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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)

**CONNECTED TRANSACTION –
COOPERATIVE AGREEMENT AND GUARANTEE AGREEMENT
IN RELATION TO WUXI GUOJIN**

THE COOPERATIVE AGREEMENT

The Board is pleased to announce that on 4 January 2022 (after trading hours of the Stock Exchange), the Purchaser Group, Wuxi Guojin and the Vendor entered into the Cooperative Agreement to strengthen their cooperation and to finance the operation of supply chain finance business engaged by Wuxi Guojin.

Pursuant to the Cooperative Agreement, the parties agreed, amongst others, that: (i) the Vendor Group shall provide a guarantee to secure the repayment obligations of Wuxi Guojin for its external financing from banks and financial institutions (the “**Vendor Group Guarantee**”); details of the Vendor Group Guarantee shall be stipulated in the Guarantee Agreement; (ii) each of the Purchaser Group shall provide the Credit Enhancement Measures in favour of the Vendor Group; and (iii) Wuxi Guojin shall implement the corporate governance and internal control measures stipulated under the Cooperative Agreement.

THE GUARANTEE AGREEMENT

The Board is pleased to announce that on 4 January 2022 (after trading hours of the Stock Exchange), SY Factoring, Wuxi Guojin and the Vendor Group entered into the Guarantee Agreement to provide support to the operation of supply chain finance business engaged by Wuxi Guojin.

Pursuant to the Guarantee Agreement, the parties agreed, amongst others, that (i) the Vendor Group shall provide a credit facility to Wuxi Guojin (the “**Vendor Group Financing**”) and the Vendor Group Guarantee; and (ii) SY Factoring shall provide the SY Factoring Counter Guarantee in favour of the Vendor Group to secure the repayment obligations of Wuxi Guojin for the Vendor Group Financing and the Vendor Group Guarantee.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Agreements do not constitute notifiable transactions under Chapter 14 of the Listing Rules; in particular, the Credit Enhancement Measures (which include the SY Factoring Counter Guarantee) constitute financial assistance provided by the Purchaser Group to the Vendor Group for the benefit of Wuxi Guojin to secure the Vendor Group Financing and the Vendor Group Guarantee. Pursuant to Rule 14.04(1)(e)(ii) of the Listing Rules, the Credit Enhancement Measures shall not constitute notifiable transactions under Chapter 14 of the Listing Rules.

As at the date of this announcement, to the best knowledge of the Directors having made all reasonable enquiries, the Vendor is a substantial shareholder of Wuxi Guojin, and Wuxi Communications is the holding company of the Vendor. Therefore, the Vendor and Wuxi Communications are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Whilst one or more of the applicable percentage ratios in relation to the Agreements exceed 5%, as (i) the Vendor and Wuxi Communications are connected persons of the Company at the subsidiary level; (ii) the Board has approved the terms of the Agreements and the transactions contemplated thereunder; and (iii) the Directors (including the independent non-executive Directors) have confirmed that the Agreements and the transactions contemplated thereunder are on normal commercial terms and their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders’ approval requirements under Rule 14A.101 of the Listing Rules.

The Credit Enhancement Measure provided by Mr. Tung is on normal commercial terms or better and no security over assets of the Group will be granted in respect of the Credit Enhancement Measure to be provided by Mr. Tung. As such, the Credit Enhancement Measure provided by Mr. Tung shall be exempt from reporting, announcement and independent Shareholders’ approval requirements under Rule 14A.90 of the Listing Rules.

BACKGROUND

References are made to the announcements of the Company dated 30 November 2021 and 6 December 2021 in relation to the acquisition of 40% equity interest in Wuxi Guojin of the Purchaser from the Vendor.

THE COOPERATIVE AGREEMENT

The Board is pleased to announce that on 4 January 2022 (after trading hours of the Stock Exchange), the Purchaser Group, Wuxi Guojin and the Vendor entered into the Cooperative Agreement to strengthen their cooperation and to finance the operation of supply chain finance business engaged by Wuxi Guojin.

