



# Sheng Ye Capital

FY2019 Annual Results Release Presentation

6069.HK



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01. Corporate Overview

02. Business Review

03. Financial Highlights

04. Future Plan



## Sheng Ye Capital A Data-Driven Supply Chain Financial Services Provider

### Market Position

The **1<sup>st</sup>** commercial factoring company from mainland China **listed on the mainboard of HKEX**

### Market Recognition

Constituent of **MSCI** Global Small Cap Indexes – China Index since May 2018  
Constituent of **Hang Seng Composite Index** and **Shenzhen-Hong Kong Stock Connect** since Mar 2020

### Reputable Investors

Well-known private equity, **Singapore sovereign fund**, and **Fortune Global 500 insurance** company in China



### Positioning

Focus on **servicing SMEs** in both upstream and downstream supply chain

### Fintech Capability

**National High-Tech Enterprise**, Rising Star Award by Deloitte China Tech Fast 20

### Capital Market Performance

Mkt Cap : HK\$ **5.67 BN**<sup>1</sup>

Average Daily Trading Turnover: HK\$ **9,817,089** <sup>2</sup>

Notes:

1. Data as at 20 March 2020

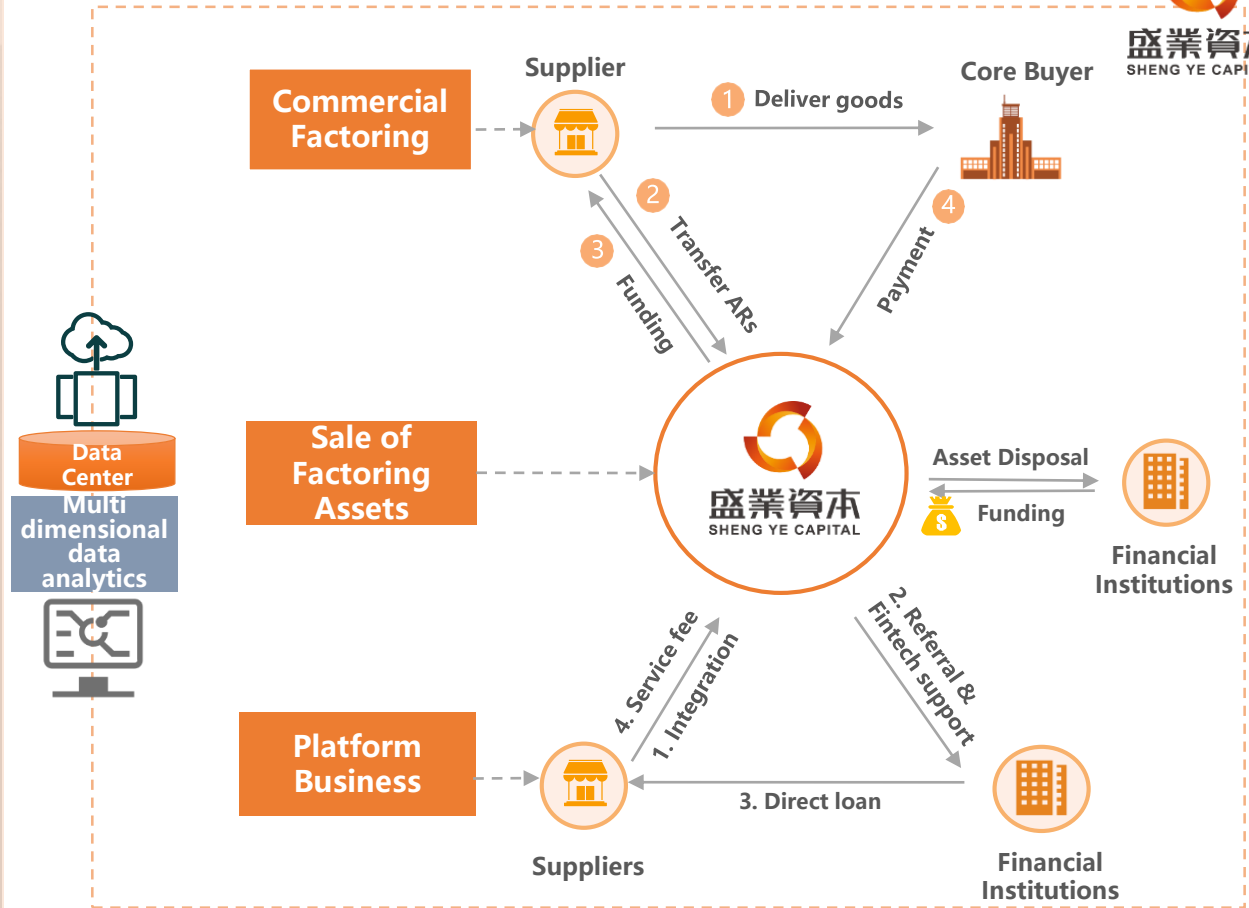
2. Average daily trading turnover for the 12 months ended 20 March 2020



## Business Model

Ease financing pain points for **Suppliers**, by providing more flexible and faster financing solutions

A more comprehensive supply chain management service for **Core Buyers**, with diligent data analytics to improve supplier network efficiency





