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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 — FACTORING AGREEMENT

FACTORING AGREEMENT

The Board hereby announces that on 26 December 2017, Sheng Peng, an indirect wholly owned subsidiary of the Company, entered into the Framework Agreement and the Pool Financing Agreement with Zhengzhou Tongda pursuant to which Sheng Peng has in principle agreed to provide, among other things, i) financing being secured by a pool of accounts receivables; ii) accounts receivable management services; and iii) accounts receivable collection services to Zhengzhou Tongda for a period of 2 years from the date of signing of the Framework Agreement.

On the same date, pursuant to the Framework Agreement and the Pool Financing Agreement, Sheng Peng entered into the Factoring Agreement with Zhengzhou Tongda pursuant to which Sheng Peng granted a revolving factoring loan credit limit of RMB200,000,000 (equivalent to approximately HK\$238,000,000) to Zhengzhou Tongda.

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 revolving factoring loan credit limit granted to Zhengzhou Tongda exceeds 5% but is less than 25%, the entering into of the Factoring Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

FRAMEWORK AGREEMENT

The Board hereby announces that on 26 December 2017, Sheng Peng, an indirect wholly owned subsidiary of the Company, entered into the Framework Agreement and the Pool Financing Agreement with Zhengzhou Tongda pursuant to which Sheng Peng has in principle agreed to provide, among other things, i) financing being secured by a pool of accounts receivables; ii) accounts receivable management services; and iii) accounts receivable collection services to Zhengzhou Tongda for a period of 2 years from the date of signing of the Framework Agreement. Pursuant to the Framework Agreement and the Pool Financing Agreement, Zhengzhou Tongda will fill in an application for factoring services and Sheng Peng will make credit assessment to determine a credit limit. If the credit assessment is to the satisfaction of Sheng Peng, Sheng Peng will enter into a factoring agreement with Zhengzhou Tongda which delineates the credit limit, the service fee and the expiry date of the credit limit.

FACTORING AGREEMENT

Pursuant to the Framework Agreement and the Pool Financing Agreement, on 26 December 2017, Sheng Peng entered into the Factoring Agreement with Zhengzhou Tongda pursuant to which Sheng Peng granted a revolving factoring loan credit limit of RMB200,000,000 (equivalent to approximately HK\$238,000,000) to Zhengzhou Tongda.

The principal terms of the revolving factoring loan under the Factoring Agreement are set out as below:

- Date : 26 December 2017
- Parties : (1) Zhengzhou Tongda, a company established in the PRC with limited liability and is principally engaged in the wholesale of anesthetics, psychotropics and Chinese medicine. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Zhengzhou Tongda and its ultimate beneficial owner are Independent Third Parties.
- (2) Sheng Peng, an indirect wholly owned subsidiary of the Company which principal business is, among other things, commercial factoring.

Credit limit	: RMB200,000,000 (equivalent to approximately HK\$238,000,000)
Type of credit limit	: Revolving
Interest rate per annum	: 9% per year (including tax, to be paid by Zhengzhou Tongda to Sheng Peng within the first five business days each month)
Expiry date of the credit limit	: 25 December 2018

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

If the credit limit was never utilized within 90 days by Zhengzhou Tongda from the date of signing of the Factoring Agreement, Sheng Peng shall cease the provision of the credit limit to Zhengzhou Tongda.

REASONS FOR THE FRAMEWORK AGREEMENT AND THE 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 and the 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, Zhengzhou Tongda negotiated with Sheng Peng for entering into the Framework Agreement, the Pool Financing Agreement and the Factoring Agreement. Since Zhengzhou Tongda is able to provide the accounts receivable assignable to the Group, upon the request of Zhengzhou Tongda and upon the approval of such request by Sheng Peng after assessment on the quality of the accounts receivables provided by Zhengzhou Tongda, Sheng Peng entered into the Factoring Agreement with Zhengzhou Tongda.

Given that the Framework Agreement, the Pool Financing Agreement and the Factoring Agreement are being conducted in the ordinary and usual course of business of Sheng Peng, 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 Zhengzhou Tongda, the Directors are of the view that the terms of the Framework Agreement, the Pool Financing Agreement and the 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 revolving factoring loan credit limit granted to Zhengzhou Tongda exceeds 5% but is less than 25%, the entering into of the 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 in the Cayman Islands with limited liability, 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 Sheng Peng and Zhengzhou Tongda dated 26 December 2017 pursuant to which Sheng Peng has agreed to grant a revolving factoring loan of a credit limit of RMB200,000,000 (equivalent to approximately HK\$238,000,000)
“Framework Agreement”	the PRC with recourse factoring service agreement between Sheng Peng and Zhengzhou Tongda dated 26 December 2017 pursuant to which Sheng Peng has in principle agreed to provide, among other things, i) financing being secured by accounts receivables; ii) accounts receivable management services; and iii) accounts receivable collection services to Zhengzhou Tongda

“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 Sheng Peng and Zhengzhou Tongda dated 26 December 2017 pursuant to which Sheng Peng has agreed to provide service of financing being secured by a pool of accounts receivable of Zhengzhou Tongda
“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
“Sheng Peng”	盛鵬商業保理有限公司 (Sheng Peng Factoring Limited*), a company established in the PRC with limited liability and a subsidiary of the Group

“Zhengzhou Tongda”

鄭州同大藥業有限責任公司 (Zhengzhou Tongda Yaoye Company Limited*), a company established in the PRC with limited liability

“%”

per cent

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

Hong Kong, 27 December 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; one non-executive Director: Ms. Tung Ching Ching, 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\$1.19 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.