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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)

**(1) NOTIFIABLE TRANSACTIONS RELATING TO SUBSCRIPTION OF
SENIOR NOTES AND PROMISSORY NOTES**
**(2) DISCLOSEABLE TRANSACTION RELATING TO PURCHASE OF
LISTED SECURITIES**
AND
(3) RECTIFICATION OF BREACH OF LISTING RULES

SUBSCRIPTION OF SENIOR NOTES AND PROMISSORY NOTES

The Board announces that on 8 September 2021, 15 September 2021 and 16 September 2021, Kingwell Management, a wholly-owned subsidiary of the Company, has subscribed for the Zensun Notes and the Atta Notes in an aggregate principal amount of US\$29,580,000 (approximately HK\$230,724,000), comprising (i) the Sheng Yuan's Proprietary Investment and (ii) the Flourishing Fund's Subscriptions.

DISCLOSEABLE TRANSACTION RELATING TO PURCHASE OF LISTED SECURITIES

The Board wishes to further announce that on 16 March 2022 and 17 March 2022, the Group has, through Sheng Yuan Financial Services, a wholly-owned subsidiary of the Company, acquired on the market an aggregate of 304,000 Ping An Insurance H Shares at the price between HK\$47.10 to HK\$54.20 per Ping An Insurance Share (exclusive of transaction costs). The total purchase price (exclusive of transaction costs) for the Ping An Insurance H Shares acquired was HK\$15,520,000 and the average price for each Ping An Insurance H Shares acquired was approximately HK\$51.053. The total purchase price paid for the Ping An Shares Acquisition was the market price of the Ping An Insurance H Shares and settled in cash from the internal resources of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Subscriptions

As all the Notes under the Subscriptions were subscribed by Kingwell Management and were in relation to the Zensun 23 Notes and Zensun 24 Notes and of similar nature, the corresponding principal amounts of the Subscriptions, all completed within a 12 month period, have been aggregated as if they were one transaction for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios, on an aggregate basis, in respect of the Subscriptions at the relevant period exceed 100%, the Subscriptions technically constitute a very substantial acquisition of the Company under Rule 14.06(4) of the Listing Rules and should have been subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the Subscriptions in nature technically constituted a very substantial acquisition and should have been subject to the shareholders' approval requirement as set out above. However, considering that it would be impracticable and unduly burdensome for the Company to unwind the Subscriptions, a general meeting of the Company will not be convened in this regard. A circular containing, among others, information in relation to the Subscriptions will be despatched to the Shareholders for their information on or before 2 September 2022.

The Ping An Shares Acquisition

The Ping An Shares Acquisition constituted a discloseable transaction under Rule 14.06(2) of the Listing Rules as one or more of the applicable percentage ratios of the Ping An Shares Acquisition exceed 5% but are less than 25%. The Ping An Shares Acquisition is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

RECTIFICATION OF BREACH OF THE LISTING RULES

As disclosed in the section headed "Implications under the Listing Rules" in this announcement, (i) the Subscriptions technically constitute a very substantial acquisition under Rule 14.06(4) of the Listing Rules; and (ii) the Ping An Share Acquisition constituted a discloseable transaction under Rule 14.06(2) of the Listing Rules. Therefore, the failure by the Company to timely report and announce the details of the Subscriptions and the Ping An Share Acquisition and to obtain the shareholders' approval for the Subscriptions constituted breaches of Chapter 14 of the Listing Rules.

The Board wishes to clarify that the abovementioned breaches of the Listing Rules were due to its unintentional and inadvertent oversight. The Company regrets such unintentional breaches of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

A. SUBSCRIPTION OF SENIOR NOTES AND PROMISSORY NOTES

The Board announces that on 8 September 2021, 15 September 2021 and 16 September 2021, Kingwell Management, a wholly-owned subsidiary of the Company, has subscribed for the Zensun Notes and the Atta Notes in an aggregate principal amount of US\$29,580,000 (approximately HK\$230,724,000), comprising (i) the Sheng Yuan's Proprietary Investment and (ii) the Flourishing Fund's Subscriptions.

The Sheng Yuan's Proprietary Investment comprised the subscription of the Zensun 24 Notes in the principal amount of US\$2,500,000 (approximately HK\$19,500,000), financed by the Group's internal resources and which the Group would bear the profit and loss for such proprietary investment. On the other hand, the Flourishing Fund's Subscriptions comprised (i) the subscription of the Zensun 23 Notes in the principal amount of US\$10,580,000 (approximately HK\$82,524,000); (ii) the subscription of the Zensun 24 Notes in the principal amount of US\$6,500,000 (approximately HK\$58,500,000); and (iii) the entering into of the Atta Notes Purchase Agreement and the purchase of Atta Notes in the principal amount of US\$10,000,000 (approximately HK\$78,000,000), financed by the Kingwell Notes Proceeds from Flourishing and for which Flourishing would bear the loss incurred (if any) by the Flourishing Fund's Subscriptions pursuant to the terms of the Kingwell Notes Subscription Agreement and the Triparty Agreement.

