

2024 Interim Results



Disclaimer

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Company Overview

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A Leading Supply Chain Technology Platform

Helped over **16,000 SMEs** access **inclusive financial services of over RMB 210 bn**

2017
China's first supply chain tech company listed on the HKEX

2023
Ranked Global Top 200 Fintech companies by CNBC

2024
MNC regional headquarters in Shenzhen&Guangdong

2019
First in the industry to access PBOC's AR Registry Credit Reporting System

2022
First in the industry to integrate with PBOC's 2nd Generation Credit Reporting System

2022
First in the industry to implement 'Digital RMB + Supply Chain Finance'



- Concern for safety & the environment
- Low level of information digitalisation, leading to management difficulties



- Difficulty & high cost of financing
- Cumbersome loan procedures and poor customer experience



- Difficulty acquiring quality SME customers
- Unreliable & delayed transaction information

In October 2023, the Central Financial Work Conference Proposed Focusing on “Five Major Tasks” of Technology Finance, Green Finance, Inclusive Finance, Pension Finance and Digital Finance

Inclusive finance



Allocate more financial resources to key areas and weak links in social development (e.g. **SMEs, individual businesses, and farmers**), enhancing the accessibility, coverage and satisfaction of financial services

Digital finance



Develop financial forms that match the digital economy, possessing both digital and financial attributes. By advancing **financial technology and innovating business models**, overall efficiency in the financial sector can be improved

Green finance



Emphasize the coordinated development of financial activities and **ecological balance**, creating a modern industrial system primarily driven by **green innovation**

Pension finance



Financial activities centered around pension needs, including **pension finance, elderly service finance, and pension industry finance**

Technology finance



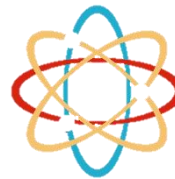
Effectively align technological resources with financial capital to drive **the transformation of technological innovations into real productive forces**

Driving Supply Chain Efficiency | Making Finance More Inclusive

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



Building an industrial **“digital ecosystem”**



Helping **SMEs** more conveniently access **inclusive financial services**



Endorsed by renowned institutions



Recognized by capital markets



Integrate the Supply Chain with Technology to Help SMEs to Obtain Inclusive Financial Services

Industrial Data Connection



Smart Matching of Assets to Capital

Industrial Ecosystem

Serving SME suppliers by leveraging relationships with core enterprises



Infrastructure Commodity Healthcare

Strategic Industries

10+ Core Enterprises

.....

~RMB 4.3 tn

Supply chain finance demand from core enterprise partners

Efficient Customer Acquisition

Connect to platforms

- 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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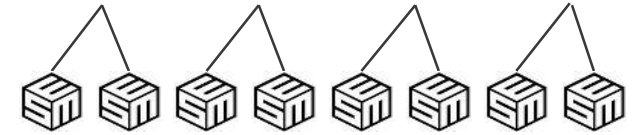


Acquire Transaction Data

Supply Chain Technology Ecosystem Connectivity

Smart Construction
Hospital Supply, Procurement & Distribution (SPD)

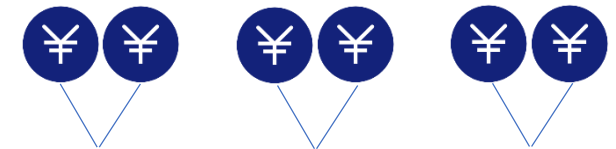
Core enterprises – Industrial Ecosystem



>1.5 million SME suppliers

Intelligent matching

>130 Diverse funding partners



Banks/AM/Funds/Factoring Houses/Trusts

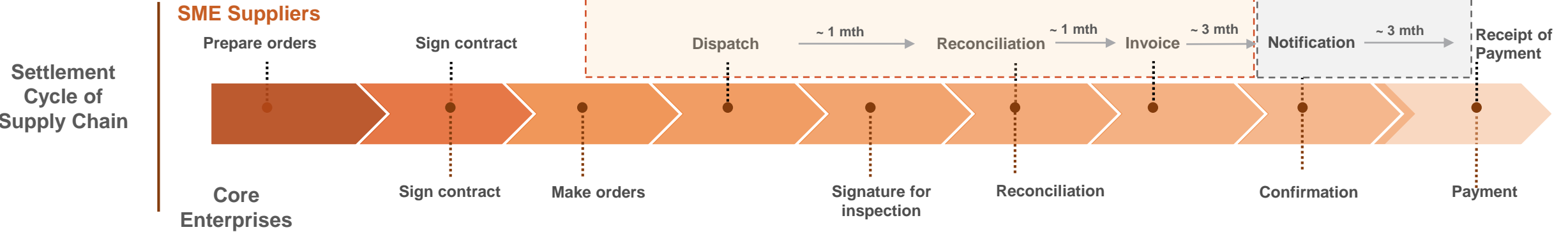
Onboarding Requirements for Traditional Banks

