



Sheng Ye Capital 6069.HK

2020 Annual Results Presentation

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Key Management Team



TUNG Chi Fung, Jeff

Chairman

- Founder of SY Capital and led the company through its start-up phase to become a listed company in just 3 years
- Honored as one of the Influential Leaders in 2020 by Association to Advance Collegiate Schools of Business (AACSB)
- Holds various positions in different social and charity groups



CHEN Jen-Tse, Jerry
Chief Risk Officer & Executive Director

- Has over 19 years of experience in the factoring industry
- Held various positions in different financial institutions prior to joining the Group



LO Wai Hung, Ivan
Chief Financial Officer

- Has approximately 30 years experience in financial accounting
- Member of HKICPA
- Associate member of ICAA



YUAN Ye, Aaron
Chief Strategy Officer

- Has extensive experience in the capital market and profound knowledge in fintech
- Executive Director of Olympus Capital Asia, a pan-Asia PE fund with AUM exceeding USD2 bn
- Chartered Accountant of Singapore



Content

Business Update

Sector Update

Digital Technology

Corporate Responsibility

Financial Highlights

Sheng Ye Capital at a glance

1st listed Supply Chain Digital Fintech Platform in China on HKEX



恒生指數
HANG SENG INDEXES

港股通

“

Who we are...

Supply Chain Fintech Platform

...empowering underserved
SMEs

”

“1 + N + Fintech” Model

Partnering **blue-chip Core Enterprise** to serve **7,400+ SMEs**

backed by
Reputable investors



Pavilion Capital



中国太平
CHINA TAIPING



OLYMPUS

3 sectors of focus

In-depth industry knowledge



Infrastructure

Medical

Energy

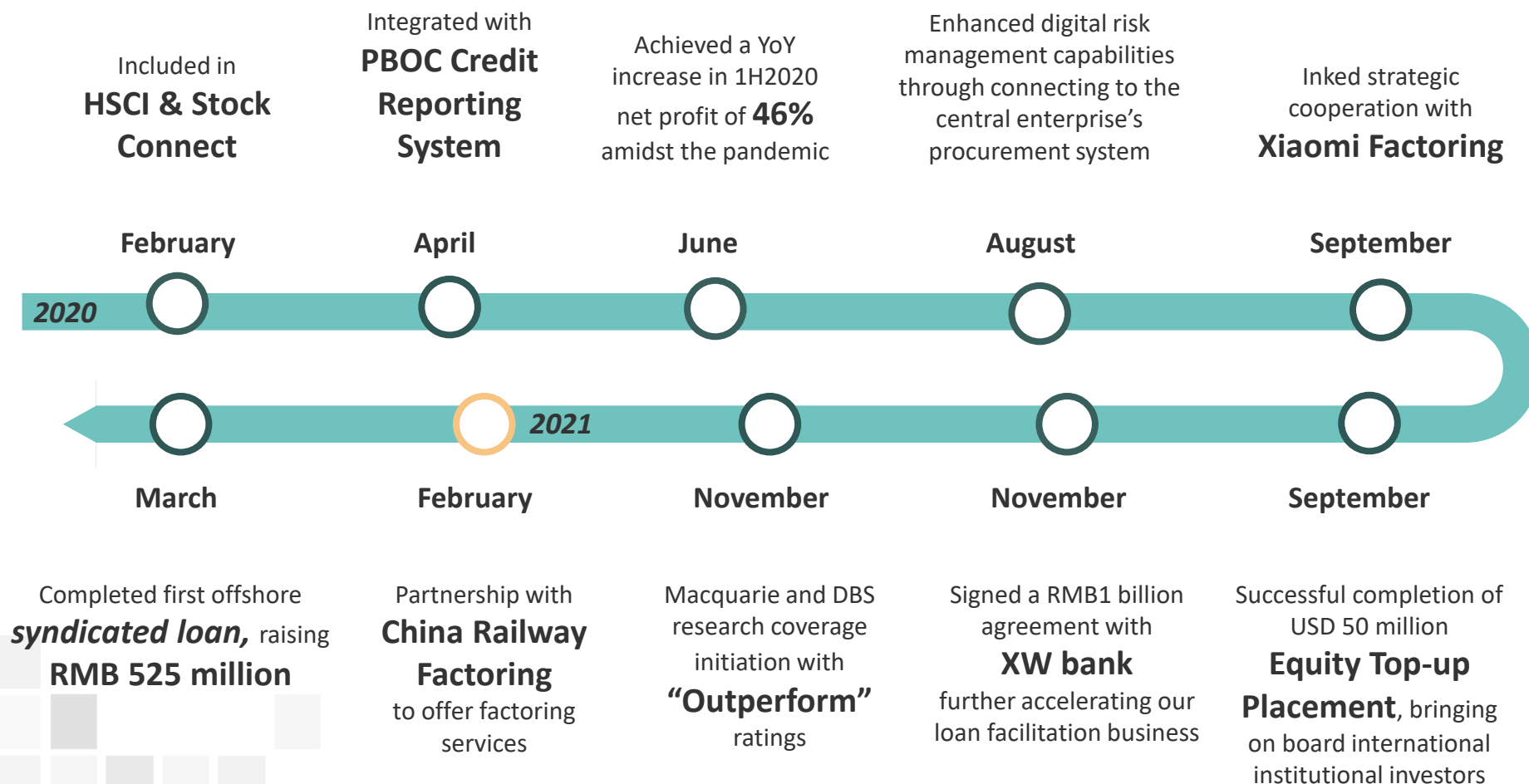
Total Value of Accounts Receivables in these 3 focused sectors¹:

RMB 3.2 trillion

Note:

