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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 TRANSACTIONS —
PROVISION OF GUARANTEE AND COUNTER GUARANTEE**

GUARANTEE AGREEMENT A

The Board hereby announces that on 17 May 2019, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Guarantee Agreement A with Wuxi Communications and Wuxi Guojin pursuant to which Wuxi Communications and SY Factoring agreed to provide guarantee as security for the payment of the Secured Obligations A in proportion to the shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin in an amount up to RMB800 million in which SY Factoring will be guaranteeing RMB320 million for a term of two years from the date of the Guarantee Agreement A.

GUARANTEE AGREEMENT B

The Board hereby announces that on 17 May 2019, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Guarantee Agreement B with Wuxi Tonghui and Wuxi Guojin pursuant to which Wuxi Tonghui and SY Factoring agreed to provide guarantee as security for the payment of the Secured Obligations B in proportion to the shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin in an amount up to RMB500 million in which SY Factoring will be guaranteeing RMB200 million for a term of two years from the date of the Guarantee Agreement B.

GEM LISTING RULES IMPLICATIONS

The Directors consider that since the Guarantee Agreement A and Guarantee Agreement B were entered into with the same parties or their associates within 12 months, the transactions contemplated under the Guarantee Agreement A and Guarantee Agreement B shall be aggregated 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 provision of guarantee under each of the Guarantee Agreement A and Guarantee Agreement B either on standalone basis or on aggregate basis exceeds 5% but is less than 25%, the entering into of each of the Guarantee Agreement A and Guarantee Agreement B constitutes a discloseable transactions for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

In addition, as the asset ratio (as defined in the GEM Listing Rules) for the Guarantee Agreements exceeds 8%, the Guarantee Agreements are subject to the announcement requirements under Rule 17.15 of the GEM Listing Rules.

GUARANTEE AGREEMENT A

The Board hereby announces that on 17 May 2019, SY Factoring, an indirect wholly owned subsidiary of the Company, entered into the Guarantee Agreement A with Wuxi Communications and Wuxi Guojin pursuant to which Wuxi Communications and SY Factoring agreed to provide guarantee as security for the payment of the Secured Obligations A in proportion to the shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin in an amount up to RMB800 million in which SY Factoring will be guaranteeing RMB320 million for a term of two years from the date of the Guarantee Agreement A.

The principal terms of the Guarantee Agreement A are set out as follows:

Date : 17 May 2019

Parties : (1) Wuxi Guojin, a company established in the PRC with limited liability which principal business is, among other things, commercial factoring. Wuxi Guojin is owned as to 60% by Wuxi Tonghui and 40% by Sheng Zhuo and is an associated company of the Company;

- (2) Wuxi Communications, a state-owned enterprise established in the PRC with limited liability which principal business is, among other things, investment in transportation, infrastructure construction and related industries. Wuxi Communications is the holding company of Wuxi Tonghui which is the holder of 60% equity interest in Wuxi Guojin. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as its indirect shareholding in Wuxi Goujin, Wuxi Communications and its ultimate beneficial owner(s) are Independent Third Parties.
- (3) SY Factoring, an indirect wholly owned subsidiary of the Company which principal business is, among other things, commercial factoring. SY Factoring owned 51% equity interest in Sheng Zhuo and Sheng Zhuo owned 40% equity interest in Wuxi Guojin.

- Secured Obligations A : (1) If Wuxi Communications or its associates provides financing to Wuxi Guojin, SY Factoring shall provide guarantee to Wuxi Communications for the security of such financing in proportion to the shareholding interest in Wuxi Guojin by Sheng Zhuo (being 40% as at the date of this announcement).
- (2) If Wuxi Guojin obtains loan from a third party with the consent of Wuxi Communications and SY Factoring, and Wuxi Communications or its associates provides guarantee in respect of such loan, SY Factoring shall provide a counter guarantee to Wuxi Communications in relation to the security of the loan in proportion to the shareholding interest in Wuxi Guojin by Sheng Zhuo (being 40% as at the date of this announcement).
- Guarantee limit : The parties agreed that the maximum amount of the Secured Obligations A shall not exceed RMB800 million and Wuxi Communications and SY Factoring shall provide guarantee as security for the Secured Obligations A in proportion to their shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin.

Based on the shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin as at the date of this announcement, the maximum liability of Wuxi Communications and SY Factoring under the Guarantee Agreement A shall be RMB480 million and RMB320 million respectively.

Term of guarantee : Two years from the date of the Guarantee Agreement A

GUARANTEE AGREEMENT B

The Board hereby announces that on 17 May 2019, SY Factoring entered into the Guarantee Agreement B with Wuxi Tonghui and Wuxi Guojin pursuant to which Wuxi Tonghui and SY Factoring agreed to provide guarantee as security for the payment of the Secured Obligations B in proportion to the shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin in an amount up to RMB500 million in which SY Factoring will be guaranteeing RMB200 million for a term of two years from the date of the Guarantee Agreement B.

The principal terms of the Guarantee Agreement B are set out as follows:

Date : 17 May 2019

Parties : (1) Wuxi Guojin, a company established in the PRC with limited liability which principal business is, among other things, commercial factoring. Wuxi Guojin is owned as to 60% by Wuxi Tonghui and 40% by Sheng Zhuo and is an associated company of the Company;

(2) Wuxi Tonghui, a company established in the PRC with limited liability which principal business is, among other things, investment and investment management and is the holder of 60% equity interest in Wuxi Guojin. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save as Sheng Zhuo holding 40% interest in Wuxi Guojin, Wuxi Tonghui and its ultimate beneficial owner(s) are Independent Third Parties.

