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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

MAJOR TRANSACTIONS — FACTORING AGREEMENTS

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 6 to 26 of this circular.

This circular will remain on the Stock Exchange's website at www.hkexnews.hk and, in the case of this circular, on the "Listed Company Information" page for at least 7 days from the date of its posting. This circular will also be published on the Company's website at www.shengyecapital.com.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	The announcement of the Company dated 28 March 2019 in relation to the entering into of the Factoring Agreements
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“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”	Hong Ji Factoring (Shenzhen) Ltd.* (弘基商業保理(深圳)有限公司), a company established in the PRC which principally engages in, among other things, commercial factoring
“Customer B”	Zhonggu Storage and Transportation (Zhoushan) Co., Ltd.* (中谷儲運(舟山)有限公司) (formerly known as Zhejiang Tianlu Energy Co. Ltd.* (浙江天祿能源有限公司)), a company established in the PRC which principally engages in, among other things, oil storage and logistics. Customer B, Customer C and Customer D are controlled by the same <i>de facto</i> controller
“Customer C”	Zhejiang Tianlu Petroleum and Petrochemical Co. Ltd.* (浙江天祿石油化工有限公司), a company established in the PRC which principally engages in, among other things, sale of oil products, import and export trade. Customer B, Customer C and Customer D are controlled by the same <i>de facto</i> controller
“Customer D”	Shanghai Rongyou Trading Co. Ltd.* (上海榮有貿易有限公司), a company established in the PRC which principally engages in, among other things, sale of oil products, import and export trade. Customer B, Customer C and Customer D are controlled by the same <i>de facto</i> controller
“Customer E”	Guangdong Kunteng Industrial Co. Ltd.* (廣東昆騰實業有限公司), a company established in the PRC which principally engages in, among other things, bulk commodity trading focusing on trading of non-ferrous metal and oil

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“Customer F”	Tianjin Harbour Tariff-Free Zone Shizecheng International Trading Co. Ltd. *(天津港保稅區世澤誠國際貿易有限公司), a company established in the PRC which principally engages in, among other things, sale of ore products and construction materials. Customer F, Customer G, Customer H and Customer I are controlled by the same <i>de facto</i> controller
“Customer G”	Beijing Huayi Jinshui Trading Co. Ltd.* (北京華億金水貿易有限公司), a company established in the PRC which principally engages in, among other things, trading of metals and construction materials. Customer F, Customer G, Customer H and Customer I are controlled by the same <i>de facto</i> controller
“Customer H”	Tianjin Dali Guotai Import and Export Trading Co., Ltd.* (天津達利國泰進出口貿易有限公司), a company established in the PRC which principally engages in, among other things, trading of steel and chemicals. Customer F, Customer G, Customer H and Customer I are controlled by the same <i>de facto</i> controller
“Customer I”	Heng Tai Jia He Trading Co., Ltd.* (恒泰迦禾貿易有限公司), a company established in the PRC which principally engages in, among other things, sale of ore products and chemicals. Customer F, Customer G, Customer H and Customer I are controlled by the same <i>de facto</i> controller
“Customers”	collectively, Customer A, Customer B, Customer C, Customer D, Customer E, Customer F, Customer G, Customer H and Customer I
“Director(s)”	the director(s) of the Company
“Eander”	Eander Limited (鷹德有限公司), a company incorporated in BVI with limited liability and wholly owned by TMF Trust
“Factoring Agreement (Customer B)”	the factoring agreement between SY Factoring and Customer B on 29 March 2019
“Factoring Agreement (Customer C)”	the factoring agreement between SY Factoring and Customer C on 29 March 2019
“Factoring Agreement (Customer D)”	the factoring agreement between SY Factoring and Customer D on 29 March 2019
“Factoring Agreement (Customer E)”	the factoring agreement between SY Factoring and Customer E on 29 March 2019

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“Factoring Agreement (Customer F)”	the factoring agreement between SY Shenzhen and Customer F on 29 March 2019
“Factoring Agreement (Customer G)”	the factoring agreement between SY Shenzhen and Customer G on 29 March 2019
“Factoring Agreement (Customer H)”	the factoring agreement between SY Shenzhen and Customer H on 29 March 2019
“Factoring Agreement (Customer I)”	the factoring agreement between SY Shenzhen and Customer I on 29 March 2019
“Factoring Agreements”	collectively, Refactoring Agreement (Customer A), Factoring Agreement (Customer B), Factoring Agreement (Customer C), Factoring Agreement (Customer D), Factoring Agreement (Customer E), Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I)
“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 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
“Latest Practicable Date”	21 June 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Mr. Tung”	Mr. Tung Chi Fung, an executive Director and a controlling Shareholder (as defined in the GEM Listing Rules)
“PJ Trust”	Pak Jeff Trust, an irrevocable reserved power trust established by Mr. Tung with Mr. Tung and his family members as the beneficiaries and TMF Trust as the trustee

DEFINITIONS

“PRC”	the People’s Republic of China, for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Agreements (Customer A)”	collectively, the refactoring agreement(s) granting a revolving factoring loan credit limit entered into between Customer A and SY Factoring since 29 December 2017
“Previous Agreements (Customer B)”	collectively, the framework agreement and the factoring agreements granting a revolving factoring loan credit limit between Customer B and SY Factoring since 13 September 2017
“Previous Agreements (Customer C)”	collectively, the framework agreement and the factoring agreements granting a revolving factoring loan credit limit between Customer C and SY Factoring since 13 September 2017
“Previous Agreements (Customer D)”	collectively, the framework agreement, purchase order financing agreement and the factoring agreements granting a revolving factoring loan credit limit between Customer D and SY Factoring since 21 May 2018
“Previous Agreements (Customer E)”	collectively, the framework agreement, pool financing agreement and the factoring agreements granting a revolving factoring loan credit limit between Customer E and SY Factoring since 20 February 2017
“Previous Agreements (Customer F)”	collectively, the framework agreement(s) and previous factoring agreement(s) granting a revolving factoring loan credit limit entered into between Customer F and SY Shenzhen since 21 May 2018
“Previous Agreements (Customer G)”	collectively, the framework agreement(s) and previous factoring agreement(s) granting a revolving factoring loan credit limit entered into between Customer G and SY Shenzhen since 21 May 2018
“Previous Agreements (Customer H)”	collectively, the framework agreement(s) and previous factoring agreement(s) granting a revolving factoring loan credit limit entered into between Customer H and SY Shenzhen since 21 May 2018
“Previous Agreements (Customer I)”	collectively, the framework agreement, and the factoring agreement granting a revolving factoring loan credit limit between Customer I and SY Shenzhen since 21 May 2018

DEFINITIONS

“Refactoring Agreement (Customer A)”	the refactoring agreement between Customer A and SY Factoring on 29 March 2019
“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
“Shareholder(s)”	the holder(s) of Shares
“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
“Sheng Zhuo”	Sheng Zhuo Factoring Limited* (盛卓商業保理有限公司), 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
“SY Factoring”	盛業商業保理有限公司 (SY Factoring Limited), a company established in the PRC with limited liability and a subsidiary of the Group
“SY Shenzhen”	盛業(深圳)商業保理有限公司 (Sheng Ye (Shenzhen) Factoring Limited*), a company established in the PRC on 21 March 2016 and a subsidiary of the Group
“TMF Trust”	TMF (Cayman) Ltd., a company incorporated in the Cayman Islands and the trustee of the PJ Trust
“Wisdom Cosmos”	Wisdom Cosmos Limited (慧普有限公司), a company incorporated in BVI with limited liability and wholly owned by Eander and the controlling shareholder (as defined in the GEM Listing Rules) of the Company
“Yong Zhuo”	霍爾果斯永卓商業保理有限公司 (Khorgos Yong Zhuo Factoring Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Group
“%”	per cent

The English transliteration of the Chinese name(s) in this circular, 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).*

LETTER FROM THE BOARD



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

Executive Directors

Mr. Tung Chi Fung (*Chairman*)

Mr. Chen, Jen-Tse

Independent non-executive Directors

Mr. Hung Ka Hai Clement

Mr. Loo Yau Soon

Mr. Tsoon Wai Mun, Benjamin

Mr. Fong Heng Boo

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To the Shareholders

24 June 2019

Dear Sir or Madam,

MAJOR TRANSACTIONS — FACTORING AGREEMENTS

INTRODUCTION

Reference is made to the announcement of the Company dated 29 March 2019 in relation to the entering into of the Factoring Agreements.

The primary purpose of this circular is to provide you with, among other things, (i) further details of the Factoring Agreements; and (ii) the financial information of the Group.

LETTER FROM THE BOARD

(I) REFACTORIZING AGREEMENT (CUSTOMER A)

Background

Since 29 December 2017, SY Factoring entered into the Previous Agreements (Customer A) with Customer A pursuant to which SY Factoring granted a revolving refactoring loan credit limit of RMB1,000,000,000 to Customer A being secured by accounts receivables assigned to Customer A from the factoring customers of Customer A at an annual interest rate of not more than 15% (the exact interest rate to be determined upon each drawdown) which would expire on 30 April 2019. Please refer to the announcement of the Company dated 21 May 2018 and the circular of the Company dated 22 June 2018 for details of the Previous Agreements (Customer A). The actual drawdown by Customer A under the Previous Agreements (Customer A) was approximately RMB2,034.4 million.

Refactoring Agreement (Customer A)

In view of the expiry of the Previous Agreements (Customer A) on 30 April 2019, SY Factoring entered into the Refactoring Agreement (Customer A) with Customer A on 29 March 2019 pursuant to which SY Factoring granted a revolving refactoring loan credit limit of RMB1,000,000,000 to Customer A being secured by accounts receivables assigned to Customer A from the factoring customers of Customer A at an annual interest rate of not more than 15% (the exact interest rate to be determined upon each drawdown) which would take effect from 1 May 2019 and expire on 30 April 2020. The refactoring was with recourse.

When Customer A applies for drawdown of the refactoring loan, it will provide details of the accounts receivables to be used as security for the refactoring loan including the underlying contracts of the accounts receivables, product delivery receipts, product logistics records and/or the receipts of the accounts receivables. SY Factoring will determine the quality of the accounts receivables by assessing the credit rating of Customer A, credit ratings of the debtors and conducting verifications of the genuineness of the accounts receivables. To verify the genuineness of the accounts receivables, SY Factoring will examine the underlying contracts, invoices, receipts of the accounts receivables and/or conducting on-site due diligence. SY Factoring will review the terms of the documents provided by Customer A and cross check the important information therein. In relation to the important information in the documents including the product prices and logistics records, SY Factoring will investigate into its genuineness and reasonableness. If necessary, SY Factoring will also verify the genuineness of the underlying transactions of the accounts receivables by conducting on-site due diligence. If the quality of the accounts receivables is to the satisfaction of SY Factoring, SY Factoring will approve the drawdown.

The refactoring loan will be repaid with the money being paid by the debtors of the accounts receivables. The repayment terms of each drawdown of the refactoring loan will be determined based on the accounts receivables provided by Customer A and the negotiation among SY Factoring, Customer A and the debtors.

LETTER FROM THE BOARD

Due diligence on Customer A

Before entering into of the Refactoring Agreement (Customer A), SY Factoring conducted due diligence on Customer A. Details of the due diligence findings are as follows:

Information of Customer A

Customer A is a company established in the PRC and is principally engaged in, among other things, commercial factoring. Customer A has a registered capital of RMB50 million and its total revenue amounted to approximately RMB56.1 million for the year ended 31 December 2018. The registered capital and the revenue are two of the factors SY Factoring will consider in approving the refactoring loans applications of Customer A. SY Factoring would also consider the capital needs of Customer A and the previous transactions history between the Group and Customer A which are more relevant factors in deciding the refactoring loans credit limit.

Business prospect, industry overview and competitive advantage

SY Factoring assessed the business prospect of Customer A and noted that the business prospect of Customer A was positive taking into account the competitive advantage of Customer A, the expected increase in the amounts of accounts receivables in the PRC, the support of government policy and the financial positions of the factoring customers of Customer A. In particular, SY Factoring noted that the factoring customers of Customer A were mainly well-established quality customers and were considered as less likely to default. SY Factoring also noted that there had been an increase in the amount of accounts receivables in the PRC market and created business opportunities for Customer A. The accounts receivables amount to approximately RMB14.24 trillion as at September 2018, representing a year-over-year growth of 10.8%. Further, the Chinese government has put forward a series of regulations and policies to promote the development of China's factoring industry, such as Official Reply of the Ministry of Commerce to the Implementation Scheme of the Pilot Program of Commercial Factoring (商務部關於商業保理試點實施方案的復函), Notice of 8 Departments of the Ministry of Commerce on Conducting Pilot Schemes on Supply Chain Innovation and Application* (商務部等8部門關於開展供應鏈創新與應用試點的通知) and Three-year Action Plan to Promote Financial Development of Large and medium-sized enterprises* (促進大中小企業融通發展三年行動計劃).