1. Based on 2019 data from Frost & Sullivan

Key Milestones



Assisting our customers in resuming their businesses amidst the pandemic



Proactively supporting the financing needs of SMEs

95%

loan disbursement to
SME customers

~RMB2 m

average loan size

Average loan term of

3 months

with flexible repayment
schemes

Waived

extension fees

Reduced

90%

processing time for SMEs

Achieved

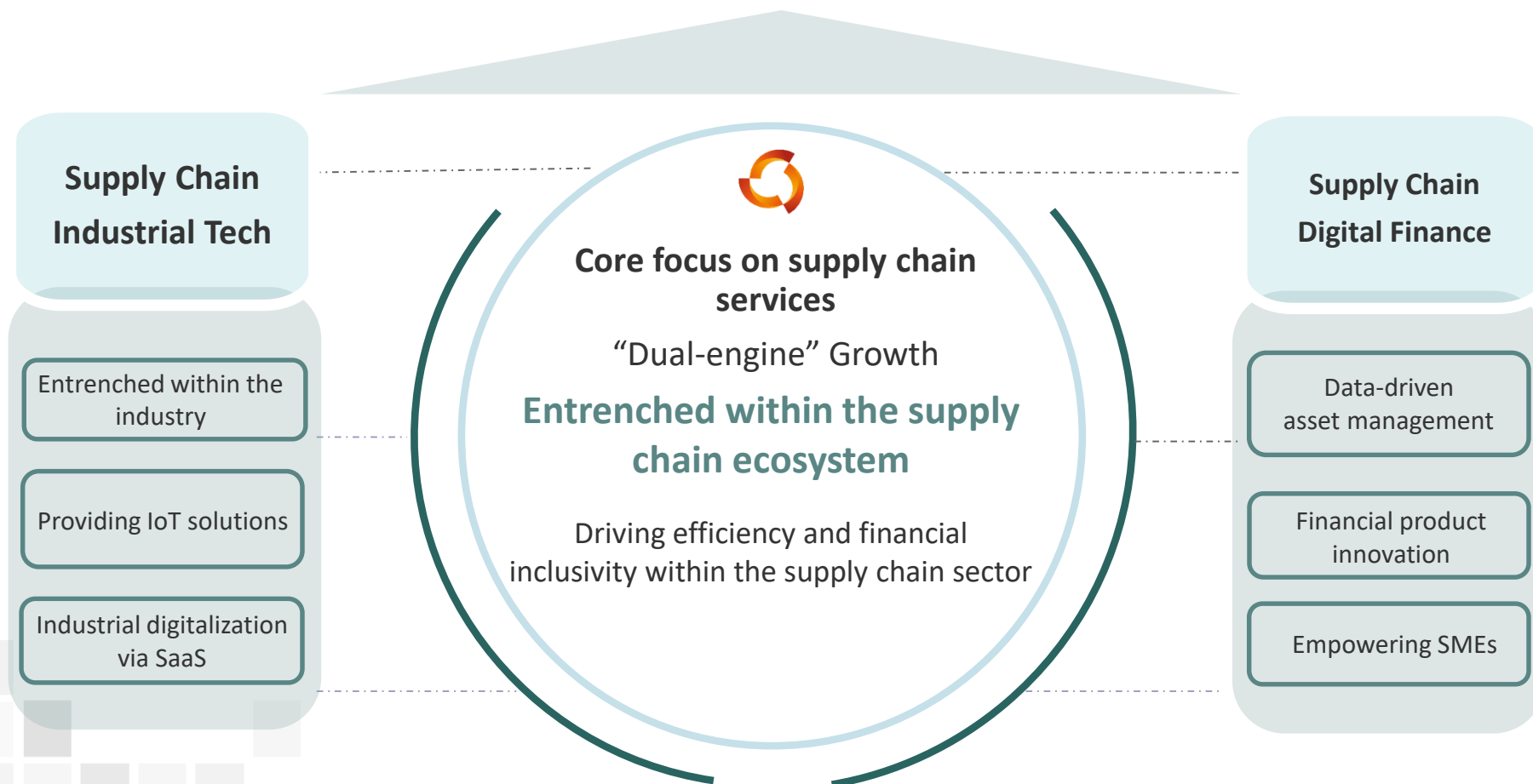
88%

growth in platform users
year-on-year

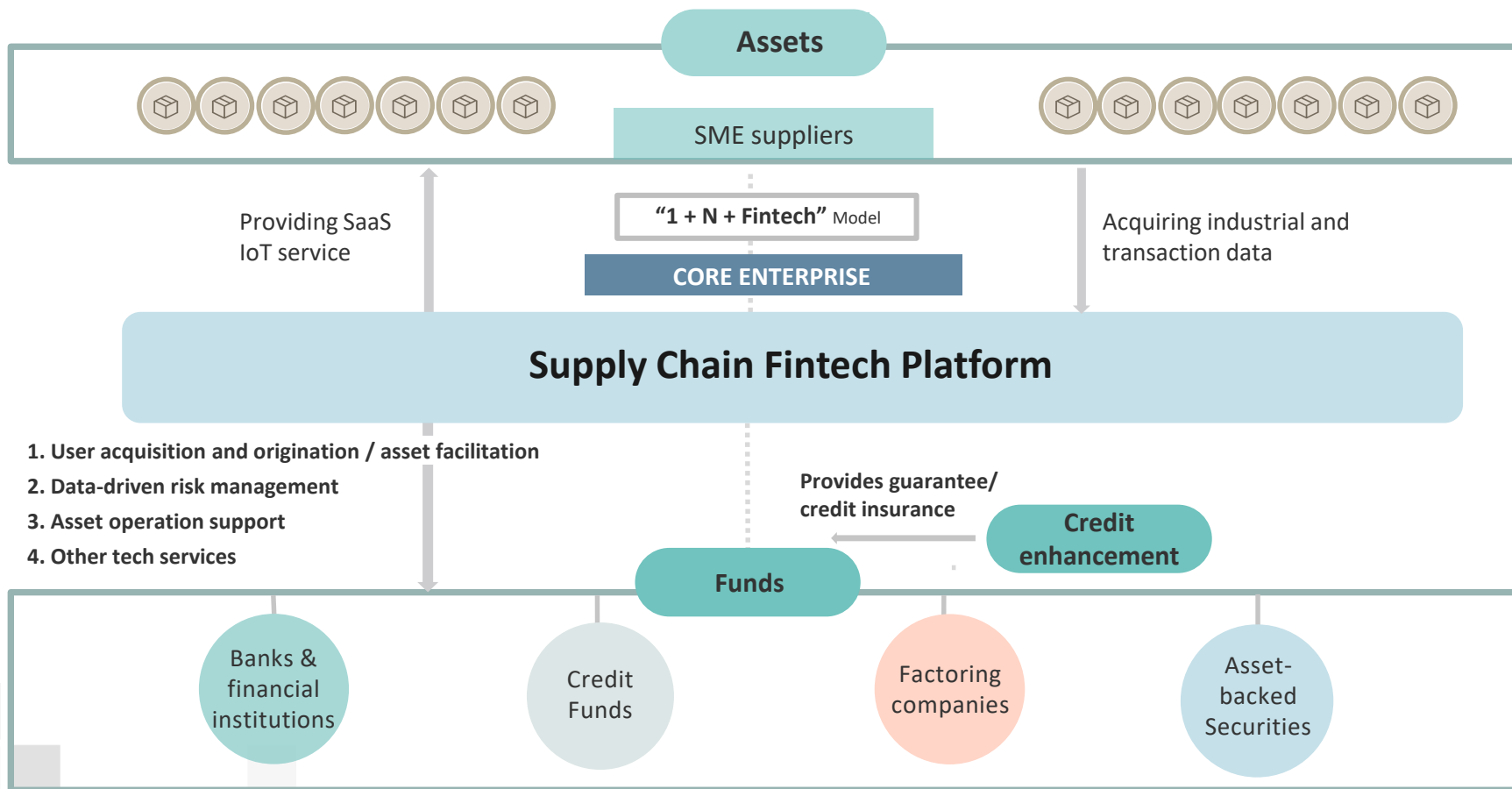


Enhancing our platform-based strategy

Supply Chain Services Platform

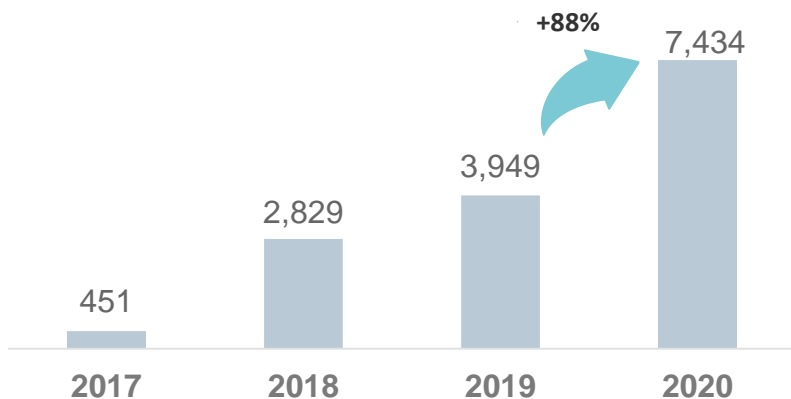


Enhancing our platform-based strategy

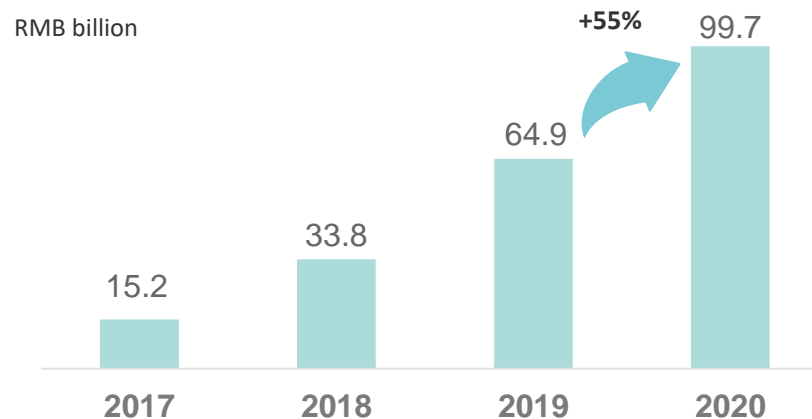


Powering forward via *platformisation*

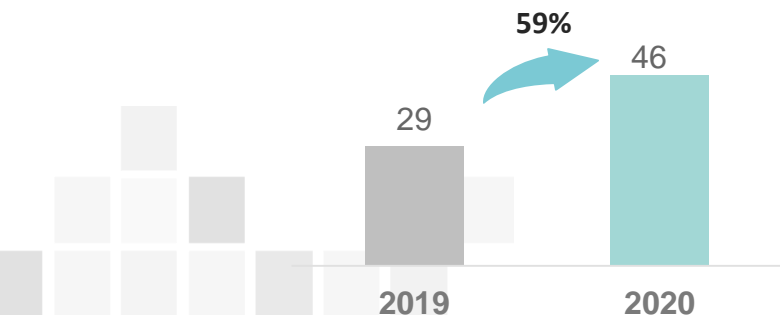
Total Cumulative Platform Users



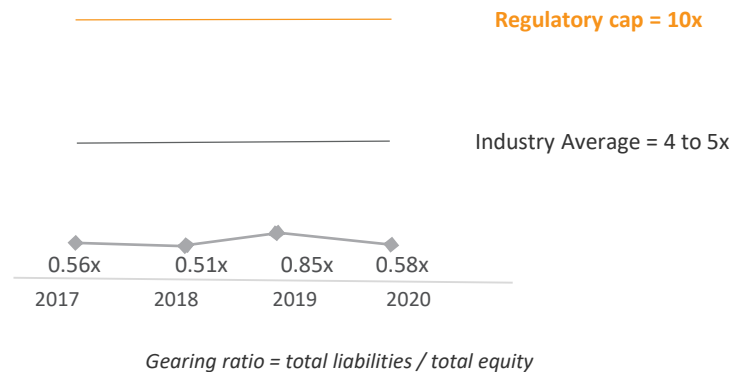
Cumulative Assets Under Management



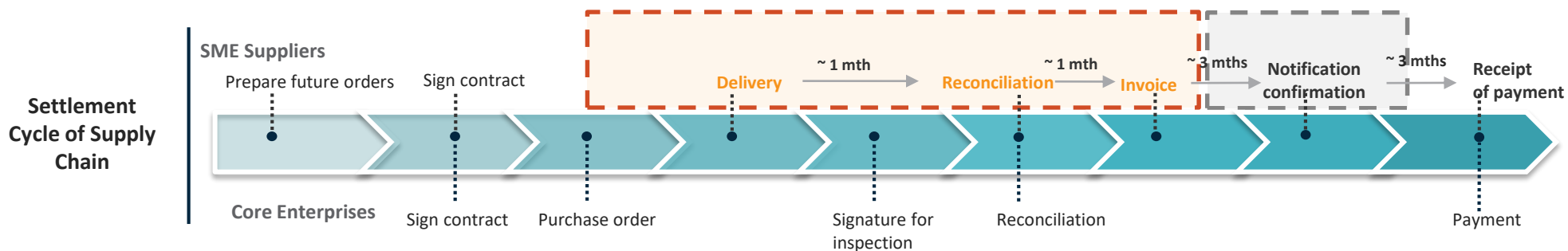
Increase in Number of Funding Partners



Ample room for further leverage



Powering Innovative Supply Chain Financing



Sheng Ye Capital

Range of Offering

- Covers the entire supply chain settlement cycle allowing for more innovative solutions

