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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 TRANSACTION — SUPPLEMENTAL FACTORING AGREEMENT

SUPPLEMENTAL FACTORING AGREEMENT

The Board hereby announces that on 30 September 2017, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Supplemental Factoring Agreement with Gansu Zhongyao pursuant to which the revolving factoring loan credit limit granted by SY Factoring to Gansu Zhongyao was revised from RMB70,000,000 (equivalent to approximately HK\$79,100,000) to RMB140,000,000 (equivalent to approximately HK\$158,200,000).

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 Supplemental Factoring Agreement exceeds 5% but is less than 25%, the entering into of the 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 17 May 2017, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Framework Agreement and the Pool Financing Agreement with Gansu Zhongyao pursuant to which SY Factoring has in principle agreed to provide, among other things, i) financing being secured by a pool of accounts receivables of Gansu Zhongyao; ii) accounts receivable management services; and iii) accounts receivable collection services to Gansu Zhongyao for a period of 2 years from the date of signing of the Framework Agreement and the Pool Financing Agreement. Pursuant to the Framework Agreement and the Pool Financing Agreement, detailed terms of the factoring services to be provided by SY Factoring to Gansu Zhongyao are to be further agreed by the parties.

On the same date, pursuant to the Framework Agreement and the Pool Financing Agreement, SY Factoring entered into the Factoring Agreement with Gansu Zhongyao pursuant to which SY Factoring has agreed to grant a revolving factoring loan credit limit of RMB70,000,000 (equivalent to approximately HK\$79,100,000) to Gansu Zhongyao. The factoring loan was subject to an interest rate of 8% per annum (including tax, to be paid by Gansu Zhongyao to SY Factoring within the first five Business Days each month).

On 17 May 2017, 26 May 2017, 5 June 2017, 11 July 2017 and 25 July 2017, under the Framework Agreement, the Pool Financing Agreement and the Factoring Agreement, Gansu Zhongyao applied for utilizations of the revolving factoring loan in the amount of RMB23,929,262.64, RMB9,321,471.90, RMB29,541,533.00, RMB4,600,000.00 and RMB2,600,000 (equivalent to approximately HK\$27,040,066.78, HK\$10,533,263.25, HK\$33,381,932.29, HK\$5,198,000 and HK\$2,938,000) respectively which had been approved and granted by SY Factoring on the respective application dates. As at the date of this announcement, RMB7,732.46 (equivalent to approximately HK\$8,737.68) of the revolving factoring loan credit limit is outstanding.

SUPPLEMENTAL FACTORING AGREEMENT

The Board hereby announces that on 30 September 2017, SY Factoring entered into the Supplemental Factoring Agreement with Gansu Zhongyao pursuant to which the revolving factoring loan credit limit granted by SY Factoring to Gansu Zhongyao was revised from RMB70,000,000 (equivalent to approximately HK\$79,100,000) to RMB140,000,000 (equivalent to approximately HK\$158,200,000).

Save as disclosed above, all the terms of the Factoring Agreement (as supplemented by the 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 Factoring Agreement (as supplemented by the Supplemental Factoring Agreement) are set out as below:

- Date : 30 September 2017
- Parties : (1) Gansu Zhongyao, a company established in the PRC with limited liability and is principally engaged in, among other things, distribution of medicine and surgical instrument. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Gansu Zhongyao 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 : RMB140,000,000 (equivalent to approximately HK\$158,200,000)
- Type of credit limit : Revolving
- Interest rate per annum : 8% (including tax, to be paid by Gansu Zhongyao to SY Factoring within the first five Business Days each month).
- Expiry date of the credit limit : 16 May 2018

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

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

REASONS FOR THE 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 Pool Financing Agreement, the Factoring Agreement and the 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, Gansu Zhongyao negotiated with SY Factoring for the increase of credit limit under the Factoring Agreement. Since Gansu Zhongyao is able to increase the accounts receivable assignable to the Group, upon the request of Gansu Zhongyao and upon the approval of such request by SY Factoring after assessment on the quality of the accounts receivables provided by Gansu Zhongyao, SY Factoring entered into the Supplemental Factoring Agreement with Gansu Zhongyao.

Given that the Framework Agreement, the Pool Financing Agreement, the Factoring Agreement and the 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 Gansu Zhongyao, the Directors are of the view that the terms of the Framework Agreement, the Pool Financing Agreement, the Factoring Agreement and the 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 Supplemental Factoring Agreement exceeds 5% but is less than 25%, the entering into of the 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
“Business Days”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
“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
“Factoring Agreement”	the credit limit (with recourse) agreement between SY Factoring and Gansu Zhongyao dated 17 May 2017 pursuant to which SY Factoring has agreed to grant a revolving factoring loan of a credit limit of RMB70,000,000 (equivalent to approximately HK\$79,100,000)
“Framework Agreement”	the PRC with recourse factoring service agreement between SY Factoring and Gansu Zhongyao dated 17 May 2017 pursuant to which SY Factoring has in principle agreed to provide factoring services to Gansu Zhongyao
“Gansu Zhongyao”	甘肅重藥醫藥有限公司(Gansu Zhongyao Medical Co. Ltd.*), a company established in the PRC with limited liability
“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
“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
“Pool Financing Agreement”	the pool financing agreement between SY Factoring and Gansu Zhongyao dated 17 May 2017 pursuant to which SY Factoring has agreed to provide service of financing being secured by a pool of accounts receivables of Gansu Zhongyao
“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
“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
“Supplemental Factoring Agreement”	the credit limit (with recourse) agreement between SY Factoring and Gansu Zhongyao dated 30 September 2017 pursuant to which the revolving factoring loan credit limit was revised to RMB140,000,000 (equivalent to approximately HK\$158,200,000)

“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, 30 September 2017

This announcement, for which the Directors 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.com.