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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)

DISCLOSEABLE TRANSACTION – DISPOSAL OF ACCOUNTS RECEIVABLE

THE DISPOSAL AGREEMENT

The Board hereby announces that on 27 November 2023, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivable at a consideration of approximately RMB80.2 million.

LISTING RULES IMPLICATIONS

All relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal Agreement on standalone basis are less than 5%; therefore, the Disposal Agreement on standalone basis does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

Nevertheless, the Directors consider that since the Previous Disposal Agreements and the Disposal Agreement were entered into by the Group with the same Purchaser within 12 months, the transaction contemplated under the Disposal Agreement shall be aggregated with the transactions under the Previous Disposal Agreements under Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal Agreement on aggregate basis exceeds 5% but is less than 25%, the Disposal Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements.

INTRODUCTION

References are made to the announcements of the Company dated 29 November 2022, 24 February 2023, 14 March 2023, 19 April 2023, 24 April 2023, 11 May 2023, 23 May 2023, 5 June 2023, 20 June 2023, 29 June 2023, 16 November 2023 and 21 November 2023 in relation to the Previous Disposal Agreements.

On 23 February 2023, SY Factoring entered into the Framework Disposal Agreement with the Purchaser pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivables from SY Factoring in an aggregate amount of not more than RMB5 billion.

Pursuant to the terms of the Framework Disposal Agreement, on 27 November 2023, SY Factoring entered into the Disposal Agreement with the Purchaser, pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivable at a consideration of approximately RMB80.2 million.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are set out as follows.

Date: 27 November 2023

- Parties:
- (1) The Purchaser, a company established in the PRC with limited liability and principally engaged in trust business. As at the date of this announcement, to the knowledge of the Directors, the identity of the de facto controller of the Purchaser is the Department of Finance of Yunnan Province* (雲南省財政廳) which is principally engaged in supervision and management of finance and taxation within Yunnan Province, PRC. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.
 - (2) SY Factoring, an indirect wholly owned subsidiary of the Company whose principal business is, among other things, commercial factoring.

The Accounts Receivable to be disposed of

The book value of the Accounts Receivable was approximately RMB76.2 million. The Accounts Receivable was comprised of accounts receivable due from the Debtor. The expiry date of the Accounts Receivable was 7 November 2024.

On 27 November 2023, SY Factoring and the Purchaser entered into the acknowledgement of disposal with the Debtor pursuant to which the parties confirmed the book value of the Accounts Receivable. Further, the Debtor acknowledged that SY Factoring has been appointed to manage the Accounts Receivable. After the completion of the Disposal Agreement, the Debtor shall continue to pay the monies due under the Accounts Receivable to SY Factoring, which shall then transfer the monies received to the Purchaser. Please refer to the section headed “Trust Management Service” in this announcement for details.

The disposal is without recourse against SY Factoring, which means that SY Factoring is not liable for default in payment by the Debtor.

Consideration and payment terms

The consideration to be paid by the Purchaser to acquire the Accounts Receivable was approximately RMB80.2 million. The consideration was settled by the Purchaser by paying to the designated bank account of SY Factoring for the Accounts Receivable on 27 November 2023.

Basis of determination of the consideration

The consideration was determined on arm's length negotiations between SY Factoring and the Purchaser based on 1) the book value of the Accounts Receivable; 2) the number of days between the date of disposal and the expected date of payment by the Debtor; and 3) the credit worthiness of the Debtor.

Completion of the disposal

Completion of the Disposal Agreement took place upon the date of receipt of the consideration by SY Factoring, being 27 November 2023.

Pursuant to the transfer registration agreement between SY Factoring and the Purchaser on 23 February 2023, SY Factoring agreed to provide assistance to the Purchaser to register in the Zhongdeng Net the transfer of accounts receivable being disposed of by SY Factoring to the Purchaser pursuant to the Framework Disposal Agreement including the Accounts Receivable.

