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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\$300 MILLION 8.75% SENIOR NOTES DUE 2018

(Stock Code: 5513)

US\$150 MILLION 8.50% SENIOR NOTES DUE 2019

(Stock Code: 5607)

HOLDING ANNOUNCEMENT – UPDATE ON FINANCIAL CONDITIONS AND RECENT DEVELOPMENT OF SUSPENSION

This announcement is made by Hsin Chong Group Holdings Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09, 13.19 and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company refers to its announcements of 2 May 2018, 17 May 2018 and 18 May 2018 (the “**Announcements**”) regarding the Company’s financial conditions and development of suspension. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements. The Company wishes to provide the following update:

1. POTENTIAL INVESTOR IN THE COMPANY

The Potential Investor has completed the process to select a financial service provider and the said firm has commenced its due diligence work on the Company’s financial affairs. It is expected that the due diligence work will take a few weeks. Upon completion of the due diligence work and based on the results, the Company and the potential investor will determine the actions to take and the required timeline.

2. THE SENIOR NOTES

As mentioned in the earlier announcements, the Company has appointed Moelis & Company and Kirkland & Ellis as its financial adviser and legal adviser, respectively, to assist the Company in evaluating its options and implementing a consensual restructuring of the 2018 Senior Notes and 2019 Senior Notes (together, the “Notes”) that ensures the continued stability of the Group.

The Company has since engaged with a number of holders of the Notes (“Noteholders”) with a view to agreeing the approach to find a consensual solution. Based on the views obtained to-date, the Company is planning to organize a Noteholder Committee and appoint suitable consultants to assist the Noteholders.

3. TRANSACTIONS AND BALANCES RELATING TO MR. ZHOU WEI (FORMER EXECUTIVE DIRECTOR) AND HIS RELATED ENTITIES (“MR ZHOU’S TRANSACTIONS”)

As disclosed in the announcement of the Company dated 2 May 2018, as a measure to resolve Mr. Zhou’s Transactions, on 23 March 2018, the Company and relevant subsidiary of the Company, namely Hsin Chong (China), entered into the Settlement Agreement with Beijing Xuan He, and Zhong Wu Xin He, pursuant to which, Beijing Xuan He and Zhong Wu Xin He agreed to repay to Hsin Chong (China), within 4 months from the Settlement Agreement, all outstanding amounts arising from the Trust Loan borrowed by Hsin Chong (China) from Tianjin Trust.

Pursuant to the Settlement Agreement, in order to finance the repayment of the Trust Loan, Beijing Xuan He and Zhong Wu Xin He undertook to (i) sell the property mortgaged by Zhong Wu Xin He to Tianjin Trust (“**BJ Property**”); (ii) procure a third party to provide the loan amount to Hsin Chong (China) for repayment of the Trust Loan; or (iii) procure a third party to purchase the RMB247.5 million and RMB129 million loans borrowed by Beijing Xuan He and Zhong Wu Xin He from Hsin Chong (China) and repay the said loans to Hsin Chong (China). Upon repayment of the Trust Loan in accordance with any of the above methods, Hsin Chong (China) and the Company’s liabilities and obligations under the Trust Loan shall be fully released and discharged. In case of payment by a third party to Hsin Chong (China) for repayment of the Trust Loan, Hsin Chong (China) shall no longer be liable for repayment to the third party.

As at the date of this announcement, Beijing Xuan He and Zhong Wu Xin He have not yet settled the balances due to the Company. To recover such balances, on 23 July 2018, the Company's PRC lawyers have issued demand letters to Beijing Xuan He and Zhong Wu Xin He to (i) declare that the loans to them and all interest accrued thereon respectively be due and payable forthwith; and (ii) notify them that the Company will proceed to sell the BJ Property to finance the repayment, with the aim to effectively eliminate the risk exposed by the Mr. Zhou's Transactions. Further announcement(s) will be made to update the holders of the shares and debt securities of the Company as and when appropriate.

4. CONTINUED SUSPENSION OF TRADING IN THE SHARES AND DEBT SECURITIES

As at the date of this announcement, the Company is in the course of providing information to the regulators and is using its best endeavor to obtain approval for resumption of trading. The Company will make further announcement(s) as and when appropriate and comply with the relevant requirements under the Listing Rules.

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. The conditions to a resumption of trading were set out in the Company's announcement dated 12 June 2017.

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

Hong Kong, 27 July 2018

As at the date of this announcement, the Board comprises Mr. LIN Zhuo Yan as the Non-executive Chairman and Non-executive Director; Ir Dr Joseph CHOI Kin Hung (Chief Executive 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, Mr. George YUEN Kam Ho, Dr. LAM Lee G. and Dr. LO Wing Yan William, JP as Independent Non-executive Directors.