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

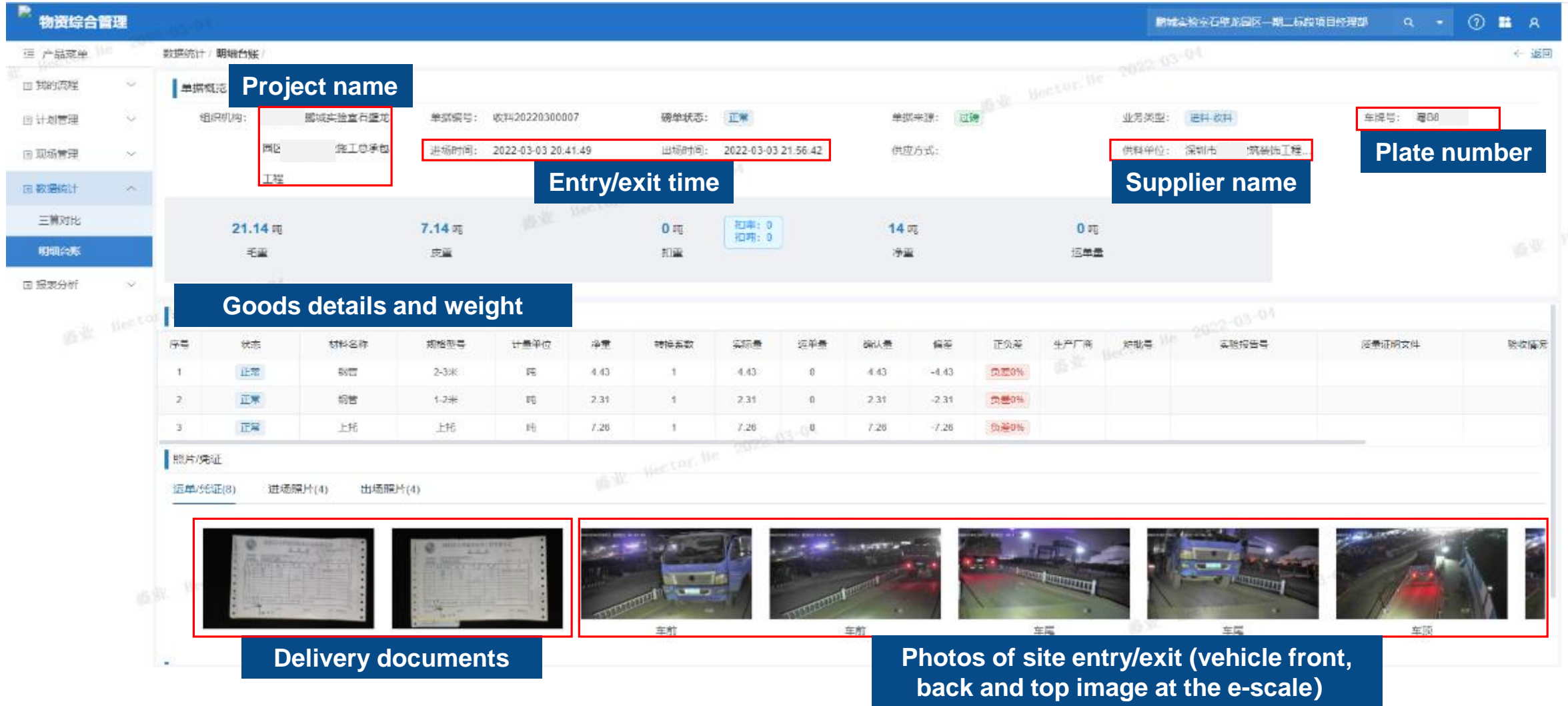
- Range of Offering**
 - Covers the entire supply chain settlement cycle allowing for more innovative solutions
- Customer Experience**
 - SY Cloud platform is fully online
 - Convenient and flexible
- Flexibility**
 - Big data-driven, more precise and efficient
 - Competitive financing rate offerings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

数据统计 / 明细台账

Project name

组织机构: 鹏城实验室石壁苑
 单号: 收料20220300007
 磅单状态: 正常
 单号来源: 过磅
 业务类型: 进料收料
 车牌号: 粤D0

Entry/exit time

进场时间: 2022-03-03 20:41:49
 出场时间: 2022-03-03 21:56:42

Supplier name

供应方式: 供料单位: 深圳市 城岩筑工程...

Plate number

21.14 吨
毛重

7.14 吨
皮重

0 吨
扣重

扣率: 0
扣磅: 0

14 吨
净重

0 吨
运单重

Goods details and weight

序号	状态	材料名称	规格型号	计量单位	净重	磅称系数	实际重	运单重	确认重	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)



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



Support underprivileged kids Industrial and rural revitalization Youth support programs



Integrating ESG into Strategy and Business Operations to Drive Sustainable Development

<p>MSCI ESG Rating</p> <p>A</p>	<p>Female Staff</p> <p>~50%</p>
<p>SME Customers</p> <p>~97%</p>	<p>Average Loan Size</p> <p>RMB 2.91 mn</p>
<p>Number of People Assisted</p> <p>>11,800</p>	<p>Cumulative Welfare Expenditure</p> <p>RMB >13 mn</p>
 <p>Awarded as 2023 Outstanding Employer by 51 JOB</p>	 <p>Bloomberg Green 2024 "Most DEI Friendly workplace" List</p>

02

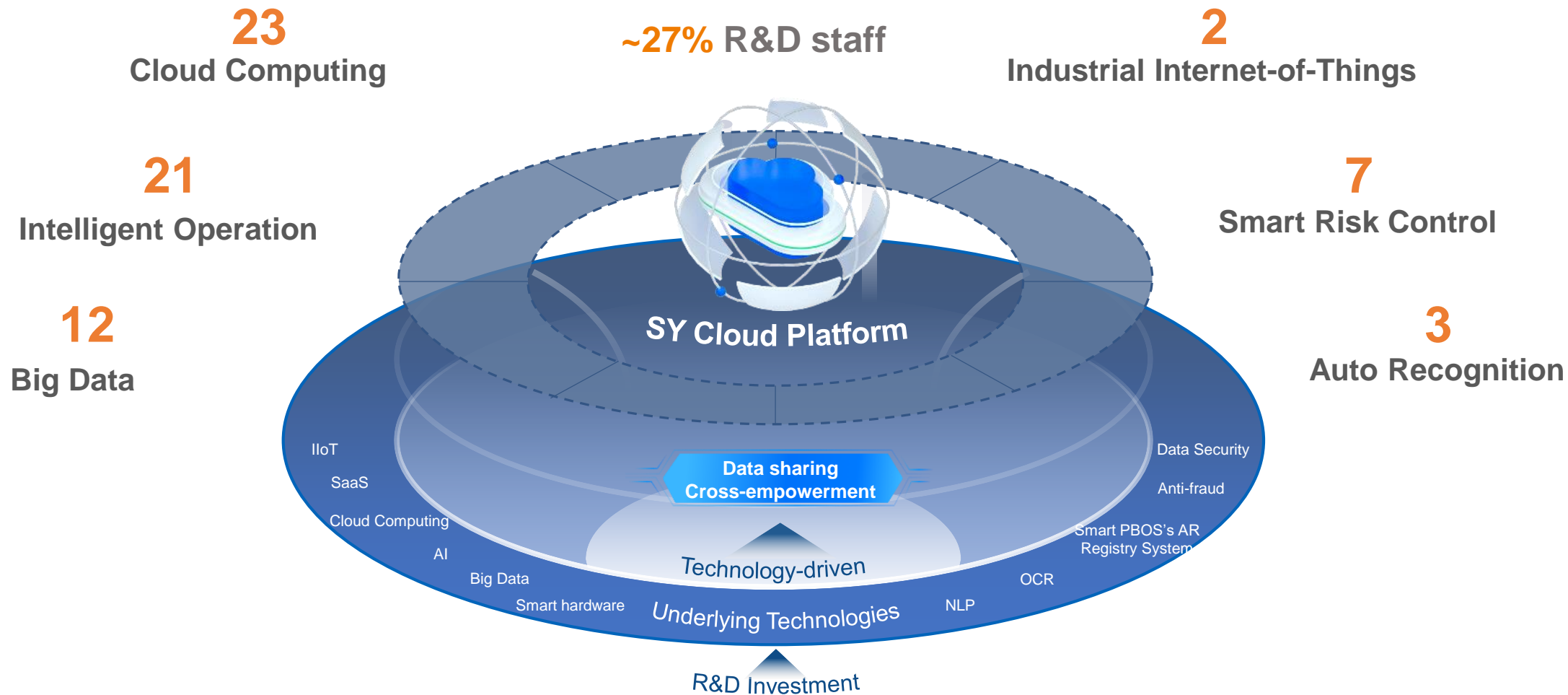
Technological Capabilities

More →





68 patents and copyrights

Cumulative R&D spend > RMB 220 million



Empowering Inclusive Financial Services through Supply Chain Technology Applications

