

# 2022 Interim Results



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01

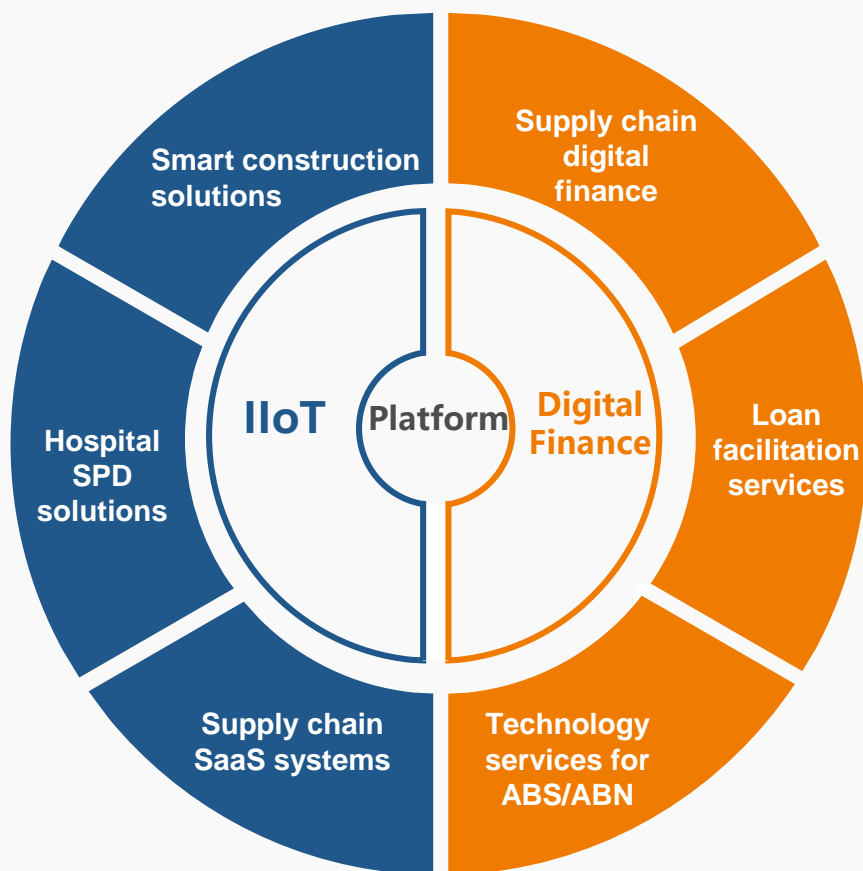
# Company Overview

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More →



## A Leading Supply Chain Technology Platform



Value of total new orderbook in the IloT segment

RMB

~ **78 mn\***

↗ Increase by 15 times

Daily average supply chain assets

RMB

~ **8.3 bn**

↗ 52% YoY growth

Cumulative supply chain assets processed

RMB

~ **146 bn**

↗ Increase by 27%

Total platform users

> **11,400**

↗ Increase by 39%

NPL ratio

**0.1%**

↘ 0.27 percentage points lower YoY

Platform-based services revenue

RMB

> **29 mn**

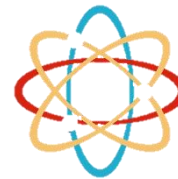
↗ 26% YoY growth

## Driving Supply Chain Efficiency | Making Finance More Inclusive

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



Building an industrial “digital ecosystem”



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



Endorsed by renowned institutions



Recognized by capital markets



# Our Strategic Development Roadmap

2014 - 2017



Sheng Ye Finance Limited

2017 - 2022



Sheng Ye Capital Limited

2022 - Future



SY Holdings Group Limited

Positioning

Supply chain financial services provider

Supply chain fintech platform

Supply chain technology platform

Development directions

Profit, Survival

Scale, Platformisation

Technology-empowerment,  
Ecosystem Building

Revenue mix

- Factoring
- Sale of factoring assets

- Digital financing solutions
- Platform-based services
- Sale of supply chain assets

- Digital financing solutions
- Supply chain technology services
- Platform-based services
- Sale of supply chain assets

## IIoT

- Strategic cooperation with a **leading stated-owned healthcare distribution group** in China, to build a leading hospital SPD smart supply chain services system
- **Awarded multiple SPD projects of Sinopharm Lerentang**, to help hospitals achieve smart management of healthcare resources
- **Winning bids for multiple smart construction projects of subsidiaries of China State Construction**
- Strategic investment in **Huazhu Technology**, strengthening smart construction solution capabilities

## Strategic Planning

- Achieved strong growth in Wuxi Guojin with backing from state-owned shareholder and SY, and **helped the Group reduce overall capital costs**
- **Establishing Ningbo Guofu Commercial Factoring, a JV with NDIG**, replicating the co-operation model with state-owned enterprises

## Technology Recognition

- SY Technology included in the list of “SRDI”\* enterprises of Shenzhen

## Digital Finance

- **Cumulative platform customers exceeded 11,400**
- **Cumulative supply chain assets processed exceeded RMB 146 billion**
- Loan facilitation cooperation raised to RMB2 billion from RMB1 billion by CCB

## Innovative Funding

- With support from the Tianjin Ministry of Finance and the Tianjin branch of ICBC, **launched “digital RMB + supply chain finance” scenario**
- **USD 50 million loan from Orion Capital Asia**, further expanding offshore financing channels
- Completing **the industry’s first-of-its-kind RMB 500 million syndicated loan in China**, incorporating social responsibility and sustainability-linked features



## Investments



Developing and driving business transformation and technology within the supply chain ecosystem through strategic investment

April 2022

**Huazhu**  
华筑科技

Leading smart construction SaaS cloud platform (Sequoia invested)

August 2021



Project management information service provider focusing on the infrastructure field (Tencent invested)

December 2021



Leading supply chain financial service platform in East China (Govt invested)

June 2021



Leading SaaS platform in oral cavity, medical aesthetics and health care (Matrix invested)



## One-stop supply chain technology platform

IIoT Engine



Digital Finance Engine

IoT & SaaS

B2B Platform

Regional Platform

Digital Technology



- Smart Construction Solutions
- Consumer Healthcare SaaS
- Hospital SPD Solutions

Empower supply chain ecosystem through **industrial digitalization**, **acquire transaction data** more efficiently



- Segmented B2B E-commerce Platform
- B2B Smart Logistics

Explore **new markets**, and drive product innovation



- Regional Supply Chain Finance Services Platform
- Regional Resources partners

Promote **industry consolidation**, acquire regional industrial resources and capital support



- Big Data Analysis
- Cloud Services
- Blockchain

Enhance **data analytical capabilities**, improve operational efficiency

02

# IIoT Update

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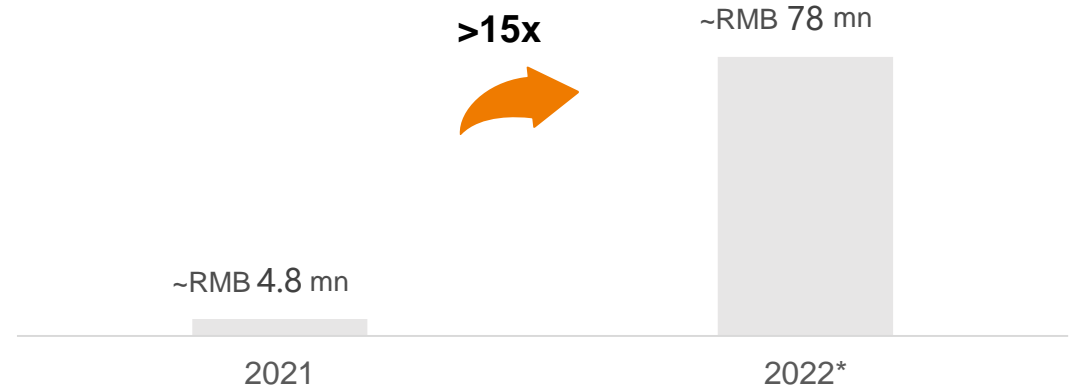
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**Value of total new orderbook in the IloT segment**

