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SY HOLDINGS GROUP LIMITED

盛業控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6069)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

PERFORMANCE HIGHLIGHTS

For the year ended 31 December 2023

- In line with the Group's platform-based strategy, total cumulative platform users were over 15,300 as of 31 December 2023, representing an increase of approximately 20.5% as compared to over 12,700 as of 31 December 2022. Total funding partners increased by 22.4% from 107 as of 31 December 2022 to 131 as of 31 December 2023. SME loan customers accounted for more than 97% during the year ended 31 December 2023.
- Total cumulative supply chain assets processed was approximately RMB193 billion as of 31 December 2023, representing an increase of approximately 21.4% as compared to approximately RMB159 billion as of 31 December 2022.
- The Group's total revenue and income from principal activities increased by 20.4% year-on-year to RMB963.5 million for the year ended 31 December 2023, compared to RMB800.4 million for the year ended 31 December 2022.
- Tech-related revenue generated from platform-based services and supply chain technology services for the year ended 31 December 2023 was RMB170.2 million representing an increase of approximately 64.8%, as compared to RMB103.3 million for the year ended 31 December 2022. The proportion of tech-related revenue in Group's total revenue and income from principal activities is approximately 17.7%, representing a significant increase as compared to approximately 12.9% for the year ended 31 December 2022.
- Income from digital financing solutions for the year ended 31 December 2023 was RMB722.8 million representing an increase of approximately 15.7%, as compared to RMB624.9 million for the year ended 31 December 2022.
- Profit after taxation for the year ended 31 December 2023 was RMB285.5 million representing an increase of approximately 17.2%, as compared to the profit after tax of RMB243.6 million for the year ended 31 December 2022.
- The Directors recommend the payment of a dividend of HK26.9 cents per ordinary share of the Company for the year ended 31 December 2023 (for the year ended 31 December 2022: HK7.5 cents per ordinary share).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

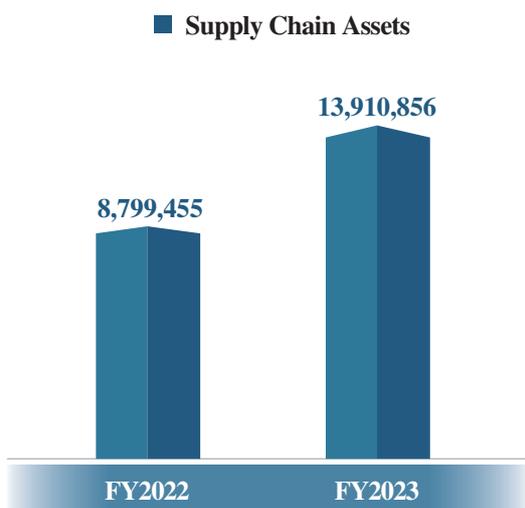
2023 Review

2023 marks the 10th anniversary of SY's establishment. Against the backdrop of a complex and changing international environment and China's economic recovery facing pressure, the Group has maintained resilience and stable growth in the supply chain ecosystem it operates in. During the reporting period, the total revenue and income from principal activities were RMB963.5 million, with a year-on-year growth of 20.4%, and a net profit of RMB285.5 million, a year-on-year increase of 17.2%. Tech-related revenue generated from platform-based services and supply chain technology services was RMB170.2 million, representing a year-on-year increase of approximately 64.8%. The proportion of tech-related revenue in Group's total revenue and income from principal activities is approximately 17.7%, representing a significant increase as compared to 12.9% in the same period last year. As of 31 December 2023, the daily average balance of supply chain assets was about RMB13.91 billion, an increase of 58.1% year-on-year. The cumulative scale of supply chain assets processed by the platform was about RMB193 billion, an increase of 21.4% compared to that as at the end of last year.

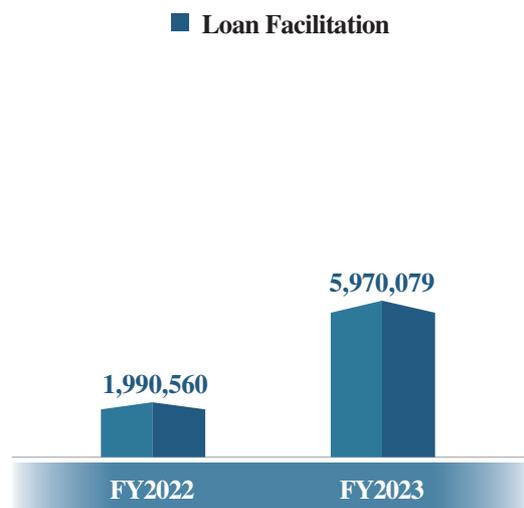
2023 also marks the 10th anniversary of the elevation of inclusive finance to a national strategy. Adhering to the fundamental purpose of serving the real economy with financial services, our Group further implemented the "Dual-Engine, One-Platform" strategy, using digital technology to enhance the coverage of inclusive finance, effectively solving problems such as "difficulty in obtaining the first loan" and "expensive financing" and growing together with our small, medium and micro enterprise ("SME") customers. As of 31 December 2023, the platform's cumulative number of customers reached 15,300, a growth of 20.5% compared to that as of 31 December 2022, among which the proportion of SME customers exceeded 97%. During the reporting period, the cumulative amount of financing directly and indirectly provided by the Group to SMEs reached RMB22.16 billion, with a year-on-year growth of approximately 12.1%, and the proportion of standard factoring business was approximately 96%.

With the firm confidence in the development trend of the industry and the development of the Company, the Group, in order to actively reward investors, share development dividends with them and enhance their sense of gain, proposes to distribute a dividend of HK\$0.269 per share for the year ended 31 December 2023, representing an increase of 259%. In the future, SY will coordinate the dynamic balance between performance growth and shareholder returns, and continue to share the fruits of corporate development with investors.

Daily Average Balance (RMB'000)



Daily Average Balance (RMB'000)



Connecting Industry Ecosystems, Promoting the Integration of Industry and Finance

With the mission of “driving supply chain efficiency and making finance more inclusive,” SY actively contributes to building the supply chain ecosystem. By providing digital finance and supply chain technology services to break down information silos, SY delivered efficient, inclusive, and sustainable services to all the participants within the supply chain ecosystem. Leveraging its extensive industrial experience and deep finance sector expertise, SY has continued to deepen its cooperation with a number of core enterprises in the supply chain ecosystem to further optimize their existing business process and product portfolios, providing customers with a better service experience.

The Group has reached in-depth cooperation with several core enterprises. In the infrastructure segment, SY expanded its financing and technology collaboration with a certain member company of a core enterprise during the first half of 2023. In view of their successful track record, the two parties have increased the scale of their cooperation in the factoring business from RMB1 billion to RMB1.5 billion. On the other hand, by integrating their systems for factoring business, SY and its partner have leveraged their respective advantages in digital technology, platform-based services, and industry resources. SY has successfully developed customized features for its partner in the core modules of the financing business process, creating an efficient connection between the funding side and the asset side. Such partnership enables both parties to jointly provide more flexible and convenient inclusive financial services to internal units of the partners as well as to its upstream suppliers. In the healthcare sector, in July 2023, SY entered into a strategic partnership with a large state-owned pharmaceutical distribution company, expanding collaboration in equity investment, digital financing, and upgrading the pharmaceutical supply chain. Both parties will use inclusive finance in the pharmaceutical supply chain and upgrades in the pharmaceutical supply chain as entry points to jointly support the development of enterprises within China’s pharmaceutical supply chain ecosystem.

With the support of the Wuxi Economic Development Zone, SY successfully held the foundation laying ceremony for its East China headquarters. Upon completion, the project will attract cutting-edge technology companies, financial institutions, and Fortune Global 500 enterprises from the supply chain ecosystem, establishing an industrial digital ecology park that integrates technological innovation, ecological empowerment and green concepts.

Technology Empowers Platformization, Driving Scale Effects

To expand business and financing channels, the Group has implemented a platformisation strategy to transition towards an asset-light model. By leveraging advanced digital technology and efficient risk control systems, SY can deliver one-stop supply chain technology services and inclusive digital financial solutions to a broader range of partners. As of 31 December 2023, the number of financial partners connected through the platform increased to 131, representing a growth of 22.4% compared to that as at the end of last year and the cooperation with external institutions accounted for approximately 46% of total loan facilitation, an increase of approximately 15 percentage points compared with the same period last year. This achievement demonstrates the Group’s growing recognition among funding partners for its data-driven risk control capabilities and powerful customer acquisition abilities. It also signifies the growing market appreciation of the Group’s platformisation model.

Based on an advanced and innovative business model with a sound compliance framework, SY has successfully exported customized technology systems and platform-based services to the factoring companies with SOE backgrounds in Wuxi, Ningbo, Xiamen and Qingdao enabling the Group to expand its footprint to their supply chain ecosystems in various places. These initiatives have enabled the Group to break down market and information silos across geographies and empowered the Group with more efficient, accurate, and cost-effective access to business opportunities in the mid- and long-term. The enhanced credit gained from these outstanding SOEs also enables the Group to optimize its financing structure, thereby reducing capital costs and increasing leverage. During the Period, owing to the continuous deepening of cooperation between the state-owned shareholder and SY, as well as further investment in the joint venture company by both parties, the factoring companies established in joint venture with high-quality state-owned enterprises in Wuxi, Ningbo, Xiamen and Qingdaos exceeded expectations in terms of performance growth during the Period. It is estimated that in 2024, the incremental funds and business scale leveraged will be close to RMB20 billion.

As a national high-tech enterprise, Sheng Ye Information Technology Service (Shenzhen) Co., Ltd. (“SYIT”) specializes in research in and application of IIoT and digital finance technologies. With an in-depth knowledge of national strategic industries such as infrastructure, pharmaceuticals and energy, SYIT has established strategic partnerships with a number of large core enterprises. SYIT enables these core enterprises to enhance their digital management efficiency by providing them with advanced digital technology, efficient intelligent risk control methods, and the improved ability to match premium assets with inclusive finance. SYIT provides customized supply chain platforms and big data analysis services to complement its offerings. As of 31 December 2023, the cumulative investment in research and development amounted to approximately RMB200 million, with a total of 62 national invention patents and computer software copyrights. In addition, SY, with its strong technological strength and outstanding contributions in providing precise services to SMEs, has been successfully selected on CNBC’s “2023 Top 200 Global Financial Technology Companies” list.

