

# *2023 Interim Results*



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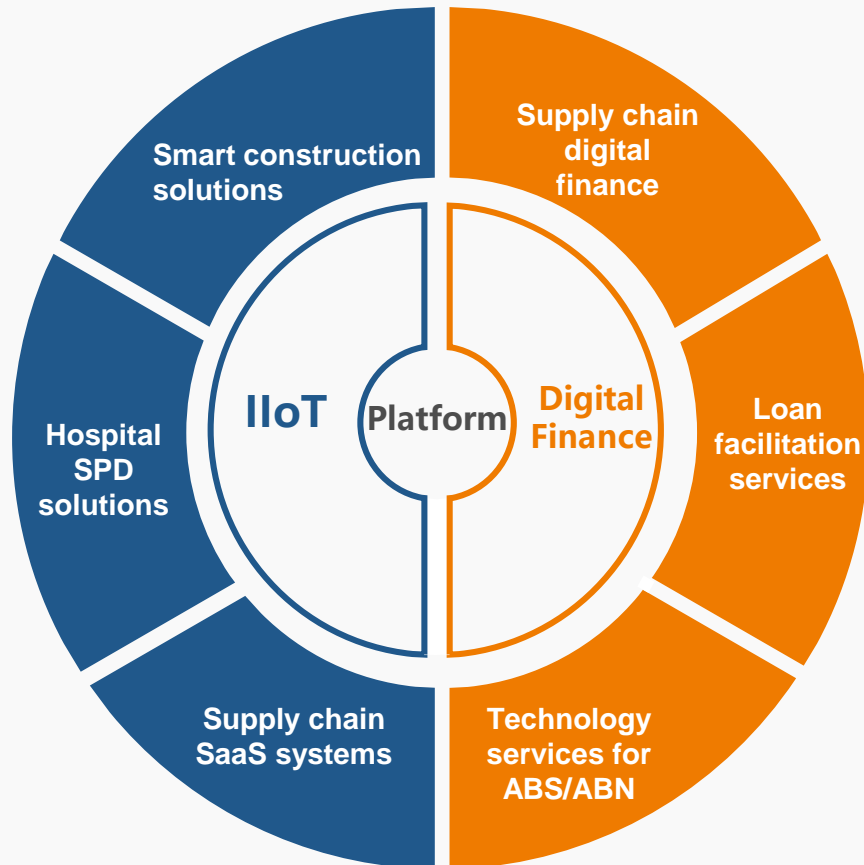
# Company Overview

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# A Leading Supply Chain Technology Platform