"Customer Stickiness" with Core Enterprises	Enhancing Customer Acquisition Efficiency	Harnessing Multi-dimensional Data for Risk Management	Helping more SMEs	Improving Internal Operational Efficiency																
<ul style="list-style-type: none"> Connectivity to system Real-time convergence of data and business Raising the bar for the industry <p>Platforms linked to SY:</p> <p>China Communications Construction (Cloud-based Commerce Platform)</p> <p>China Construction (Bidding System, Smart Acceptance System)</p> <p>China Railway – (Procurement Platform)</p> <p>CQ Pharma – (ERP system)</p> <hr/> <ul style="list-style-type: none"> ✓ 10+ core enterprises ✓ 7+ years of collaboration 	<p>Comparison of Revenue Metrics per marketing team member</p> <table border="1"> <thead> <tr> <th>Firms</th> <th>Marketing Team Size</th> <th>Income generated per person (RMB'000)</th> </tr> </thead> <tbody> <tr> <td>A Co</td> <td>624</td> <td>1,050</td> </tr> <tr> <td>B Co</td> <td>150</td> <td>5,790</td> </tr> <tr> <td>SY</td> <td>68</td> <td>14,170</td> </tr> </tbody> </table> <hr/> <ul style="list-style-type: none"> ✓ >16,000 cumulative platform users ✓ 80% CAGR user growth since IPO 	Firms	Marketing Team Size	Income generated per person (RMB'000)	A Co	624	1,050	B Co	150	5,790	SY	68	14,170	<div style="text-align: center;"> <p>Bidding Information</p> <ul style="list-style-type: none"> Core enterprises bidding platform Transaction & real-time data  <p>SY Cloud Platform</p> </div> <table border="1"> <thead> <tr> <th>Transaction Data</th> <th>Third-Party Data</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> NLP, OCR, E-signature Video surveillance Smart construction data </td> <td> <ul style="list-style-type: none"> PBOC credit system Account receivables registry Tax bureau </td> </tr> </tbody> </table> <hr/> <ul style="list-style-type: none"> ✓ >500,000 public sentiment monitoring ✓ >4.4 mn account receivable records ✓ ~420,000 invoice verification records 	Transaction Data	Third-Party Data	<ul style="list-style-type: none"> NLP, OCR, E-signature Video surveillance Smart construction data 	<ul style="list-style-type: none"> PBOC credit system Account receivables registry Tax bureau 	<ul style="list-style-type: none"> Covers the entire supply chain settlement cycle Provide more innovative solutions Converting real and reasonable transactions into 'digital assets' <hr/> <ul style="list-style-type: none"> ✓ SME customers ~97% ✓ First-time loan SMEs 50% ✓ Average loan size 2.91mn RMB ✓ Average loan duration 150 days 	<p>Automatic Review</p> <p>NLP  OCR</p> <p>SY Cloud Platform</p> <p>Cloud Computing Payback Forecast</p> <p>IoT AI</p> <p>Data Security</p> <hr/> <ul style="list-style-type: none"> ✓ 100% online ✓ RMB 66.14 mn of supply chain assets processed per staff
Firms	Marketing Team Size	Income generated per person (RMB'000)																		
A Co	624	1,050																		
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Transaction Data	Third-Party Data																			
<ul style="list-style-type: none"> NLP, OCR, E-signature Video surveillance Smart construction data 	<ul style="list-style-type: none"> PBOC credit system Account receivables registry Tax bureau 																			



Highest Security Protection Level for Non-Banking Financial Institutions in China



Passed Version 2.0 of the National Information Security Level Protection Level III Certification



ISO/IEC 27701:2019 Privacy Information Management System Certification



ISO/IEC 27001:2013 Information Security Management System Certification

Certification of Technological Capabilities Leading Position in Industry Technical Certifications



CRS verification method
awarded national patent



Risk assessment methodology
awarded national invention patent



"Software Enterprise Encouraged by
China" certification



National "High-tech
Enterprise" certification



Listed as "Specialized, Refined, Unique,
and Innovative" SME in Shenzhen



Certification of "Software Products
Encouraged by the Nation"

Social Credibility

Leading the Industry as a Trendsetter through In-depth Engagement



Selected as a teaching case and MBA case at Fudan University for supply chain technology



Approved to set up the first domestic industry State-level post-doctoral research station