SY is actively exploring innovative applications in the digital currency field to support the collaborative development of digital finance and inclusive finance. With strong support from the government and financial regulatory bodies in various pilot regions, SY has pioneered the implementation of “Tianjin’s first digital currency + supply chain financial business”, “Zhejiang Province’s first digital currency + factoring business”, “Jiangsu Province’s largest single transaction of RMB100 million in digital currency factoring business”, “the industry’s first digital currency + smart contract + charitable donation”, “the industry’s first digital currency + smart contract + construction worker wage distribution”, and “the first digital currency + employee salary distribution”. During holidays, SY adheres to a customer-oriented approach, utilizing the “digital currency + factoring” model to support 7*24 hours of large loan disbursements and cash withdrawal transfers without any fees, meeting customers’ financing needs anytime and anywhere, and offering interest and fee discounts.

FINANCIAL REVIEW

Revenue and income from principal activities

The principal activities of the Group include the provision of digital financing solutions, platform-based services, supply chain technology services and sales of supply chain assets.

The Group’s total revenue and income from principal activities increased by 20.4% year-on-year to RMB963.5 million for the year ended 31 December 2023, compared to RMB800.4 million for the previous year, mainly due to the further breakthrough in the number of SME customers as a result of the continuous and in-depth platformisation strategy, as well as a further increase and diversification of platform funding partners, which resulted in the expansion of the business scale of loan facilitation business and digital financing solutions.

The following table sets forth the comparative figures and as a percentage of total revenue and income from principal activities for the year ended 31 December 2023 and 2022.

	Year ended 31 December				
	2023		2022		
	RMB'000	% of total	Year-on-year	RMB'000	% of total
Revenue from contracts with customers					
– Platform-based services					
– Technology service for loan facilitation	80,154	8.3%	50.0%	53,430	6.7%
– Referral service fees	65,166	6.8%	333.3%	15,040	1.9%
– Technology service for asset-backed securitisation products	93	0.0%	-95.3%	1,970	0.2%
– Other services	399	0.1%	-24.9%	531	0.1%
Subtotal	145,812	15.2%	105.5%	70,971	8.9%
– Supply chain technology services					
	24,422	2.5%	-24.4%	32,296	4.0%
Income from digital financing solutions					
– Interest income from supply chain assets	701,349	72.8%	16.0%	604,546	75.6%
– Guarantee income	19,423	2.0%	-3.7%	20,167	2.5%
– Interest income from contracts containing significant financing components	2,039	0.2%	1,190.5%	158	0.0%
Subtotal	722,811	75.0%	15.7%	624,871	78.1%
Gain on sales of supply chain assets					
	70,473	7.3%	-2.5%	72,287	9.0%
Revenue and income from principal activities	963,518	100%	20.4%	800,425	100%

Platform-based services

Revenue from the platform-based services comprises (i) services fees received from customers by providing loan facilitation services through SY Cloud platform (a data-driven supply chain technology platform empowered by the Group) during the loan period of the customers; (ii) services fees received from customers by referring the customers to the funding partners; (iii) technology service fees that the Group charged for facilitating the issuance of ABS/ABN by large core enterprises; and (iv) services fees received from customers by providing AR management services. Revenue from platform-based services significantly increased by 105.5% year-on-year to approximately RMB145.8 million for the year ended 31 December 2023, compared to approximately RMB71.0 million for the preceding year, mainly driven by the expansion of its loan facilitation business, due to the Group's push towards a platform-based transformation, providing SMEs, core enterprises and funding partners with convenient one-stop supply chain financing services.

Supply chain technology services

Revenue from the supply chain technology services comprises technology services fees received from customers by providing supply chain technology solutions such as smart enterprise solutions and supply chain procurement systems. Revenue from the supply chain technology services decreased by 24.4% year-on-year to RMB24.4 million for the year ended 31 December 2023, compared to RMB32.3 million for the previous year, mainly due to the shift in focus towards other tech-related services including platform-based services under the strategic transformation.

Digital financing solutions

Revenue from digital financing solutions comprises (i) interest income received from providing flexible supply chain financing solutions; (ii) guarantee services fees arising mainly from the Group's loan facilitation business; and (iii) interest income from supply chain technology services contracts which contains significant financing components. Revenue from digital financing solutions increased by 15.7% year-on-year to RMB722.8 million for the year ended 31 December 2023, compared to RMB624.9 million for the last year, mainly due to the increase in the daily average balance of supply chain assets which is supported by the increase in daily average balance of borrowings during the year.

Gain on sales of supply chain assets

The Group may sell rights of supply chain assets as a way to improve cash flow and manage its supply chain assets portfolio. Gain from this business segment is equal to the excess of the consideration received and receivable over the carrying amount of the supply chain assets. The gain on sales of supply chain assets decreased by 2.5% year-on-year to RMB70.5 million for the year ended 31 December 2023, compared to RMB72.3 million for the preceding year.

Other gains and losses

The Group booked other gains of RMB23.6 million in the year of 2023. The change is mainly due to (i) the net exchange gain and net gain arising from changes in fair value of derivative financial instruments in relation to foreign currency; and offset by (ii) the decrease in net gain arising from changes in fair value of other financial assets at fair value through profit or loss.

Expenses

The following table sets forth the comparative figures of the principal components of the operational expenses for the year ended 31 December 2023 and 2022.

	Year ended 31 December		Year-on-year
	2023	2022	
	RMB'000	RMB'000	
Staff costs	177,768	144,822	22.7%
Depreciation and amortisation	31,511	28,636	10.0%
Other operating expenses	62,472	55,249	13.1%
Total	271,751	228,707	18.8%

During the year, for the purpose of better assessment of the operational expenses, the materials cost previously included in the operational expenses is now removed. Therefore, certain prior year information had been re-presented to conform to current year presentation.

The Group's total operational expenses increased by 18.8% year-on-year to RMB271.8 million for the year ended 31 December 2023, compared to RMB228.7 million for the last year, mainly due to the increase in staff costs of RMB32.9 million, depreciation of property, equipment, right-of-use assets and investment property and amortisation of intangible assets of RMB2.9 million and other operating expenses of RMB7.2 million as a result of business expansion.

The operational cost-to-income ratio for the year of 2023 was 28.1% as compared with 28.6% in 2022, excluding one-time expenses.

Net profit

Net profit in the year of 2023 was RMB285.5 million, an increase of RMB41.9 million or 17.2% year-on-year, compared to RMB243.6 million for the year ended 31 December 2022.

Adjusted net profit

Adjusted net profit increased by 16.8% year-on-year to RMB291.6 million for the year ended 31 December 2023, compared to RMB249.6 million for the year ended 31 December 2022.

Non-HKFRSs Measure: adjusted net profit

To supplement our consolidated results which are prepared and presented in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”), we utilize non-HKFRSs adjusted net profit (“**adjusted net profit**”) as an additional financial measure. We define adjusted net profit as profit for the year, as adjusted by excluding loss on deregistration of subsidiaries and equity-settled share-based payments based on our share incentive plan.

Adjusted net profit is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of non-HKFRSs measures when shown in conjunction with the corresponding HKFRSs measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items and the impact of certain non-recurring investment transactions. We also believe that the non-HKFRSs measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-HKFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRSs. In addition, this non-HKFRSs financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group’s non-HKFRSs measures for the year ended 31 December 2023 and 2022, respectively, to the nearest measures prepared in accordance with HKFRSs.

	2023 RMB’000	2022 <i>RMB’000</i>
Profit for the year	<u>285,545</u>	<u>243,608</u>
Add:		
Loss on deregistration of subsidiaries (<i>note 1</i>)	475	–
Equity-settled share-based payments based on our share incentive plan (<i>note 2</i>)	<u>5,578</u>	<u>5,968</u>
Adjusted net profit for the year (non-HKFRSs)	<u><u>291,598</u></u>	<u><u>249,576</u></u>

Notes:

1. It represents the non-recurring loss from the deregistration of subsidiaries, which is one-off in nature.
2. It represents the share options/restricted share unit (“RSU”) that we granted under our share incentive plan, which is a non-cash expense.

Supply chain assets at fair value through other comprehensive income (“FVTOCI”)

Supply chain assets at FVTOCI as of 31 December 2023 were RMB7,663.3 million, a 9.0% decrease year-on-year. Daily average balance of self-funded supply chain assets over the year of 2023 was RMB7,940.8 million, a 16.6% increase over the year of 2022. Based on the daily average balance of self-funded supply chain assets, interest yield on supply chain assets in the year of 2023 was 8.8%, which was 0.1 percentage points lower year-on-year.

The details of major terms of supply chain assets, including collateral types, maturity profile, and the size and diversity of clients are set out below.

As at 31 December 2023, all of the total supply chain assets were secured by charge over trade receivable, in respect of which the legal title and legal right to receivable cash flows were also transferred to the Group. Furthermore, the supply chain assets of RMB160.5 million (31 December 2022: RMB373.8 million) were secured by certain commercial acceptance bills received from customers and the supply chain assets of RMB16.6 million (31 December 2022: RMB804.1 million) were secured by deposit from customers. The bills and deposits can be applied and used to settle any outstanding receivables of supply chain assets for the corresponding contract if default occurs.

As at 31 December 2023, there were a total of 3,187 (31 December 2022: 4,782) outstanding supply chain assets obtained by the Group, out of which 137 (31 December 2022: 157) supply chain assets are referred to as sizeable loans with principal amount exceeds RMB10,000,000, 744 (31 December 2022: 1,011) supply chain assets with principal amount between RMB1,000,000 and RMB10,000,000, 2,306 (31 December 2022: 3,614) supply chain assets with principal amount less than RMB1,000,000.