# SME's Pain Points in Supply Chain Financing

Substantial amount of ARs **deteriorates cash flow**

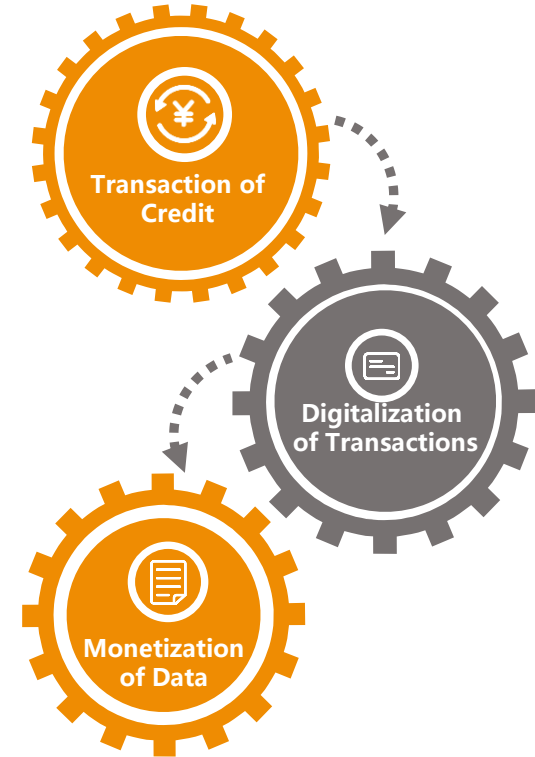


Financial institutions **cannot provide timely funding** during the trading phase, where cashflow shortage is most urgent

Supply chain financing is highly dependent on **confirmation or guarantee** of receivables from core enterprises

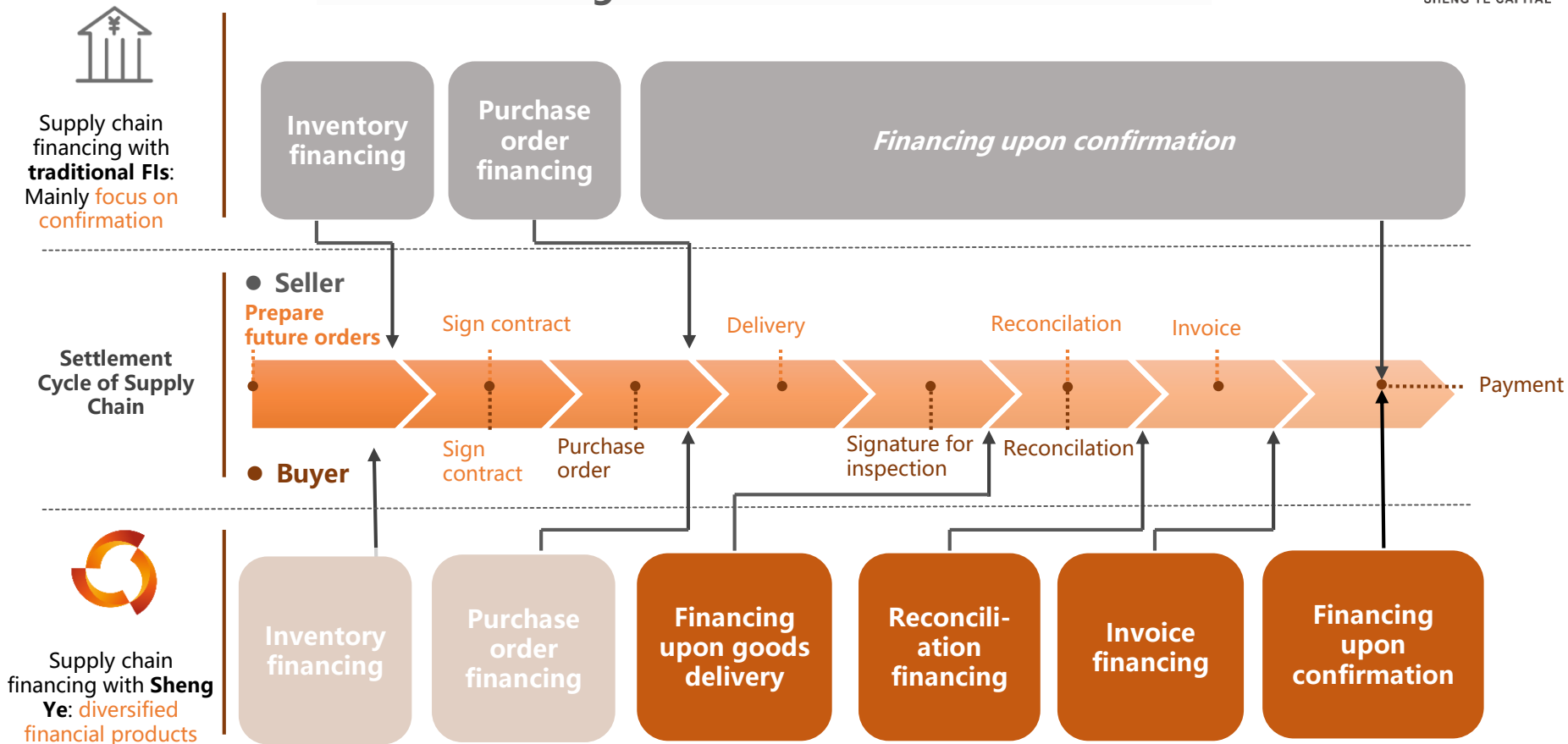
Traditional Financial institutions are not able to fulfill the specific financing needs of SMEs

