

[Press Release]



Sheng Ye Capital Announces 2020 Annual Results Platform Upgrade Drives Steady Growth

Hong Kong, March 19, 2021 – Sheng Ye Capital Limited (“SY Capital” or the “Company”, HKEx: 6069), China’s first commercial factoring company listed on the main board of the Hong Kong Stock Exchange, announced annual results for the year ended 31 December 2020 (the “Period”). Key financial metrics saw rapid growth. During the Period, income from factoring and other services were RMB 634 million, representing an increase of 4.53% year-on-year. Profit after tax was RMB 337 million, an increase of 14.32% year-on-year. Earnings per share were RMB 0.37, an increase of 15.63% year-on-year. Return on equity (excl. one-off expense) was 12.9%.

2020 was a critical year of breakthrough and change for SY Capital. The Group continued to see support from major investors including Taiping Trustees Limit, a subsidiary of China Taiping Insurance Group Ltd, a Fortune 500 company; Pavilion Capital, a private equity fund wholly owned by Temasek Holdings, one of Singapore’s sovereign wealth funds; and Olympus Capital Asia. It also completed a fund-raising of HK\$380 million, its second placement since 2018, and was included in the Hang Seng Composite Index and the Shenzhen-Hong Kong Stock Connect. Two major international banks, Macquarie and DBS, initiated coverage of SY Capital with “outperform” ratings.

SY Capital’s business scale and competitive-ness is a result of its accelerated investment to enhance its digital fintech platform

SY Capital’s digital fintech platform has experienced tremendous business growth attributed to its investment in R&D and the increasing trend of digitalization in supply chain financing. As of the end of 2020, total cumulative assets under management (“AUM”) on SY Capital’s platform were approximately RMB 100 billion, an increase of 54% year-on-year. The aggregate number of users was over 7,400, representing an increase of 88% year-on-year. As small, medium and micro enterprises (SMEs) face high entry barriers and limited access to existing funding channels, the technical resources and seamless user experience on SY Capital’s platform helps these SMEs expand their sources of funds by significantly improving the matching of funds and assets. This has not only led to higher income from information technology services but also increased customer stickiness to the Group. As of December 31, 2020, the Group’s revenue from information technology services amounted to RMB 25 million, an increase of 203% year-on-year. Average daily loan facilitation reached RMB 700 million, a year-on-year increase of 1,468%.

SY Capital’s significant investment in R&D was a major factor in the growth in income from information technology services. As of December 31, 2020, technical staff headcount accounted for 37% of all employees. Sheng Ye Information Technology Service (Shenzhen) Co., Limited (“SYIT”) is a national high-tech enterprise, and currently holds a number of software product and software

enterprise certificates, as well as 28 computer software copyrights. SYIT developed “Easy Factoring”, a digital online platform, leveraging its years of industry expertise and capacity for fintech innovation. The platform features technologies including express invoice verification; facial recognition; the China Financial Certification Authority’s digital signature; the People’s Bank of China (“PBOC”) Accounts Receivable (AR) registry integration, plagiarism checking, Optical Character Recognition (OCR) and Natural Language Processing (NLP) semantic analysis for document processing; Internet of Things solutions for video verification of goods on delivery, and news media monitoring.

SY Capital supports SMEs through optimizing capital structure, diversified financing methods, and funding channels with banks, trusts, asset management companies, factoring companies, credit funds and asset-backed securities (ABS). In 2020, SY Capital has been rapidly developing new funding channels. As of December 31, the Group’s funding partners have rapidly grown to 46, an increase of 59% year-on-year. In addition, the total amount of shelf registration of ABS, where SY Capital participated in and provided professional support, exceeded RMB 40 billion, an increase of 28% year-on-year.

