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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: 6069)

**DISCLOSEABLE TRANSACTION — SUPPLEMENTAL COOPERATION
AGREEMENT IN RELATION TO PROVISION OF GUARANTEE**

**SUPPLEMENTAL COOPERATION AGREEMENT IN RELATION TO
PROVISION OF GUARANTEE**

The Board hereby announces that on 6 March 2020, SY Factoring (an indirect wholly owned subsidiary of the Company) entered into the Supplemental Cooperation Agreement with the Bank, pursuant to which 1) the maximum aggregate amount of principal guaranteed by SY Factoring under the Cooperation Agreement was revised from RMB120 million to RMB500 million; 2) the term of the Cooperation Agreement was revised from three years from the date of the Cooperation Agreement to one year from the date of the Supplemental Cooperation Agreement.

LISTING RULES IMPLICATIONS

The relevant applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the provision of guarantee under the Cooperation Agreement was less than 5%. Therefore, the Cooperation Agreement did not constitute a discloseable transaction of the Company and was not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the provision of guarantee under the Cooperation Agreement (as supplemented by the Supplemental Cooperation Agreement) exceeds 5% but is less than 25%, the entering into of the Supplemental Cooperation Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements.

INTRODUCTION

On 12 August 2019, SY Factoring entered into the Cooperation Agreement with the Bank to cooperate in cloud financing for a term of three years and SY Factoring will provide guarantee as part of the cooperation arrangement. Under the cooperation, SY Factoring will assess the quality of the Borrowers Accounts Receivables. If the quality of the Borrowers Accounts Receivables is to the satisfaction of SY Factoring, SY Factoring will nominate the potential Borrowers to the Bank which shall provide financing to the potential Borrowers. SY Factoring shall procure the Borrowers to assign the Borrowers Accounts Receivables to the Group and the Borrowers shall repay the loans to the Bank directly. Under the cooperation, the Group will also provide accounts receivables management services to the Borrowers. No fee is payable by the Group to the Bank or vice versa, in relation to the cooperation. The Group will charge the Borrowers services fees and such services fees will be recorded as revenue from account receivable management services, information technology services and guarantee services of the Group.

SY Factoring and the Bank agreed that the loans to be granted by the Bank to the Borrowers which were recommended by SY Factoring under the Cooperation Agreement shall be not more than RMB120 million in aggregate. Further, SY Factoring agreed to provide a guarantee for the Borrowers in favour of the Bank to guarantee i) the maximum aggregate amount of the principal of RMB120 million; and ii) interest, services fees, damages and other costs arising from the default.

SUPPLEMENTAL COOPERATION AGREEMENT IN RELATION TO PROVISION OF GUARANTEE

On 6 March 2020, SY Factoring entered into the Supplemental Cooperation Agreement with the Bank, pursuant to which 1) the maximum aggregate amount of principal guaranteed by SY Factoring under the Cooperation Agreement was revised from RMB120 million to RMB500 million; 2) the term of the Cooperation Agreement was revised from three years from the date of the Cooperation Agreement to one year from the date of the Supplemental Cooperation Agreement.

Save as disclosed above, all the terms of the Cooperation Agreement shall remain materially unchanged and in full force and effect and binding on the parties.

The principal terms of the guarantee provided by SY Factoring under the Cooperation Agreement (as supplemented by the Supplemental Cooperation Agreement) are set out as follows:

Date: 6 March 2020

Parties:

- (1) SY Factoring, a company established in the PRC with limited liability and an indirect wholly owned subsidiary of the Company which principal business is, among other things, commercial factoring; and
- (2) the Bank, the holding company of the Ningbo Commerce Bank, a company established in the PRC with limited liability which principal business is, among other things, banking business. As at the date of this announcement, to the knowledge of the Directors, the identity of the de facto controller of the Bank is the State-owned Assets Supervision and Administration Commission of Ningbo Municipal Government (寧波市人民政府國有資產監督管理委員會) which is principally engaged in management of state-owned assets of the Ningbo government. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are Independent Third Parties.

Services to be provided by the Bank: The Bank would provide financing to the potential borrowers being recommended by SY Factoring.

Services to be provided by SY Factoring:

SY Factoring would provide the following services to the Bank: (i) recommendation of potential Borrowers who were in need of financing to the Bank; (ii) preliminary risk assessment on the potential Borrowers and the Borrowers Accounts Receivables; (iii) due diligence on the potential Borrowers and the Borrowers Accounts Receivables; (iv) collection and verification of the information regarding the potential Borrowers and Borrowers Accounts Receivables; (v) repayment collection services based on the Borrowers Accounts Receivables; and (vi) accounts receivable management services.

Limit on the aggregate amount of loans to be granted by the Bank:

The maximum aggregate amount of loans to be granted by the Bank to the Borrowers under the Cooperation Agreement (as supplemented by the Supplemental Cooperation Agreement) would not be more than RMB500 million.

The guarantee:

SY Factoring would provide guarantee in favour of the Bank to secure the obligations of the Borrowers under the loans being granted by the Bank to the Borrowers including i) the maximum aggregate amount of the principal of RMB500 million; and ii) interest, services fees, damages and other costs arising from the default.

The guarantee limit was determined on arm's length negotiation between SY Factoring and the Bank based on the expected scale of cooperation between SY Factoring and the Bank.

Term of guarantee:

The term of the guarantee shall be two years from the date of maturity of the loans being granted by the Bank to the Borrowers and shall be separate for each loan transaction between the Bank and each Borrower.

REASONS FOR THE SUPPLEMENTAL COOPERATION AGREEMENT

The Group is principally engaged in the provision of enterprise financial services offering accounts receivable financing and other related solutions, mainly in the energy, construction and medical sectors in the PRC.

The Directors consider that the cooperation with the Bank allows the Group to retain its own capital for providing financing to other customers to earn interest income while the Group earns services fees from the Borrowers. Further, since the Group will only refer potential Borrowers whose Borrowers Accounts Receivables are to the satisfaction of the Group, the Directors consider that the credit risk associated with the cooperation is remote. Therefore, the Group agreed to increase the scale of cooperation under the Cooperation Agreement and the amount of guarantee being provided under the Cooperation Agreement.

In view of the above, the Directors are of the view that the terms and conditions of the Cooperation Agreement (as supplemented by the Supplemental Cooperation Agreement) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and in the interest of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The relevant applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the provision of guarantee under the Cooperation Agreement was less than 5%. Therefore, the Cooperation Agreement did not constitute a discloseable transaction of the Company and was not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the provision of guarantee under the Cooperation Agreement (as supplemented by the Supplemental Cooperation Agreement) exceeds 5% but is less than 25%, the entering into of the Supplemental Cooperation Agreement constitutes a discloseable transaction for the Company under the 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.

“Bank”	寧波通商銀行股份有限公司 (Ningbo Commerce Bank Company Limited*)
“Board”	the board of Directors
“Borrowers”	borrowers which were recommended by SY Factoring to the Bank pursuant to the terms of the Cooperation Agreement or the Cooperation Agreement (as supplemented by the Supplemental Cooperation Agreement) (as the case may be)
“Borrowers Accounts Receivables”	the accounts receivables provided by the potential borrowers who intend to obtain financing from the Bank
“Company”	Sheng Ye Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (stock code:6069)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreement”	the cooperation agreement between the Bank and SY Factoring dated 12 August 2019
“Director(s)”	the director(s) of the Company
“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 Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company
“Shareholders”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Cooperation Agreement”	the cooperation agreement entered into between the Bank and SY Factoring on 6 March 2020
“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
“%”	per cent

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

Hong Kong, 6 March 2020

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.