

2023 ANNUAL RESULTS



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01

Company Overview

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A Leading Supply Chain Technology Platform

RMB
> 190 bn

Cumulative supply chain
assets processed

>15,000

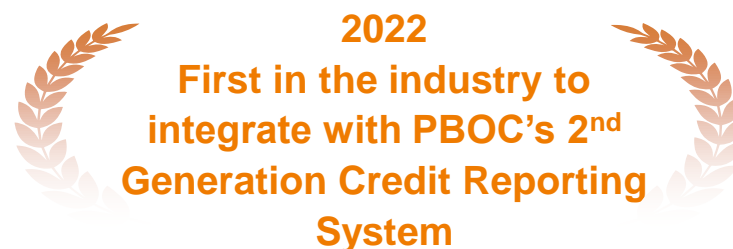
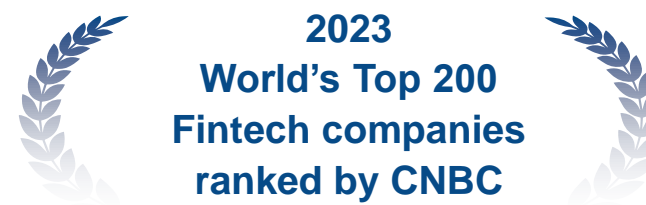
Total platform users

RMB
> 60 bn

Cumulative foreign
investment

<1%

Cumulative NPL ratio



Driving Supply Chain Efficiency | Making Finance More Inclusive

Using IIoT to drive the digitalization and upgrade of strategic industries in China, including the infrastructure and medical segments



Building an industrial “digital ecosystem”



Enabling SMEs to develop their own digital credit and transaction profiles within the ecosystem, reducing reliance on core enterprises for confirmation and guarantee