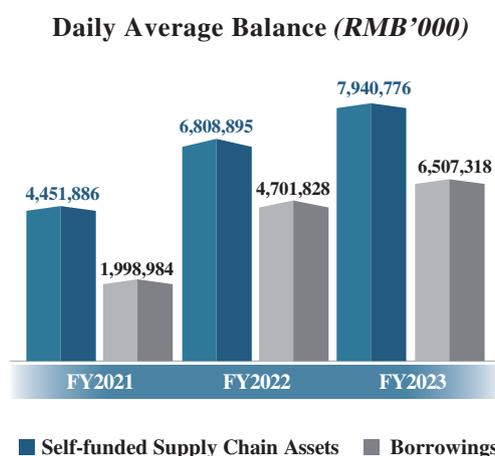
As at 31 December 2023, the outstanding supply chain assets of RMB397.4 million (31 December 2022: RMB1,065.9 million) were obtained from the related parties (which are associates of the Group under the Listing Rules and the non-controlling shareholder of a material subsidiary) of the Group. The remaining balance of the outstanding supply chain assets were obtained from the independent third parties of the Group. The supply chain assets normally have a term of 1 to 24 months (31 December 2022: 1 to 24 months) and the effective interest rates ranging mainly from 4.90% to 14.00% (31 December 2022: 4.00% to 15.00%) per annum.

Movements in impairment loss allowance on supply chain assets

The Group's impairment loss allowance on supply chain assets decreased by 9.9% year-on-year to RMB85.3 million as at 31 December 2023, compared to RMB94.7 million as at 31 December 2022, mainly attributable to the decrease in gross balance of supply chain assets as at 31 December 2023 and the improvement on the quality of supply chain assets. No impairment loss allowance were written off for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB15.9 million).

Borrowings and finance cost

Borrowings, including loans from related parties, as of 31 December 2023 was RMB7,182.9 million, a 8.7% increase year-on-year. Daily average balance of borrowings over the year of 2023 were RMB6,507.3 million, a 38.4% increase year-on-year. The increase in finance costs of RMB132.4 million year-on-year was mainly due to the increase in the daily average balance of borrowings and the increase in average borrowings interest rate from 5.9% over the year of 2022 to 6.3% over the year of 2023.



Taxation

Income tax expenses represent the tax expense arising from the assessable profit generated by the Group in the PRC, withholding tax levied on interest income of Hong Kong subsidiaries, withholding tax levied on dividend declared of PRC subsidiaries and deferred tax. Except for certain PRC subsidiaries that enjoy preferential tax rates, PRC enterprise income tax is calculated at 25% of the estimated assessable profits for both years ended 31 December 2023 and 2022. The increase in effective tax rate from 14.8% for the year ended 31 December 2022 to 23.0% for the year ended 31 December 2023 was mainly attributable to the increase in profit before taxation in subsidiaries with applicable tax rate of 25% and the expiry of exemption of income tax policy enjoyed by the subsidiary.

For the year ended 31 December 2023, income tax expenses amounted to approximately RMB85.1 million (for the year ended 31 December 2022: RMB42.4 million).

KEY INTERNAL CONTROLS IN RESPECTIVE OF DIGITAL FINANCING SOLUTIONS

The Group has established and maintained comprehensive approval and risk assessment procedures, sound internal control system and established credit risk control policies in place which take into account internal and external factors to determine the approval of digital financing solutions. The Group applies industry risk assessment model which is based on a conventional risk control and industry-specific evaluation model for credit assessment of digital financing solutions.

With an in-depth accumulated understanding of the industry, the Group verifies and validates the authenticity and rationality of transactions of SME customers by crosschecking transaction information with multi-dimensional data. By processing comprehensive evaluation of the SME customers which takes trading status in the supply chain into account when determining the customers' financial positions, the Group could approach and provide prudent and tailored digital financing solutions to the underserved SME customers and meanwhile mitigate the fraud risk thereunder.

Credit approval

Leveraged by the industry risk assessment model, the Group applies the double-layer credit approval system in the digital financing solutions business to manage the risk exposure on each customer and the operations of the Group as a whole. The double-layer credit approval system includes the assessment of the credit limit of a customer (the “**Customer Quota**”) and the credit limit of each utilization request made by the customer (the “**Utilization Quota**”).

- ***Customer Quota***

The Group strategically focused on the selected key industries and core enterprises to develop and improve its industry risk assessment model. Therefore the Group is capable to assess the comprehensive value of its potential SME customers not merely by their financial performance, but also by their trading status in the supply chain ecosystem considering, inter alia, the credibility of the core enterprises, the stability of the cooperation between the SME customers and the core enterprises, and the continuous operation of the SME customers.

Customer Quota is generally determined between the potential customer and the Group based on arm's length negotiation by considering, among others, (i) the capital needs of the potential customer; and (ii) the comprehensive value of the potential customer assessed and determined by the Group applying the industry risk assessment model.

- ***Utilization Quota***

After a Customer Quota is approved by the Group, the customer could apply for the utilization of digital financing solutions. The aggregated outstanding amount of the utilizations of a customer shall not exceed the Customer Quota granted to the customer, and the amount of each application shall not exceed the Utilization Quota determined by the Group separately.

Utilization Quota is generally determined by the Group upon each application considering, among others, (i) the amount of accounts receivables owned by the customer which is of sufficient value (being more than or equal to the amount of the utilization applied by the customer) as credit enhancement for the provision of the digital financing solutions under the specific application; and (ii) the transaction profile maintained on a real-time basis by the Group from which the accounts receivables are originated. The transaction profile is empowered by the Group's data-driven supply chain technology platform, known as "SY Cloud Platform", which verifies transactional authenticity with multi-dimensional and diversified-sourced data by incorporating a comprehensive suite of technologies such as electronic signatures, optical character recognition ("OCR"), natural language processing ("NLP"), big data analytics, video authentication and facial recognition.

Monitoring of loan recoverability

The timely repayment of the digital financing solutions and risk exposures is monitored by the Group's risk management department. Leveraging on the data-driven technology platform, the Group continues to monitor the assets through regular monitoring of repayment, invoice status verification and 24-hour public opinion monitoring to ensure that the entire financing process is under comprehensive, continuous and effective management and control.

The Group establishes close cooperation with various banks, opens designated accounts, collects and monitors the repayment information in a timely manner, and effectively tracks the customers' continuity of business operation and stability of cooperation with core enterprises, thereby further strengthening the risk control and realizing closed-loop cash flow management.

Loan collection

Where irregularity is noted by our Risk Management Department, a working group comprised of multi-functional team members will plan and take remedial actions, which normally include extending repayment terms or negotiating settlement proposals with the customer. If these remedial actions prove unsuccessful, the Group will take legal action against the customer and take control of the collateral assets.

BUSINESS OUTLOOK AND PROSPECTS

SY's Dual-Engine, One-Platform growth strategy will continue to drive the Company's development. Through strategic cooperation with core enterprises, the Group will continue to leverage its technology to embed itself into the supply chain ecosystem, build a supply chain technology platform, and provide one-stop services to core state-owned enterprises, SMEs, and funding partners. SY will also take a prudent, active, and open-minded approach to identify opportunities in national strategic and emerging industries such as new energy, new infrastructure and E-commerce, and conduct in-depth cooperation discussions with core enterprises within these industries to actively expand its development opportunities.

Technological capability will continue to be a core component of SY's DNA. Under the Dual-Engine, One-Platform strategy, SY will continue to invest in R&D and innovation to lay a solid foundation for its leading technological position in the supply chain ecosystem. For the supply chain technology business segment, SY has formed ecosystem alliances with leading enterprises in various sub-sectors, enabling the Group to integrate their leading products on SY's platforms to generate one-stop customized solutions which can in turn accelerate the Group's platformisation. Meanwhile, SY will also deepen ties with ecosystem partners through strategic investments including equity and debt commitments. Leveraging complementary strengths and resource advantages, the Group will rapidly increase its market share. The Group's supply chain technology segment will continue to empower the digital finance segment, which capitalizes on its platform linkage capabilities to provide differentiated services to the supply chain, thereby maintaining its industry-leading position and rapid growth. SY will adhere to its long-term outlook, invest further in R&D and improve risk management through digital technologies to drive high-quality and steady growth and achieve long-term sustainable development.

Going forward, SY will further strengthen collaboration with outstanding regional SOEs and embed itself into their supply chain ecosystems to efficiently reach more local customers and contribute to the development of the real economy. Leading regional SOEs are often well-positioned within the industrial landscape and have access to extensive resources. At the same time, the Group's innovative technology can help revitalize the value of state-owned assets by efficiently connecting industrial supply chains with resources through its precise customer acquisition and big data analytics capabilities. Looking ahead, the Group will continue to strengthen its partnerships with high-quality SOEs and replicate its successful experience in more regions and cities. By further leveraging its platform capability to build a digital ecosystem, the Group will solve SMEs' supply chain financing pain points and contribute to the development of the real economy.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

During the year ended 31 December 2023, the Group's main source of funds was the cash generated from its daily operations and proceeds from new borrowings. As at 31 December 2023, the Group had cash and cash equivalents of RMB658.2 million (31 December 2022: RMB577.0 million), of which 97.3% and 1.9% were denominated in RMB and HKD respectively. Net cash from operating activities was RMB1,681.9 million in 2023 (for the year ended 31 December 2022: net cash used in operating activities was RMB769.2 million), an increase of RMB2,451.1 million year-on-year was mainly due to the change from net cash used in supply chain assets at FVTOCI of RMB1,255.4 million for the year ended 31 December 2022 to net cash from supply chain assets at FVTOCI of RMB1,137.7 million for the year ended 31 December 2023.

As at 31 December 2023, the Group had interest-bearing borrowings and loans from related parties which amounted to RMB7,182.9 million (31 December 2022: RMB6,610.4 million). Its gearing ratio, expressed as total liabilities over total equity was 1.91 as at 31 December 2023 (at 31 December 2022: 1.76).

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK26.9 cents per ordinary share of the Company for the year ended 31 December 2023 (for the year ended 31 December 2022: HK7.5 cents per ordinary share).

EXPECTED DATE OF DIVIDEND PAYMENT

The Board recommend that the proposed final dividend to be payable on 17 June 2024 to those shareholders whose names appear on the Company's register of members on Tuesday, 28 May 2024, subject to approval by the shareholders of the Company at the forthcoming annual general meeting to be held in late May 2024.

CLOSURE OF REGISTER OF MEMBERS

To ascertain shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed on Tuesday, 28 May 2024 and no transfer of shares will be effected on that day. In order to qualify for the proposed final dividend, shareholders of the Company should ensure that all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4: 30 p.m. on Monday, 27 May 2024. The ex-dividend date for the proposed final dividend will be on Friday, 24 May 2024.

