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盛業資本
SHENG YE CAPITAL

SHENG YE CAPITAL LIMITED

盛業資本有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8469)

**DISCLOSEABLE TRANSACTIONS —
DISPOSAL OF ACCOUNTS RECEIVABLES**

DISPOSAL AGREEMENTS

The Board hereby announces that on 6 September 2019, Sheng Zhuo Factoring, an indirect non-wholly owned subsidiary of the Company, entered into the Disposal Agreements with the Purchaser pursuant to which Sheng Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire Accounts Receivables at an aggregate consideration of approximately RMB88.6 million.

GEM LISTING RULES IMPLICATIONS

The relevant applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to each of the Disposal Agreements on standalone basis is less than 5%; therefore, each of the Disposal Agreements on standalone basis does not constitute discloseable transactions of the Company and is not subject to any disclosure requirements pursuant to Chapter 19 of the GEM Listing Rules.

Nevertheless, the Directors consider that since the Previous Disposal Agreements were entered into by SY Factoring and Khorgos Yong Zhuo Factoring (each being an indirect wholly owned subsidiary of the Company) and the Disposal Agreements were entered into by Sheng Zhuo Factoring (being an indirect non-wholly owned subsidiary of the Company), with the same Purchaser within 12 months, the transactions contemplated under the Disposal Agreements shall be aggregated with the transactions under the Previous Disposal Agreements under Rule 19.22 of the GEM Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the Disposal Agreements on aggregate basis exceeds 5% but is less than 25%, each of the Disposal Agreements constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

INTRODUCTION

References are made to the announcements of the Company dated 31 July 2018, 1 August 2018, 10 September 2018 and 14 May 2019 in relation to the Previous Disposal Agreements.

On 6 September 2019, Sheng Zhuo Factoring, an indirect non-wholly owned subsidiary of the Company, entered into the Framework Disposal Agreement with the Purchaser pursuant to which Sheng Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivables from Sheng Zhuo Factoring in an aggregate amount of not more than RMB300 million.

Pursuant to the terms of the Framework Disposal Agreement, on 6 September 2019, Sheng Zhuo Factoring entered into the Disposal Agreements with the Purchaser pursuant to which Sheng Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables at an aggregate consideration of approximately RMB88.6 million.

DISPOSAL AGREEMENTS

The principal terms of the Disposal Agreements are identical except the details of the accounts receivables and considerations involved and are set out as follows.

Date: 6 September 2019

Parties:

- (1) The Purchaser, a company established in the PRC with limited liability and is principally engaged in trust business. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.
- (2) Sheng Zhuo Factoring, a subsidiary of the Company in which the Company indirectly held 51% of its equity interest as at the date of this announcement and its principal business is, among other things, commercial factoring.

The Accounts Receivables to be disposed of

The aggregate book value of the Accounts Receivables was approximately RMB84.3 million. The Accounts Receivables were comprised of accounts receivables due from the Debtor. The expiry dates of all of the Accounts Receivables were 20 January 2020.

On 6 September 2019, Sheng Zhuo Factoring and the Purchaser entered into acknowledgements of disposal with the Debtor pursuant to which the parties confirmed the book values of the Accounts Receivables. Further, the Debtor acknowledged that Sheng Zhuo Factoring was appointed to manage the Accounts Receivables. After the completion of the Disposal Agreements, the Debtor shall continue to pay the monies due under the Accounts Receivables to Sheng Zhuo Factoring, which shall then transfer the monies received to the Purchaser. Please refer to the section headed “Trust Management Service” in this announcement for details.

The disposal is without recourse against Sheng Zhuo Factoring, which means that Sheng Zhuo Factoring is not liable for default in payment by the Debtor.

Considerations and payment terms

The aggregate consideration to be paid by the Purchaser to acquire Accounts Receivables was approximately RMB88.6 million. The consideration was settled by the Purchaser by paying to the designated bank account of Sheng Zhuo Factoring for the Accounts Receivables on 6 September 2019.

Basis of determination of the considerations

The considerations were determined on arm’s length negotiations between Sheng Zhuo Factoring and the Purchaser based on 1) the book values of the Accounts Receivables; 2) the numbers of days between the dates of disposal and the expected dates of payment by the Debtor; and 3) the credit worthiness of the Debtor.

Completion of the disposal

Completion of the Disposal Agreements took place upon the dates of receipt of the considerations by Sheng Zhuo Factoring, being 6 September 2019.

