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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 —
DISPOSAL OF ACCOUNTS RECEIVABLE**

DISPOSAL AGREEMENT

The Board hereby announces that on 31 October 2018, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivable at a consideration of approximately RMB 107.5 million.

GEM LISTING RULES IMPLICATIONS

On 30 September 2018, SY Factoring entered into the Previous Disposal Agreement with the Purchaser whereby SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivable at a consideration of approximately RMB 115.6 million.

The relevant applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to each of the Previous Disposal Agreement and the Disposal Agreement is less than 5% on standalone basis; therefore, each of the Previous Disposal Agreement and the Disposal Agreement 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, the Directors consider that since the Previous Disposal Agreement and the Disposal Agreement were both entered into with the same Purchaser within 12 months and the transactions contemplated under the Previous Disposal Agreement and the Disposal Agreement shall be aggregated as if they were one transaction under Rule 19.22 of 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 Disposal Agreements on aggregate basis exceeds 5% but is less than 25%, the Disposal Agreements in aggregate constitute a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

INTRODUCTION

On 30 September 2018, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Framework Disposal Agreement with the Purchaser pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivable from SY Factoring in an aggregate amount of not more than RMB1,000 million.

Pursuant to the terms of the Framework Disposal Agreement, on 30 September 2018, SY Factoring entered into the Previous Disposal Agreement with the Purchaser whereby SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivable at a consideration of approximately RMB 115.6 million.

Further, on 31 October 2018, SY Factoring entered into the Disposal Agreement with the Purchaser whereby SY Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivable at a consideration of approximately RMB 107.5 million.

DISPOSALS

The principal terms of the Disposal Agreement set out as follows.

Date: 31 October 2018

- Parties:
- (1) The Purchaser, a company established in the PRC with limited liability and is principally engaged in trust business. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser 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.

The Accounts Receivable to be disposed of

The book value of the Accounts Receivable was approximately RMB 101.7 million. The Accounts Receivable were comprised of accounts receivable due from the Debtor. The expiry date of the Accounts Receivable was 5 July 2019. SY Factoring and the Purchaser entered into an acknowledgement of disposal with the Debtor pursuant to which the parties confirmed the book value of the Accounts Receivable. Further, the Debtor acknowledged that SY Factoring has been appointed to manage the Accounts Receivable. After completion of the Disposal Agreement, the Debtor shall continue to pay the monies due under the Accounts Receivable to SY Factoring.

The disposals are without recourse against SY Factoring, which means that SY Factoring is not liable for default in payment by the Debtor of the Accounts Receivable being disposed of.

Consideration and payment terms

The consideration to be paid by the Purchaser to acquire the Accounts Receivable was approximately 107.5 million. The consideration for the Accounts Receivable was settled by the Purchaser by paying to the designated bank account of SY Factoring on 31 October 2018.

Condition of payment

The payment for the acquisition of the Accounts Receivable is conditional upon the Purchaser having received the trust funds from the settlor of the trust set up by the Purchaser for paying the consideration of the Accounts Receivable. As at the date of this announcement, the said condition of payment has been fulfilled.

Basis of determination of the consideration

The consideration was determined on arm's length negotiations between SY Factoring and the Purchaser based on 1) the book value of the Accounts Receivable; 2) the numbers of days between the date of disposal and the expected dates of payment by the Debtor; and 3) the credit worthiness of the Debtor.

Completion of the disposals

Completion of the Disposal Agreement took place upon the date of receipt of the corresponding consideration by SY Factoring, being 31 October 2018.

Pursuant to the transfer registration agreement for the Accounts Receivable between SY Factoring and the Purchaser on 30 September 2018, SY Factoring agreed to

provide assistance to the Purchaser to register in the Zhongdeng Net the transfer of accounts receivable being disposed of by SY Factoring to the Purchaser pursuant to the Disposal Agreement.

TRUST MANAGEMENT SERVICE

According to the Purchaser, the Purchaser is acquiring the Accounts Receivable for and on behalf of a trust set up by it and using the trust funds. Pursuant to the terms of the Disposal Agreement, SY Factoring agreed to provide accounts receivable management service in relation to the Accounts Receivable to the Purchaser. SY Factoring shall collect the monies due from the Debtor under the Accounts Receivable for and on behalf of the Purchaser and SY Factoring shall transfer the monies collected to a designated bank account of the Purchaser on the date of receipt of the monies (or the next business day if the date of receipt of the monies is not a business day). The services were provided in consideration of the Purchaser agreeing to enter into the Disposal Agreements and therefore no service fee will be charged by SY Factoring for the services provided by it.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

After the completion of the transactions under the Disposal Agreement, the Board expects the Company will record a gain of approximately RMB5.5 million for the Disposal Agreement based on the difference between the book value of the accounts receivable being disposed of and the consideration of the disposal, net of sales related taxes.

The Group intends to use the proceeds from disposal of the Accounts Receivable to finance the factoring loans granted by the Group to its customers and as general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 Disposal Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

The Group entered into the Disposal Agreements with the intention of improving the cash flow of the Group, managing the Group's factoring assets portfolio and providing funds for the Group's factoring business.

Given that the Disposal Agreements were being conducted in the ordinary and usual course of business of SY Factoring and under normal commercial terms, the Directors are of the view that the terms of the Disposal 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 ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to to each of the Previous Disposal Agreement and the Disposal Agreement is less than 5% on standalone basis; therefore, each of the Previous Disposal Agreement and the Disposal Agreement 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, the Directors consider that since the Previous Disposal Agreement and the Disposal Agreement were entered into with the same Purchaser within 12 months, the transactions contemplated under the Previous Disposal Agreement and the Disposal Agreement shall be aggregated as if they were one transaction under Rule 19.22 of 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 Disposal Agreements on aggregate basis exceeds 5% but is less than 25%, the Disposal Agreements in aggregate constitute 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 to be disposed of pursuant to the Disposal Agreement
“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

“Debtor”	the underlying debtor of the Accounts Receivable which is principally engaged in trading of oil and petrochemical products
“Disposal Agreement”	the accounts receivable disposal agreement between SY Factoring and the Purchaser dated 31 October 2018 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire Accounts Receivable
“Disposal Agreements”	collectively, the Previous Disposal Agreement and the Disposal Agreement
“Framework Disposal Agreement”	the framework disposal agreement between SY Factoring and the Purchaser dated 30 September 2018 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivable from SY Factoring in an aggregate amount of not more than RMB1,000 million
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“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 Disposal Agreement”	the accounts receivable disposal agreement between SY Factoring and the Purchaser dated 30 September 2018 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivable at a consideration of approximately RMB 115.6 million
“Purchaser”	the purchaser of the accounts receivable under the Disposal Agreements which is principally engaged in trust business
“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
“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
“Zhongdeng Net”	中國人民銀行徵信中心動產融資統一登記系統 (the People’s Bank of China Credit Reference Center Movables Financing Unified Registration System*), a registration system for transfer of accounts receivable in the PRC established under the property law of the PRC
“%”	per cent

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

Hong Kong, 31 October 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; and four independent non-executive Directors: Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon, Mr. Tsoon Wai Mun, Benjamin and Mr. Fong Heng Boo.

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).*

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

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