MNC regional headquarters in Shenzhen

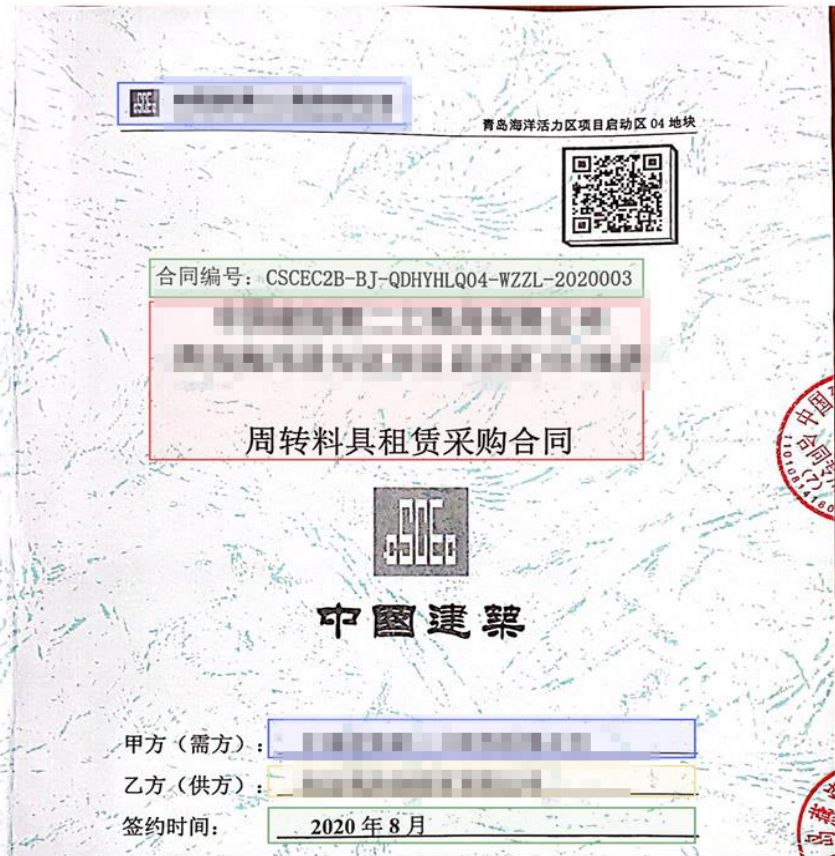


Wuxi Economic Development Zone "Export-oriented Economy Award"

Scene Description:

Loan application typically involves review of the authenticity and reasonableness of the contract and requires manual **entry of key contractual terms into the system** to facilitate subsequent processing

文件预览图



合同要素	审核规则
1:合同名称	
2:委方	
3:买方	
4:合同编号	1.CSCEC2B-BJ-QDHYHLQ04-WZZL-2020003
5:合同金额	1.CNY3,723,408.80
6:合同签订日期	1.2020年08月

Manual Processing Error-Prone and time-consuming

Implementation: Manual analysis of contract terms, manual extraction and entry of data

Key Issues: Error-prone, time-consuming, high requirements on personnel competence



Processing with AI 8x the efficiency of manual extraction

Implementation: System automation + minimal human assistance

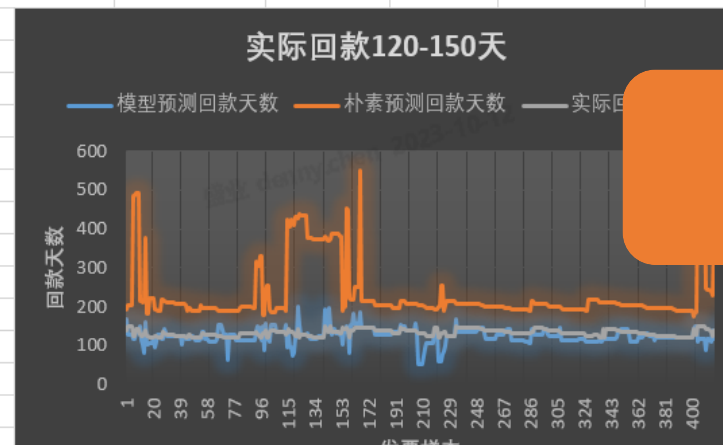
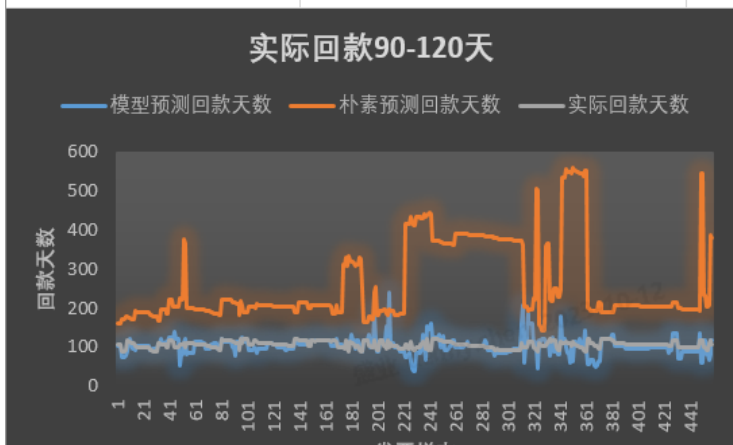
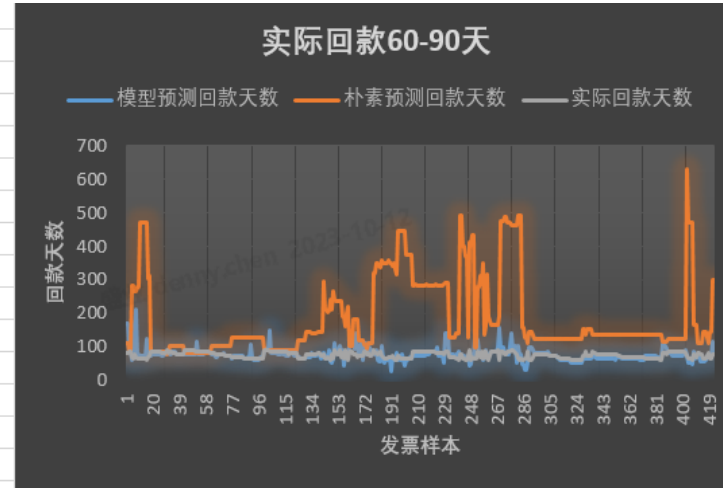
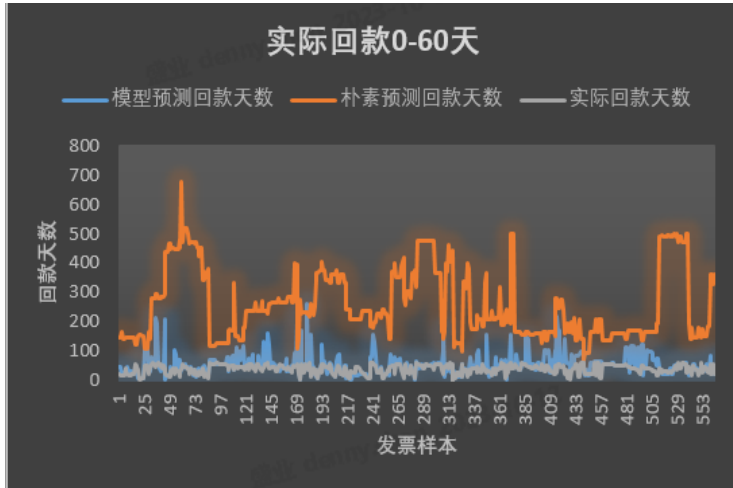
Key Benefits:

- Detailed analysis of **200-page** document in under **5 minutes**
- Extraction accuracy rate of over **90%**, more than **8x** the efficiency of manual extraction, at the same time supporting the review of content consistency, reasonableness, compliance, etc.

