

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **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 26 October 2017, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into i) the Supplemental Factoring Agreement (HengAnZe) with HengAnZe; and ii) the Supplemental Factoring Agreement (Shiyan) with Shiyan, pursuant to which a revolving factoring loan credit limit granted by SY Factoring to HengAnZe and Shiyan jointly was revised from RMB60,000,000 (equivalent to approximately HK\$67,800,000) to two standalone revolving factoring loan credit limits granted by SY Factoring respectively to HengAnZe in an amount of RMB70,000,000 (equivalent to approximately HK\$79,100,000) and granted to Shiyan in an amount of RMB35,000,000 (equivalent to approximately HK\$39,550,000) respectively.

#### **GEM LISTING RULES IMPLICATIONS**

The relevant applicable percentage ratios (as defined under the GEM Listing Rules) for each of the Supplemental Factoring Agreements are less than 5% and therefore the each of the Supplemental Factoring Agreements does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 19 of the GEM Listing Rules.

Nevertheless, pursuant to Rule 19.22 of the GEM Listing Rules, since HengAnZe and Shiyan have the same ultimate majority beneficial owner, the Directors consider that the Supplemental Factoring Agreements shall be aggregated as if they were one transaction. As the relevant applicable percentage ratios (as defined under the GEM Listing Rules) for the aggregate transaction amount of the Supplemental Factoring Agreements exceed 5% but all are less than 25%, the Supplemental Factoring Agreements together constitute a discloseable transaction which is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

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 limits under the Supplemental Factoring Agreements in aggregate exceeds 5% but is less than 25%, the entering into of the Supplemental Factoring Agreements 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 respectively i) the Framework Agreement (HengAnZe) and the Pool Financing Agreement (HengAnZe) with HengAnZe; and ii) the Framework Agreement (Shiyan) and the Pool Financing Agreement (Shiyan) with Shiyan 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 HengAnZe and Shiyan respectively; ii) accounts receivable management services; and iii) accounts receivable collection services to HengAnZe and Shiyan for a period of 2 years from the date of signing of the Framework Agreements. Pursuant to the Framework Agreements and the Pool Financing Agreements, detailed terms of the factoring services to be provided by SY Factoring to HengAnZe and Shiyan are to be further agreed by the parties.

On 17 May 2017, pursuant to the Framework Agreements and the Pool Financing Agreements, SY Factoring entered into respectively i) the Factoring Agreement (HengAnZe) with HengAnZe; and ii) the Factoring Agreement (Shiyan) with Shiyan, pursuant to which SY Factoring has agreed to grant a revolving factoring loan credit limit of RMB60,000,000 (equivalent to approximately HK\$67,800,000) to HengAnZe and Shiyan jointly. The factoring loan was subject to an interest rate of 8% per annum (including tax, to be paid by HengAnZe and Shiyan to SY Factoring within the first five business days each month). The credit limit is to be shared between HengAnZe and Shiyan.

On 19 May 2017, 20 June 2017, 21 June 2017, 7 July 2017, 9 August 2017 and 13 September 2017, under the Framework Agreement (HengAnZe), the Pool Financing Agreement (HengAnZe) and the Factoring Agreement (HengAnZe), HengAnZe applied for utilizations of the revolving factoring loan in the amount of RMB4,000,000, RMB3,400,000, RMB4,790,000, RMB1,800,000, RMB5,800,000 and RMB6,350,000 (equivalent to approximately HK\$4,520,000, HK\$3,842,000, HK\$5,412,700, HK\$2,034,000, HK\$6,554,000, and HK\$7,175,500) respectively which had been approved and granted by SY Factoring on the respective application dates. As at the date of this announcement, RMB26,140,000 (equivalent to approximately HK\$29,538,200) of the revolving factoring loan have been utilised but are not repaid yet.

On 17 May 2017, 17 May 2017, 20 June 2017, 14 July 2017, 31 July 2017, 7 August 2017, 7 September 2017 and 18 September 2017, under the Framework Agreement (Shiyan), the Pool Financing Agreement (Shiyan) and the Factoring Agreement (Shiyan), Shiyan applied for utilizations of the revolving factoring loan in the amount of RMB4,000,000, RMB4,000,000, RMB5,500,000, RMB6,250,000, RMB3,500,000, RMB4,000,000, RMB2,750,000 and RMB2,850,000 (equivalent to approximately HK\$4,520,000, HK\$4,520,000, HK\$6,215,000, HK\$7,062,500, HK\$3,955,000, HK\$4,520,000, HK\$3,107,500 and HK\$3,220,500) respectively which had been approved and granted by SY Factoring on the respective application dates. As at the date of this announcement, RMB32,850,000 (equivalent to approximately HK\$37,120,500) of the revolving factoring loan have been utilised but are not repaid yet.

