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SY HOLDINGS GROUP LIMITED

盛業控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6069)

**SUPPLEMENTAL ANNOUNCEMENT
MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY
AND
MAJOR TRANSACTION IN RELATION TO
FINANCIAL ASSISTANCE AND EQUITY PLEDGE PROVIDED BY
THE GROUP**

Reference is made to the announcement of SY Holdings Group Limited (the “**Company**”) dated 28 February 2024 in relation to the major and connected transaction in relation to the deemed disposal of equity interest in a subsidiary and major transaction in relation to the financial assistance and equity pledge provided by the Group (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

SHARE REPURCHASE UNDER THE COLLABORATION AGREEMENT

The Company clarifies that Wuxi Taihu New City shall have a right to request the Group to repurchase all or part of the equity interests of the Target Company held by Wuxi Taihu New City (the “**Share Repurchase**”) under certain circumstances set out in the Collaboration Agreement, including but not limited to which as follows: (i) failure of the Target Company to meet the Performance Target for a consecutive of three years; or (ii) a material change of the business scope of the Target Company without the consent of Wuxi Taihu New City; or (iii) upon the occurrence of any breach of certain warranties by Sheng Ye Digital, Tianjin Shengzhuo or the Guarantors which are not rectified within the prescribed time under the Collaboration Agreement; or (iv) pursuant to the Collaboration Agreement, the occurrence of any event that result in Sheng Ye Digital, Tianjin Shengzhuo or the Guarantors being unable to fulfil the guarantee obligations thereunder.

Under the Collaboration Agreement, the parties agree that the repurchase price of the Share Repurchase shall be the higher of:

- (i) Price = the relevant proportional investment amount corresponding to the proportion of equity interests to be repurchased as requested by Wuxi Taihu New City $\times (1 + 8\% \times N)$ – the total dividend payment received by Wuxi Taihu New City for the three years from 2024 to 2026;

“N”: being the number of days from the first payment date of Wuxi Taihu New City’s for the previous purchase of the 20% equity interests of the Target Company from Wuxi Tonghui to the date on which the Group fully pays such share repurchase price to Wuxi Taihu New City (both days inclusive) divided by 360;

“investment amount”: being approximately RMB749.4 million, comprising of the consideration paid by Wuxi Taihu New City for the previous purchase of the 20% equity interests of the Target Company from Wuxi Tonghui (a previous shareholder of the Target Company) and the amount of the Capital Increase made by Wuxi Taihu New City;

- (ii) the value of the equity interests to be repurchased pursuant to a valuation report issued by a valuer jointly selected by Wuxi Taihu New City and Sheng Ye Digital.

Based on the repurchase price described above, the percentage of equity interests to be repurchased, the total dividend payment to be received by Wuxi Taihu New City for the three years from 2024 to 2026, the variable “N”, as well as the value of the Share Repurchase based on a valuation report to be issued by a valuer cannot be determined or predicted at this stage, it is therefore currently not possible for the Company to provide an accurate estimation of the repurchase price of the Share Repurchase, nor the highest possible value of the Share Repurchase at this stage.

The Company supplements that Wuxi Taihu New City’s right to request the Group to repurchase all or part of the equity interests held by Wuxi Taihu New City is subject to the compliance with Chapter 14 of the Listing Rules. Should the Share Repurchase constitute a major or above transaction under Chapter 14 of the Listing Rules, shareholders’ approval requirement has to be fulfilled before proceeding with the Share Repurchase; in other words, if shareholders’ approval is not obtained, the Share Repurchase cannot be proceeded despite the fact that the repurchase circumstances (as set out above) has occurred and Wuxi Taihu New City has requested the Group to make the Share Repurchase.

The Company will comply with the requirements under Chapter 14 of the Listing Rules before proceeding with the Share Repurchase in the future.

VALUATION REPORT OF THE TARGET COMPANY

Based on the Announcement, the valuation of the Target Company was prepared based on income approach which involves projection of profits which constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rule 14.60A of the Listing Rules apply.

Under the income approach, discounted cash flows method was adopted.