AI Application: Predictive Repayment Analysis

Scene Description:

Using AI allows us to more accurately **forecast loan repayment cycles** to strengthen credit monitoring and ensure closed loop fund flow, improving capital turnover



- Orange Manual Forecasting
- Blue AI Forecasting
- Grey Actual

Manual Forecasting
Average accuracy: 53.56%

AI Forecasting
Average accuracy: 83.97%



*Average accuracy benchmarked with actual repayment data

Scene Description:

In the post-loan stage, risk control and operations personnel need to monitor the payment records on customers' Ukey, verify whether the transaction is part of the accounts receivable in the cooperative business, and promptly identify and communicate with the customer to avoid the risk of value loss

Manual Processing

Large Volume, Time-Consuming, Low Efficiency

Implementation: Manual login, manual data extraction

Key Issues:

- Heavy workload: 280+ UKey (48 hours/week)
- Method: Offline reconciliation through Excel
- Manual processing prone to error



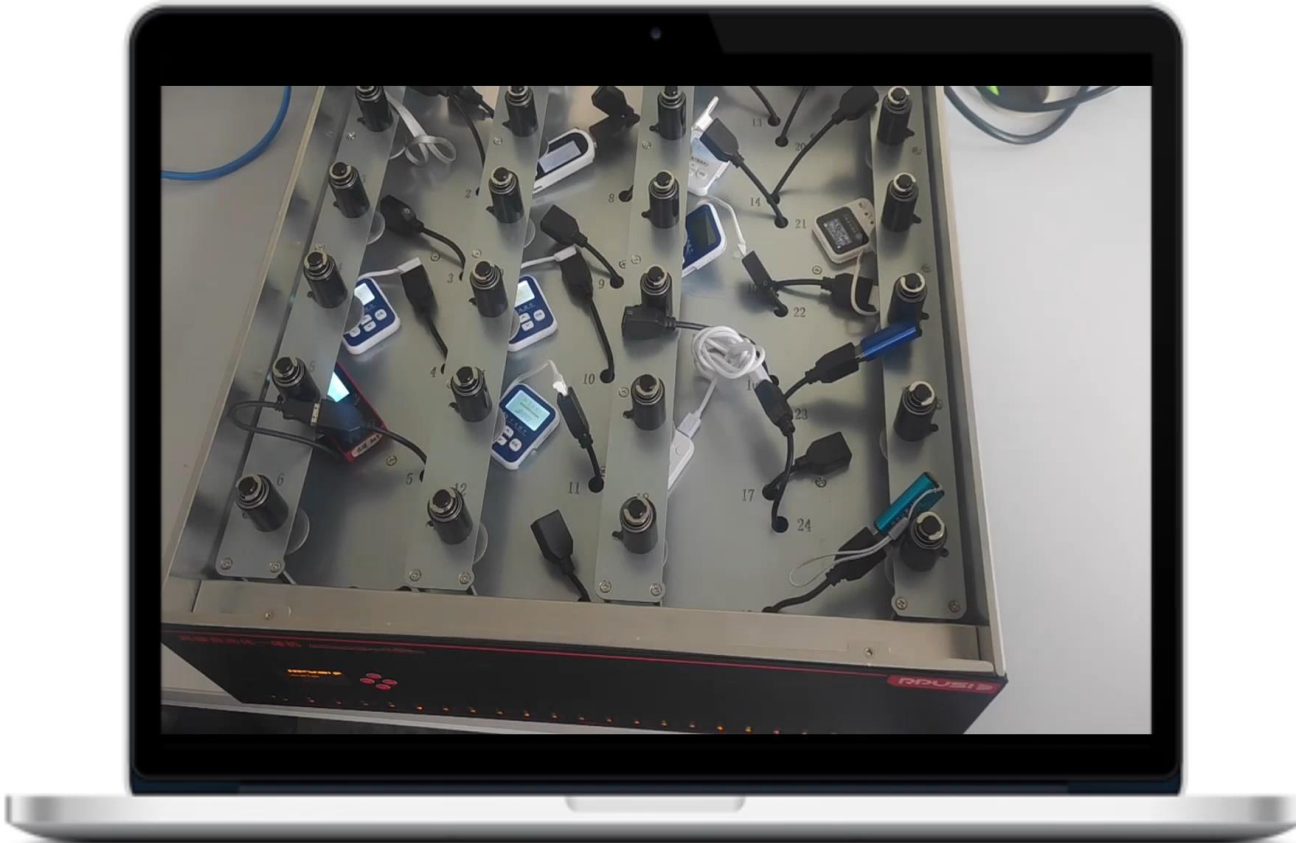
AI Processing

Labor Costs Reduced by 90%,
Enabling 24-hour operations

Implementation: Automated RPA collection + little manual monitoring

Key Benefits:

- Small workload: **Automated data export**, saving more than **90%** of the workload
- Method: **Online reconciliation**, **80%** efficiency increase
- Automation execution: 24-hour operation, stable and not easy to make mistakes



Multi-Channel Customer Acquisition

Achieve multi-platform data integration to comprehensively reach potential leads

- Expand customer acquisition channels, automate outreach and capture customers

Matching Assets to Capital

Achieve automated matching of assets to capital according to different rules

- Enhance loan disbursement, improve efficiency and user experience



Front-end customer acquisition and user experience

Intelligent Order Recommendation

Enable the extraction of bidding information and automatic matching with customers

- Provide potential order support services to customers



Value-added services for customers

Automatic Classification


Achieve automatic classification and matching of contracts and invoices

- Improve internal efficiency and reduce labor costs

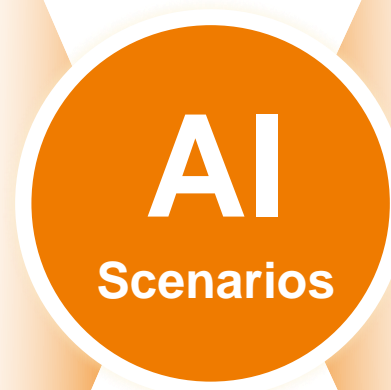
Automated Risk Management

Automated back-testing of historical data allows validation of rules to achieve an automated assessment and recommendation of risk levels

- Assist in manual assessment by automatically back-testing, generating, and recommending risk control rules



Back-end R&D Performance Improvement



03

Business Updates

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WXGJ Capital Increase

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

Expanding Ecosystem via Strategic Investment

SY established strategic partnerships with leading VC firms to assist Chinese enterprises going global

Industry Expansion Renewable Energy

Successfully implemented collaboration with CLYPG

Industry Expansion E-Commerce

Actively promoting e-commerce related business, with cumulative supply chain assets exceeding RMB 500 mn