RMB  
**~78 mn**

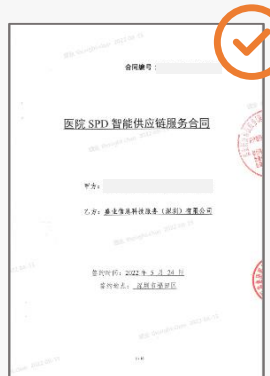
**Strong Growth for IloT**



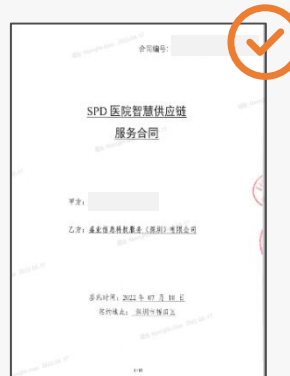
**Key Project**



**Notice for winning a bid for a smart construction project for an infrastructure project in Shenzhen**



**SPD smart supply chain services contract for a large public hospital in Sichuan**



**SPD smart supply chain services contract for a state-owned healthcare distribution group**



**Awarded contract for SPD smart supply chain services for an university hospital in Hebei**



**Awarded contract for SPD smart supply chain services for a Grade-3A hospital in Hebei**

2022

2021

2020

## State Council

Promotes the application of IoT and smart transformation for municipal utilities and structures

## Ministry of Housing and Construction

Strengthens the foundation for standardization and digitalization, promotes digital delivery and application for the full construction process, builds a industrial IIoT construction platform

## “The 14<sup>th</sup> Five-Year Plan” & “2035 Vision Outline”

Promotes the application of IoT technologies, accelerates the integration between industrialization of new construction forms and high-end manufacturing

## 2020 Government Work Report

Enhances new form of construction for infrastructure, expands 5G application, builds data centres, helps industrial upgrade

## 13 ministries including the National Development and Reform Commission, Ministry of Housing and Construction, Ministry of Science and Technology, and Ministry of Industry and Information Technology

Promotes R&D, manufacturing, promotion and application of equipment related to smart construction, accelerates the establishment of an industrial IIoT construction platform



Exhibition hall



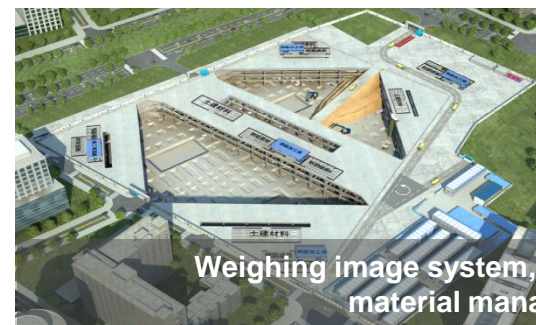
Digital center large screen



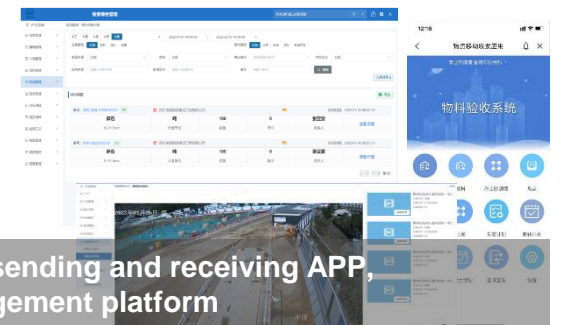
Deep foundation pit monitoring system



Smart construction site platform - BI screen



Weighing image system, sending and receiving APP, material management platform





## Wuhan Health Commission

Explores the use of SPD system for medical supplies, enhances procedural management and full-cycle monitoring

## Anhui Health Commission

Adopts SPD (medical supplies management system), implements full-cycle standardized management for medical supplies

## Anhui Market Supervision Administration

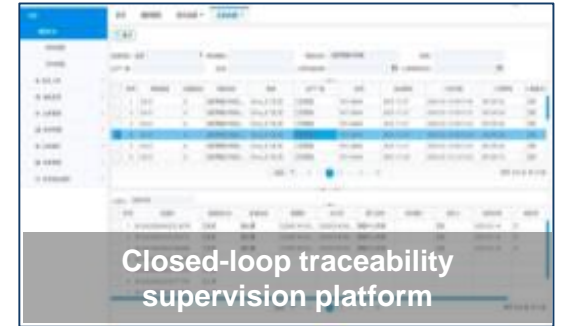
Standardizes SPD establishment and delivery

## Guizhou Health Commission

Promotes integrated hospital operating services through technologies including SPD and IoT, to support hospital management

## State Health Commission, State Administration of Chinese Medicine

To build “Three-in-One” smart hospitals, implements hospital management improvement initiative, to raise the refined management standard of hospitals



