

## **Commitment to Inclusive Finance, Rewarding Investors: SY Achieves a 65% Increase in Technology Revenue in 2023, Dividend Payout Ratio Raised to 90%, Continues 10 Years of Profitability**

March 21, 2024 - SY Holdings Group Limited ("SY" or the "Group", stock code: 6069.HK) announced its 2023 annual results. Amidst a complex international environment and under the overhang of China's economic recovery, SY continued adhering to its fundamentals of serving the real economy through its financial services. Advancing its "Dual-Engine + One Platform" strategy, SY leveraged digital technology to enhance its offering of inclusive finance, effectively addressing the challenges faced by SMEs in terms of obtaining first-time loans and the high cost of financing. SY continues to support the growth of the SME community, achieving a net profit of RMB 286 million, a year-on-year increase of 17%.

SY stated, "Since its establishment ten years ago, SY has consistently committed to engaging in challenging yet valuable endeavors, fueled by the power of belief to achieve growth across cycles. With firm confidence in the industry's development trend and the company's growth, to actively reward investors and share the benefits of development, thereby enhancing investors' sense of gain, SY plans to distribute a dividend of HKD 0.269 per share to all shareholders, significantly increasing the payout ratio to 90%. Based on the latest closing price, the dividend yield is approximately 6.48%. In the future, SY will balance performance growth and shareholder returns, and continue to share the fruits of enterprise development with investors."

In 2023, the central Financial Work Conference emphasized the substantial advancement of "inclusive finance". SY proactively embraces the regulatory compliance and policy initiatives through advancing its platformisation strategy, deepening strategic cooperation with local high-quality state-owned enterprises, enhancing its technological capabilities and platform services.

SY's joint ventures, Ningbo Guofu Factoring and Wuxi Guojin Factoring, completed capital increase or introduced strategic investors, achieving deep linkage with the industrial ecosystems, securing long-term stable credit support, and accelerating the creation of regional leading supply chain inclusive finance platforms, thus rapidly expanding the Group's overall business scale.

As of December 31, 2023, SY's revenue from digital financial solutions was approximately RMB 723 million, increasing 16% year-on-year. The daily average balance of supply chain assets was approximately RMB 18.1 billion, increasing 52% year-on-year. Cumulative supply chain assets processed reached approximately RMB 193.4 billion, representing a growth of 22% year-on-year. Total cumulative users reached 15,326, up 20% year-on-year. The proportion of SME-originated factoring business exceeded 96%, and the proportion of SME customers exceeded 97%. The revenue and income from principal activities were RMB 964 million, a year-on-year growth of 20%. Among them, tech-related revenue (including revenue from platform-based services and supply chain technology services) was about RMB 170 million, a year-on-year increase of nearly 65%, and the revenue contribution further increased to 18%, becoming the engine of performance growth.

2023 also marked the 10th anniversary of inclusive finance being elevated to a national strategy,

as well as the 10th anniversary of SY's establishment. Adhering to the mission of "driving supply chain efficiency and making finance more inclusive", SY adopts a "transaction-focused, entity-light" business model, helping SMEs convert their business transactions into "digital assets". SY serves strategic industries such as infrastructure, pharmaceuticals, and energy, while actively expanding into other emerging industries such as new energy and cross-border e-commerce. As of December 31, 2023, cumulative R&D investment reached approximately RMB 200 million, with a total of 62 patents and software copyrights. With its strong technological strength and outstanding contributions to serving SMEs, SY was ranked "Top 200 Global Fintech Companies of 2023" by CNBC.

### **Empowering Technology, Connecting Industrial Ecosystems**

In terms of digital finance development, SY ensuring compliant business operation and strengthening its risk management capabilities. Its wholly-owned subsidiary, SY Commercial Factoring, successfully completed data reporting and transfer for the PBOC Second Generation Credit Reporting System, significantly improving information collection and credit service efficiency, while enhancing fraud detection and verification capabilities.

The Group's joint ventures with various high-quality state-owned enterprises in cities such as Wuxi, Ningbo, Xiamen, and Qingdao exceeded performance expectations, which has driven a rapid increase in the group's incremental funds and business scale. By continuously expanding its diversified financing channels to meet various funding needs of SMEs throughout the supply chain settlement cycle, the number of financial cooperation partners connected to the platform increased to 131, a year-on-year growth of 22%.

