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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 — REVERSE FACTORING AGREEMENT**

### **REVERSE FACTORING AGREEMENT**

The Board hereby announces that on 30 March 2018, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Reverse Factoring Agreement with the Customer pursuant to which SY Factoring agreed to grant a revolving guarantee limit of not more than RMB390,000,000 (equivalent to approximately HK\$487,500,000) for guarantee of the payment obligations of the Customer under the Accounts Receivable until 29 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 provision of guarantee under the Reverse Factoring Agreement exceeds 5% but is less than 25%, the provision of guarantee under the Reverse Factoring Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

### **REVERSE FACTORING AGREEMENT**

On 30 March 2018, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Reverse Factoring Agreement with the Customer, pursuant to which SY Factoring agreed to provide to the Customer guarantee services and the Customer will procure the creditors of the Customer to engage SY Factoring to provide accounts receivable management services, accounts receivable collection services and/or factoring services for a period of 1 year from the date of signing of the Reverse Factoring Agreement.

The principal terms of the guarantee under the Reverse Factoring Agreement are set out as below:

- Date : 30 March 2018
  
- Parties : (1) The Customer, a company established in the PRC with limited liability which principal business is, among other things, sales of heavy oil and fuel oil. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Customer and its ultimate 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.
  
- Subject matter : SY Factoring as guarantor agreed to provide a revolving guarantee limit in favour of the creditors of the Customer for the payment obligations of the Customer under the Accounts Receivable.  
  
Pursuant to the Reverse Factoring Agreement, the Customer will settle its payment obligations under the Accounts Receivable by paying to a designated account of SY Factoring. If the Customer fails to honour its payment obligation under the Accounts Receivable within 90 days from the due date of the relevant Accounts Receivable, SY Factoring shall pay to the creditors of the Customer the outstanding amount owed by the Customer. The Customer agrees to procure the creditors of the Customer to assign the Accounts Receivable to SY Factoring as securities for the guarantee provided by SY Factoring to the Customer and procure the creditors of the Customer to engage SY Factoring to provide accounts receivable management services, accounts receivable collection services and/or factoring services to the creditors of the Customer at the cost of the Customer.
  
- The creditors of the Customer : To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the creditors of the Customer will be mainly engaged in various businesses including sales of heavy oil and fuel oil.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the creditors of the Customer and their ultimate beneficial owners are Independent Third Parties.

- Guarantee limit : RMB390,000,000 (equivalent to approximately HK\$487,500,000) (revolving)
- Service fee : Not more than 3% of the amount of the Accounts Receivable (including tax)
- Expiry date of the guarantee limit : 29 March 2019

The service fee charged for the provision of the guarantee in the Factoring Agreement is determined by the parties on arm's length negotiation taking into account the credit rating of the Customer and the guarantee period.

## **REASONS FOR THE REVERSE 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 Reverse 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 SY Factoring to provide guarantee for the payment obligations under the Accounts Receivable. Since the the Customer agrees to procure the creditors of the Customer to assign the Accounts Receivable to the Group as securities for the guarantee provided by SY Factoring to the Customer, upon the request of the Customer and upon the approval of such request by SY Factoring after assessment on the quality of the Accounts Receivables, SY Factoring entered into the Reverse Factoring Agreement with the Customer. The Board take the view that the transaction will broaden the business scope of the Group and constitute an additional income sources. The transaction also provide an opportunity to the Group to strengthen the supply chain financial services.

Given that the Reverse Factoring Agreement is being conducted in the ordinary and usual course of business of SY Factoring, which will contribute profit to the Company over the term of the Reverse Factoring Agreement, is under normal commercial terms, and is 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 Reverse 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 provision of guarantee under the Reverse Factoring Agreement exceeds 5% but is less than 25%, the provision of guarantee under the Reverse 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.

“Accounts Receivable”	the accounts receivable due from the Customer to the creditors of the Customer
“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
“Customer”	a company established in the PRC with limited liability which principally engages in sales of heavy oil and fuel oil
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Reverse Factoring Agreement”	the reverse factoring (without recourse) agreement dated 30 March 2018 between SY Factoring and the Customer pursuant to which SY Factoring agreed to grant a revolving guarantee limit of not more than RMB390,000,000 (equivalent to approximately HK\$487,500,000) for guarantee of the payment obligations of the Customer under the Accounts Receivable until 29 March 2019
“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, 2 April 2018

*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 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\$1.25 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.*

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