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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)

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 “**Listing Rules**”).

The US\$300 million 8.75% senior notes due 2018 (the “**2018 Notes**”) issued by the Company fell due for redemption on 18 May 2018. The Company has not paid the amounts outstanding under the 2018 Notes to the account of the trustee of the 2018 Notes (the “**Payment Default**”). This has resulted in an event of default under the US\$150 million 8.50% senior notes due 2019 (the “**2019 Notes**” and, together with the 2018 Notes, the “**Notes**”) issued by the Company. The Payment Default has also resulted in cross-defaults under certain of the loan agreements to which the Company and/or its subsidiaries are party.

The Company recently met with certain holders of the Notes and their advisors to discuss a potential consensual restructuring of the Notes. The Company anticipates continuing this dialogue and holders of the Notes that are not presently in contact with Company are invited to contact its financial advisor, Moelis & Company, for more information at Hsin_Chong_Ext@moelis.com.

As mentioned in the announcement issued by the Company on 17 May 2018, the Company is in discussions with Poly Property Group Co., Limited (Stock Code: 00119) and Kaisa Group Holdings Ltd. (Stock Code: 01638) in relation to potential investment and partnership arrangements, respectively. In circumstances where the Company is actively working towards a consensual solution in respect of its liabilities and negotiating strategic partnerships with counterparties, the Company urges its creditors to engage in constructive discussions with the Company and its advisors to facilitate the preservation and maximization of value for all stakeholders. At the date of this announcement, the Group has not received notice of any application to or orders issued by the courts of the PRC, Hong Kong or elsewhere in relation to the preservation of the assets or winding up of any member of the Group.

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. Conditions of the resumption of trading have been 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 its 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 transactions or initiatives discussed herein will be 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.

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

Hong Kong, 18 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.