03

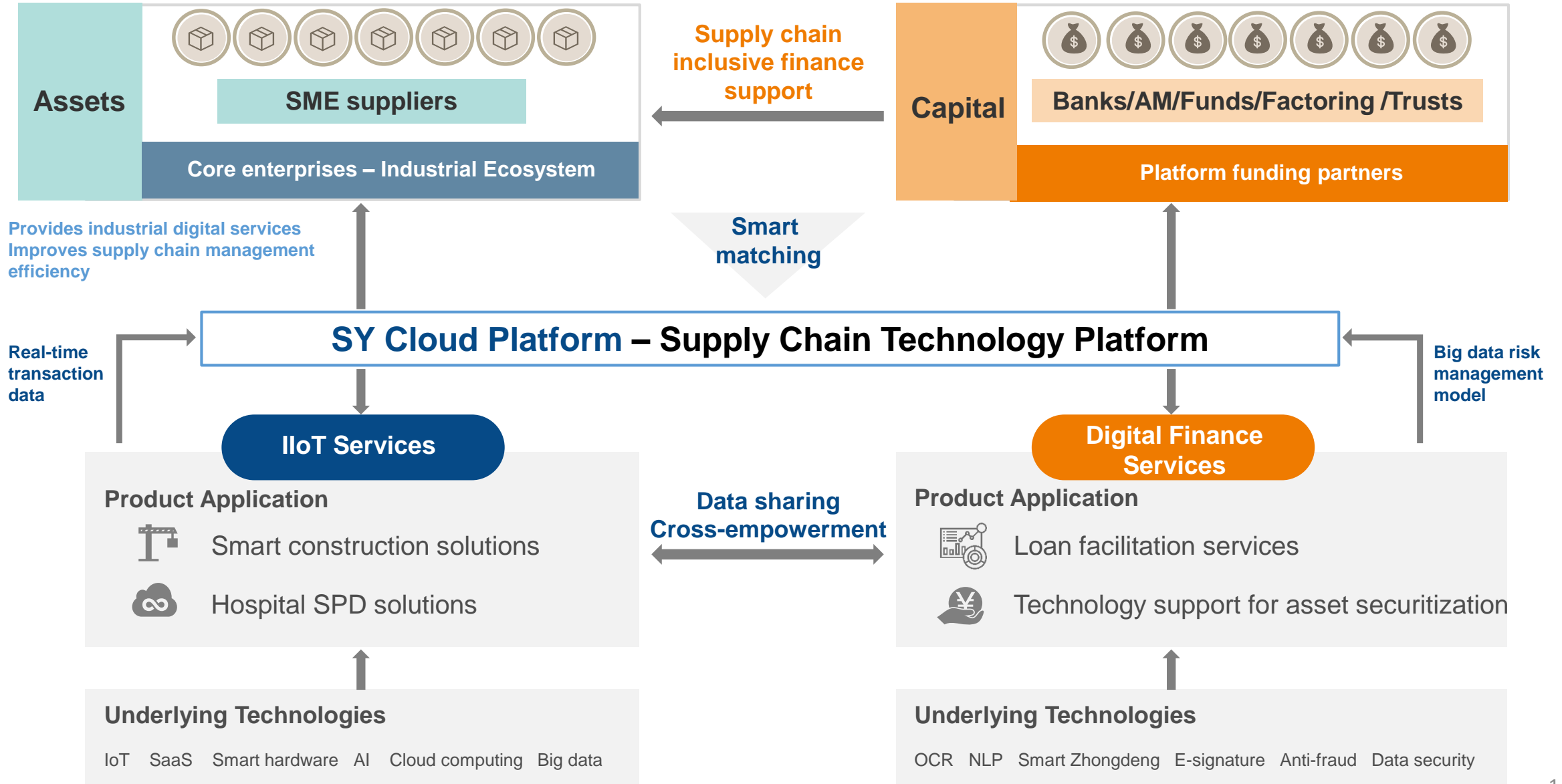
# Digital Finance Update

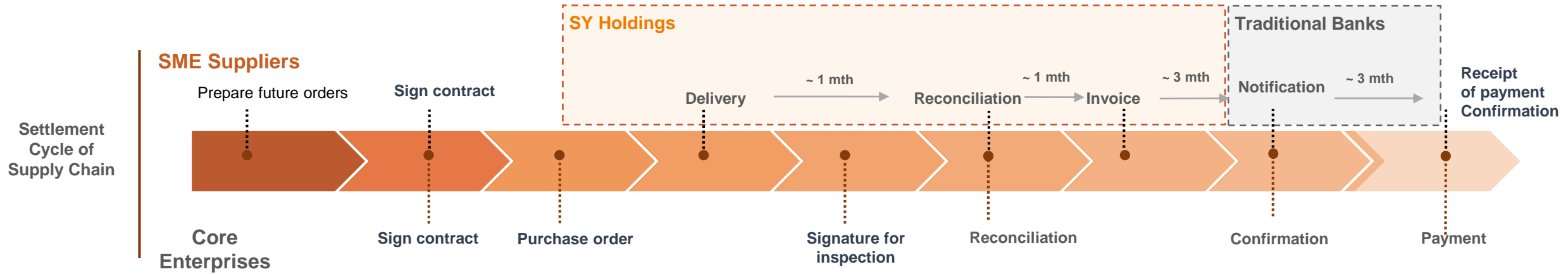
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# Current Platform Capabilities





## SY Digital Finance

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

## Traditional Bank Factoring

- Notification-based factoring
- Unable to timely alleviate SME pain points
- Application process done largely offline
- Cumbersome
- Following traditional rationales of credit risk control, without support from real-time data and flexibility
- More requirements and limitations



Tailor made for SMEs  
Convenient and flexible



Data-driven, precise customer acquisition and efficient risk control



Transaction-based and digital technology-enabled

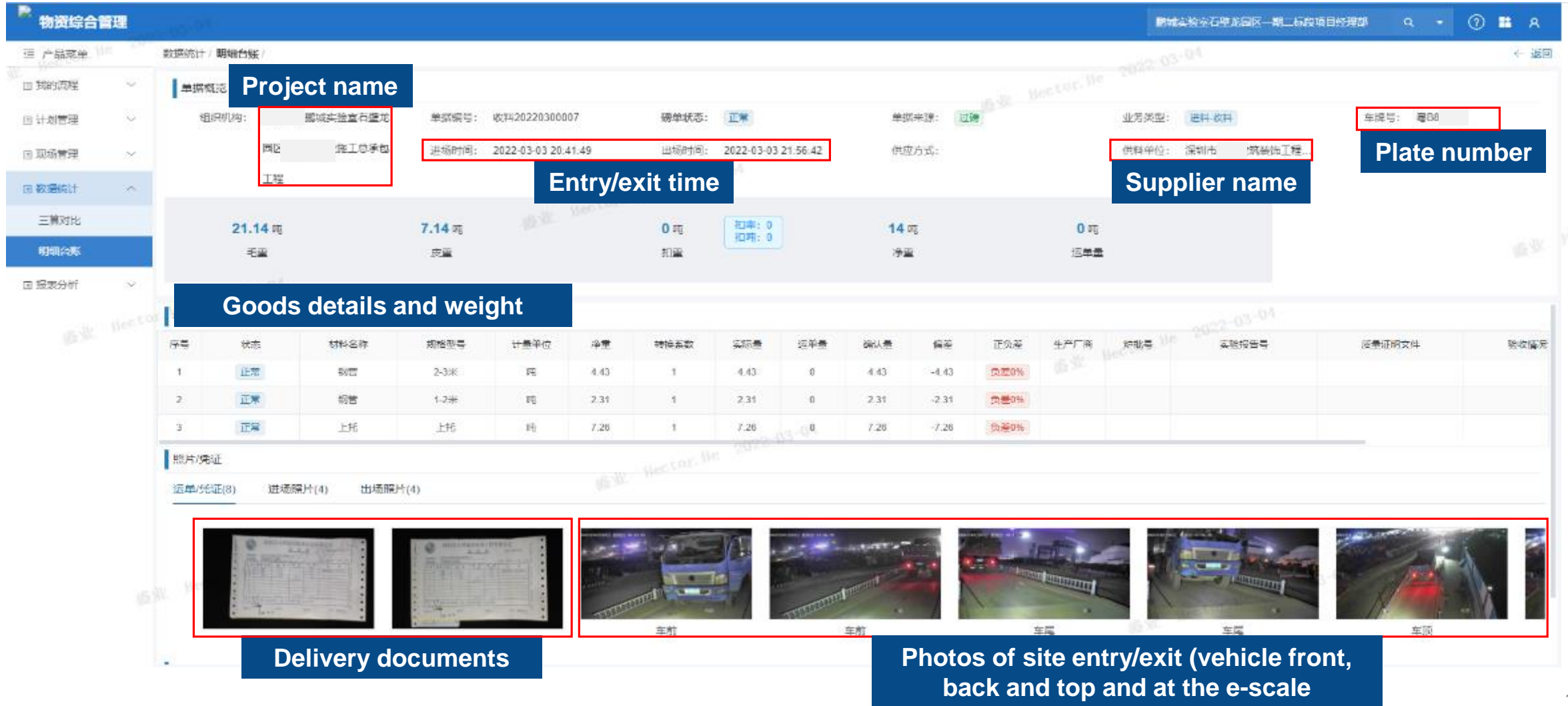


1 Tamper proof data

2 Reduce manual intervention

3 Real-time data uploading

4 Improve efficiency of document verification



**Project name**

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

入场时间: 2022-03-03 20:41:49 出场时间: 2022-03-03 21:56:42 供应方式: 供料单位: 深圳市 城岩筑工程...

