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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)

VOLUNTARY ANNOUNCEMENT

This announcement is made by Hsin Chong Group Holdings Limited (“**Company**” and together with its subsidiaries, the “**Group**”) on a voluntary basis to provide shareholders, holders of the debt securities and potential investors an update on the business of the Company.

The Company noted the press statement issued by the West Kowloon Cultural District Authority (“**WKCD**”) on 17 August 2018 in relation to the main contract (“**Main Contract**”) for the M+ Museum construction project (“**M+ Project**”). In response to the WKCD’s press statement, on 18 August 2018, the Company issued a press statement stating that:

1. We, as at the date of the press statement, have not received any formal notification of the intended termination in accordance with the terms specified in the Main Contract.
2. We found that the intended termination of the Main Contract of the M+ Project was not based on a valid reason provided in the Main Contract.

3. The Group does not agree with the alleged reason of termination of the Main Contract in relation to insolvency. First, there is no evidence that Hsin Chong Construction Company Limited (“HCC”) was insolvent. Secondly, the financial condition of the Company, being HCC’s parent company, was irrelevant insofar as the Main Contract is concerned.
4. Based on the above, the Group concludes that there is no valid termination to-date and the purported termination was incorrect.
5. The Group is disappointed with WKCDA’s approach towards the matter and their action. The Group has been in frequent and open discussions with WKCDA on how our delivery of the project can be further improved. The Company has made various proposals to WKCDA and have been jointly exploring the possibility of such proposals. Yet, without first notifying us, WKCDA unilaterally chose to speak to the public.

Subsequent to the publication of the aforesaid press statement, the Company wishes to clarify and supplement that:

1. WKCDA did deliver a notice of 17 August 2018 to the HCC but, due to the manner in which delivery was made, such notice only came to the knowledge of the Company on 20 August 2018.
2. The Company is assessing the possible impacts (financial or otherwise) on the Group caused by the wrongful termination and the Company has served a notice of dispute to WKCDA to protect the interest of the Company.

CONTINUED SUSPENSION OF TRADING IN THE SHARES AND DEBT SECURITIES

Trading in the 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 and Non-executive Director

Hong Kong, 21 August 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.