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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)

**SPECIFIC MANDATE FOR THE ISSUE OF SHARES UNDER
THE US\$100 MILLION 6% CONVERTIBLE BONDS DUE 2017
ISSUED ON 20 NOVEMBER 2015**

(Stock Code: 5579)

Reference is made to the announcements of the Company dated 4 November 2015 and 20 November 2015 in respect of the issue of the Convertible Bonds. As at the date of this announcement, the outstanding principal amount of the Convertible Bonds was US\$100 million and the conversion price was HK\$1.00 per Share. Such conversion price may be reset to a price not lower than 70% of the conversion price as at the reset date of 24 May 2016 by reference to the then prevailing market price (being, broadly speaking, the average closing price of the Shares for 20 consecutive trading days) determined in accordance with the terms of the Convertible Bonds. As the conversion price of the Convertible Bonds stands at HK\$1.00 per Share as at the date of this announcement, accordingly the lowest reset price is HK\$0.70 per Share, in the absence of any adjustments event occurring on or before 24 May 2016.

Assuming that the conversion price of the Convertible Bonds is reset to HK\$0.70 per Share, the maximum number of Shares that may fall to be issued upon full conversion of all the US\$100 million principal amount of Convertible Bonds currently outstanding at that price would be 1,107,171,428 Conversion Shares. However, the General Mandate granted by the Shareholders and committed for the purposes of the issue of the Convertible Bonds allows the issue only of a maximum of 1,037,715,330 Conversion Shares. The Company proposes to seek the CB Specific Mandate from Shareholders at the SGM for the issue of Conversion Shares under the Convertible Bonds generally instead of relying on the 2015 General Mandate.

GENERAL

A circular containing further details of the CB Specific Mandate and the notice convening the SGM is expected to be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. Since the Convertible Bonds are currently listed on the Stock Exchange, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Convertible Bonds are held by independent third parties who do not hold any Shares. Accordingly, no Shareholders are required to abstain from voting at the SGM.

INFORMATION ON THE CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated 4 November 2015 and 20 November 2015 in respect of the issue of the Convertible Bonds.

The Company issued the Convertible Bonds on 20 November 2015, the principal terms of which are set out in the announcement of the Company dated 4 November 2015. As at the date of this announcement, the outstanding principal amount of the Convertible Bonds was US\$100 million and the conversion price was HK\$1.00 per Share. Such conversion price may be reset to a price not lower than 70% of the conversion price as at the reset date of 24 May 2016, by reference to the then prevailing market price (being, broadly speaking, the average closing price of the Shares for 20 consecutive trading days) determined in accordance with the terms of the Convertible Bonds. As the conversion price of the Convertible Bonds stands at HK\$1.00 per Share as at the date of this announcement, accordingly the lowest reset price is HK\$0.70 per Share, in the absence of any adjustments event occurring on or before 24 May 2016. Assuming that the conversion price of the Convertible Bonds is reset to HK\$0.70 per Share, the maximum number of Shares that may fall to be issued upon full conversion of all the US\$100 million principal amount of Convertible Bonds at that price would be 1,107,171,428 Conversion Shares, representing approximately 20.51% of the total number of Shares currently in issue and approximately 17.02% of the number of Shares enlarged by the issue of the new Shares upon full conversion of the Convertible Bonds. However, the General Mandate committed for the purposes of the issue of the Convertible Bonds allows the issue only of a maximum of 1,037,715,330 Conversion Shares.

The Company has the option to pay cash to a converting holder of the Convertible Bonds ("Bondholder") if it is unable to deliver Shares on conversion do so without contravening the applicable laws of Bermuda or the Listing Rules.

REASONS FOR AND BENEFITS OF SEEKING THE CB SPECIFIC MANDATE

In order to afford the Company greater flexibility in deploying its cash resources (instead of having to apply them towards payment to any converting Bondholder after the maximum number of Shares under the General Mandate have been issued in full as a result of conversion of the Convertible Bonds), the Company proposes to seek the CB Specific Mandate from Shareholders at the SGM for the issue of Conversion Shares under the Convertible Bonds generally instead of relying on the 2015 General Mandate.

If the CB Specific Mandate was voted down by Shareholders at the SGM, the Conversion Shares will be issued by the Company under the General Mandate to the extent that the number of Conversion Shares is within the General Mandate limit. For any additional Conversion Shares that are in excess of the General Mandate limit, the Company will exercise the cash settlement option to settle its obligations under the Convertible Bonds in cash.