**Entry/exit time**

**Supplier name**

**Plate number**

**Goods details and weight**

序号	状态	材料名称	规格型号	计量单位	净重	磅单系数	实际重	运单重	确认重	偏差	正负差	生产厂商	炉批号	实验报告号	发票证明文件	验收备注
1	正常	钢管	2-3米	吨	4.43	1	4.43	0	4.43	-4.43	负差0%					
2	正常	钢管	1-2米	吨	2.31	1	2.31	0	2.31	-2.31	负差0%					
3	正常	上托	上托	吨	7.26	1	7.26	0	7.26	-7.26	负差0%					

**Delivery documents**

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

## 1 Registration



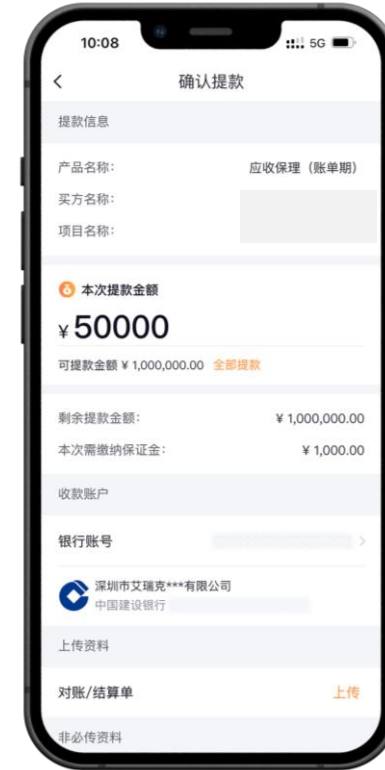
## 2 Appointment booking for application



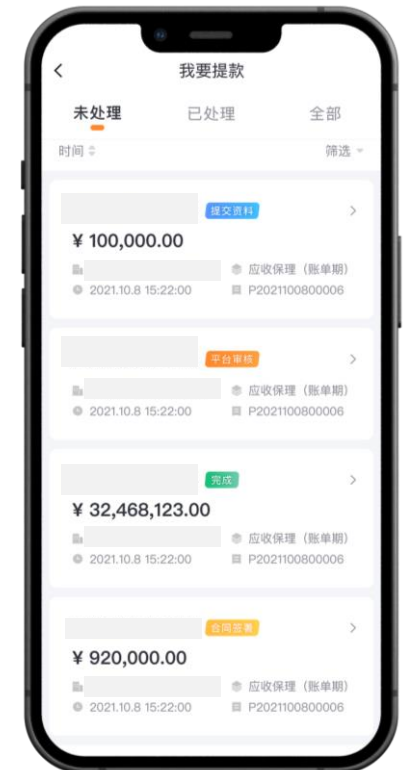
## 3 Loan application



## 4 Fund withdrawal



## 5 Completion



# Collaboration Model with Municipal SOEs for Regional Platform Expansion

## Strategic cooperation goals



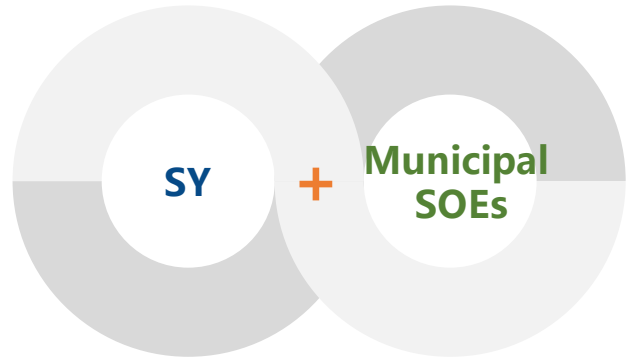
Collaborate with quality municipal SOEs, obtaining their endorsement, to establish regional supply chain financial services platforms for business expansion.



SY will export mature technology systems and platform services to accelerate the development of joint ventures



Promote digital upgrading of local industries and support the development of SMEs



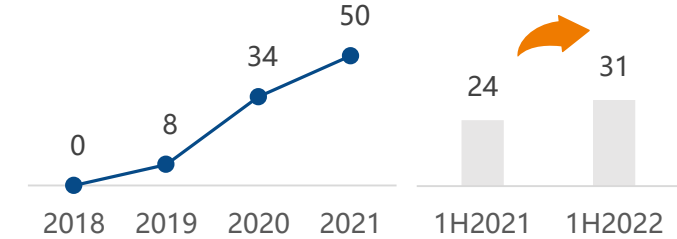
Empowerment,  
market operation



Successful studies

### Wuxi Guojin Net Profit

RMB billions



### SY value-add:

- Mature supply chain **technology system & platform-based services**
- **Support for big data risk management & operational management**
- Asset management services (ABS, ABN)
- Provides IIoT solutions to help promote industrial digitalization of SOE ecosystem

### Municipal SOEs value-add:

- Credit & capital support
- Rich industrial ecosystem & quality assets



- Strategic cooperation with **Wuxi Communications Industry Group (AAA-rated)**, established Wuxi Guojin
- Profit CAGR for the past four years=879%
- ROE: ~15%\*, NPL ratio: **0%**



- **Successfully replicating the Wuxi model**, established Ningbo Guofu with **NDIG (AAA-rated)**
- Further expanding business scale through leveraging the industrial ecosystem & creditworthiness support of NDIG

## Outlook



Focus on **eastern & southern China**, to establish **several regional supply chain financial services platforms** with **quality municipal SOEs** within the next three years

04

# Sector Outlook

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**Concern for  
safety & environment**

**Low level of informatization  
leading to difficulties in refined  
management**



**Difficulties & high costs in  
financing**

**Cumbersome loan procedure,  
customer experience**



**Difficulties in acquiring  
quality SMEs**

**Unreliable & delayed transaction  
information**

Integration of digital & real economy has become a national development strategy

2021

## The 34th Collective Learning of the 18th CPC Central Committee

General Secretary Xi emphasized to grasp the development trend and patterns of digital economy and promote the healthy development of digital economy in China

2020

## The Fifth Plenum of the 19th CPC Central Committee

Develops digital economy, promotes digital industrialization and industrial digitalization, promotes the deep integration of digital economy and real economy

2019

## 《Implementation Plan for The Innovative Development of National Digital Economy》

Stated clearly in policy documents that data was a new production factor

2018

## Central Economic Work Conference

Accelerates commercialization of 5G, enhances building of new infrastructure such as industrial Internet and IoT

2017

## Report of the 19th National Congress of CCP

Enhances the application of foundation research, to provide strong support for digital China and intelligent society

2016

## The 36th Collective Learning of the 18th CPC Central Committee

Promotes the deep integration of Internet and real economy, accelerates the digitalization and intellectualization of traditional industries

2015

## The Fifth Plenum of the 18th CPC Central Committee

Facilitates the integrated development of Internet and social economy

The government launched many favourable regulations and polices this year to facilitate the development of digital economy

## 《 Xi Jinping: constantly making China's digital economy stronger, better and bigger 》

Accelerates the building of new infrastructure ; promotes the integrated development of digital economy and real economy.

## - 《2035 Vision Outline in the 14th Five-year Plan》

Promotes deep integration of digital technology and real economy, empowers upgrade and transformation of traditional industries

## 《Digital Economy Development Plan in the 14th Five-year Plan》

By 2025, the share of core industrial value added of digital economy will increase from 7.8% to 10% in China