## **SUPPLEMENTAL FACTORING AGREEMENT**

The Board hereby announces that on 26 October 2017, SY Factoring entered into i) the Supplemental Factoring Agreement (HengAnZe) with HengAnZe; and ii) the Supplemental Factoring Agreement (Shiyan) with Shiyan, pursuant to which the revolving factoring loan credit limit granted by SY Factoring to HengAnZe and Shiyan jointly was revised from RMB60,000,000 (equivalent to approximately HK\$67,800,000) to two standalone revolving factoring loan credit limits granted by SY Factoring respectively to HengAnZe in an amount of RMB70,000,000 (equivalent to approximately HK\$79,100,000) and Shiyan in an amount of RMB35,000,000 (equivalent to approximately HK\$39,550,000).

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

The principal terms of the revolving factoring loans under the Factoring Agreements (as supplemented by the Supplemental Factoring Agreements) are set out as below:

Date : 26 October 2017

Parties : *For the Supplemental Factoring Agreement (HengAnZe):*

- (1) HengAnZe, a company established in the PRC with limited liability and is principally engaged in, among other things, sales of Chinese medicine, medicine, and medical equipment. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, HengAnZe and its ultimate majority beneficial owner are Independent Third Parties.

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

*For the Supplemental Factoring Agreement (Shiyan):*

- (1) Shiyan, a company established in the PRC with limited liability and is principally engaged in, among other things, sales of Chinese medicine, medicine, and medical equipment. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Shiyan and its ultimate majority beneficial owner 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                    | : | For the Supplemental Factoring Agreement (HengAnZe):<br>RMB70,000,000 (equivalent to approximately HK\$79,100,000)    |
|                                 |   | For the Supplemental Factoring Agreement (Shiyan):<br>RMB35,000,000 (equivalent to approximately HK\$39,550,000)      |
| Type of credit limit            | : | Revolving   |
| Interest rate per annum         | : | 8% (including tax, to be paid by HengAnZe and Shiyan to SY Factoring within the first five business days each month). |
| Expiry date of the credit limit | : | 18 June 2018  |

The interest rates of the revolving factoring loans are determined by the parties on arm's length negotiation taking into account i) the respective credit rating of HengAnZe and Shiyan and the debtors of the accounts receivables provided by HengAnZe and Shiyan; ii) the respective credit period; and iii) the factorings are with recourse.

If HengAnZe and Shiyan do not utilize the respective credit limits within 90 days from the date of signing of the respective Supplemental Factoring Agreement, SY Factoring shall cease the provision of the credit limits to HengAnZe and/or Shiyan (as the case may be).

## **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 Agreements, the Pool Financing Agreements, the Factoring Agreements and the Supplemental Factoring Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

Owing to its business need, each of HengAnZe and Shiyan negotiated with SY Factoring for the increase and separation of credit limit under the Factoring Agreements. Since each of HengAnZe and Shiyan is able to increase the accounts receivable assignable to the Group, upon the request of each of HengAnZe and Shiyan and upon the approval of such request by SY Factoring after assessment on the quality of the accounts receivables provided by each of HengAnZe and Shiyan, SY Factoring entered into the respective Supplemental Factoring Agreement with each of HengAnZe and Shiyan respectively.

Given that the Framework Agreements, the Pool Financing Agreements, the Factoring Agreements and the Supplemental Factoring Agreements 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 each of HengAnZe and Shiyan, the Directors are of the view that the terms of the Framework Agreements, the Pool Financing Agreements, the Factoring Agreements and the Supplemental Factoring Agreements are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

The relevant applicable percentage ratios (as defined under the GEM Listing Rules) for each of the Supplemental Factoring Agreements are less than 5% and therefore the each of the Supplemental Factoring Agreements does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 19 of the GEM Listing Rules.