TRUST MANAGEMENT SERVICE

According to the Purchaser, the Purchaser is acquiring the Accounts Receivable for and on behalf of a trust set up by it and using the trust funds. Pursuant to the terms of the Framework Disposal Agreement, SY Factoring agreed to provide accounts receivable management service in relation to the Accounts Receivable to the Purchaser. SY Factoring shall collect the monies due from the Debtor under the Accounts Receivable for and on behalf of the Purchaser and SY Factoring shall transfer the monies collected to a designated bank account of the Purchaser on the date of receipt of the monies (or the next business day if the date of receipt of the monies is not a business day). The services were provided in consideration of the Purchaser agreeing to enter into the Disposal Agreement and therefore no service fee will be charged by SY Factoring for the services provided by it.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

After the completion of the transaction under the Disposal Agreement, the Board expects that the Company will record a gain of approximately RMB3.8 million for the Disposal Agreement based on the difference between the book value of the Accounts Receivable being disposed of and the consideration of the disposal, net of sales related taxes.

The Group intends to use the proceeds from disposal of the Accounts Receivable to finance the credit of digital financing solutions granted by the Group to its customers and as general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is a leading supply chain technology platform. Through its “Dual-Engine, One-Platform” strategy, the Group harnesses industrial technology and digital finance to create a comprehensive supply chain finance ecosystem. The Group leverages big data analytics to provide intelligent matching of assets to capital, offering a one-stop SaaS and fintech solution for enterprises and financial institutions, while effectively addressing the financing needs and pain points of SMEs within the supply chain ecosystem. The Directors consider that the Disposal Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

The Group entered into the Disposal Agreement with the intention of improving the cash flow of the Group, managing the Group’s supply chain assets portfolio and providing funds for the Group’s digital financing solutions business.

Given that the Disposal Agreement was conducted in the ordinary and usual course of business of SY Factoring and under normal commercial terms, the Directors are of the view that the terms of the Disposal Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

All relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal Agreement on standalone basis are less than 5%; therefore, the Disposal Agreement on standalone basis does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

Nevertheless, the Directors consider that since the Previous Disposal Agreements and the Disposal Agreement were entered into by the Group with the same Purchaser within 12 months, the transaction contemplated under the Disposal Agreement shall be aggregated with the transactions under the Previous Disposal Agreements under Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal Agreement on aggregate basis exceeds 5% but is less than 25%, the Disposal Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

- “Accounts Receivable” the accounts receivable to be disposed of pursuant to the Disposal Agreement

- “Board” the board of Directors

- “Company” SY Holdings Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (stock code: 6069)

- “connected person(s)” has the meaning ascribed to it under the Listing Rules

- “Debtor” the underlying debtor of the Accounts Receivable which is principally engaged in the wholesale distribution of petroleum and petroleum products

- “Director(s)” the director(s) of the Company

“Disposal Agreement”	The accounts receivable disposal agreement between SY Factoring and the Purchaser dated 27 November 2023 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivable
“Framework Disposal Agreement”	the framework disposal agreement between SY Factoring and the Purchaser dated 23 February 2023 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivables from SY Factoring in an aggregate amount of not more than RMB5 billion
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the Listing Rules) of the Company
“Khorogos Yong Zhuo Factoring”	霍爾果斯永卓商業保理有限公司 (Khorogos Yong Zhuo Factoring Limited), a company established in the PRC and a subsidiary of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Disposal Agreements”	collectively, the accounts receivables disposal agreements i) dated 29 November 2022 between Khorogos Yong Zhuo Factoring and the Purchaser; and ii) dated 24 February 2023, 14 March 2023, 19 April 2023, 24 April 2023, 11 May 2023, 23 May 2023, 5 June 2023, 20 June 2023, 29 June 2023, 16 November 2023 and 21 November 2023 between SY Factoring and the Purchaser
“Purchaser”	雲南國際信託有限公司 (Yunnan International Trust Co. Ltd*)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“SY Factoring”	盛業商業保理有限公司 (SY Factoring Limited), a company established in the PRC and a subsidiary of the Group
“Zhongdeng Net”	中國人民銀行徵信中心動產融資統一登記系統 (the People’s Bank of China Credit Reference Center Movables Financing Unified Registration System*), a registration system for transfer of accounts receivables in the PRC established under the property law of the PRC
“%”	per cent

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

Hong Kong, 27 November 2023

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.