Cumulative supply chain assets processed

RMB

~ **177 bn**

↗ **21% YoY growth**

Total platform users

**13,655**

↗ **20% YoY growth**

Total Revenue

RMB

> **490 mn**

↗ **28% YoY growth**

Tech-related revenue\*

RMB

> **84 mn**

↗ **184% YoY growth**

# 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

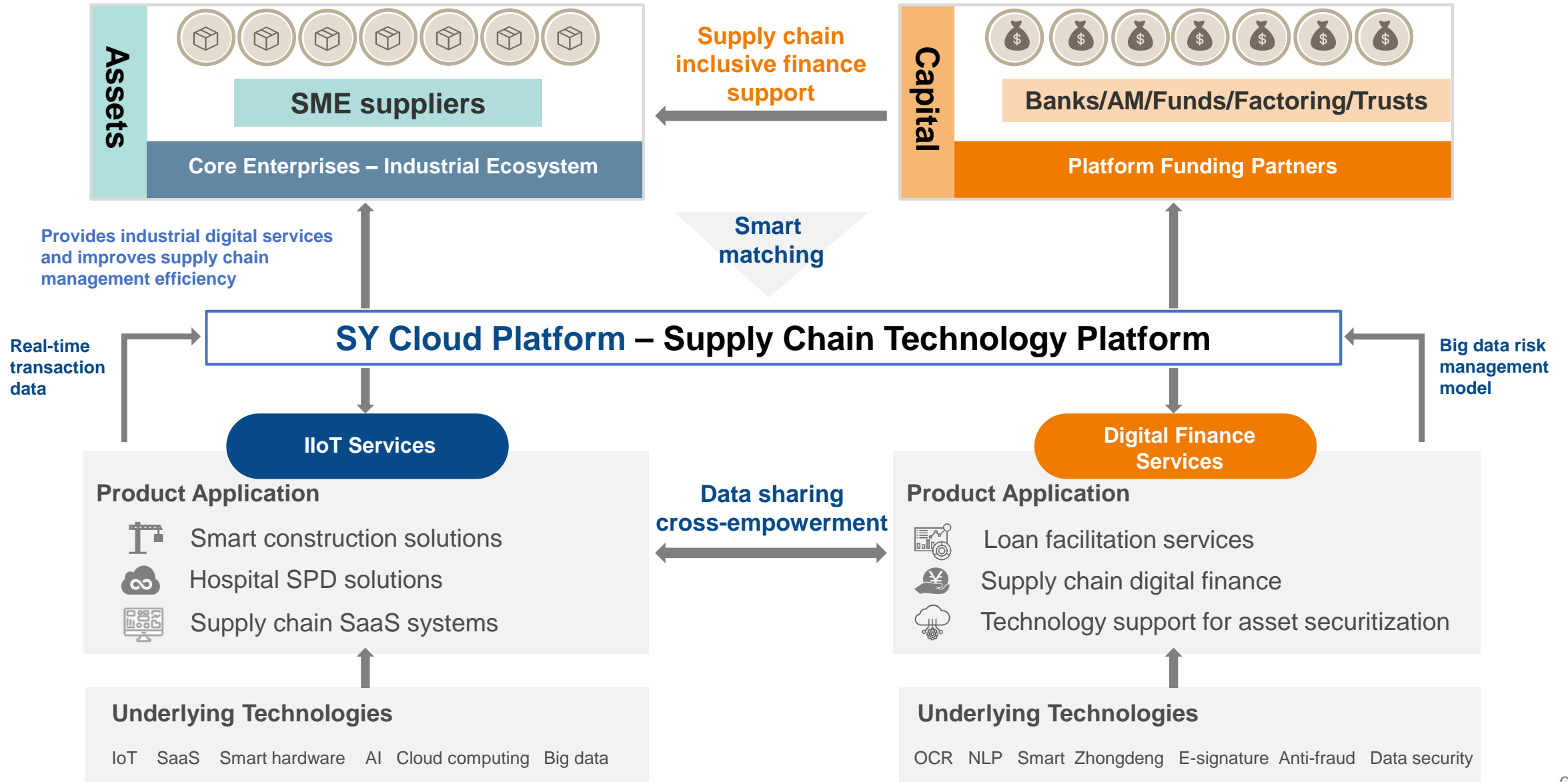


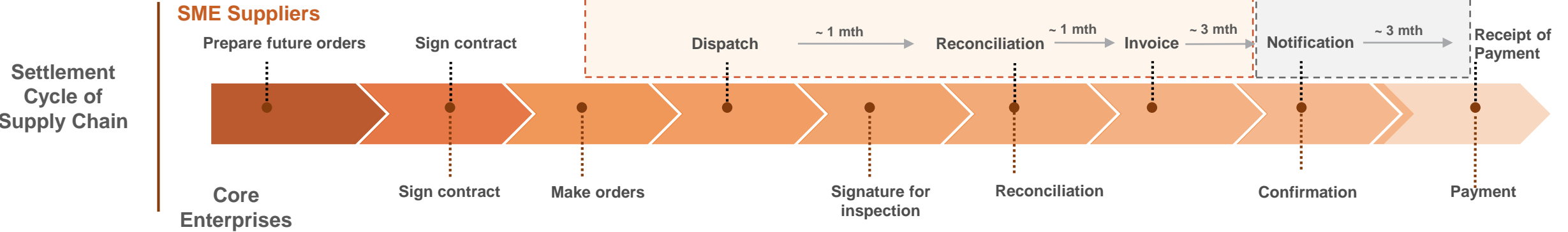
Endorsed by renowned institutions



Recognized by capital markets







	SY Digital Finance	Traditional Bank Factoring
<b>Range of Offering</b>	<ul style="list-style-type: none"> <li>Covers the entire supply chain settlement cycle allowing for more innovative solutions</li> </ul>	<ul style="list-style-type: none"> <li>Notification-based factoring</li> </ul>
<b>Customer Experience</b>	<ul style="list-style-type: none"> <li>SY Cloud platform is fully online</li> <li>Convenient and flexible</li> </ul>	<ul style="list-style-type: none"> <li>Fails to solve SMEs' pain points in a timely manner</li> <li>Application process done largely offline</li> <li>Cumbersome</li> </ul>
<b>Flexibility</b>	<ul style="list-style-type: none"> <li>Big data-driven, more precise and efficient</li> <li>Competitive financing rate offerings and flexible repayment schemes</li> </ul>	<ul style="list-style-type: none"> <li>Follows traditional rationale of credit risk control, without support from real-time data and flexibility</li> <li>More requirements and limitations</li> </ul>

**Transaction-based multi-dimensional big data risk control system**



# Integration of IIoT and Finance with Digital Applications

62 patents and copyrights



~100 R&D staff

Cumulative R&D expenses > RMB170 million



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



SY and CSCEC Second Engineering Bureau Shandong Branch organized the "Construction Site Little Migratory Birds" summer camp, **caring for the left-behind children**



SY Public Welfare Foundation went to Jianzha County for the "SY Light · Children's Heart Bright" children's medical assistance project, providing **free clinic consultation and surgical treatment** for children with congenital heart disease



SY Public Welfare Foundation and Fuwai Hospital Chinese Academy of Medical Sciences Shenzhen (Fuwai Hospital Shenzhen) jointly hosted their **first public welfare lecture**



SY won the **"Most Socially Responsible Employer" Award**, and the **"Innovation Award for Organization Development"**



