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SHENG

INTRODUCTION

References are made to the announcement of the Company dated 11 December 2020, 14 December 2020 and 15 December 2020 in relation to the Previous Disposal Agreements.

On 8 December 2020, Khorgos Yong Zhuo Factoring, an indirect wholly owned subsidiary of the Company, entered into the Framework Disposal Agreement with the Purchaser pursuant to which Khorgos Yong Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire accounts receivables from Khorgos Yong Zhuo Factoring in an aggregate amount of not more than RMB700 million.

Pursuant to the terms of the Framework Disposal Agreement, on 16 December 2020, Khorgos Yong Zhuo Factoring entered into the Disposal Agreements with the Purchaser pursuant to which Khorgos Yong Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire the accounts receivable at a consideration of approximately RMB82.6 million.

THE DISPOSAL AGREEMENT

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

Date: 16 December 2020

Parties:

(1) The Purchaser, a company established in the PRC with limited liability and principally engaged in trust business. As at the date of this announcement, to the knowledge of the Directors, the identity of the de facto controller of the Purchaser is Zhang Jun (張　峻) who is a merchant. 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) Khorgos Yong Zhuo Factoring, an indirect wholly owned subsidiary of the Company whose principal business is, among other things, commercial factoring.

The Accounts Receivable to be disposed of

The book value of the Accounts Receivable was approximately RMB77.7 million. The Accounts Receivable was comprised of accounts receivable due from the Debtor. The expiry date of the Accounts Receivable was 29 November 2021.

On 16 December 2020, Khorgos Yong Zhuo Factoring and the Purchaser jointly gave the disposal notice to the Debtor that the Accounts Receivable would be transferred to the Purchaser. After the completion of the Disposal Agreement, the Debtor shall pay the monies due under the Accounts Receivable to the Purchaser.

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

Consideration and payment terms

The consideration to be paid by the Purchaser to acquire the Accounts Receivable was approximately RMB82.6 million. The consideration was settled by the Purchaser by paying to the designated bank account of Khorgos Yong Zhuo Factoring for the Accounts Receivable on 16 December 2020.

Basis of determination of the consideration

The consideration was determined on arm's length negotiations between Khorgos Yong Zhuo Factoring and the Purchaser based on 1) the book value of the Accounts Receivable; 2) the number of days between the date of the disposal and the expected date of payment by the Debtor; and 3) the credit worthiness of the Debtor.

Completion of the disposal

Completion of the Disposal Agreement took place upon the date of receipt of the consideration by Khorgos Yong Zhuo Factoring, being 16 December 2020.

Pursuant to the Framework Disposal Agreement, Khorgos Yong Zhuo Factoring agreed to provide assistance to the Purchaser to register in the Zhongdeng Net the transfer of accounts receivables being disposed of by Khorgos Yong Zhuo Factoring to the Purchaser including the Accounts Receivable.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

After the completion of the transaction under the Disposal Agreement, the Board expects that the Company will record a gain of approximately RMB4.6 million for the Disposal Agreement based on the difference between the book value of the Accounts Receivable being disposed of and the consideration of the disposal, net of sales related taxes.

Given that the Disposal Agreement was conducted in the ordinary and usual course of business of Khorgos Yong Zhuo Factoring and under normal commercial terms, the Directors are of the view that the terms of the Disposal Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

LISTING RULES IMPLICATIONS

All relevant applicable percentage ratios for the Company as calculated under Rule 14.07 of the Listing Rules in relation to the Disposal Agreement on standalone basis are less than 5%; therefore, the Disposal Agreement on standalone basis does not constitute a discloseable transaction of the Company and is not subject to any disclosure requirements pursuant to Chapter 14 of the Listing Rules.

Nevertheless, the Directors consider that since the Previous Disposal Agreements and the Disposal Agreement were entered into by Khorgos Yong Zhuo Factoring with the same Purchaser within 12 months, the transactions contemplated under the Disposal Agreement shall be aggregated with the transaction under the Previous Disposal Agreements under Rule 14.22 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 Disposal Agreement on aggregate basis exceeds 5% but is less than 25%, the Disposal 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.

"Accounts Receivable"	the accounts receivable to be disposed of pursuant to the Disposal Agreement
"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 the Stock Exchange (stock code: 6069)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Debtor"	the underlying debtor of the Accounts Receivable which is principally engaged in the business of trading of minerals, metals, petroleum products and materials of construction
"Director(s)"	the director(s) of the Company

"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, 16 December 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. Twoon 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.