Endorsed by renowned institutions

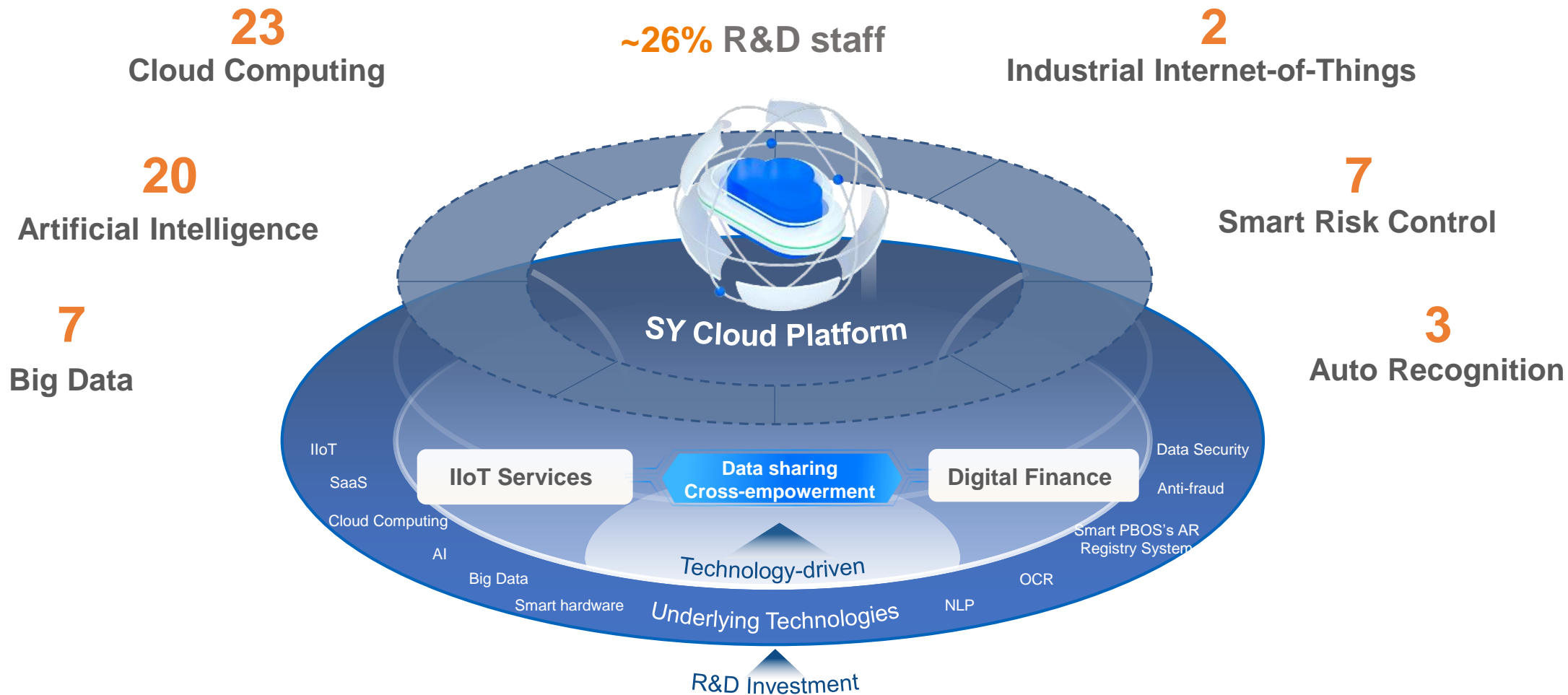


Recognized by capital markets



62 patents and copyrights

Cumulative R&D spend > **RMB 200 million**



Industrial Ecosystem

Serving SME suppliers by leveraging relationships with core enterprises



Infrastructure Energy Healthcare

Strategic Industries

10+ Core Enterprises



~RMB 4.3 tn

Supply chain finance demand from core enterprise partners

Industrial Data Connection

Efficient

Customer Acquisition

Strategic partnerships

- China Communications Construction — **Cloud Commerce Platform**
- China Construction – **Yunzhu Platform, Smart Acceptance System**
- China Railway – **Luban Procurement Platform**
- CQ Pharma – **ERP system**

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Acquire Transaction Data

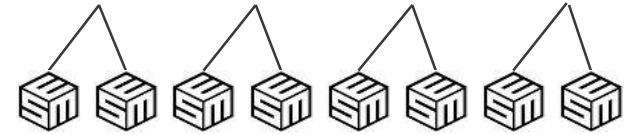
IIoT Services

Smart Construction
Hospital Supply, Procurement & Distribution (SPD)



Smart Matching of Assets to Capital

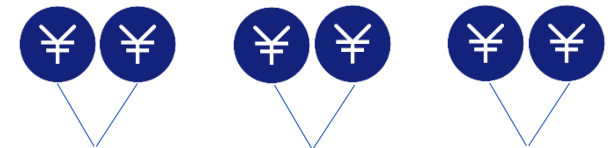
Core enterprises – Industrial Ecosystem



>1.5 million SME suppliers

Intelligent matching

>130 Diverse funding partners



Banks/AM/Funds/Factoring/Trusts

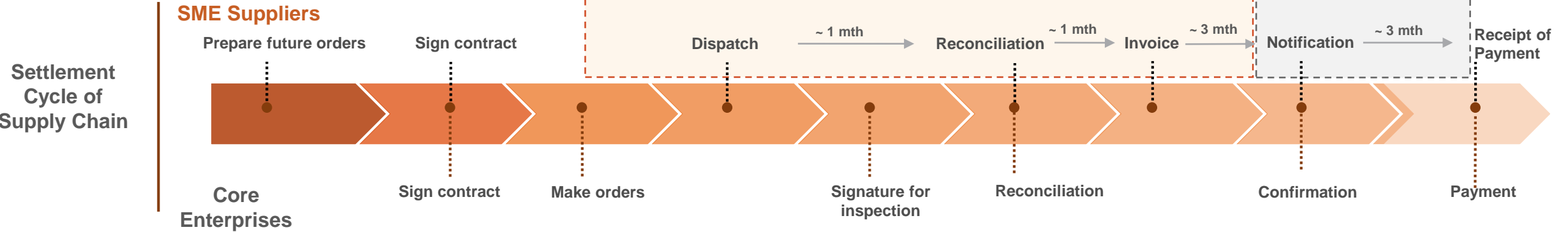
Onboarding Requirements for Traditional Banks

1. More than two years operating track record
2. Flawless credit record
3. Sizable business scale
4. Qualified collateral and guarantee certifications
5. Tax form and a certificate of no tax arrears
6. Last three years audit report
7. Bank statement and proof of funds



Onboarding Requirements for SY

**Authentic & Reasonable
Account Receivables**



SY Digital Finance

- Range of Offering**
 - Covers the entire supply chain settlement cycle allowing for more innovative solutions
- Customer Experience**
 - SY Cloud platform is fully online
 - Convenient and flexible
- Flexibility**
 - Big data-driven, more precise and efficient
 - Competitive financing rate offerings and flexible repayment schemes

Traditional Bank Factoring

- Notification-based factoring
- Fails to solve SMEs' pain points in a timely manner
- Application process done largely offline
- Cumbersome
- Follows traditional rationale of credit risk control, without support from real-time data and flexibility
- More requirements and limitations

Transaction-based multi-dimensional big data risk control system

- 1 Tamper proof data
- 2 Reduce manual intervention
- 3 Real-time data uploading
- 4 Improve efficiency of document verification
- 5 Cross comparison of market conditions to validate output value

