares, representing approximately 18.69% of the enlarged issued share capital of Synergis upon conversion into Synergis Shares as at the date of this announcement free from any encumbrances and together with all rights attaching to them, including all rights to any dividends or other distribution declared, made or paid after the date of the Completion.

The following financial information is extracted from the public documents of Synergis:

	For the year ended	
	31 December	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2,447,379	1,906,253
Profit before income tax	67,524	56,098
Profit attributable to the owners of Synergis	55,281	45,342

The unaudited total asset and net asset value of Synergis as at 30 June 2016 was approximately HK\$1,186,854,000 and HK\$287,753,000 respectively.

Consideration

The Consideration in the sum of HK\$279,010,790 (representing HK\$1.12 per Sale Share) was determined following arm's length negotiation between the Vendor and the Purchaser with reference to (i) the prevailing market price of the Synergis Shares; (ii) the unaudited book value of the approximately 48.58% shareholding in Synergis and 80,000,000 Synergis Preference Shares, approximately 18.69% of the enlarged issued share capital of Synergis and the Sales Shares represent approximately 58.19% shareholding in Synergis on a fully diluted basis which amounted to approximately HK\$139,790,000 for the Synergis Shares and approximately HK\$167,443,000 for the Sale Shares upon fully diluted basis as at 30 June 2016 respectively.

The Consideration was paid by the Purchaser to the Vendor in full upon the Completion.

The selling price of HK\$1.12 per Sale Share represents:–

- (i) a discount of approximately 30.00% to the closing price of HK\$1.600 per Synergis Share as quoted on the Stock Exchange on 18 November 2016, being the Last Trading Date;
- (ii) a discount of approximately 24.22% to the average closing price of approximately HK\$1.478 per Synergis Share for the last five consecutive trading days immediately prior to and including the Last Trading Date;
- (iii) a discount of approximately 27.88% to the average closing price of approximately HK\$1.553 per Synergis Share for the last ten consecutive trading days immediately prior to and including the Last Trading Date;
- (iv) a discount of approximately 22.44% to the average closing price of approximately HK\$1.444 per Synergis Share for the last 20 consecutive trading days immediately prior to and including the Last Trading Date;
- (v) a discount of approximately 17.32% to the average closing price of approximately HK\$1.355 per Synergis Share for the last 30 consecutive trading days immediately prior to and including the Last Trading Date;
- (vi) a discount of approximately 9.68% to the average closing price of approximately HK\$1.240 per Synergis Share for the last 60 consecutive trading days immediately prior to and including the Last Trading Date;
- (vii) a premium of approximately 35.48% to the unaudited net asset value of Synergis as at 30 June 2016 of approximately HK\$287,753,000 and approximately HK\$0.830 per Synergis Shares as at the date of this announcement; and

(viii) a premium of approximately 66.62% to the unaudited net asset value of Synergis as at 30 June 2016 of approximately HK\$287,753,000 and approximately HK\$0.670 per Sale Shares under the fully diluted basis.

The proceeds from the Disposal have been applied by the Company to repay certain debts of the Company and thereby improve the financial position of the Company.

Guarantee from the Company

The Company entered into the Sale and Purchase Agreement to guarantee the due performance and observance by the Vendor of its obligations, covenants, undertakings and warranties, and, together with the Vendor on a joint and several basis, has agreed to fully indemnify the Purchaser or its assignee against all of its losses, liabilities, damages, costs and expenses arising from the warranties under the Sale and Purchase Agreement being incomplete or inaccurate subject to a maximum liability equivalent to the Consideration.

Warranties and Undertakings

The Vendor and the Company have given certain customary warranties to the Purchaser under the Sale and Purchase Agreement, in respect of, among other things, the legal status, financial conditions, business, operations and assets in relation to Synergis.

The Vendor and the Company have also provided undertakings in relation to, among other things, the conduct of business of Synergis before the close of the offer period in respect of the offers to be made by the Purchaser in accordance with the Takeovers Code.