Customer Experience

- Easy Factoring platform is fully online
- Relatively more convenient

Flexibility

- Data-driven without the need for notification
- Ability to offer competitive financing rates and flexible repayment schemes

Traditional bank factoring

- Largely notification-based factoring
- May not fully alleviate SME pain points
- Application process done largely offline
- Relatively cumbersome
- Usually require notification from core enterprise buyers
- Relatively more challenging requirements and limitations

Robust Risk Management System



Strategic selection of key industries and core buyers/suppliers

Minimize Systematic & Credit/Default Risk

3 Focused Industries

- More resilient to economic cycles

"1" Blue Chip Core Enterprises

- Large scale with lower risk
- High credibility

+

"N" Qualified Suppliers

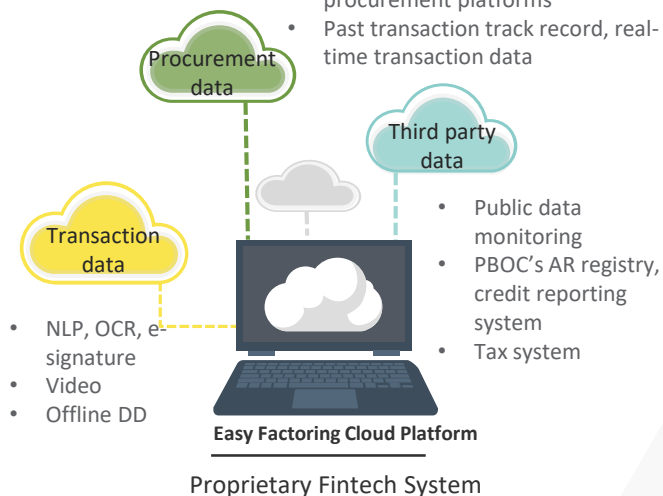
- Continuous operation
- Stable cooperation with core enterprises



Data-driven Transaction Verification

Minimize Fraud Risk

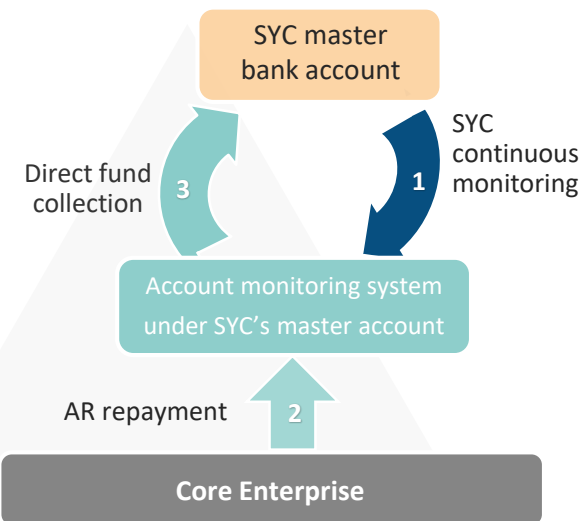
Smart Transaction Verification Process Utilizing Multi-dimensional Data