物资综合管理
新城市综合石壁龙园二期二标段项目经理部

数据概览

Project name

组织机构: 新城实业石壁苑

单号: 收料20220300007

入场时间: 2022-03-03 20:41:49

出场时间: 2022-03-03 21:56:42

Entry/exit time

入场时间: 2022-03-03 20:41:49

出场时间: 2022-03-03 21:56:42

Entry/exit time

入场时间: 2022-03-03 20:41:49

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Entry/exit time

入场时间: 2022-03-03 20:41:49

出场时间: 2022-03-03 21:56:42


Entry/exit time

Goods details and weight


序号	状态	材料名称	规格型号	计量单位	净重	磅称数量	实际量	运单量	确认量	偏差	正负差	生产厂商	炉批号	实验报告号	资质证书文件	验收备注
1	正常	钢管	2-3米	吨	4.43	1	4.43	0	4.43	-4.43	负差0%					
2	正常	钢管	1-2米	吨	2.31	1	2.31	0	2.31	-2.31	负差0%					
3	正常	上托	上托	吨	7.26	1	7.26	0	7.26	-7.26	负差0%					

照片/凭证

运单/凭证(8) 进场照片(4) 出场照片(4)



Delivery documents



Photos of site entry/exit (vehicle front, back and top image at the e-scale)



Case

1



Qingdao XX Mechanical and Electrical Equipment Ltd.
Loan Application Form

Loan Amount: RMB 3 million
Revenue: RMB 1.05 million

- ⚠️ Covid 19 caused loan defaults
- ⚠️ Dispute over the purchase and sale contract

2



Qingdao XX Mechanical and Electrical Equipment Ltd.

Bank Loan Rejection

XX Bank Notification

- 1. Enterprise Qualifications ❌
- 2. Financial Statements ❌
- 3. Business Scale ❌
- 4. Collateral Requirements ❌

3

Document Preparation

- Trading Contract ✓
- Delivery Documents ✓
- Arrival Video ✓

Upload



Crosschecking with Multi-dimensional Data

- Bid-winning Data ✓
- PBOC's AR Registry Data ✓
- Invoice Data ✓
- Settlement Data ✓
- Material Data ✓



Congratulations!
Application Approved
Disbursement RMB3.5 million

4



- Public Opinion Monitoring
- PBOC's AR Registry System Duplicate Checking
- Payment Collection Monitoring
- Output Tracking



Customer Repaid on time

- Contract Amount +281%
- Operating Profit +116%



Overdue



SY Public Welfare Foundation Organized Children's Medical Assistance Project and Public Welfare Lectures to Advance ESG Causes





Establishment of SY Public Welfare Foundation

Support children in distress Aid industrial and rural revitalization Youth inspiration program



Integrating ESG into Strategy and Business Operations to Drive Sustainable Development

<p>MSCI ESG Rating</p> <p>A</p>	<p>Female Staff</p> <p>52%</p>
<p>SME Customers</p> <p>>97%</p>	<p>Average Loan Size</p> <p>RMB 1.97 mn</p>
<p>Number of People Assisted</p> <p>>8,400</p>	<p>Cumulative Welfare Expenditure</p> <p>RMB >13 mn</p>
 <p>Awarded as a Top Socially Responsible Employer by the Chinese Internet Industry</p>	 <p>Awarded the 2022 Innovation in Organizational Development Award</p>

02

Business Updates

More →



Robust Risk Management

- SY successfully completed data reporting and transfer for the **PBOC Second Generation Credit Reporting System**, taking its risk management capability to a new level

Strategic Partnership

- Participated in China-Singapore Strategic Connectivity program, with a plan to invest **SGD 500 mn** facilitating strategic cooperation within the **pharmaceutical supply chain** with **CQ Pharma**

World's Top 200 Fintech Companies

- Ranked **Top 200** Fintech companies globally in 2023 by **CNBC**

QDHK Capital Increase

- Qingdao Haikong Factoring completed a **capital increase**, bringing the registered capital from RMB 300 mn to **RMB 527 mn** as it continues to drive stable business growth

Digital RMB + Smart Contract

- SY Public Welfare Foundation successfully launched the **first "Digital RMB + Smart Contract + Charity Donation"** and held the Shenzhen University Scholarship Award Ceremony

March 2023

June 2023

July 2023

July 2023

August 2023

September 2023

September 2023

December 2023

December 2023

Headquarters Construction

- SY successfully held the **ground-breaking ceremony** for its **East China headquarters**, establishing a leading digital ecosystem center with Wuxi as a radiating hub

Systems Integration

- SY and China Railway Capital Factoring **integrated their systems for factoring business**, increasing the business deployment scale to **RMB 1.5 bn**

