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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)

THE PRC PROPERTY PROJECT FRAMEWORK AGREEMENT

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

THE PRC PROPERTY PROJECT FRAMEWORK AGREEMENT

On 19 September 2018 (after trading hours), the Company and the Project Partner entered into the PRC Property Project Framework Agreement, pursuant to which the Company and the Project Partner have conditionally agreed to jointly develop several property projects.

The transactions contemplated under the PRC Property Project Framework Agreement are subject to, among others, further negotiation concerning the entering into of a Formal Agreement. At present stage, the terms and conditions of the Formal Agreement are yet to be finalized and agreed between the Company and the Project Partner. As such, the transactions contemplated under the PRC Property Project Framework Agreement may or may not proceed. Further announcement(s) in respect of the transactions contemplated under the PRC Property Project Framework Agreement shall be made by the Company in the event that any Formal Agreement has been entered into. The aforesaid transactions may be subject to certain conditions precedent which may not be able to be fulfilled or waived and the cooperation, if materialises, may constitute a very substantial disposal for the Company under the Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

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Date: 19 September 2018

Parties: (i) the Company; and

(ii) the Project Partner

The Project Partner is a company incorporated in the PRC and is an indirect associated company of BEHL. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Project Partner and its ultimate beneficial owners are Independent Third Parties.

According to the PRC Property Project Framework Agreement, the Project Partner agreed to hold 51% interest in the Project Companies by capital injection and share subscription based on the valuation of the Project Companies so as to jointly develop the property projects of the Project Companies in Beijing, Guangzhou, Foshan, Tieling, Tianjin and Tai'an.

The Company and the Project Partner shall form a working group to complete due diligence within 30 days from the date hereof and shall enter into the Formal Agreement within 45 days from the date hereof.

For details of the Project Companies, please refer to the section headed “**INFORMATION ON THE PROJECT COMPANIES**”.

Financial Arrangement

The Project Partner shall:

1. pay its capital contribution by installments;
2. preferentially arrange the repayment of not less than RMB1.5 billion to the Company and/or its associated companies after holding 51% interest in the Project Companies by the Project Partner; and
3. provide financial support for the Company for an amount not less than of RMB6 billion from the retained profit and Shareholders' loan of the Project Companies within 3 years after holding 51% interest in the Project Companies by the Project Partner.

Operation Target

After the Project Partner has completed the acquisition and become the controlling shareholder of the Project Companies, the Project Companies will take the followings as its operation targets:

1. the Project Companies will operate independently;
2. replacing the existing debt of each project and replenishing incremental cash (through lowering the debt level, reducing financing costs and extending the loan repayment term) by leveraging the policy advantage of credit of the Project Partner; and
3. completing the development of all property projects of the Project Companies within 5 to 8 years.

Joint Management Arrangement with the Project Partner

After holding 51% interest in the Project Companies by the Project Partner, the Company and the Project Partner shall procure (i) to change the composition in the shareholders, directors and supervisors of the Project Companies and (ii) to change the memorandum and other applicable regulations of the Project Companies in accordance with the laws of the PRC.

Information on the Project Companies

As at the date of this announcement, the total fair value of the assets and total liabilities of the Project Companies amount to RMB26 billion and RMB10.9 billion respectively.

The property projects under the Project Companies are set out in the table below:

	Project Name	Status
1	New Times Plaza, Beijing	Construction completed
2	Xiyang Computer City	Construction completed
3	Foshan Hsin Chong Town	Under construction
4	La Viva, Tieling	Under construction
5	Tai'an project	Under construction
6	Commercial development project, Tianjin	Under construction

REASONS AND BENEFITS FOR ENTERING INTO THE PRC PROPERTY PROJECT FRAMEWORK AGREEMENT

The Group is principally engaged in building construction, civil engineering, electrical and mechanical installation, property development and investment.

Taking advantage of its extensive experience in building construction and property development, the Group expect they can achieve significant synergy with the Project Partner through putting together their brands, capital, resources of the Project Partner, which can ride on the platform and resources offered by BEHL as BEHL has experience in green energy, urban infrastructure and urban innovation and integrated operation and has ability in resources consolidation and good relationship with financial institutes.

The terms of the PRC Property Project Framework Agreement were arrived at after arm's length negotiations between the Company and the Project Partner. The Directors consider that the transaction contemplated by the PRC Property Project Framework Agreement are on normal commercial terms and the terms of the PRC Property Project Framework Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The transactions contemplated under the PRC Property Project Framework Agreement are subject to, among others, further negotiation concerning the entering into of a Formal Agreement. At present stage, the terms and conditions of the Formal Agreement are yet to be finalized and agreed between the Company and the Project Partner. As such, the transactions contemplated under the PRC Property Project Framework Agreement may or may not proceed. Further announcement(s) in respect of the transactions contemplated under the PRC Property Project Framework Agreement shall be made by the Company in the event that any Formal Agreement has been entered into. The aforesaid transactions may be subject to certain conditions precedent which may not be able to be fulfilled or waived and the cooperation, if materialises, may constitute a very substantial disposal for the Company under the Listing Rules. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“BEHL”	北京控股集團有限公司 (Beijing Enterprises Group Holding Limited*), which is a state-owned enterprise established in the PRC and is wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality
“Board”	the board of Directors

“Company”	Hsin Chong Group Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 404)
“Connected person(s)”	has the meaning as ascribed thereto under the Main Board Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement which may or may not be entered into in relation to the cooperation and transactions contemplated under the PRC Property Project Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“PRC Property Project Framework Agreement”	the framework agreement dated 19 September 2018 entered into by the Company and the Project Partner setting out the preliminary understanding for their cooperation
“Project Partner”	北控城市開發有限公司 (Beijing Enterprises City Development Limited*), being a limited liability company incorporated in the PRC

“Project Companies”

The Project Companies include:

- 1 北京中基信和置業有限公司(Beijing Zhong Ji Xin He Real Estate Co., Ltd.*)
- 2 高慧國際有限公司(Wisdom Top International Limited)
- 3 奧特萊斯置業廣東有限公司(Outlets Real Estate Guangdong Co., Ltd.*)
- 4 廣東奧特萊斯物業管理有限公司(Guangdong Outlets Property Management Co., Ltd.*)
- 5 廣東景盛置業有限公司 (Guangdong Jingsheng Real Estate Co., Ltd.*)
- 6 廣東冠昇置業有限公司 (Guangdong Guansheng Real Estate Co., Ltd.*)
- 7 廣東榮信置業有限公司 (Guangdong Rongxin Real Estate Co., Ltd.*)
- 8 遼寧同濟置業有限公司(Liaoning Tongji Property Investment Limited*)
- 9 遼寧匯盛置業有限公司 (Liaoning Huisheng Property Investment Limited*)
- 10 嘉勵協盛(泰安)置業有限公司 (Jiali Xiesheng (Tai'an) Real Estate Co., Ltd.*)
- 11 天津星月置業有限公司 (Tianjin Xingyue Real Estate Co., Ltd.*)

“RMB”

Renminbi, the lawful currency of the PRC

“Share(s)”

the ordinary share(s) of par value of HK\$0.1 each in the issued share capital of the Company

“Shareholder(s)” the holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

* *For identification only*

By order of the Board of
Hsin Chong Group Holdings Limited
WANG Guozhen
Vice Chairman and Executive Director

Hong Kong, 19 September 2018

As at the date of this announcement, the Board comprises Mr. LIN Zhuo Yan as the Non-executive Chairman and Non-executive Director; Mr. WANG Guozhen (Vice Chairman), 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.