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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 and 40413)

INSIDE INFORMATION AND POSTPONEMENT OF PAYMENT OF FINAL DIVIDEND AND CONTINUED HALT IN TRADING

This announcement is made by Sinic Holdings (Group) Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09, Rule 13.19 and Rule 13.25(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

Reference is made to the announcement issued by the Company on 20 September 2021 in respect of trading halt in the shares (the “**Shares**”) and debt securities of the Company with effect from 3:38 p.m. on the same day. The board of directors of the Company (the “**Board**”) would like to provide certain updates on the recent financial position of the Group as further set out in this announcement.

LIQUIDITY ISSUE AND OVERDUE PAYMENTS

Owing to unexpected liquidity issues arising from macroeconomic conditions faced by the Group recently, certain subsidiaries of the Company failed to pay on 18 September 2021 accrued interest in respect of two onshore financing arrangements in the aggregate amount of RMB38,742,081.00 on or before the relevant due dates (the “**Overdue Payments**”). The Company is in active discussion with the relevant lenders with a view to reaching mutually agreeable repayment arrangements, and the relevant lenders have not accelerated their facilities or taken any other enforcement action to date.

CONSEQUENTIAL ACTION BY AN OFFSHORE CREDITOR

On 20 September 2021, a creditor of the Group (the “**Creditor**”) demanded repayment of the outstanding principal amount and accrued interests in the amount of US\$75,416,666.67 under a facility agreement between, among others, the Company and the Creditor (the “**Facility Agreement**”) relying on technical grounds as a result of the Overdue Payments.

On 24 September 2021, the Company was informed by the Creditor that: (i) joint and several receivers (the “**Receivers**”) have been appointed by the Creditor over the shares of certain offshore subsidiaries of the Company pursuant to security arrangements in favour of the Creditor; and (ii) the directors of those subsidiaries have been replaced with directors nominated for appointment by the Creditor.

The business operations of the onshore subsidiaries of the Company (which are held through the said offshore subsidiaries) are unaffected by the enforcement action that has been taken by the Creditor, remain under the control of the existing management team and retain their existing reporting protocols. While such enforcement action may have a material adverse effect on the Group’s business, prospects, financial condition and results of operations, it is uncertain as at the date of this announcement what is the likely outcome of such enforcement action on the Group.

The Company (and its advisers) have entered into a dialogue with the Creditor, the Receivers and the newly appointed directors 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. The Company will update the market on any material development of the said enforcement action and the said dialogue in due course.

POSSIBLE IMPACT ON OTHER FINANCING ARRANGEMENTS

The Overdue Payments and/or the enforcement action by the Creditor detailed above has led to and/or may lead to technical defaults under certain other existing material financing arrangements of the Group, including the offshore public bonds and offshore private bonds (together, the “**Other Financing Arrangements**”), as a result of which the relevant creditors have (or may have) the right to demand payment of the indebtedness and/or take action pursuant to the terms of their financing arrangements. In addition, further defaults may occur under other existing financing arrangements of the Group. The Board is currently ascertaining the aggregate amount of the Other Financing Arrangements which are in technical default and/or subject to actions of the relevant creditors and will update the market in due course.

Save as described above, as at the date of this announcement, the Group has not received any notice from any creditors (including such creditors under the Other Financing Arrangements) in respect of any acceleration or enforcement action.

IMPLEMENTATION OF MEASURES TO EASE THE LIQUIDITY ISSUE

The Company has engaged Linklaters as its legal adviser and Alvarez & Marsal as its financial adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible remediation solutions, which include (but are not limited to) reaching an optional solution for all creditors and other stakeholders (including those creditors under the Other Financing Arrangements). The Company will closely monitor the situation and update the market as appropriate on any material developments.

POSTPONEMENT OF PAYMENT OF FINAL DIVIDEND

At the annual general meeting on 4 June 2021, the Company's shareholders approved payment by the Company of the 2020 final dividend of RMB14.0 cents (equivalent to approximately HK17.05 cents) per Share, totaling RMB499,826,000 (equivalent to approximately HK\$608,717,000) to its shareholders on or about 30 September 2021. In light of the unexpected liquidity issues faced by the Group recently, the Company has postponed the payment date of the final dividend to a later date and subject to the Company resolving its liquidity issues, will make a separate announcement on the postponed payment date as soon as reasonably practicable. The record date for determining the shareholders' entitlement to the final dividend as disclosed in the annual general meeting poll results announcement dated 4 June 2021 has remained unchanged.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The Board has noted a decrease in the price and an increase in the trading volume of the Shares on 20 September 2021 immediately prior to the halt in the trading of the Shares on the Stock Exchange with effect from 3:38 p.m. on 20 September 2021 (the "**Trading Halt**"), which may be attributable to (amongst other things) the recent challenges and liquidity issues faced by the Company.

The Board, after making enquiries as are reasonable in the circumstances, understands that some holders of Shares may have entered into margin financing or similar arrangements pursuant to which Shares have been made subject to security and subject to disposal action by creditors on the occurrence of certain events (including a substantial decrease in price of the Shares). Specifically in this regard, the Board is informed that Mr Zhang Yuanlin, who is the Chairman, an executive director and a controlling shareholder (as that term is defined in the Listing Rules) of the Company, that security had been granted over certain Shares owned by Mr Zhang in connection with his personal financing arrangements.

In connection with Mr Zhang's personal financing arrangements, the Board received confirmation from Mr Zhang that, immediately prior to the Trading Halt, 149,007,000 Shares (which represents 4.17% of total issued Shares) owned by Mr Zhang had been disposed of (the "**Disposals**") by or for and on behalf of relevant creditors, to settle the amounts due to such creditors.

Immediately after the Disposals, Mr Zhang has confirmed to the Board that he remains the owner of 76.73% of the total issued Shares, which are unencumbered, and the controlling shareholder of the Company. The Board has received confirmation from Mr Zhang that he does not currently have any intention to dispose of or encumber these remaining Shares.

The Company continues to assess the situation carefully and will issue further announcement(s) to provide updates on the above and other relevant matters as and when required pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

CONTINUED HALT IN TRADING

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

Shareholders of the Company and other investors should note that it is uncertain whether the Group could successfully implement the measures to ease the liquidity issues as mentioned in this announcement. Shareholders of the Company and other 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, 30 September 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.