Business risks

Factoring companies in general rely on capital contribution from the shareholders or financing as sources of funding which may affect the lending power of factoring companies.

Credit risks

SY Factoring conducted credit search and litigation search on Customer A and did not note any material adverse findings against Customer A. Further, it was noted that there had been no overdue and default during the previous transactions between the Group and Customer A.

LETTER FROM THE BOARD

Basis of determination of the refinancing loan limit

The refinancing loan limit was determined by SY Factoring and Customer A based on arm's length negotiation by considering the capital needs of Customer A. The financial figures including the registered capital and the revenue are two of the factors the Group will consider in approving the factoring loans applications of the customers but do not bear direct relationship with the factoring loan credit limit. In determining the refinancing loan limit, the Group had considered that previously Customer A was able to provide accounts receivables of sufficient values (being more than or equal to the amounts of previous drawdowns) as security for the refinancing loans. Further, SY Factoring had also considered that the accounts receivables provided by Customer A were of quality satisfactory to SY Factoring and there had been no overdue and default during the previous transactions between the Group and Customer A. In view of the above, the Company considered that the credit limit granted to Customer A in response to the capital needs of Customer A is fair and reasonable and SY Factoring granted the revolving refinancing loan credit limit of RMB1 billion to Customer A to meet the capital needs of Customer A despite the fact that the revolving refinancing loan credit limit of RMB1 billion was far more than Company A's registered capital of RMB50 million and revenue of RMB56.1 million.

Basis of determination of the interest rate

The interest rate was determined by the parties on arm's length negotiation taking into account the following:

- i) *the credit rating of Customer A and the debtors of the accounts receivables assigned to Customer A from Customer A's factoring customers:* in general SY Factoring will determine the interest rate based on the credit rating of customers and the debtors of the accounts receivable. The higher the credit rating, the lower the interest rate. The credit ratings of Customer A and the debtors were assessed internally by the Group's risk management department which considered that the credit rating of Customer A and the debtors of the accounts receivables were good without any overdue situation;
- ii) *the credit period:* SY Factoring will also take into account the credit period when determining the interest rate. The shorter the credit period, the lower the credit risk; and
- iii) *with recourse refinancing:* since the refinancing is with recourse, it is expected that SY Factoring will be exposed to a lower risk and therefore SY Factoring can offer a lower interest rate compared to without recourse refinancing.

In view of the above, the Directors are of the view that the interest rate is in line with the market practice.

No service fee was charged to Customer A due to a relatively low volume of documentations arising from the accounts receivables as Customer A is an established factoring company and had reviewed and sorted the documents before applying for refinancing and thus saved part of the administrative cost of SY Factoring.

LETTER FROM THE BOARD

Condition precedent

The Refactoring Agreement (Customer A) is conditional upon the Company's compliance with the requirements under the GEM Listing Rules relating to the Refactoring Agreement (Customer A) and the transactions contemplated thereunder. As of the Latest Practicable Date, the condition precedent has been fulfilled and the Refactoring Agreement (Customer A) has been completed.

(II) — (IV) FACTORING AGREEMENT (CUSTOMER B), FACTORING AGREEMENT (CUSTOMER C) AND FACTORING AGREEMENT (CUSTOMER D)

Background

Since 13 September 2017, SY Factoring entered into the Previous Agreements (Customer B), Previous Agreements (Customer C) and Previous Agreements (Customer D) with Customer B, Customer C and Customer D respectively pursuant to which a revolving factoring loan credit limit of RMB600,000,000 was granted to Customer B, Customer C, Customer D and their associated companies jointly at an annual interest rate of not less than 10% and not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown) and a service fee of not more than 1% of the accounts receivable assigned (the exact service fee to be negotiated upon each drawdown) which would expire on 30 April 2019. Please refer to the announcement of the Company dated 21 May 2018 and the circular of the Company dated 22 June 2018 for details of the Previous Agreements (Customer B), Previous Agreements (Customer C) and Previous Agreements (Customer D). The actual drawdown by Customer B, Customer C and Customer D under the Previous Agreements (Customer B), Previous Agreements (Customer C) and Previous Agreements (Customer D) were approximately RMB387 million, RMB13.5 million and RMB124.2 million, respectively.

Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D)

In view of the expiry of the Previous Agreements (Customer B), Previous Agreements (Customer C) and Previous Agreements (Customer D) on 30 April 2019, SY Factoring entered into the Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D) with Customer B, Customer C and Customer D respectively, which are controlled by the same *de facto* controller, on 29 March 2019, pursuant to which a revolving factoring loan credit limit of RMB450,000,000 was granted to Customer B, Customer C, Customer D and their associated companies jointly secured by the accounts receivables at an annual interest rate of not more than 15% (the exact interest rate to be negotiated upon each drawdown) and a service fee of not more than 1% of the accounts receivable assigned (the exact service fee to be negotiated upon each drawdown) which would take effect from 1 May 2019 and expire on 30 April 2020. The credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring. The factoring is with recourse and without notification.

When Customer B, Customer C and Customer D apply for drawdown of the factoring loan, they will provide details of the accounts receivables to be used as security for the factoring loan including the underlying contracts of the accounts receivables, product delivery receipts, product logistics records and/or the receipts of the accounts receivables. SY Factoring will determine the quality of the accounts receivables by assessing the credit rating of Customer B, Customer C and Customer D, credit

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ratings of the debtors and conducting verifications of the genuineness of the accounts receivables. To verify the genuineness of the accounts receivables, SY Factoring will examine the underlying contracts, invoices, receipts of the accounts receivables and/or conducting on-site due diligence. SY Factoring will review the terms of the documents provided by Customer B, Customer C and Customer D and cross check the important information therein. In relation to the important information in the documents including the product prices and logistics records, SY Factoring will investigate into its genuineness and reasonableness. If necessary, SY Factoring will also verify the genuineness of the underlying transactions of the accounts receivables by conducting on-site due diligence. If the quality of the accounts receivables is to the satisfaction of SY Factoring, SY Factoring will approve the drawdown.

The factoring loan will be repaid with the money being paid by the debtors of the accounts receivables. The repayment terms of each drawdown of the factoring loan will be determined based on the accounts receivables provided by Customer B, Customer C and Customer D and the negotiation among SY Factoring, Customer B, Customer C, Customer D and the debtors.

If Customer B, Customer C, Customer D or any of their associated companies does not utilize the credit limit within 90 days from the date of signing of the Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D), SY Factoring shall cease the provision of the credit limit to Customer B, Customer C, Customer D or any of their associated companies.

Due diligence on Customer B, Customer C and Customer D

Before entering into of the Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D), SY Factoring conducted due diligence on Customer B, Customer C and Customer D. Details of the due diligence findings are as follows:

Information of Customer B, Customer C and Customer D

Customer B, Customer C and Customer D are companies established in the PRC and are principally engaged in, among other things, oil storage, logistics and trading in oil commodities. Customer B, Customer C and Customer D have a registered capital of RMB600 million, RMB312.67 million and RMB200 million and their total revenue amounted to approximately RMB191.7 million for the 11 months ended 30 November 2018, RMB1,502.2 million for the year ended 31 December 2018 and RMB246.4 million for the year ended 31 December 2018 respectively. The registered capital and the revenue are two of the factors SY Factoring will consider in approving the factoring loans applications of Customer B, Customer C and Customer D. SY Factoring would also consider the capital needs of Customer B, Customer C and Customer D and the previous transactions history between the Group and Customer B, Customer C and Customer D which are more relevant factors in deciding the factoring loans credit limit.

Business prospect, industry overview and competitive advantage

SY Factoring assessed the business prospect of Customer B, Customer C and Customer D and noted that the business prospect of Customer B, Customer C and Customer D was positive taking into account the government policy in relation to the industry, the industry overview, the industry chain, the price trend of the raw materials and the financial positions of Customer B, Customer C and Customer D. In particular, SY Factoring noted that the petrochemical industry in the PRC recorded an increase in operating revenue from approximately RMB10.9 trillion in 2017 to approximately

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RMB12.4 trillion in 2018, representing a year-over-year growth of 13.6%. The supply of crude oil had been relatively stable and the demand for the product oil in the PRC was on the increasing trend in recent years. Moreover, the Chinese government has put forward a series of regulations and policies to promote the development of China's petroleum industry, such as the 13th Five-year Development Plan for Energy* (能源發展"十三五"規劃) and Notice on the Work concerning Applications of Crude Oil Processing Enterprises for Qualification for Non-State Trade Importation* (關於原油加工企業申請非國營貿易進口資格有關工作的通知).

Business risks

It was noted that the business risks associated with Customer B, Customer C and Customer D were (i) increase in trade restrictions currently in place or in the future may hinder development in the industry; (ii) raw materials in China's petroleum industry has been subjected to major price fluctuation in 2018; (iii) weak demand in China's petroleum industry in general (save and except in respect of energy consumption); and (iv) lack of investment incentives in China's petroleum industry.

Credit risks

SY Factoring conducted credit search and litigation search on Customer B, Customer C and Customer D and did not note any material adverse findings against Customer B, Customer C and Customer D. Further, it was noted that there had been no overdue and default during the previous transactions between the Group and Customer B, Customer C and Customer D.

Basis of determination of the factoring loan limit

The factoring loan limit was determined by SY Factoring and Customer B, Customer C and Customer D based on arm's length negotiation by considering the capital needs of Customer B, Customer C and Customer D. The financial figures including the registered capital and the revenue are two of the factors the Group will consider in approving the factoring loans applications of the customers but do not bear direct relationship with the factoring loan credit limit. In determining the factoring loan limit, the Group had considered that previously Customer B, Customer C and Customer D were able to provide accounts receivables of sufficient values (being more than or equal to the amounts of previous drawdowns) as security for the factoring loans. Further, SY Factoring had also considered that the accounts receivables provided by Customer B, Customer C and Customer D were of quality satisfactory to SY Factoring and there had been no overdue and default during the previous transactions between the Group and Customer B, Customer C and Customer D. In view of the above, the Company considered that the credit limit granted to Customer B, Customer C and Customer D in response to the capital needs of Customer B, Customer C and Customer D is fair and reasonable.

Basis of determination of the interest rate and service fee

The interest rate was determined by the parties on arm's length negotiation taking into account the following:

- i) *the credit rating of Customer B, Customer C and Customer D and the debtors of the accounts receivables of Customer B, Customer C and Customer D*: in general SY Factoring will determine the interest rate based on the credit rating of customers and the debtors of the accounts receivable. The higher the credit rating, the lower the interest rate. The credit

LETTER FROM THE BOARD

ratings of Customer B, Customer C and Customer D and the debtors were assessed internally by the Group's risk management department which considered that the credit rating of Customer B, Customer C and Customer D and the debtors of the accounts receivables were good without any overdue situation;

- ii) *the credit period*: SY Factoring will also take into account the credit period when determining the interest rate. The shorter the credit period, the lower the credit risk; and
- iii) *with recourse factoring*: since the factoring is with recourse, it is expected that SY Factoring will be exposed to a lower risk and therefore SY Factoring can offer a lower interest rate compared to without recourse factoring.

The service fee was charged under Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D) due to the expected large volume of documentations arising from the accounts receivables and the expected manpower required to assess the quality of the accounts receivables provided by Customer B, Customer C and Customer D.

In view of the above, the Directors are of the view that the interest rate and the service fee are in line with the market practice.

Condition precedent

Each of the Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D) is conditional upon the Company's compliance with the requirements under the GEM Listing Rules relating to each of the Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D) and the transactions contemplated thereunder. As of the Latest Practicable Date, the condition precedent has been fulfilled and the Factoring Agreement (Customer B), Factoring Agreement (Customer C) and Factoring Agreement (Customer D) have been completed.

(V) FACTORING AGREEMENT (CUSTOMER E)

Background

Since 20 February 2017, SY Factoring entered into the Previous Agreements (Customer E) with Customer E pursuant to which a revolving factoring loan credit limit of RMB600,000,000 was granted to Customer E at an annual interest rate of not less than 10% and not more than 15% (the exact interest rate to be negotiated upon each drawdown) and service fee of not more than 1% of the accounts receivable assigned (the exact service fee to be negotiated upon each drawdown) which would expire on 29 March 2019. Please refer to the announcement of the Company dated 16 April 2018 and the circular of the Company dated 25 May 2018 for details of the Previous Agreements (Customer E). The actual drawdown by Customer E under the Previous Agreements (Customer E) was approximately RMB1,032.4 million.

Factoring Agreement (Customer E)

In view of the expiry of the Previous Agreements (Customer E) on 29 March 2019, SY Factoring entered into the Factoring Agreement (Customer E) with Customer E on 29 March 2019 pursuant to

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which a revolving factoring loan credit limit of RMB600,000,000 was granted to Customer E and its associated companies secured by the accounts receivables at the sum of annual interest rate and service fee of not more than 16% (the exact sum of interest rate and service fee to be negotiated upon each drawdown) which would take effect from 29 March 2019 and expire on 30 April 2020. The credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring. The factoring is with recourse and whether the factoring is with or without notification is to be determined based on the accounts receivable assigned.