## Redefine Supply Chain Financing



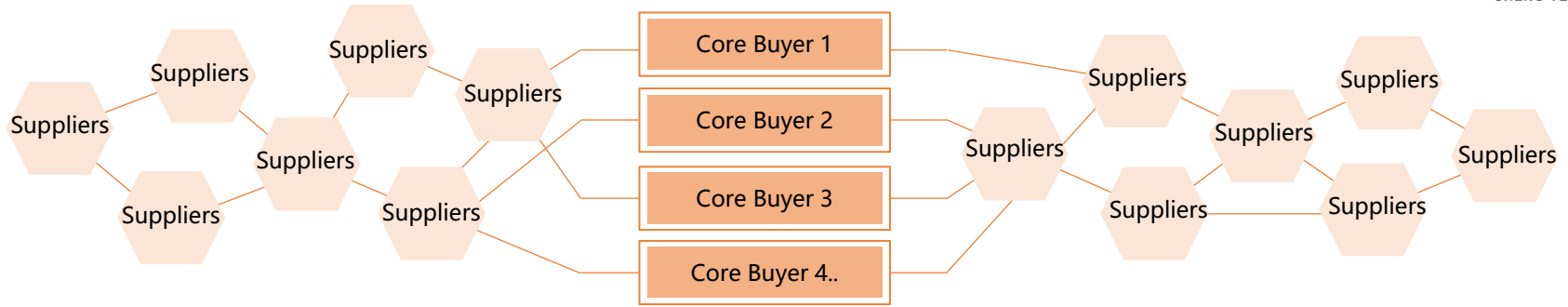


## Full-Range Financing Products at Different Stages of the Transaction





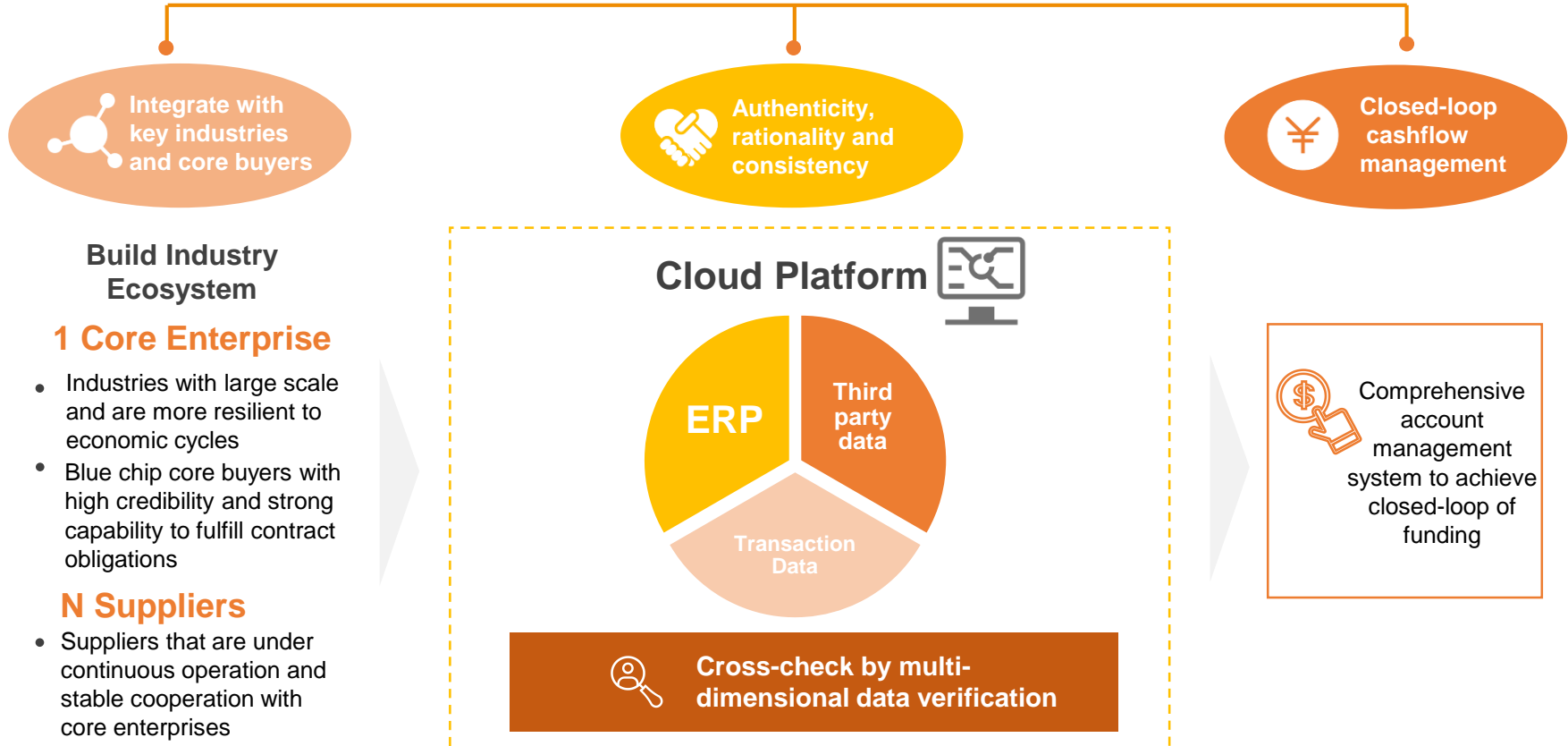
## Supply Chain Financing Ecosystem



## Sheng Ye's Cloud platform for financing matching

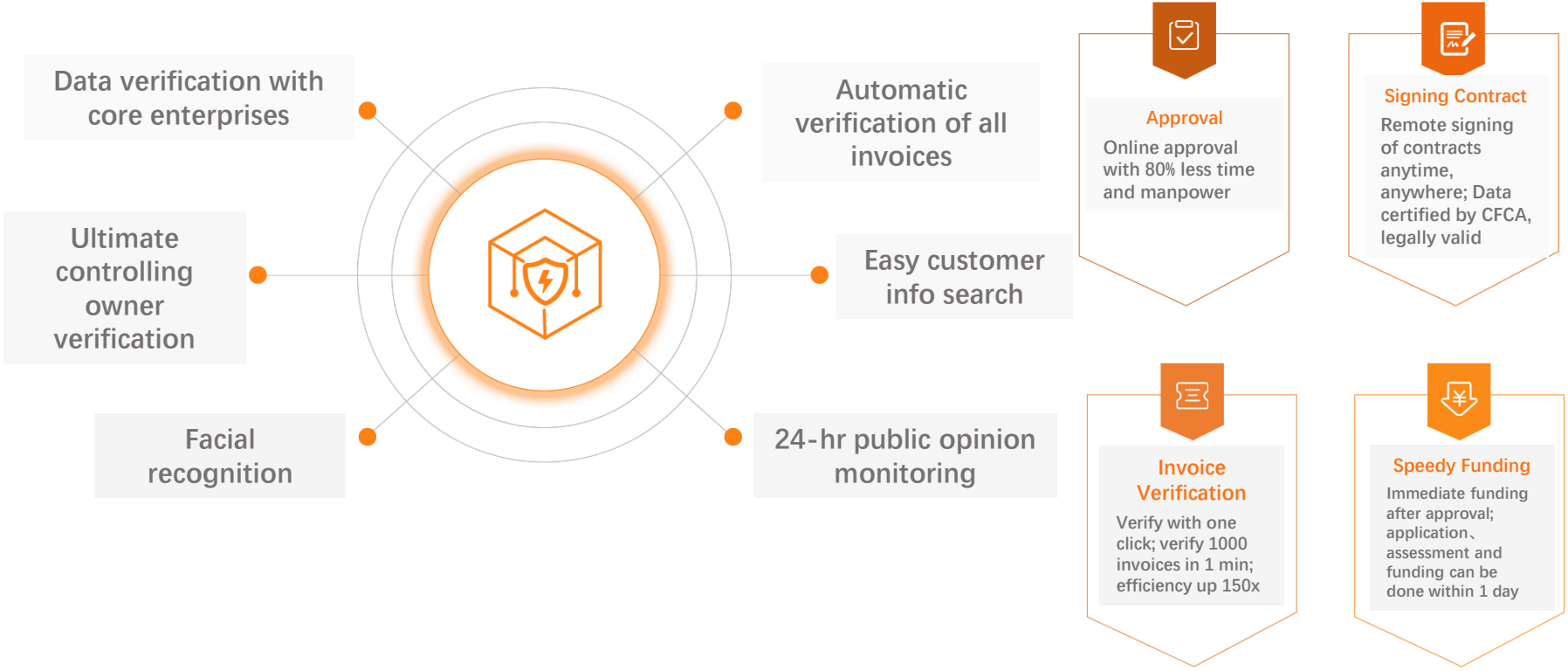