NBGF Capital Increase

- Ningbo Guofu Factoring completed a **capital increase**, bringing its registered capital from RMB 200 mn to **RMB 500 mn**, further advancing the Group's platformisation strategy

WXGJ Capital Increase

- Strategic cooperation with **Wuxi Taihu New City Group**, Wuxi Guojin Factoring completed **RMB 570 mn** capital increase



\$ Factoring Disbursement

Traceability and disbursement in 24 hours, improving risk management

May 2022: SY Holdings

First implementation in "Digital RMB + Supply Chain Finance" in Tianjin

February 2023: Ningbo Guofu Factoring

First "Digital RMB + Factoring" transaction within Zhejiang province

May 2023: Qingdao Haikong Factoring

First transaction in "Digital RMB + Factoring Financing" in Qingdao

\$ Refactoring repayment

June 2023: Wuxi Guojin

The first refactoring transaction disbursed in Digital RMB in Wuxi, which is also the largest single Digital RMB factoring transaction in Jiangsu Province

Ensuring transaction security, avoiding fraud risk

\$ Payroll

July 2023

"Digital RMB + Payroll" in Tianjin and Wuxi

Contract-based, avoiding fund embezzlement

\$ Charity Donations

November 2022 December 2023

SY Public Welfare Foundation's first Digital RMB donation of RMB 200,000 landed in Handpicked Love Foundation, which is the first Digital RMB donation received by Shenzhen Charity Federation

SY Public Welfare Foundation successfully launched the first "Digital RMB + Smart Contract + Charity Donation" and held the Shenzhen University "Factoring Elite" Scholarship Award Ceremony

Increasing credibility and transparency for charitable donations

JVs completed capital increase and out-perform expectations
Leveraging RMB 20 bn+ of incremental capital



In February 2024, SY achieved strategic cooperation with **Wuxi Taihu New City Group**, Wuxi Taihu New City **subscribed RMB 569.4 mn** of the enlarged capital in **WXGJ** and became 51% controlling shareholder. Upon completion, the net assets of WXGJ increased to approximately **RMB 1 bn**, with expected business scale to reach **RMB 10 bn** within three years and net profit to increase by **123%**

Validation of Platformisation

SOE injected capital at a premium, demonstrating **the recognition by SOEs for SY's platformisation strategy, thereby boosting the volume of supply chain assets processed by the platform**

Industrial Ecosystem Connection

Deal will **expand local business resources and customer acquisition channels** within Taihu New City's industrial ecosystem

Revenue Model Optimisation

Proportion of tech-related revenue expected to increase from 16% to 36% in 2024, reaching 50% in 2025, driven by **high-quality and sustainable revenue model**

Profitability Improvement

WXGJ being a non-wholly owned subsidiary of SY, will result in the decrease of SY's revenue, total assets and net assets. However total contribution from WXGJ will increase by approximately 60%, driven the increase in **net profit margin, ROA and ROE accordingly**

Transaction Significance



- In January 2023, SY entered into a strategic cooperation with **Qingdao Ocean Holdings Group** (AAA-rated), jointly operating Qingdao Haikong Factoring Ltd.
- With the completion of the **capital increase of RMB 227 mn** in September 2023, net assets reached RMB 650 mn, business scale to hit **RMB 6 bn** in 2024



- In June 2022, SY entered into a strategic cooperation with **NDIG** (AAA-rated) and jointly established Ningbo Guofu Factoring Ltd.
- In September 2023, **capital increase of RMB 300 mn** was completed with net assets reaching RMB 530 mn and expected business scale reaching **RMB 5 bn** in 2024

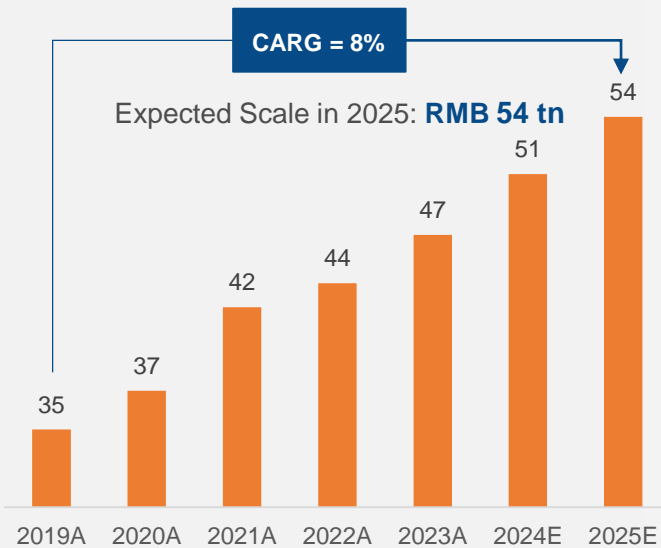


- In December 2022, SY entered into a strategic cooperation with **XMXYG** (AAA-rated) and jointly established Xiamen Xiangsheng Factoring Ltd.
- The registered capital is RMB 300 mn, with expected business scale to reach **RMB 2.8 bn** in 2024