Completion

The Completion took place on 21 November 2016.

Immediately following Completion, the Company has ceased to hold any Synergis Shares nor any Synergis Preference Shares and Synergis has ceased to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

It is estimated that the Company will record a book gain (net of related professional expenses) of approximately HK\$112,000,000 as a result of the Disposal, which represents the difference between the Consideration for the Sale Shares and the unaudited net asset value of Synergis as at 30 June 2016. The actual gain in connection with the Disposal will be assessed after Completion and is subject to audit.

The Company considers the Disposal to be a good opportunity for the Company to realise its entire investment in the Sale Shares especially given that the Disposal will be made at a gain. Moreover, the fact that the proceeds from the Disposal will be used to repay certain debt, it will have the effect of strengthening the financial position of the Company, and improving its general working capital.

Having regard to the nature of and the benefits resulting from the Disposal, the Directors believe that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders taken as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ABOUT THE COMPANY, SYNERGIS AND THE VENDOR

The Company

The Company is an investment holding company, the shares of which are listed on the Main Board of the Stock Exchange. The principal activities of the Company's subsidiaries are building construction, civil engineering, electrical and mechanical installation, the ISP Business, property development and investment, provision of property management and facility management services. The provision of property management and facility management services and the ISP Business were undertaken by Synergis and its subsidiaries, and the Directors will further review the continuity of the property management and facility management services and the ISP Business under the Company upon Completion.

Synergis

Synergis is an investment holding company, the shares of which are listed on the Main Board of the Stock Exchange. The principal activities of Synergis and its subsidiaries are the provision of property management and facility management services, the ISP Business and ancillary business in Hong Kong, the People's Republic of China and the Macau Special Administrative Region of the People's Republic of China.

The Vendor

The Vendor is an investment company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of the Company.

INFORMATION ABOUT THE PURCHASER

The Purchaser is a company incorporated in the BVI with limited liability. The principal business activity of the Purchaser is investment holding.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and debt securities of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 21 November 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares and debt securities of the Company with effect from 1:00 p.m. on 23 November 2016.

DEFINITIONS

“BVI”	British Virgin Islands
“Company”	Hsin Chong Group Holdings Limited (新昌集團控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 404)
“Completion”	completion of the Disposal in accordance with the Sale and Purchase Agreement
“Consideration”	the consideration of HK\$279,010,790 for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“ISP Business”	interiors and special projects business which comprises: <ul style="list-style-type: none">(i) alteration and addition works and demolition works relating and incidental to such alteration and addition works;(ii) renovation and conservation works;(iii) fitting-out works for commercial projects;(iv) commercial, residential, retail and institutional special buildings projects;

- (v) maintenance works;
- (vi) construction works with an initial tendering submission amount of no more than HK\$300 million;
- (vii) curtain wall and related aluminium product business and fabrication factory; and
- (viii) material sourcing and procurement, including trading and e-commerce business

“Last Trading Date”	18 November 2016, being the last full trading day immediately prior to the date of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Champ Key Holdings Limited, a company incorporated in the BVI with limited liability and is directly wholly-owned by Mrs. Chu Yuet Wah
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between the Company, the Vendor and the Purchaser on 18 November 2016 in relation to the Disposal
“Sale Share(s)”	169,116,777 Synergis Shares, representing approximately 48.58% of the entire issued share capital of Synergis and 80,000,000 Synergis Preference Shares, representing approximately 18.69% of the enlarged issued share capital of Synergis upon conversion into Synergis Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Synergis”	Synergis Holdings Limited (新昌管理集團有限公司*), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 2340)
“Synergis Preference Share(s)”	unlisted convertible preference share(s) of HK\$0.10 each in the share capital of Synergis

“Synergis Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Synergis
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Code on Takeovers and Mergers
“Vendor”	Smart Lane Holdings Limited, a company incorporated in the BVI with limited liability, and a direct wholly-owned subsidiary of the Company

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

Hong Kong, 23 November 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.

* *for identification purposes only*