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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.

## INTRODUCTION

References are made to the announcements of the Company dated 22 November 2019, 29 November 2019 and 3 December 2019 in relation to the Previous Disposal Agreements.

On 15 November 2019, 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 RMB1 billion (or such other amount which was raised by the Trust(s) being set up by the Purchaser).

Pursuant to the terms of the Framework Disposal Agreement, on 6 December 2019, Khorgos Yong Zhuo Factoring entered into the Disposal Agreement with the Purchaser pursuant to which Khorgos Yong Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivable A and the Accounts Receivable B at a consideration of approximately RMB69.8 million and RMB84.1 million respectively.

## THE DISPOSAL AGREEMENT

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

Date: 6 December 2019

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 ultimate beneficial owner of the Purchaser is Zhang Jun (張峻). 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, of which the principal business is, among other things, commercial factoring.

**The Accounts Receivables to be disposed of**

The book values of the Accounts Receivable A and Accounts Receivable B were approximately RMB64.2 million and RMB77.3 million respectively. The Accounts Receivable A and Accounts Receivable B were comprised of accounts receivables due from the Debtors. The expiry dates of the Accounts Receivable A and Accounts Receivable B were 16 November 2020 and 20 November 2020 respectively.

On 6 December 2019, Khorgos Yong Zhuo Factoring and the Purchaser jointly gave the Disposal Notices to the Debtors and the Creditors that the Accounts Receivables would be transferred to the Purchaser and after completion of the disposal of the Accounts Receivables, the Debtors should pay the monies due under the Accounts Receivables 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 Debtors.

**Considerations and payment terms**

The considerations to be paid by the Purchaser to acquire the Accounts Receivable A and the Accounts Receivable B were approximately RMB69.8 million and RMB84.1 million respectively. The considerations were settled by the Purchaser by paying to the designated bank account of Khorgos Yong Zhuo Factoring on 6 December 2019.

**Basis of determination of the considerations**

The considerations were determined on arm's length negotiations between Khorgos Yong 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 Debtors; and 3) the credit worthiness of the Debtors.

**Completion of the disposal**

Completion of the Disposal Agreement took place on 6 December 2019.

Pursuant to the Transfer Registration Agreement between Khorgos Yong Zhuo Factoring and the Purchaser dated 15 November 2019, 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 pursuant to the Framework Disposal Agreement including the Accounts Receivables.

## FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

After the completion of the disposal under the Disposal Agreement, the Board expects that the Company will record a gain of approximately RMB5.2 million and RMB6.4 million for the Disposal Agreement based on the difference between the respective book values of the Accounts Receivable A and Accounts Receivable B 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 Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

The Group entered into the Disposal Agreement 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 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 transactions 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

| | |
|---|---|
| "Director(s)" | the director(s) of the Company |
| "Disposal Agreement" | the accounts receivable disposal agreement between Khorgos Yong Zhuo Factoring and the Purchaser dated 6 December 2019 pursuant to which Khorgos Yong Zhuo Factoring agreed to dispose of and the Purchaser agreed to acquire the Accounts Receivable A and the Accounts Receivable B |
| "Disposal Notices" | the disposal notices given by Khorgos Yong Zhuo Factoring and the Purchaser to the Debtors and the Creditors on 6 December 2019 |
| "Framework Disposal Agreement" | the framework disposal agreement between Khorgos Yong Zhuo Factoring and the Purchaser dated 15 November 2019 |
| "Group" | the Company and its subsidiaries |
| "Khorgos Yong Zhuo Factoring" | Khorgos Yong Zhuo Factoring Co., Ltd.* (霍尔果斯永卓保理有限公司), a company established in the PRC |
| "Independent Third Party(ies)" | the independentParty(ies |

Khorgos Yong Zhuo Factoring Co., Ltd.353.8(Y)99.9(ony)]TJ 1 5922 0 K -1 3333 TD 5(Zhuo 29204.9(Factoring 29204.Limi

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| "Purchaser" | National Trust Limited* (國民信託有限公司) |
| "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 |
| "Shareholder(s)" | the holder(s) of Shares |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary(ies)" | has the meaning ascribed to it under the Listing Rules |
| "Transfer Registration Agreement" | the transfer registration agreement between Khorgos Yong Zhuo Factoring and the Purchaser dated 15 November 2019 |
| "Trust(s)" | trust(s) which were set up by the Purchaser |
| "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 December 2019

*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).c*

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