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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)

BUSINESS UPDATE AND PROPOSED BONUS ISSUE

The board of directors (the “**Board**”) of Hsin Chong Group Holdings Limited (the “**Company**”) together with its subsidiaries, the “**Group**”) refers to the announcements of the Company dated 20 November 2016 in relation to the redemption of its 6% convertible bonds due 2017 (the “**CB Redemption**”) and dated 23 November 2016 in relation to the disposal of its entire shareholding in Synergis Holdings Limited (the “**Synergis Disposal**”).

As of the date of this announcement, the outstanding principal amount of the Company’s 6% convertible bonds due 2017 is US\$2,600,000. In view of the CB Redemption, the Company has been reviewing and assessing the financial requirements of the Group’s business operations and the appropriate deployment of its resources. With a view to improving the Group’s liquidity position, the Group has since then completed the Synergis Disposal. In addition, the Company is also in negotiations with a number of independent third parties regarding the possible disposal of other operating assets of the Group. Based on current negotiations, the possible disposal (if it proceeds) may constitute a major transaction of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. As no definitive agreement for such disposal has as yet been agreed or signed, such transaction may or may not proceed. **Potential investors in, and holders of securities of, the Company should therefore exercise caution when dealing in the securities of the Company.**

Until a revised comprehensive development plan for the Group's property portfolio is devised, the Group proposes, for the time being, to minimise further funding commitments towards construction works being carried out at its property development projects. However, preparation work for the soft launch of the outlet mall at La Viva, Foshan (currently planned to take place in the first quarter of 2017) will continue. At present, approximately 48% of the leaseable areas of the outlet mall have been committed for use as follows:

- the Group has signed agreements with 27 tenants representing 68 brands for the letting of 98 units having a total gross floor area of about 21,276 sq metres, and is in advanced negotiations to finalise agreements with three tenants representing 18 brands for the leasing of 19 units having a total gross floor area of about 4,325 sq metres; and
- the Group will also operate stores offering multiple brands occupying 11 units having a total gross floor area of about 10,814 sq metres.

The Group is also in discussion with potential tenants for a further 47 brands for 88 units having a total gross floor area of about 23,632 sq metres (representing approximately 31% of the total leaseable areas of the mall).

The refurbishment and launch of sales for the residential units will be planned after the launch of the outlet mall.

PROPOSED BONUS ISSUE

Reference is made to the announcement of the Company dated 3 November 2016 in relation to the proposed bonus issue of the shares of the Company (the “**Proposed Bonus Issue**”) to holders of its ordinary shares and restricted voting convertible preference shares on the basis of one bonus share for every ten shares held. The Company has been seeking to structure the Proposed Bonus Issue to ensure equality in participation by all holders of shares and compliance with terms of the various classes of securities of the Company. The Board has noted that there are regulatory issues that cannot promptly be resolved in implementing a Proposed Bonus Issue on this basis. In view of this, the Board has determined not to proceed with the Proposed Bonus Issue.

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

Hong Kong, 5 December 2016

As at the date of this announcement, the Board 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 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.