NET PRICE OF THE CONVERSION SHARE

Assuming the conversion price is to be reset to HK\$0.70 per Share on 24 May 2016, the net price of each Share that may fall to be issued under the Convertible Bonds at that price is expected to be approximately HK\$0.68 (being the net proceeds of the Convertible Bonds divided by the total number of 1,107,171,428 Conversion Shares to be issued upon conversion of the Convertible Bonds at HK\$0.70 per Share).

COMPARISON OF THE CONVERSION PRICE AND THE RESET PRICE

The initial conversion price (subject to adjustment) of HK\$1.00 per Share represents:

- a) approximately 23.46% premium over the closing price of the Shares as quoted on the Stock Exchange on the date of this announcement;
- b) approximately 21.36% premium over the five-day average closing price of the Shares over the five consecutive trading days up to and including the date of this announcement;
- c) approximately 22.70% premium over the ten-day average closing price of the Shares over the ten consecutive trading days up to and including the date of this announcement.

The reset price of HK\$0.70 per Share represents:

- a) approximately 13.58% discount over the closing price of the Shares as quoted on the Stock Exchange on the date of this announcement;
- b) approximately 15.05% discount over the five-day average closing price of the Shares over the five consecutive trading days up to and including the date of this announcement;
- c) approximately 14.11% discount over the ten-day average closing price of the Shares over the ten consecutive trading days up to and including the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out in the table below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the issue of 775,020,000 Conversion Shares upon full conversion of the Convertible Bonds at the current conversion price of HK\$1.0 per Share; (iii) immediately after the issue of the 1,107,171,428 Conversion Shares upon full conversion of the Convertible Bonds at the conversion price of HK\$0.70 per Share, being the lowest price to which the conversion price may be reset on 24 May 2016 under the terms of the Convertible Bonds and (iv) immediately after issue of the 1,037,715,330 Conversion Shares (being the maximum number of Shares issueable under the General Mandate) at the reset price of HK\$0.70 per Share should the CB Specific Mandate be voted down by Shareholders at the SGM (assuming the grant of the CB Specific Mandate (in respect of Scenario A and Scenario B only) and there being no other change to the share capital and shareholding structure of the Company):

	As at the date of this announcement		Scenario A: Immediately after issue of the 775,020,000 Conversion Shares upon full conversion of the Convertible Bonds at the current conversion price of HK\$1.0 per Share		Scenario B: Immediately after issue of the 1,107,171,428 Conversion Shares upon full conversion of the Convertible Bonds at the lowest reset price of HK\$0.70 per Share		Scenario C: Immediately after issue of the 1,037,715,330 Conversion Shares (being the maximum number of Shares issueable under the General Mandate) at the Reset Price of HK\$0.70 per Share should the CB Specific Mandate be voted down by Shareholders at the SGM	
	Shares	Appr. %	Shares	Appr. %	Shares	Appr. %	Shares	Appr. %
Substantial Shareholders								
天津物產集團有限公司 (Tewoo Group Co., Ltd*) and its associates (Note 1)								
	513,861,240	9.52	513,861,240	8.32	513,861,240	7.90	513,861,240	7.98
Summit View Holdings Limited (Note 2)	991,041,796	18.36	991,041,796	16.05	991,041,796	15.23	991,041,796	15.40
Neo Summit Limited (Note 3)	475,816,993	8.81	475,816,993	7.71	475,816,993	7.31	475,816,993	7.39
Director								
Mr. ZHOU Wei	48,932,000	0.91	48,932,000	0.79	48,932,000	0.75	48,932,000	0.76
Holders of the Convertible Bonds	-	-	775,020,000	12.56	1,107,171,428	17.02	1,037,715,330	16.12
Other Public Shareholders	<u>3,368,793,129</u>	62.40	<u>3,368,793,129</u>	54.57	<u>3,368,793,129</u>	51.79	<u>3,368,793,129</u>	52.35
Total	<u>5,398,445,158</u>	100.00	<u>6,173,465,158</u>	100.00	<u>6,505,616,586</u>	100.00	<u>6,436,160,488</u>	100.00

Notes:

- As at the date of this announcement, 天津物產集團有限公司 (Tewoo Group Co., Ltd*) held interests in the Company through Riant Investment Co., Limited and Tewoo Investment Co., Limited, both of which are wholly-owned subsidiaries of 天津物產集團有限公司 (Tewoo Group Co., Ltd*).