As SY deepened its cooperation with core enterprises, it was invited to participate in the Supply Chain Conference of China Communications Construction Group, officially launched two customized inclusive financial products on its proprietary Cloud Commerce platform, "Goods Financing" and "Settlement Financing". The Group also signed a joint factoring business cooperation agreement with China Communications Commercial Factoring, laying the foundation for further cooperation in the digital supply chain finance domain. SY Commercial Factoring and China Railway Commercial Factoring integrated their systems for factoring business, increasing the business deployment scale to RMB 1.5 billion to provide financial support for infrastructure industry.

In business expansion and market layout, SY successfully hosted the "Cooperation and Development" factoring industry conference, aiming to promote a win-win cooperation through the industrial ecosystem, interaction of financial institutes, and joint factoring. Under the "China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity", SY signed a strategic cooperation in the field of healthcare with Chongqing Pharma, earmarking an investment of SGD 500 million (RMB 2.7 billion) supporting the development of the pharmaceutical supply chain ecological enterprises in China. With the support of the Wuxi Economic Development Zone, SY successfully held the ground-breaking ceremony for its East China headquarters. Once completed, it will foster the development of cutting-edge science and technology companies, financial institutions, and Fortune 500 enterprises within the supply chain, serving as the base for the

industry digital ecosystem for integrating scientific and technological innovation, ecological empowerment, and green concepts.

### **Embracing Regulation, Implementing Inclusive Finance**

In terms of digital currency innovation application, SY, with the strong support of various pilot regions and local financial supervision and administration bureaus, took the lead in implementing "the first digital currency + supply chain finance business in Tianjin", "the first digital currency + factoring business in Zhejiang Province", "the largest single amount of digital currency factoring business of 100 million yuan in Jiangsu Province", "the industry's first digital currency + smart contract + charitable donation", "the industry's first digital currency + smart contract + wage payment for construction workers", and "the first digital currency + employee salary payment". By being customer-oriented, SY harnessed the advantages of "digital currency + factoring" to support round-the-clock large ticket-sized loans, cash withdrawals, and zero-fee transfers, meeting customer financing needs anytime, anywhere, and providing interest and fee concessions over the holiday period.

In the area of inclusive finance, proceeds of RMB 530 million raised from the Group's "dual ESG structure" syndicated loan was fully utilized to support the development of SMEs. This was done towards the end of the year where the demand for funding peaks. SY also launched the "50 Days of Intensive Work to Support SMEs with Inclusive Finance" campaign, providing more than RMB 6.8 billion in inclusive financial support and increasing the proportion of first-time SMEs debtor to 50%. During the year, Ningbo Guofu Factoring successfully issued Zhejiang Province's first factoring receivables ABS, revitalizing interest for the healthcare industry. Additionally, Wuxi Guojin Factoring also launched a RMB3 billion ABS shelf registration program under the innovative "N+N+N" model, with a coupon rate of 2.7%, achieving a record low for similar ABS issuance rates within the Jiangsu region, effectively reducing financing costs for infrastructure SMEs while receiving positive endorsement from the regulatory authorities and the capital markets.

### **Fulfilling Responsibility, Giving Back to Society**

While improving its business performance, SY also places great emphasis on fulfilling its social responsibilities, earnestly safeguarding the interests of shareholders, employees, SME customers, and other stakeholders, and actively participating in public welfare and charity. Since 2014, SY has been actively engaged in public welfare activities for 9 consecutive years, giving back to society through its actions with total cumulative donation exceeding RMB 13 million on public welfare, accumulating over 5,100 hours of public welfare time, while impacting over 8,400 people.

In 2023, the SY Public Welfare Foundation continued to focus on "caring children in distress", "supporting rural revitalization", and "youth inspirational programs", and was rated as a 3A charity organization. In the "congenital heart disease children" charity rescue event, a total of 20 children were sponsored to complete surgery and recover; in the "Migratory Birds at Construction Sites" summer camp activity, 33 construction worker families and 35 "migratory birds" participated,

adding vitality to the construction projects.

In 2023, SY continues to receive an A rating within the MSCI ESG Index. It also received its inaugural S&P Global ESG Score, being ranked within the top 26% globally among its peers; and included in the 2023 Bloomberg Green Finance ESG 50 list, receiving the Annual Enterprise Award of Attention. Moving forward, SY will persist in implementing the ESG principles, dedicated to generating sustainable economic and social value continuously.