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SHENG YE CAPITAL LIMITED

盛業資本有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8469

DISCLOSEABLE TRANSACTIONS — SECOND SUPPLEMENTAL FACTORING AGREEMENT

SECOND SUPPLEMENTAL FACTORING AGREEMENT

The Board hereby announces that on 19 July 2017, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Second Supplemental Factoring Agreement with Guangdong Kunteng pursuant to which the revolving factoring loan credit limit granted by SY Factoring to Guangdong Kunteng was revised from RMB180,000,000 (equivalent to approximately HK\$203,400,000) to RMB260,000,000 (equivalent to approximately HK\$293,800,000).

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the revised credit limit under the Second Supplemental Factoring Agreement exceeds 5% but is less than 25%, the entering into of the Second Supplemental Factoring Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

BACKGROUND

On 20 February 2017, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Framework Agreement with Guangdong Kunteng pursuant to which SY Factoring has in principal agreed to provide, among other things, i) financing being secured by accounts receivables of Guangdong Kunteng; ii) accounts receivable management services; and iii) accounts receivable collection services to Guangdong Kunteng for a period of 2 years from the date of signing of the Framework Agreement. Pursuant to the Framework Agreement, detailed terms of the factoring services to be provided by SY Factoring to Guangdong Kunteng are to be further agreed by the parties.

On 3 March 2017, pursuant to the Framework Agreement, SY Factoring entered into the First Supplemental Factoring Agreement with Guangdong Kunteng pursuant to which SY Factoring has agreed to grant a revolving factoring loan credit limit of RMB180,000,000 (equivalent to approximately HK\$203,400,000) to Guangdong Kunteng. The factoring loan was subject to an interest rate of 13.5% per annum (including tax, to be paid by Guangdong Kunteng to SY Factoring when the factoring loan was repaid) and a service fee of 0.35% of the accounts receivable assigned per month (including tax, to be paid by Guangdong Kunteng to SY Factoring within the first 5 Business Days of the next month).

On 4 April 2017 and 12 July 2017, under the Framework Agreement and the First Supplemental Factoring Agreement, Guangdong Kunteng applied for utilization of the revolving factoring loan in the amount of RMB25,000,000 (equivalent to approximately HK\$28,250,000) and RMB6,382,978.72 (equivalent to approximately HK\$7,212,765.95) respectively which had been approved and granted by SY Factoring on the respective application date. As at the date of this announcement, RMB31,382,978.72 (equivalent to approximately HK\$35,462,765.95) of the revolving factoring loan is outstanding.

SECOND SUPPLEMENTAL FACTORING AGREEMENT

The Board hereby announces that on 19 July 2017, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Second Supplemental Factoring Agreement with Guangdong Kunteng pursuant to which the revolving factoring loan credit limit granted to Guangdong Kunteng was revised from RMB180,000,000 (equivalent to approximately HK\$203,400,000) to RMB260,000,000 (equivalent to approximately HK\$293,800,000).

Save as disclosed above, all the terms of the Framework Agreement (as supplemented by the First Supplemental Factoring Agreement) shall remain unchanged and in full force and effect and binding on the parties.

The principal terms of the revolving factoring loan under the Framework Agreement (as supplemented by the First Supplemental Factoring Agreement and the Second Supplemental Factoring Agreement) are set out as below:

- Date : 19 July 2017

- Parties : (1) Guangdong Kunteng, a company established in the PRC with limited liability and is principally engaged in, among other things, bulk commodity trading focusing on trading of non-ferrous metal and oil. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Guangdong Kunteng and its ultimate beneficial owners are Independent Third Parties.

(2) SY Factoring, an indirect wholly owned subsidiary of the Company which principal business is, among other things, commercial factoring.

