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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)

QUARTERLY UPDATE ON STATUS OF RESUMPTION; 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 and 13.24A 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, 16 and 19 December 2021, 18 and 31 March 2022 and 6 April 2022 in relation to, among others, the financial status of the Group, quarterly update on status of resumption, the delay in publication of the audited annual results of the Group for the year ended 31 December 2021 and the resumption guidance issued by the Stock Exchange (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 announcements of the Company dated 16 December 2021 and 6 April 2022, 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;
- (ii) publish all outstanding financial results and address any audit modifications; and
- (iii) 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 AND PUBLICATION OF 2021 AUDITED ANNUAL RESULTS

Due to the impact of the COVID-19 pandemic and the downturn of the property development market, the contracted sales amount of the Group, together with its joint ventures and associates, has been decreasing since the fourth quarter of 2021. The Group has been working closely with its stakeholders to stabilize the operation of the Group.

The departure of certain key employees of the Group earlier this year, particularly in the financial reporting unit, has caused a delay in its financial reporting. Further, the COVID-19 pandemic had adversely affected the Group's operation, financial reporting and audit for the year ended 31 December 2021. In particular in Shanghai where the Group's headquarters are located, had been subject to enhanced pandemic control policies and quarantine measures imposed by the local authority for more than two months, including but not limited to lockdown and access restriction of residential and office buildings and multiple rounds of mandatory COVID-19 testing. Staff members of the Group had been denied access to the office buildings during the implementation of the aforementioned enhanced control policies and quarantine measures, and thus the Group's operation in Shanghai and the staff recruitment process have been severely affected. As at the date of this announcement, due to staff shortages in the financial reporting unit of the Group, it is unable to function properly and effectively. As a result of the current situation of the Group, the unaudited consolidated management account of the Group for the year ended 31 December 2021 remains unavailable. Accordingly, the Company was unable to publish: (i) the audited annual results of the Group on or before the end of March 2022 as required under Rule 13.49(1) of the Listing Rules; and (ii) the unaudited management account as required under Rule 13.49(3) of the Listing Rules.

The Group will continue to recruit suitable replacements to fill the vacancies in the financial reporting unit of the Group and aims to publish its unaudited and audited financial results for the year ended 31 December 2021 as required under the Listing Rules as soon as practicable.

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

On 18 January 2022, the trustee (the “**Trustee**”) acting for a creditor of one of the Group’s private bonds (the “**Private Bonds**”) served an event of default notice upon the Company, which states that an event of default has occurred under the Private Bonds by virtue of failure to make payment of the full amount of interest due and payable in December 2021.

Pursuant to the terms of the Private Bonds, the Trustee has the right to accelerate all principal and accrued and unpaid interest under the Private Bonds. In the notice mentioned above, the Trustee requested the Company to advise them what action will be proposed to take with respect to the relevant event of default. The Company is currently in active dialogue with the creditor and seeking legal advice in respect of the notice with a view to addressing it in an appropriate manner.

Save as disclosed above, the Group has not received any valid notice from any other creditors and 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 various solutions are under consideration.

UPDATE ON RESUMPTION PLAN AND PROGRESS

As disclosed in the Announcements, 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.

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, 17 June 2022

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.