Control of Fund Flow

Mitigate Embezzlement Risk

Closed-loop Bank Account Management





Content

Business Update

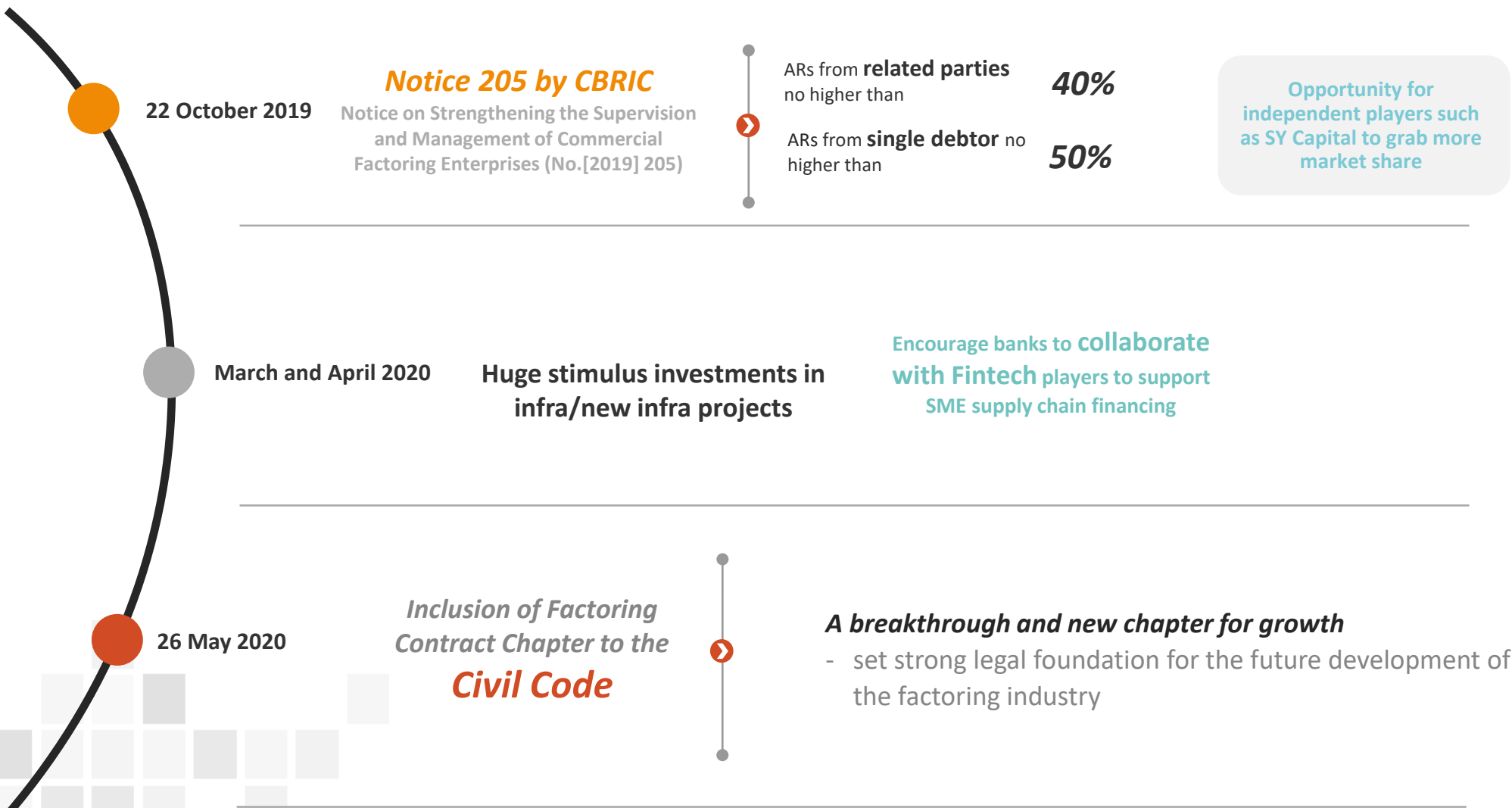
Sector Update

Digital Technology

Corporate Responsibility

Financial Highlights

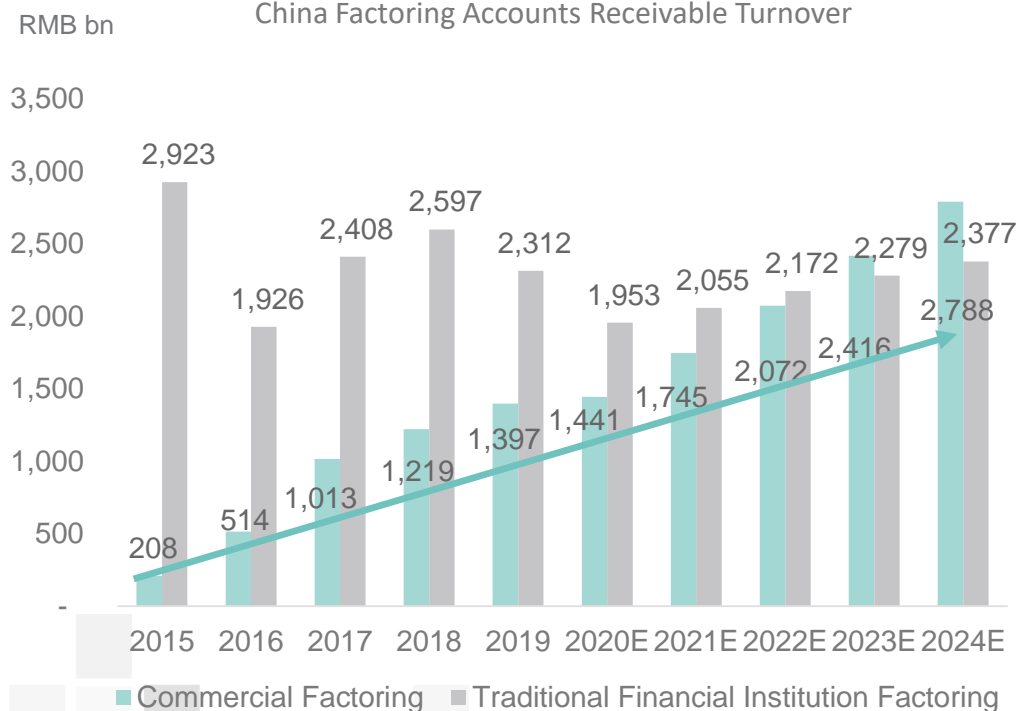
[Favorable Policies



Attractive Market Dynamics

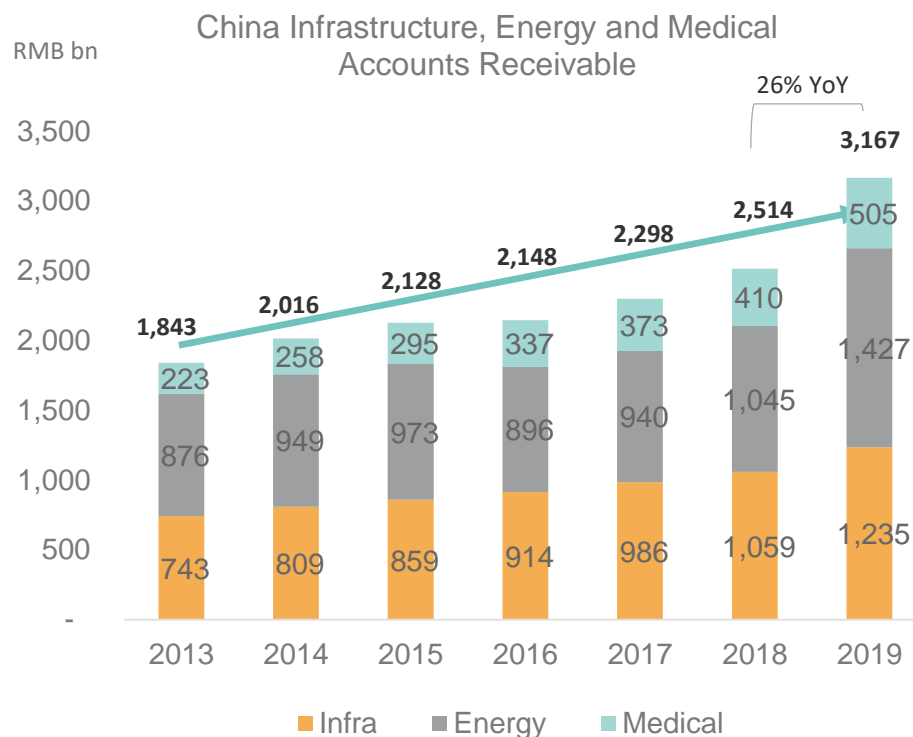
Factoring market driven by commercial factoring

74% CAGR* for commercial factoring turnover
China Factoring Accounts Receivable Turnover



Source: Frost & Sullivan
* 2014-2019 Transferred AR Turnover Growth

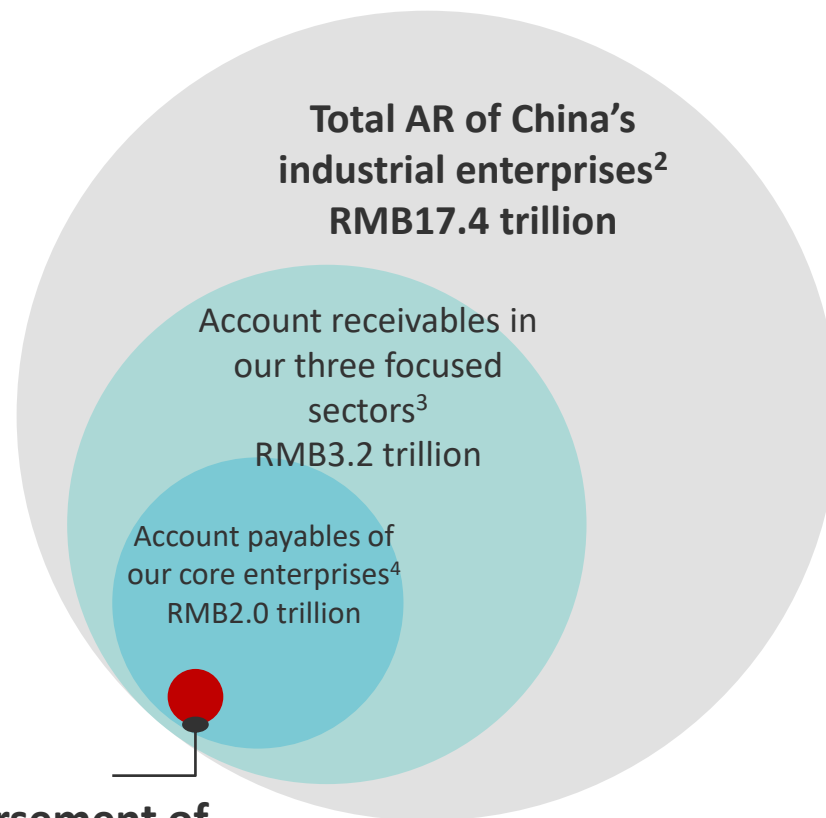
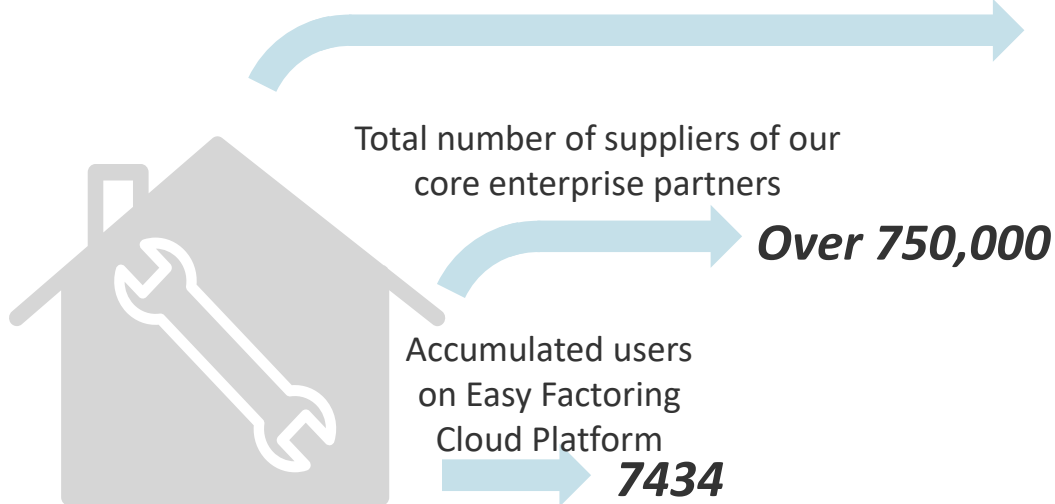
Our 3 focused sectors are increasingly important in supporting China's economy



Source: Frost & Sullivan

[Ample room for growth

Total number of SMEs in China: **Over 100 million**



Loan disbursement of Sheng Ye Capital⁵
RMB15.6 billion

Note:

1. Source: iResearch, *Observation of Covid-19 Pandemic: Research Report on Digital Upgrades of SMEs in China*
2. 2019 data, Source: Frost & Sullivan
3. 2019 data, Source: Frost & Sullivan
4. 2019 data, Source: FY19 reports of core enterprises
5. 2020 data, sum of on-balance factoring loan disbursement and loan facilitation