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

- Date:** 4 January 2022 (after trading hours of the Stock Exchange)
- Parties:**
- (i) the Purchaser Group;
 - (ii) Wuxi Guojin; and
 - (iii) the Vendor.
- Secured Obligations:** The Vendor Group shall provide the Vendor Group Guarantee within forty-eight (48) months of the Cooperative Agreement becoming effective, the details of which shall be stipulated in the Guarantee Agreement.
- Credit Enhancement Measures:** Each of the Purchaser, Sheng Zhuo and SY Factoring shall provide the following credit enhancement measures in favour of the Vendor Group to secure the obligations set out above:
- (1) regardless of whether the Vendor Group is the creditor or the guarantor of Wuxi Guojin pursuant to the Agreements: (i) the Purchaser shall pledge 40% equity interest in Wuxi Guojin held by it to the Vendor Group; and (ii) Sheng Zhuo shall pledge 40% equity interest in Wuxi Guojin held by it to the Vendor Group;

- (2) Mr. Tung, as the ultimate beneficial of the Purchaser, shall provide a joint and several liability guarantee and/or counter guarantee (as the case may be) in his personal capacity for the financing and/or guarantee provided by the Vendor Group, the guaranteed amount of which shall not exceed 80% of the Vendor Group Financing and the Vendor Group Guarantee; and
- (3) the SY Factoring Counter Guarantee shall be provided in the manner as stipulated in the Guarantee Agreement.

**Corporate Governance and
Internal Control:**

The board of Wuxi Guojin shall constitute five (5) directors, among which the Vendor shall appoint one (1) director and the remaining directors shall be appointed by the Purchaser or Sheng Zhuo.

The risk management committee of Wuxi Guojin shall constitute five (5) members, among which the Vendor shall have the right to appoint two (2) members and the remaining members shall be appointed by the Purchaser or Sheng Zhuo.

Wuxi Guojin shall establish and maintain a comprehensive reporting and internal control system to ensure its, inter alia, reliable governance and prudent operations.

Default Liability:

If the Vendor Group fails to provide sufficient guarantee to Wuxi Guojin for their own reasons, the Vendor shall pay liquidated damages to the Purchaser. The liquidated damages shall be calculated based on the following formula:

Qualified and unguaranteed principal × number of days in unguaranteed term × 2% per annum/360 days

THE GUARANTEE AGREEMENT

The Board is pleased to announce that on 4 January 2022 (after trading hours of the Stock Exchange), SY Factoring, Wuxi Guojin and the Vendor Group entered into the Guarantee Agreement to strengthen their cooperation and to finance the operation of supply chain finance business engaged by Wuxi Guojin.

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

Date: 4 January 2022 (after trading hours of the Stock Exchange)

Parties:

- (i) SY Factoring;
- (ii) Wuxi Guojin; and
- (iii) the Vendor Group.

Secured Obligations: The Vendor Group shall provide the Vendor Group Financing and/or the Vendor Group Guarantee within forty-eight (48) months of the Cooperative Agreement becoming effective.

Guarantee Limit: The aggregate maximum amount shall not exceed RMB3.3 billion. Within forty-eight (48) months, the actual use of debt financing principal by Wuxi Guojin shall not exceed RMB3 billion per month.

Actual use of debt financing means the accounting balance of the total borrowings of Wuxi Guojin which is in aggregation of (i) the amount of external financing from banks and financial institutions which is guaranteed by the Vendor Group, and (ii) the amount of direct financing provided by the Vendor Group.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the guarantee limit was determined on arm's length negotiation between the parties based on the expected business scale of Wuxi Guojin.

Guarantee Fee: If Wuxi Guojin obtains external financing from a third party and the Vendor Group Guarantee is provided in respect of such repayment obligations, Wuxi Guojin shall pay the Vendor Group a guarantee fee which is 0.5% per annum of the weighted average balance of guaranteed debt principal utilised by Wuxi Guojin. The accrued guarantee fee shall be payable on annual basis, i.e., on or before 30th December each year within the term of guarantee.

A number of factors have been considered in setting the guarantee fee rate, including but not limited to (i) the prevailing market rate in respect of the provision of corporate guarantees to connected persons in the PRC; (ii) the size of the Vendor Group Financing and the Vendor Group Guarantee under the Guarantee Agreement; and (iii) the credit worthiness of Wuxi Guojin and the Group.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the guarantee fee rate was determined on arm's length negotiation between the parties.

SY Factoring Counter Guarantee: SY Factoring shall provide the joint and several liability guarantee and/or counter guarantee (as the case may be) in favour of the Vendor Group in proportion to the aggregate shareholding of its affiliates in Wuxi Guojin to secure the repayment obligations of Wuxi Guojin for the financing and/or guarantee provided by the Vendor Group.

Term of Guarantee: The term of the guarantee shall be from the date of the external financial obtained by Wuxi Guojin from the banks and financial institutions to the date agreed upon under such financing arrangement, which shall not be later than the expiry date of the Agreements, January 4, 2026.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Group is a leading supply chain fintech and industrial IoT platform. Through its "Dual-Engine, One-Platform" strategy, the Group harnesses industrial technology and digital finance to create a comprehensive supply chain fintech platform.