When Customer E applies for drawdown of the factoring loan, it will provide details of the accounts receivables to be used as security for the factoring loan including the underlying contracts of the accounts receivables, product delivery receipts, product logistics records and/or the receipts of the accounts receivables. SY Factoring will determine the quality of the accounts receivables by assessing the credit rating of Customer E, credit ratings of the debtors and conducting verifications of the genuineness of the accounts receivables. To verify the genuineness of the accounts receivables, SY Factoring will examine the underlying contracts, invoices, receipts of the accounts receivables and/or conducting on-site due diligence. SY Factoring will review the terms of the documents provided by Customer E and cross check the important information therein. In relation to the important information in the documents including the product prices and logistics records, SY Factoring will investigate into its genuineness and reasonableness. If necessary, SY Factoring will also verify the genuineness of the underlying transactions of the accounts receivables by conducting on-site due diligence. If the quality of the accounts receivables is to the satisfaction of SY Factoring, SY Factoring will approve the drawdown.

The factoring loan will be repaid with the money being paid by the debtors of the accounts receivables. The repayment terms of each drawdown of the factoring loan will be determined based on the accounts receivables provided by Customer E and the negotiation among SY Factoring, Customer E and the debtors.

If Customer E or any of its associated companies does not utilize the credit limit within 90 days from the date of signing of the Factoring Agreement (Customer E), SY Factoring shall cease the provision of the credit limit to Customer E or any of its associated companies.

Due diligence on Customer E

Before entering into of the Factoring Agreement (Customer E), SY Factoring conducted due diligence on Customer E. Details of the due diligence findings are as follows:

Information of Customer E

Customer E is a company established in the PRC and is principally engaged in, among other things, bulk commodity trading focusing on trading of non-ferrous metal and oil. Customer E has a registered capital of RMB600 million and its total revenue amounted to approximately RMB1,005.5 million for the year ended 31 December 2018. The registered capital and the revenue are two of the

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factors SY Factoring will consider in approving the factoring loans applications of Customer E. SY Factoring would also consider the capital needs of Customer E and the previous transactions history between the Group and Customer E which are more relevant factors in deciding the factoring loans credit limit.

Business prospect, industry overview and competitive advantage

SY Factoring assessed the business prospect of Customer E and noted that the business prospect of Customer E was positive taking into account the government policy in relation to the industry, the industry overview, the industry chain, the price trend of the raw materials and the financial positions of Customer E. In particular, SY Factoring noted that the petrochemical industry in the PRC recorded an increase in operating revenue from approximately RMB10.9 trillion in 2017 to approximately RMB12.4 trillion in 2018, representing a year-over-year growth of 13.6%. The supply of crude oil had been relatively stable and the demand for the product oil in the PRC was on the increasing trend in recent years. Moreover, the Chinese government has put forward a series of regulations and policies to promote the development of China's petroleum industry, such as the 13th Five-year Development Plan for Energy* (能源發展"十三五"規劃) and Notice on the Work concerning Applications of Crude Oil Processing Enterprises for Qualification for Non-State Trade Importation* (關於原油加工企業申請非國營貿易進口資格有關工作的通知).

Business risks

It was noted that the business risks associated with Customer E were (i) increase in trade restrictions currently in place or in the future may hinder development in the industry; (ii) raw materials in China's petroleum industry has been subjected to major price fluctuation in 2018; (iii) weak demand in China's petroleum industry in general (save and except in respect of energy consumption); and (iv) lack of investment incentives in China's petroleum industry.

Credit risks

SY Factoring conducted credit search and litigation search on Customer E and did not note any material adverse findings against Customer E. Further, it was noted that there had been no overdue and default during the previous transactions between the Group and Customer E.

Basis of determination of the factoring loan limit

The factoring loan limit was determined by SY Factoring and Customer E based on arm's length negotiation by considering the capital needs of Customer E. The financial figures including the registered capital and the revenue are two of the factors the Group will consider in approving the factoring loans applications of the customers but do not bear direct relationship with the factoring loan credit limit. In determining the factoring loan limit, the Group had considered that previously Customer E was able to provide accounts receivables of sufficient values (being more than or equal to the amounts of previous drawdowns) as security for the factoring loans. Further, SY Factoring had also considered that the accounts receivables provided by Customer E were of quality satisfactory to SY Factoring and there had been no overdue and default during the previous transactions between the Group and Customer E. In view of the above, the Company considered that the credit limit granted to Customer E in response to the capital needs of Customer E is fair and reasonable.

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Basis of determination of the interest rate and service fee

The interest rate was determined by the parties on arm's length negotiation taking into account the following:

- i) *the credit rating of Customer E and the debtors of the accounts receivables of Customer E*: in general SY Factoring will determine the interest rate based on the credit rating of customers and the debtors of the accounts receivable. The higher the credit rating, the lower the interest rate. The credit ratings of Customer E and the debtors were assessed internally by the Group's risk management department which considered that the credit rating of Customer E and the debtors of the accounts receivables were good without any overdue situation;
- ii) *the credit period*: SY Factoring will also take into account the credit period when determining the interest rate. The shorter the credit period, the lower the credit risk; and
- iii) *with recourse factoring*: since the factoring is with recourse, it is expected that SY Factoring will be exposed to a lower risk and therefore SY Factoring can offer a lower interest rate compared to without recourse factoring.

The service fee was charged under Factoring Agreement (Customer E) due to the expected large volume of documentations arising from the accounts receivables and the expected manpower required to assess the quality of the accounts receivables provided by Customer E.

In view of the above, the Directors are of the view that the interest rate and the service fee are in line with the market practice.

Condition precedent

The Factoring Agreement (Customer E) is conditional upon the Company's compliance with the requirements under the GEM Listing Rules relating to the Factoring Agreement (Customer E) and the transactions contemplated thereunder. As of the Latest Practicable Date, the condition precedent has been fulfilled and the Factoring Agreement (Customer E) has been completed.

(VI) — (IX) FACTORING AGREEMENT (CUSTOMER F), FACTORING AGREEMENT (CUSTOMER G), FACTORING AGREEMENT (CUSTOMER H) AND FACTORING AGREEMENT (CUSTOMER I)

Background

Since 21 May 2018, SY Shenzhen entered into the Previous Agreements (Customer F), Previous Agreements (Customer G), Previous Agreements (Customer H) and Previous Agreements (Customer I) with Customer F, Customer G, Customer H and Customer I respectively pursuant to which a revolving factoring loan credit limit of RMB400,000,000 was granted to Customer F, Customer G, Customer H and Customer I jointly at the sum of annual interest rate and service fee of not more than 15% (the exact sum of interest rate and service fee to be negotiated upon each drawdown) which would expire on 30 April 2019. Please refer to the announcement of the Company dated 21 May 2018

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and the circular of the Company dated 22 June 2018 for details of the Previous Agreements (Customer F), Previous Agreements (Customer G), Previous Agreements (Customer H) and Previous Agreements (Customer I). The actual drawdown by Customer F, Customer G, Customer H and Customer I under the Previous Agreements (Customer F), Previous Agreements (Customer G), Previous Agreements (Customer H) and Previous Agreements (Customer I) were approximately RMB257.0 million, RMB137.0 million, RMB68.0 million and RMB193.0 million, respectively.

Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I)

In view of the expiry of the Previous Agreements (Customer F), Previous Agreements (Customer G), Previous Agreements (Customer H) and Previous Agreements (Customer I) on 30 April 2019, SY Shenzhen entered into the Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I) with Customer F, Customer G, Customer H and Customer I respectively, which are controlled by the same *de facto* controller, on 29 March 2019 pursuant to which a revolving factoring loan credit limit of RMB400,000,000 was granted to Customer F, Customer G, Customer H, Customer I and the companies approved by SY Shenzhen jointly secured by the accounts receivables at the sum of annual interest rate and service fee of not more than 15% which would take effect from 1 May 2019 and expire on 30 April 2020. The credit limit could be granted by SY Shenzhen or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Shenzhen. The factoring is with recourse and whether the factoring is with or without notification is to be determined based on the accounts receivable assigned.

When Customer F, Customer G, Customer H and Customer I apply for drawdown of the factoring loan, they will provide details of the accounts receivables to be used as security for the factoring loan including the underlying contracts of the accounts receivables, product delivery receipts, product logistics records and/or the receipts of the accounts receivables. SY Shenzhen will determine the quality of the accounts receivables by assessing the credit rating of Customer F, Customer G, Customer H and Customer I, credit ratings of the debtors and conducting verifications of the genuineness of the accounts receivables. To verify the genuineness of the accounts receivables, SY Shenzhen will examine the underlying contracts, invoices, receipts of the accounts receivables and/or conducting on-site due diligence. SY Shenzhen will review the terms of the documents provided by Customer F, Customer G, Customer H and Customer I and cross check the important information therein. In relation to the important information in the documents including the product prices and logistics records, SY Shenzhen will investigate into its genuineness and reasonableness. If necessary, SY Shenzhen will also verify the genuineness of the underlying transactions of the accounts receivables by conducting on-site due diligence. If the quality of the accounts receivables is to the satisfaction of SY Shenzhen, SY Shenzhen will approve the drawdown.

The factoring loan will be repaid with the money being paid by the debtors of the accounts receivables. The repayment terms of each drawdown of the factoring loan will be determined based on the accounts receivables provided by Customer F, Customer G, Customer H and Customer I and the negotiation among SY Shenzhen, Customer F, Customer G, Customer H and Customer I and the debtors.

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If Customer F, Customer G, Customer H, Customer I and the companies approved by SY Shenzhen does not utilize the credit limit within 90 days from the date of signing of the Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I), SY Shenzhen shall cease the provision of the credit limit to Customer F, Customer G, Customer H, Customer I and the companies approved by SY Shenzhen.

Due diligence on Customer F, Customer G, Customer H and Customer I

Before entering into of the Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I), SY Shenzhen conducted due diligence on Customer F, Customer G, Customer H and Customer I. Details of the due diligence findings are as follows:

Information of Customer F, Customer G, Customer H and Customer I

Customer F is a company established in the PRC and is principally engaged in, among other things, sale of ore products and construction materials. Customer G is a company established in the PRC and is principally engaged in, among other things, trading of metals and construction materials. Customer H is a company established in the PRC and is principally engaged in, among other things, trading of steel and chemicals. Customer I is a company established in the PRC and is principally engaged in, among other things, sale of ore products and chemicals. Customer F, Customer G, Customer H and Customer I have a registered capital of RMB20 million, RMB50 million, RMB38 million and RMB50 million and their total revenue amounted to approximately RMB1,088.5 million, RMB2,614.1 million, RMB3,661.4 million and RMB1,836.7 million for the year ended 31 December 2018 respectively. The registered capital and the revenue are two of the factors SY Shenzhen will consider in approving the factoring loans applications of Customer F, Customer G, Customer H and Customer I. SY Shenzhen would also consider the capital needs of Customer F, Customer G, Customer H and Customer I and the previous transactions history between the Group and Customer F, Customer G, Customer H and Customer I which are more relevant factors in deciding the factoring loans credit limit.

Business prospect, industry overview and competitive advantage

SY Shenzhen assessed the business prospect of Customer F, Customer G, Customer H and Customer I and noted that the business prospect of Customer F, Customer G, Customer H and Customer I was positive taking into account the industry overview and the financial positions of Customer F, Customer G, Customer H and Customer I. SY Shenzhen noted that the prospect of the commodities trading business was positive. There was an increase of PRC wood commodities trading of 108%, 53%, 42.05% in 2015, 2016 and 2017. The wood trading volume in the PRC amounted to RMB53.9 billion. The production volume of wood industry in the PRC amounted to RMB73.3 trillion in 2018 representing a year-over-year growth of 2.88%. There was a substantial demand for wood in the PRC.

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Business risks

Wood commodities traders may be affected by government policies in environment conservation. Further, since the capital requirement of engaging in commodities trading is relatively not high, the entry barrier is not high and therefore the competition is relatively fierce in commodities trading business.

Credit risks

SY Shenzhen conducted credit search and litigation search on Customer F, Customer G, Customer H and Customer I and did not note any material adverse findings against Customer F, Customer G, Customer H and Customer I. Further, it was noted that there had been no overdue and default during the previous transactions between the Group and Customer F, Customer G, Customer H and Customer I.