## Integrating ESG into Strategy and Business Operations to Drive Sustainable Development

MSCI ESG Rating

**A**

Female Staff

**53%**

SME Customers

**98%**

Average Loan Size

RMB **2.22 mn**

Number of people assisted

**>4,400**

Cumulative Welfare Expenditure

RMB **10.9 mn**



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# Business Updates

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## Patents

- Two invention patents were granted
- Continued to improve intellectual property management system

## Risk Control Ability

- SY successfully completed data reporting and transferring tasks for **PBOC Second Generation Credit Reporting System**, which took risk management capability to a new level

## Headquarters

- SY successfully held the **foundation stone laying ceremony for its eastern China headquarters**, aiming to establish a leading digital ecosystem center with Wuxi as a radiating hub

## Strategic Partnership

- Focusing on China-Singapore Strategic Connectivity, SY planned to invest **SGD500 million** to drive **pharmaceutical supply chain** strategic partnership with **CQ Pharmaceutical**

## Systems Integration

- SY and China Railway Capital Factoring **integrated their systems for factoring business**, and increased the business deployment scale to **CNY1.5 billion**

February 2023

March 2023

June 2023

July 2023

July 2023



Invention patent of "Data Matching Method, System, Equipment, Storage and Medium for Data Privacy Protection"



Invention patent of "Distributed Log Data Processing Method, Device, Medium and Computer Equipment"



Foundation stone laying ceremony for SY's eastern China headquarters



Signing ceremony for strategic partnership between SY and CQ Pharmaceutical

## Diverse Funding Partners

Platform connected over **122**  
funding partners

- Diversified domestic and overseas funding channels
  - Commercial banks
    - Credit funds
    - Digital banks
  - Commercial factoring

## Issuing ABS Products

With total issuance of **2bn+** RMB

- **First ABS product** issued by a factoring enterprise in Wuxi
- The minimum **coupon rate is 2.7%**, a **new record low** for factoring ABS programs of the same type in Jiangsu Province



## Funding Support from State-owned Factoring Companies

Potentially leveraging RMB **20 bn+** of additional funds

- Collaborated with multiple state-owned factoring companies to leverage more additional funds
- Providing **precise customer acquisition, big data analysis, platform technology and team training** support

