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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)

UPDATE ON RECENT DEVELOPMENT OF SUSPENSION

This announcement is made by Hsin Chong Group Holdings Limited (“**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Law of Hong Kong).

References are made to the announcements of the Company dated 3 April 2017, 5 April 2017 and the annual report of the Company for the year ended 31 December 2016 (“**2016 Annual Report**”).

INDEPENDENT INVESTIGATION

As disclosed in the sections headed “Basis for Disclaimer of Opinion” and “Disclaimer of Opinion” in the independent auditor’s report in the 2016 Annual Report, the auditor of the Company, being PricewaterhouseCoopers, did not express an audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2016 as a result of certain matters, including: (1) multiple uncertainties relating to going concern; (2) transactions and balances relating to Mr. Zhou and his related entities; (3) payments made to a construction company; and (4) payments made to certain financial consultancy companies.

The Board of Directors of the Company has set up an independent investigation committee (“**Independent Investigation Committee**”) in late March 2017 which has agreed to conduct an independent investigation (“**Independent Investigation**”) on the matters (2), (3) and (4) as mentioned above as soon as practicable. The Independent Investigation Committee has already identified an international accounting firm as the investigator of the Independent Investigation while additional time is still needed by the Independent Investigation Committee to finalize the investigation engagement and specific scope before officially appointing such international accounting firm as the investigator.

The Company will issue further announcement to inform the shareholders of the Company upon appointment of the investigator.

CONTINUED SUSPENSION OF TRADING IN THE SHARES AND DEBT SECURITIES

Trading in the ordinary shares and debt securities of the Company has been suspended since 3 April 2017 and will continue to be suspended until further notice.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares and other securities of the Company.

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

Hong Kong, 17 May 2017

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. Eric TODD as Executive Directors; Mr. YAN Jie, Mr. CHEN Lei, Mr. CHUI Kwong Kau and Mr. LUI Chun Pong as Non-executive Directors; and Mr. CHENG Sui Sang, Ms. LEE Jai Ying and Mr. George YUEN Kam Ho as Independent Non-executive Directors.