January 2024

February 2024

March 2024

June 2024

June 2024

June 2024

June 2024

July 2024

Strategic Cooperation

SY visits Chongqing SASAC to deepen China-Singapore connectivity and strategic cooperation

Business Deployment

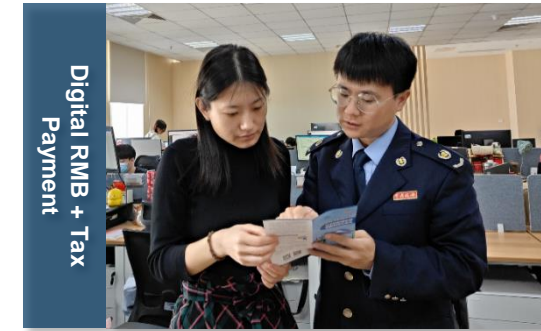
Cumulative supply chain assets processed exceeded RMB 200 bn

Dividend Payout

SY completed 2023 dividend payout, with a dividend yield of 6.5% and a payout ratio increased to 90%, highlighting investment value

Patents and Copyrights

In the first half of 2024, SY obtained 6 national invention patent certificates



Factoring Disbursement

● May 2022

Implementation in "Digital RMB + Supply Chain Finance"

Traceability and disbursement in 24 hours, improving risk management

Refactoring Repayment

● June 2023

Implementation in refactoring transaction disbursed in Digital RMB

Ensuring transaction Security, avoiding fraud risk

Payroll

● July 2023

Implementation in "Digital RMB + Payroll"

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

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

Wage management

● March 2024

Offering innovative "Factoring + Digital Currency" solutions for wage arrears management

Targeted, timed, and assigned to specific individuals, avoiding embezzlement

Tax Payment

● April 2024

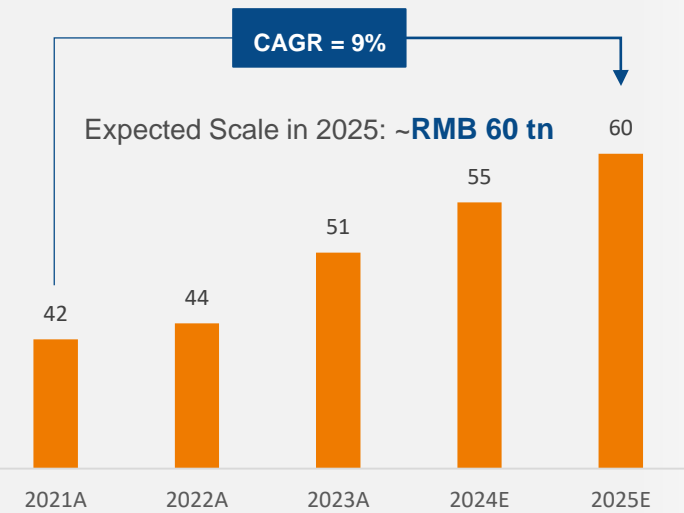
Implementation in "Digital RMB + Tax Payment" application scenario, which was also reported by the State Taxation Administration

Faster process, better experience, more privacy

Continuously exploring emerging industry

China's E-commerce Industry Size

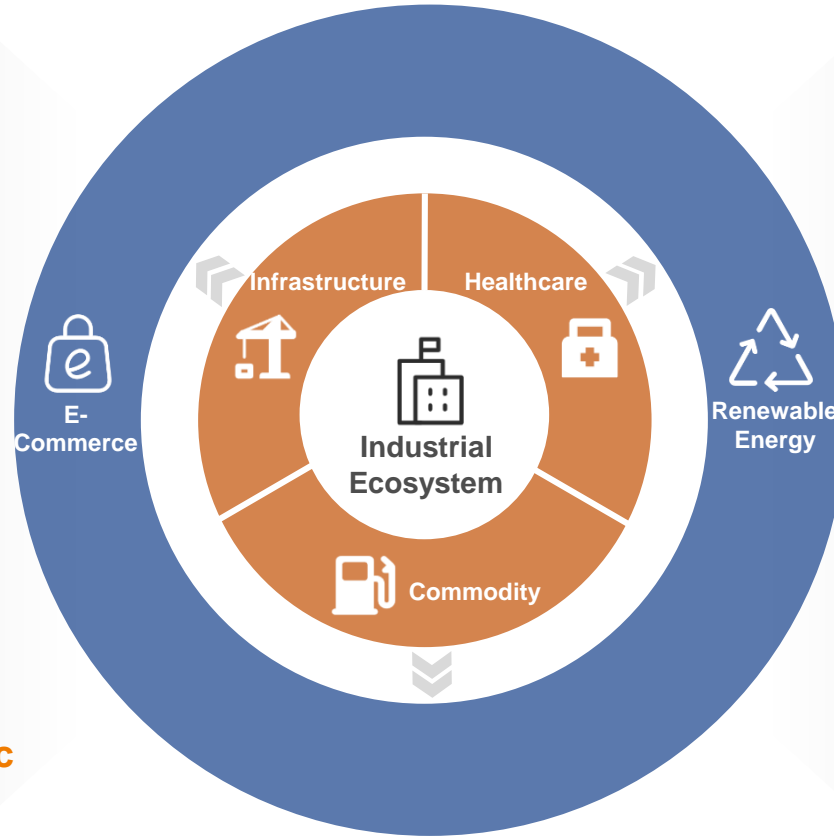
RMB trillions



Potential clients: **~25 million platform merchants**

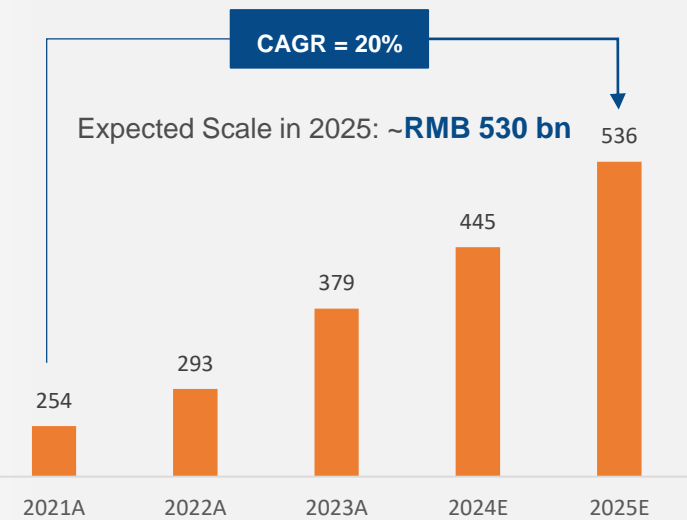
Potential core enterprises: **Leading domestic and international e-commerce platforms**