## Innovative Funding Models

Secured syndicated loan of **500mn+** RMB

- Completed the industry's first **social and sustainability-linked "dual ESG structure"** syndicated loan of RMB 500 million in China
- **Launched "Digital RMB + supply chain finance" initiative** with support from the Tianjin Ministry of Finance and ICBC Tianjin

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# Sector Outlook

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- 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

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

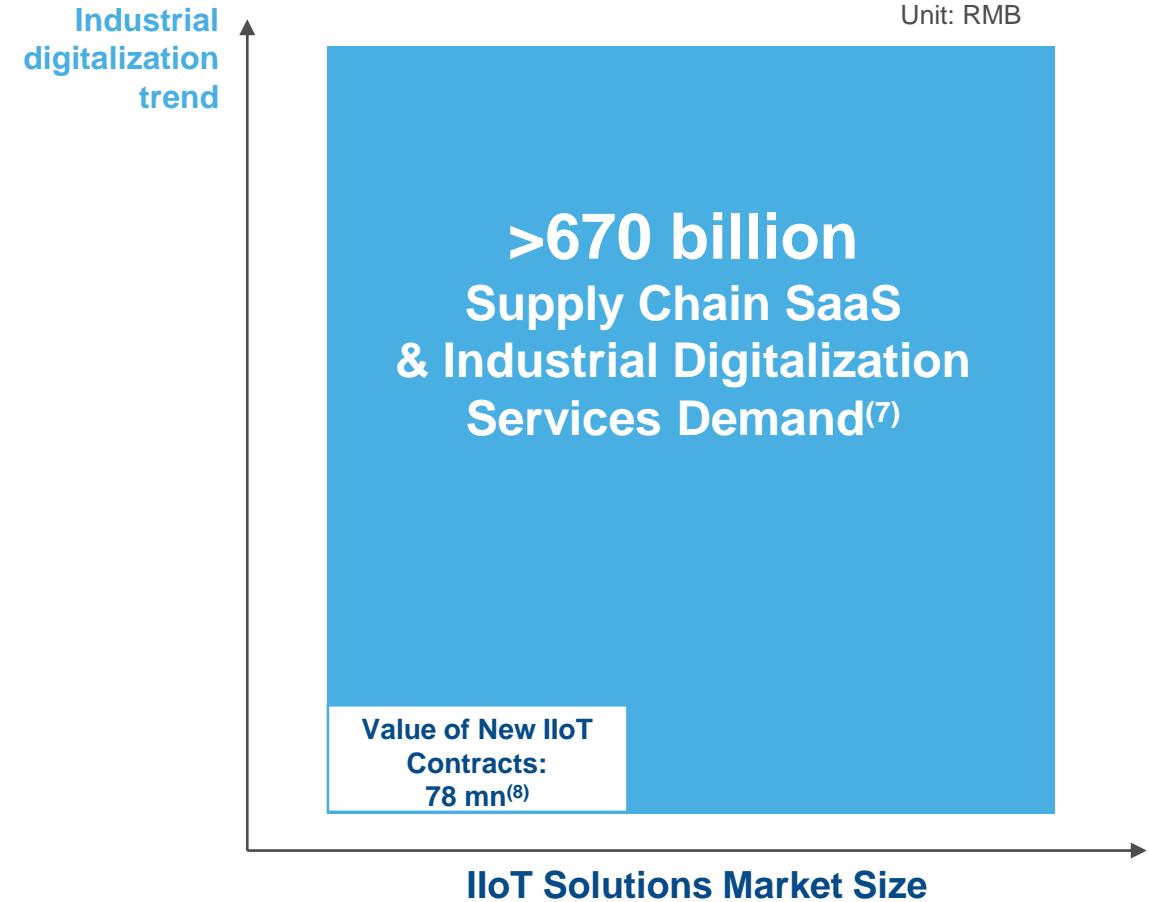
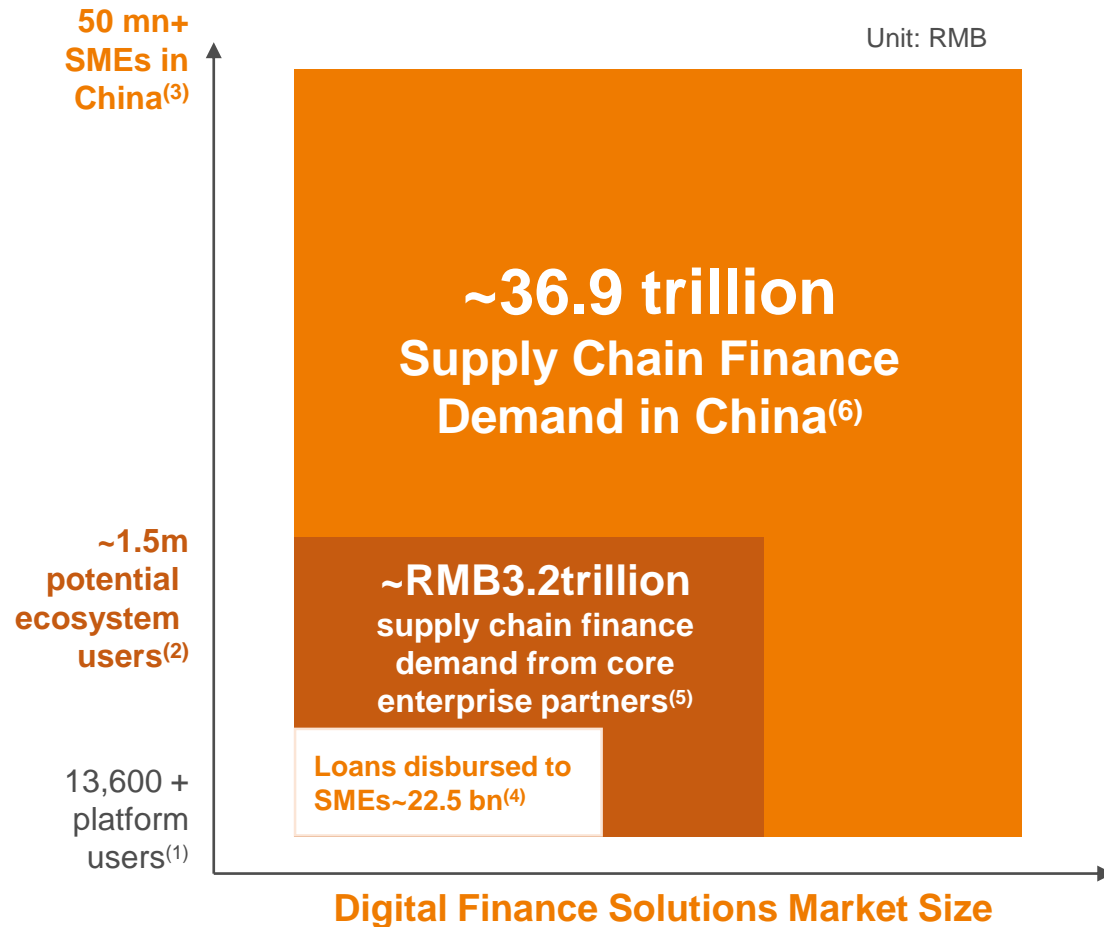
- 2022** **“2035 Vision Outline in the 14th Five-year Plan”**  
Promotes the deep integration of digital technology and the real economy to empower the transformation and upgrading of traditional industries
- 2021** **The 34th Collective Learning of the 18th CPC Central Committee**  
Emphasis on grasping 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 optimize the financing ecosystem to promote development of the real economy

