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盛源控股有限公司

SHENG YUAN HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 851)

**ANNOUNCEMENT PURSUANT TO
RULE 3.7 OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES AND
INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF
THE SECURITIES AND FUTURES ORDINANCE
AND
RESUMPTION OF TRADING**

This announcement is made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

DISPOSAL OF SHARES BY SINGLE LARGEST SHAREHOLDER

The Board was informed by King Lion, the single largest Shareholder prior to the completion of the Share Transfer, that after trading hours of the Stock Exchange on 21 May 2019, it had entered into the Sale and Purchase Agreement with the Purchaser in relation to the Share Transfer, pursuant to which King Lion agreed to sell and the Purchaser agreed to purchase 1,011,000,000 Shares, representing approximately 26.47% of the total issued share capital of the Company as at the date of this announcement.

As further informed by King Lion and the Purchaser, completion of the Share Transfer has taken place on 22 May 2019. As such, as at the date of this announcement, the Purchaser is the single largest Shareholder and a substantial shareholder of the Company holding 1,011,000,000 Shares, representing approximately 26.47% of the total issued share capital of the Company as at the date of this announcement.

POSSIBLE SHARE ACQUISITIONS BY THE PURCHASER

The Board was further informed by the Potential Sellers and the Purchaser that the Potential Sellers are in discussions with the Purchaser in relation to the Possible Share Acquisitions which may involve the possible acquisition by the Purchaser from the Potential Sellers such amount of Shares beneficially owned by the Potential Sellers. No legally binding agreement or memorandum of understanding has been entered into by any parties in respect of the Possible Share Acquisitions as at the date of this announcement. The discussions are still in progress and the Possible Share Acquisitions may or may not proceed.

The Board was informed that if the Possible Share Acquisitions materialise and are completed, it may lead to a change in control of the Company and the Purchaser may be required to make a mandatory general offer for all the issued Shares and Options (other than those already owned or agreed to be acquired by the Purchaser and parties acting in concert with it) under Rule 26.1 of the Takeovers Code.

POSSIBLE SUBSCRIPTION BY THE PURCHASER

The Board further announces that as at the date of this announcement, the Board is in discussions with the Purchaser in relation to a possible subscription by the Purchaser of such number of new Shares to be allotted and issued by the Company. No legally binding agreement or memorandum of understanding has been entered into between the Company and the Purchaser in respect of the Possible Subscription as at the date of this announcement. The discussion is still in progress and the Possible Subscription may or may not proceed.

The Board further announces that if the Possible Subscription materialises and is completed, it may lead to a change in control of the Company and the Purchaser may be required to make a mandatory general offer for all the issued Shares and Options (other than those already owned or agreed to be acquired by the Purchaser and parties acting in concert with it) under Rule 26.1 of the Takeovers Code.

SECURITIES OF THE COMPANY

The relevant securities of the Company in issue as at the date of this announcement comprise of (i) 3,819,705,413 Shares; (ii) 1,200,000 outstanding Options granted under the Share Option Scheme adopted by the Company on 24 September 2004, which may be exercised into 1,200,000 Shares at a price of HK\$0.28 per option share by the holders of the Options; and (iii) 81,000,000 outstanding Options granted under the Share Option Scheme adopted by the Company on 15 October 2014, which may be exercised into 81,000,000 Shares at a price of HK\$0.24 per option share by the holders of the Options. Save as aforementioned, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 22 May 2019.

The respective associates (as defined in the Takeovers Code) of the Company and the Purchaser (including persons who own or control 5% or more of any class of relevant securities issued by the Company or the Purchaser) are hereby reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 22 May 2019 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 May 2019.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, the Directors will keep the market informed in compliance with the Listing Rules and the Takeovers Code and in particular by way of announcement on a monthly basis until an announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with the possible general offer in compliance with the Takeovers Code.

Warning:

There is no assurance that the Possible Share Acquisitions and/or the Possible Subscription mentioned in this announcement will materialise and the discussions may or may not lead to a general offer. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	as defined in the Takeovers Code, including but not limited to any person holding 5% or more of a class of relevant securities
“Board”	the board of Directors

“Company”	Sheng Yuan Holdings Limited, a company incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange (stock code: 851)
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“King Lion”	King Lion Group Limited, a limited liability company incorporated in the British Virgin Islands, which directly held 1,011,000,000 Shares prior to the completion of the Share Transfer
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	the outstanding share option(s), exercisable or not, granted by the Company under the Share Option Schemes
“Possible Share Acquisitions”	the possible acquisition by the Purchaser from the Potential Sellers such amount of Shares beneficially owned by the Potential Sellers
“Possible Subscription”	the possible subscription by the Purchaser of such number of new Shares to be allotted and issued by the Company
“Potential Sellers”	two individual substantial shareholders of the Company
“Purchaser”	Yuanyin Holdings Limited, a limited liability company incorporated in the British Virgin Islands

“Sale and Purchase Agreement”	the sale and purchase agreement dated 21 May 2019 entered into between King Lion and the Purchaser in relation to the Share Transfer
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.05 each in the share capital of the Company
“Share Option Schemes”	the share option schemes adopted by the Company on 24 September 2004 and 15 October 2014, respectively; and “Share Option Scheme” means any one of them
“Share Transfer”	the transfer of 1,011,000,000 Shares by King Lion to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board

Qiu Bin

Executive Director and Chief Executive Officer

Hong Kong, 22 May 2019

As at the date of this announcement, the Board consists of Mr. Qiu Bin, Ms. Cheng Kit Sum, Clara and Mr. Zhou Quan (all being executive Directors), Mr. Mu Hao and Mr. Zhao Yun (all being non-executive Directors), Ms. Fang Fang, Mr. Fung Tze Wa, Dr. Huan Guocang and Mr. Lo Ka Wai (all being independent non-executive Directors).

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.