The Zensun Notes

On 8 September 2021 and 16 September 2021, Kingwell Management has subscribed for (i) the Zensun 23 Notes in the principal amount of US\$10,580,000 as part of the Flourishing Fund's Subscriptions; and (ii) the Zensun 24 Notes in the aggregate principal amount of US\$9,000,000 (comprising the principal amount of US\$6,500,000 as part of the Flourishing Fund's Subscriptions and the principal amount of US\$2,500,000 as the Sheng Yuan's Proprietary Investment) respectively, through Sheng Yuan Securities, a wholly-owned subsidiary, as the broker.

The principal terms of the Zensun 23 Notes and the Zensun 24 Notes are set out below:

	Zensun 23 Notes	Zensun 24 Notes
Issue date of the Notes:	13 September 2021	23 September 2021
Issuer:	Zensun	Zensun
Total issue size:	US\$200,000,000	US\$160,000,000
Issue price:	100% of the principal amount of the Zensun 23 Notes	99.965% of the principal amount of the Zensun 24 Notes
Principal amount subscribed by Kingwell Management:	US\$10,580,000 (for Flourishing Fund's Subscriptions)	US\$9,000,000 (comprising (i) US\$2,500,000 for Sheng Yuan's Proprietary Investment; and (ii) US\$6,500,000 for Flourishing Fund's Subscriptions)
Maturity Date:	13 September 2023	23 April 2024
Use of proceeds:	to refinance existing medium to long term offshore indebtedness, which will become due within one year	
Security:	guaranteed by Zensun Group Limited (as the parent guarantor) and certain subsidiaries of Zensun (as the subsidiary guarantors or the JV subsidiary guarantors (if any)) on a senior basis, subject to certain limitations	
Coupon rate:	12.5% per annum on the principal amount of the Zensun 23 Notes or the Zensun 24 Notes (as applicable)	
Optional redemption:	(1) At any time and from time to time prior to 13 September 2023 (for the Zensun 23 Notes) or 23 April 2024 (for the Zensun 24 Notes), Zensun may at its option redeem the Zensun 23 Notes or Zensun 24 Notes (as applicable), in whole but not in part, at a redemption price equal to 100% of the principal amount of the Zensun 23 Notes or Zensun 24 Notes (as applicable) plus the applicable premium as of, and accrued and unpaid interest (if any) to (but not including), the redemption date.	

- (2) At any time and from time to time prior to 13 September 2023 (for Zensun 23 Notes) or 23 April 2024 (for Zensun 24 Notes), Zensun may redeem up to 35% of the aggregate principal amount of the Zensun 23 Notes or Zensun 24 Notes (as applicable) with the net cash proceeds of one or more sales of common stock of Zensun Group Limited (as the parent guarantor) in an equity offering at a redemption price of 112.5% of the principal amount of the Zensun 23 Notes or Zensun 24 Notes (as applicable) redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Zensun 23 Notes or Zensun 24 Notes (as applicable) originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Listing: listed on the Stock Exchange

The Atta Notes Purchase Agreement and the Atta Notes

The principal terms of the Atta Notes Purchase Agreement are set out below:

Date: 15 September 2021

Parties: (i) Atta Asset, as the issuer
(ii) Kingwell Management, as the subscriber

Subscription amount: US\$10,000,000

Pursuant to the Atta Notes Purchase Agreement, Atta Asset issued to Kingwell Management the Atta Notes on 15 September 2021 on the following principal terms:

Issuer: Atta Asset

Noteholder: Kingwell Management

Principal amount: US\$20,000,000

Maturity date: (the
“**Maturity Date**”)
23 April 2024

Interest: Atta Asset shall pay Kingwell Management interests on the Atta Notes in accordance with the following schedule:

Date	Amount (US\$)
7 May 2022	740,000
7 November 2022	740,000
7 May 2023	740,000
7 November 2023	740,000
7 May 2024	740,000

Repayment: Atta Asset may repay the Atta Notes in full or in part prior to the Maturity Date. The outstanding principal amount of the Atta Notes subscribed by Kingwell Management will be due and payable on the Maturity Date.

Mandatory prepayment: If at any time, Atta Asset receives any payment made in favour of Atta Asset pursuant to the TRS Arrangement other than payments of the interim exchange amounts under the TRS Arrangements, Atta Asset shall immediately prepay the Atta Notes in accordance with the Atta Notes Purchase Agreement.