The details of the principal assumptions upon which the valuation was based are as follows:

General Assumptions

1. Transaction assumptions: All assets to be appraised are already in the process of being traded, and asset valuation professionals simulate the market for valuation based on the trading conditions of the assets to be appraised.
2. Open market assumption: Both parties to an asset transaction are on an equal footing with each other, and that both parties to the asset transaction have access to sufficient market information and time to make rational judgments about the function and use of the asset and its transaction price, etc., when the asset is traded in the market or is proposed to be traded in the market.
3. Going concern assumption: the Target Company will comply fully with all relevant laws and regulations and continue in business for the foreseeable future.
4. There will be no material adverse effects on the Target Company caused by force majeure or unforeseeable factors after the valuation date.
5. There will be no material changes in the relevant laws and regulations and policies in force, the macroeconomic situation and the political, economic and social environment of the region in which the parties are located.

Special Assumptions

1. The management of the Target Company after the valuation date is stable and capable of assuming its duties.
2. The scope and manner of operation of the Target Company after the valuation date will be consistent with the current direction on the basis of the existing management style and management level.
3. The accounting policies adopted by the Target Company after the valuation date and the accounting policies adopted in the preparation of the valuation report are consistent in all material respects.
4. There are no significant changes in interest rates, exchange rates, tax rates, and policy levies related to the Target Company after the valuation date.
5. The Target Company fully complies with all relevant laws and regulations.
6. The relevant basic data and financial information being provided regarding the Target Company are true, accurate and complete.
7. The financial reports and transaction data of comparable companies relied upon by the valuer are true and reliable.
8. The Target Company will obtain net cash flows evenly during the year.
9. The signed leases of the Target Company are legal and valid; the signed leases are actually performed, will not be changed and terminated without cause, and will continue to be renewed upon expiration.
10. The judgment made by the asset valuer through on-site field investigation without technical testing of the technical parameters and performance of the equipment as at the valuation date, on the assumption that the information being provided in respect of the equipment is true and valid.
11. The on-site inspection of the assets by the asset valuer was limited to the appearance and utilization of the assets and did not test their structure and other intrinsic qualities, so that it was not possible to ascertain whether there were any intrinsic defects. This valuation report is premised on the assumption that the intrinsic quality of the assets complies with the relevant standards and is sufficient to maintain its normal use.
12. The Target Company complies with the regulatory requirement that its assets at risk should not exceed 10 times of its net assets.
13. It is assumed that after the Target Company has fully utilized the total amount of guarantees and borrowings (including direct borrowings) of RMB3.3 billion provided by Wuxi Taihu New City (or its affiliates) in the future, and that the balance of the debt financing actually utilized each month (i.e. direct borrowings) shall be RMB3.0 billion, the remaining insufficiency will be satisfied or financed by other financing methods.

Financial Effects of the Collaboration Agreement

To the best knowledge, information and belief, the estimated amount of gains arising from the deemed disposal of the Target Company shall be approximately RMB0.2 million. The actual financial effects on the Collaboration Agreement to be recorded by the Group shall be subject to the final audit to be performed by the Group's auditor.

General Information

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Collaboration Agreement and other information required under the Listing Rules is expected to be despatched to the Shareholders within 15 business days after the publication of this announcement. Pursuant to Rule 14.60A, where the announcement for a notifiable transaction contains a profit forecast, the issuer must publish a further announcement containing the information in Rule 14.60A of the Listing Rules within 15 business days after publication of the Announcement.

As additional time is needed for the preparation of (i) certain sections to be included in the Circular, (ii) the confirmation letter by the auditor confirming that they have reviewed the accounting policies and calculations for the forecast, (iii) the letter from the Board confirming that they have made the forecast after due and careful enquiry, the Company has applied to the Stock Exchange for a waiver for an extension of the deadline for the despatch of the Circular to the Shareholders to include the items mentioned in this paragraph on or before 24 April 2024.

By Order of the Board
SY Holdings Group Limited
Tung Chi Fung
Chairman

Hong Kong, 20 March 2024

As at the date of this announcement, the Board comprises two Executive Directors: Mr. Tung Chi Fung and Mr. Chen Jen-Tse; one Non-executive Director: Mr. Lo Wai Hung; and four Independent Non-executive Directors: Mr. Loo Yau Soon, Mr. Fong Heng Boo, Mr. Tang King San Terence and Ms. Chan Yuk Ying Phyllis.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.