- “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)”**  
Focuses 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
- “Special Actions for Empowering SMEs with Sci-tech Achievements”**  
Guides financial institutions to optimize products and services to support the financing needs of SMEs in the creation, transformation, and application of their sci-tech achievements
- “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



# Huge Addressable Market



Notes:

1. As of 30 June 2023
2. Forecast of supply chain finance market size in China (including inventory + accounts receivable + prepayments), as of 31 December 2021, according to public information
3. Sources: Chinese Government websites, data as of 31 December 2022
4. Loans of SY's supply chain finance solutions + loan facilitated, as of 31 December 2022
5. FY2021 supply chain finance demand of SY core enterprises (including accounts receivable + notes receivable, accounts payable + notes payable, from 2021 annual reports of core enterprises)
6. Source: iResearch, "Research Report on China's Supply Chain Finance Digitalization Industry", data as of 31 December 2022
7. Forecast of IloT market size, as of 2022, according to public information and the company's research
8. Value of total new orderbook in the IloT segment, as of 31 December 2022

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# Financial Highlights

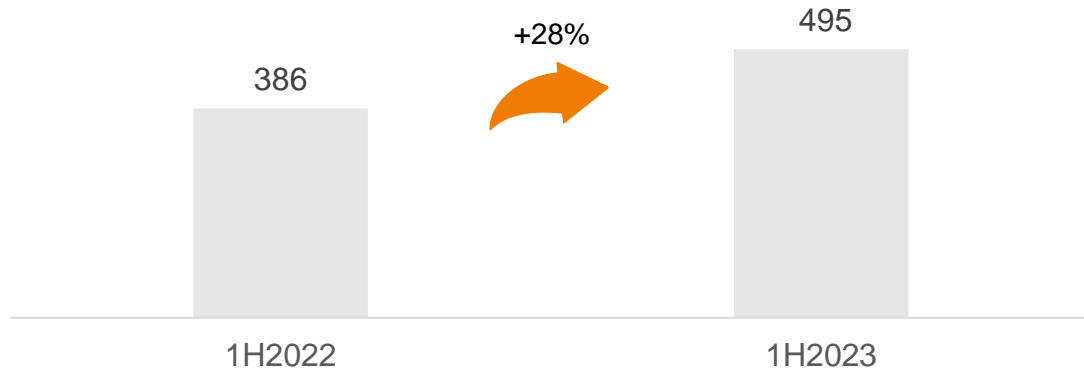
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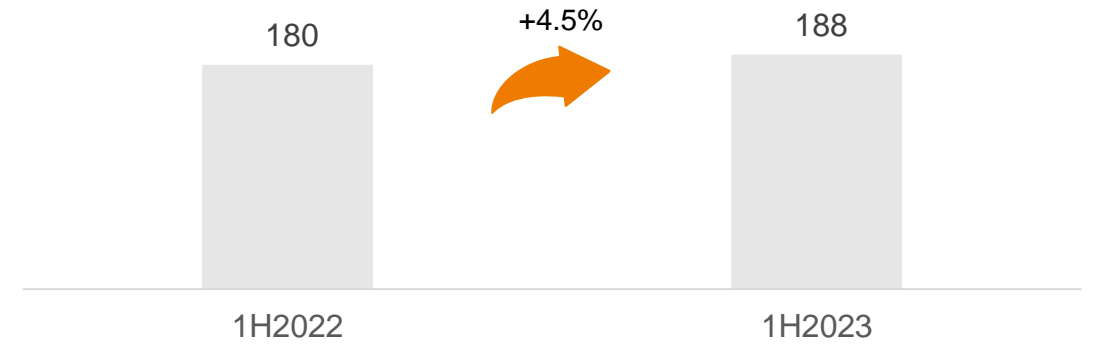
## Total Revenue and Income