Basis of determination of the factoring loan limit

The factoring loan limit was determined by SY Shenzhen and Customer F, Customer G, Customer H and Customer I based on arm's length negotiation by considering the capital needs of Customer F, Customer G, Customer H and Customer I. The financial figures including the registered capital and the revenue are two of the factors the Group will consider in approving the factoring loans applications of the customers but do not bear direct relationship with the factoring loan credit limit. In determining the factoring loan limit, the Group had considered that previously Customer F, Customer G, Customer H and Customer I were able to provide accounts receivables of sufficient values (being more than or equal to the amounts of previous drawdowns) as security for the factoring loans. Further, SY Shenzhen had also considered that the accounts receivables provided by Customer F, Customer G, Customer H and Customer I were of quality satisfactory to SY Shenzhen and there had been no overdue and default during the previous transactions between the Group and Customer F, Customer G, Customer H and Customer I. In view of the above, the Company considered that the credit limit granted to Customer F, Customer G, Customer H and Customer I in response to the capital needs of Customer F, Customer G, Customer H and Customer I is fair and reasonable.

Basis of determination of the interest rate and service fee

The interest rate was determined by the parties on arm's length negotiation taking into account the following:

- i) *the credit rating of Customer F, Customer G, Customer H and Customer I and the debtors of the accounts receivables of Customer F, Customer G, Customer H and Customer I*: in general SY Shenzhen will determine the interest rate based on the credit rating of customers and the debtors of the accounts receivable. The higher the credit rating, the lower the interest rate. The credit ratings of Customer F, Customer G, Customer H and Customer I and the debtors were assessed internally by the Group's risk management department which considered that the credit rating of Customer F, Customer G, Customer H and Customer I and the debtors of the accounts receivables were good without any overdue situation;

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- ii) *the credit period*: SY Shenzhen will also take into account the credit period when determining the interest rate. The shorter the credit period, the lower the credit risk; and
- iii) *with recourse factoring*: since the factoring is with recourse, it is expected that SY Shenzhen will be exposed to a lower risk and therefore SY Shenzhen can offer a lower interest rate compared to without recourse factoring.

The service fee was charged under Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I) due to the expected large volume of documentations arising from the accounts receivables and the expected manpower required to assess the quality of the accounts receivables provided by Customer F, Customer G, Customer H and Customer I.

In view of the above, the Directors are of the view that the interest rate and the service fee are in line with the market practice.

Condition precedent

The Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I) are conditional upon the Company's compliance with the requirements under the GEM Listing Rules relating to the Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I) and the transactions contemplated thereunder. As of the Latest Practicable Date, the condition precedent has been fulfilled and the Factoring Agreement (Customer F), Factoring Agreement (Customer G), Factoring Agreement (Customer H) and Factoring Agreement (Customer I) have been completed.

COMMITMENTS UNDER THE FACTORING AGREEMENTS

According to the Factoring Agreements, SY Factoring or SY Shenzhen (as the case may be) has granted a credit limit to the relevant Customers which may or may not be utilized by the Customers. SY Factoring or SY Shenzhen (as the case may be) has the sole discretion to decide whether to approve the Customers' applications for factoring loans and to adjust the credit limit of the Customers. In assessing whether to approve the Customers' factoring loan applications, SY Factoring or SY Shenzhen (as the case may be) will review a number of factors including whether the Group has sufficient source of funds for granting the loans and the costs of the funds and whether the accounts receivables provided as security are of sufficient values (being more than or equal to the amount of the drawdown).

The Company expects that the factoring loans under the Factoring Agreements will be funded by the internal resources of the Group, possible external financing obtained by the Group, the factoring assets provided by the customers and the money repaid by the customers of the Group to whom the Group provided factoring loans.

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RISK MANAGEMENT

The following sets out the Group's mechanism on the factoring/refactoring approval procedures, internal control measures, risk assessment procedures and credit risk control policies:

(1) The factoring/refactoring approval procedures

The factoring/refactoring approval procedure consists of three stages, which are (i) initiation and internal review; (ii) customer due diligence and credit assessment; and (iii) transaction assessment and preparation.

(i) Initiation and internal review

When the Group receives an application for factoring by a potential Customer, it will process the application and collect basic information such as corporate information, principal business, buyers of the potential customer, the relevant accounts receivable and the requested credit limit, from each potential Customer.

(ii) Customer due diligence and credit assessment

The Group then conducts more detailed research into the background, business and credit of both the potential Customer and its relevant buyers. With a focus on (i) assessing the creditworthiness of each Customer and its buyer, and (ii) verifying the authenticity of the underlying transaction, the Group will obtain documents (such as business licences, the business contracts and invoices) from each potential Customer, and carry out on-site visits.

The Group would perform a two-level credit assessment on each Customer — internally as to the potential Customer and externally as to the business environment. At company level, the Group will understand (i) the background of the potential Customer, including the date of establishment, scope of business, registered and paid up capitals, shareholdings, investments and relationship with associated companies, (ii) the background of the downstream and upstream companies, including the background, sales or purchases, the percentage of the sales or purchases to total revenue and purchases of the main suppliers and customers respectively in previous two years, (iii) the financial information based on the audited financial statements and the management accounts obtained from each potential Customer within the previous three financial years and up to the application period, in particular, the profitability, turnover cycles, gearing and leverages, debt repayment ability, cash flow of the potential Customer, (iv) payment history of the Customer, be it an existing Customer, and (v) the material litigations and disputes in which the potential Customer is involved, if any.

Externally at the industry level, the Group will analyse (i) the demographic development of the industry to which the principal business of each Customer belongs, including the size, the growth rate, the annual revenue, the proportion of the gross domestic products of PRC that the industry accounts for and the core competence, and (ii) the financial performance of the key competitors of each potential Customer, so that the Group could get the whole picture in the assessing the credit rating of each Customer.

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(iii) Transaction assessment and preparation

The Group will first assess the creditworthiness of the buyer. The assessment criteria are set out in the internal credit management manual. To mitigate the Group's potential concentration of credit risk of a buyer, the Group usually will not approve an internal credit limit for that buyer that exceeds the pre-determined threshold based on the total assets in respect of various types of buyers. After assessing the creditworthiness of the buyer, the Group will also assess the creditworthiness of each potential Customer. Dual approvals are required by the risk management department of the Group and by different authorised persons or committee within the Group.

(2) The internal control measures

The Group has implemented some internal control measures to approve each Customer's factoring/ refactoring application and to adjust the credit limit of the Customers, including among other things,

- (i) The Group has established a multi-tier authorisation mechanism and set authorisation limits for making investment decisions for each factoring/ refactoring application;
- (ii) An internal due diligence document checklist is in place to guide the employees to obtain all the relevant documents from each Customer and its buyers;
- (iii) The Group has established capital and investment policies to monitor and control the risks relating to the investments in structured deposits. The Group may only approve factoring/ refactoring loans application of certain limits when it has surplus cash exceeding certain amount; and
- (iv) The established Internal control procedures and risk management systems will be reviewed, assessed and adjusted on an annual basis in response to the development of the business process as well as the regulatory requirement.

(3) The risk assessment procedures

Apart from the basic information obtained in the factoring/ refactoring approval procedure as mentioned above, the Group will also access the credit reference centre operated online by the People's Bank of China to check whether the accounts receivable have already been factored or registered as a security. During the due diligence process, the Group will check if each potential Customer which intends to transfer accounts receivable of a buyer to the Group will apply for a credit limit that exceeds the internal credit limit the Group approved for that buyer before. If the Group has factoring receivables from that buyer before, the Group will also check the internal record for the payment history of that buyer. A credit assessment report is prepared by the independent risk management department, based on the factoring proposal prepared by the corporate finance department and the information obtained from the Customer and its buyer, as well as the site visits.

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(4) The credit risk control policies

To monitor the financial condition and operations of each Customer and the underlying debtors after financing, the Group will obtain quarterly financial reports from each Customer and the underlying debtors to analyze if there is any material change in their financial position and operations. The Group will also conduct site visit to each Customer before and after financing regularly.

The Group also closely monitors the factoring assets portfolio on a daily basis and regularly checks the due date of each accounts receivables and issues to each Customer or the underlying debtor due date reminders and expiry notice. If the accounts receivable expires for over 45 days, the Group will conduct on-site visit to the premises of each Customer and/or the underlying debtor to collect the outstanding accounts receivable. In addition, the Group will continue to issue overdue payment notifications to the Customer and its buyer, and will prepare fortnightly reports in respect of these overdue payments.

With the comprehensive approval and risk assessment procedures, sound internal control system and the established credit risk control policies, the Directors confirm that the Company has performed careful due diligence and risk assessment on the background, financial position and credit rating history of each of the Customers and the accounts receivables of each of the Customers.

FINANCIAL EFFECT OF THE FACTORING AGREEMENTS

Taking into account the interest and service fee income which could be derived from the factoring loans as contemplated under the Factoring Agreements and that the interest and service fees income from the Customers would cover all necessary expense, the Company expects to have positive effect on its earnings and earnings per share for the Shareholders.

During the period of the facilities, in case any factoring business that is within the terms of the facilities is internally approved, the Group will advance the factoring amount to the customers. As a result, the factoring assets of the Group will be increased while bank balances of the Group will be decreased. On the other hand, the Group will record factoring revenue, which will be mainly the interest income, for the term of the factoring asset.

The Company expects that the factoring loans under the Factoring Agreements will be funded by the internal resources of the Group, possible external financing obtained by the Group, the factoring assets provided by the customers and the money repaid by the customers of the Group to whom the Group provided factoring loans. Save for the aforesaid, there would be no material effect on the Group's assets and liabilities as a result of the transactions contemplated under the Factoring Agreements.

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REASONS FOR THE FACTORING AGREEMENTS

Customer A is a company established in the PRC and is principally engaged in, among other things, commercial factoring. As at the Latest Practicable Date, Customer A was owned as to 90% by Wise Charm International Limited and 10% by Tianjin Shengye Investment Management Co., Ltd.* (天津盛業投資管理有限公司) (a subsidiary of the Company). The Group has engaged in business with Customer A for not less than one year and four months.

Customer B, Customer C and Customer D are companies established in the PRC and are principally engaged in, among other things, oil storage, logistics and trading in oil commodities. As at the Latest Practicable Date, i) Customer B was owned as to 70% by Zhonggu Petrochemical (Zhuhai) Group Co., Ltd.* (中谷石化(珠海)集團有限公司) and 30% by Zhejiang Tianlu Oil and Gas Co., Ltd.* (浙江天祿石油天然氣有限公司); ii) Customer C was owned as to 100% by Tianlu Investment Group Co., Ltd.* (天祿投資集團有限公司); and iii) Customer D was owned as to 99.75% by Tianlu Investment Group Co., Ltd.* (天祿投資集團有限公司) and 0.25% by Zhoushan Rongbang Trading Co., Ltd.* (舟山榮邦貿易有限公司). The Group has engaged in business with Customer B, Customer C and Customer D for not less than one year and four months, 11 months and three years and six months, respectively. Customer B, Customer C and Customer D are controlled by the same *de facto* controller.

Customer E is a company established in the PRC and is principally engaged in, among other things, bulk commodity trading focusing on trading of non-ferrous metal and oil. As at the Latest Practicable Date, Customer E was owned as to 80% by Zhang Yuanshao* (張元少) and 20% by Wu Dongliang* (吳棟梁). The Group has engaged in business with Customer E for not less than three year and four months.

Customer F is a company established in the PRC and is principally engaged in, among other things, sale of ore products and construction materials. Customer G is a company established in the PRC and is principally engaged in, among other things, trading of metals and construction materials. Customer H is a company established in the PRC and is principally engaged in, among other things, trading of steel and chemicals. Customer I is a company established in the PRC and is principally engaged in, among other things, sale of ore products and chemicals. As at the Latest Practicable Date, i) Customer F was owned as to 100% by Tianjin Zhongtai Union Industrial Development Co., Ltd.* (天津中太聯盟實業發展有限公司); ii) Customer G was owned as to 92.75% by Huayi Dongfang Asset Management Group Co., Ltd.* (華億東方資產管理集團有限公司) and 6.25% by Wu Songmin* (吳松民); iii) Customer H was owned as to 100% by Tianjin Zhongtai Union Industrial Development Co., Ltd.* (天津中太聯盟實業發展有限公司); and iv) Customer I was owned as to 75.5% by Huayi Dongfang Asset Management Group Co., Ltd.* (華億東方資產管理集團有限公司) and 24.5% by Jiang Gan* (蔣乾). The Group has engaged in business with Customer F, Customer G, Customer H and Customer I for not less than 11 months, 10 months, nine months and one year, respectively. Customer F, Customer G, Customer H and Customer I are controlled by the same *de facto* controller.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed herein, each of the Customers and their respective ultimate beneficial owners and *de facto* controller are Independent Third Parties.

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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 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 the Customers negotiated with the Group for the extension of the expiry date under the respective previous agreements. Since each of the Customers is able to provide the accounts receivable or purchase orders assignable to the Group, upon the request of each of the Customers and upon the approval of such request by the Group after assessment on the quality of the accounts receivables or purchase orders provided by each of the Customers, the Group entered into the Factoring Agreements with each of the Customers respectively.