The Company will further announce the dates of closure of register of members of the Company for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting as and when appropriate in accordance with the requirements of the Listing Rules.

USE OF PROCEEDS

The Placement in 2021

On 24 September 2021 (after the trading hours), the Company and China International Capital Corporation Hong Kong Securities Limited (the “**Placement Agent**”) entered into a placement agreement pursuant to which the Company conditionally agreed to place, through the Placement Agent on a best effort basis, a maximum of 63,068,000 ordinary shares at a price of HK\$8.80 per share (the “**Placement**”). The placing shares were allotted and issued pursuant to the general mandate for the Company.

The Placement was completed on 5 October 2021. An aggregate of 63,068,000 new shares were successfully issued by the Company and placed by the Placing Agent to two placees, namely Xitong International Holdings (HK) Limited and Pavilion Capital Fund Holdings Pte. Ltd., at a price of HK\$8.80 for each new share. The new shares from the Placement represent approximately 6.29% of the issued share capital of the Company translating to total net proceeds of approximately HK\$550.8 million (equivalent to approximately RMB456.2 million).

The placing price of HK\$8.80 per share represents: (i) a discount of approximately 7.95% to the closing price of HK\$9.56 per share as quoted on the Stock Exchange on 24 September 2021; (ii) a discount of approximately 9.45% to the average closing price of the shares of approximately HK\$9.718 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding but excluding 24 September 2021; and (iii) a discount of approximately 9.44% to the average closing price of the shares of approximately HK\$9.717 per share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding but excluding 24 September 2021.

Use of proceeds from the Placements

During the year ended 31 December 2021, 2022 and 2023, details of the use of proceeds of the placement were as follows:

Use of proceeds	Net proceeds raised <i>(Approximately HK\$ million)</i>	Actual use of net proceeds during the year ended 31 December 2021	Actual use of net proceeds during the year ended 31 December 2022	Actual use of net proceeds during the year ended 31 December 2023	Intended use and expected timeline of the remaining amount of net proceeds
		<i>(Approximately HK\$ million)</i>	<i>(Approximately HK\$ million)</i>	<i>(Approximately HK\$ million)</i>	
Strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing	275.4	275.4	–	–	The amount of strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing had been fully utilised.
Expansion and development of the Group's supply chain technology services segment	165.2	2.3	33.2	20.7	The remaining unutilised amount of approximately HK\$109.0 million will be used for expansion and development of the Group's supply chain technology services segment and is expected to be fully utilised by 31 December 2025.
General working capital of the Group's platformisation	110.2	7.1	103.1	–	The amount of net proceeds for general working capital of the Group's platformisation had been fully utilised.

CAPITAL COMMITMENTS

As at 31 December 2023, the capital commitments of the Group comprised purchase of property and equipment of approximately RMB352.0 million and investment in an associate of approximately RMB0.2 million (31 December 2022: purchase of property and equipment of approximately RMB20.5 million and investment in an associate of approximately RMB0.2 million).

CONTINGENT LIABILITIES

Save as disclosed in note 22 of the “Notes to the consolidated financial statements”, the Group did not have any other guarantees or other material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2023, the Group had pledged bank deposits of RMB866.5 million, structured deposits of RMB102.7 million, equity tranche of RMB63.0 million, investment property with carrying amount of RMB31.1 million, and certain supply chain assets with an aggregate carrying amount of RMB3,208.8 million to banks and third parties for facilities, loan facilitation platform in partnership with banks and derivative financial instruments (31 December 2022: pledged bank deposits of RMB472.8 million, structured deposits of RMB164.6 million, security deposits of RMB8.4 million, investment property with carrying amount of RMB31.9 million, and certain supply chain assets with an aggregate carrying amount of RMB3,452.1 million to banks and third parties for facilities, loan facilitation platform in partnership with banks and derivative financial instruments).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

In February 2023, the Qingdao SY Sunful Supply Chain Management Limited (“**Qingdao Sunful**”), a wholly owned subsidiary of the Company, acquired 40% equity interest in Qingdao Ocean Holdings Factoring Limited (“**Ocean Holdings Factoring**”) from Qingdao Ocean Holdings Investment Holdings Limited (“**Ocean Holdings Investment**”), an independent third party of the Group. Subsequent to the acquisition, Ocean Holdings Factoring became an associate of the Company with Ocean Holdings Investment and Qingdao Sunful holding 60% and 40% of its shares respectively.

Furthermore, in September 2023, Ocean Holdings Investment and Qingdao Sunful entered into a share subscription agreement, pursuant to which both parties agreed to subscribe the newly issued shares of Ocean Holdings Factoring in proportion of their initial shareholding interest in Ocean Holdings Factoring. After the completion of the agreement, Ocean Holdings Factoring has a registered capital of RMB527 million, with Ocean Holdings Investment and Qingdao Sunful’s shareholding interest in Ocean Holdings Factoring remaining unchanged at 60% and 40%, respectively.

In September 2023, Shenglong Information Technology Services (Ningbo) Co., Ltd (“**Sheng Long**”) and Ningbo Development & Investment Group Co., Ltd. (“**NDIG**”) entered into a share subscription agreement pursuant to which both parties agreed to subscribe the newly issued shares of Ningbo Guofu Commercial Factoring Co., Ltd (“**NBGF**”) in proportion of their initial shareholding interest in NBGF. After the completion of the agreement, NBGF has a registered capital of RMB500 million, with NDIG and Sheng Long’s shareholding interest in NBGF remaining unchanged at 65% and 35%, respectively.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 31 December 2023 and up to the date this announcement, the Group did not make any significant investments.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group aims to become the most reliable supply chain technology platform in Asia under the “Dual-Engine, One-Platform” strategy announced in January 2021. To achieve this goal, the Group will continue to explore initiatives to acquire technological capabilities, more comprehensive data insights and open new markets to capitalize on the burgeoning demand for supply chain financial services. Meanwhile, the Group will continue its investment in the key strategic areas, inter alia, industrial digitalisation and digital finance, to further strengthen the Group’s platform-based technology services and market position within the supply chain ecosystem. SY is also continuously focusing on and researching national strategic and emerging industries such as new energy, new infrastructure, e-commerce. Going forward, SY will further strengthen collaboration with outstanding regional SOEs and embed itself into their supply chain ecosystems to efficiently reach more local customers and contribute to the development of the real economy.

FOREIGN EXCHANGE RISKS

The Group’s exposure to foreign currency risk related primarily to cash and cash equivalents, pledged bank deposits, other receivables, equity instruments at FVTOCI, trade and other payables, borrowings and lease liabilities that are denominated in HK\$, US\$ and S\$. The Group has entered into foreign currency exchange swap contracts, cross currency swap contracts and foreign currency forward contracts during the year to manage its foreign currency risk exposures arising from certain variable-rate bank borrowings denominated in HK\$ and US\$. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had a total of 358 staff (31 December 2022: 377 staff). Total staff costs (including Directors’ emoluments) were approximately RMB202.0 million (including share option benefits RMB4.0 million and RSU benefits RMB1.6 million) for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB162.8 million, including share option benefits RMB5.2 million and RSU benefits RMB0.7 million). Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employee. In light of the Group’s continuous strive to maintain its market position, recruitment and retention of talent is of paramount importance to the future development of the Group. Therefore, the Group is committed to continuously enhancing and optimizing its remuneration and benefits policies to remain competitive. A comprehensive incentive plan has been adopted to reward existing and retain new senior management members and employees. Year-end bonuses are based on individual performance and are paid to employees as recognition of and reward for their contributions. Other benefits include contributions to the statutory mandatory provident fund scheme and social insurance together with housing provident funds for the employees in the PRC (including mainland China and Hong Kong SAR) and Singapore, respectively.

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible directors, employees and contractors of the Group, who contribute to the success of the Group’s operations.

In addition, the Group adopts a restricted share unit scheme to give incentives and retain the eligible grantees by recognizing their contributions, and to attract suitable personnel for further development of the Group.

Employees in mainland China are covered by the mandatory social security schemes operated by the PRC Government. The Group is required by the PRC laws to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits.

In Hong Kong, the Group participates in the Mandatory Provident Fund Scheme (the “**MPF Scheme**”) established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees’ relevant monthly income subject to a cap, which is currently set at HK\$1,500.

In Singapore, the Group participates in a defined contribution scheme which is administered by the Central Provident Fund (“**CPF**”) Board in Singapore. Under the CPF, the employer and its employees are each required to make contributions to the fund at the applicable rates of the eligible employees’ salaries.

RECENT DEVELOPMENT OF REGULATORY FRAMEWORK

There was no significant change of the regulatory framework which would have material adverse impact on the Group’s business and operations during the year ended 31 December 2023.

The Directors confirmed that the Group will be able to comply with the applicable laws.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2023, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to provisions set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Capacity/nature of interest	Number and class of securities interested	Percentage of shareholding
Mr. Tung (<i>Note 1</i>)	Beneficiary of a trust and settlor of a discretionary trust	560,601,960 (L) (<i>Note 2</i>)	56.64%
Mr. Chen Jen-Tse	Beneficial owner	581,000 (L) (<i>Note 2</i>)	0.06%
Mr. Lo Wai Hung	Share option Beneficial owner	1,700,000 (<i>Note 3</i>) 360,000 (L) (<i>Note 2</i>)	0.17% 0.04%
Mr. Loo Yau Soon	Share option	300,000 (<i>Note 3</i>)	0.03%
Mr. Fong Heng Boo	Share option	300,000 (<i>Note 3</i>)	0.03%

Notes:

1. Wisdom Cosmos Limited (“**Wisdom Cosmos**”), a company incorporated in the British Virgin Islands (“**BVI**”), is the beneficial owner of 560,601,960 shares of the Company, representing approximately 56.64% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander Limited (“**Eander**”), a company incorporated in the BVI, which is in turn wholly owned by TMF (Cayman) Ltd (“**TMF Trust**”), trustee of the Pak Jeff Trust (“**PJ Trust**”), an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
2. The letter “L” denotes long position of the shares of the Company.
3. This refers to the number of underlying Shares covered by its share option scheme.