(3) SY Factoring, an indirect wholly owned subsidiary of the Company which principal business is, among other things, commercial factoring. SY Factoring owned 51% equity interest in Sheng Zhuo and Sheng Zhuo owned 40% equity interest in Wuxi Guojin.

Secured Obligations B : (1) If Wuxi Tonghui or its associates provides financing to Wuxi Guojin, SY Factoring shall provide guarantee to Wuxi Tonghui in proportion to the shareholding interest in Wuxi Guojin by Sheng Zhuo (being 40% as at the date of this announcement).

(2) If Wuxi Guojin obtains loan from a third party with the consent of Wuxi Tonghui and SY Factoring, and Wuxi Tonghui or its associates provides guarantee in respect of such loan, SY Factoring shall provide a counter guarantee to Wuxi Tonghui in relation to the security of the loan in proportion to the shareholding interest in Wuxi Guojin by Sheng Zhuo (being 40% as at the date of this announcement).

Guarantee limit : The parties agreed that the maximum amount of the Secured Obligations B shall not exceed RMB500 million and Wuxi Tonghui and SY Factoring shall provide guarantee as security for the Secured Obligations B in proportion to shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin.

Based on the shareholding interest of Wuxi Tonghui and Sheng Zhuo in Wuxi Guojin as at the date of this announcement, the maximum liability of Wuxi Tonghui and SY Factoring under the Guarantee Agreement B shall be RMB300 million and RMB200 million respectively.

Term of guarantee : Two years from the date of the Guarantee Agreement B

REASONS FOR THE GUARANTEE AGREEMENTS

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.

On 12 June 2018, Wuxi Tonghui (a wholly owned subsidiary of Wuxi Communications) and Sheng Zhuo (a subsidiary of SY Factoring in which SY Factoring owned 51% equity interest) established a joint venture, Wuxi Guojin, in the PRC to cooperate in the factoring business. To finance the business operation of Wuxi Guojin, Wuxi Tonghui, Wuxi Communications, SY Factoring and Wuxi Guojin entered into the Guarantee Agreements.

Due to its state-owned enterprise background, Wuxi Communications and Wuxi Tonghui can provide loans to Wuxi Guojin with lower financing costs as compared to the Group. Therefore, Wuxi Guojin may obtain financing from Wuxi Communications, Wuxi Tonghui or their associates directly at a lower interest rate with SY Factoring providing guarantee in proportion to shareholding interest in Wuxi Guojin by Sheng Zhuo. The arrangement also avoids SY Factoring from injecting further capital into Wuxi Guojin. Wuxi Guojin may also obtain loans from a third party such as banks in the PRC and allows the Group to use its capital more flexibly in its factoring business. The Directors note that banks in the PRC may offer lower interest rates if the loans are guaranteed by state-owned enterprises. Wuxi Communications as a state-owned enterprise agrees to provide guarantee for the financing of Wuxi Guojin, and in consideration thereof SY Factoring agrees to provide counter guarantee in proportion to the shareholding interest in Wuxi Guojin by Sheng Zhuo.

Given that the Guarantee Agreements are being conducted in the ordinary and usual course of business of the Group, are under normal commercial terms, and are beneficial to the Group in the business expansion and establishment of long term business relationship with Wuxi Communications and Wuxi Tonghui, the Directors are of the view that the terms of the Guarantee Agreements are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The Directors consider that since the Guarantee Agreement A and Guarantee Agreement B were entered into with the same parties or their associates within 12 months, the transactions contemplated under the Guarantee Agreement A and Guarantee Agreement B shall be aggregated 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 provision of guarantee under each of the Guarantee Agreement A and Guarantee Agreement B either on standalone basis or on aggregate basis exceeds 5% but is less than 25%, the entering into of each of the Guarantee Agreement A and Guarantee Agreement B constitutes a discloseable transactions for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

In addition, as the asset ratio (as defined in the GEM Listing Rules) for the Guarantee Agreements exceeds 8%, the Guarantee Agreements are subject to the announcement requirements under Rule 17.15 of the GEM Listing Rules.

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 GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee Agreement A”	the guarantee agreement entered into among Wuxi Guojin, Wuxi Communications and SY Factoring on 17 May 2019
“Guarantee Agreement B”	the guarantee agreement entered into among Wuxi Guojin, Wuxi Tonghui and SY Factoring on 17 May 2019
“Guarantee Agreements”	collectively, Guarantee Agreement A and Guarantee Agreement B
“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
“Secured Obligations A”	has the meaning ascribed to it under the paragraph headed “Guarantee Agreement A”
“Secured Obligations B”	has the meaning ascribed to it under the paragraph headed “Guarantee Agreement B”
“Shares”	ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company
“Shareholders”	the holders of Shares
“Sheng Zhuo”	Sheng Zhuo Factoring Limited, a company established in the PRC with limited liability and a subsidiary of the Group. SY Factoring owned 51% equity interest in Sheng Zhuo
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“SY Factoring”	SY Factoring Limited, a company established in the PRC and a subsidiary of the Group
“Wuxi Communications”	Wuxi Communications Industry Group Co. Ltd., a state-owned enterprise established in the PRC with limited liability and is the holding company of Wuxi Tonghui
“Wuxi Guojin”	Wuxi Guojin Factoring Limited, a company established in the PRC with limited liability which is owned as to 40% by Sheng Zhuo and 60% by Wuxi Tonghui

“Wuxi Tonghui”

Wuxi Tonghui Investment Co., Ltd, a subsidiary of Wuxi Communications established in the PRC with limited liability and is the holder of 60% equity interest in Wuxi Guojin

“%”

per cent

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

Hong Kong, 17 May 2019

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.

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 Listed Company Information” 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.