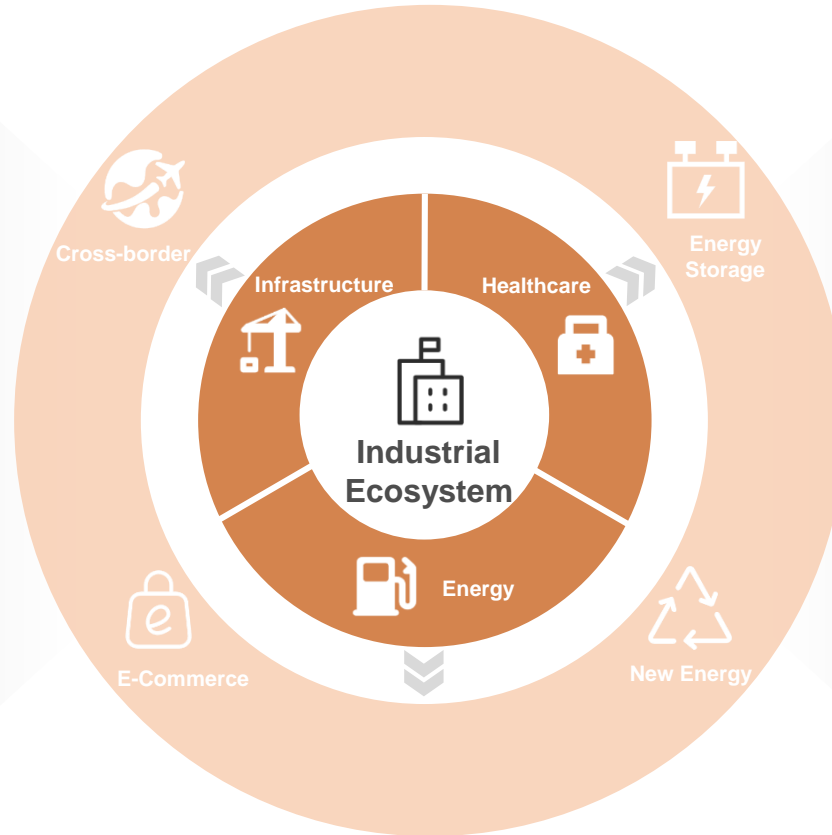
Continuously exploring emerging industry ecosystems, broadening asset boundaries

China's E-commerce Industry Size

RMB trillions

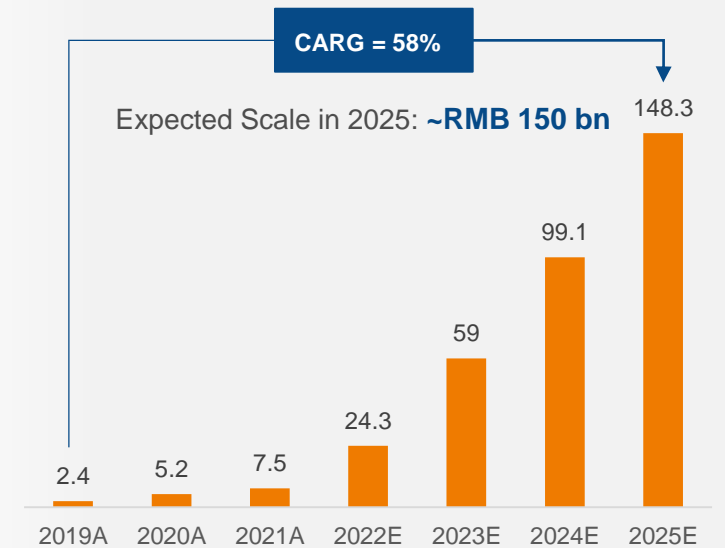


Sources: National Bureau of Statistics, eMarketer



China's Energy Storage Industry Size

RMB billions



Sources: ESCN, CAPI, BNEF

The integration of the digital economy and the real economy has become a national development strategy

- 2022** **“2035 Vision Outline in the 14th Five-year Plan”**
Promotes the deep integration of digital technology and the real economy to empower the transformation and upgrading of traditional industries
- 2021** **The 34th Collective Learning of the 18th CPC Central Committee**
Emphasis on grasping the development trend and patterns of the digital economy and promoting the healthy development of digital economy in China
- 2020** **The Fifth Plenum of the 19th CPC Central Committee**
Promoted development of the digital economy, digital industrialization and industrial digitalization, and the deep integration of the digital economy and the real economy
- 2019** **“Implementation Plan for The Innovative Development of National Digital Economy”**
Stated clearly in policy documents that data was a new production factor
- 2018** **Central Economic Work Conference**
Accelerated commercialization of 5G, enhanced building of new infrastructure such as industrial Internet and IoT
- 2017** **Report of the 19th National Congress of CCP**
Enhanced the application of foundational research to provide strong support for digital China and intelligent society