## Robust Risk Management





## Efficient Big Data Center and Fintech Systems





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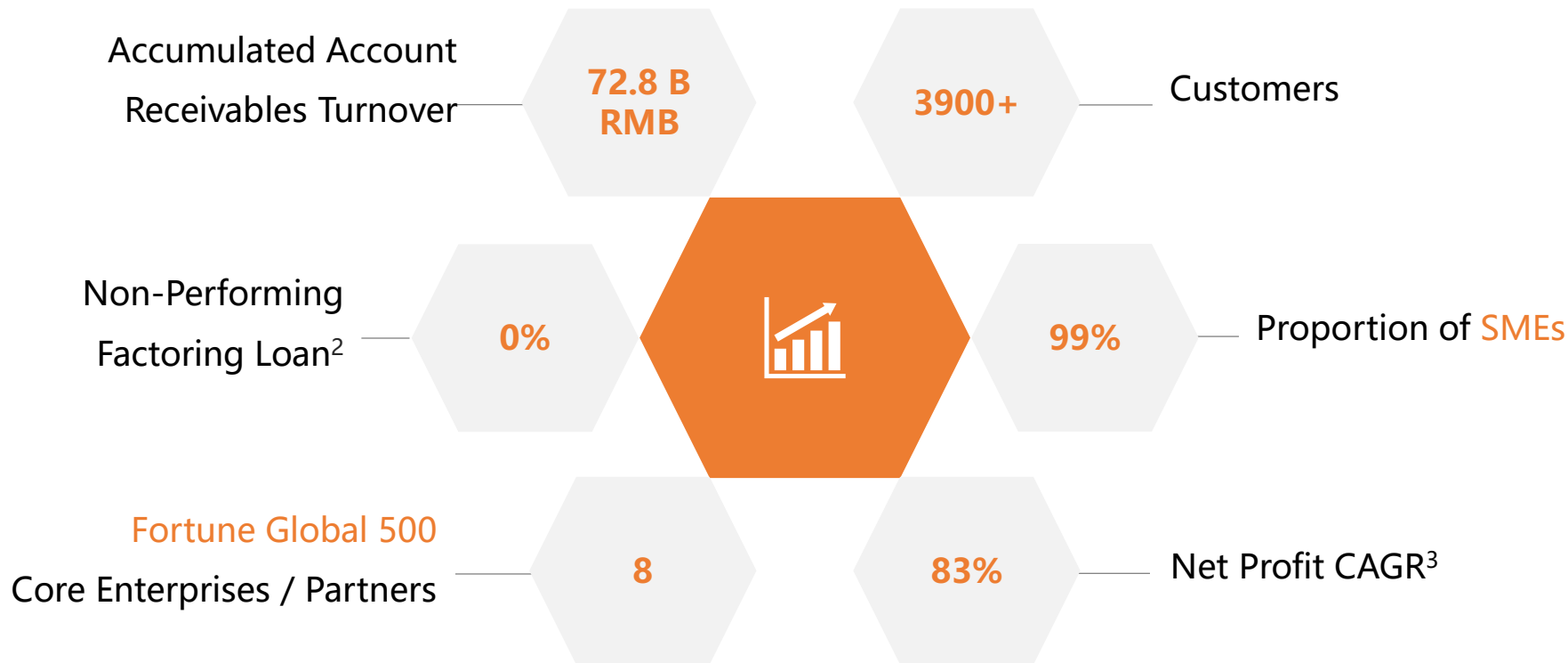
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## Key Metrics<sup>1</sup>



Notes:

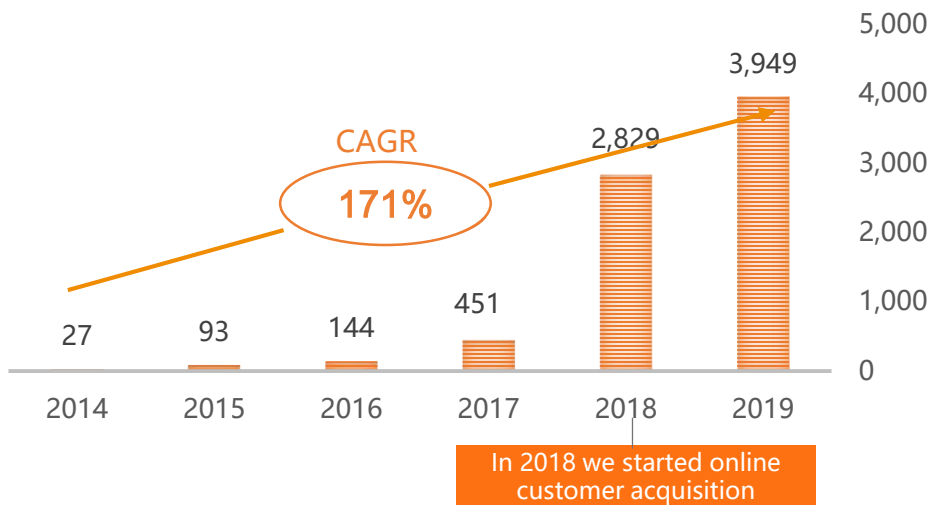
1. Data as of 31 December 2019

2. Non-performing factoring loan: loan disbursed to customers that is overdue more than 90 days.

3. CAGR of net profit from 2016 to 2019

## Industry-focused Fast Growth

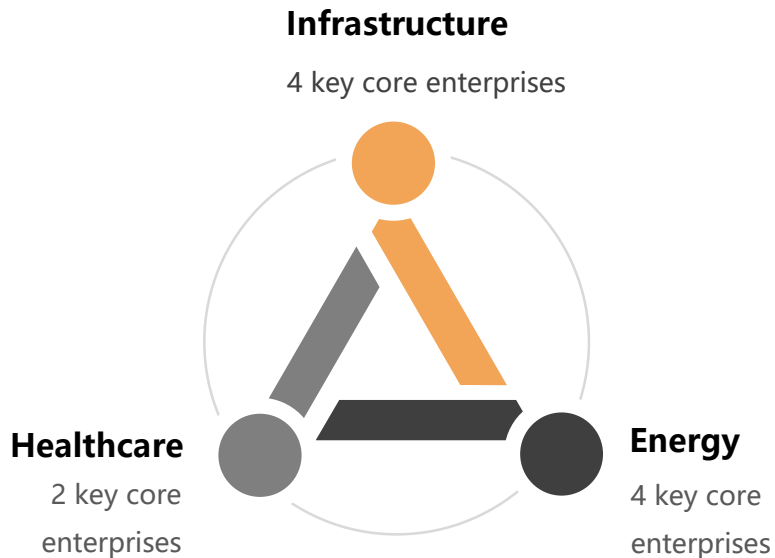
### Customer Growth Rate<sup>1</sup>



Note:

1. Data as of 31 December 2019

### Focus in 3 Core Industries



Large scale | Resilient to economic cycles  
Supported by favorable policies | Non-overlapping



Recognized by  
Industries and  
the Market



## RMB1.04 BN Platform Collaboration

We established platform collaboration of a total amount of RMB1.04 billion with China Construction Bank Shenzhen Branch and Ningbo Commerce Bank, efficiently referred quality assets and diversified customer acquisition channels for our banking partners, and facilitated direct funding for our SME clients



## Strategic Alliance in Industry Resources Integration, Big Data and Account Systems

We strategically aligned with CPCN(中金支付) to deepen our collaboration in industry integration, big data and account systems and to enhance the cloud system. With integrated tech systems from both ends, we can share industry data, improve our risk control capabilities and increase the asset screening efficiency. We can help lenders efficiently acquire quality assets and customers and speed up funding process, as well as enhance customers' capital turnover rate and ease their financing difficulties

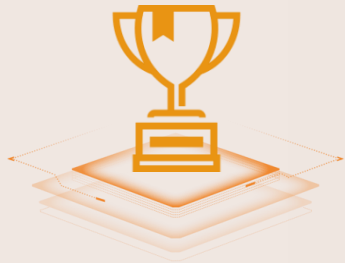


## Oct 2019 Transferred Listing to the Main Board

Mar 2020  
Included in **Hang Seng  
Composite Index** and  
**Shenzhen-Hong Kong  
Stock Connect**



## Awards



- ◎ “Innovative Case of Commercial Factoring Industry” Award at the 7<sup>th</sup> China Commercial Factoring Industry Summit
- ◎ The 5<sup>th</sup> China Asset Securitization Forum Annual Awards – Annual Rising Award, Annual Outstanding Deal Award
- ◎ China Finance and Economics Summit – 2019 Most Influential FinTech Brand Award
- ◎ 2018-2019 Annual Securitization Awards - “Jie Fu Award”: Award of the Most Influential Innovative Securitization Product
- ◎ 2019 Commercial Factoring Industry Contribution Award at the 4<sup>th</sup> International Factoring and Supply Chain Finance Conference
- ◎ 2019 Listed Companies Industry Innovation Award of Golden Sail Awards by 21<sup>st</sup> Century Finance
- ◎ “Best Finance Stock Company” at the 4<sup>th</sup> Golden Hong Kong Stock Awards



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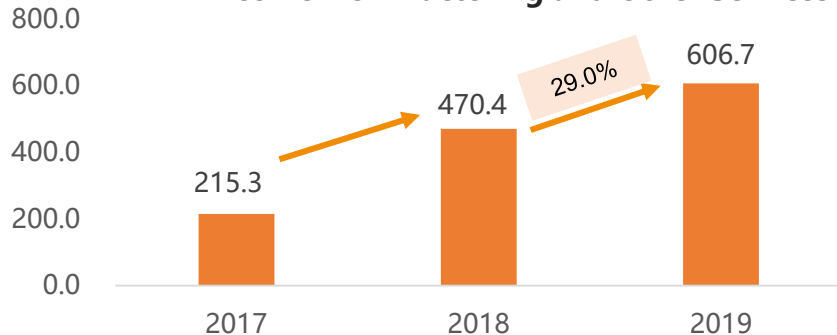
03. Financial Highlights

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## Financial Highlights

(RMB million)