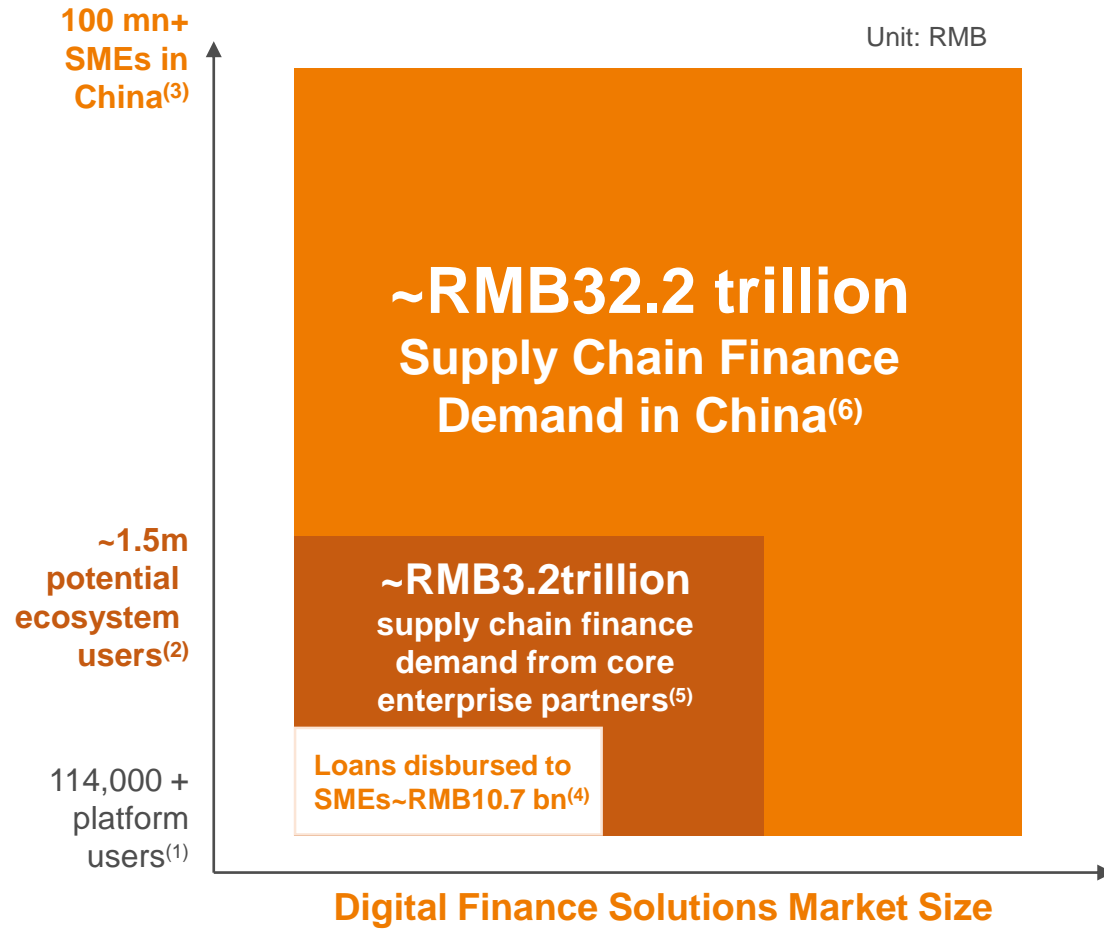
## 《A Package of Policy Measures to Further Stabilize The Economy》

Facilitates the regulated, healthy development of platform-based economy, leverages platforms to stabilize employment, helps SMEs with the development of platformized enterprises

## 《Notice of Carrying out the “Hand-in-Hand Action” to Promote the Collaborative Innovation by Small, Medium and Large-Sized Enterprises (2022-2025) 》

Use digitalization to open success to the data chain of SMEs. Encourages large enterprises to build digital services platforms that fit SMEs, promotes development of lean and low-cost industry supply chain collaborative solutions and scenarios

# Huge Addressable Market



Notes:

1. As of 30 June 2022
2. Forecast of supply chain finance market size in China (including inventory + accounts receivable + prepayments), as of 2021, according to public information
3. Sources: iResearch, 《Pandemic Watch: Research Report on SMEs Upgrade in China 》
4. Loans of SY's supply chain finance solutions + loan facilitated, as of 30 June 2022
5. FY2021 supply chain finance demand of SY core enterprises (including accounts receivable + notes receivable + accounts payable + notes payable, from 2021 annual reports of core enterprises)
6. Forecast of the supply chain finance market size in China (including inventory + accounts receivable + prepayments), as of 2022, according to public information
7. Forecast of smart construction + hospital SPD market size, as of 2021, according to public information and the company's research
8. Value of total new orderbook in the IIoT segment, as of 24 August 2022

05

# Corporate Responsibility

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**Responsible**  
*Inclusive Finance*  
**Model**



SY Cloud Platform received “3rd Level Certification of National Information Security Protection”

ISO27001 International Information Security Certification





## The **1st** “Dual-ESG Structure” Social & Sustainability-linked Syndicated Loan in China



Signed **RMB 500 million dual-ESG syndicated loan**.  
Incorporating social and sustainability-linked features



SY innovatively **integrates IIoT & digital finance businesses with SDGs** advocated by the UN



“Social Financing Framework” endorsed by leading ESG rating agencies **Morningstar Sustainalytics & SusallWave**



“Sustainability-Linked Financing Framework” endorsed by **SusallWave**



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

Hang Seng & MSCI ESG Rating

**A**

Diversified Board  
Female Staff

**53%**

SME Customers

**97%**

Average Loan Size

RMB **1.95 mn**

Number of people assisted

**>2,000**

Cumulative charitable donation

RMB **>10 mn**



06

# Financial Highlights

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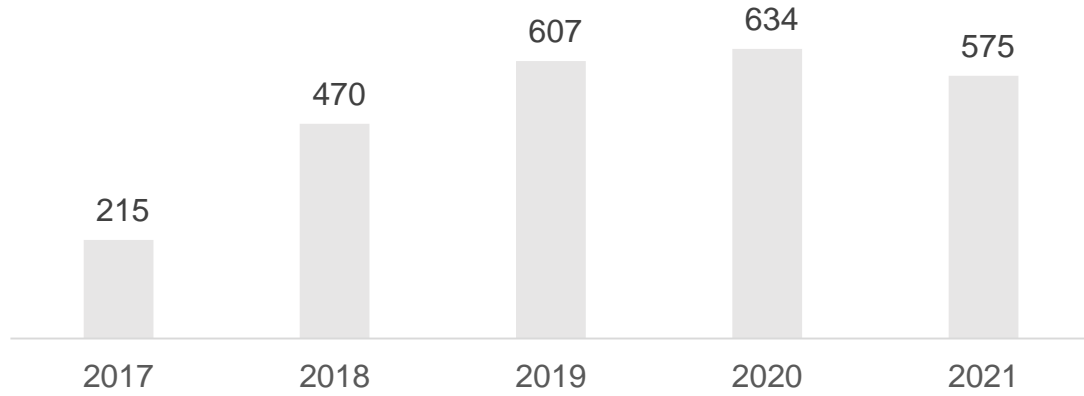
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# Track Record of Growth Since Listing