Source: National Bureau of Statistics, Internet Society, China E-Commerce Research Centre



China's Renewable Energy Industry Size

RMB billions



Potential clients: **~43,000 renewable energy enterprises**

Potential core enterprises: **SOE power groups**

Source: Market size based on total installation* unit cost (incl. hydro, nuclear, wind, solar), data from NEA, Jefferies Estimates

04

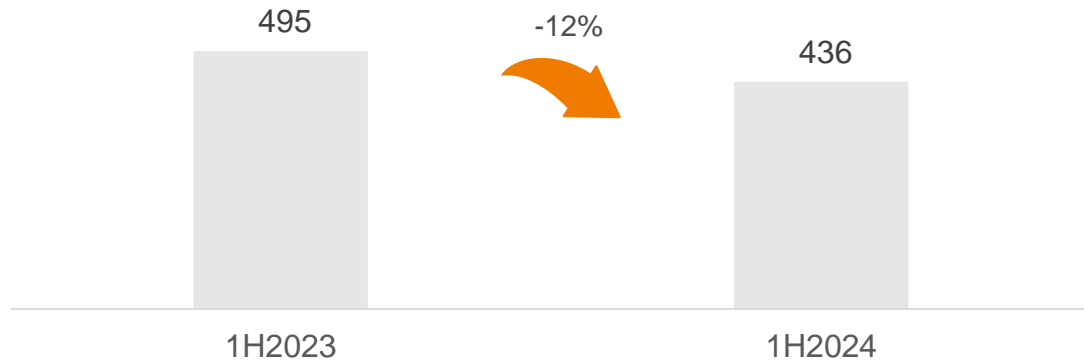
Financial Highlights

More →



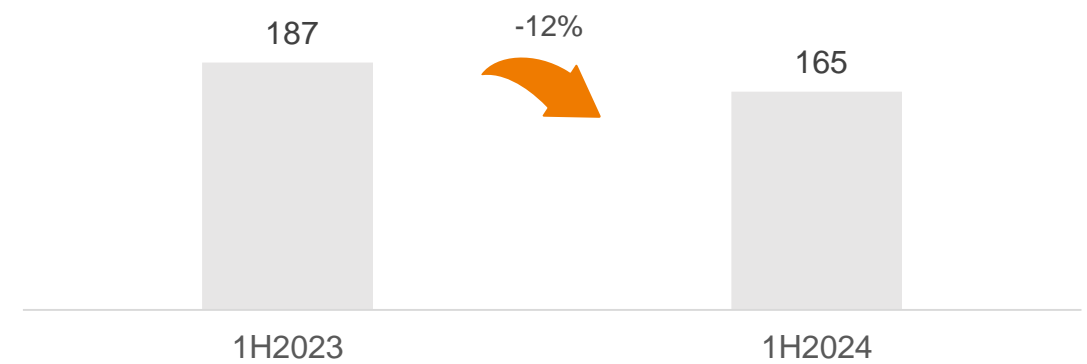
Total Revenue and Income

RMB millions



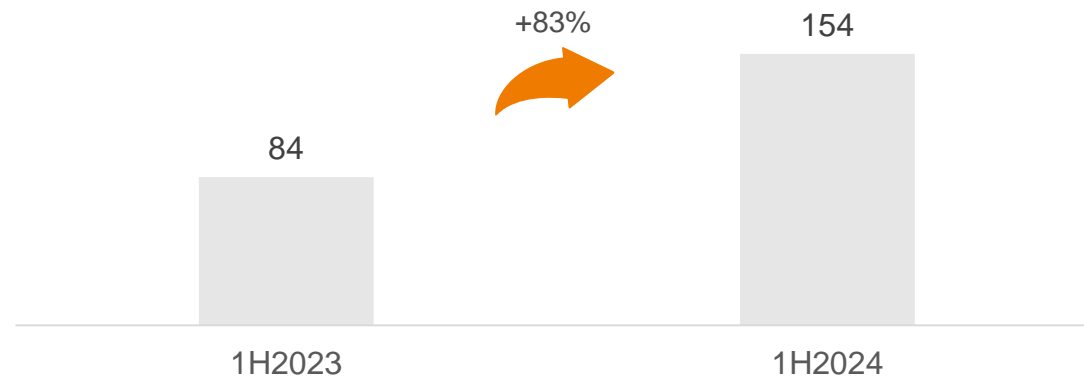
Net Profit

RMB millions



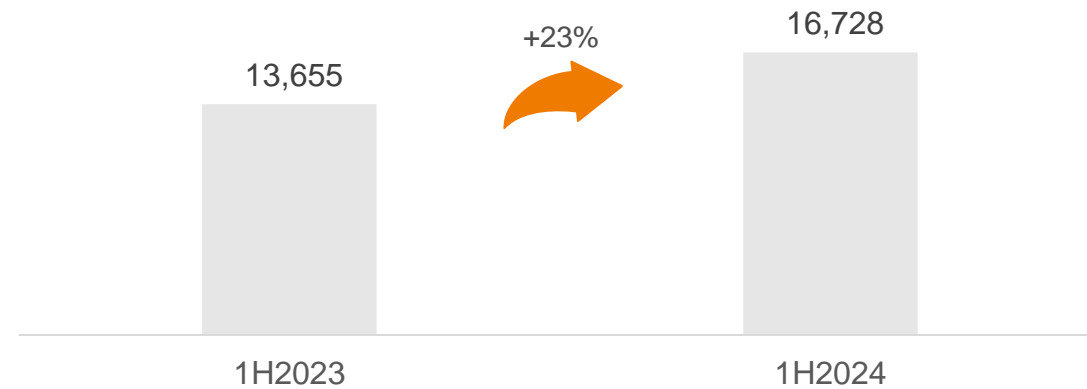
Revenue from Platform-Based Technology Services

