The Group's digitalized fintech solutions enhance efficiency, its proprietary data-driven risk control system mitigates the risk of fraud, and its closed-loop accounts monitoring system helps minimize embezzlement risk, all of which have enabled the Group to achieve a 0% non-performing loan (" ") ratio since inception and an extension rate of 0.76% in the first half of 2020. During the Period, the Group transferred over RMB13 billion in AR turnover, deployed RMB6.5 billion of total loans, and as of 30 June 2020, it served more than 4,000 small, medium and micro enterprise (" ") customers with both commercial factoring and asset-backed securities services.

Leveraging the Group's core competencies in data-driven risk management and efficient customer acquisition, the Group's banking partners are now able to lend directly and reach out to more SME customers. During the Period, the Group renewed its credit facilities with both China Construction Bank and Ningbo Commercial Bank for RMB1 billion and RMB0.5 billion, respectively, to continue its SME-based loan facilitation initiatives. This is in support of the Chinese government's call to strengthen collaboration among banks and fintech service providers to better serve SMEs during the novel coronavirus (" "). The Group booked income from loan facilitation of RMB7.9 million in the first half of 2020, up 3 times from RMB2.6 million in the second half of 2019 when it began cooperating with the banks.

Leveraging the Group's core competencies in data-driven risk management and efficient customer acquisition, the Group's banking partners are now able to lend directly and reach out to more SME customers. During the Period, the Group renewed its credit facilities with both China Construction Bank and Ningbo Commercial Bank for RMB1 billion and RMB0.5 billion, respectively, to continue its SME-based loan facilitation initiatives. This is in support of the Chinese government's call to strengthen collaboration among banks and fintech service providers to better serve SMEs during the novel coronavirus (" "). The Group booked income from loan facilitation of RMB7.9 million in the first half of 2020, up 3 times from RMB2.6 million in the second half of 2019 when it began cooperating with the banks.

When Covid-19 pandemic first hit Asia in early 2020, supply chains saw huge disruptions. In the midst of this disruption, the Group helped its SME customers weather difficult times, including by allowing loan extensions and waiving extension fees to free up more capital for their working capital needs. b their workin c he ank cdriven

After the release of Notice 205 by CBIRC in late 2019, the first official regulatory paper on factoring that set industry regulations and gave support to third-party commercial factoring companies, local financial regulatory bureaus took measures to clear out unqualified factoring companies and maintain strict control on new registrations. In addition, the inclusion of a Factoring Contract Chapter in the Civil Code, which will be enforced on 1 January 2021 will not only make China the first country in the world to clearly define factoring contracts as a typical independent contract, but also affirmed the support from, and importance of the factoring industry from the Chinese government.

These policies are of great significance in expanding the potential of the factoring market and preventing industry risks, and will play a highly positive role in promoting and standardizing the development of China's factoring industry. The Group believes it is well-positioned to benefit from market consolidation as regulations tighten.

Given current macro uncertainty and continued pockets of resurgence of Covid-19, the Chinese government will continue to push for faster adoption of digitization in supply chain financing to better facilitate financial inclusivity across SMEs. As a fintech company, Sheng Ye Capital will continue to leverage its deep industry knowledge and data-driven risk management to enhance liquidity in the economy. Sheng Ye Capital's primary focus remains on the infrastructure, energy and medical sectors, which are pillars of China's domestic economy.

In addition, as companies around the world continue to shift towards a more geographically diversified supply chain strategy, supply chain financing companies need to address these new opportunities. With a vision of becoming a leading supply chain fintech platform in Asia, the Group has plans to expand to South East Asia. The Group is in the application process for a digital wholesale banking license in Singapore, and has partnered with a reputable consortium of members, including Phillip Capital and Advance.AI.

Looking forward, the commercial factoring industry is expected to grow steadily in light of favorable policies and increasing funding demand from SMEs. The Group will continue to improve its funding leverage to drive future growth, but will do so cautiously as it continues to enhance data-driven risk management processes. Sheng Ye Capital's "one core, two wings" strategy was formulated to help the Group achieve sustainable growth. The "core" represents its "supply chain financing platform", where the Group will continue to partner with more core enterprises and explore new potential funding avenues to better serve more SMEs with customized financing solutions; while ȯ 6 A d h ŋ E etter serve h 1 Ħeng owot d i B

Sheng Ye Capital Limited ("Sheng Ye Capital", HKEx: 6069) is a leading data-driven supply chain financial services provider in China and is the first commercial factoring company listed on the main board of the Hong Kong Stock Exchange. Powered by fintech capabilities and in-depth understanding of the core industries, Sheng Ye Capital offers a range of flexible financing products and corporate services to meet the vast financing needs of underserved SMEs in the region. Sheng Ye Capital aims to become