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盛業資本
SHENG YE CAPITAL

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 —
SECOND SUPPLEMENTAL FACTORING AGREEMENT**

SECOND SUPPLEMENTAL FACTORING AGREEMENT

The Board hereby announces that on 15 March 2018, Sheng Peng entered into the Second Supplemental Factoring Agreement with the Customer, pursuant to which i) the revolving factoring loan credit limit granted by Sheng Peng to the Customer was revised from RMB128,000,000 (equivalent to approximately HK\$156,160,000) to RMB180,000,000 (equivalent to approximately HK\$219,600,000); ii) the interest rate was revised from 8% per annum to not more than 10% per annum (the exact interest rate to be determined at the time of each drawdown); and iii) the expiry date of the credit period was revised from 15 March 2018 to 14 March 2019.

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 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.

SECOND SUPPLEMENTAL FACTORING AGREEMENT

On 7 March 2017, 12 April 2017 and 23 October 2017, the Customer entered into the Previous Agreements with a wholly owned subsidiary of the Group pursuant to which the Customer shall be provided with, among other things, i) a revolving factoring loan with a credit limit of RMB128,000,000 (equivalent to approximately HK\$156,160,000) and an interest rate of 8% per annum (including tax) being secured by a pool of accounts receivables of the Customer; ii) accounts receivable management services; and iii) accounts receivable collection services for a period of 2 years from the date of signing of the framework agreement.

The Board hereby announces that on 15 March 2018, pursuant to the Previous Agreements, Sheng Peng entered into the Second Supplemental Factoring Agreement with the Customer, pursuant to which i) a revolving factoring loan credit limit granted by Sheng Peng to the Customer was revised from RMB128,000,000 (equivalent to approximately HK\$156,160,000) to RMB180,000,000 (equivalent to approximately HK\$219,600,000); ii) the interest rate was revised from 8% per annum to not more than 10% per annum (the exact interest rate to be determined at the time of each drawdown); and iii) the expiry date of the credit period was revised from 15 March 2018 to 14 March 2019.

Save as disclosed above, all the terms of the Previous Agreements shall remain materially unchanged and in full force and effect and binding on the parties.

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 the Customer and the debtors of the accounts receivables provided by the Customer; ii) the credit period; and iii) the factoring is with recourse.

If the Customer does not utilize the credit limit within 90 days from the date of signing of the Second Supplemental Factoring Agreement, Sheng Peng shall cease the provision of the credit limit to the Customer.

REASONS FOR THE SECOND SUPPLEMENTAL FACTORING AGREEMENT

The Customer is a company established in the PRC with limited liability and 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, the Customer and its ultimate beneficial owners are Independent Third Parties.

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 Second Supplemental Factoring Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

Owing to its business need, the Customer negotiated with Sheng Peng for the increase of credit limit under the Previous Agreements. Since the Customer is able to increase the accounts receivable assignable to the Group, upon the request of the Customer and upon the approval of such request by Sheng Peng after assessment on the quality of the accounts receivables provided by the Customer, Sheng Peng entered into the Second Supplemental Factoring Agreement with the Customer.

Given that the entering into of the Second Supplemental Factoring Agreement is 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 the Customer, the Directors are of the view that the terms of 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 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
“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
“Customer”	a company established in the PRC with limited liability and principally engaged in, among other things, sales of Chinese medicine, medicine, and medical equipment, an Independent Third Party

“Director(s)”	the director(s) of the Company
“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
“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
“Previous Agreements”	collectively, the framework agreement, the pool financing agreement, the factoring agreement and the first supplemental agreement being entered into on 7 March 2017, 7 March 2017, 12 April 2017 and 23 October 2017 respectively with a wholly owned subsidiary of the Group pursuant to which the Customer shall be provided with, among other things, i) a revolving factoring loan with a credit limit of RMB128,000,000 (equivalent to approximately HK\$156,160,000) and an interest rate of 8% per annum (including tax) being secured by a pool of accounts receivables of the Customer; ii) accounts receivable management services; and iii) accounts receivable collection services for a period of 2 years from the date of signing of the framework agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Second Supplemental Factoring Agreement”	the credit limit (with recourse) agreement between Sheng Peng and the Customer dated 15 March 2018 pursuant to which i) a revolving factoring loan credit limit granted by Sheng Peng to the Customer was revised from RMB128,000,000 (equivalent to approximately HK\$152,320,000) to RMB180,000,000 (equivalent to approximately HK\$214,200,000); ii) the interest rate was revised from 8% per annum to not more than 10% per annum (the exact interest rate to be determined at the time of each drawdown); and iii) the expiry date of the credit period was revised from 15 March 2018 to 14 March 2019
“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)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent

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

Hong Kong, 15 March 2018

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 announcement 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\$1.22 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.