RMB millions



Cumulative Platform Users

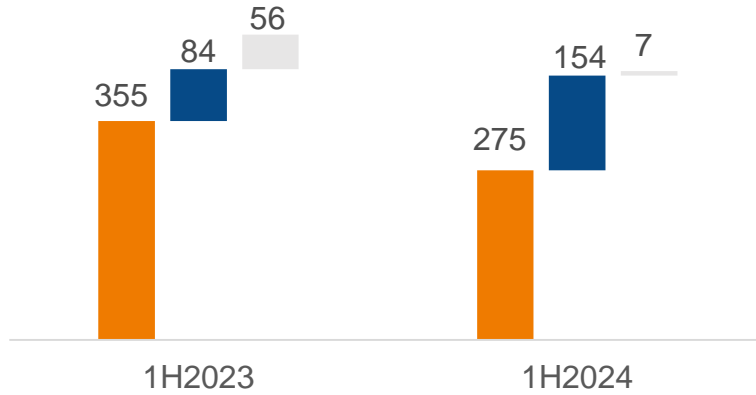
As at 30 June



Note: The deconsolidation on WXGJ to an associate during reporting period, resulted in lower revenue due to the decrease in digital financing solutions and higher revenue from platform-based technology services

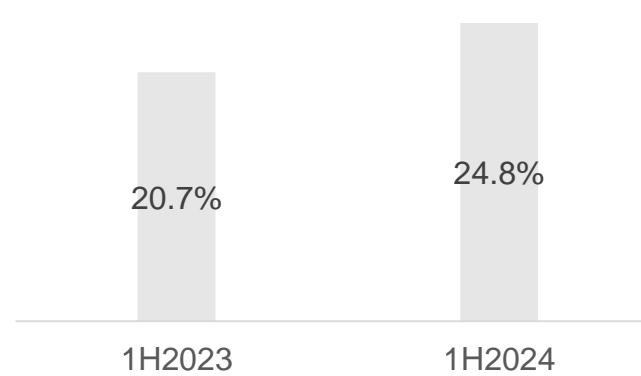
Revenue Composition

RMB millions



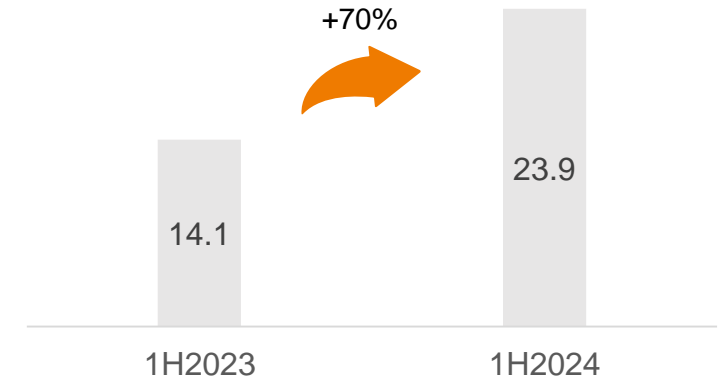
- Digital financing solutions
- Platform-based technology services
- Gains on sales of supply chain assets

Operating Cost-to-Income



Supply Chain Assets Including loan facilitation assets

RMB billions
As at 30 June

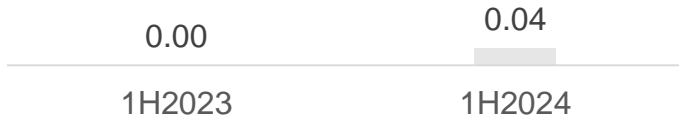


Note:

- Total revenue = digital financing solutions revenue + revenue from platform-based technology services + gains on sales of supply chain assets
- The operating cost-to-income ratio excludes materials cost and one-time expenses

NPL %

As at 30 June



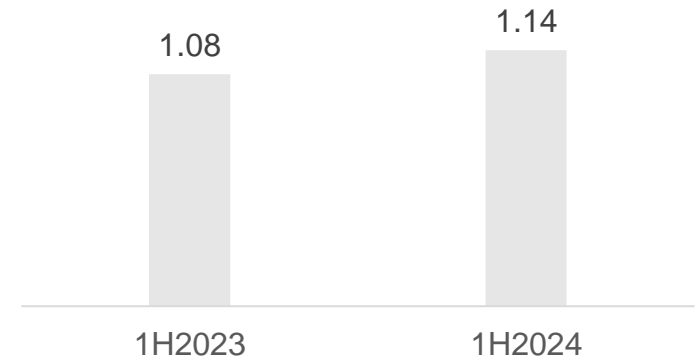
Overdue %

As at 30 June



Provision for Impairment %

As at 30 June



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

Promoting Platformisation Strategy to Increase Proportion of Revenue from Platform-Based Technology Services

Leveraging ongoing R&D investment and platformisation strategy, SY's proportion of revenue from platform-based technology services has been increasing year by year



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 over **100%**

Validation of Platformisation

SOE injected capital, 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

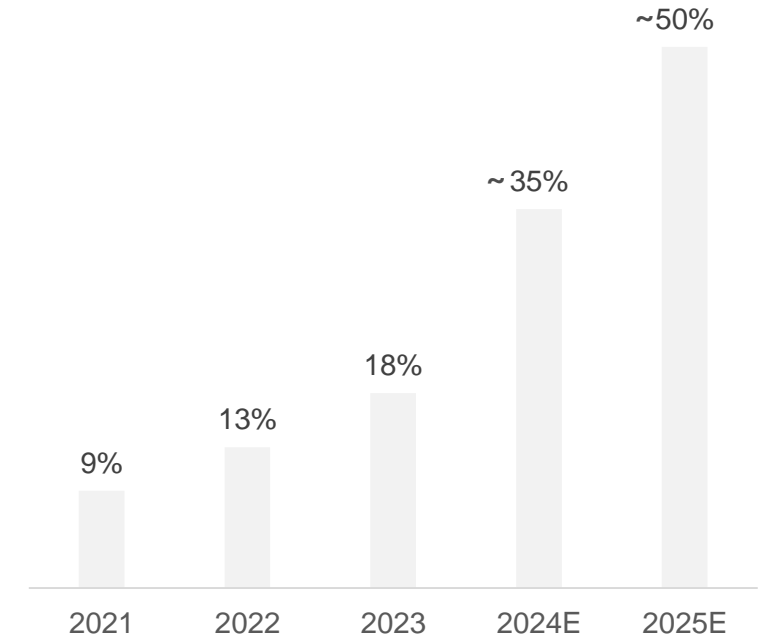
Revenue from platform-based technology services soared, and the proportion expected to increase to 35% in 2024, reaching 50% in 2025, driven by **high-quality and sustainable revenue model**

Profitability Improvement

WXGJ became an associate of SY, results in the decrease of SY's credit-related revenue. However total contribution from WXGJ will increase by approximately 60%, driven the increase in **net profit margin and ROE accordingly**



Proportion of Revenue from Platform-Based Technology Services



Driving Supply Chain Efficiency Making Finance More Inclusive

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

