



Sheng Ye Capital Announces First Annual Results After Transfer Listing

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Net Profit Up 39.3% to RMB295.1 Million

Income from Factoring and Other Services Surges 29.0% to RMB606.7 Million

Financial Highlights

(RMB)	For the Year Ended 31 December		Year-on-year Change
	2019	2018	
Income from Factoring & Other Services (million)	606.7	470.4	+29.0%
- Total Revenue	450.4	345.9	+30.2%
- Gain on Sales of Factoring Assets	156.2	124.5	+25.5%
Profit for the Year (million)	295.1	211.9	+39.3%
Basic Earnings per Share (cents)	32	26	+23.1%

(Hong Kong, 20 March 2020) -- **Sheng Ye Capital Limited** ("Sheng Ye Capital" or the "Group"; Stock code: 6069), a data-driven supply chain financial services provider offering accounts receivable financing and other related solutions mainly in the energy, construction and medical sectors in China, has today announced its first audited consolidated annual results for the year ended 31 December 2019 ("FY2019") since transferring its listing from GEM to the Main Board of The Stock Exchange of Hong Kong Limited ("HKEX") on 24 October 2019.

The Group recorded pleasing results in FY2019, with income from factoring and other services amounting to approximately RMB606.7 million (FY2018: RMB470.4 million), representing an increase of approximately 29.0%. The increase in revenue was mainly attributable to an expanded factoring business supported by bank and other borrowings. The Group's profit before taxation surged 22.6% to approximately RMB362.5 million (FY2018: RMB295.7 million). Profit after taxation also climbed by 39.3% to RMB295.1 million (FY2018: RMB211.9 million). Basic earnings per share were RMB32 cents (FY2018: RMB26 cents).

The Group's revenue in FY2019 increased by approximately 30.2% to RMB450.4 million (FY2018: RMB345.9 million). In addition, the Group generates fee income through provision of guarantee services, consulting services, information technology services and miscellaneous services principally including accounts receivables management services without financing. With an aim to improve cash flow and manage its factoring receivables portfolio, the Group sold the rights of factoring assets and recorded an increase of revenue by approximately 25.5% to RMB156.2 million (FY2018: RMB124.5 million), providing financing support to the factoring business.

To share the Group's achievements with shareholders, the Directors recommended the payment of a final dividend of HK5.3 cents per ordinary share for the year ended 31 December 2019 (for the year ended 31 December 2018: HK4 cents per ordinary share).

Business Review

Sheng Ye Capital strives to reshape the traditional supply chain financing landscape through innovative application of information technology. Benefitting from a professional and comprehensive risk management mechanism, the Group is able to fully leverage on its self-developed “Sheng Yi Tong” online factoring system to deliver convenient, efficient, secured and quality supply chain financing and information technology services at lower cost for small and medium enterprises (“SME”s) and micro-enterprises. As of December 2019, the Group offered accounts receivable financing services to SMEs and micro-enterprises amounting to over RMB340 million, and the Group managed accounts receivables totalling over RMB70 billion.

The Group’s professional information technology services have been widely recognised. In 2019, the Group established a total of RMB1.04 billion loan facilitation platform in partnership with one of the four largest state-owned banks in China and a leading municipal commercial bank, enabling the Group to promote high-quality assets verified by the robust risk control systems to banks and facilitate efficient financing for SMEs. The in-depth cooperation, including system integration and big data sharing with leading companies in the core industries, further enhanced the Group’s industry knowledge and professional risk control capabilities.

In addition, the accumulated approved size of the asset-backed securities issuance powered by the Group’s fintech capability has exceeded RMB31 billion, with the support of Sheng Ye Information Technology Co., Ltd., a subsidiary of the Group, which has been awarded the “National High-tech Enterprise Certification” in China. Meanwhile, the Group obtained RMB1 billion credit insurance service from the world’s leading credit insurance service provider, reflecting the quality of the Group’s underlying assets has been recognised, consequently leading to more opportunities for Sheng Ye Capital to explore diversified funding channels across the region.

On 24 October 2019, the Group has successfully transferred its listing from GEM to the Main Board of HKEX. As the first commercial factoring company in China to get listed on the Main Board of the HKEX, Sheng Ye Capital is well-positioned to capture future business opportunities, capitalising on a greater awareness and acceptance of the “Sheng Ye” brand among investors.

Prospects

Since being included in the MSCI Global Small Cap Indexes - MSCI China Index in 2018 and subsequent to transferring its listing to the main board of HKEX, the Group has gained more market attention and investor recognition. Recently, the Group was included in the Hang Seng Composite Index and the Shenzhen-Hong Kong Stock Connect, garnering more support from the capital market in recognition of its business development.

Looking forward, the global economy is facing new risks and challenges amid the coronavirus outbreak. During this period, digitalisation technology has proven its indispensable value in tackling the epidemic, which means that companies actively leveraging on digital technology will also usher in new development opportunities. With the domestic epidemic gradually stabilising, coupled with the recovery of industry and economy, and the launch of a series of trillion-level key infrastructure investment plans across the country, it should bring more growth potential in the Group’s focused sectors.

With the support from the favourable policies, including the first regulatory document targeting the non-bank financial institutions issued by the China Banking and Insurance Regulatory Commission (the “CBIRC”), and the “Notice on Strengthening the Supervision and Administration of Commercial Factoring Enterprises (CBIRC issuance No. [2019] 205)” in October 2019, aiming to better standardising and regulating the commercial factoring industry and strictly control the industry’s entry standards, as well as encourage local governments to support the development of commercial factoring enterprises by introducing favorable policies, thus creating more opportunity for Sheng Ye Capital, which has always operated in compliance and has a solid business foundation.

In the future, the Group will continue to focus on accumulating industry expertise, advancing technology innovation, building a more professional and comprehensive risk control mechanism and industry ecosystem. By actively leveraging its competitive advantages, the Group aims to provide customers with better supply chain financing and information technology services, and contribute more to helping the real economy with challenges from the epidemic.