Events of default: Customary events of default and breach of customary financial covenants are included. If an event of default subsists, Kingwell Management may declare by notice to the issuer that the whole of the outstanding principal of the Atta Notes (and any accrued interest) is immediately due and payable by Atta Asset to Kingwell Management.

Basis for Determination of the Consideration

Having considered the terms of the Zensun Notes, the Directors consider that the terms of the subscriptions of the Zensun Notes are fair and reasonable and on normal commercial terms. The terms of the Atta Notes Purchase Agreement and the Atta Notes were arrived at on commercial terms after arm's length negotiations between Atta Asset and Kingwell Management with reference to, among others, the prevailing market practice, the credit assessment towards Atta Asset as the issuer, the investment terms and the rate of return from the Atta Notes. The Directors considers that the Atta Notes Purchase Agreement and the Atta Notes are fair and reasonable and on normal commercial terms entered into based on (among others) the Group's credit assessment towards Atta Asset.

Based on the above, the Directors are of the view that the aggregate consideration for the Subscriptions as a whole is fair and reasonable and on normal commercial terms, and that the entering into of the Subscriptions are in the interests of the Company and the Shareholders as a whole.

Source of Funding

The Sheng Yuan's Proprietary Investment, being the subscription of the Zensun 24 Notes in the aggregate principal amount of US\$2,500,000, was funded by the internal resources of the Company. The Flourishing Fund's Subscriptions were funded by the Kingwell Notes Proceeds.

Reasons for and the Benefits of the Subscriptions

Business Plan of the Company

As disclosed in the circular of the Company dated 28 April 2021, the Company has formulated a business plan (the "**Business Plan**") to improve both its operational and financial conditions, which primarily involves, among others, (i) the taking of various measures to optimize operating expenses of the Group; and (ii) the seeking of various new business opportunities and the business delineation between the Group and Yuanyin Group has been substantially completed as disclosed in the announcement of the Company dated 18 November 2021. Each of YSL and YAML has ceased business of Regulated Activities following their filing of relevant cessation of business notice with SFC and will not conduct any Regulated Activities as long as they are still subsidiaries of Yuanyin Holding.

As at the date of this announcement, (i) Yuanyin International Limited (a wholly-owned subsidiary of Yuanyin Holding and a controlling shareholder of YSL) has entered into a sale and purchase agreement with an independent third party of the Company in relation to the disposal of YSL, and YSL will cease to be a subsidiary of Yuanyin Holding upon obtaining all relevant approvals from the SFC regarding such disposal, and YAML will surrender the Type 4 (advisory on securities) and Type 9 (asset management) licenses held by it to the SFC; and (ii) all of the licensed corporations of the Group has meet the requirements of the SFC in relation to responsible officers. In addition, with the implementation of the Business Plan, the Group's business performance has showed positive results for the year ended 31 December 2021 despite the negative impact from COVID-19. The Company considers that the Sheng Yuan's Proprietary Investment and the Flourishing Fund's Investment are in line with the Business Plan and in the best interest of the Company and the Shareholders as a whole, as further detailed below.

Sheng Yuan's Proprietary Investment

For the Sheng Yuan's Proprietary Investment, Kingwell Management subscribed for the Zensun 24 Notes in the principal amount of US\$2,500,000 for the purpose of proprietary investment for the Group. The Directors consider that the Sheng Yuan's Proprietary Investment provides the Group with an opportunity to balance and diversify its investment portfolio, as well as to generate a stable investment return for the Group with the interest income from the Zensun 24 Notes. For the year ended 31 December 2021, the Company has recorded approximately US\$84,760.27 (approximately HK\$660,130.14) of interest income from its proprietary investment in the Zensun 24 Notes. The Directors consider that the Sheng Yuan's Proprietary Investment is fair and reasonable and is in the best interest of the Company and the Shareholders as a whole.

The Company considers that, as the Sheng Yuan's Proprietary Investment is expected to generate additional and stable investment return to the Group which in turn would increase the working capital for the business development of the Group, the Sheng Yuan's Proprietary Investment is in line with the Business Plan.

Flourishing Fund's Subscriptions

Kingwell Management was able to source additional leveraged funds for the subscriptions to the Zensun 24 Notes through its arrangement with Atta Assets on the purchase of the Atta Notes. The effect of the purchase of the Atta Notes, which is a leveraged note, by Kingwell Management with the corresponding part of the Kingwell Notes Proceeds is that Kingwell Management has facilitated an additional leveraged subscription of the Zensun 24 Notes as Atta Assets has also subscribed for the Zensun 24 Notes for hedging purpose. In this respect, pursuant to the terms of the Atta Notes and the Kingwell Notes, Kingwell Management is able to earn an interests spread of 2.0% per annum of its principal subscription amount of the Atta Notes (i.e., US\$400,000 per annum), being the difference between its interests receivable from the Atta Notes and its interests payable under the Kingwell Notes (the "**Atta Notes Interests Spread**"), from the Subscription of the Flourishing Fund's Subscriptions. For the year ended 31 December 2021, the Group has recognized a total amount of US\$0 for the Atta Notes Interests Spread.