The government launched many favourable regulations and polices this year to promote inclusive finance and enhance the development of the real economy

- “Guidelines on Promoting the High-quality Development of Inclusive Finance by the State Council”**
Deepening the structural reform of the financial supply side, promoting the high-quality development of inclusive finance, and enhancing the ability to serve the real economy
- “Announcement on Tax Policies to Support Financing for SMEs”**
Interest income obtained by financial institutions from granting small loans to SMEs and individual businesses is exempt from VAT
- “Notice on Carrying out Financing Promotion Actions of ‘One Policy for One Patch of SMEs on One Supply Chain’ for Micro, Small and Medium-sized Enterprises (SMEs)”**
Focusing on SMEs in key industrial chains, enriching financial service strategies, deepening the integration of industrial and financial information, and continuously improving financial mechanisms to promote SME development
- “Notice on Carrying Out Pilot Programs for Digital Transformation of SMEs”**
Accelerates the digital transformation of traditional enterprises and SMEs by optimizing the supply of various resources and reducing the cost of digital transformation to promote the high-quality development of the real economy
- “A Package of Policy Measures to Accelerate the Development of Digital and Intelligent Energy”**
Encourages financial institutions to innovate products and services, increase financial support for digital and intelligent technology innovation in the energy sector, and create a long-term mechanism to support the development of digital and intelligent energy