2. Summit View Holdings Limited is owned as to 50% by Dr. Wildred WONG Ying Wai (“Dr. Wong”), currently a senior adviser to the Board, and was an executive Director within 12 months from the date of this announcement. Dr. Wong is deemed to be interested in all the Shares held by Summit View Holdings Limited under the SFO.
3. Neo Summit Limited is owned as to 28.89% by Pinnacle State Real Estate Limited, as to 13.33% Summit View Holdings Limited, as to 28.89% by Jones Capital Investments Limited and as to 28.89% by Becl World Holding Ltd. Pinnacle State Real Estate Limited is indirectly wholly-owned by Dr. Wong. Dr. Wong is deemed to be interested in all the Shares held by Neo Summit Limited under the SFO.
4. As at the date of this announcement, there are also outstanding 5,999,999,999 Convertible Preferred Shares convertible into Shares at a one to one ratio (except for 2,604,166,666 Convertible Preferred Shares that are currently not transferrable or convertible under the terms of the Convertible Preferred Shares), US\$100 million in principal amount of Convertible Bonds convertible into Shares at the prevailing conversion price of HK\$1.0 per Share and options to subscribe for up to 23,584,000 Shares at subscription prices ranging between HK\$1.02 and HK\$2.13 per Share (of the 23,584,000 options, 5,000,000 options in respect of 5,000,000 Shares held by Dr. Wong will lapse on 30 April 2016).

So far as the Company is aware, the Convertible Bonds are held by independent third parties.

LISTING APPROVAL

In view of the CB Specific Mandate being sought from the Shareholders, the Company will apply for a fresh approval for the listing of, and permission to deal in the Shares that may fall to be issued on conversion of the Convertible Bonds pursuant to the CB Specific Mandate. Upon the grant of the fresh approval, the original listing permission granted by the Stock Exchange in respect of the 775,020,000 Shares (assuming full conversion of the Convertible Bonds at the initial conversion price of HK\$1.0 per Share) will cease to have any effect.

USE OF PROCEEDS

The net proceeds of the issue of the Convertible Bonds, after deduction of estimated expenses payable in connection with issue of the Convertible Bonds, amounted to approximately US\$97 million. The Company intended to use these proceeds for refinancing the Group’s debts and provision of working capital for its general corporate purposes. As at the date of this announcement, approximately 73% and 27% of the net proceeds have been utilised as repayment of borrowings from other party and provision of working capital of the Company, respectively.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Besides the issue of the Convertible Bonds, on 15 January 2016 and 26 April 2016, the Company issued 259,263,039 and 295,833,333 Convertible Preferred Shares, respectively, as part of the consideration for an acquisition as announced on 15 May 2014, 4 November 2014 and 8 January 2015.

The Company also proposes to issue, subject to approval by the independent Shareholders, convertible bonds in the aggregate principal amount of HK\$34,000,000 (convertible into 34,000,000 Shares based on the initial conversion price of HK\$1.00 upon full conversion) to Dr. Wong as a performance bonus in consideration of the performance by Dr. Wong of his duties as an executive Director, the executive chairman and chief executive officer of the Company previously. Please refer to the announcements of the Company dated 18 January 2016, 29 March 2016 and 29 April 2016 for further information.

Save as disclosed above, the Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

GENERAL

A circular containing further details of the CB Specific Mandate and the notice convening the SGM is expected to be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. Since the Convertible Bond are currently listed on the Stock Exchange, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Convertible Bonds are held by independent third parties who do not hold any Shares. Accordingly, no Shareholders are required to abstain from voting at the SGM.

DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	means a day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for generally banking business;
“CB Specific Mandate”	a specific mandate to allot and issue the Shares to be issued pursuant to the exercise of the conversion right attaching to the Convertible Bonds to be sought from the Shareholders at the SGM;

“Company”	Hsin Chong Group Holdings Limited, a company incorporated in the Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Convertible Bonds”	6% convertible bonds due 2017 in the aggregate principal amount of US\$100 million issued by the Company on 20 November 2015 and currently listed on the Stock Exchange;
“Conversion Shares”	Shares which may fall to be issued by the Company on conversion of the Convertible Bonds;
“Convertible Preferred Share(s)”	the restricted voting convertible preference share(s) of par value of HK\$0.10 each in the share capital of the Company;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the CB Special Mandate;
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;

“%”

per cent.

By order of the Board
Hsin Chong Group Holdings Limited
Joseph CHOI Kin Hung
Executive Director and Chief Executive Officer

Hong Kong, 29 April 2016

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

* *for identification purposes only*