### Income from Factoring and Other Services<sup>1</sup>



### Robust Growth of Factoring Business

#### 1. Lift in Customer Number

Registered customers ↑39.6% YoY to **3,949**

#### 2. Transferred AR Value for the Year Increased Remarkably

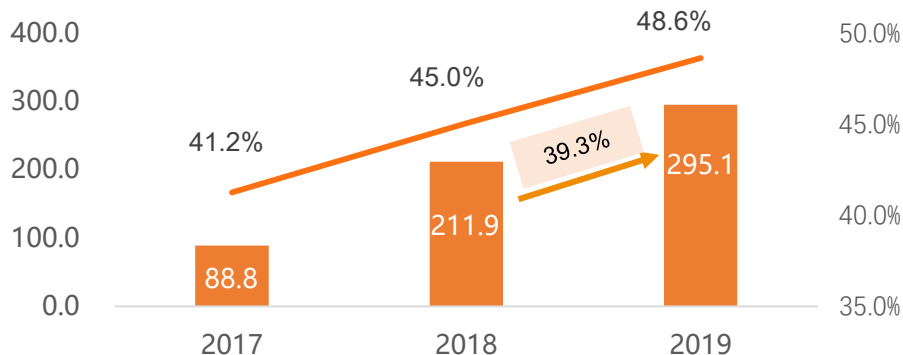
Transferred AR value for the year ↑70.4% YoY to **RMB35.5 BN**

#### 3. Asset Backed Securities

Accumulated approved size of asset backed securities reached **RMB31.0 BN**

(RMB million)

### Net Profit & Net Profit Margin<sup>2</sup>



Notes:

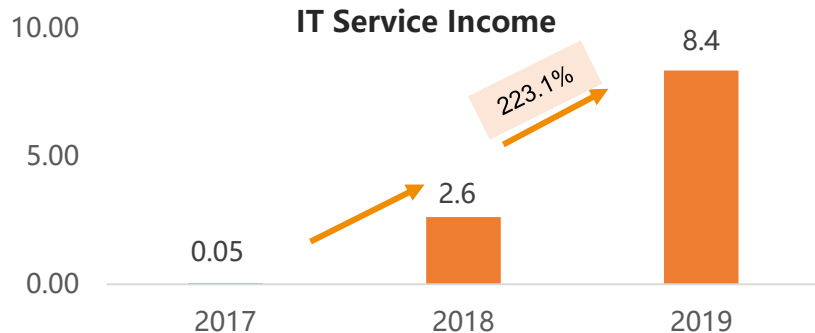
- Income from Factoring and Other Services = Interest Income from Factoring Business + Income from Other Services + Gain on Sale of Factoring Assets
- Net Profit Margin = Net Profit / Income from Factoring and Other Services





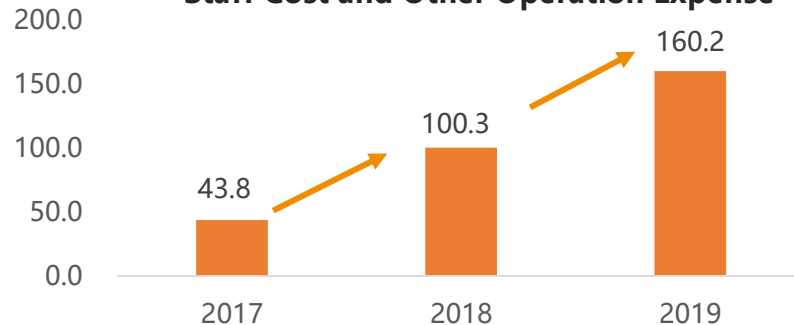
## Operation Figures

(RMB million)



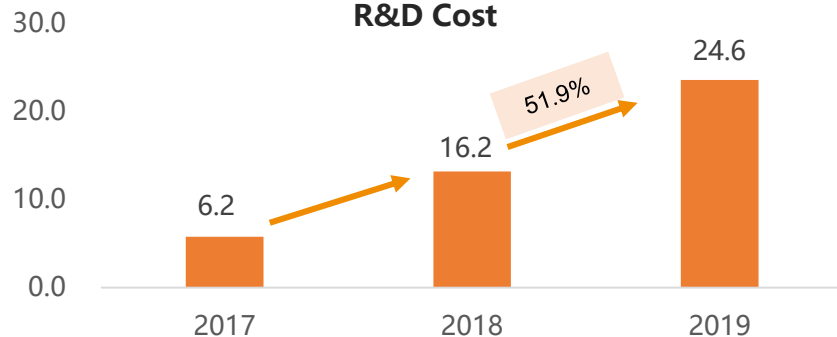
( RMB million )

### Staff Cost and Other Operation Expense



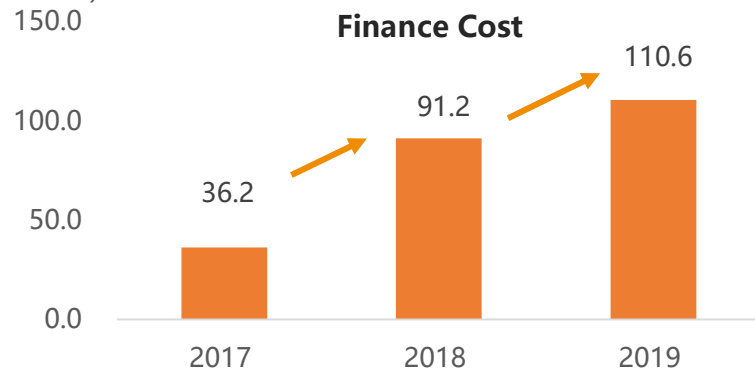
( RMB million )