Content

Business Update

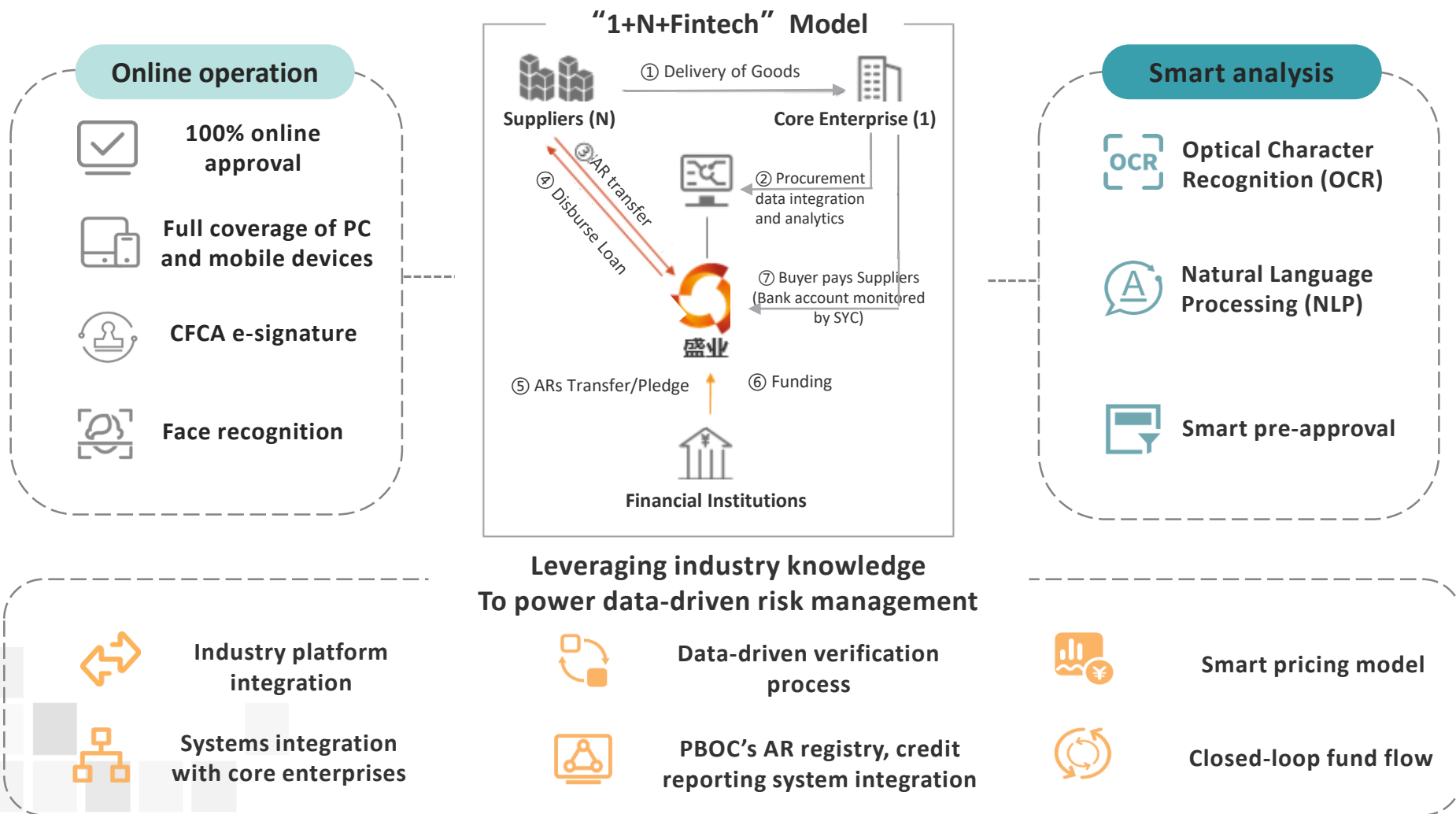
Sector Update

Digital Technology

Corporate Responsibility

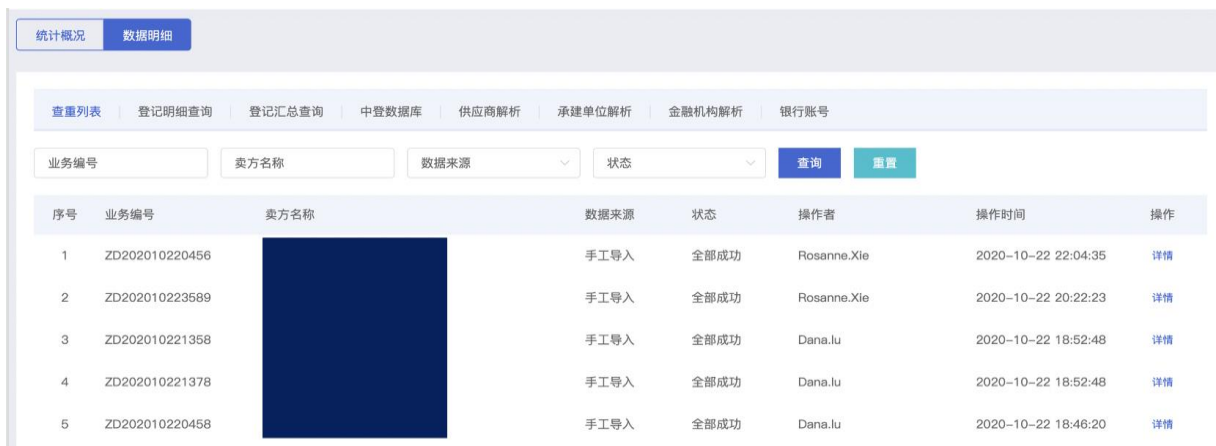
Financial Highlights

Digital Technology Improves Efficiency



Platform-based application of digital technology

Verification through Unified Registration Portal for Moveable Property Registration (zhongdengwang.org.cn)



序号	业务编号	卖方名称	数据来源	状态	操作者	操作时间	操作
1	ZD202010220456	[REDACTED]	手工导入	全部成功	Rosanne.Xie	2020-10-22 22:04:35	详情
2	ZD202010223689	[REDACTED]	手工导入	全部成功	Rosanne.Xie	2020-10-22 20:22:23	详情
3	ZD202010221358	[REDACTED]	手工导入	全部成功	Dana.lu	2020-10-22 18:52:48	详情
4	ZD202010221378	[REDACTED]	手工导入	全部成功	Dana.lu	2020-10-22 18:52:48	详情
5	ZD202010220458	[REDACTED]	手工导入	全部成功	Dana.lu	2020-10-22 18:46:20	详情

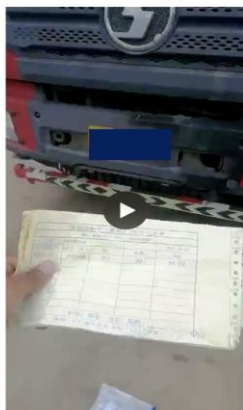
Developed batch processing, smart registration and automatic duplicate checking capabilities by integration with Zhongdengwang's system, minimizing errors and alleviating the need for manual labour

Goods Delivery Video

到货视频

序号	供应商名称
1	北京 [REDACTED] 有限公司
2	北京 [REDACTED] 有限公司
3	上海 [REDACTED] 公司
4	济南 [REDACTED] 公司
5	河南 [REDACTED] 有限公司
6	河南 [REDACTED] 有限公司
7	河南 [REDACTED] 有限公司



播放视频




By using mini programs, suppliers are able to retrieve real-time video footage of the goods delivery, which is then automatically uploaded to SY Capital's database.

SaaS application in smart construction sites

Industry Pain Points

- 
 The infrastructure sector typically works on credit terms, resulting in the need for hefty amounts of upfront capital and high borrowing costs, which in turn leads to higher procurement costs
- 
 Low technology penetration within the sector, which results in the lack of transparency and information asymmetry.

Solution

- 
 Improve the digitalization of projects with smart construction solutions and online project management platform to improve efficiency and reduce overall costs
- 
 Utilize smart IoT equipment to acquire real-time transaction data on-site

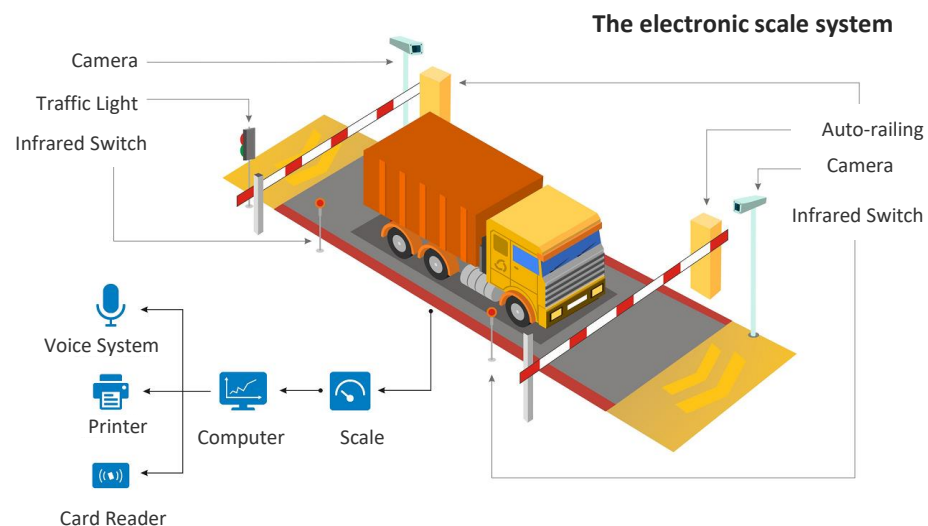
Use Cases



Implementing IoT in smart construction sites

Case Study:

Enabling transaction data verification with core enterprises by using an electronic scale system on-site



Allows remote real-time monitoring of cargo transportation to/from construction sites and helps verify authenticity of transactions.

By using 1) camera; 2) infrared switch; 3) scaling parameter and comprehensive software system, the electronic scale system automatically recognizes the license plate of a truck and assesses its weight, allowing the system to compare the actual weight against the reported numbers.

Integration with core enterprise's procurement system

Transaction data verification

With access to data in the procurement systems of core enterprises, SY Capital's fintech platform further verifies the authenticity of transactions, helping SME suppliers to connect with funding partners for financing

Value to core enterprises

Confirmation is not required, relieves account payables burden.

Access to SY Capital's funding partners to solve financing needs

Rebar price reduced by **RMB10~30/ton** as compared with the original pricing

Sawn timber and formwork price reduced by **2%**

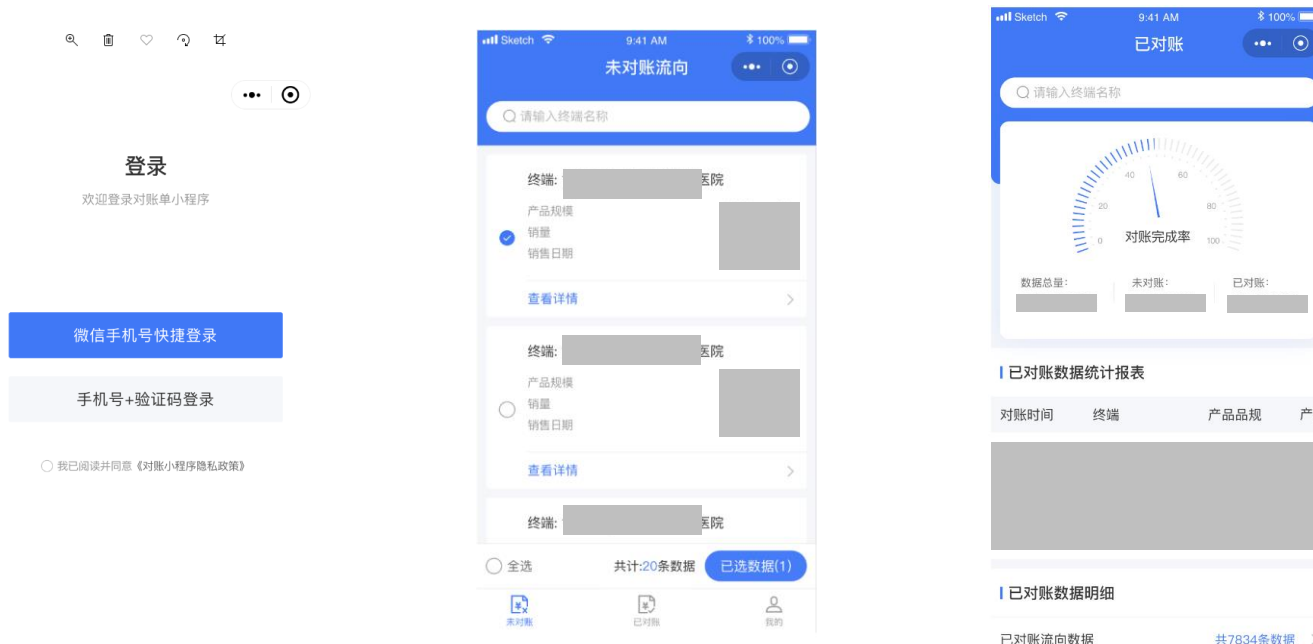
Enhance user experience with SY Capital's **Online** fintech platform