The Directors are of the view that the entering into of the Factoring Agreements are being conducted in the ordinary and usual course of business of the Group, 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 the Customers.

Further, the Directors noted that (i) in view of the good credit rating of the Customers and taking into account the risk assessment being carried out by the Group, granting of the credit limits of the factoring/refactoring loans for the respective credit terms would not pose significant risk to the Group; (ii) the interest rate and service fee (if any) were in line with the market practice; (iii) the credit rating of the debtors of the accounts receivables being security of the factoring/refactoring loans were good without any default; (iv) the factoring/refactoring were all with recourse; (v) the factoring were either without notification or whether the factoring was with or without notification was to be determined based on the accounts receivables assigned; and (vi) the Group has comprehensive approval and risk assessment procedures, sound internal control system and established credit risk control policies in place which take into account internal and external factors to determine the approval of factoring/ refactoring loans.

In view of the above, the Directors are of the view that the terms of the Factoring Agreements are fair and reasonable and are in the interest 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 each of the Factoring Agreements exceeds 25%, the entering into of each of the Factoring Agreements constitute a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under the GEM Listing Rules.

Pursuant to Rule 19.44 of the GEM Listing Rules, Shareholders' approval of the Factoring Agreements may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Factoring Agreements and the transactions contemplated thereunder; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of

LETTER FROM THE BOARD

the Company giving the right to attend and vote at that general meeting to approve the Factoring Agreements and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, no Shareholder including Wisdom Cosmos is required to abstain from voting if the Company were to convene a general meeting for approving the Factoring Agreements and the transactions contemplated thereunder. Wisdom Cosmos, holding 555,000,000 Shares, representing approximately 63.15% of the issued share capital of the Company, provided written shareholder's approvals on the Factoring Agreements and the transactions contemplated thereunder. As such, no general meeting will be convened for approving the Factoring Agreements and the transactions contemplated thereunder pursuant to Rule 19.44 of the GEM Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

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

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the two years ended 31 December 2017 and 2018 is disclosed in the Annual Report 2017 and Annual Report 2018 of the Company dated 29 March 2018 and 21 March 2019 respectively. The said annual report has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.shengyecapital.com). Please also see below quick link to Annual Report 2017 and Annual Report 2018 of the Company dated 29 March 2018 and 21 March 2019 respectively:

Annual Report 2017

<http://www3.hkexnews.hk/listedco/listconews/GEM/2018/0329/GLN20180329187.pdf>

Annual Report 2018

<http://www3.hkexnews.hk/listedco/listconews/GEM/2019/0321/GLN20190321017.pdf>

2. STATEMENT OF INDEBTEDNESS

Loans from related parties

The following table sets out our loans from related parties as at the date indicated:

	As at 30 April 2019
	<i>RMB million</i>
Carrying amount of secured/guaranteed loans	
- Secured and guaranteed loans from an associate	101.7
- Secured and unguaranteed loans from an associate	<u>11.8</u>
Subtotal	<u><u>113.5</u></u>
Carrying amount of unsecured and unguaranteed loans from a joint venture	<u>18.0</u>
Total	<u><u>131.5</u></u>

As at 30 April 2019, the secured and guaranteed loans are secured by factoring assets and guaranteed by a PRC subsidiary of the Group. The secured and unguaranteed loans are secured by factoring assets.

As at 30 April 2019, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this Circular, we had total loans from related parties of approximately RMB131.5 million.

Borrowings

The following table sets out our borrowings as at the date indicated:

As at 30 April 2019

RMB million

Carrying amount of secured/guaranteed borrowings

- Unsecured and guaranteed bonds	706.4
- Secured and unguaranteed loans	40.0
- Secured and guaranteed bank borrowing	<u>12.9</u>

Subtotal	<u><u>759.3</u></u>
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Carrying amount of unsecured and unguaranteed borrowings	<u>405.9</u>
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Total	<u><u>1,165.2</u></u>
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As at 30 April 2019, the unsecured and guaranteed bonds are guaranteed by the Company. The secured and unguaranteed loans are secured by factoring assets. The secured and guaranteed bank borrowing is secured by fixed deposit and guaranteed by the Company and a PRC subsidiary.

As at 30 April 2019, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this Circular, we had total borrowings of approximately RMB1,165.2 million.

Lease liabilities

As at 30 April 2019, the Group, as a lessee, has outstanding lease liabilities[#] for the relevant lease terms amounting to RMB8.6 million in aggregate recognised on the consolidated statement of financial position.

[#] This is the discounted amount and has taken into account all assessments under HKFRS 16.

Contingent liabilities

As at 30 April 2019, we did not have any material contingent liabilities.

Except as described above and apart from intra-group liabilities, normal trade payables and guarantee contracts for service provided to customers which are part of the normal business, as at 30 April 2019, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

After taking into account the Group's internal resources, including internally generated cash flows of the Group together with cash and cash equivalents available, the transactions contemplated under the Factoring Agreements with certain customers, the available facilities and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital to meet its present requirements for the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date of which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Company was listed on the GEM on 6 July 2017 (the “**GEM Listing**”). The GEM Listing has enhanced the profile of the Group and with the GEM Listing proceeds received, the Group has a stronger financial position and enjoy boosted competitiveness. On 31 May 2018, the Company was included as one of the constituents of MSCI China All Shares Small Cap Index. The Group will continue to focus on construction, energy and medical sectors and expand its clientele and factoring assets. The management also expects the GEM Listing to help raise investor awareness and acceptance of the “Sheng Ye” brand, which will enable the Group to gain access to more efficient financing channels, at home and overseas, to support the business growth. The Group will also explore new and relatively low-cost financing channels to raise funds for growing its business most cost-effectively.

Notwithstanding the slowdown of the global and PRC economy, the Group successfully raised additional working capital during the Track Record Period to expand the factoring operation through shares placing, borrowing and bond issuance. As a result, the Group's revenue for each of the year ended 31 December 2016, 2017 and 2018 increased by approximately 96.3%, 39.5% and 119.9% respectively comparing to the previous year. The Group will continue its effort to explore for additional funding sources in the future.

Looking forward, the Group will continue to capitalise on the strengths and core competencies of the Group in conducting business. With its advanced online factoring platform “Easy Factoring” and a professional risk management mechanism, the Group will be able to standardise its financial products and customise solutions and offers customers with integrated factoring services, account receivable financing, account receivable management services, credit evaluation, among others, helping them secure funding in their different stages of development.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particular given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST**(a) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporation**

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Capacity/nature of interest	Number and class of securities	Percentage of shareholding
Mr. Tung (<i>Note 1</i>)	Beneficiary of a trust and settlor of discretionary trust	555,000,000 (L) (<i>Note 2</i>)	63.15%
Mr. Chen Jen-Tse	Share option	3,000,000 (<i>Note 3</i>)	0.34%
Mr. Hung Ka Hai Clement	Share option	200,000 (<i>Note 3</i>)	0.02%
Mr. Loo Yau Soon	Share option	200,000 (<i>Note 3</i>)	0.02%
Mr. Tsoon Wai Mun, Benjamin	Share option	200,000 (<i>Note 3</i>)	0.02%

Notes:

1. Wisdom Cosmos, a company incorporated in the BVI, is the beneficial owner of 555,000,000 Shares, representing approximately 63.15% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander, a company incorporated in the BVI, which is in turn wholly owned by TMF Trust, trustee of the PJ Trust, an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the Shares registered in the name of Wisdom Cosmos.

2. The letter “L” denotes long position of the Shares.
3. This refers to the number of underlying Shares covered by its share option scheme.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their associates (as defined in the GEM Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders’ and other persons’ interests and short positions in Shares, underlying Shares and debentures of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/nature of interest	Number and class of securities (Note 1)	Percentage of shareholding
TMF Trust (Note 2)	Trustee	555,000,000 (L)	63.15%
Eander (Note 2)	Interest in a controlled corporation	555,000,000 (L)	63.15%
Wisdom Cosmos (Note 2)	Beneficial owner	555,000,000 (L)	63.15%

Notes:

1. The letter “L” denotes long position of the Shares.
2. Wisdom Cosmos, a company incorporated in the BVI, is the beneficial owner of 555,000,000 Shares, representing approximately 63.15% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander, a company incorporated in the BVI, which is in turn wholly owned by TMF Trust, trustee of the PJ Trust, an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the Shares registered in the name of Wisdom Cosmos.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date:

- (i) none of the Directors had any interests, direct or indirect, in any assets which have been, since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) none of the Directors was materially interested in any contract or arrangement entered into with any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors, controlling Shareholder, substantial Shareholder or, so far as is known to them, any of their respective close associates was interested in any business which competes or is likely to compete either directly or indirectly with the business of the Group (as would be required to be disclosed under the GEM Listing Rules if each of them were a controlling shareholder).

6. COMPLIANCE ADVISER'S INTERESTS

As at the Latest Practicable Date, neither Dakin Capital Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates (as defined in the GEM Listing Rules), except for (i) the participation of Dakin Capital Limited as the sponsor in relation to the Company's listing on GEM; and (ii) the compliance adviser agreement entered into between the Company and Dakin Capital Limited dated 13 March 2017, has any interests in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the member of the Group within two years immediately preceding the date of this circular and are or may be material:

- (1) a reorganisation agreement dated 19 June 2017 made among the Company, Sheng Ye Financial Group Limited and Mr. Tung in relation to the Company's acquisition of the entire issued share capital of Sheng Ye International Capital Limited in consideration of which the Company issued and allotted one Share to Wisdom Cosmo;
- (2) a sale and purchase agreement dated 14 March 2017 made among the Company, Talent Group Global Limited and Mr. Tung in relation to acquisition of the entire issued share capital of Nice Day Corporation Limited in consideration of which Talent Group Global Limited issued and allotted one share in Talent Group Global Limited to the Company;
- (3) the deed of indemnity dated 19 June 2017 entered into by the controlling shareholders of the Company in favour of the Company (for itself and as trustee for the subsidiaries of the Company);
- (4) the deed of non-competition undertaking dated 19 June 2017 entered into by the controlling shareholders of the Company in favour of the Company (for itself and as trustee for the subsidiaries of the Company);
- (5) the Hong Kong underwriting agreement dated 23 June 2017 relating to the Hong Kong public offer of the Company;
- (6) the international underwriting agreement dated 30 June 2017 relating to the international placing of the Company;
- (7) the cornerstone investment agreement dated 22 June 2017 made between the Company and Mason Strategic Investments (Asia) Limited pursuant to which Mason Strategic Investments (Asia) Limited has agreed to subscribe for 29,600,000 Shares;
- (8) the cornerstone investment agreement dated 22 June 2017 made between the Company and Renowned Idea Investments Limited pursuant to which Renowned Idea Investments Limited has agreed to subscribe for 7,400,000 Shares;
- (9) the cornerstone investment agreement dated 22 June 2017 made between the Company and Mr. Yeung Chi Hang pursuant to which Mr. Yeung Chi Hang has agreed to subscribe for 7,400,000 Shares;
- (10) the second supplemental factoring agreement dated 19 July 2017 entered into between SY Factoring and Guangdong Kunteng Industrial Co Ltd* ("**Guangdong Kunteng**") pursuant to which the revolving factoring loan credit limit granted to Guangdong Kunteng was revised to RMB260,000,000;

- (11) the framework agreement dated 13 September 2017 entered into between SY Factoring and Zhejiang Tianlu Energy Co. Ltd.* (“**Tyloo Energy**”) pursuant to which SY Factoring agreed to provide factoring service to Tyloo Energy;
- (12) the framework agreement dated 13 September 2017 entered into between SY Factoring and Zhejiang Tianlu Petroleum and Petrochemical Co. Ltd.* (“**Tyloo Oil**”) pursuant to which SY Factoring agreed to provide factoring service to Tyloo Oil;
- (13) the factoring agreement dated 13 September 2017 entered into between SY Factoring and Tyloo Energy pursuant to which SY Factoring granted a revolving factoring loan credit limit of RMB200,000,000 to Tyloo Energy and Tyloo Oil jointly;
- (14) the factoring agreement dated 13 September 2017 entered into between SY Factoring and Tyloo Oil pursuant to which SY Factoring granted a revolving factoring loan credit limit of RMB200,000,000 to Tyloo Energy and Tyloo Oil jointly;
- (15) the supplemental factoring agreement dated 30 September 2017 entered into between SY Factoring and Gansu Zhongyao Medical Co. Ltd.* (“**Gansu Zhongyao**”) pursuant to which the revolving factoring loan credit limit granted by SY Factoring to Gansu Zhongyao was revised to RMB140,000,000;
- (16) the supplemental factoring agreement dated 23 October 2017 entered into between SY Factoring and Ningxia ZhongXin LianHe Zhongxin Pharmaceutical Co., LTD* (“**Ningxia ZhongXin**”) pursuant to which the revolving factoring loan credit limit granted by SY Factoring to Ningxia ZhongXin was revised to RMB128,000,000;
- (17) the supplemental factoring agreement dated 26 October 2017 entered into between SY Factoring and Chongqing Pharmaceutical Group Hubei HengAnZe Medicine Co., LTD* (“**HengAnZe**”) pursuant to which a revolving factoring loan credit limit granted by SY Factoring to HengAnZe and Chongqing Pharmaceutical Shiyao Co., LTD* (“**Shiyao**”) jointly was revised to two standalone revolving factoring loan credit limits of RMB70,000,000 and RMB35,000,000 respectively;
- (18) the supplemental factoring agreement dated 26 October 2017 entered into between SY Factoring and Shiyao pursuant to which a revolving factoring loan credit limit granted by SY Factoring to HengAnZe and Shiyao jointly was revised to two standalone revolving factoring loan credit limits of RMB70,000,000 and RMB35,000,000 respectively;
- (19) the second supplemental factoring agreement dated 15 November 2017 entered into between SY Factoring and Ningbo Wanrong Tiancheng International Trading Company Limited* (“**Ningbo Wanrong**”) pursuant to which the revolving factoring loan credit limit granted by SY Factoring to Ningbo Wanrong was revised to RMB250,000,000;