### R&D Cost



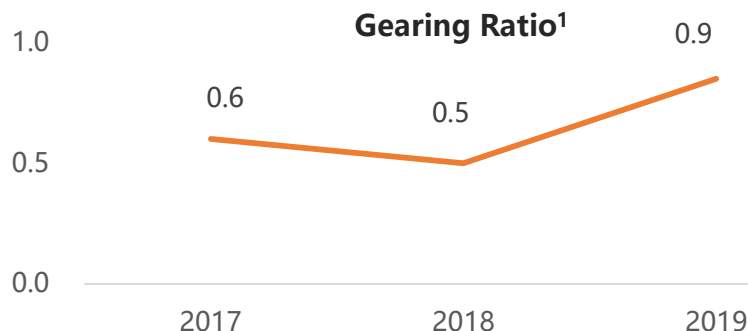
( RMB million )

### Finance Cost

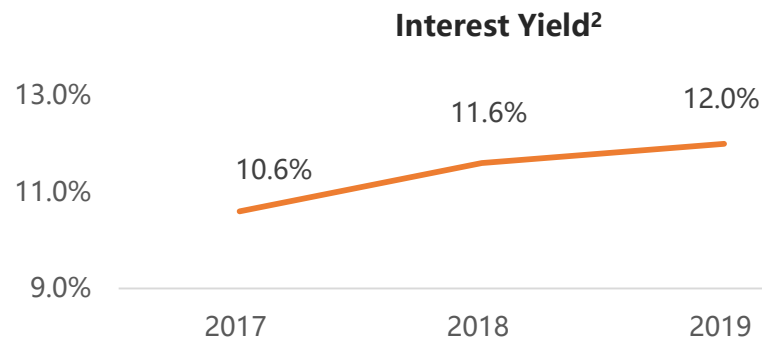




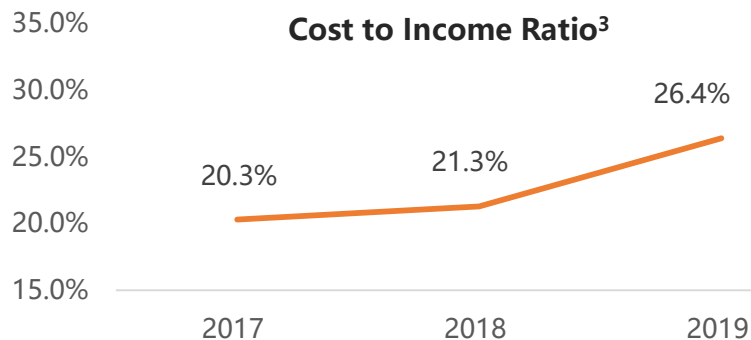
## Ratio Analysis



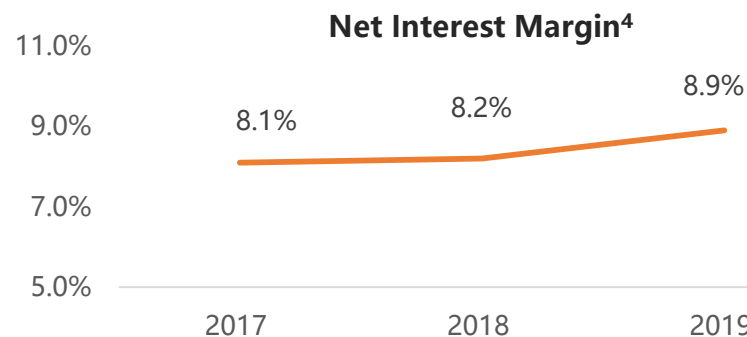
Note 1: Gearing Ratio = Total Debt / Total Equity



Note 2: Interest Yield = Interest Income from Factoring Service / Daily Average Balance of Factoring Asset



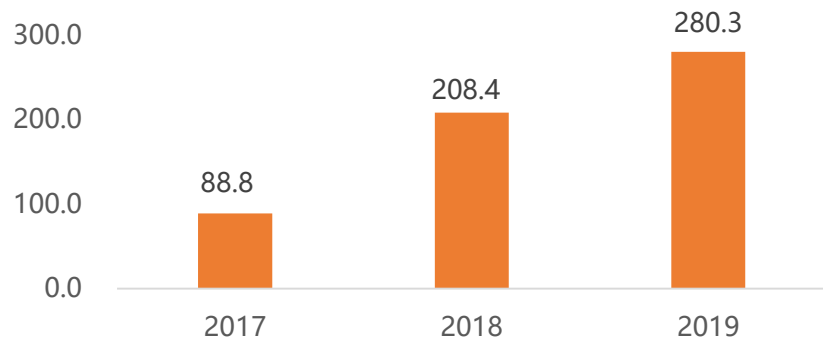
Note 3: Cost to Income Ratio = Operation Cost / Total Revenue



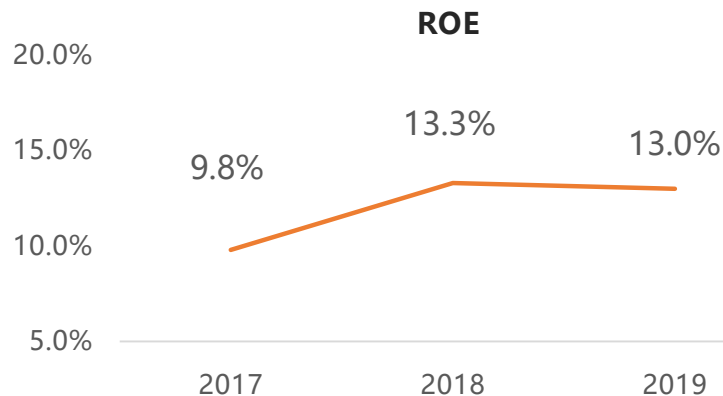
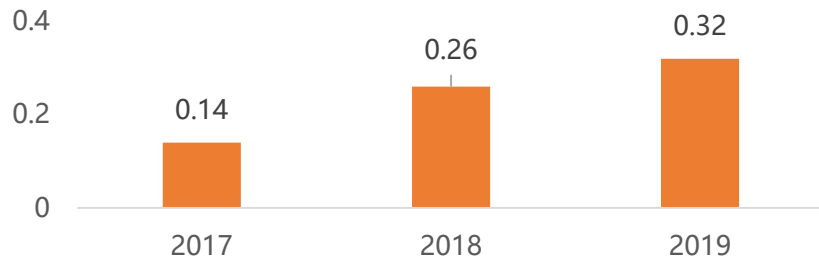
Note 4: Net Interest Margin = Net Interest Income / Daily Average Balance of Factoring Assets