RMB millions



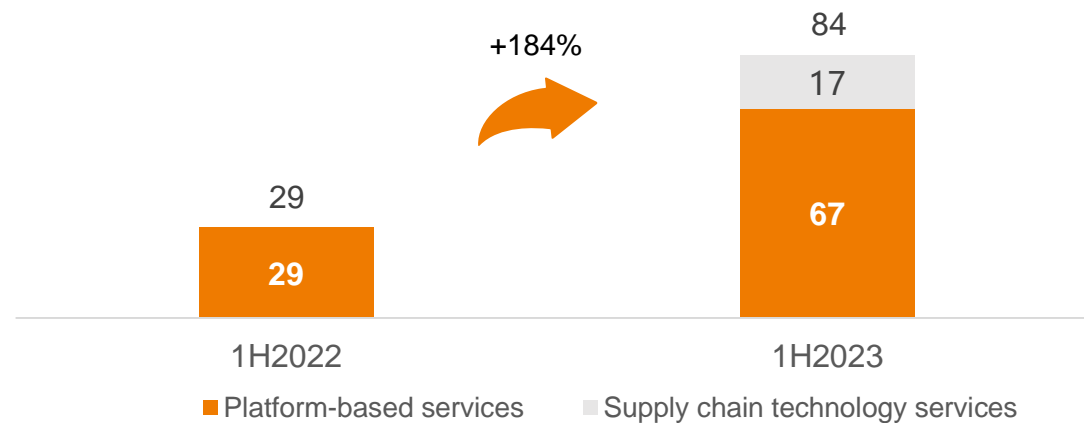
## Adjusted Net Profit\*

RMB millions



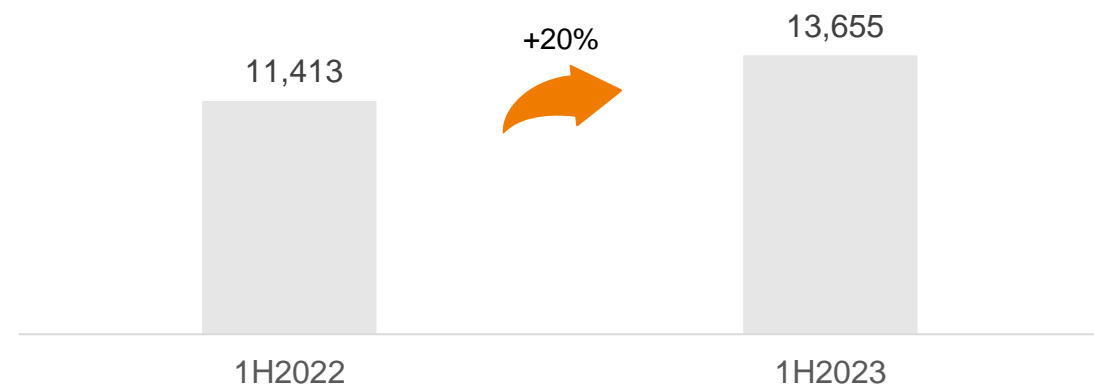
## Tech-related Revenue

RMB millions



## Cumulative Platform Users

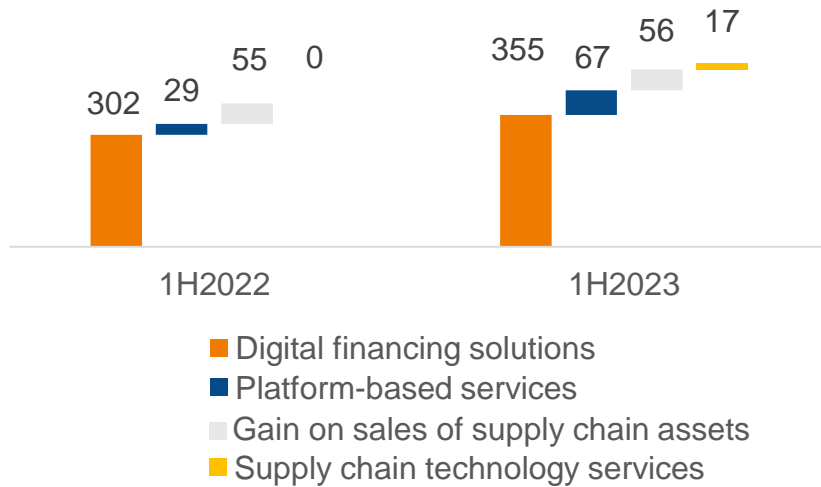
As at 30 June



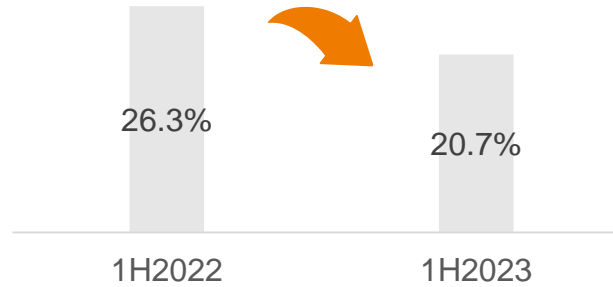
Note: \*We define non-HKFRSs adjusted net profit as profit for the year, as adjusted by excluding equity-settled share based payments.