Regarding the subscriptions of the Zensun Notes under the Flourishing Fund's Subscriptions, as the interests received by Kingwell Management from the relevant Zensun Notes are, pursuant to the terms of the Triparty Agreement, applied for the payment of interests of the Kingwell Notes to Flourishing, as at the date of this announcement, Kingwell Management and the Company have not earned any net interests from the Zensun Notes subscribed under the Flourishing Fund's Subscriptions. The Directors consider that the Flourishing Fund's Subscriptions allow the Group to enhance its income stream and generate revenue, including the underwriting fees recorded by Sheng Yuan Securities in relation to the Zensun Notes and the Atta Notes Interest Spread, with a minimal risk.

In addition, the Group considers that the Subscriptions, including the Flourishing Fund's Subscriptions, provide a good opportunity for the Group to establish business relationship with Flourishing and Zensun, which in turn would enable the Group to explore more business opportunities in the securities market and able to further expand its business in the future. Considering the additional revenue to be generated and the potential business opportunities for the Group following the Flourishing Fund's Subscriptions, the Company considers that the Flourishing Fund's Subscriptions are in line with the Business Plan.

(i) *Limited investment risk exposure for Kingwell Management regarding the Flourishing Fund's Subscriptions*

Kingwell Management, Flourishing, Sheng Yuan Investment Advisors have entered into the Triparty Agreement on 11 September 2021 in relation to, among others, certain arrangements in relation to Subscriptions and the seniority regarding the payment obligations of Kingwell Management in this regard. Pursuant to the Triparty Agreement, Kingwell Management shall apply the internal resources of the Group (being funds from Sheng Yuan Investment Advisors) and the Kingwell Notes Proceeds for the Sheng Yuan's Proprietary Investment and the Flourishing Fund's Subscriptions, respectively. Nonetheless, the financial risks associated with the subscriptions under the Flourishing Fund's Subscriptions, including but not limited to the default of the Notes, would be minimal for the Group and such risks would be borne by Flourishing in accordance with the terms of the Triparty Agreement as set out in the following paragraph.

Pursuant to the terms of the Triparty Agreement, among others:

- (i) the obligations of Kingwell Management to Sheng Yuan Investment Advisors regarding the Sheng Yuan's Proprietary Investments are senior to any existing and future obligations of Kingwell Management to Flourishing regarding the Kingwell Notes. In other words, all proceeds received or to be received by Kingwell Management from the Subscriptions (including the subscriptions under the Sheng Yuan's Proprietary Investment and, if required, the Flourishing Fund's Subscriptions) shall first be applied for fulfilment of Kingwell Management's payment obligations to Sheng Yuan Investment Advisors in relation to the Sheng Yuan's Proprietary Investments in full (including the payment of interests and repayment of principal (as applicable) regarding the Sheng Yuan's Proprietary Investments), and the remaining proceeds (if any, after any taxes and relevant costs and expenses) to be applied for fulfilment of Kingwell Management's payment obligations to Flourishing (including the payment of interests and repayment of principal (as applicable) regarding the Kingwell Notes);
- (ii) Kingwell Management shall only make the scheduled interest and/or principal payments under the Kingwell Notes to Flourishing after Kingwell Management actually received the relevant proceeds from the Flourishing Fund's Subscriptions;

- (iii) regarding the Flourishing Fund's Subscriptions, (a) if the Net Value Ratio of the Zensun 23 Notes or the Zensun 24 Notes is at any time below 92%, Flourishing shall promptly (on demand by Kingwell Management) deposit an amount demanded by Kingwell Management to a designated account which may be used by Kingwell Management to satisfy its obligation due and payable under (among others) the Kingwell Notes; and (b) if the Net Value Ratio of the Zensun 23 Notes or the Zensun 24 Notes is below 90%, Kingwell Management has the right to dispose of any of the Flourishing Fund's Subscriptions in its sole and absolute discretion; and
- (iv) Flourishing agrees and acknowledge that its recourse against Kingwell Management in respect of its liabilities and obligations to Kingwell Management or any other creditor under the Notes are solely limited to the proceeds actually received by Kingwell Management from its direct or indirect investments in the Notes (for the avoidance of doubt, whether or not there is any event of default under or in respect of the Notes), and it shall not be an event of default under the Kingwell Notes if any scheduled interests or principal payment thereunder is not made as a result of Kingwell Management not actually receiving the proceeds (directly or indirectly) from the Notes.