项目管理表格											
收领单										表格编号	
										CSCEC81-SW-WZ-B011	
项目名称						承包			收料编号		
供应单位						公司			收料日期		2020-10-24
领料单位									发料日期		2020-10-24
序号	物资名称	规格型号	品牌	单位	发料数量	收料数量	使用部位	备注			
1	三级抗震螺纹钢	14 HRB400E - 12m	广钢	t	63.888	63.888	地块一底板、地块二底板				
2	三级抗震螺纹钢	25 HRB400E - 12m	广钢	t	66.528	66.528	地块一底板、地块二底板				
验收照片											
供应商送料人		收料人		包商收、领料人							

收料编号	收料日期	收货人	发料日期	发货单号	车牌号	物资名称	规格型号	品牌	单位	发料数量	收料数量	结算价
S202010...	2020-1...	张	2020-10-...	F20201...	粤ACY4...	三级抗震...	14 HRB4...	广钢	t	63.888	63.888	.00
S202010...	2020-1...	张	2020-10-...	F20201...	粤ACY4...	三级抗震...	25 HRB4...	广钢	t	66.528	66.528	.00

SaaS application within the medical supply chain

✓ Mini programs for order procurement and reconciliation



Current Situation

Offline channels to check logistics status

Offline manual order reconciliation

Offline follow-up of payment collection

Pain Points

X **Information asymmetry**

X **Lack of security in payment**

X **Inefficient working capital management**

Solutions / Use Cases

✓ Automatic logistics and invoice tracking

✓ Online order reconciliation



Content

Business Update

Sector Update

Digital Technology

Corporate Responsibility

Financial Highlights

[Responsible Inclusive Finance Model

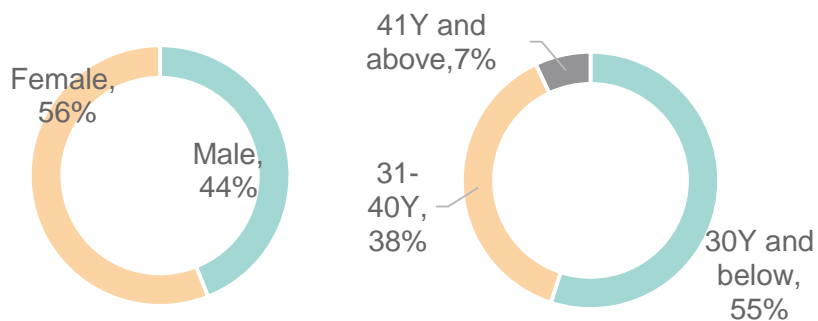


**Responsible
Inclusive Finance
model**



Corporate culture

 "Age is just a number...."



Data as at 31 Dec, 2020



Diversified Team Building Activities





Social Responsibilities

Chairman Jeff Tung's Devotion to Charity

Consistent participation in charity

~800 hours devoted to charity



SMU receives \$1 million from alumnus to boost entrepreneurship



Mr. Jeff Tung's donation in celebration of the 20th anniversary of Singapore Management University from which he graduated in 2005. PHOTO COURTESY OF JEFF TUNG

Sheng Ye Capital's Commitment in Social Responsibility





Content

Business Update

Sector Update

Digital Technology

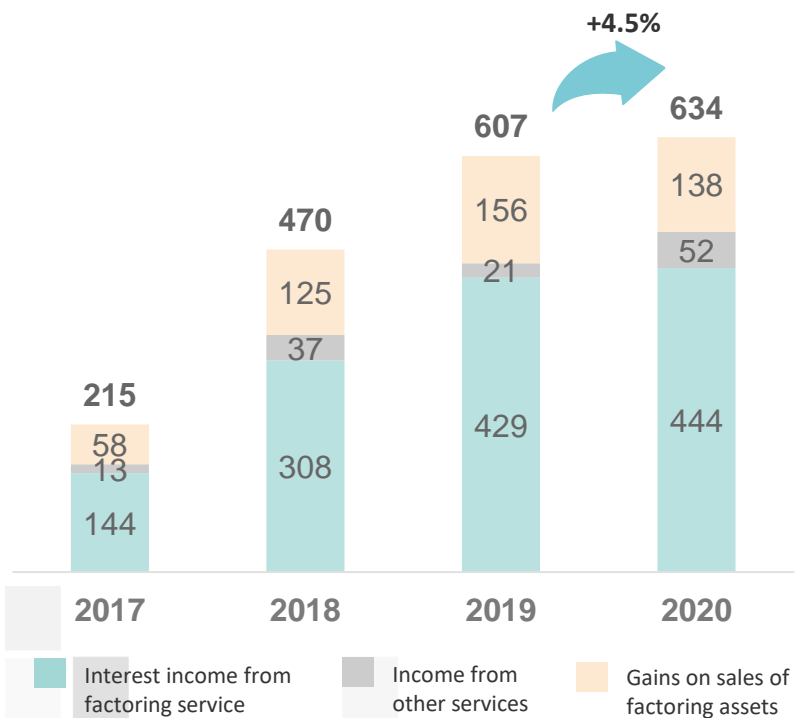
Corporate Responsibility

Financial Highlights

Key Financials

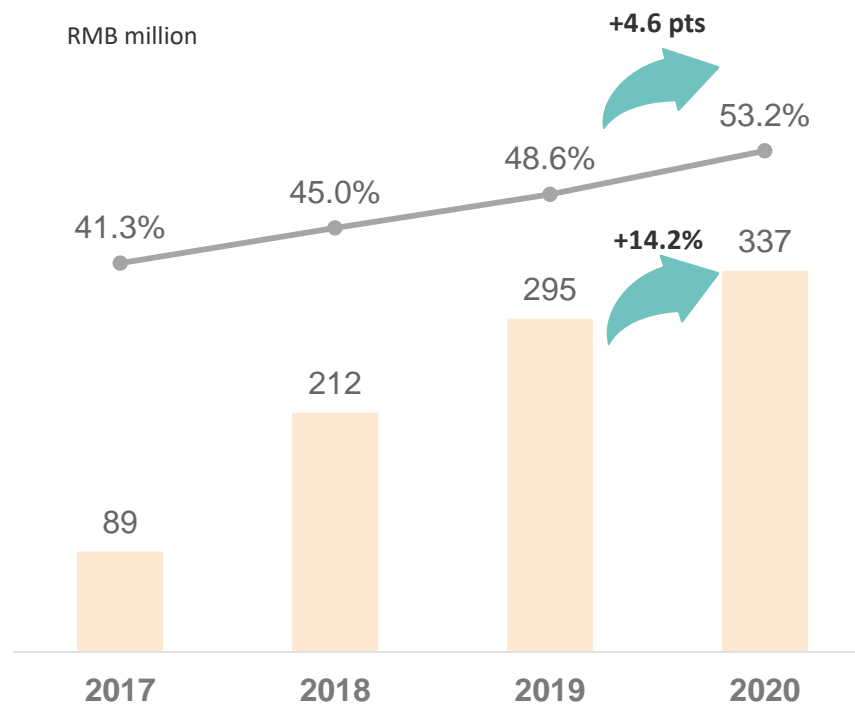
Revenue

RMB million



Net Profit and Net Profit Margin

RMB million



[Key Financials

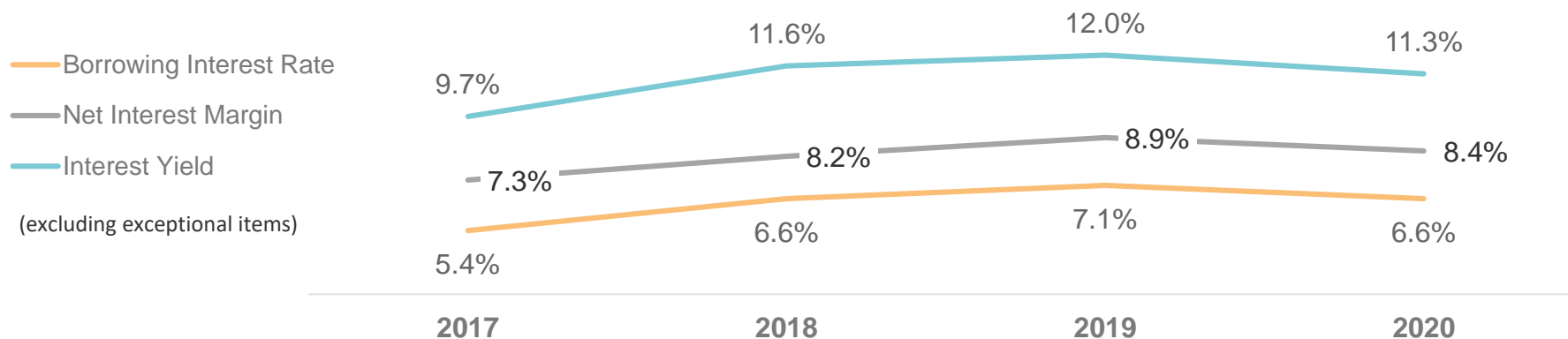
	2017	2018	2019	2020
Factoring NPL %	0	0	0	0.60
Overdue %	0	0	0	0.55
Provision %	1.24	1.21	1.19	1.51