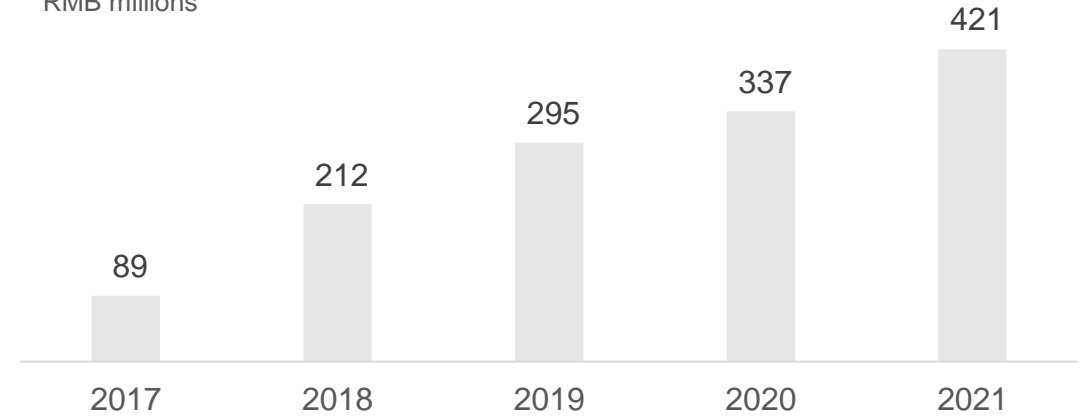
## Total Revenue

RMB millions



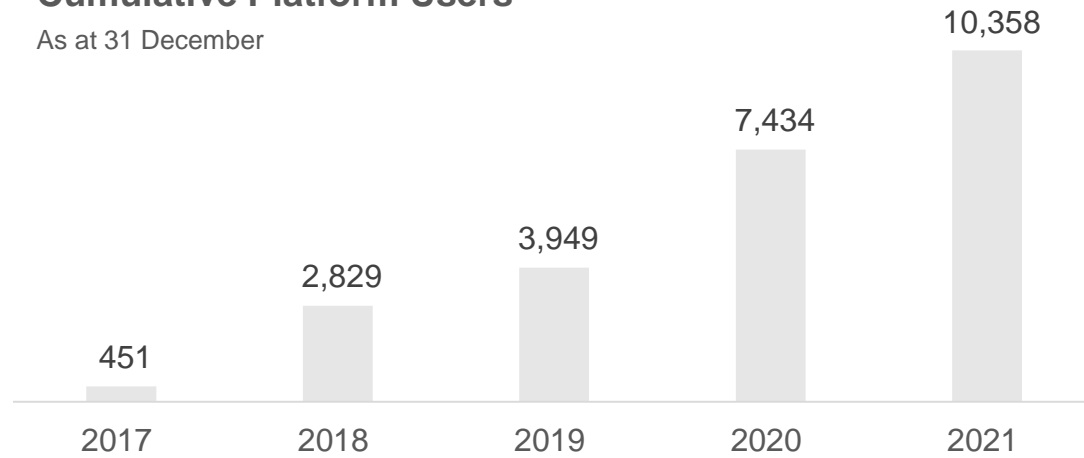
## Net Profit

RMB millions



## Cumulative Platform Users

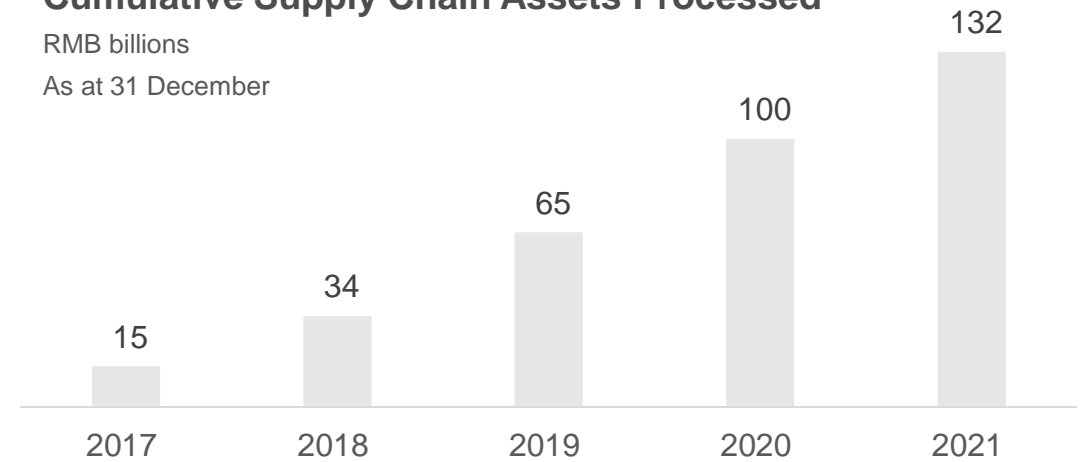
As at 31 December



## Cumulative Supply Chain Assets Processed

RMB billions

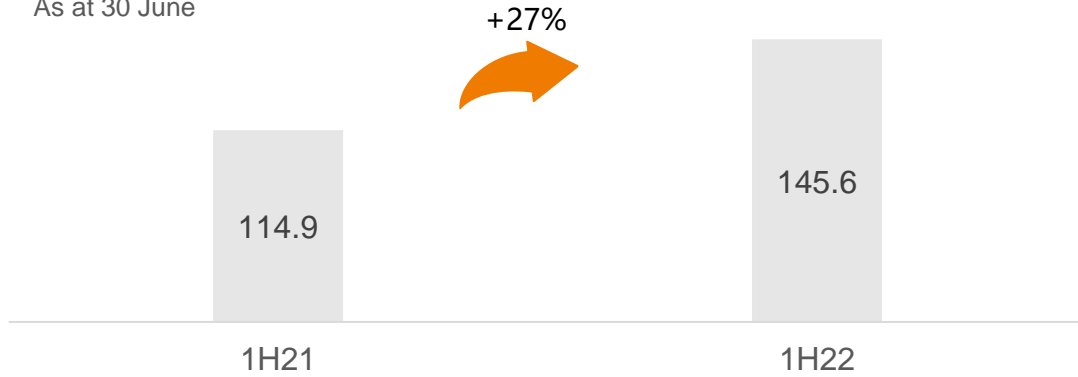
As at 31 December



# Steady Growth in Platform-based Business

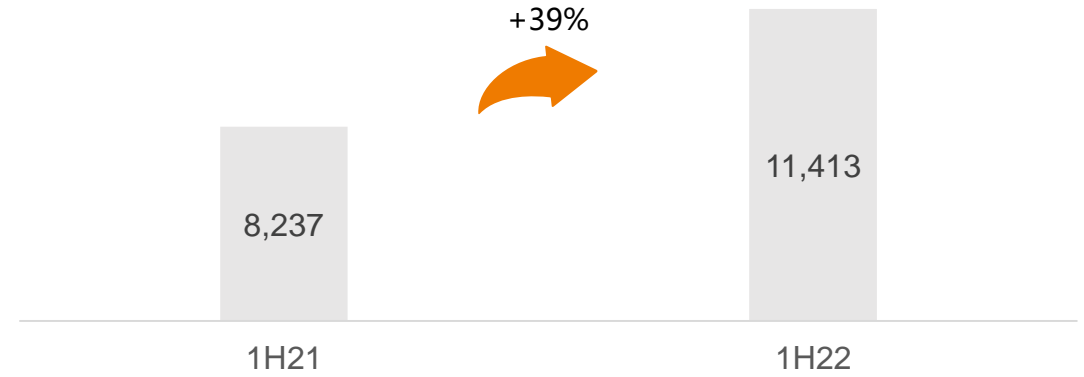
## Cumulative Supply Chain Assets Processed