03

Financial Highlights

More →



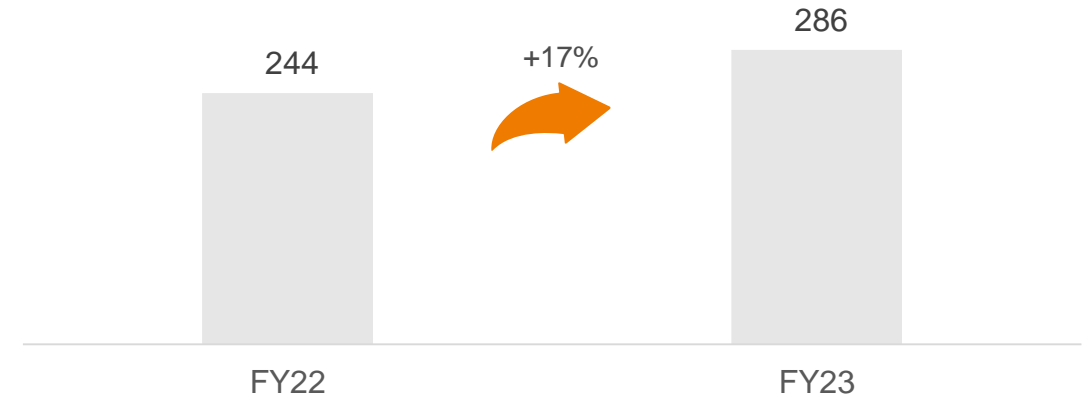
Total Revenue and Income

RMB millions



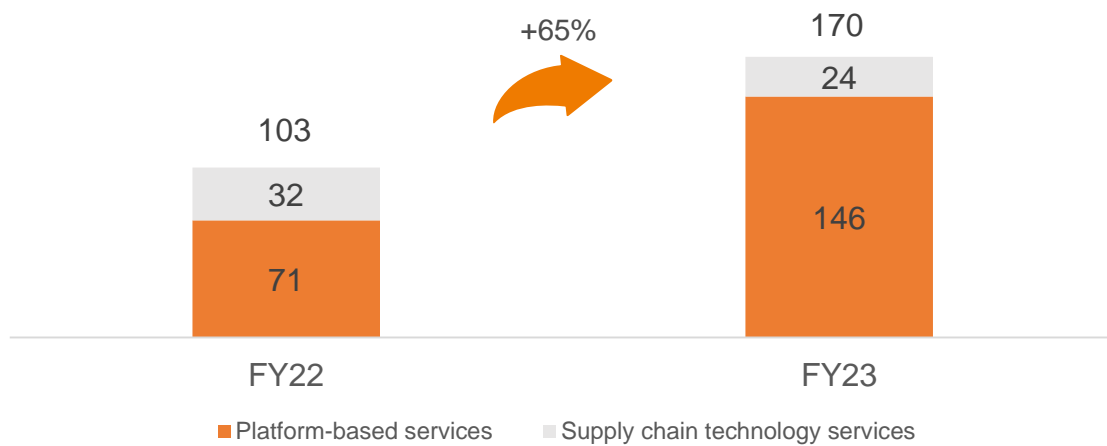
Net Profit

RMB millions



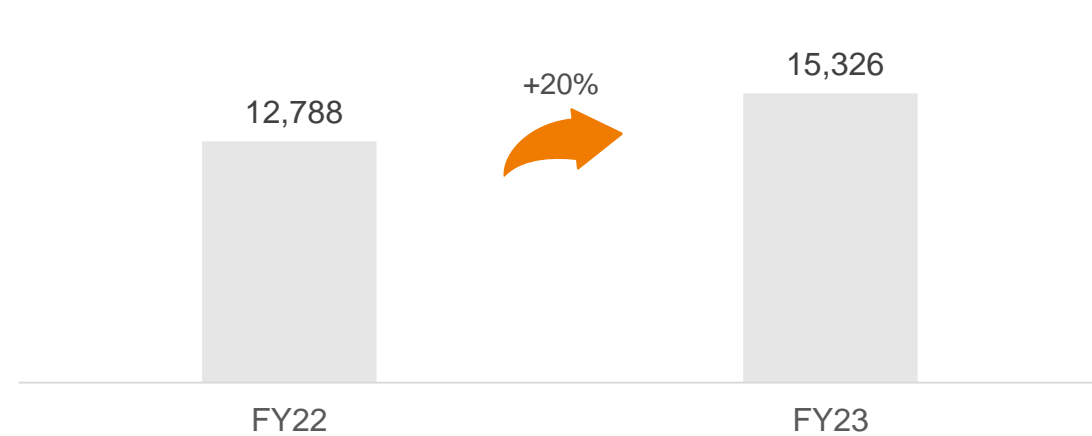
Tech-related Revenue

RMB millions



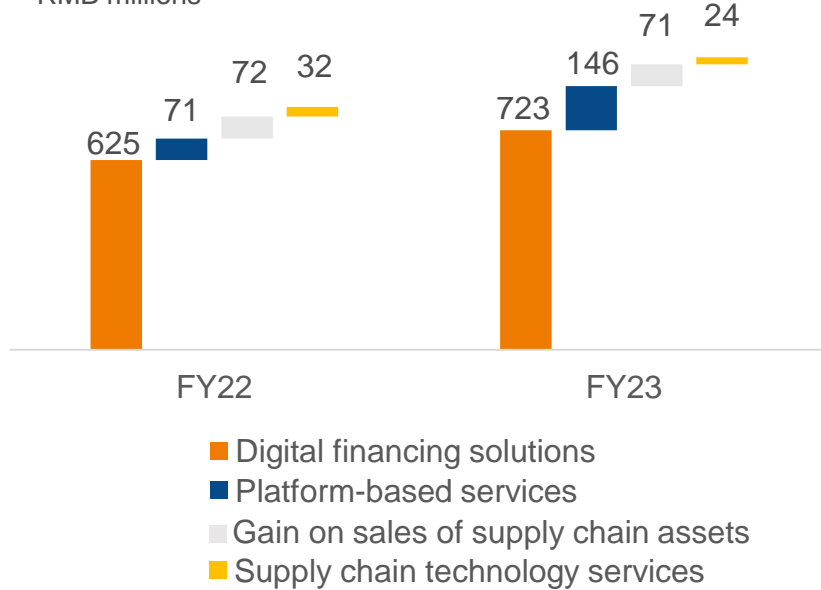
Cumulative Platform Users

As at 31 December

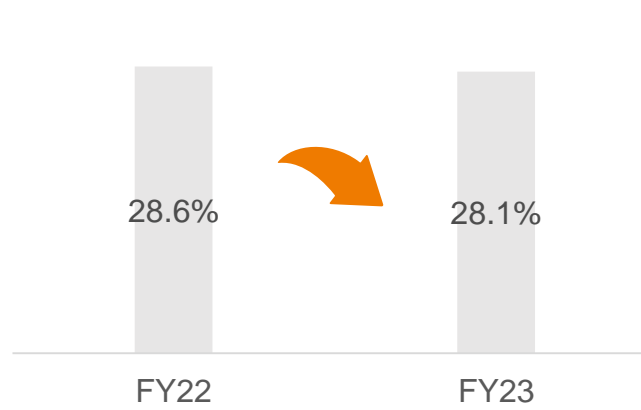


Revenue Composition

RMB millions

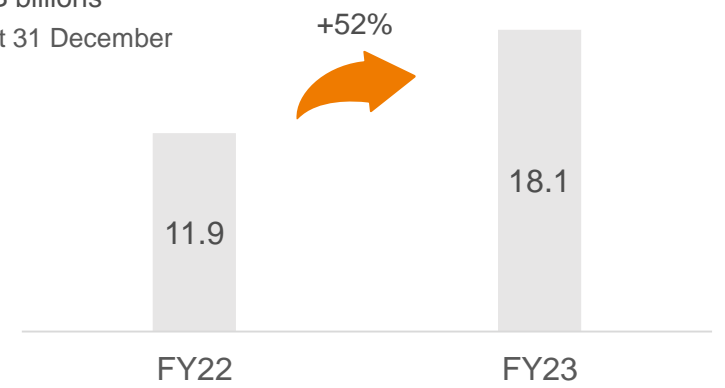


Operating Cost-to-Income



Supply Chain Assets

RMB billions
As at 31 December

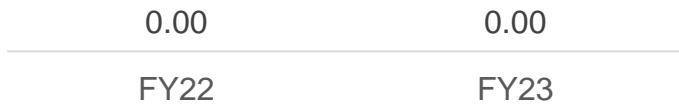


Note:

- Total revenue = digital financing solutions revenue + platform-based services revenue + gains on sales of supply chain assets + supply chain technology services revenue
- The operating cost-to-income ratio excludes materials cost and one-time expenses
- Digital financing business maintained solid growth while tech-related revenue soared
- Overall business scale increased and operating cost-to-income has been reduced, demonstrating improvement in operating