Note:

- Factoring NPL ratio = End of period face value of NPL / End of period face value of total factoring assets x 100%
- Provision rate increased in 2020 to account for increased macro uncertainty
- Risk control system will be further enhanced in 2021 with prudent operation and rigorous selection of clients, in order to further control risk while enhancing business development

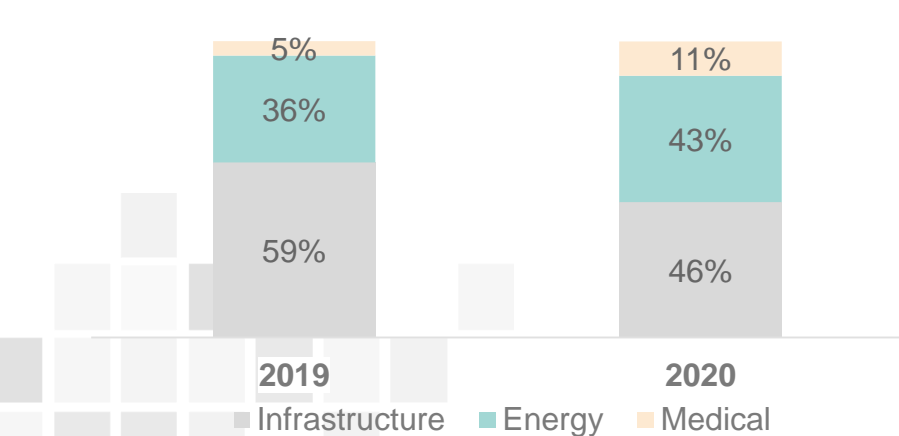
Key Financials

Stable net interest margin driven by demand from core sectors amidst the low interest rate environment



Sector Mix

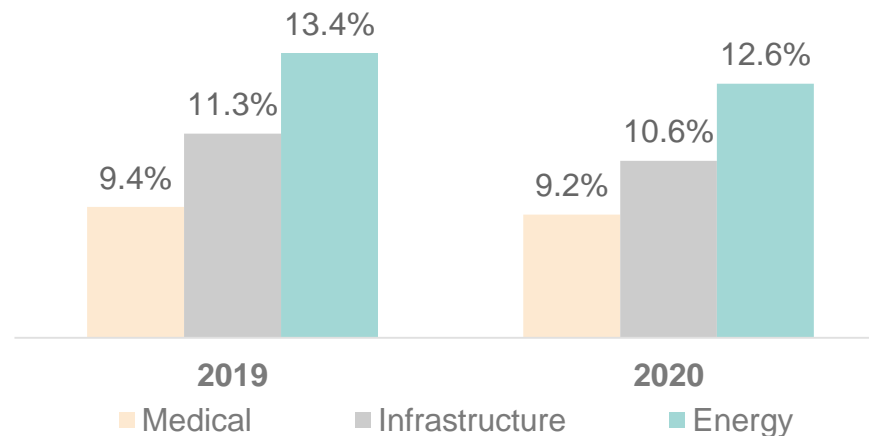
based on daily average factoring asset balance



* Excluding assets related to loan facilitation

Sector Yield

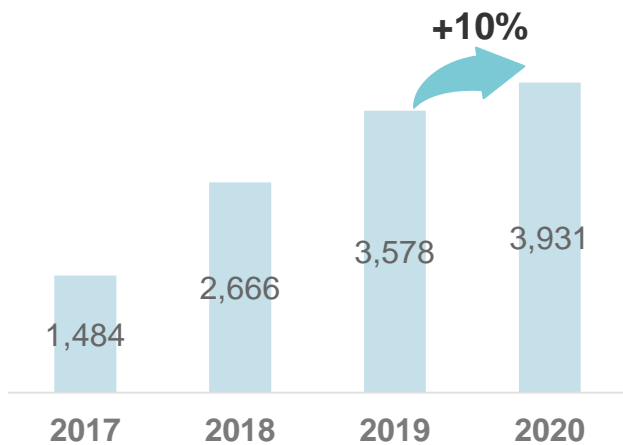
based on daily average factoring asset balance



Key Financials

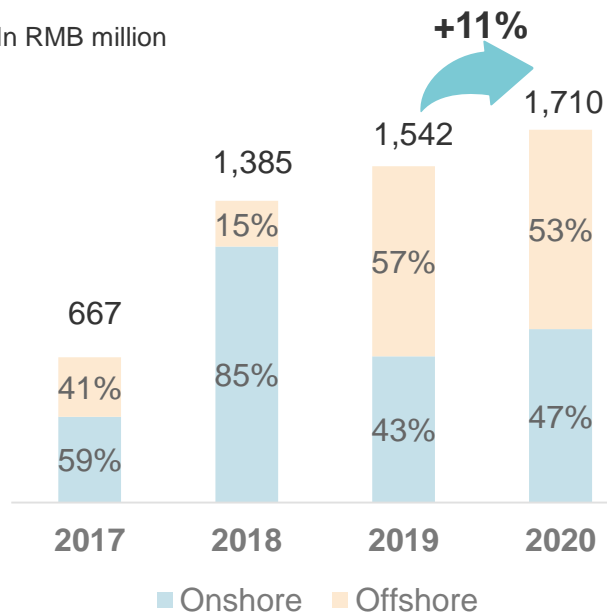
Daily average factoring asset balance

In RMB million



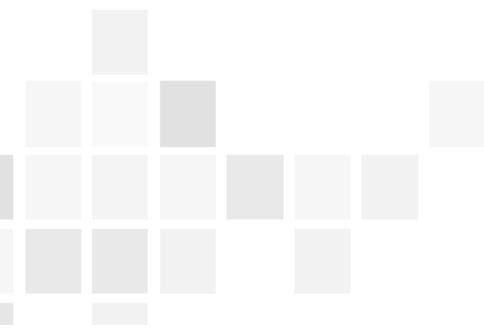
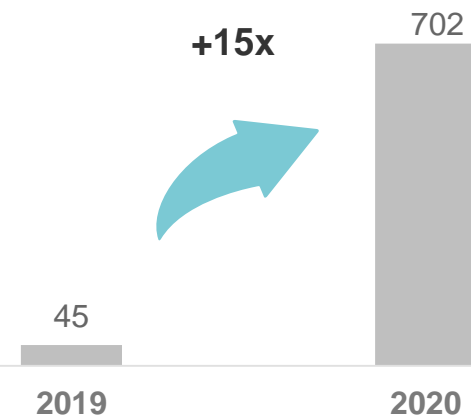
Daily average borrowing balance

In RMB million



Daily average loan facilitation balance

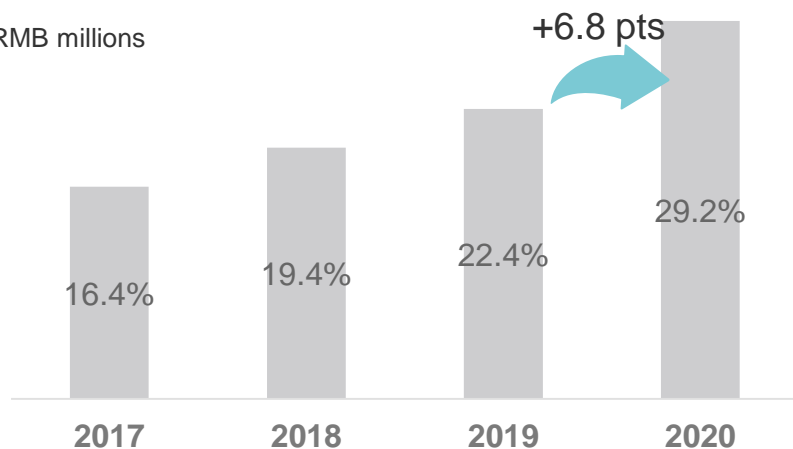
In RMB million



Cost Structure

Operational cost as % of revenue

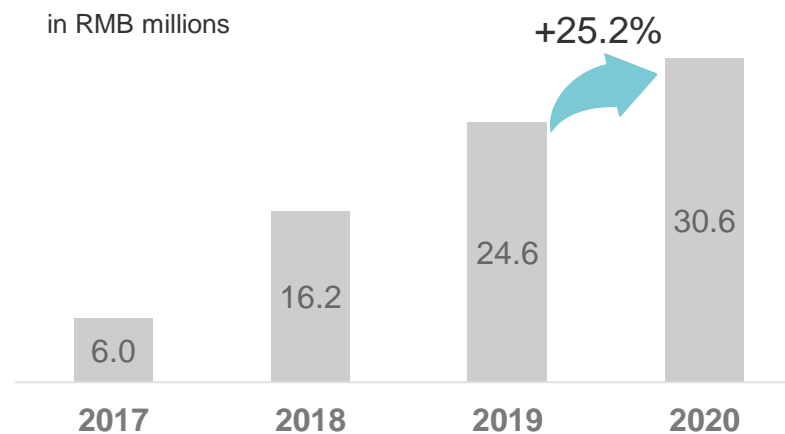
in RMB millions



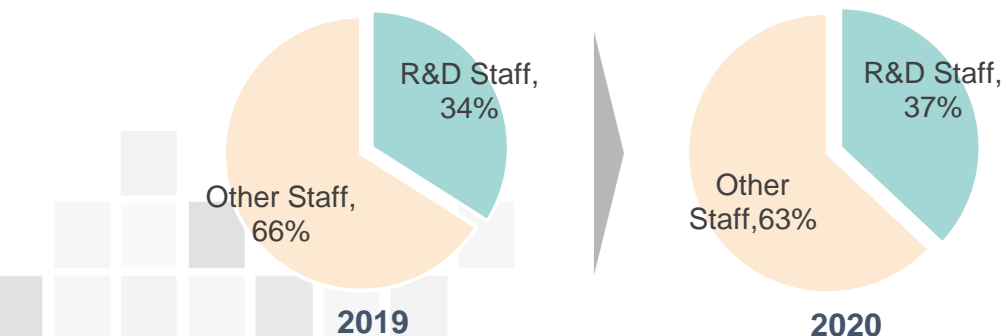
(does not include one-off expenses)

