

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT IN RELATION TO UPDATE ON FINANCIAL CONDITION

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 announcement of 2 May 2018 (the “**2 May Announcement**”) regarding, among other things, the potential equity investment by Poly Property Group Co., Limited (Stock Code: 00119) (“**Poly**”) and the strategic business cooperation arrangement with Kaisa Group Holdings Ltd. (Stock Code: 01638) (“**Kaisa**”) in relation to the Company’s real estate projects in the PRC. Poly continues to perform due diligence on the Company in connection with its potential investment. The Company is continuing working with Kaisa to formulate the co-operation agreement in relation to the Sanshui District of Foshan City in the province of Guangdong, China. The Company will provide further updates on these initiatives in due course.

As also stated in the 2 May Announcement, the Company has commenced a dialogue with certain holders of the Company’s senior notes and lenders in respect of its overdue borrowings. The board of directors of the Company (the “**Board**”) would like to provide an update in that regard.

1. THE 2018 NOTES

The US\$300 million 8.75% senior notes due 2018 (the “**2018 Notes**”) issued by the Company will fall due for redemption on 18 May 2018 (the “**Maturity Date**”), together with accrued interest thereon from 18 November 2017 at an annual rate of 8.75%, calculated in accordance with the terms of the 2018 Notes. The Company presently anticipates that it will not make payment of the sums due in respect of the 2018 Notes on the Maturity Date and accordingly has engaged with holders of the 2018 Notes and their advisors with respect to a consensual solution to address the same.

2. THE 2019 NOTES

Failure by the Company to make payment of the amounts due in respect of the 2018 Notes on the Maturity Date will also constitute an event of default in respect of the US\$150 million 8.50% senior notes due 2019 (the “**2019 Notes**”) issued by the Company. The Company has accordingly also engaged with holders of the 2019 Notes and their advisors with respect to a consensual solution to address the same.

3. OTHER INDEBTEDNESS

The Company and/or its subsidiaries are party to loan agreements with various banks and financial institutions (including banks in the PRC and Hong Kong) under which the Group has borrowed money for working capital and other purposes. As at 30 April 2018, the aggregate principal amount outstanding under such loans was approximately HK\$1,786 million in respect of loans from Hong Kong institutions and RMB8,129 million (equivalent to approximately HK\$10,080 million) in respect of loans from PRC institutions.

The Company continues to manage its overdue borrowings and has been in discussions with its lenders. If the Company does not pay the amounts due in respect of the 2018 Notes on the Maturity Date, this will also trigger events of default under certain of the loan agreements to which the Company and/or its subsidiaries are party.

As of the date of this Announcement, the Group is not aware of any application having been made to or order having been issued by any applicable court (in the PRC, Hong Kong or elsewhere) for the preservation of the assets or commencement of insolvency proceedings in respect of any member of the Group.

4. BONDHOLDER COMMITTEE

As mentioned in the 2 May Announcement, the Company has appointed Moelis & Company and Kirkland & Ellis as its financial and legal adviser, respectively, to assist the Company in evaluating its options and implementing a consensual restructuring of the 2018 Notes and 2019 Notes (together, the “Notes”) that ensures the continued stability of the Group.

The Company intends to engage with holders of the Notes immediately to discuss the terms of a potential forbearance and/or restructuring of the Notes. Holders of the Notes are encouraged to contact Moelis & Company by email to Hsin_Chong_Ext@moelis.com in order to obtain further information.

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

There can be no assurance that any discussions with the Group’s creditors will lead to a proposal acceptable to the creditors generally or that discussions with the creditors can be progressed to any positive conclusion. Accordingly, the Company offers no assurance that the creditors will grant any waivers or forbearance with respect to its loans and/or Notes or that any part of its indebtedness can be successfully restructured. In addition, there is no certainty or assurance that any of the proposed transaction or initiatives discussed herein will be completed or that no changes will be made to the terms thereof if completed. Shareholders of the Company, holders of the Notes and potential investors in the securities of the Company are advised to exercise caution when dealing in the securities of the Company.

For the purpose of this announcement and for illustrative purposes only, the exchange rate between RMB and HK\$ is 1:1.24, and no representation is made that any amount in RMB or HK\$ could have been or could be converted at such rates or at any other rates.

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

Hong Kong, 17 May 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 and Dr. LAM Lee G. as Independent Non-executive Directors.