Save as disclosed herein, as at 31 December 2023, none of the Directors or chief executive of the Company or their associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to provisions set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2023, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/nature of interest	Number and class of securities interested (Note 1)	Percentage of shareholding
TMF Trust (Note 2)	Trustee	560,601,960 (L)	56.64%
Eander (Note 2)	Interest in a controlled corporation	560,601,960 (L)	56.64%
Wisdom Cosmos (Note 2)	Beneficial owner	560,601,960 (L)	56.64%
Wuxi Communications Industry Group Co., Ltd (“WXCIG”) (Note 3)	Interest in a controlled corporation	61,363,500 (L)	6.20%
Xitong International Holdings (HK) Limited (“Xitong”) (Note 3)	Beneficial owner	61,363,500 (L)	6.20%

Notes:

- The letter “L” denotes long position of the shares of the Company.
- Wisdom Cosmos, a company incorporated in the BVI, is the beneficial owner of 560,601,960 shares of the Company, representing approximately 56.64% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander, a company incorporated in the BVI, which is in turn wholly owned by TMF Trust, trustee of the PJ Trust, an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
- Xitong, a company incorporated in Hong Kong, is the beneficial owner of 61,363,500 shares of the Company, representing approximately 6.09% shareholding interests in the Company. The entire issued share capital of Xitong is owned by WXCIG, a company incorporated in the PRC, which is in turn wholly owned by State-owned Assets Supervision and Administration Commission of Wuxi Municipal People’s Government. Under the SFO, WXCIG and Xitong are deemed to be interested in all the shares of the Company registered in the name of Xitong.

Save as disclosed above, as at 31 December 2023, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

SHARE OPTION SCHEME

During the year ended 31 December 2023, (i) no share options were granted; (ii) 15,625,000 granted options were outstanding under the share option scheme; (iii) no granted options were exercised; (iv) 6,715,000 granted options were lapsed; and (v) no granted options were cancelled.

Pursuant to Rule 17.07(1)(c) of the Listing Rules, the closing prices of the Shares immediately before 11 September 2017, 14 November 2018, 15 July 2020 and 10 June 2022, being the dates on which the Options were granted, were HK\$4.14, HK\$6.50, HK\$6.60 and HK\$6.32 respectively.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 1 January 2023 and 31 December 2023 were 40,997,500 and 47,712,500, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for issue under the Share Option Scheme is 63,337,500 Shares, representing approximately 6.40% of the 989,750,000 ordinary Shares of the Company in issue as at 21 March 2024, being the date of this announcement.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 December 2023, the remaining life of the Share Option Scheme is about 3 years and 4 months old.

Save for the grants of share options on 11 September 2017, 14 November 2018, 15 July 2020 and 10 June 2022 as disclosed in the announcements on the same date respectively, no new share options have been granted nor any existing share option schemes have been adopted by the Company as at 31 December 2023.

RSU SCHEME

During the year ended 31 December 2023, (i) no RSUs were granted; (ii) 1,080,000 granted RSUs were outstanding under the RSU scheme; (iii) no granted RSUs were exercised; (iv) 220,000 granted RSUs were lapsed; and (v) no granted RSUs were cancelled.

Pursuant to Rule 17.07(1) of the Listing Rules, the closing prices of the Shares immediately before 10 June 2022, being the date on which the RSUs were granted, was HK\$6.32.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of RSUs available for grant under the RSU scheme as at 1 January 2023 and 31 December 2023 were 18,792,570 and 19,012,570, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for issue under the RSU Scheme is 20,092,570 Shares, representing approximately 2.03% of the 989,750,000 ordinary Shares of the Company in issue as at 21 March 2024, being the date of this announcement.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 December 2023, the remaining life of the RSU Scheme is about 8 years and 3 months old.

Save for the adoption of the RSU Scheme grants on 6 April 2022 and the grant of RSUs on 10 June 2022 as disclosed in the announcements on the same date respectively, no new RSUs have been granted nor any existing RSU schemes have been adopted by the Company as at 31 December 2023.

Pursuant to Rule 17.07(3) of the Listing Rules, the total number of shares that may be issued in respect of share options and RSUs granted under the Share Option Scheme and RSU Scheme of the Company during the year ended 31 December 2023 divided by the weighted average number of shares of the relevant class in issue for the financial year ended 31 December 2023 was 8.43%.

Further details of the Share Option Scheme and the RSU Scheme will be set out in the sections headed “Share Option Scheme” and “RSU Scheme” under the Directors’ Report of the Company’s annual report for the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2023, the Company repurchased 18,190,000 shares on the Stock Exchange for an aggregated consideration of approximately HKD109.2 million before expenses. The repurchased shares were subsequently cancelled except that a total of 225,500 ordinary shares repurchased in 2023 have not been cancelled as at the date of this announcement. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in the year ended 31 December 2023	Purchase consideration per share			Aggregated consideration paid HKD
	No. of shares purchased	Highest price paid HKD	Lowest price paid HKD	
January	4,016,000	6.14	5.96	24,330,330
February	–	–	–	–
March	1,776,500	5.90	5.63	10,230,880
April	5,240,000	6.39	5.71	32,103,310
May	5,364,000	6.40	6.09	33,326,085
June	662,000	5.31	5.10	3,447,950
July	906,000	5.27	5.02	4,644,355
August	–	–	–	–
September	225,500	4.94	4.83	1,100,000
October	–	–	–	–
November	–	–	–	–
December	–	–	–	–
TOTAL	<u>18,190,000</u>			<u>109,182,910</u>

Save as above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2023.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING INTERESTS OR CONFLICT OF INTEREST

For the year ended 31 December 2023, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with provisions set out in Appendix C3 of the Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the year ended 31 December 2023.

PERMITTED INDEMNITY

Pursuant to the articles of association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all liabilities (to the fullest extent permitted by the Companies Ordinance) which he may incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has taken out insurance against all liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the year of 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, at least 25% of the Company's total issued Shares was held by the public throughout the year ended 31 December 2023 and thereafter up to the date of this announcement.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders of the Company by reason of their holding of the Company's securities.

CORPORATE GOVERNANCE

During the year ended 31 December 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Group will continue to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and the associated Listing Rules (collectively, the “**CG Code**”).

The shares of the Company were successfully listed on GEM on 6 July 2017 (the “**Listing Date**”) and transferred to the Main Board on 24 October 2019. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the year from the Listing Date to 31 December 2023.

DIVIDEND POLICY

The Company has adopted a dividend policy that aims to provide the guidelines for the Board to determine whether dividends are to be declared and paid to the Shareholders and the level of dividend to be paid. Under the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others,

- (1) the Group’s actual and expected financial performance;
- (2) the Group’s expected working capital requirements, capital expenditure requirements and future expansion plans;
- (3) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (4) the Group’s liquidity position;
- (5) interest of shareholders;
- (6) taxation consideration;
- (7) potential effect on creditworthiness;
- (8) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; and
- (9) any other factors that the Board deems appropriate.

The declaration and payment of dividends by the Company shall remain to be determined at the sole discretion of the Board and is also subject to any restrictions under the Companies Law of the Cayman Islands, the Listing Rules, the laws of Hong Kong and the Company’s Memorandum and Articles of Association and any other applicable laws and regulations. The Company does not have any pre-determined dividend distribution ratio. The Company’s dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The Company will continue to review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

OTHER INFORMATION

Scope of work of Messrs. Deloitte Touche Tohmatsu

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

Continuing disclosure under Rule 13.22 of the Listing Rules

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance given by the Group and guarantee given by the Group for facilities granted to them, and the Group's attributable interests in those affiliated companies as at 31 December 2023, are presented as follows:

	Combined statement of financial position <i>(RMB'000)</i>	The Group's attributable interests <i>(RMB'000)</i>
Non-current assets	30,171	11,285
Current assets	8,531,534	3,159,188
Current liabilities	<u>(6,975,088)</u>	<u>(2,591,041)</u>
Total assets less current liabilities	1,586,617	579,432
Non-current liabilities	(6,977)	(698)
Net assets	<u><u>1,579,640</u></u>	<u><u>578,734</u></u>

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and regrouping into significant classification in the statement of financial position, as at 31 December 2023.

AUDIT COMMITTEE

The Company established an Audit Committee on 19 June 2017 with written terms of reference in compliance with Rules 3.21 to 3.24 of the Listing Rules and paragraph D.3.3 of the CG Code as set out in Appendix C1 of the Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors; review financial statements and oversee the internal control and risk management procedures and systems of the Group. The Audit Committee currently consists of three members, namely Mr. Tang King San Terence, Mr. Loo Yau Soon and Mr. Fong Heng Boo. The chairman of the Audit Committee is Mr. Tang King San Terence.

The Group's audited consolidated financial statements for the year and the annual report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

ANNUAL RESULTS

The board of Directors of the Company (the "**Board**") announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 together with comparative figures for the year ended 31 December 2022. The financial information has been approved by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	NOTES	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers	5		
– Platform-based services		145,812	70,971
– Supply chain technology services		24,422	32,296
Income from digital financing solutions	5		
– Interest income from supply chain assets		701,349	604,546
– Guarantee income		19,423	20,167
– Interest income from contracts containing significant financing components		2,039	158
Gain on sales of supply chain assets	5	70,473	72,287
Revenue and income from principal activities		<u>963,518</u>	<u>800,425</u>
Other income	6	60,707	52,202
Other gains and losses	7	23,627	(10,079)
Staff costs	11	(177,768)	(144,822)
Depreciation and amortisation	11	(31,511)	(28,636)
Materials cost	11	(21,125)	(28,595)
Other operating expenses		(62,472)	(55,249)
Impairment losses under expected credit loss (“ECL”) model, net of reversal	8	7,143	(21,270)
Finance costs	9	(408,797)	(276,348)
Donation		(3,039)	(703)
Share of results of associates		20,360	(927)
Profit before taxation		370,643	285,998
Taxation	10	(85,098)	(42,390)
Profit for the year	11	<u>285,545</u>	<u>243,608</u>
Attributable to:			
– Owners of the Company		268,246	219,399
– Non-controlling interests		17,299	24,209
		<u>285,545</u>	<u>243,608</u>
Earnings per share	13		
– Basic (RMB cents)		27	22
– Diluted (RMB cents)		27	22