R&D expenses

in RMB millions

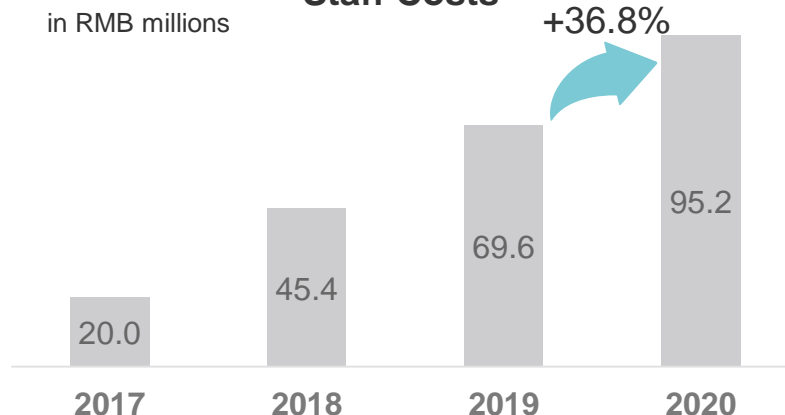


Staff composition



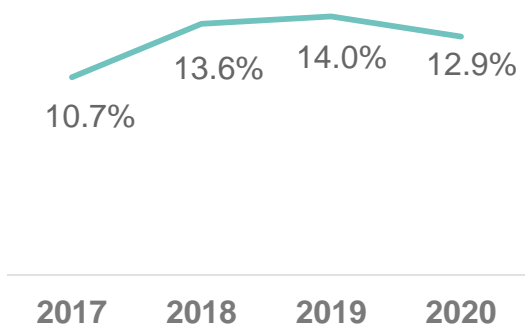
Staff Costs

in RMB millions



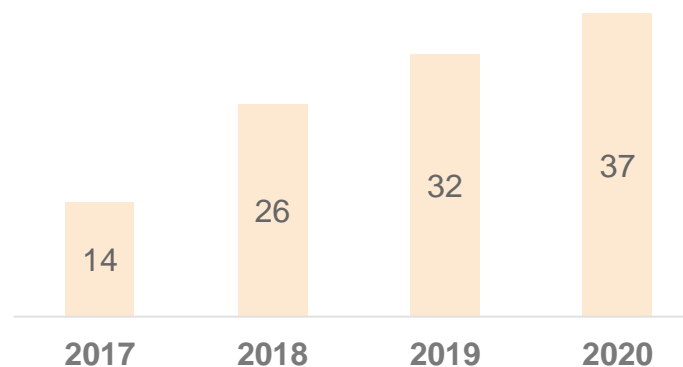
Key Financials

ROE
(excluding one-off expenses)

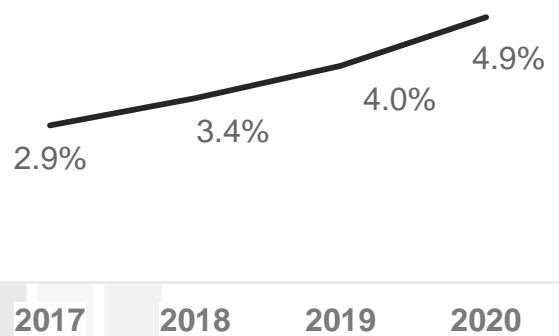


Generating Solid Return for Shareholders

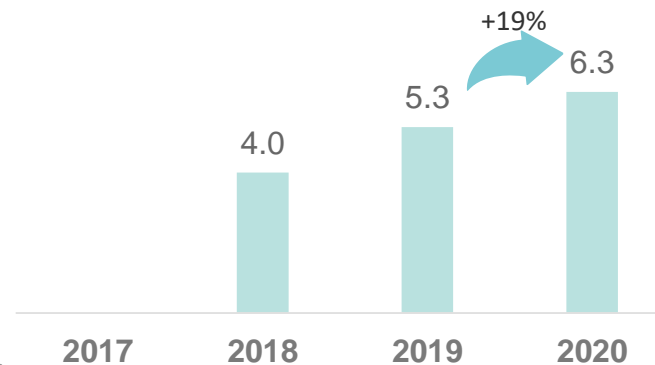
Basic EPS (RMB cents)



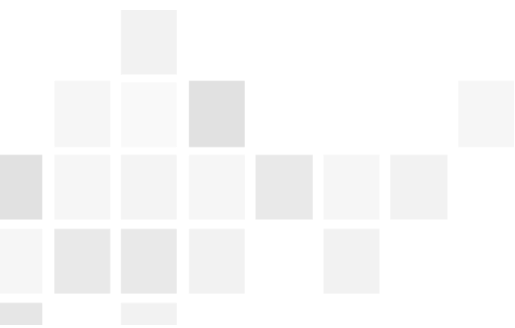
Research & Development % Revenue



Dividend (HK\$ cents)



Q&A





THANK YOU

Room 4202, 42/F, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong
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A Data-Driven Supply Chain Financial Services Provider

Email: ir@shengyecapital.com

Appendix: Simplified Income Statement

	FY19 RMB'000	FY20 RMB'000	FY20 YoY
Revenue			
Interest income from factoring service	429,214	443,529	3%
Income from other services	21,207	52,358	147%
Total revenue	450,421	495,887	10%
Gains on sales of factoring assets	156,242	138,233	-12%
Income from factoring and other services	606,663	634,120	5%
Staff costs	(69,583)	(95,195)	37%
Other operating expenses	(88,622)	(93,400)	5%
Finance costs	(110,606)	(126,721)	15%
Profit before taxation	362,492	387,088	7%
Taxation	(67,367)	(49,692)	-26%
Profit for the period	295,125	337,396	14%
Effective tax rate	18.58%	12.84%	-5.7pts
Profit for the period attributable to:			
Owners of the Company	280,343	329,252	17%
Non-controlling interests	14,782	8,144	-45%
Earnings per share			
Basic (RMB cents)	32	37	16%
Key items in notes:			
Income from other services	21,207	52,358	147%
Guarantee services	9,155	17,324	89%
IT services	8,355	25,286	203%
Consulting services	611	-	-
Other services	3,036	9,748	221%
Dividend:			
Dividend per share (HK\$ cents)	5.3	6.3	18.9%

Appendix: Simplified Balance Sheet

Key Balance Sheet Items	As at 31 Dec 2019 RMB'000	As at 31 Dec 2020 RMB'000	FY20 YoY
NON-CURRENT ASSETS			
Intangible assets	19,960	22,218	11%
Right-of-use assets	22,147	24,680	11%
Investment in a joint venture	-	-	-
Investment in associates	67,580	150,911	123%
Total Non-Current Assets	130,619	324,078	148%
CURRENT ASSETS			
Financial assets at FVTPL	4,497	30,878	587%
Factoring assets at FVTOCI	3,837,348	3,789,922	-1%
Pledged bank deposits	86,350	255,489	196%
Bank balances and cash	377,327	348,715	-8%
Total Current Assets	4,348,555	4,462,420	3%
Factoring assets / total assets %	86%	79%	-7pts
CURRENT LIABILITIES			
Other payables and accrued charges	73,740	105,552	43%
Income tax payable	29,682	36,679	24%
Borrowings	1,867,299	1,475,913	-21%
Bank overdrafts	17,864	10,828	-39%
Total Current Liabilities	2,010,279	1,689,368	-16%
NET CURRENT ASSETS	2,338,276	2,773,052	19%
NON-CURRENT LIABILITIES	50,835	69,786	37%
NET ASSETS	2,418,060	3,027,344	25%
CAPITAL AND RESERVES			
Share capital	7,636	8,127	6%
Reserves	2,281,363	2,907,920	27%
Non-controlling interests	129,061	111,297	-14%
TOTAL EQUITY	2,418,060	3,027,344	25%

Appendix: Key Operating Metrics

	FY19	FY20	FY20 YoY
Daily Averages (RMB'000)			
Factoring asset balance	3,577,502	3,931,383	10%
Borrowings	1,542,370	1,710,282	11%
Loan Disbursement	12,653,164	13,124,958	4%
Operational KPIs (using daily averages)			
Net profit margin	48.6%	53.2%	4.6pts
Interest yield from factoring services	12.0%	11.3%	-0.71pts
Borrowing interest rate(excl. one-off expense)	7.1%	6.6%	-0.5pts
Net interest margin(excl. one-off expense)	8.9%	8.4%	-0.5pts
Operational cost to income	22.4%	29.2%	6.8pts
Return Ratios			
ROE (excl. one-off expense)	14.0%	12.9%	-1.1pts
ROA (on factoring assets)	8.9%	8.8%	-0.1pts
ROA (on total assets)	7.7%	7.3%	-0.4pts
Balance sheet Ratios (ending balances)			
Total asset / Total equity	185%	158%	-27pts
Total asset / Total liability	217%	272%	55pts
Gearing ratio: Total liability / Total equity	85%	58%	-27pts