Wuxi Guojin was established as a joint venture in the PRC on 12 June 2018 by the Vendor and Sheng Zhuo (a subsidiary of SY Factoring in which SY Factoring owned 51% equity interest) for the purpose of operating a supply chain financing business. On 6 December 2021, the Purchaser became an equity holder of Wuxi Guojin following Completion. The Vendor and Wuxi Communications also remain as direct and indirect shareholders of Wuxi Guojin, respectively.

Through the acquisition of the equity interests in Wuxi Guojin, the Group expects to leverage Wuxi Communications' strong position in the industrial ecosystem to acquire more customers and gain access to wider business opportunities in the transport and infrastructure sectors after Completion. Furthermore, the local network and financial support brought by the state-owned group would enable the Group to expand more efficiently. In this regard, Wuxi Guojin, the Company, the Purchaser Group, and the Vendor entered into the Cooperative Agreement, and SY Factoring, Wuxi Guojin, the Vendor Group entered into the Guarantee Agreement.

Due to its state-owned enterprise background, the Vendor Group are able to provide financing to Wuxi Guojin with lower financing costs as compared to the Group. Wuxi Guojin may also obtain financing from third parties such as banks in the PRC, allowing the Group to use its capital more flexibly. The Directors note that banks in the PRC may offer lower interest rates if such financing is guaranteed by state-owned enterprises. The Vendor and Wuxi Communications are the state-owned enterprises, each agreeing to provide financing or guarantee to Wuxi Guojin, and in consideration thereof each of the Purchaser Group and Mr. Tung agrees to provide credit enhancement measures in favour of the Vendor Group. In addition, the Vendor will appoint personnel at the management level of Wuxi Guojin after entering into the Cooperative Agreement, which will enhance the internal control and corporate governance of Wuxi Guojin, ensure sustainable monitoring of state-owned assets, and bring in further industry expertise to Wuxi Guojin to strengthen collaboration on industry technology.

Given that the Agreements and the transactions contemplated thereunder are beneficial to the Group in the business expansion and establishment of long term business relationship with the Vendor and Wuxi Communications, the Directors (including independent non-executive Directors) are of the view that the Agreements and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms or better, and the terms of the Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DIRECTORS' CONFIRMATION

Mr. Tung, an executive Director and chairman of the Company, is interested in approximately 56.03% of the issued share capital of the Company as at the date of this announcement and is hence the controlling shareholder of the Company. Mr. Tung had abstained from voting on the resolutions of the Board in respect of the Agreements pursuant to the articles of association of the Company and the Listing Rules. Save as disclosed above, no Director had a material interest in the Agreements and the transactions contemplated thereunder and therefore none of them was required to abstain from voting on the relevant Board resolutions.

INFORMATION OF THE PARTIES

Information of Wuxi Guojin

Wuxi Guojin is a state-controlled supply chain finance platform established in the PRC with a leading presence in the eastern China region. By leveraging the in-depth cooperation between the shareholders, adoption of advanced online supply chain fintech capacity and robust risk management mechanism, it provides high-quality supply chain financial services for enterprises in the upstream and downstream segments of the industrial supply chain across smart transportation, infrastructure, new energy vehicles and parts, general aviation, aircraft manufacturing and other emerging industries within the greater transport sector.

Information of the Vendor Group

The Vendor is a company established in the PRC with limited liability which principal business is investment and investment management. As at the date of this announcement, the Vendor is the holder of 20% equity interest in Wuxi Guojin. The Vendor is a wholly-owned subsidiary of Wuxi Communications.

Wuxi Communications is wholly-owned by State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government and is a conglomerate principally engaged in the businesses of municipal transport, construction of transport infrastructure and investment of transportation and the relevant industry.

Information of the Group

The Group is a leading supply chain fintech and industrial IoT platform. Through its “Dual-Engine, One-Platform” strategy, the Group harnesses industrial technology and digital finance to create a comprehensive supply chain fintech platform. The Group leverages big data analytics to provide intelligent matching of assets to capital, offering one-stop supply chain SaaS and fintech solutions for enterprises and financial institutions, while effectively addressing the financing needs of SMEs within the supply chain ecosystem. The Purchaser is an indirect wholly-owned subsidiary of the Company incorporated in Wuxi City, Jiangsu Province, which is planned to be the Group's eastern China regional headquarter and the center of industrial technology research and development as well as investment. Sheng Zhuo is an indirect non wholly-owned subsidiary of the Company as SY Factoring (an indirect wholly-owned subsidiary of the Company) owns 51% equity interest in Sheng Zhuo as at the date of this announcement.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Agreements do not constitute notifiable transactions under Chapter 14 of the Listing Rules; in particular, the Credit Enhancement Measures (which include the SY Factoring Counter Guarantee) constitute financial assistance provided by the Purchaser Group to the Vendor Group for the benefit of Wuxi Guojin to secure the Vendor Group Financing and the Vendor Group Guarantee. Pursuant to Rule 14.04(1)(e)(ii) of the Listing Rules, the Credit Enhancement Measures shall not constitute notifiable transactions under Chapter 14 of the Listing Rules.