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	<i>NOTE</i>	2023 RMB'000	2022 RMB'000
Profit for the year	<i>11</i>	<u>285,545</u>	<u>243,608</u>
Other comprehensive income (expense) (“OCI”):			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through OCI (“FVTOCI”)		<u>7,769</u>	<u>12,835</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		(96)	(170)
Fair value gain (loss), net of ECL and reclassification of FVTOCI reserves upon derecognition on:			
– supply chain assets at FVTOCI		3,945	(2,948)
Income tax relating to items that may be reclassified subsequently		(981)	(50)
Share of other comprehensive expense of associates, net of related income tax		<u>(240)</u>	<u>(103)</u>
		<u>2,628</u>	<u>(3,271)</u>
Other comprehensive income for the year, net of income tax		<u>10,397</u>	<u>9,564</u>
Total comprehensive income for the year		<u>295,942</u>	<u>253,172</u>
Attributable to:			
– Owners of the Company		277,831	230,286
– Non-controlling interests		<u>18,111</u>	<u>22,886</u>
		<u>295,942</u>	<u>253,172</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>NOTES</i>	31/12/2023 RMB'000	31/12/2022 RMB'000
NON-CURRENT ASSETS			
Property and equipment		68,264	17,426
Right-of-use assets		102,973	91,322
Investment property		31,053	31,936
Goodwill		316,028	316,028
Intangible assets		168,611	155,676
Investments in associates	14	582,968	209,350
Deferred tax assets		18,163	22,359
Derivative financial instruments		–	2,015
Other financial assets at fair value through profit or loss (“FVTPL”)	15	414,041	152,879
Supply chain assets at FVTOCI	16	126,889	235,137
Equity instruments at FVTOCI	17	61,498	53,629
Loan to an associate		280,000	–
Debt instrument at amortised cost	18	–	18,981
Trade and bill receivables		23,429	15,542
Other receivables, prepayments and others		8,315	11,230
Time deposits	20	–	105,534
		2,202,232	1,439,044
CURRENT ASSETS			
Derivative financial instruments		14,063	3,634
Other financial assets at FVTPL	15	202,036	256,264
Supply chain assets at FVTOCI	16	7,536,455	8,186,941
Debt instrument at amortised cost	18	18,968	–
Loans to an associate		89,727	199,385
Loan receivable	19	–	164,000
Receivables from guarantee customers		6,412	4,558
Trade and bill receivables		46,509	37,930
Other receivables, prepayments and others		49,119	27,447
Contract costs		557	3,560
Time deposits	20	128,830	5,850
Pledged bank deposits	20	866,450	472,813
Cash and cash equivalents	20	658,210	577,033
		9,617,336	9,939,415

		31/12/2023	31/12/2022
	<i>NOTES</i>	RMB'000	<i>RMB'000</i>
CURRENT LIABILITIES			
Loans from related parties		960,654	370,052
Trade and other payables	21	294,752	494,285
Derivative financial instruments		9,579	12,904
Contract liabilities		58,995	5,180
Income tax payable		31,791	37,119
Liabilities arising from guarantee contracts	22	31,078	25,891
Borrowings	23	4,673,232	4,494,121
Other financial liabilities at FVTPL	24	61,208	–
Lease liabilities		9,799	5,111
		6,131,088	5,444,663
NET CURRENT ASSETS		3,486,248	4,494,752
NON-CURRENT LIABILITIES			
Derivative financial instruments		–	2,056
Liabilities arising from guarantee contracts	22	1,316	–
Borrowings	23	1,546,754	1,746,189
Loans from related parties		2,299	–
Lease liabilities		10,170	1,263
Deferred tax liabilities		64,654	60,599
		1,625,193	1,810,107
NET ASSETS		4,063,287	4,123,689
CAPITAL AND RESERVES			
Share capital	25	8,559	8,717
Reserves		3,918,007	3,907,475
Equity attributable to owners of the Company		3,926,566	3,916,192
Non-controlling interests		136,721	207,497
TOTAL EQUITY		4,063,287	4,123,689

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Share held for restricted share unit scheme ("RSU Scheme") RMB'000	Capital reserves RMB'000	FVTOCI reserves/ Revaluation reserves RMB'000	Translation reserves RMB'000	Share-based payments reserves RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2022	8,687	-	2,319,847	-	1,547	4,007	33	27,381	93,173	1,316,170	3,770,845	182,749	3,953,594
Profit for the year	-	-	-	-	-	-	-	-	-	219,399	219,399	24,209	243,608
Other comprehensive income (expense) for the year	-	-	-	-	-	11,057	(170)	-	-	-	10,887	(1,323)	9,564
Total comprehensive income (expense) for the year	-	-	-	-	-	11,057	(170)	-	-	219,399	230,286	22,886	253,172
Purchase of shares under RSU Scheme	-	-	-	(39,311)	-	-	-	-	-	-	(39,311)	-	(39,311)
Transfer to PRC statutory reserves	-	-	-	-	-	-	-	122,942	(122,942)	-	-	-	-
Capital injection to a subsidiary resulting in increase in interest in a subsidiary	-	-	-	-	228	-	-	-	-	-	228	11,772	12,000
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(9,910)	(9,910)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	5,968	-	-	5,968	-	5,968
Dividends recognised as distribution (note 12)	-	-	(64,712)	-	-	-	-	-	-	-	(64,712)	-	(64,712)
Exercise of share options	30	-	17,207	-	-	-	-	(4,349)	-	-	12,888	-	12,888
Lapse of share options	-	-	-	-	-	-	-	(3,067)	-	3,067	-	-	-
At 31 December 2022	8,717	-	2,272,342	(39,311)	1,775	15,064	(137)	25,933	216,115	1,415,694	3,916,192	207,497	4,123,689
Profit for the year	-	-	-	-	-	-	-	-	-	268,246	268,246	17,299	285,545
Other comprehensive income (expense) for the year	-	-	-	-	-	9,681	(96)	-	-	-	9,585	812	10,397
Total comprehensive income (expense) for the year	-	-	-	-	-	9,681	(96)	-	-	268,246	277,831	18,111	295,942
Purchase of shares under RSU Scheme	-	-	-	(20,133)	-	-	-	-	-	-	(20,133)	-	(20,133)
Repurchase of shares	-	(96,085)	-	-	-	-	-	-	-	-	(96,085)	-	(96,085)
Cancellation of treasury stock	(158)	95,076	(94,918)	-	-	-	-	-	-	-	-	-	-
Transfer to PRC statutory reserves	-	-	-	-	-	-	-	-	104,971	(104,971)	-	-	-
Acquisition of additional interest in a subsidiary of the Company	-	-	-	-	(89,231)	-	-	-	-	-	(89,231)	(38,566)	(127,797)
Disposal of partial interests in a subsidiary without losing control	-	-	-	-	275	-	-	-	-	-	275	23,725	24,000
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(42,612)	(42,612)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(31,434)	(31,434)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	5,578	-	-	5,578	-	5,578
Dividends recognised as distribution (note 12)	-	-	(67,861)	-	-	-	-	-	-	-	(67,861)	-	(67,861)
Lapse of share options	-	-	-	-	-	-	-	(7,095)	-	7,095	-	-	-
At 31 December 2023	8,559	(1,009)	2,109,563	(59,444)	(87,181)	24,745	(233)	24,416	321,086	1,586,064	3,926,566	136,721	4,063,287

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 RMB'000	2022 RMB'000
OPERATING ACTIVITIES		
Profit for the year	285,545	243,608
Adjustment for:		
Taxation	85,098	42,390
Share of results of associates	(20,360)	927
Depreciation of property and equipment	2,819	3,625
Depreciation of right-of-use assets	13,710	13,816
Depreciation of investment property	883	442
Amortisation of intangible assets	14,099	10,753
Impairment losses under ECL model, net of reversal	(7,143)	21,270
Loss (gain) on disposal of equipment	375	(6)
Loss on disposal of a subsidiary	475	-
Net (gain) loss arising from changes in fair value of derivative financial instruments	(15,965)	4,272
Gain from modification of lease contracts	(6)	(74)
Net gain from changes in fair value of other financial assets at FVTPL	(11,026)	(41,370)
Loss from changes in fair value of other financial liabilities at FVTPL	12,950	-
Equity-settled share-based payments expense	5,578	5,968
Finance costs	408,797	276,348
Interest income	(27,579)	(34,429)
Exchange (gain) loss, net	(10,712)	47,142

	2023	2022
	RMB'000	<i>RMB'000</i>
Operating cash flows before movements in working capital	737,538	594,682
Decrease (increase) in supply chain assets at FVTOCI	1,137,726	(1,255,413)
Decrease in other financial assets at FVTPL – distressed debt assets	1,578	3,500
Increase in pledged bank deposits for guarantee contracts	(47,722)	(42,155)
(Increase) decrease in receivables from guarantee customers	(1,859)	1,729
Increase in trade and bill receivables	(16,545)	(33,908)
Decrease (increase) in contract costs	3,003	(1,813)
(Increase) decrease in other receivables, prepayments and others	(32,026)	24,796
Decrease in trade and other payables	(78,296)	(18,185)
Increase (decrease) in contract liabilities	53,815	(798)
Increase in liabilities arising from guarantee contracts	7,880	4,693
	<hr/>	<hr/>
Cash from (used in) operations	1,765,092	(722,872)
Enterprise income tax paid	(83,156)	(46,331)
	<hr/>	<hr/>
NET CASH FROM (USED IN) OPERATING ACTIVITIES	1,681,936	(769,203)
	<hr/>	<hr/>

	2023	2022
	RMB'000	RMB'000
INVESTING ACTIVITIES		
Proceeds from disposal of other financial assets at FVTPL	1,061,953	1,707,926
Repayment of a loan to an associate	315,772	–
Repayment of loan receivables	164,000	106,219
Bank interest income received	14,557	11,673
Redemption of time deposits	5,767	–
Settlement of derivative financial instruments	2,170	(8,166)
Interest payments received from debt instrument at amortised cost	963	–
Proceeds from disposal of equipment	325	7
Refundable rental deposits received	22	76
Security deposit received for a loan receivable	–	164,000
Redemption of a debt instrument at amortised cost	–	54,697
Withdrawal of pledged bank deposits for derivative financial instruments	–	2,000
Repayment of security deposits for derivative financial instruments	–	201
Net cash outflow arising on acquisition of assets through acquisition of a subsidiary	–	(32,235)
Purchases of debt instruments at amortised cost	–	(66,739)
Payments for right-of-use assets	–	(86,314)
Advances of a loan receivable	–	(257,134)
Purchases of equity instruments at FVTOCI	(100)	(40,794)
Placement of time deposits	(20,514)	(109,573)
Placement of pledged bank deposits for derivative financial instruments	(20,139)	–
Payment for development costs and purchase of other intangible assets	(27,027)	(17,768)
Payment for purchase of equipment and prepayments of a property	(34,770)	(10,162)
Net cash outflow arising on deregistration of subsidiaries	(43,087)	–
Repayment of security deposit for loan receivable	(164,000)	–
Investment in associates	(353,498)	(199,000)
Advances of loans to an associate	(479,500)	(199,500)
Purchases of other financial assets at FVTPL	(1,321,300)	(1,638,273)
NET CASH USED IN INVESTING ACTIVITIES	(898,406)	(618,859)