In this regard, the financial risks associated with the subscriptions under the Flourishing Fund's Subscriptions would effectively be borne by Flourishing, and the risks exposure regarding the Flourishing Fund's Subscriptions for Kingwell Management and the Group has been minimized.

(ii) *Revenue relating to Sheng Yuan's Proprietary Investment and Flourishing Fund's Subscriptions*

(a) Underwriting fees

Sheng Yuan Securities, a wholly-owned subsidiary of the Company principally engaged in the underwriting business, was one of the underwriters for each of the Zensun 23 Notes and Zensun 24 Notes. With (i) the respective subscriptions of the Zensun Notes under the Sheng Yuan's Proprietary Investment and the Flourishing Fund's Subscriptions; and (ii) Atta Asset's subscription of Zensun 24 Notes in the principal amount of US\$20,000,000 for the purpose of hedging for its risks arising from the TRS Arrangements underlying the Atta Notes, Sheng Yuan Securities has recorded approximately US\$220,000 (approximately HK\$1,716,000) of income of underwriting commission for the year ended 31 December 2021 for the aforementioned subscriptions of Zensun Notes by Kingwell Management and Atta Asset.

(b) Interests spread from the subscription of Atta Notes

On the other hand, as mentioned above in this section of “Reasons for and benefits of the Subscriptions — Flourishing Fund’s Subscriptions”, through Kingwell Management’s purchase of the Atta Notes and pursuant to the terms of the Kingwell Notes and the Atta Notes, Kingwell Management would be able to earn and retain the Atta Notes Interest Spread from the arrangement with Flourishing in relation to the subscription of the Atta Notes.

Save as disclosed in this announcement, to the best of the knowledge and belief of the Directors, the Company or its connected person has not entered, or contemplated to enter, into any other arrangements, agreements or understanding (whether formal or informal and whether expressed or implied) with Flourishing, Atta Assets and Zensun respectively.

In view of the above, the Directors consider that the Subscriptions are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Status of the Subscriptions and plan of the Company

As disclosed in the annual results announcement of the Company dated 10 May 2022 and the annual report of the Company for the year ended 31 December 2021, the Group has recorded a revenue of HK\$1,199,000 (as recorded under “other gain and loss”) attributable to the Subscriptions for the year ended 31 December 2021.

The Zensun 24 Notes in the principal amount of US\$2,500,000 subscribed under Sheng Yuan’s Proprietary Investment was recorded as a non-current asset of the Group valued at HK\$19,797,000 (the fair value by independent valuer, as recorded under “debt instruments held at fair value through profit or loss”) as at 31 December 2021, representing a fair value gain of approximately US\$34,569 (approximately HK\$269,638) since the subscription by Kingwell Management in September 2021. The Company expects the Zensun 24 Notes will generate interest income each year, payable semi-annually in arrears until maturity.

In relation to the Flourishing Fund’s Subscriptions, in accordance with the Hong Kong Financial Reporting Standards and as agreed with the auditors of the Group, the relevant Notes subscribed by Kingwell Management under the Flourishing Fund’s Subscriptions have not, and will not, be consolidated to the consolidated financial statements of the Group taking into account, among others, the arrangements between Kingwell Management and Flourishing in relation to the Flourishing Fund’s Subscriptions under the Triparty Agreement.

To the extent that the Group's normal operation funding needs and its liquidity requirements are being satisfied on a continuing basis, the Company plans to maintain the Sheng Yuan's Proprietary Investment and the Flourishing Fund's Subscriptions in order to continue to maintain good business relationship and to make optimal use of its capital for increasing income of the Group as part of business and its prudent investment strategy for the best interests of the Company and the Shareholders as a whole.

Information on Zensun, Flourishing and Atta Asset

Zensun is a company incorporated in Hong Kong with limited liability and listed on the Stock Exchange (stock code: 185). Zensun and the Zensun Group are principally engaged in the businesses of property development, property investment, project management and sale services.

Flourishing is a company incorporated in the British Virgin Island with limited liability and is principally engaged in investment holding. It is owned as to 100% by Ms. Huang Yanping, a non-executive director of Zensun.