As at the date of this announcement, to the best knowledge of the Directors having made all reasonable enquiries, the Vendor is a substantial shareholder of Wuxi Guojin, and Wuxi Communications is the holding company of the Vendor. Therefore, the Vendor and Wuxi Communications are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Agreements and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Whilst one or more of the applicable percentage ratios in relation to the Agreements exceed 5%, as (i) the Vendor and Wuxi Communications are connected persons of the Company at the subsidiary level; (ii) the Board has approved the terms of the Agreements and the transactions contemplated thereunder; and (iii) the Directors (including the independent non-executive Directors) have confirmed that the Agreements and the transactions contemplated thereunder are on normal commercial terms and their terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

The Credit Enhancement Measure provided by Mr. Tung is on normal commercial terms or better and no security over assets of the Group will be granted in respect of the Credit Enhancement Measure to be provided by Mr. Tung. As such, the Credit Enhancement Measure provided by Mr. Tung shall be exempt from reporting, announcement and independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“affiliate(s)”	in relation to an entity, it means any other entity controlling and controlled by or under common control with such entity, and the term “control” means directly or indirectly holding the majority of the shareholding, voting rights or management rights
“Agreements”	collectively, (i) the Cooperative Agreement; and (ii) the Guarantee Agreement
“Board”	the board of Directors
“Company”	Sheng Ye Capital Limited 盛業資本有限公司, an exempted company duly incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (stock code: 6069)
“Completion”	the completion of the acquisition of 40% of the equity interest in Wuxi Guojin by the Purchaser as disclosed in the announcement of the Company dated 6 December 2021
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Cooperative Agreement”	the cooperative agreement dated 4 January 2022 entered into among the Company, the Purchaser, SY Factoring, Sheng Zhuo, Wuxi Guojin and the Vendor
“Credit Enhancement Measures”	has the meaning as set out in the section headed “The Cooperative Agreement – Credit Enhancement Measures” in this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement dated 4 January 2022 entered into among SY Factoring, Wuxi Guojin, the Vendor and Wuxi Communications
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force
“Mr. Tung”	Mr. Tung Chi Fung, an executive Director, chairman and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Sheng Ye Digital Technology (Wuxi) Co., Ltd* (盛業數字科技(無錫)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Purchaser Group”	collectively, the Company, the Purchaser, Sheng Zhuo and SY Factoring
“Share(s)”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Sheng Zhuo”	Sheng Zhuo Factoring Limited* (天津盛卓企業管理諮詢有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company as SY Factoring owns 51% equity interest in Sheng Zhuo
“SME(s)”	small and medium enterprise(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“SY Factoring”	SY Factoring Limited* (盛業商業保理有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“SY Factoring Counter Guarantee”	has the meaning as set out in the section headed “The Guarantee Agreement – SY Factoring Counter Guarantee” in this announcement
“Vendor”	Wuxi Tonghui Investment Co., Ltd* (無錫通匯投資有限公司), a company established in the PRC with limited liability and is the holder of 20% equity interest in Wuxi Guojin. The ultimate beneficial owner of the Vendor is the State-owned Assets Supervision and Administration Commission of Wuxi Municipal People’s Government
“Vendor Group”	the Vendor and/or Wuxi Communications (as the case may be)

“Wuxi Communications”	Wuxi Communications Industry Group Co., Ltd* (無錫市交通產業集團有限公司), a company established in the PRC with limited liability and is the holder of 100% equity interest in the Vendor
“Wuxi Guojin”	Wuxi Guojin Commercial Factoring Co., Ltd* (無錫國金商業保理有限公司), a company established in the PRC with limited liability, which is owned as to 40% by the Purchaser, 40% by Sheng Zhuo and 20% by the Vendor and is also an indirect non wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 4 January 2022

As at the date of this announcement, the Board comprises two executive Directors: Mr. Tung Chi Fung and Mr. Chen Jen-Tse; one non-executive Director: Mr. Lo Wai Hung; and four independent non-executive Directors: Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon, Mr. Fong Heng Boo and Mr. Tang King San Terence.

In this announcement, the English names of PRC entities or address marked with “” are translations of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.*

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