

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CECEP COSTIN NEW MATERIALS GROUP LIMITED

中國節能海東青新材料集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2228)

INSIDE INFORMATION, UPDATE ON SUSPENSION OF TRADING IN SHARES AND FINANCIAL SITUATION

This announcement is made by CECEP COSTIN New Materials Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) and Rule 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 19 August 2016, 22 August 2016, 30 August 2016 and 22 September 2016 (the “**Announcements**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to provide an update to the shareholders and potential investors of the Company on the recent development regarding the investigation in the Misappropriation (the “**Investigation**”) and our financial situation.

APPOINTMENT OF FORENSIC ACCOUNTANTS FOR THE SPECIAL INVESTIGATION COMMITTEE

On 30 September 2016, the Special Investigation Committee has, through its Hong Kong legal advisors, appointed Deloitte Advisory (Hong Kong) Limited to assist the Special Investigation Committee in the Investigation. The Company and the Special Investigation Committee may further appoint other professional advisers to assist in the Investigation.

The Company will publish further announcements to inform the shareholders and potential investors of the Company on any material development of the Investigation as and when appropriate.

UPDATE ON FINANCIAL SITUATION

Further to the Company's announcement dated 22 September 2016, certain PRC subsidiaries of the Company has additional bank and other borrowings in the amount of approximately RMB55.4 million fallen due and was unable to repay the said amounts by the due dates, resulting in the default in repayment.

Further to the Company's announcement dated 30 August 2016, additional bank borrowings of a Hong Kong subsidiary of the Company in the amount of approximately US\$3.0 million have fallen due. The Group is unable to repay the said amount by the due date and resulted in the default in repayment. As a result of such default in repayment, certain bank accounts in Hong Kong with aggregate bank balances of approximately HK\$1.5 million have been frozen by the banks and cannot be withdrawn. On 28 September 2016, the Group has received written demands from a bank threatening to take legal action against the Group if repayments are not made within seven days from the date of the written demands.

The Company is currently assessing the impact of the above and any potential default on other loan facilities. As a result, it may further trigger cross-default of any other loan facilities, which may in turn have material adverse impact on the financial position of the Group.

The Company will keep its shareholders and investors informed of developments in relation to the borrowings, the Investigation, the Group's financial position and other matters by way of further announcement(s) as and when appropriate.

SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 3:17 p.m. on 15 August 2016 and will continue to be suspended until further notice.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
CECEP COSTIN New Materials Group Limited
Chan Kwok Yuen Elvis
Company Secretary

Hong Kong, 30 September 2016

As at the date of this announcement, the Board comprises four executive Directors, Mr. Wang Li, Mr. Chim Wai Kong (suspended), Mr. Chim Wai Shing Jackson and Mr. Xue Mangmang; two non-executive Directors, Mr. Zeng Wu and Ms. Ma Yun; and three independent non-executive Directors, Mr. Feng Xue Ben, Mr. Wong Siu Hong and Mr. Xu Qinghua.