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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 24 May 2017, 22 May 2017, 17 May 2017, 5 April 2017, 3 April 2017, and the 2016 annual results announcement published on 19 April 2017 and the annual report of the Company for the year ended 31 December 2016 (together “**2016 Annual Results**”).

Further to the updates included in the above mentioned announcements, the Group wish to provide further information on its recent developments. The Company has commenced a programme to improve its financial liquidity via the disposal of assets or projects, such as the proposed disposal of Hsin Chong Centre, the details of which are set out in the announcement dated 28 April 2017. The Group is expected to receive a net proceeds of approximately HK\$752,400,000.00 from such disposal.

The Company also expects its financial situation would improve when some of its projects started to generate returns including its Foshan project. As at 31 December 2016, for the Foshan project, approximately 50% of the total indoor leasable areas of the outlet mall have been committed for use, comprising (i) approximately 27,000 sq.m. of leasable floor area in 119 units signed up with tenants representing a total of 113 brands; and (ii) approximately 11,000 sq.m. in 9 units to be operated by the Group as stores offering a good variety of branded products and two food & beverage outlets. The Group is also in discussion with potential tenants for a further 43 brands for 72 units having a total indoor leasable floor area of about 15,000 sq.m. (representing approximately 15.7% of the total leasable indoor area of the shopping mall).

On the other hand, the Company has continued to be in active discussions with its lenders with a view to adjusting the schedule for its payment obligations under various facilities, where payment has already fallen due. There were certain financial covenants and ratios requirements under various facilities that the Company was unable to meet (“**Covenants Issue**”). The Company has been actively addressing the delay in payment and the aforesaid Covenants Issue with the lenders. Certain banks have nonetheless made demands on the Group in the exercise of their rights under the relevant facility agreements. The Company has successfully negotiated with a number of relevant banks to withdraw such demands while negotiations continue with regard to others. The Company has also taken steps to explore preliminary standstill arrangements where appropriate.

Details of the indebtedness owed by the Group that has fallen due, such as the non-payment of the half-yearly interest due under the senior notes issued by the Company with principal amount of US\$300 million disclosed in the Company’s announcement dated 22 May 2017, are set out below.

As of 22 May 2017, the Company has approximately HK\$1,096 million outstanding bank loans and HK\$3,542 million outstanding notes and bonds.

Apart from the abovementioned liabilities, the current assets, non-current assets and the net assets of the Group were HK\$13.5 billion, HK\$19.9 billion and HK\$11.1 billion respectively as noted in the 2016 Annual Results.

The Company is also taking active steps to identify and obtain viable sources of financing (including disposal of property assets, undrawn facilities that are potentially available to the Company, equity-linked financing options, and possible financing from the Company’s substantial shareholder) to address the above-mentioned issues. Further announcement(s) will be made by the Company as and when appropriate.

The Company will continue to keep Shareholders and potential investors informed of material developments.

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, 29 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.