Atta Asset is company incorporated under the laws of the British Virgin Islands with limited liability. It is a special purpose vehicle set up and owned by Atta Capital Limited, a company incorporated under the laws of Hong Kong and is licensed to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance, for the purpose of notes issuance. Atta Capital Limited is owned as to (i) 30.87% by Sunlight Healthcare Company Limited (a company incorporated in Hong Kong), which is ultimately owned as to 49% by Mr. Song Xin and 51 % by Mr. Yu Yang; (ii) 26% by Vento Capital Limited (a company incorporated in Hong Kong), which is ultimately owned as to 58% by Mr. Lin Bo, 27% by Mr. Chen Yingke and 15% by Mr. Wang Meng; (iii) 19.9% by Guangdong Finance Investment International Co., Limited (a company incorporated in Hong Kong), which is a wholly-owned subsidiary of Guangdong Yuecai Investment Holdings Limited Company (a company established under the laws of the PRC) and in turn is owned as to 92.116% by the People's Government of Guangdong Province (廣東省人民政府) and 7.884% by the Department of Finance of Guangdong Province (廣東省財政廳); (iv) 13.23% by Asia Sky Investment Holdings Limited (a company incorporated in the British Virgin Islands), which is ultimately wholly-owned by Mr. Di Simuyi; and (v) 10% by Joint Fortune Capital (International) Management Company Limited (a company incorporated in Hong Kong), which is ultimately owned as to 60% by Mr. Xie Ailong and 40% by Mr. Li Yiwei.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Zensun, Flourishing, Atta Asset and their respective ultimate beneficial owner(s) are Independent Third Parties.

B. DISCLOSEABLE TRANSACTION RELATING TO PURCHASE OF LISTED SECURITIES

The Board wishes to further announce that on 16 March 2022 and 17 March 2022, the Group has, through Sheng Yuan Financial Services, a wholly-owned subsidiary of the Company, acquired on the market an aggregate of 304,000 Ping An Insurance H Shares at the price between HK\$47.10 to HK\$54.20 per Ping An Insurance Share (exclusive of transaction costs). The total purchase price (exclusive of transaction costs) for the Ping An Insurance H Shares acquired was HK\$15,520,000 and the average price for each Ping An Insurance H Shares acquired was approximately HK\$51.053. The total purchase price paid for the Ping An Shares Acquisition was the market price of the Ping An Insurance H Shares and settled in cash from the internal resources of the Company.

As the Ping An Shares Acquisition was made through the market and settled by the internal resources of the Company, the Company was not aware of the identities of the seller(s) of the Ping An Insurance H Shares. In this regard, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the seller(s) of the Ping An Insurance H Shares are Independent Third Parties.

Reasons for and Benefits of the Ping An Shares Acquisition

The principal activity of the Company is investment holding. The Group is a Hong Kong based institution providing a wide range of financial services, and principally conducts businesses in two business segments: (i) securities brokerage and financial services and (ii) asset management.

Having considered the share price performance of Ping An Insurance in March 2022, the Company considered that the Ping An Shares Acquisition was an attractive investment and could enhance the returns for the Company. In addition, Ping An Insurance has paid out dividends two times in the financial year of 2021, with the payout amount of HK\$1.6706 and HK\$1.056806 each Ping An Insurance H Share and corresponding ex-date on 22 April 2021 and 28 September 2021, respectively. The total dividend amount of HK\$2.727406 per Ping An Insurance H Share for the year of 2021 yields to approximately 5.3423% of the Company's average purchasing price per Ping An Insurance H Share of HK\$51.053. On 17 March 2022, Ping An Insurance announced its first dividend payment in 2022 with ex-date on 1 June 2022 and payout amount of HK\$1.8034 each Ping An Insurance H Share. The Company has received the dividend payment in the aggregate amount of HK\$548,233.60 on 20 June 2022 for its investment under the Ping An Shares Acquisition.

As the Ping An Shares Acquisition was made at market price, the Directors are of the view that the Ping An Shares Acquisition was fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Information on Ping An Insurance

Ping An Insurance is a joint stock limited company duly incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318).

According to publicly available information, Ping An Insurance Group is principally engaged in the provision of a wide range of financial products and services with a focus on the businesses of insurance, banking, asset management and technology.

The following financial information is extracted from the annual report of Ping An Insurance for the two financial years ended 31 December 2021:

	For the year ended/As at 31 December	
	2020	2021
	(audited)	(audited)
	(RMB'000'000)	(RMB'000'000)
Revenue	1,321,418	1,287,675
Profit before tax	187,764	139,580
Net Profit for the year	159,359	121,802
Total assets	9,527,870	10,142,026

C. INFORMATION ON THE GROUP, KINGWELL MANAGEMENT AND SHENG YUAN FINANCIAL SERVICES

The Group is principally engaged in (i) discretionary and non-discretionary dealing services for securities, futures and options, securities placing and underwriting services, margin financing and money lending services, insurance broking and wealth management services; (ii) corporate finance advisory and general advisory services; (iii) fund management, discretionary portfolio management and portfolio management advisory services; (iv) provision of loans; (v) financial media services; and (vi) securities investment and trading.

