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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 –
ENTRY OF THE SUPPLEMENTAL FACTORING AGREEMENT**

THE SUPPLEMENTAL FACTORING AGREEMENT

On 2 September 2020, SY Factoring, an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Factoring Agreement with the Customer, pursuant to which the parties agreed to revise certain terms of the Previous Factoring Agreement, including the maximum credit limit and the interest rate and the service fee rate.

SY Factoring entered into the Previous Factoring Agreement with the Customer on 1 May 2020 in relation to the provision of the Comprehensive Financial Services. For details, please refer to the announcement of the Company dated 3 May 2020.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the entry of the Supplemental Factoring Agreement exceeds 5%, but is less than 25%, the entry of the Supplemental Factoring Agreement constitutes a discloseable transaction for the Company under the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules only.

SUPPLEMENTAL FACTORING AGREEMENT

Previous Factoring Agreement

On 1 May 2020, SY Factoring entered into the Previous Factoring Agreement with the Customer, pursuant to which SY Factoring and its associated companies agreed to provide a revolving factoring loan with a credit limit of RMB150,000,000 to the Customer and its associated companies being secured by the accounts receivables owned by the Customer and its associated companies. As at the Latest Practicable Date, RMB63.68 million of the revolving factoring loan remained outstanding.

For details of the Previous Factoring Agreement, please refer to the announcement of the Company dated 3 May 2020.

Supplemental Factoring Agreement

On 2 September 2020, SY Factoring entered into the Supplemental Factoring Agreement with the Customer, pursuant to which the parties agreed to revise certain terms of the Previous Factoring Agreement, including the credit limit to be granted to the Customer and the interest rate and the service fee rate.

Save as disclosed in this announcement, all the terms of the Previous Factoring Agreement shall remain unchanged in all material respects and in full force and effect.

The principal terms of the Supplemental Factoring Agreement are set out as follows.

Date:	2 September 2020
Parties:	(1) The Customer, a company established in the PRC with limited liability and is principally engaged in the business of trading of steel, metals, and materials of construction. As at the date of this announcement, to the best knowledge of the Directors after making all reasonable enquiries, the ultimate beneficial owner of the Customer is Gao Xiaoqin (高小欽) who is a merchant and an Independent Third Party; and (2) SY Factoring
Credit Limit:	RMB200,000,000
Type of credit limit:	Revolving
Sum of interest rate and service fee rate per annum:	Not more than 15% (including tax)
Expiry date of the credit limit:	30 April 2021

Basis of determination of the credit limit

The credit limit under the Supplemental Factoring Agreement was determined by the parties based on arm's length negotiation by considering, among others, the capital needs of the Customer and its associated companies, the amount of accounts receivables owned by the Customer which is of sufficient values (being more than or equal to the amounts of utilization of the credit limit) as security for the provision of the Comprehensive Financial Services and the quality of accounts receivables owned by the Customer and its associated companies.

Basis of determination of the interest rate and the service fee rate

The interest rate and the service fee rate under the Supplemental Factoring Agreement were determined by the parties on arm's length negotiation by considering, among others, i) the credit rating of the Customer and the debtors of the accounts receivables of the Customer and its associated companies: the Group will generally determine the interest rate and the service fee rate based on the credit rating of the Customer and the debtors of the accounts receivables. The higher the credit rating, the lower the interest rate and the service fee rate. The credit ratings of the Customer and the debtors were assessed internally by the Group's risk management department which considered that the credit ratings of the Customer and the debtors of the accounts receivables were good without any overdue situation; and ii) the credit period: the Group will also take into account the credit period when determining the interest rate and the service fee rate. The shorter the credit period, the lower the credit risk.

REASONS FOR THE ENTRY OF THE SUPPLEMENTAL FACTORING AGREEMENT

The Group is a leading data-driven supply chain financial services provider in China. Powered by fintech and an in-depth understanding of the industries it serves, the Group offers a range of flexible account receivable-based financing products and corporate services to meet the vast financing needs of underserved small medium and micro enterprises in the region.

Owing to its business need, the Customer negotiated with the Group for the provision of the Comprehensive Financial Services. Since the Customer is able to provide the accounts receivables as securities for the Comprehensive Financial Services to the Group, upon the request of the Customer and upon the approval of such request by the Group after assessment on the quality of their accounts receivables owned by the Customer, SY Factoring entered into the Supplemental Factoring Agreement with the Customer. The entry of the Supplemental Factoring Agreement is in the ordinary course of business of the Group, it will contribute profit to the Company over the financing term and are beneficial to the Group in its business expansion and establishment of long-term business relationship with the Customer.

Further, the Directors noted that (i) in view of the good credit rating of the Customer and taking into account the risk assessment being carried out by the Group, granting of the credit limit would not pose significant risk to the operation and the financial position of the Group; (ii) the annual interest rate and service fee (if any) are in line with the market practice; (iii) the credit rating of the debtors of the accounts receivables being the securities of the Comprehensive Financial Services were good without any default; and (iv) 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 Comprehensive Financial Services. In view of the above, the Directors are of the view that the entry of the Supplemental Factoring Agreement is in the ordinary and usual course of business of the Group, and is on normal commercial terms.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Factoring Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in relation to the entry of the Supplemental Factoring Agreement exceeds 5%, but is less than 25%, the entry of the Supplemental Factoring Agreement constitutes a discloseable transaction for the Company under the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules only.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Sheng Ye Capital Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange with stock code: 6069
“Comprehensive Financial Service”	accounts receivable related financial services, including but not limited to factoring, refactoring and guarantee services
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Customer”	山西源晟發工貿有限公司 (Shanxi Yuanshengfa Industrial and Trading Limited*), a company established in the PRC with limited liabilities. Please refer to Customer SXYSF in the announcement of the Company dated 3 May 2020
“Director(s)”	the director(s) of the Company
“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 Listing Rules) of the Company

“Latest Practicable Date”	31 August 2020, being the latest practicable date prior to the release of this announcement for ascertaining certain information contained herein
“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
“Previous Factoring Agreement”	the previous factoring agreement between SY Factoring and the Customer dated 1 May 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of Shares
“Shares”	ordinary share(s) having a par value of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Factoring Agreement”	the supplemental factoring agreement between SY Factoring and the Customer dated 2 September 2020
“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
“%”	per cent

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

Hong Kong, 2 September 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.