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HSIN CHONG GROUP HOLDINGS LIMITED

新昌集團控股有限公司

(provisional liquidators appointed)

(for restructuring purposes only)

(Incorporated in Bermuda with limited liability)

(Stock Code: 00404)

QUARTERLY ANNOUNCEMENT

This announcement is made by Hsin Chong Group Holdings Limited (provisional liquidators appointed) (for restructuring purposes only) (“**Company**” and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A 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 22 February 2019 and 8 May 2019 (“**Announcements**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

I. RESUMPTION PROGRESS

As disclosed in the Announcements, the Stock Exchange stated the following conditions for the resumption of trading in the shares of the Company:

- (a) address all Audit Issues identified by PwC;
- (b) inform the market of all material information for shareholders and investors to appraise the Company's position including the implication of the Audit Issues 2, 3 and 4 identified by PwC to the Group's assets, financial and operational position; and;
- (c) demonstrate its compliance with the Rule 13.24 of the Listing Rules; and
- (d) demonstrate that its directors meet the standard of competence with their position as directors of a listed issuer to fulfil duties of skill, care and diligence as required under Rule 3.08 of the Listing Rules.
- (e) have the winding up petitions against the Company withdrawn or dismissed and the provisional liquidators discharged; and
- (f) publish all outstanding financial results and address any audit modifications.

Resumption Proposal

As disclosed in the announcements of the Company dated 30 July 2019 and 20 August 2019, the Company submitted a resumption proposal to the Stock Exchange (the "**Resumption Proposal**") on 30 July 2019 and the Company received a letter from the Stock Exchange on 9 August 2019 informing the Listing Committee's decision to cancel the Company's listing under Rule 6.01A of the Listing Rules (the "**Delisting Decision**"). On 19 August 2019, the Company has submitted a written request for the review of the Delisting Decision. A hearing for review by the Listing Review Committee is to be held. Further announcements will be made to update the holder of securities of the Company and potential investors on the results of the hearing by the Listing Review Committee.

Audit Issues

As disclosed in the Announcements, Audit Issues 3 and 4 have been removed in the financial results of the Company for the year ended 31 December 2017 as announced in its audited financial results announcement dated 25 March 2018 and the factors considered by BDO Limited (i) for not expressing a disclaimer opining on Audit Issues 3 and 4; and (ii) on how Audit Issues 1 and 2 can be resolved have also been disclosed therein. The JPLs noted that Audit Issues 1 and 2 have yet to be resolved up to the date of this announcement. The JPLs are conducting investigation into the Audit Issues.

Outstanding financial results

The Company has been arranging for the preparation and publication of the outstanding financial information.

Further announcement in relation to the resumption proposal or any material update on the resumption progress will be made as and when appropriate in accordance with the Listing Rules.

II. SENIOR NOTES

As disclosed in the Announcements, 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.

As further disclosed in the Company's announcement dated 22 January 2019, the 2019 Notes issued by the Company fell due for redemption on 22 January 2019. The Company has not paid the amounts outstanding under the 2019 Notes to the account of the trustee of the 2019 Notes.

On 17 October 2019, an informal senior noteholders' meeting was held to provide an update to the senior noteholders, amongst others, the business operation of the Company and the contemplated restructuring and to listen to their view in relation to the restructuring of the Group, including the scheme of arrangement. At the meeting, certain senior noteholders indicated their wishes to form an informal steering committee. The JPLs have been working with the interested senior noteholders in respect of the formation of the informal steering committee.

III. CURRENT STATUS OF THE COMPANY AND ITS VARIOUS SUBSIDIARIES

A. Joint Provisional Liquidators of the Company

In addition to the JPLs Appointment Order dated 19 February 2019 and Additional Powers Order dated 29 April 2019 as disclosed in the Announcements, upon the application made by the JPLs to the Bermuda Court for the full power to be granted to the Joint Provisional Liquidators and cessation of the powers of all directors of the Company on 23 October 2019, an Order was granted by Bermuda Court on 1 November 2019 to extend the Joint Provisional Liquidators' power to a full extent and from the date of the Order, all the powers of the existing directors ceased.

On 26 July 2019 (Bermuda Time), the Bermuda Court ordered to adjourn the winding up petition hearing to 25 October 2019. On 25 October 2019 (Bermuda Time), the winding up petition hearing was further adjourned to 17 January 2020.

B. Winding up petitions

Regarding the petitions filed against the Company and its subsidiaries, the Company wishes to update the holders of shares and securities of the Company that, as at the date of this announcement, the Company is aware of four winding up petitions filed against the Company and its subsidiaries, with details set out in the table below:

Previous Announcements	Case Number	Petitioner	The company against whom the petition was filed	Hearing Date
28 August 2018, 31 October 2018, 14 November 2018, 12 December 2018, 14 January 2019, 24 January 2019, 29 January 2019, 22 February 2019 and 8 May 2019	HCCW 239/2018	Ng Chiu Construction Company Limited	HCCC	19 August 2019* (which was further adjourned to 2 December 2019)
8 November 2018, 14 January 2019, 24 January 2019, 29 January 2019, 22 February 2019 and 8 May 2019	HCCW 316/2018	Kitchen Infinity Corp. Limited	HCCA	19 August 2019* (which was further adjourned to 2 December 2019)
21 January 2019, 22 February 2019 and 8 May 2019	Proceedings No 16 of 2019 (In Bermuda)	VMS Investment Group Limited	The Company	25 October 2019 (which was further adjourned to 17 January 2020)
21 January 2019, 24 January 2019, 22 February 2019 and 8 May 2019	HCCW 28/2019	Synergis Holdings Limited	The Company	6 November 2019 (stay the winding up proceedings with no return date fixed)

* The Company is aware that Osman Mohammed Arab and Lai Wing Lun, both of RSM Hong Kong, being two of the JPLs were appointed as joint and several provisional liquidators of HCCA and HCCC and such appointments were extended until further order of the High Court of Hong Kong.

Further announcements will be made to update the holder of securities of the Company and potential investors on the development of the relevant court proceedings.

IV. CONTINUED SUSPENSION OF TRADING IN THE SHARES OF THE COMPANY

Trading in the shares of the Company has been suspended since 3 April 2017 and will continue to be suspended until further notice. Holders of the shares and other securities of the Company and potential investors are advised to exercise caution when dealing in the shares and other securities of the Company.

For and on behalf of
Hsin Chong Group Holdings Limited
(provisional liquidators appointed)
(for restructuring purposes only)
Osman Mohammed Arab
Mathew Conner Clingerman
Lai Wing Lun
Joint Provisional Liquidators
who act without personal liability

Hong Kong, 14 November 2019

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) and Mr. Wilfred WU Shek Chun (Chief Risk Officer) as Executive Directors; Mr. YAN Jie and Mr. CHEN Lei as Non-executive Directors. All powers of the directors ceased pursuant to the order made by Bermuda Court on 1 Nov 2019.