Kingwell Management, a wholly-owned subsidiary of the Company, was incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

Sheng Yuan Financial Services, a wholly-owned subsidiary of the Company, was incorporated in the British Virgin Islands with limited liability. It is principally engaged in proprietary trading in Hong Kong.

D. IMPLICATIONS UNDER THE LISTING RULES

The Subscriptions

As all the Notes under the Subscriptions were subscribed by Kingwell Management and were in relation to the Zensun 23 Notes and Zensun 24 Notes and of similar nature, the corresponding principal amounts of the Subscriptions, all completed within a 12 month period, have been aggregated as if they were one transaction for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios, on an aggregate basis, in respect of the Subscriptions at the relevant period exceed 100%, the Subscriptions technically constitute a very substantial acquisition of the Company under Rule 14.06(4) of the Listing Rules and should have been subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company acknowledges that the Subscriptions in nature technically constituted a very substantial acquisition and should have been subject to the shareholders' approval requirement as set out above. However, considering that it would be impracticable and unduly burdensome for the Company to unwind the Subscriptions, a general meeting of the Company will not be convened in this regard. A circular containing, among others, information in relation to the Subscriptions will be despatched to the Shareholders for their information on or before 2 September 2022.

The Ping An Shares Acquisition

The Ping An Shares Acquisition constituted a discloseable transaction under Rule 14.06(2) of the Listing Rules as one or more of the applicable percentage ratios of the Ping An Shares Acquisition exceed 5% but are less than 25%. The Ping An Shares Acquisition is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

E. RECTIFICATION OF BREACH OF THE LISTING RULES

As disclosed above, (i) the Subscriptions technically constitute a very substantial acquisition under Rule 14.06(4) of the Listing Rules; and (ii) the Ping An Share Acquisition constituted a discloseable transaction under Rule 14.06(2) of the Listing Rules. Therefore, the failure by the Company to timely report and announce the details of the Subscriptions and the Ping An Share Acquisition and to obtain the shareholders' approval for the Subscriptions constituted breaches of Chapter 14 of the Listing Rules.

The Board wishes to clarify that the abovementioned breaches of the Listing Rules were due to its unintentional and inadvertent oversight. The Company was unaware that the Subscriptions would constitute transaction(s) under Chapter 14 of the Listing Rules at the time of the Subscriptions and therefore, failed to timely assess the classification of the Ping An Shares Acquisition under Chapter 14 of the Listing Rules. Having consulted its

professional advisers, it subsequently came to the Company's attention that (i) the Subscriptions would technically constitute a very substantial acquisition under Rule 14.06(4) of the Listing Rules in the course of the preparation of the annual results announcement of the Group for the year ended 31 December 2021; and (ii) the Ping An Shares Acquisition constituted a discloseable transaction under Rule 14.06(2) of the Listing Rules.

The Company regrets such unintentional breaches of the Listing Rules and reiterates its belief that continuing compliance with the Listing Rules and other applicable regulatory requirements is of utmost importance.

Enhanced Internal Control Measures

To prevent reoccurrence of similar breaches of the Listing Rules in the future, the Group has put in place the following internal control measures:

- (i) providing regular internal trainings on notifiable transaction(s) to all relevant personnel, including accounting staff and senior management in all business departments of the Group to reinforce and re-explain the relevant requirements of the Listing Rules;
- (ii) strengthening the implementation of its internal control system on transactions, including but not limited to the strengthening of the coordination and reporting arrangements for notifiable transactions among various departments of the Company; and
- (iii) for any potential transaction(s) which may constitute new notifiable transaction(s) of the Group, consulting professional advisers and the Stock Exchange (where necessary) in a timely manner prior to the entering into of such transaction(s).

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

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|--------------|---|
| “Atta Asset” | Atta Asset 4 Limited, a company incorporated under the laws of the British Virgin Islands with limited liability |
| “Atta Notes” | a leveraged promissory note issued by Atta Asset to Kingwell in the principal amount of US\$20,000,000 with the subscription amount of US\$10,000,000 |