- (20) the framework agreement dated 26 December 2017 entered into between Sheng Peng Factoring Limited* (“**Sheng Peng**”) and Zhengzhou Tongda Yaoye Company Limited* (“**Zhengzhou Tongda**”) pursuant to which Sheng Peng agreed to provide factoring service to Zhengzhou Tongda;
- (21) the pool financing agreement dated 26 December 2017 entered into between Sheng Peng and Zhengzhou Tongda pursuant to which Sheng Peng agreed to provide service of financing being secured by a pool of accounts receivable of Zhengzhou Tongda;
- (22) the factoring agreement dated 26 December 2017 entered into between Sheng Peng and Zhengzhou Tongda pursuant to which Sheng Peng granted a revolving factoring loan credit limit of RMB200,000,000 to Zhengzhou Tongda;
- (23) the refactoring agreement dated 29 December 2017 entered into between Sheng Peng and Hong Ji Commercial Factoring (Shenzhen) Limited* (“**Hong Ji**”) pursuant to which Sheng Peng granted a revolving factoring loan credit limit of RMB300,000,000 to Hong Ji;
- (24) the novation agreements dated 29 December 2017 entered into between SY Factoring and Sheng Peng, and each of Gansu Zhongyao, Ningxia ZhongXin, HengAnZe, Shiyan and Chongqing Pharmaceutical Group Yibin Medicine Co., Ltd* pursuant to which the rights and obligations under the respective framework agreements, pool financing agreements (if applicable), factoring agreements and other agreements ancillary to the aforementioned agreements would be assumed by Sheng Peng in substitution of SY Factoring;
- (25) the credit limit (with recourse) agreement between SY Factoring and Shanghai Yaohe Trading Co. Ltd.* (“**Shanghai Yaohe**”) dated 19 January 2018 pursuant to which a revolving factoring loan credit limit granted by SY Factoring to Shanghai Yaohe was revised from RMB65,000,000 to RMB350,000,000;
- (26) the credit limit (with recourse) agreement between SY Factoring and Zhoushan City Tiansheng Petroleum and Petrochemical Co. Ltd.* (“**Zhoushan Tiansheng**”) dated 19 January 2018 pursuant to which a revolving factoring loan credit limit granted by SY Factoring to Zhoushan Tiansheng was revised from RMB80,000,000 to RMB390,000,000;
- (27) the credit limit (with recourse) agreement between SY Factoring and Guangdong Kunteng dated 19 January 2018 pursuant to which i) the interest rate per annum was revised from 13.5% to 10-15%; ii) the service fee was revised from 0.35% (paid within the first 5 business days of the next month) to not more than 0.35% per drawdown; and iii) the expiry date of the credit period was revised from 28 February 2018 to 15 April 2018;
- (28) the credit limit (with recourse) agreement between SY Factoring and Tyloo Energy dated 19 January 2018 pursuant to which the expiry date of the credit period was revised from 11 February 2018 to 1 May 2018;

- (29) the credit limit (with recourse) agreement between SY Factoring and Tyloo Oil dated 19 January 2018 pursuant to which the expiry date of the credit period was revised from 11 February 2018 to 1 May 2018;
- (30) the credit limit (with recourse) agreement between Sheng Peng and a customer dated 15 March 2018 pursuant to which i) the credit limit was revised from RMB128 million to RMB180 million; ii) the interest rate per annum was revised from 8% to not more than 10% (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;
- (31) the cooperation agreement entered into between SY Factoring and China Merchant Securities Asset Management Company Limited* (“**CMS Asset Management**”) on 29 March 2018 relating to the cooperation between SY Factoring and CMS Asset Management for the issue of the asset-backed securities products with a maximum amount RMB20 billion;
- (32) the cooperation agreement entered into between SY Factoring and Country Garden Holdings Company Limited together with its subsidiaries (the “**Country Garden Group**”) on 29 March 2018 relating to the cooperation between SY Factoring and Country Garden Group for the issue of the asset-backed securities products with a maximum amount RMB20 billion;
- (33) the reverse factoring agreement between SY Factoring and a customer dated 30 March 2018 pursuant to which SY Factoring agreed to grant a revolving guarantee limit of not more than RMB390,000,000 for guarantee of the payment obligations of the customer under the Accounts Receivable until 29 March 2019;
- (34) the service fee agreement entered into between SY Factoring and CMS Asset Management on 11 April 2018 pursuant to which SY Factoring will provide factoring services in relation to the accounts receivable of the supplier(s) for the goods and services provided to Country Garden Group (the “**Batch 1 Suppliers**”) for the purpose of the CMS Capital — SY Factoring Asset Backed Securities Project Phase 1*;
- (35) the agreements entered into between SY Factoring and each of the Batch 1 Suppliers on 9 April 2018 for acquiring the accounts receivable of the Suppliers by SY Factoring from each of the Batch 1 Suppliers;
- (36) the agreement entered into between SY Factoring and CMS Asset Management on 11 April 2018 for the disposal of the accounts receivable of the Batch 1 Suppliers from SY Factoring to CMS Asset Management;

- (37) the third supplemental factoring agreement entered into between a customer and SY Factoring on 16 April 2018 pursuant to which i) the revolving factoring loan credit limit granted by SY Factoring to the customer was revised from RMB260,000,000 to RMB600,000,000; ii) the service fee was revised from not more than 0.35% of each accounts receivable assigned to not more than 1% of each accounts receivable assigned; and iii) the expiry date of the credit period was revised from 15 April 2018 to 28 March 2019;
- (38) the second supplemental factoring agreement entered into between a customer and SY Factoring on 16 April 2018 pursuant to which i) the revolving factoring loan credit limit granted by SY Factoring to two customers jointly was revised from RMB200,000,000 to RMB600,000,000; ii) the factoring loan prepayment ratio was revised from not more than 40% or 80% (as the case may be) of each accounts receivable assigned (for one customer) or not more than 90% of each accounts receivable assigned (for the other customer) to not more than 100% of each accounts receivable assigned (for both customers); and iii) the expiry date of the credit period was revised from 1 May 2018 to 3 April 2019;
- (39) the second supplemental factoring agreement entered into between a customer and SY Factoring on 16 April 2018 pursuant to which i) the revolving factoring loan credit limit granted by SY Factoring to two customers jointly was revised from RMB200,000,000 to RMB600,000,000; ii) the factoring loan prepayment ratio was revised from not more than 40% or 80% (as the case may be) of each accounts receivable assigned (for one customer) or not more than 90% of each accounts receivable assigned (for the other customer) to not more than 100% of each accounts receivable assigned (for both customers); and iii) the expiry date of the credit period was revised from 1 May 2018 to 3 April 2019;
- (40) the third supplemental factoring agreement entered into between a customer and SY Factoring on 16 April 2018 pursuant to which i) the revolving factoring loan credit limit granted by SY Factoring to a customer was revised from RMB250,000,000 to RMB400,000,000; ii) the interest rate was revised from not more than 13.5% per annum to 10-15% per annum; iii) the service fee was revised from not more than 0.35% of each accounts receivable assigned to not more than 1% of each accounts receivable assigned; and iv) the expiry date of the credit period was revised from 15 April 2018 to 1 April 2019;
- (41) the seventh supplemental factoring agreement entered into between a customer and SY Factoring on 16 April 2018 pursuant to which i) the revolving factoring loan credit limit granted by SY Factoring to a customer was revised from RMB350,000,000 to RMB650,000,000; and ii) the expiry date of the credit period was revised from 16 May 2018 to 2 April 2019;
- (42) the second supplemental factoring agreement entered into between a customer and SY Factoring on 16 April 2018 pursuant to which i) the revolving factoring loan credit limit granted by SY Factoring to a customer was revised from RMB390,000,000 to RMB700,000,000; ii) the interest rate was revised from 10%-18% per annum to 10-15% per annum; and iii) the expiry date of the credit period was revised from 16 May 2018 to 2 April 2019;

- (43) the agreements entered into between SY Factoring and each of the supplier(s) for the goods and services provided to Country Garden Group (the “**Batch 2 Suppliers**”) on 18 May 2018 for acquiring the accounts receivable of the Batch 2 Suppliers by SY Factoring from each of the Batch 2 Suppliers;
- (44) the preliminary agreement entered into between SY Factoring and CMS Asset Management on 18 May 2018 for the disposal of the accounts receivable of the Batch 2 Suppliers from SY Factoring to CMS Asset Management;
- (45) the supplemental refinancing agreement entered into between SY Factoring with a customer on 21 May 2018 pursuant to which i) the revolving refinancing loan credit limit was revised from RMB300,000,000 to RMB1,000,000,000; ii) the refinancing prepayment ratio was revised from 90% to 100% of the accounts receivable reassigned iii) the annual interest rate was revised from not more than 8% to not more than 15%; iv) the expiry date of the credit period was revised from 28 December 2018 to 30 April 2019; and v) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring;
- (46) the supplemental factoring agreement entered into between Sheng Peng and a customer on 21 May 2018 pursuant to which i) the revolving factoring loan credit limit was revised from RMB200,000,000 to RMB600,000,000; ii) the factoring loan prepayment ratio was revised from not more than 70% of the accounts receivable assigned to not more than 80% of the accounts receivable assigned or not more than 50% of the purchase order assigned (as the case may be); iii) the annual interest rate was revised from 9% to not more than 10%; iv) the expiry date of the credit period was revised from 28 December 2018 to 30 April 2019; v) the factoring was revised from being without notification to being with or without notification which would be determined based on the accounts receivable assigned; and vi) the credit limit could be granted by Sheng Peng or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by Sheng Peng;
- (47) the factoring agreement entered into between SY Factoring with a customer on 21 May 2018 pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB600,000,000;
- (48) the supplemental factoring Agreement entered into between SY Factoring and a customer on 21 May 2018 pursuant to which the expiry date of the credit period was revised from 4 June 2018 to 30 April 2019;
- (49) three factoring agreements and a second supplemental factoring agreement entered into between SY Shenzhen and four customers respectively on 21 May 2018 pursuant to which SY Shenzhen granted to four customers jointly a revolving factoring loan credit limit of RMB400,000,000;
- (50) the factoring agreement entered into between SY Factoring and a customer on 21 May 2018 pursuant to which SY Factoring granted to the customer and two associated companies a revolving factoring loan credit limit of RMB600,000,000;

- (51) the factoring agreement entered into between SY Factoring and a customer on 21 May 2018 pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB100,000,000;
- (52) the supplemental factoring agreement entered into between SY Factoring and a customer on 21 May 2018 pursuant to which i) the revolving factoring loan credit limit granted by SY Factoring to the customer was revised from RMB43,000,000 to RMB100,000,000; ii) the factoring loan prepayment ratio was revised from not more than 80% of the accounts receivable assigned to not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned (as the case may be); iii) the annual interest rate was revised from 14% (including tax) to not more than 15% (including tax, the exact interest rate to be determined upon each drawdown); iv) the service fee was revised from nil to not more than 2% of the accounts receivable assigned (including tax, the exact service fee to be determined upon each drawdown); v) the expiry date of the credit period was revised from 20 April 2019 to 30 April 2019; and vi) the factoring was revised from being without notification to being with or without notification which would be determined based on the accounts receivable assigned;
- (53) the factoring agreement entered into between SY Factoring and a customer on 21 May 2018 pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB170,000,000;
- (54) the third supplemental factoring agreement entered into between Sheng Peng and a customer on 21 May 2018 pursuant to which i) the factoring loan prepayment ratio was revised from not more than 50% of the purchase orders assigned or not more than 80% of the accounts receivable assigned (as the case may be) to not more than 50% of the purchase orders assigned or not more than 90% of the accounts receivable assigned (as the case may be); (ii) the expiry date of the credit period was revised from 14 March 2019 to 30 April 2019; iii) the factoring was revised from being without notification to being with or without notification which would be determined based on the accounts receivable assigned; and iv) the credit limit could be granted by Sheng Peng or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by Sheng Peng;
- (55) the disposal agreements entered into between SY Factoring and a purchaser on 15 June 2018 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire two accounts receivable at a consideration of approximately RMB219.1 million and RMB108.8 million respectively;
- (56) the disposal agreement entered into between SY Factoring and a purchaser on 27 June 2018 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivable at a consideration of approximately RMB383.0 million;
- (57) the placing agreement entered into between the Company, Wisdom Cosmos and Oversea-Chinese Banking Corporation Limited and Macquarie Capital Limited (the “**Joint Placing Agents**”) on 28 June 2018 pursuant to which Wisdom Cosmos agreed to place, through the Joint Placing Agents on a best effort basis, a maximum of 148,000,000 existing placing shares at the placing price of HK\$6.00 per placing share;