	2023	2022
	RMB'000	RMB'000
FINANCING ACTIVITIES		
New borrowings raised	6,934,709	6,306,619
Loans raised from related parties	2,947,513	731,000
Withdrawal of pledged bank deposits for borrowings	2,306,243	146,622
Withdrawal of pledged structured deposits for borrowings	233,108	32,472
Proceeds from other financial liabilities at FVTPL	92,115	–
Proceeds from disposal of partial interest in a subsidiary without losing control	24,000	–
Repayment of security deposits for borrowings	8,449	–
Proceeds received on exercise of equity-settled share options	–	12,888
Capital contribution from non-controlling shareholders of a subsidiary	–	12,000
Interest paid for lease liabilities	(1,248)	(722)
Security deposits paid for borrowings	–	(8,449)
Dividends paid to non-controlling shareholders of subsidiaries	(2,950)	(9,910)
Repayment of lease liabilities	(12,853)	(12,859)
Purchase of shares under RSU Scheme	(20,133)	(39,311)
Repayment of other financial liabilities at FVTPL	(43,857)	–
Interest paid for loans from related parties	(46,084)	(34,734)
Dividends paid to the shareholders of the Company	(67,684)	(64,570)
Payment on repurchase and cancellation of shares	(96,085)	–
Acquisition of additional interest in a subsidiary of the Company	(127,797)	–
Placement of pledged structured deposits for bank borrowings	(171,247)	(190,000)
Interest paid for borrowings	(346,204)	(179,214)
Repayment of loans from related parties	(2,566,231)	(761,000)
Placement of pledged bank deposits for borrowings	(2,629,065)	(149,546)
Repayment of borrowings	(7,120,614)	(4,579,289)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(705,915)	1,211,997
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	77,615	(176,065)
Effect of foreign exchange rate changes	3,562	(47,312)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	577,033	800,410
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	658,210	577,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

SY Holdings Group Limited (the “**Company**”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate holding company is Wisdom Cosmos Limited. Its ultimate shareholder is Mr. Tung Chi Fung, who is also the Chairman and Executive Director of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are provision of digital financing solutions, platform-based services, supply chain technology services and sales of supply chain assets in the PRC.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”) AND AGENDA DECISIONS OF THE IFRS INTERPRETATIONS COMMITTEE (THE “**COMMITTEE**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

In addition, the Group applied the agenda decision of the Committee, including Definition of a Lease – Substitution Rights (IFRS 16 Leases), which is relevant to the Group.

Except as described below, the application of the new and amendments to HKFRSs and the Committee’s agenda decision in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

- (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
- (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group’s financial positions and performance.

2.2 Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities as at 31 December 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

4. SEGMENT INFORMATION

The chief operating decision maker (“CODM”), being the executive directors of the Company, have determined that no segment information is presented other than entity wide disclosures throughout the reporting period, as the Group is principally engaged in providing platform-based services, digital financing solutions, supply chain technology services and sales of supply chain assets services mainly in the PRC, and the CODM, reviews the consolidated financial position and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group.

The Company is an investment holding company and the principal place of the Group’s operation is mainly in the PRC. Most of the Group’s revenue, income and major non-current assets are principally derived from or located in the PRC.

Information about major customers

Revenue and income from principal activities of the corresponding years contributing over 10% of the total revenue and income from principal activities of the Group are as follows:

	2023 <i>RMB’000</i>	2022 <i>RMB’000</i>
Customer A	<u>N/A¹</u>	<u>82,880</u>

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES

Revenue and income from principal activities for the year represents income received and receivable mainly from the provision of platform-based services, digital financing solutions, supply chain technology services and sales of supply chain assets in the PRC.

(iii) Disaggregation of revenue from contracts with customers

	2023 <i>RMB’000</i>	2022 <i>RMB’000</i>
<i>Platform-based services</i>		
– Technology service for loan facilitation	80,154	53,430
– Referral service fees	65,166	15,040
– Technology service for asset-backed securitisation (“ABS”) products	93	1,970
– Other services	399	531
	<u>145,812</u>	<u>70,971</u>
<i>Supply chain technology services</i>	<u>24,422</u>	<u>32,296</u>
	<u>170,234</u>	<u>103,267</u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Timing of revenue recognition		
Over time		
– Technology service for loan facilitation	80,154	53,430
– Supply chain technology services	24,422	32,296
– Other services	399	531
	<u>104,975</u>	<u>86,257</u>
A point in time		
– Referral service fees	65,166	15,040
– Technology service for ABS products	93	1,970
	<u>65,259</u>	<u>17,010</u>
	<u>170,234</u>	<u>103,267</u>

All the Group's platform-based services and supply chain technology services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 and 2022 is not disclosed.

(iv) **Income from digital financing solutions**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Digital financing solutions</i>		
– Interest income from supply chain assets	701,349	604,546
– Guarantee income	19,423	20,167
– Interest income from contracts containing significant financing components	2,039	158
	<u>722,811</u>	<u>624,871</u>

(v) **Gain on sales of supply chain assets**

For the years ended 2023 and 2022, the Group sold part of supply chain assets to certain financial institutions mainly in the PRC. Sales of supply chain assets gave rise to full derecognition of the supply chain assets pursuant to the terms of sale agreements signed between the Group and relevant financial institutions.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Gain on sales of supply chain assets	<u>70,473</u>	<u>72,287</u>

6. OTHER INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government subsidies	30,979	17,021
Interest income		
– bank deposits	20,210	13,961
– loans to an associate	6,419	344
– debt instruments at amortised cost	950	7,039
– loan receivables	–	13,085
Rental income from an investment property	652	253
Others	1,497	499
	<u>60,707</u>	<u>52,202</u>

7. OTHER GAINS AND LOSSES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Net gain (loss) arising from changes in fair value of derivative financial instruments	15,965	(4,272)
Net gain from changes in fair value of other financial assets at FVTPL	11,026	41,370
Exchange gain (loss), net	10,712	(47,142)
Gain from modification of lease contracts	6	74
(Loss) gain on disposal of equipment	(375)	6
Loss on deregistration of subsidiaries	(475)	–
Loss arising from changes in fair value of other financial liabilities at FVTPL	(12,950)	–
Others	(282)	(115)
	<u>23,627</u>	<u>(10,079)</u>

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Impairment losses (reversed) recognised on:		
– Loans to an associate	190	480
– Trade and bill receivables	79	404
– Receivables from guarantee customers	5	(34)
– Debt instrument at amortised cost	–	100
– Financial guarantee contracts	(1,377)	1,082
– Supply chain assets at FVTOCI	(6,040)	19,238
	<u>(7,143)</u>	<u>21,270</u>

9. FINANCE COSTS

	2023	2022
	RMB'000	RMB'000
Interest and guarantee expenses on borrowings	353,464	240,706
Interest on loans from related parties	54,085	34,920
Interest on lease liabilities	1,248	722
	<u>408,797</u>	<u>276,348</u>

10. TAXATION

	2023	2022
	RMB'000	RMB'000
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax	74,610	44,247
– Withholding tax levied on interest income of Hong Kong subsidiaries	990	2,004
– Withholding tax levied on dividend declared of PRC subsidiaries	2,228	364
	<u>77,828</u>	<u>46,615</u>
Deferred tax	7,270	(4,225)
	<u>85,098</u>	<u>42,390</u>

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Directors' emoluments (<i>note i</i>)	7,945	3,418
Other staffs costs (excluding directors' emoluments)		
– Salaries, allowances and other staff benefits, including share-based payment expenses	182,360	149,102
– Staffs' retirement benefit scheme contributions	<u>11,698</u>	<u>10,275</u>
Total staff costs	202,003	162,795
Less: amount capitalised in intangible assets	(23,724)	(17,243)
amount capitalised in contract costs	<u>(511)</u>	<u>(730)</u>
Staff costs recognised in profit or loss	<u>177,768</u>	<u>144,822</u>
Depreciation of property and equipment	2,826	3,646
Depreciation of right-of-use assets	14,789	13,816
Depreciation of investment property	883	442
Amortisation of intangible assets	<u>14,099</u>	<u>10,753</u>
Total depreciation and amortisation	32,597	28,657
Less: amount capitalised in intangible assets	(7)	(21)
amount capitalised in buildings under construction	<u>(1,079)</u>	<u>–</u>
Depreciation and amortisation recognised in profit or loss	<u>31,511</u>	<u>28,636</u>
Research and development costs (<i>note ii</i>)	24,729	18,636
Auditor's remuneration	3,620	3,620
Materials cost recognised as an expense	21,125	28,595
Donation	<u>3,039</u>	<u>703</u>

Notes:

- (i) During the year ended 31 December 2022, the options granted to directors failed to satisfy a vesting condition other than a market condition and did not vest, which result in a reversal of RMB2,778,000 in the share-based payment expenses.
- (ii) During the year ended 31 December 2023, research and development costs were mainly consists of staff costs amounted to RMB24,116,000 (2022: RMB18,076,000).

12. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the year:

	2023 HK\$'000	2022 <i>HK\$'000</i>
2022 final – HK7.5 cents (2022: 2021 final – HK7.5 cents) per share	<u>74,150</u>	<u>75,215</u>

	2023 RMB'000	2022 <i>RMB'000</i>
Shown in the consolidated financial statements	<u>67,861</u>	<u>64,712</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2023 of HK26.9 cents (2022: HK7.5 cents) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting of the Company.

13. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2023 RMB'000	2022 <i>RMB'000</i>
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>268,246</u>	<u>219,399</u>

	2023 '000	2022 <i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	985,236	1,003,517
Effect of dilutive potential ordinary shares: Share options/RSU Scheme	<u>607</u>	<u>742</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>985,843</u>	<u>1,004,259</u>

14. INVESTMENTS IN ASSOCIATES

Details of the Group's investments in associates are as follows:

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Cost of investments in associates, unlisted	562,698	209,200
Share of post-acquisition profit	20,373	13
Share of post-acquisition OCI	(103)	137
	<u>582,968</u>	<u>209,350</u>

15. OTHER FINANCIAL ASSETS AT FVTPL

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Unlisted investment funds	245,351	20,000
Equity tranche	190,962	146,730
Structured deposits	102,685	164,634
Unlisted equity investments	75,550	75,550
Trust fund	1,529	2,229
	<u>616,077</u>	<u>409,143</u>
Analysed for reporting purposes as:		
Current assets	202,036	256,264
Non-current assets	414,041	152,879
	<u>616,077</u>	<u>409,143</u>

16. SUPPLY CHAIN ASSETS AT FVTOCI

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Supply chain assets at FVTOCI	7,663,344	8,422,078
Analysed for reporting purposes as:		
Current assets	7,536,455	8,186,941
Non-current assets	126,889	235,137
	<u>7,663,344</u>	<u>8,422,078</u>

As at 31 December 2023, the effective interest rates of the supply chain assets range mainly from 4.90% to 14.00% (31 December 2022: 4.00% to 15.00%) per annum.

As at 31 December 2023, the gross carrying amount of supply chain assets of RMB2,551,000 is past due (31 December 2022: RMB4,453,000). When analysing the credit quality of supply chain assets at FVTOCI, the entire outstanding of balance of the supply chain assets is classified as past due in the event that instalments repayment of a supply chain asset at FVTOCI is past due.

The following is an aging analysis based on due dates of the supply chain assets at FVTOCI instalments which are past due (instalments which are not yet due at the end of the reporting period are excluded):

	31/12/2023	31/12/2022
	RMB'000	RMB'000
<i>Past due by:</i>		
0 – 30 days	1,743	–
31 – 60 days	808	2,177
61 – 90 days	–	2,276
	<u>2,551</u>	<u>4,453</u>
17. EQUITY INSTRUMENTS AT FVTOCI		
	31/12/2023	31/12/2022
	RMB'000	RMB'000
Unlisted equity investments	<u>61,498</u>	<u>53,629</u>
18. DEBT INSTRUMENT AT AMORTISED COST		
	31/12/2023	31/12/2022
	RMB'000	RMB'000
Investment in a senior tranche of ABS product with fixed interest of 5.00% and maturity dated in June 2024	19,068	19,081
Less: ECL allowance	<u>(100)</u>	<u>(100)</u>
	<u>18,968</u>	<u>18,981</u>

19. LOAN RECEIVABLE

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Carrying amount receivable based on maturity set out in the loan agreement:		
– within one year	–	164,000
Less: ECL allowance	–	–
	<u>–</u>	<u>–</u>
	–	164,000
	<u>–</u>	<u>164,000</u>

As at 31 December 2022, the deposit is received from a related party of the debtor with fair value amounting of RMB164,000,000 as a security deposit to the loan receivable. The deposit can also be applied and used to settle any outstanding receivable for the corresponding contract if default occurs, otherwise the Group needs to return the deposit if the outstanding receivable is settled. The loan receivable was fully repaid in January 2023.

20. TIME DEPOSITS/PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

The ranges of fixed interest rates/market rates on the Group's time deposits/pledged bank deposits/cash and cash equivalents are as follows:

	Range of interest rates	
	(per annum)	
	31/12/2023	31/12/2022
	%	%
Fixed-rate time deposits	1.45–2.51	2.05–2.40
Fixed-rate pledged bank deposits	0–5.71	0–4.00
Market rate cash and cash equivalents	0–2.15	0–1.90
	<u>0–2.15</u>	<u>0–1.90</u>

An analysis of the Group's pledged bank deposits for the reporting period is as follows:

	31/12/2023	31/12/2022
	RMB'000	RMB'000
The bank deposits pledged for:		
– bank borrowings	660,114	334,338
– loan guarantee contracts in relation to third parties	186,197	138,475
– derivative financial instruments	20,139	–
	<u>866,450</u>	<u>472,813</u>

21. TRADE AND OTHER PAYABLES

	31/12/2023 RMB'000	31/12/2022 RMB'000
Settlement payables to customers and funding providers	96,713	84,649
Accrued charges	71,889	34,489
Other tax payables	57,370	44,695
Dividend payable to a non-controlling shareholder of a PRC subsidiary	28,484	–
Construction payables	16,242	2,525
Deposits from digital financing solutions customers	14,975	157,261
Trade payables	5,929	4,489
Dividend payable to shareholders of the Company	1,852	1,675
Security deposit for a loan receivable	–	164,000
Other payables and deposits	1,298	502
	<u>294,752</u>	<u>494,285</u>

22. LIABILITIES ARISING FROM GUARANTEE CONTRACTS

	31/12/2023			31/12/2022		
	Premium less accumulated amortisation RMB'000	ECL provision RMB'000	Carrying amount RMB'000	Premium less accumulated amortisation RMB'000	ECL provision RMB'000	Carrying amount RMB'000
Guarantee contracts in relation to:						
– third parties	21,412	26,413	28,495	13,635	23,911	25,196
– associates	764	3,687	3,899	661	342	695
	<u>22,176</u>	<u>30,100</u>	<u>32,394</u>	<u>14,296</u>	<u>24,253</u>	<u>25,891</u>
Analysed for reporting purposes as:						
Current	22,176	28,784	31,078	14,296	24,253	25,891
Non-current	–	1,316	1,316	–	–	–
	<u>22,176</u>	<u>30,100</u>	<u>32,394</u>	<u>14,296</u>	<u>24,253</u>	<u>25,891</u>

At the end of the reporting period, the directors of the Company have assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate.

The following is the maximum amount of the Group has guaranteed under the contracts and details of liabilities arising from guarantee contracts.

	31/12/2023	31/12/2022
	RMB'000	RMB'000
Guarantee contracts in relation to:		
– third parties	2,524,784	2,216,570
– associates	2,109,247	145,430
	<u>4,634,031</u>	<u>2,362,000</u>
23. BORROWINGS		
	31/12/2023	31/12/2022
	RMB'000	RMB'000
Bank borrowings and bills discounted	3,560,764	3,166,919
ABS issued	1,228,265	1,108,513
Bank loans under supplier finance arrangements	368,012	207,630
Entrusted loans	224,668	150,392
Other loans	838,277	1,606,856
	<u>6,219,986</u>	<u>6,240,310</u>
Secured	5,589,532	5,372,246
Unsecured	630,454	868,064
	<u>6,219,986</u>	<u>6,240,310</u>
The carrying amounts of the above borrowings are repayable*:		
– within one year	4,673,232	4,443,604
– within a period of more than one year but not exceeding two years	1,360,957	932,397
– within a period of more than two years but not exceeding five years	185,797	813,792
	<u>6,219,986</u>	<u>6,189,793</u>
The carrying amounts of the above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
– within one year	–	50,517
	<u>6,219,986</u>	<u>6,240,310</u>
Less: Amounts due within one year shown under current liabilities	<u>(4,673,232)</u>	<u>(4,494,121)</u>
Amounts shown under non-current liabilities	<u>1,546,754</u>	<u>1,746,189</u>

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

24. OTHER FINANCIAL LIABILITIES AT FVTPL

	31/12/2023 <i>RMB'000</i>	31/12/2022 <i>RMB'000</i>
Structured notes	<u>61,208</u>	<u>–</u>

25. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital <i>HK\$</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>5,000,000,000</u>	<u>50,000,000</u>
	Number of shares	Share capital <i>HK\$</i>
Issued:		
At 1 January 2022	1,004,296,500	10,042,965
Exercise of share options	<u>3,418,000</u>	<u>34,180</u>
At 31 December 2022	<u>1,007,714,500</u>	<u>10,077,145</u>
Repurchase and cancellation of shares	(17,964,500)	(179,645)
At 31 December 2023	<u>989,750,000</u>	<u>9,897,500</u>
	31/12/2023 <i>RMB'000</i>	31/12/2022 <i>RMB'000</i>
Shown in the consolidated statement of financial position	<u>8,559</u>	<u>8,717</u>

All the shares issued during the year ranked pari passu in all respects with the then existing shares in issue.

EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 December 2023, on 28 February 2024, the Company entered into a Collaboration Agreement with 無錫市太湖新城資產經營管理有限公司 (Wuxi Taihu New City Asset Management Co., Ltd.*) (“**Wuxi Taihu New City**”), 無錫國金商業保理有限公司 (Wuxi Guojin Commercial Factoring Co., Ltd.*) (“**WXGJ**”) and other subsidiaries of the Company (the “**Collaboration Agreement**”), pursuant to which, among others, Wuxi Taihu New City subscribed RMB569.4 million of the capital increase in WXGJ, and the parties agreed to provide financial assistance and guarantees pursuant to the terms of the Collaboration Agreement. The Group’s total indirect equity interest in WXGJ had been diluted from 80% to 49% and WXGJ ceased to become a subsidiary of the Group. Details of the capital increase and terms of the Collaboration Agreement are disclosed in the Company’s announcement dated 28 February 2024 and 20 March 2024.

In March 2024, the Group de-registered 霍爾果斯永卓商業保理有限公司 (Khorogos Yong Zhuo Factoring Limited*).

Except as disclosed above and in note 12 of the consolidated financial statements, the Group had no other significant subsequent event after the reporting period.

PUBLICATION

This annual results announcement published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.syholdings.com) respectively.

By order of the Board
SY Holdings Group Limited
Tung Chi Fung
Chairman

Hong Kong, 21 March 2024

As at the date of this announcement, the Board comprises two Executive Directors: Mr. Tung Chi Fung and Mr. Chen Jen-Tse; one Non-executive Director: Mr. Lo Wai Hung; and four Independent Non-executive Directors: Mr. Loo Yau Soon, Mr. Fong Heng Boo, Mr. Tang King San Terence and Ms. Chan Yuk Ying Phyllis.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

Unless otherwise stated, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.10 for information purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.