“Atta Notes Purchase Agreement”	the agreement dated 15 September 2021 entered into between Atta Asset (as the issuer) and Kingwell Management (as the purchaser) in relation to the subscription of the Atta Notes
“Atta Notes Interest Spread”	has the meaning ascribed to it under this announcement
“Board”	the board of Directors
“Business Plan”	has the meaning ascribed to it under the section headed “Reasons for and the Benefits of the Subscriptions — Sheng Yuan’s Proprietary Investment” in this announcement
“Company”	Sheng Yuan Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange (Stock Code: 851)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Flourishing”	Flourishing Fountain Investment Limited, a company incorporated in the British Virgin Island with limited liability. It is owned as to 100% by Ms. Huang Yanping, a non-executive director of Zensun
“Flourishing Fund’s Subscriptions”	collectively, (i) the subscription of the Zensun 23 Notes in the principal amount of US\$10,580,000; (ii) the subscription of the Zensun 24 Notes in the principal amount of US\$6,500,000; and (iii) the entering into of the Atta Notes Purchase Agreement and the purchase of Atta Notes in the principal amount of US\$10,000,000, by Kingwell Management with the Kingwell Notes Proceeds pursuant to the terms of the Kingwell Notes Subscription Agreement and the Triparty Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party”	third party(ies) independent of the Company and connected persons of the Company
“Kingwell Management”	Kingwell Management Limited, a company incorporated under the laws of Hong Kong with limited liability, and a wholly-owned subsidiary of the Company
“Kingwell Notes”	the principal amount of US\$27,080,000 12.5% notes due 2024 issued by Kingwell Management to Flourishing pursuant to the Kingwell Notes Subscription Agreement
“Kingwell Notes Proceeds”	the proceeds received by Kingwell Management
“Kingwell Notes Subscription Agreement”	a subscription agreement dated 6 September 2021 entered into between Kingwell Management (as the issuer) and Flourishing (as the subscriber) in relation to the subscription of the Kingwell Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Value Ratio”	at any time of determination by Kingwell Management, the net value ratio of the Zensun Notes calculating as the then market value of such Zensun Notes determined by Kingwell Management divided by the face amount of such Zensun Notes
“Notes”	collectively, (i) the Zensun 23 Notes; (ii) the Zensun 24 Notes; and (iii) the Atta Notes
“Ping An Insurance”	Ping An Insurance (Group) Company of China, Ltd., a joint stock limited company duly incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318)

“Ping An Insurance Group”	Ping An Insurance and its subsidiaries
“Ping An Insurance H Share”	H share(s) of RMB1.00 each in the capital of Ping An Insurance which is/are listed and traded on the Stock Exchange
“Ping An Shares Acquisition”	the acquisition of an aggregate of 304,000 Ping An Insurance H Shares at a total purchase price of approximately HK\$15,520,000) by the Company on 16 March 2022 and 17 March 2022
“PRC”	the People’s Republic of China which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region and Taiwan
“Regulated Activities”	the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sheng Yuan Financial Services”	Sheng Yuan Financial Services Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sheng Yuan Investment Advisors”	Sheng Yuan Investment Advisors Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Sheng Yuan Securities”	Sheng Yuan Securities Limited, a company incorporated in Hong Kong with limited liability, licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance, and an indirect wholly-owned subsidiary of the Company

“Sheng Yuan’s Proprietary Investment”	the subscription of the Zensun 24 Notes in the principal amount of US\$2,500,000 by Kingwell Management on 23 September 2021, which is a proprietary investment of the Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	collectively, the Sheng Yuan’s Proprietary Investment and the Flourishing Fund’s Subscriptions
“Yuanyin Group”	Yuanyin Holdings and its subsidiaries
“Yuanyin Holdings”	Yuanyin Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which, together with its subsidiaries, was interested in 1,030,170,000 Shares, representing approximately 26.97% of the total issued share capital of the Company as at the date of this announcement
“Triparty Agreement”	a triparty agreement dated 11 September 2021 entered into among Kingwell Management, Flourishing and Sheng Yuan Investment Advisors in relation to, among others, the Subscriptions and the repayment obligations for Kingwell Management
“TRS Arrangements”	the total return swap arrangements between ATTA Asset and Huarong Rongde (Hong Kong) Investment Management Company Limited in relation to the Zensun 24 Notes in the principal amount of US\$20,000,000 (as the reference bonds)
“Zensun”	Zensun Enterprises Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 185)
“Zensun 23 Notes”	US\$200 million 12.50% senior notes due 2023 issued by Zensun (stock code: 40836), details of which are included in the announcement of Zensun dated 9 September 2021

“Zensun 24 Notes”	US\$160 million 12.50% senior notes due 2024 issued by Zensun (stock code: 40859), details of which are included in the announcement of Zensun dated 17 September 2021
“Zensun Group”	Zensun and its subsidiaries
“Zensun Notes”	collectively, the Zensun 23 Notes and the Zensun 24 Notes
“%”	per cent

By order of the Board
Sheng Yuan Holdings Limited
Zhou Quan
Executive Director

Hong Kong, 12 August 2022

As at the date of this announcement, the Board consists of Mr. Ma Baojun (being a non-executive Director), Mr. Zhou Quan and Mr. Zhao Yun (all being executive Directors), Mr. Huang Shuanggang (being a non-executive Director), Mr. Zhang Jinfan, Ms. Wen Han Qiuzi and Ms. Huang Qin (all being independent non-executive Directors).