Nevertheless, pursuant to Rule 19.22 of the GEM Listing Rules, since HengAnZe and Shiyan have the same ultimate majority beneficial owner, the Directors consider that the Supplemental Factoring Agreements shall be aggregated as if they were one transaction. As the relevant applicable percentage ratios (as defined under the GEM Listing Rules) for the aggregate transaction amount of the Supplemental Factoring Agreements exceed 5% but all are less than 25%, the Supplemental Factoring Agreements together constitute a discloseable transaction which is therefore subject to the notification and announcement requirements under the GEM Listing Rules.

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 limits under the Supplemental Factoring Agreements in aggregate exceeds 5% but is less than 25%, the entering into of the Supplemental Factoring Agreements 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  |
| “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 Agreements”           | collectively, the Factoring Agreement (HengAnZe) and the Factoring Agreement (Shiyan)   |
| “Factoring Agreement (HengAnZe)” | the credit limit (with recourse) agreement between SY Factoring and HengAnZe dated 17 May 2017 pursuant to which SY Factoring has agreed to grant a revolving factoring loan of a credit limit of RMB60,000,000 (equivalent to approximately HK\$67,800,000) to be shared between HengAnZe and Shiyan |
| “Factoring Agreement (Shiyan)”   | the credit limit (with recourse) agreement between SY Factoring and Shiyan dated 17 May 2017 pursuant to which SY Factoring has agreed to grant a revolving factoring loan of a credit limit of RMB60,000,000 (equivalent to approximately HK\$67,800,000) to be shared between HengAnZe and Shiyan   |
| “Framework Agreements”           | collectively, the Framework Agreement (HengAnZe) and the Framework Agreement (Shiyan)   |

|                                       |   |
|---------------------------------------|---|
| “Framework Agreement (HengAnZe)”      | the PRC with recourse factoring service agreement between SY Factoring and HengAnZe dated 17 May 2017 pursuant to which SY Factoring has in principle agreed to provide factoring services to HengAnZe  |
| “Framework Agreement (Shiyan)”        | the PRC with recourse factoring service agreement between SY Factoring and Shiyan dated 17 May 2017 pursuant to which SY Factoring has in principle agreed to provide factoring services to Shiyan  |
| “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  |
| “HengAnZe”                            | 重慶醫藥集團湖北恒安澤醫藥有限公司 (Chongqing Pharmaceutical Group Hubei HengAnZe Medicine Co., LTD*), a company established in the PRC with limited liability, having the same ultimate majority beneficial owner(s) with Shiyan  |
| “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 Agreements”           | collectively the Pool Financing Agreement (HengAnZe) and the Pool Financing Agreement (Shiyan)  |
| “Pool Financing Agreement (HengAnZe)” | the pool financing agreement between SY Factoring and HengAnZe 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 HengAnZe  |

|   |   |
|---|---|
| “Pool Financing Agreement (Shiyan)”           | the pool financing agreement between SY Factoring and Shiyan 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 Shiyan  |
| “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  |
| “Share(s)”                                    | ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company   |
| “Shareholder(s)”                              | the holder(s) of Share(s)   |
| “Shiyan”                                      | 重慶醫藥十堰有限公司(Chongqing Pharmaceutical Shiyan Co., LTD*), a company established in the PRC with limited liability, having the same ultimate majority beneficial owner(s) with HengAnZe   |
| “Stock Exchange”                              | The Stock Exchange of Hong Kong Limited   |
| “subsidiary(ies)”                             | has the meaning ascribed to it under the GEM Listing Rules  |
| “Supplemental Factoring Agreements”           | collectively, the Supplemental Factoring Agreement (HengAnZe) and Supplemental Factoring Agreement (Shiyan)   |
| “Supplemental Factoring Agreement (HengAnZe)” | the credit limit (with recourse) agreement between SY Factoring and HengAnZe dated 26 October 2017 pursuant to which the joint revolving factoring loan credit limit was revised to a standalone revolving facility loan credit limit of RMB70,000,000 (equivalent to approximately HK\$79,100,000) |
| “Supplemental Factoring Agreement (Shiyan)”   | the credit limit (with recourse) agreement between SY Factoring and Shiyan dated 26 October 2017 pursuant to which the joint revolving factoring loan credit limit was revised to a standalone revolving facility loan credit limit of RMB35,000,000 (equivalent to approximately HK\$39,550,000)   |



“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, 26 October 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 Company. 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](http://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](http://www.shengyecapital.com).*