## Shareholder Return

(RMB million) **Profit for the Year**  
**Attributable to Owners of the Company**



( RMB yuan ) **Earnings Per Share - Basic**





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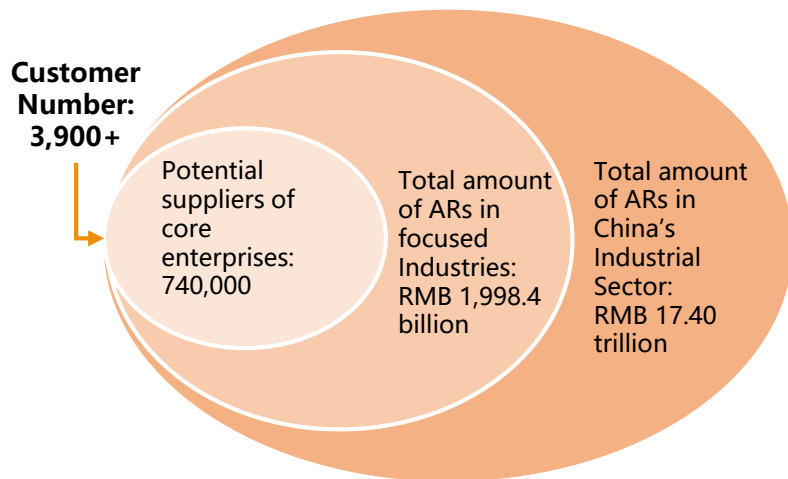
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## Seizing Policy Opportunities

### Potential Market<sup>1</sup>



Note:

1. Source: National Bureau of Statistics and public data; data as of 31 December 2019

### Policy Support

**Favorable Policy Encourages Third-party Factoring Development, as more stringent rules apply to “corporate-owned factoring”**

On 22 October 2019, China Banking and Insurance Regulatory Committee (CBIRC) released the Notice on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (No. [2019]205)

1. ARs from **related parties not to exceed 40%** and ARs factoring from **single debtor not to exceed 50%** of the commercial factoring company's risk asset.
2. **The first nation-wide regulatory document issued by CBIRC that applies to factoring industry in PRC**
  - Officially clarified commercial factoring companies as non-bank financial institutions for the first time
  - Strict supervision over factoring industry; introduced regulatory white list to lay foundation for subsequent operation in compliance with laws and regulations
3. **Strict compliance regulation on financing channels of factoring companies, and clarifies prohibited funding types**
  - To promote and ensure the development of compliant factoring companies, companies are to utilize qualified assets and practice strict risk control to develop diversified funding channels

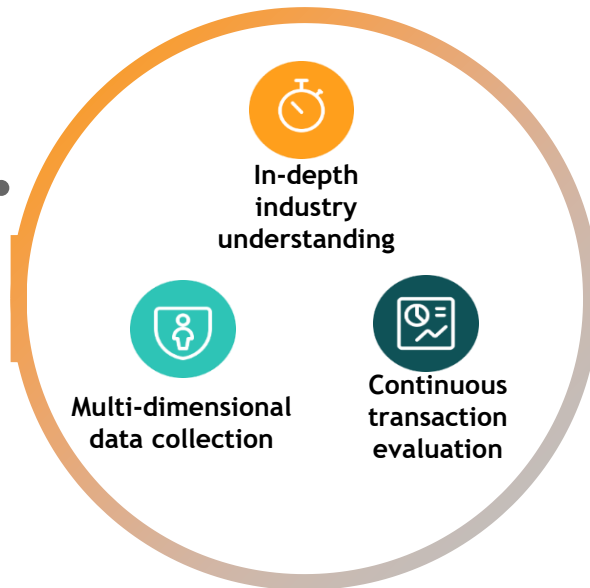
## Strengthen Fintech Solutions

### Data-Driven Supply Chain Finance



#### Corporate Services in Supply Chain

By providing corporate services that reduces cost and increases efficiency to the targeted industry, we not only **gained more in-depth understanding** of the transaction chain but also **strengthened the tie** with core enterprises and SME-suppliers of that targeted industry. As such, our financing services will bring even more convenience and more quality assets to the industry supply chain financing



#### Establish Loan Facilitation Platform

We are building a collaborative platform that links core enterprises and SMEs in the supply chain with external FIs, leveraging on our in-depth industry insight and vast amount of data

For FIs: **enrich risk management parameters** and **expand customer acquisition channels**.

For Suppliers & Buyers: break the limit to a single FI with **diversified and efficient funding channels**

For Sheng Ye: gradually realize **asset-light transformation**

# THANKS



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RMB (million)	2018	2019	Change
Total Revenue	345.9	450.4	30.2%
Gain on Sales of Factoring Assets	124.5	156.2	25.5%
Income from Factoring and Other Services	470.4	606.7	29.0%
Finance Cost	91.2	110.6	21.3%
Profit before Taxation	295.7	362.5	22.6%
Taxation	83.8	67.4	-19.6%
Profit for the Year Attributable to Owners of the Company	208.4	280.3	34.5%
R&D Cost	16.2	24.6	51.9%

RMB (million)	31 Dec 2018	31 Dec 2019	Change
Total Asset	3,192.6	4,479.2	40.3%
Factoring Assets (at FVTOCI)	2,818.3	3,837.3	36.2%
Borrowings and Loan	922.0	1,885.2	104.5%
Equity Attributable to Owners of the Company	2,020.2	2,289.0	13.3%
Gearing Ratio <sup>1</sup>	0.5	0.9	80.0%

Note 1: Gearing Ratio = Total Debt / Total Equity