- (58) the subscription agreement entered into between Wisdom Cosmos and the Company on 28 June 2018 under which Wisdom Cosmos conditionally agreed to subscribe for, and the Company conditionally agreed to issue up to 148,000,000 new Shares to Wisdom Cosmos;
- (59) the disposal agreement entered into between SY Factoring with a purchaser on 29 June 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB86.7 million;
- (60) four factoring agreements entered into between Yong Zhuo and four customers respectively on 29 June 2018 pursuant to which Yong Zhuo granted to the customers and their associated companies with the same beneficial owner(s) jointly a with recourse revolving factoring loan credit limit of RMB300,000,000 at an annual interest rate of not more than 15% (the exact interest rate to be negotiated upon each drawdown) with an expiry date of 30 April 2019;
- (61) the supplemental reverse factoring agreement entered into between SY Factoring and a customer on 29 June 2018 pursuant to which i) the revolving guarantee limit of RMB75,000,000 was revised to RMB250,000,000 (the guarantee limit is granted to the customer and its associated companies with the same beneficial owner(s) or designated third parties approved by SY Factoring jointly. The guarantee limit could be granted by SY Factoring or any of its associated companies but the accumulated guarantee limit in any event would not exceed RMB250,000,000); ii) the credit guarantee ratio was set at not more than 100% of the Accounts Receivable; iii) the expiry date of the guarantee limit was revised from 13 March 2020 to 30 April 2019; iv) the service fee was revised from not more than 3% of the amount of the account receivables to not more than 1.25% of the amount of the account receivables per month (including tax, payable upon each utilization of the guarantee); and v) the factoring was set to be with notification;
- (62) the factoring agreements entered into between SY Factoring and a customer on 29 June 2018 pursuant to which SY Factoring granted to the customers and their associated companies with the same beneficial owner(s) jointly a with recourse revolving factoring loan credit limit of RMB200,000,000 at an annual interest rate of not more than 15% (the exact interest rate to be negotiated upon each drawdown) and a service fee of not more than 2% of the accounts receivable assigned (the exact service fee to be negotiated upon each drawdown) with an expiry date of 30 April 2019;
- (63) the supplemental factoring agreement entered into between SY Factoring and a customer on 29 June 2018 pursuant to which the factoring agreement revised to include two additional debtor groups approved by SY Factoring so that the customers can utilize the accounts receivable owing from the said debtor groups as security for the factoring loan;
- (64) the second supplemental factoring agreement entered into between SY Factoring and a customer on 29 June 2018 pursuant to which the factoring agreement revised to include an additional debtor group approved by SY Factoring so that the customers can utilize the accounts receivable owing from the said debtor group as security for the factoring loan;

- (65) two disposal agreements entered into between SY Factoring with a purchaser on 31 July 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB109.7 million and RMB109.2 million respectively;
- (66) the disposal agreement entered into between SY Factoring with a purchaser on 1 August 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB164.4 million;
- (67) the disposal agreement entered into between SY Factoring with a purchaser on 10 September 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB218.4 million;
- (68) the disposal agreement entered into between SY Factoring with a purchaser on 31 October 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB107.5 million;
- (69) the disposal agreement entered into between SY Factoring with a purchaser on 11 November 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB214.2 million;
- (70) the disposal agreement entered into between SY Factoring with a purchaser on 26 November 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB77.8 million;
- (71) the disposal agreement entered into between SY Factoring with a purchaser on 27 November 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB65.9 million;
- (72) the disposal agreement entered into between SY Factoring with a purchaser on 14 December 2018 pursuant to which SY Factoring agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB72.6 million;
- (73) four disposal agreements entered into between Yong Zhuo with a purchaser on 14 March 2019 pursuant to which Yong Zhuo agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB96.2 million, RMB68.9 million, RMB55.3 million and RMB77.2 million respectively;
- (74) Refactoring Agreement (Customer A);
- (75) Factoring Agreement (Customer B);

- (76) Factoring Agreement (Customer C);
- (77) Factoring Agreement (Customer D);
- (78) Factoring Agreement (Customer E);
- (79) Factoring Agreement (Customer F);
- (80) Factoring Agreement (Customer G);
- (81) Factoring Agreement (Customer H);
- (82) Factoring Agreement (Customer I);
- (83) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the revolving factoring loan credit limit granted to the customer was revised from RMB170,000,000 to RMB200,000,000; ii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; and iii) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring;
- (84) the second supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (85) the second supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (86) the supplemental factoring agreement dated 29 March 2019 entered into between Yong Zhuo and a customer pursuant to which the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (87) the supplemental factoring agreement dated 29 March 2019 entered into between Yong Zhuo and a customer pursuant to which the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (88) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB320,000,000;
- (89) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and two customers pursuant to which i) a revolving factoring loan credit limit was granted to the two customers and their associated companies, jointly; ii) the credit limit was revised from RMB52,000,000 and RMB78,000,000 to the two customers respectively, to RMB 210,000,000 to the two customers and their associated companies; iii) an annual interest rate was revised from not more than 15% (the exact interest rate to be

negotiated upon each drawdown), to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iv) a service fee was revised from not more than 2% (the exact service fee to be negotiated upon each drawdown), to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); v) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring; vi) the expiry date was revised from 30 April 2019 to 30 April 2020; vii) the utilization deadline was revised from within 30 days from the date of receipt of the respective signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement; and viii) the factoring loan prepayment ratio was revised from not more than 80% (for purchase order factoring) or not more than 100% of the (for accounts receivable factoring), to not more than 100% of the accounts receivable assigned or the purchase order assigned (the exact factoring loan prepayment ratio to be negotiated upon each drawdown);

- (90) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the revolving factoring loan credit limit granted to the customer was revised from RMB73,000,000 to RMB200,000,000; ii) the annual interest rate was revised from not more than 18% (including tax, the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iii) a service fee was revised from nil to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); iv) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring; v) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; vi) the factoring was revised from without notification to whether it was with or without notification would be determined based on the accounts receivable assigned or the purchase order assigned (as the case may be); vii) the factoring loan prepayment ratio was revised from not more than 100% to not more than 100% of the accounts receivable assigned or the purchase order assigned (as the case may be) (the exact factoring loan prepayment ratio to be negotiated upon each drawdown); and viii) the utilisation deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement;

- (91) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the revolving factoring loan credit limit granted to the customer was revised from RMB73,000,000 to RMB150,000,000; ii) the annual interest rate was revised from not more than 16% (the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iii) the service fee was revised from not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (the exact service fee to be negotiated upon each drawdown) to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); iv) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring; v) the

expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; vi) the factoring loan prepayment ratio was revised from not more than 80% of the accounts receivable assigned or the purchase order assigned (as the case may be) to not more than 100% of the accounts receivable assigned or the purchase order assigned (as the case may be); and vii) the utilisation deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement;

(92) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and two customers pursuant to which i) a revolving factoring loan credit limit was granted to the two customers and their associated companies jointly; ii) the credit limit was revised from RMB100,000,000 to RMB 200,000,000 to the two customers and their associated companies; iii) an annual interest rate was revised from not more than 16% (including tax, the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iv) a service fee was revised from nil for a customer and 2% for the other customer to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); v) the expiry date was revised from 30 April 2019 to 30 April 2020; vi) the utilization deadline was revised from within 30 days from the date of receipt of the respective signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement; and vii) the factoring loan prepayment ratio was revised from not more than 80% (for purchase order factoring of the customer), 100% (for purchase order financing of the other customer) or not more than 100% (for accounts receivable factoring), to not more than 100% of the accounts receivable assigned or the purchase order assigned (the exact factoring loan prepayment ratio to be negotiated upon each drawdown);

(93) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and two customers pursuant to which i) a factoring loan credit limit was revised from RMB50,000,000 to RMB100,000,000; ii) the loan credit limit was granted to the two customers and their associated companies jointly; iii) an interest rate was revised from not more than 18% (including tax, the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iv) a service fee was revised from nil to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); v) the expiry date was revised from 30 April 2019 to 30 April 2020; vi) the factoring loan prepayment ratio was revised from not more than 80% (for purchase order factoring) or not more than 100% (for accounts receivable factoring), to not more than 100% of the accounts receivable assigned or the purchase order assigned (the exact factoring loan prepayment ratio to be negotiated upon each drawdown); and vii) The credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring;

- (94) the supplemental factoring agreement dated 29 March 2019 entered into between Sheng Zhuo and two customers pursuant to which i) a revolving factoring loan credit limit was granted to the two customers and their associated companies jointly; ii) the credit limit was revised from RMB52,000,000 to RMB 100,000,000 to the two customers and their associated companies jointly; iii) an annual interest rate was revised from (1) not more than 15% (the exact interest rate to be negotiated upon each drawdown) for the customer and (2) not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown) for the other customer, to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iv) a service fee was revised from (1) not more than 2% (the exact service fee to be negotiated upon each drawdown) for the customer and (2) not more than 2% (including tax, the exact interest rate to be negotiated upon each drawdown) for the other customer, to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); v) the credit limit could be granted by Sheng Zhuo or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by Sheng Zhuo; vi) the expiry date was revised from 30 April 2019 to 30 April 2020; vii) the utilization deadline was revised from within 30 and 90 days from the date of receipt of the signed factoring agreement of the two customers, respectively, to 90 days from the date of receipt of the signed factoring agreement; and viii) the factoring loan prepayment ratio was revised from (1) not more than 100% of the accounts receivable assigned or the purchase order assigned by the customer; and (2) not more than 80% for purchase order factoring or not more than 100% of the accounts receivable assigned by the other customer, to not more than 100% of the accounts receivable assigned or the purchase order assigned (the exact factoring loan prepayment ratio to be negotiated upon each drawdown);
- (95) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) a revolving factoring loan credit limit was granted to the customer and its associated companies jointly; ii) the credit limit was revised from RMB78,000,000 to RMB 200,000,000; iii) an annual interest rate was revised from not more than 15% (the exact interest rate to be negotiated upon each drawdown), to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iv) a service fee was revised from not more than 2% (the exact service fee to be negotiated upon each drawdown), to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); v) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring; vi) the expiry date was revised from 30 April 2019 to 30 April 2020; and vii) the utilization deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement;

- (96) the fifth supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the factoring loan prepayment ratio was revised from not more than 80% (for purchase order factoring) or not more than 100% (for accounts receivable factoring) to not more than 100% for both purchase order factoring and accounts receivable factoring; ii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (97) the second supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the revolving factoring loan credit limit granted to the customer was revised from RMB52,000,000 to RMB100,000,000; ii) the factoring loan prepayment ratio was revised from not more than 80% (for purchase order factoring) or not more than 100% (for accounts receivable factoring) to not more than 100% for both purchase order factoring and accounts receivable factoring (the exact factoring loan prepayment ratio to be determined of upon each drawdown); and iii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (98) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the revolving factoring loan credit limit granted to the customer was revised from RMB80,000,000 to RMB100,000,000; ii) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring; iii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; iv) the annual interest rate was revised from not more than 15% (the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); v) a service fee was revised from 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (the exact service fee to be negotiated upon each drawdown) to not more than 2% of the accounts receivable assigned or the purchase order assigned (as the case may be) (including tax, the exact service fee to be negotiated upon each drawdown); and vi) the utilisation deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement;
- (99) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) a revolving factoring loan with a credit limit was revised from RMB45,000,000 to RMB100,000,000; ii) the interest rate was revised from 13% (including tax) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iii) the service fee was revised from nil to not more than 2% (including tax, the exact service fee to be negotiated upon each drawdown); iv) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring; v) whether it was with or without notification would be determined based on the accounts receivable assigned or the purchase order assigned (as the case may be); vi) the utilisation deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement; and vii) the factoring was revised from being without notification to that whether the factoring is with or without notification is to be determined based on the accounts receivable assigned;