## Revenue Composition

RMB millions

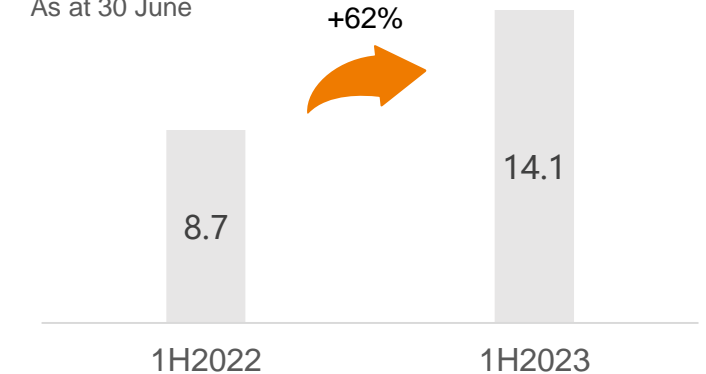


## Operating Cost-to-Income



## Supply Chain Assets

RMB billions  
As at 30 June

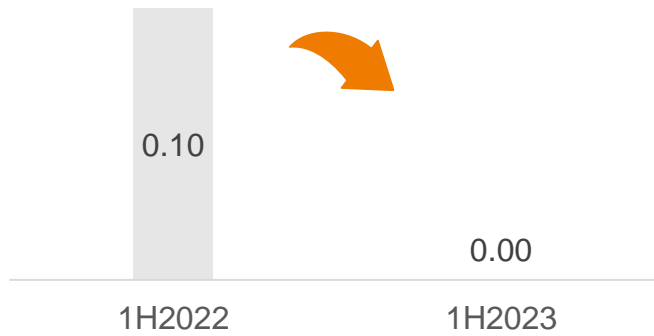


### Note:

- 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

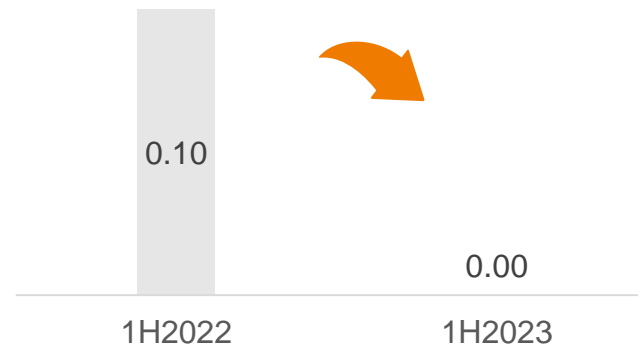
## NPL %

As at 30 June



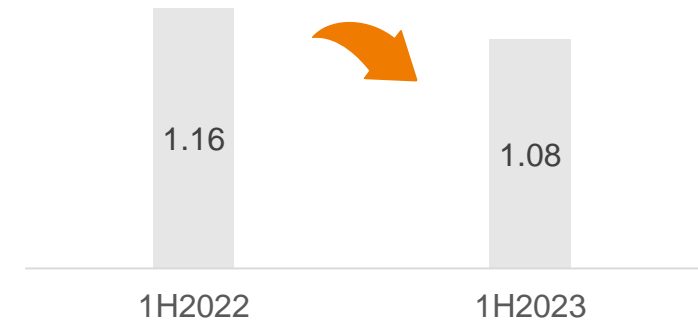
## Overdue %

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

# *Driving Supply Chain Efficiency Making Finance More Inclusive*

Shenzhen | Tianjin | Wuxi | Hong Kong | Shanghai | Beijing | Chongqing | Khorgos