- Credit limit : RMB260,000,000 (equivalent to approximately HK\$293,800,000)

- Type of credit limit : Revolving

- Interest rate per annum : 13.5% (including tax, to be paid by Guangdong Kunteng to SY Factoring when the factoring loan was repaid)

- Service fee per month : 0.35% of the accounts receivable assigned (including tax, to be paid by Guangdong Kunteng to SY Factoring within the first 5 Business Days of the next month)

- Expiry date of the credit limit : 28 February 2018

The interest rate of the revolving factoring loan and the service fee are determined by the parties on arm's length negotiation taking into account i) the credit rating of Guangdong Kunteng and the debtors of the accounts receivables provided by Guangdong Kunteng; ii) the credit period; and iii) the factoring is with notification and with recourse.

If the credit limit was never utilized within 90 days from the date of signing of the Second Supplemental Factoring Agreement, SY Factoring shall cease the provision of the credit limit to Guangdong Kunteng.

REASONS FOR THE SECOND SUPPLEMENTAL FACTORING AGREEMENT

The Group is principally engaged in the provision of enterprise financial services offering accounts receivable financing and other related solutions, mainly in the energy, construction and medical sectors in the PRC. The Directors consider that the Framework Agreement, the First Supplemental Factoring Agreement and the Second Supplemental Factoring Agreement were entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

Owing to its business need, Guangdong Kunteng negotiated with SY Factoring for the increase of credit limit under the Framework Agreement (as supplemented by the First Supplemental Factoring Agreement). Since Guangdong Kunteng is able to increase the accounts receivable assignable to the Group, upon the request of Guangdong Kunteng and upon the approval of such request by SY Factoring after assessment on the quality of the accounts receivables provided by Guangdong Kunteng, SY Factoring entered into the Second Supplemental Factoring Agreement with Guangdong Kunteng.

Given that the Framework Agreement, the First Supplemental Factoring Agreement and the Second Supplemental Factoring Agreement are being conducted in the ordinary and usual course of business of SY Factoring, which will contribute profit to the Company over the financing term, are under normal commercial terms, and are beneficial to the Group in its business expansion and establishment of long term business relationship with Guangdong Kunteng, the Directors are of the view that the terms of the Framework Agreement, the First Supplemental Factoring Agreement and the Second Supplemental Factoring Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the revised credit limit under the Second Supplemental Factoring Agreement exceeds 5% but is less than 25%, the entering into of the Second Supplemental Factoring Agreement constitutes a discloseable transaction for the Company under the GEM 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.

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors of the Company
“Company”	Sheng Ye Capital Limited, an exempted company incorporated with limited liability in the Cayman Islands, whose Shares are listed on the GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“First Supplemental Factoring Agreement”	the credit limit (with recourse) agreement between SY Factoring and Guangdong Kunteng dated 3 March 2017 pursuant to which SY Factoring has agreed to grant a revolving factoring loan of a credit limit of RMB180,000,000 (equivalent to approximately HK\$203,400,000)
“Framework Agreement”	the PRC with recourse factoring service agreement between SY Factoring and Guangdong Kunteng dated 20 February 2017 pursuant to which SY Factoring has in principal agreed to provide factoring services to Guangdong Kunteng
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Guangdong Kunteng”	廣東昆騰實業有限公司 (Guangdong Kunteng Industrial Co Ltd*), a company established in the PRC with limited liability
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong

“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 GEM Listing Rules) of the Company
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Factoring Agreement”	the credit limit (with recourse) agreement between SY Factoring and Guangdong Kunteng dated 19 July 2017 pursuant to which the revolving factoring loan credit limit was revised to RMB260,000,000 (equivalent to approximately HK\$293,800,000)
“Shares”	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 GEM 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
“%”	per cent

By order of the Board
Sheng Ye Capital Limited
Tung Chi Fung
Chairman

Hong Kong, 19 July 2017

This announcement, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

As at the date of this announcement, the Board comprises two executive directors: Mr. Tung Chi Fung and Mr. Chen Jen-Tse; and three independent non-executive directors: Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon and Mr. Tsoon Wai Mun, Benjamin.

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).*

Unless otherwise stated, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.13 for information purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

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

This announcement will remain on the Stock Exchange’s website at www.hkexnews.hk and, in the case of this announcement, on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.shengyecapital.hk.