Embracing compliance while continuing to innovate

In May 2020, the Civil Code of the People's Republic of China officially included factoring contracts, a historic breakthrough that marked a new legal milestone for the factoring industry. SY Capital has actively embraced regulatory compliance as it introduced new innovations and developments to the factoring industry. At the beginning of 2021, SY Capital successfully opened a credit inquiry account in the PBOC’s Second-Generation Credit Reporting System, strengthened its risk monitoring and early warning capabilities and improved its efficiency in risk verification.

In addition, SY Capital’s commitment to understanding customer needs and the industry are reflected in multi-dimensional data mining across the industry ecosystem and applications of technology to specific scenarios, such as an electronic weighbridge monitoring system, engineering management platform, and medical warehousing system. These enable the Company to conduct comprehensive and efficient verification of the authenticity and rationality of transactions.

"People focused" and committed to social responsibilities

In response to the dynamics in the external environment and changes in organizational capabilities, SY Capital reinvented its corporate vision, mission and values, opening a new chapter for future development. SY Capital also values integrity and recognizes the importance of talent development. The Company is open to talented employees of different backgrounds and origins, regardless of age or qualifications. It also offers opportunities for those willing to develop and grow with the Company to realize their individual potential. SY Capital cares about the wellbeing of its employees and offers a range of benefits that provide a sense of belonging while helping them maintain work-life balance.

SY Capital is widely recognized among its business partners for its leading technology and services. In addition, it has provided vigorous support to charity initiatives across China, demonstrating its long-term commitment to social responsibility. At the beginning of the year, the COVID-19

pandemic cast a shadow over the nation, causing great public anxiety and stress on supply chains. SY Capital not only provided its SME customers with efficient and timely financing services with interest-free extensions, but also offered free medical items such as facial masks to customers, employees and their families. 2020 was China's year of victory over extreme poverty. SY Capital actively responded to the government's anti-poverty campaign with donations to support the industrial development in poor localities across China, including Suyang Village in Heyuan City, Shouning County in Fujian Province and Baihualin Village under Mangkuan Town in Yunnan Province. SY Capital also provided care to disadvantaged social groups and supported youth development and training. In 2020, the Company worked with the Shenzhen Autism Society to provide help and support for families with autistic children. The Company collaborated with the Handpicked Love Foundation and made donations to provide screening for congenital heart disease for children. SY Capital also successfully launched the Raleigh China Yunnan Youth Camp to encourage tropical rainforest protection, and sponsored Scholarships for "Factoring Talent" at Shenzhen University. To date, SY Capital's charity endeavors have benefited more than 700 people, and its employees have volunteered over 800 hours of charity work.

Unlimited business potential in 2021 and the years ahead

Looking back at 2020, SY Capital achieved solid results and new breakthroughs despite the impact of the COVID-19 pandemic. The Company continued to innovate and invest in technology to establish a high-quality system for supply chain financing services.

Under its "Dual-Engine, One Platform" strategy unveiled in 2021, SY Capital will create a more comprehensive, efficient and robust supply chain ecosystem. Going forward, adhering to its mission of "making supply chain finance more efficient and inclusive", SY Capital will continue to deliver quality growth through technological innovation, accelerate efficiency improvements along the value chain, and continue to promote its transformation into a fintech platform for supply chain financing.

SY Capital will tap the unlimited opportunities using its technology and reward shareholders with outstanding performance.

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About Sheng Ye Capital Limited (HKEx: 6069)

Sheng Ye Capital (6069.HK) is China's first supply chain fintech platform provider listed on the main board of the Hong Kong Stock Exchange. Powered by fintech capabilities and an in-depth understanding of the core industries, Sheng Ye Capital offers a range of flexible financing solutions to meet the needs of SMEs in the region.

Sheng Ye Capital is a constituent of the MSCI Small Cap China Index, Hang Seng Composite Index and Shenzhen-Hong Kong Stock Connect. The current market capitalization of Sheng Ye Capital is approximately HKD 6.0 billion (USD 770 million). Some of the company's notable institutional investors include China Taiping Insurance, Olympus Capital and Pavilion Capital (a subsidiary of Temasek Holdings).

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