RMB billions  
As at 30 June



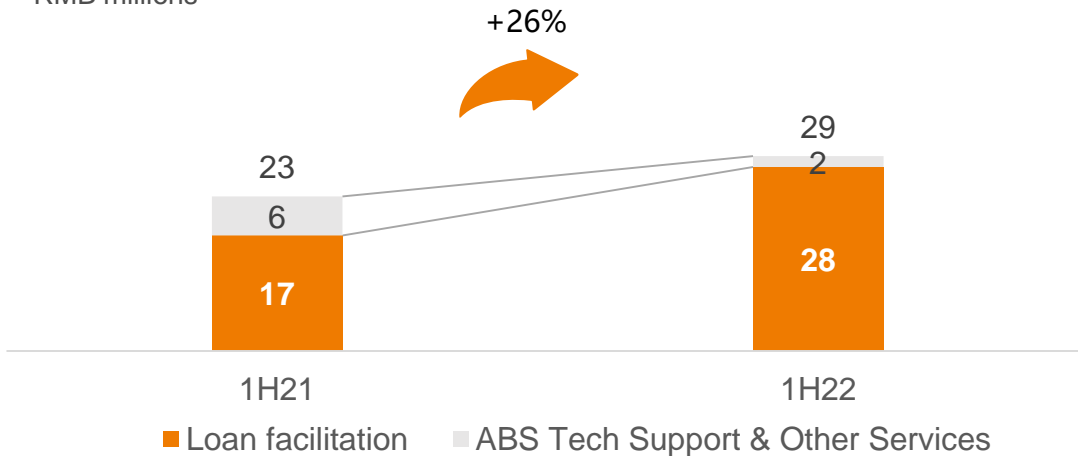
## Cumulative Platform Users

As at 30 June



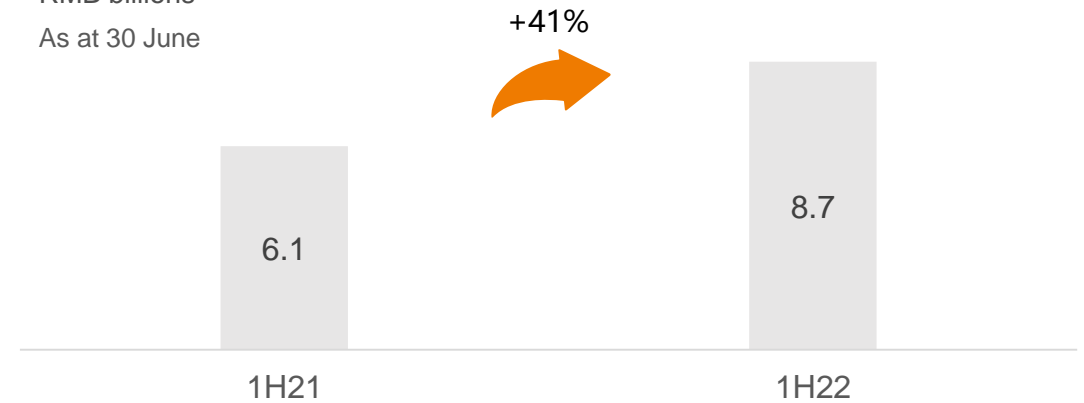
## Platform-based Services Revenue

RMB millions



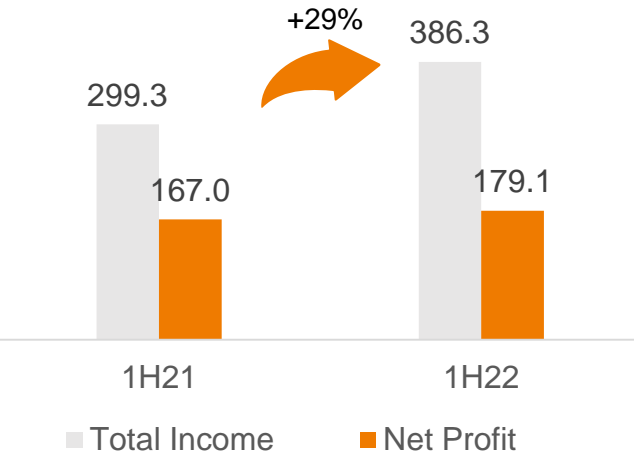
## Supply Chain Asset Including loan facilitation assets

RMB billions  
As at 30 June



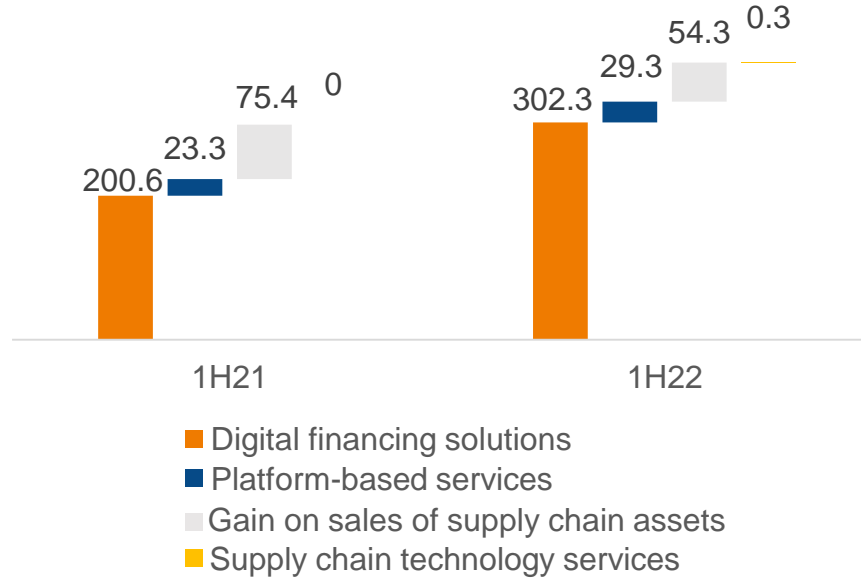
## Total Revenue and Net Profit

RMB millions

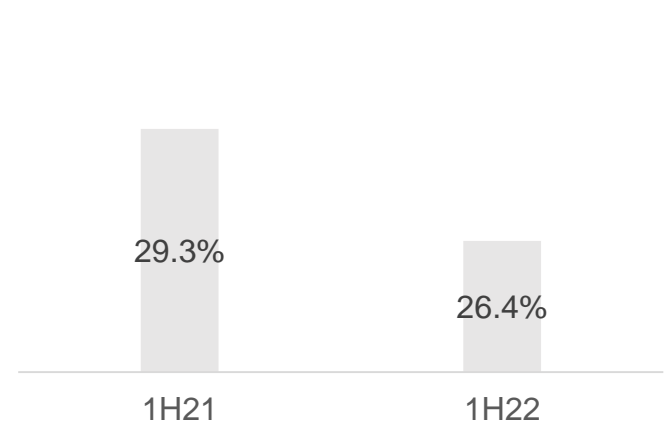


## Total Revenue and Income

RMB millions



## Operating Cost-to-Income

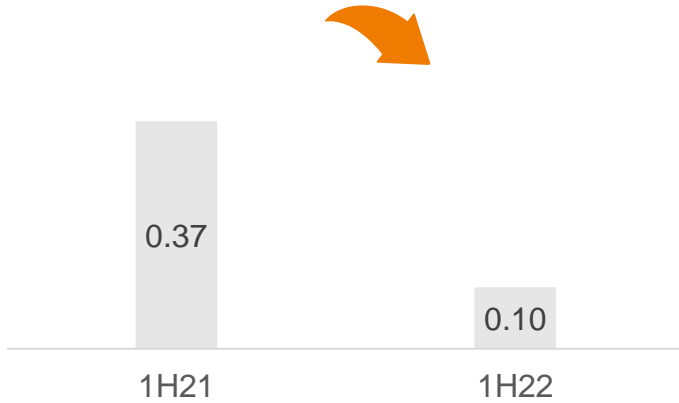


### Note:

- Total revenue = Digital financing solutions revenue + platform-based services revenue + gains on sales of supply chain assets + supply chain technology services revenue
- Under the parallel empowerment of industrial Internet of things and digital finance, technology continues to drive our financial capabilities with strong growth in our digital financial solutions and steady growth in our platform services
- Overall business scale increased, operating cost-to-income has been reduced, demonstrating improvement in operating efficiency and the synergies brought about by the Wuxi Guojin acquisition