- (100) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB100,000,000;
- (101) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB100,000,000;
- (102) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the revolving factoring loan credit limit granted to the customer was revised from RMB80,000,000 to RMB100,000,000; ii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; and iii) the factoring loan prepayment ratio was revised from not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned to not more than 100% (the exact factoring loan prepayment ratio to be negotiated upon each drawdown);
- (103) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) a revolving factoring loan credit limit was granted to the customer and their associated companies jointly; ii) the credit limit was revised from RMB80,000,000 to RMB 100,000,000; iii) the factoring loan prepayment ratio was revised from not more than 80% (for purchase order factoring) or not more than 100% of the (for accounts receivable factoring), to not more than 100% of the accounts receivable assigned or the purchase order assigned (the exact factoring loan prepayment ratio to be negotiated upon each drawdown); and iv) the expiry date was revised from 30 April 2019 to 30 April 2020;
- (104) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB100,000,000;
- (105) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and two customers pursuant to which i) the revolving factoring loan credit limit granted to the customer was revised from RMB80,000,000 (for one of the customers only) to RMB120,000,000 (shared among the two customers and their associated companies jointly); ii) the factoring loan prepayment ratio was revised from not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned to not more than 100% (the exact ratio to be negotiated upon each drawdown); iii) the annual interest rate was revised from not more than 18% (including tax, the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); and iv) the service fee was revised from nil to not more than 2% (including tax, the exact service fee to be negotiated upon each drawdown);
- (106) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB100,000,000;

- (107) the supplemental factoring agreement dated 29 March 2019 entered into between Sheng Zhuo and a customer pursuant to which i) the revolving factoring loan credit limit was revised from RMB52,000,000 to RMB100,000,000; ii) the credit limit could be granted by Sheng Zhou or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by Sheng Zhou; iii) the factoring loan prepayment ratio was revised from not more than 80% to not more than 100% (the exact factoring loan prepayment ratio to be negotiated upon each drawdown); iv) the annual interest rate was revised from not more than 15% (the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); v) the service fee was revised from not more than 2% (the exact service fee to be negotiated upon each drawdown) to not more than 2% (including tax, the exact service fee to be negotiated upon each drawdown); vi) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; vii) the factoring was revised from without notification to whether the factoring is with or without notification is to be determined based on the accounts receivable assigned; and viii) the utilisation deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement;
- (108) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB200,000,000;
- (109) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the revolving factoring loan credit limit was revised from RMB80,000,000 to RMB100,000,000; ii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; and iii) the factoring loan prepayment ratio was revised from not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned to not more than 100% (the exact factoring loan prepayment ratio to be negotiated upon each drawdown);
- (110) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB100,000,000;
- (111) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and two customers pursuant to which i) the revolving factoring loan credit limit was revised from RMB80,000,000 to RMB150,000,000 (for the two customers and their associated companies jointly); ii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; iii) the factoring loan prepayment ratio was revised from not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned to not more than 100% (the exact ratio to be negotiated upon each drawdown); iv) the utilisation deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement; and v) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring;

- (112) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the factoring loan prepayment ratio was revised from not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned to not more than 100% of the accounts receivable assigned or the purchase order assigned (the exact factoring loan prepayment ratio to be negotiated upon each drawdown); and ii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (113) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which i) the credit limit could be granted by SY Factoring or any of its associated companies but the accumulated credit limit would not exceed the credit limit granted by SY Factoring; ii) the factoring loan prepayment ratio was revised from not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned to not more than 100% of the accounts receivable assigned or the purchase order assigned (the exact factoring loan prepayment ratio to be negotiated upon each drawdown); iii) the annual interest rate was revised from not more than 15% (the exact interest rate to be negotiated upon each drawdown) to not more than 15% (including tax, the exact interest rate to be negotiated upon each drawdown); iv) the service fee was revised from not more than 2% (the exact service fee to be negotiated upon each drawdown) to not more than 2% (including tax, the exact service fee to be negotiated upon each drawdown); v) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020; and vi) the utilisation deadline was revised from within 30 days from the date of receipt of the signed factoring agreement to 90 days from the date of receipt of the signed factoring agreement;
- (114) the supplemental factoring agreement dated 29 March 2019 entered into between SY Factoring and two customers pursuant to which i) the revolving factoring loan credit limit granted to the two customers jointly was revised from RMB95,000,000 to RMB 100,000,000 shared among the two customers and their associated companies jointly; ii) the factoring loan prepayment ratio was revised from not more than 100% of the accounts receivable assigned or not more than 80% of the purchase order assigned to not more than 100% (the exact ratio to be negotiated upon each drawdown); and iii) the expiry date of the credit period was revised from 30 April 2019 to 30 April 2020;
- (115) the supplemental reverse factoring agreement dated 29 March 2019 entered into between SY Factoring and two customers pursuant to which i) the revolving guarantee limit of RMB180,000,000 was revised to RMB 500,000,000 (the guarantee limit is granted to the customer and its associated companies with the same beneficial owner(s) or designated third parties approved by SY Factoring jointly. The guarantee limit could be granted by SY Factoring or any of its associated companies but the accumulated guarantee limit in any event would not exceed RMB500,000,000); ii) the credit guarantee ratio was set at not more than 100% of the accounts receivable; iii) the expiry date of the guarantee limit was revised from 30 April 2019 to 30 April 2020; iv) the factoring guarantee fee was set to not more than 12% of the amount of the accounts receivable per year; and v) the factoring was set to be with notification;

- (116) the factoring agreement dated 29 March 2019 entered into between Sheng Peng and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB600,000,000;
- (117) the factoring agreement dated 29 March 2019 entered into between SY Factoring and a customer pursuant to which SY Factoring granted to the customer a revolving factoring loan credit limit of RMB300,000,000;
- (118) two disposal agreements entered into between Yong Zhuo with a purchaser on 14 May 2019 pursuant to which Yong Zhuo agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB77.6 million and RMB79.1 million respectively;
- (119) the guarantee agreement entered into among Wuxi Guojin Factoring Limited (“**Wuxi Guojin**”), Wuxi Communications Industry Group Co. Ltd. (“**Wuxi Communications**”) and SY Factoring on 17 May 2019 pursuant to which Wuxi Communications and SY Factoring agreed to provide guarantee as security for the payment of secured obligations in proportion to the shareholding interest of Wuxi Tonghui Investment Co., Ltd. (“**Wuxi Tonghui**”) and Sheng Zhuo in Wuxi Guojin in an amount up to RMB800 million in which SY Factoring will be guaranteeing RMB320 million;
- (120) the guarantee agreement entered into among Wuxi Guojin, Wuxi Tonghui and SY Factoring on 17 May 2019 pursuant to which Wuxi Tonghui and SY Factoring agreed to provide guarantee as security for the payment of secured obligations 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; and
- (121) five disposal agreements entered into between Yong Zhuo with a purchaser on 21 June 2019 pursuant to which Yong Zhuo agreed to dispose of and the purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB66.7 million, RMB53.8 million, RMB21.4 million, RMB74.2 million and RMB48.8 million respectively.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance pending or threatened against any member of the Group which was known to the Directors.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Room 4202, 42/F, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong for a period of 14 days from the date of this circular:

- (i) the memorandum and articles of association of the Company;
- (ii) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (iii) the annual report 2017 of the Company for the year ended 31 December 2017;
- (iv) the annual report 2018 of the Company for the year ended 31 December 2018;
- (v) each circular issued by the Company pursuant to the requirements set out in Chapter 19 and/or 20 of the GEM Listing Rules which have been issued since the date of the latest published audited accounts of the Company; and
- (vi) this circular.

10. MISCELLANEOUS

- (i) The company secretary of the Company is Mr. Lo Wai Hung who is a fellow member of Hong Kong Institute of Certified Public Accountants.
- (ii) The compliance officer of the Company is Mr. Tung, who is also an executive Director and the chairman of the Board.
- (iii) The Company established the Audit Committee on 19 June 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee the internal control and risk management procedures of the Company. The Audit Committee currently consists of three members, namely Mr. Hung Ka Hai Clement, Mr. Tsoon Wai Mun, Benjamin, and Mr. Loo Yau Soon. The Chairman of the Audit Committee is Mr. Hung Ka Hai Clement.

Mr. Hung Ka Hai Clement, aged 63, was appointed as the Independent Non-executive Director in June 2017. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and the Nomination Committee.

Mr. Hung had served Deloitte China for 31 years where he had assumed various leadership roles before he took up the chairman role of Deloitte China from 2014 to 2016. He retired from the chairman role of Deloitte China with effect from June 2016. When Mr. Hung was working with Deloitte China, he had assumed various leadership roles, including, the office managing partner of Deloitte Shenzhen Office and Guangzhou Office. He was also a member of the China Management Team of Deloitte China. Later on, Mr. Hung assumed the role of the southern audit leader and the deputy managing partner of the southern region (including the regions of Hong Kong, Macau, Shenzhen, Guangzhou and Xiamen).

Mr. Hung served as the Guangzhou Institute of Chartered Accountants consultant from 2004 to 2014. During the period between 2006 to 2011, he also served as a member of the Political Consultative Committee of Luohu District, Shenzhen. He has also been appointed by the Ministry of Finance of People's Republic of China as an expert consultant.

Mr. Hung has been appointed as 1) an independent non-executive director of Gome Finance Technology Co., Ltd. (stock code: 0628) since 31 October 2016; 2) as an independent non-executive director of SMI Holdings Group Limited (stock code: 0198) on 16 January 2017, re-designated as non-executive director thereof with effect from 15 March 2017 and subsequently resigned on 28 February 2019; 3) as an independent non-executive director of LT Commercial Real Estate Limited (stock code: 0112) on 24 February 2017, re-designated as non-executive director with effect from 3 March 2017, re-designated as an independent non-executive director thereof with effect from 30 June 2017 and subsequently resigned on 30 September 2018; 4) as a non-executive director of High Fashion International Limited (stock code:0608) since 1 December 2017; 5) as an independent non-executive director of Zhongchang International Holdings Group Limited (previously known as Henry Group Holdings Limited) (stock code: 0859) since 12 January 2018; and 6) as an independent non-executive director of Aoyuan Healthy Life Group Company Limited (stock code: 3662) since 22 February 2019.

Mr. Loo Yau Soon, aged 46, was appointed as the Independent Non-executive Director in June 2017. He is the chairman of the Remuneration Committee and a member of the Audit Committee. From November 2007 to August 2014, he had been an independent director and chairman of the audit committee for Indiabulls Property Investment Trust, a company listed on Singapore Exchange in Singapore. Since February 2014, he has been a director of Seri Venture Capital Management Sdn Bhd in Brunei. From March 2016 to March 2017, he was the chief executive officer and managing director of Darussalam Enterprise in Brunei.

Mr. Loo has extensive teaching experience in universities and has taken advisory roles in various organisations. Since 2008, he has been adjunct faculty and visiting professors in entrepreneurship and new venture creation in universities across Singapore and Brunei. From March 2016 to December 2017, he was a state representative of Brunei in APEC Business Advisory Council. Since March 2017, he has been appointed as the chief executive officer of Brunei Economic Development Board.

Mr. Tsoon Wai Mun, Benjamin, aged 30, was appointed as the Independent Non-executive Director in June 2017. He is a member of each of the Audit Committee and the Nomination Committee. Mr. Tsoon's experiences include financial services, corporate finance and financial technology. He was as a management associate at Citibank N.A. (Singapore) from July 2013 to September 2014, where he was responsible for assessment of the productivity metrics of branches in various countries and implementation of plans to improve productivity. From September 2014 to April 2015, Mr. Tsoon worked as a business development (M&A) executive in Pavilion Energy Management Pte Ltd., in Singapore, where he was responsible for the evaluation and management of investments in the oil and gas industry in various countries, formulating investment strategies and identifying potential acquisition targets. Mr. Tsoon is currently the co-founder and chief operating officer of a licensed regional Fintech platform, Fundnel Pte Limited, since July 2015, and he is responsible for investments, business development and overseeing the operations of the company in 6 markets. Mr. Tsoon is also a non-executive Director of Anthill Capital Pte Ltd since May 2016, a regional investment and incubation platform, where he is responsible for evaluation of investments and syndication efforts across technology-related opportunities across Asia. In May 2017, Mr. Tsoon was appointed as a non-executive Director of Y Ventures Group, an e-commerce retailer and distributor listed on the Singapore Stock Exchange, and resigned in March 2019. He sits on the Remuneration Committee and he is involved in the development of business and growth strategies, as well as frameworks for corporate governance.

- (iv) The headquarters and principal place of business of the Company in the PRC is located at 10/F, Kerry Plaza Tower 2, 1-1 Zhong Xin No. 4 Road, Futian, Shenzhen 518048, PRC.
- (v) The principal place of business of the Company in Hong Kong is located at Room 4202, 42/F, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong.
- (vi) The Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, is located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (vii) The English text of this circular shall prevail over the Chinese text.