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Sinic Holdings (Group) Company Limited

新力控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2103 and Debt Stock Code: 40557)

QUARTERLY UPDATE ON STATUS OF RESUMPTION; CHANGE OF AUDITORS; AND CONTINUED SUSPENSION OF TRADING

This announcement is made by Sinic Holdings (Group) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09, 13.24A and 13.51(4) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong).

Reference is made to the announcements of the Company dated 30 September 2021, 11 October 2021 and 16 December 2021 in relation to the liquidity issue and overdue payments of the Group and the Resumption Guidance (the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

RESUMPTION GUIDANCE

As disclosed in the announcement of the Company dated 16 December 2021, the Company has been notified by the Stock Exchange of the following Resumption Guidance:

- (i) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and
- (ii) announce all material information for the Company’s shareholders and other investors to appraise the Company’s position.

Pursuant to Rule 13.24A of the Listing Rules, the Board wishes to update the shareholders and potential investors of the Company that as at the date of this announcement, the latest developments of the Company and the progress of fulfilling the Resumption Guidance are as follows:

UPDATE ON BUSINESS OPERATIONS

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property leasing. It is a large-scale and comprehensive property developer in the PRC, focusing on the development of residential and commercial properties. Headquartered in Shanghai, the Group has established a leading position among residential property developers in Jiangxi Province, and expanded into the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China core cities and other regions with high growth potential.

As at the date of this announcement, the Group had temporarily halted the business operations of the Receivership Subsidiaries whose bank accounts have been restricted for use by the Receivers. Save for the business operations of the Receivership Subsidiaries, the Group continues to engage in its existing business.

UPDATE ON THE LIQUIDITY ISSUE AND OVERDUE PAYMENTS

As disclosed in the Announcements, certain subsidiaries of the Company had certain Overdue Payments. As at the date of this announcement, the relevant lenders have not accelerated their facilities or taken any other enforcement action.

UPDATE ON THE CONSEQUENTIAL ACTION BY AN OFFSHORE CREDITOR

As disclosed in the Announcements, the Company (and its advisers) have entered into a dialogue with the Creditor, the Receivers and the newly appointed directors of the Receivership Subsidiaries to seek to stabilize the situation in order to facilitate the implementation of a value preserving consensual solution to the current financial challenges faced by the Group.

As at the date of this announcement, such dialogue remains ongoing. The Company continues to strive to find and implement a solution to the current financial challenges faced by the Group which is agreeable to the Creditor, the Receivers and all other relevant stakeholders.

UPDATE ON THE POSSIBLE IMPACT OF THE OVERDUE PAYMENTS ON OTHER FINANCING ARRANGEMENTS

As at the date of this announcement and based on preliminary assessment of the Board, the aggregate principal amount of the onshore loans which (i) are or may be subject to the relevant creditors' action or (ii) are overdue is RMB6,393,575,490 (the "**Onshore Loans subject to Creditors' Action**"). The Company will continue to monitor any change in the aggregate principal amount of the Onshore Loans subject to Creditors' Action.

As at the date of this announcement, the Group has not received any notice from any creditors (including such creditors under the Other Offshore Financing Arrangements) in respect of any enforcement action relating to or any action to accelerate the Other Offshore Financing Arrangements (including the Public Bonds).

UPDATE ON THE IMPLEMENTATION OF MEASURES TO EASE THE LIQUIDITY ISSUE

As disclosed in the Announcements, the Company has engaged legal adviser and financial adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible remediation solutions, which include (but not limited to) reaching an optimal solution for all creditors and other stakeholders (including those creditors under the Secured Facility and the Other Offshore Financing Arrangements), accelerating the development of the Group's projects and disposing of the Group's projects. As at the date of this announcement, such assessment is still ongoing and no concrete solution has been formulated.

UPDATE ON RESUMPTION PLAN AND PROGRESS

As at the date of this announcement, the Company has been in discussions with various parties to explore and consider various options available to the Company in formulating a viable resumption proposal to address the Resumption Guidance. Further announcements will be made by the Company in relation to the progress of the resumption plan as and when appropriate.

RESIGNATION OF AUDITOR

The Board announces that the Company received a letter from Ernst and Young ("EY") dated 17 December 2021 to resign as the Company's auditor with effect from 17 December 2021, as the Company could not reach a consensus on the auditor's remuneration with EY for the audit of the consolidated financial statements of the Group for the year ending 31 December 2021 (the "Audit"). As stated in the Announcements, the default of the repayment of the principal and the last instalment of interest of the 2021 Bonds, which was due on 18 October 2021, has triggered the cross defaults of the January 2022 Bonds and the June 2022 Bonds which become immediately due and payable if the holders choose to accelerate in accordance with the terms and conditions of the bonds. Given this situation, EY considers that it would involve additional resources to perform audit procedures which they believe are necessary to finalise the Audit in view of the current liquidity issues and uncertainty with respect to going concern faced by the Company. Regrettably, the Company and EY could not agree on the audit fees regarding such additional audit work.

EY has confirmed in its letter of resignation that there is no matter in connection with its resignation as auditor of the Company that needs to be brought to the attention of the shareholders of the Company. The Board and the audit committee of the Company (the "Audit Committee") have confirmed that, there are no disagreement or unresolved matters between the Company and EY, and that there are no other matter in connection with the resignation of EY which needs to be brought to the attention of the shareholders of the Company.

APPOINTMENT OF AUDITOR

The Board further announces that, with the recommendation of the Audit Committee, Baker Tilly Hong Kong Limited (“**Baker Tilly**”), has been appointed as the new auditor of the Company with effect from 18 December 2021 to fill the casual vacancy following the resignation of EY and to hold office until the conclusion of the next annual general meeting of the Company.

The Company discussed with Baker Tilly on relevant matters related to the Announcements. The Company will use its best endeavours to assist and cooperate with Baker Tilly after its appointment to address the Stock Exchange’s requests as set out in the Resumption Guidance.

The Board would like to take this opportunity to express its sincere gratitude to EY for its professional services and support in the past years and welcome Baker Tilly.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading of the Shares and the debt securities of the Company on the Stock Exchange has been suspended with effect from 3:38 p.m. on 20 September 2021. Trading of the Shares and the debt securities of the Company on the Stock Exchange will remain suspended until further notice.

Shareholders and potential investors of the Company should note that it is uncertain whether the Group could successfully implement the measures to ease the liquidity issues and to comply with the Resumption Guidance as mentioned in the Announcements. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

By order of the Board
Sinic Holdings (Group) Company Limited
ZHANG Yuanlin
Chairman

Hong Kong, 19 December 2021

As at the date of this announcement, the Board of the Company comprises Mr. ZHANG Yuanlin and Ms. TU Jing as executive Directors, and Mr. TAM Chi Choi, Mr. AU YEUNG Po Fung and Mr. LIU Xin as independent non-executive Directors.