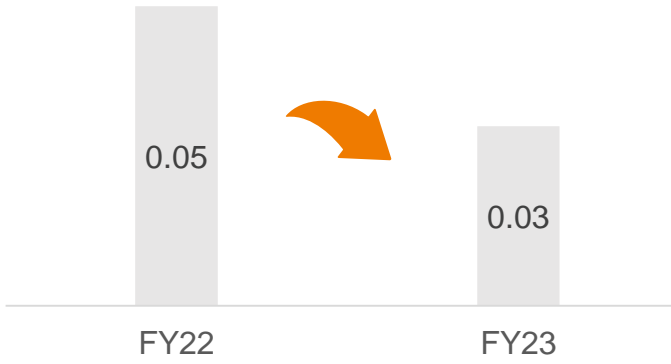
NPL %

As at 31 December



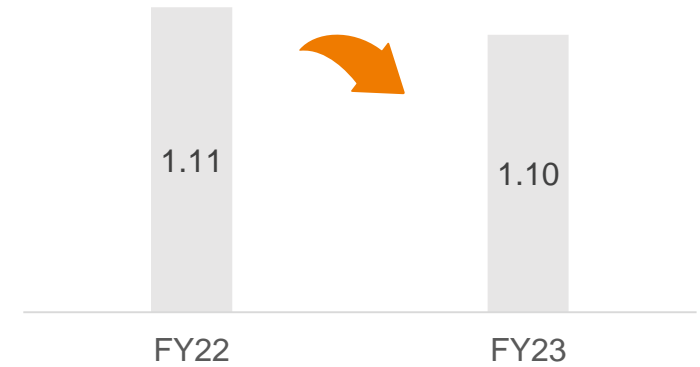
Overdue %

As at 31 December



Provision for Impairment %

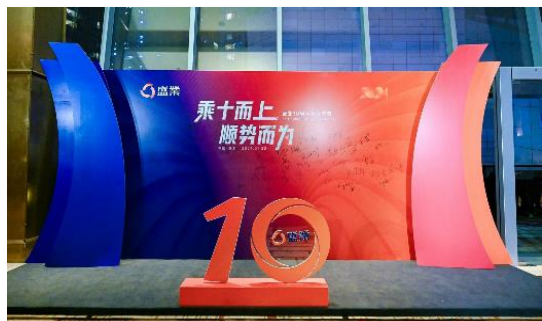
As at 31 December



Note:

- NPL ratio = end of period gross carrying amount of NPL / end of period gross carrying amount of total supply chain assets x 100%
- Non-performing assets: assets that are credit impaired or more than 90 days overdue

Riding the trend towards the next decade



Share Repurchase

No. of Shares Repurchased	Amount Repurchased
18.19 mn shares	HKD 109 mn

Management Increased Holdings

No. of Shares Increased	Amount Increased
1.19 mn shares	HKD 6.18 mn

Dividend Payout

Cumulative Dividend Payment Amount*	Dividend Payout Ratio	Dividend Yield**
RMB 461 mn	90%	6.48%

Note: *Including the estimated total dividend payment amount for the current fiscal year
 **Based on the closing price on March 21, 2024



Driving Supply Chain Efficiency Making Finance More Inclusive

SHENZHEN | TIANJIN | WUXI | HONG KONG | SHANGHAI
BEIJING | CHONGQING