Pursuant to the transfer registration agreement between Sheng Zhuo Factoring and the Purchaser on 6 September 2019, Sheng Zhuo Factoring agreed to provide assistance to the Purchaser to register in the Zhongdeng Net the transfer of accounts receivables being disposed of by Sheng Zhuo Factoring to the Purchaser pursuant to the Framework Disposal Agreement including the Accounts Receivables.

TRUST MANAGEMENT SERVICE

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

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

After the completion of the transactions under the Disposal Agreements, the Board expects that the Company will record an aggregate gain of approximately RMB2.8 million for the Disposal Agreements based on the difference between the book values of the Accounts Receivables being disposed of and the considerations of the disposal, net of sales related taxes.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of enterprise financial services offering accounts receivable financing and other related solutions, mainly in the energy, construction and medical sectors in the PRC. The Directors consider that the Disposal Agreements were entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

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

Given that the Disposal Agreements were being conducted in the ordinary and usual course of business of Sheng Zhuo Factoring and under normal commercial terms, the Directors are of the view that the terms of the Disposal Agreements are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

The relevant applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to each of the Disposal Agreements on standalone basis is less than 5%; therefore, each of the Disposal Agreements on standalone basis does not constitute discloseable transactions of the Company and is not subject to any disclosure requirements pursuant to Chapter 19 of the GEM Listing Rules.

Nevertheless, the Directors consider that since the Previous Disposal Agreements were entered into by SY Factoring and Khorgos Yong Zhuo Factoring (each being an indirect wholly owned subsidiary of the Company) and the Disposal Agreements were entered into by Sheng Zhuo Factoring (being an indirect non-wholly owned subsidiary of the Company), with the same Purchaser within 12 months, the transactions contemplated under the Disposal Agreements shall be aggregated with the transactions under the Previous Disposal Agreements under Rule 19.22 of the GEM Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 19.07 of the GEM Listing Rules in relation to the Disposal Agreements on aggregate basis exceeds 5% but is less than 25%, each of the Disposal Agreements constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the reporting and announcement requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings.

“Accounts Receivables”	the accounts receivables to be disposed of pursuant to the Disposal Agreements
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Sheng Ye Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“Debtor”	the underlying debtor of the Accounts Receivables which is principally engaged in general construction and project management
“Disposal Agreements”	The 28 accounts receivables disposal agreements between Sheng Zhuo Factoring and the Purchaser dated 6 September 2019 pursuant to which Sheng Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivables
“Framework Disposal Agreement”	the framework disposal agreement between Sheng Zhuo Factoring and the Purchaser dated 6 September 2019 pursuant to which Sheng Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivables from Sheng Zhuo Factoring in an aggregate amount of not more than RMB300 million
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, independent of and not connected with the Company and the connected person(s) (as defined in the GEM Listing Rules) of the Company
“Khorgos Yong Zhuo Factoring”	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 and a subsidiary of the Group

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Disposal Agreements”	collectively, 1) the accounts receivables disposal agreements between SY Factoring and the Purchaser dated 31 July 2018, 1 August 2018 and 10 September 2018 pursuant to which SY Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivables from SY Factoring, details of which are stipulated in the announcements of the Company dated 31 July 2018, 1 August 2018 and 10 September 2018 respectively; and 2) the accounts receivables disposal agreements between Khorgos Yong Zhuo Factoring and the Purchaser dated 14 May 2019 pursuant to which Khorgos Yong Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivables from Khorgos Yong Zhuo Factoring, details of which are stipulated in the announcement of the Company dated 14 May 2019
“Purchaser”	the purchaser of the Accounts Receivables under the Disposal Agreements which is principally engaged in trust business
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company
“Shareholders”	the holders of Shares
“Sheng Zhuo Factoring”	盛卓商業保理有限公司 (Sheng Zhuo Factoring Limited*), a company established in the PRC and a non-wholly owned 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 and a subsidiary of the Group
“Zhongdeng Net”	中國人民銀行徵信中心動產融資統一登記系統 (the People’s Bank of China Credit Reference Center Movables Financing Unified Registration System*), a registration system for transfer of accounts receivables in the PRC established under the property law of the PRC
“%”	per cent

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

Hong Kong, 6 September 2019

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

As at the date of this announcement, the Board comprises two executive Directors: Mr. Tung Chi Fung and Mr. Chen Jen-Tse; and four independent non-executive Directors: Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon, Mr. Tsoon Wai Mun, Benjamin and Mr. Fong Heng Boo.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

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