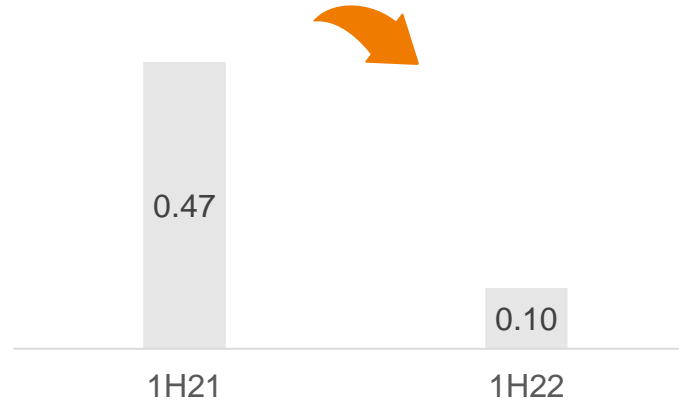
## NPL %

As at 30 June



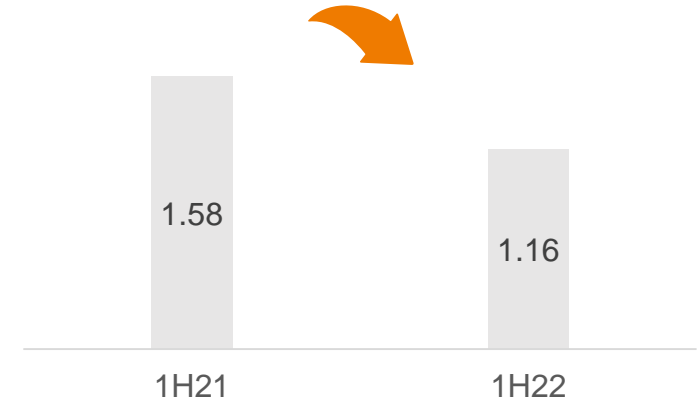
## Overdue %

As at 30 June



## Provision for Impairment %

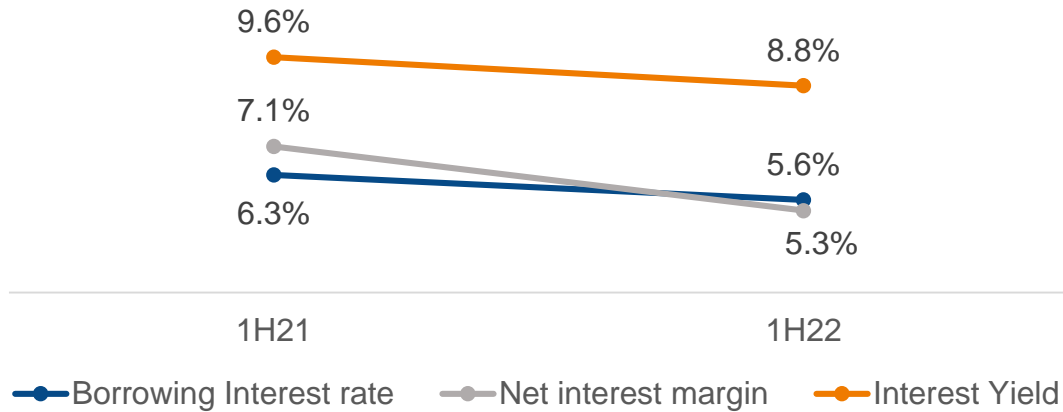
As at 30 June



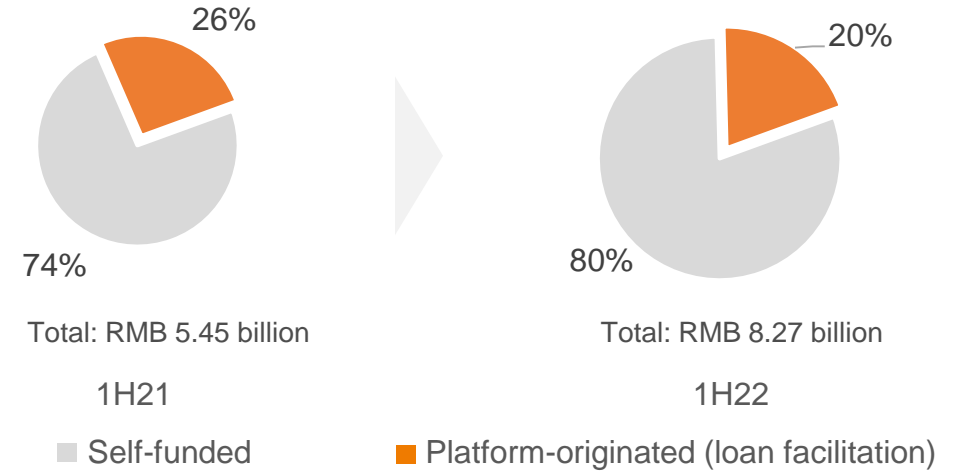
### Note:

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

## Net Interest Margin

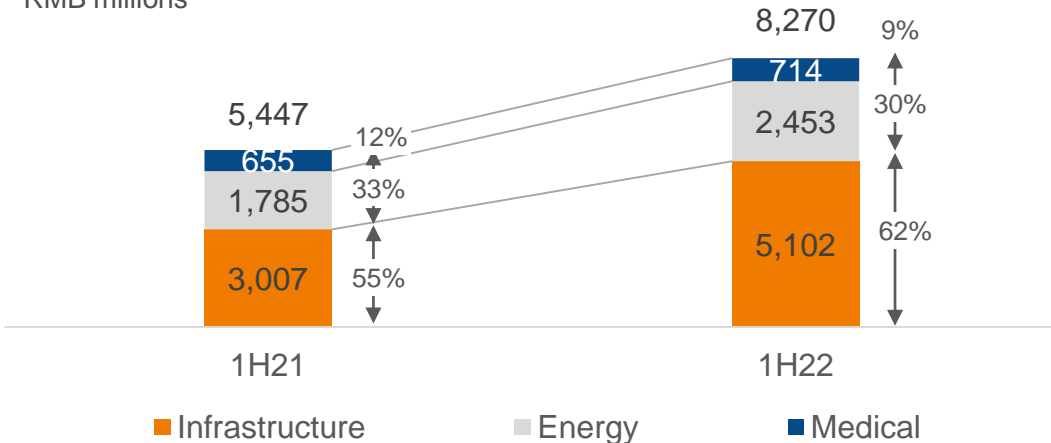


## Daily Average Supply Chain Asset Balance



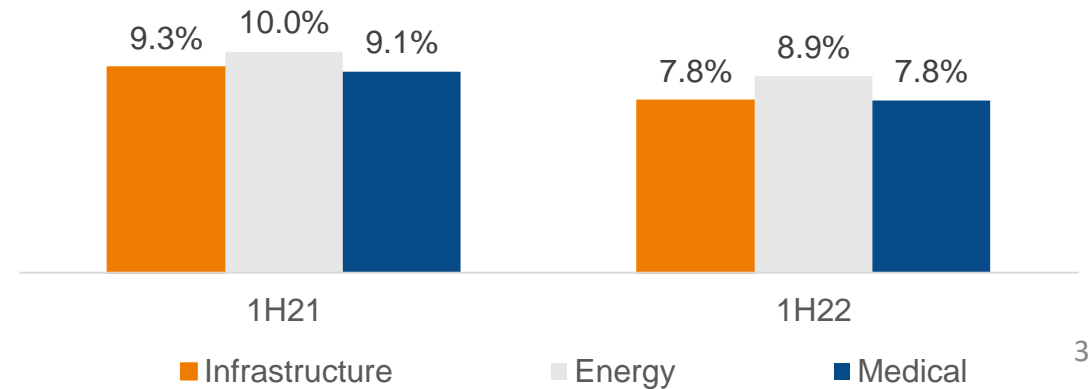
## Sector Mix

Based on daily average supply chain asset balance, including loan facilitation assets  
RMB millions



## Sector Yield

Based on daily average supply chain asset balance





# Driving Supply Chain Efficiency And Making Finance More Inclusive

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

