

[Immediate Release]

SY Holdings Announces 2023 Interim Results

Digital Technology Empowers Inclusive Finance and Platform-Based Services Boost Common Prosperity in the Enterprise Ecosystem

Hong Kong, August 30, 2023 – **SY Holdings Group Limited** (“SY” or the “Group” or the “Company”, stock code: 6069.HK) announced its interim results for the six months ended 30 June 2023 (the “Period”).

In the first half of 2023, the international environment is becoming increasingly complex and challenging, with continuous fluctuations in global capital markets. However, the Chinese economy is gradually stabilizing and recovering. Finding opportunities out of these challenges, SY focused on its principal activities in the digital finance business while further improving its technology strength and platform-based service capabilities. The Group achieved steady growth by ensuring the security and stability of the industrial and supply chain ecosystems in infrastructure, medicine, energy and other sectors, while providing small and medium-sized enterprises (SMEs) with financial services to help them weather the difficulties, and contributes to the high-quality development of the real economy. Adjusted net profit¹ was approximately RMB 188 million, an increase of 4.5% year-on-year.

During the Period, the Group posted growth in business scale, revenue, and profit driven by the improving financial technology capabilities of its inclusive finance business. As of June 30, 2023, revenues from digital financing solutions increased by 17% year-on-year to RMB 355 million. Proportion of standard factoring business exceeds 92%. The daily average supply chain assets balance increased by 53% year-on-year to approximately RMB 12.6 billion. The cumulative supply chain assets processed by the platform was approximately RMB 177 billion, representing growth of 21% compared with the corresponding period last year, and the cumulative number of customers reached 13,655, representing growth of 20% compared with the corresponding period last year, and the proportion of small and medium-sized customers exceeds 98%. The Group’s total revenue and income from principal activities was RMB 495 million, representing growth of 28% year-on-year.

¹ Exclude share incentive plan

With its mission of “driving supply chain efficiency and making finance more inclusive”, SY advanced its business in accordance with the principle of “technology plays a leading role in building an ecosystem”, aiming to establish a collaborative and mutually beneficial supply chain ecosystem.

As of June 30, 2023, the Group achieved technology-related revenue (including revenue from platform-based services and supply chain technology services) of over RMB 84.06 million, an increase of 184%. In addition, SY, with its strong technological strength and outstanding contributions in providing precise services to small and medium-sized enterprises, has been successfully selected on CNBC's "2023 Top 200 Global Financial Technology Companies" list.

Advancing the Platform Strategy to Promote the Integration of Industry and Finance

Thanks to the effective implementation of its platform strategy, SY continued to improve synergy with core enterprises by delivering product innovations and service upgrades in response to customers’ needs, which in turn promoted further integration of industry and finance, and provided a boost to the supply chain ecosystem.

In the infrastructure segment, SY Holdings wholly owned subsidiary SY’s wholly owned subsidiary (“SY Factoring”) cooperated with China Railway Capital Commercial Factoring to integrate the two companies’ factoring business systems. SY also completed the development of customized features for China Railway Capital Commercial Factoring’s core business process. The two parties also increased the scale of their cooperative factoring business to RMB1.5 billion, jointly providing financial support for China Railway Group Limited to empower industrial development through financing. In addition, SY was invited to attend the Supply Chain Conference of China Communications Construction Company Limited (CCCC) and officially launched two customized supply chain inclusive finance products, namely "Delivery Financing" and "Settlement Financing," on CCCC’s cloud e-commerce platform. SY also signed a joint factoring business cooperation agreement with CCCC Commercial Factoring Limited, a factoring arm of CCCC, laying the foundation for both sides to deepen their cooperation in supply chain digital finance.

In the pharmaceutical sector, leveraging the business opportunities of the China-Singapore (Chongqing) Strategic Connectivity Demonstration Initiative, SY reached a strategic partnership with CQ Pharmaceutical Holding Co., Ltd. focused on major projects in China’s healthcare industry. Through this partnership, SY plans to invest a total of SGD500 million (approximately RMB2.7 billion) to support the development

of enterprises in the Chinese pharmaceutical supply chain ecosystem by means of equity investment, digital financing, and pharmaceutical supply chain upgrades. In addition, SY successfully connected with the supply chain system of a leading pharmaceutical distribution company, expanding its supply chain financing service into a new segment of the pharmaceutical industry.

Strengthening Forward Factoring Business to Serve SMEs

Positioning itself as a leading supply chain technology platform, SY is committed to improving its ability to connect premium assets with inclusive financing offerings through its advanced digital technology and efficient intelligent risk control expertise. In addition, Sheng Ye supports the stable development of SMEs through its on-going efforts in driving forward factoring business.

In terms of digital finance, SY exported mature technology systems and platform-based services to local factoring companies with state-owned enterprise (SOE) backgrounds in various provinces. Levering the enhanced credit gained its association with prominent local SOEs and their industry ecosystems, SY reduced capital costs and increased leverage, which enabled SY to support the real economy by providing financing services to accelerate business expansion. As of June 30, 2023, the cumulative number of funding partners connected with the SY platform increased to 122, an increase of 34% year-on-year, underlining SY's position as a preferred partner for financial institutions to provide inclusive finance services.

In terms of business expansion, SY made major breakthroughs in “e-CNY +” application scenarios by launching the “largest single Digital RMB factoring transaction of RMB 100 million in the factoring industry” and the “first digital RMB salary” respectively. SY also actively explored business opportunities related to innovative supply chain finance application scenarios such as “e-CNY + intelligent contracts”. SY Factoring Limited, SY's wholly owned subsidiary, successfully completed the switch to the Second Generation Credit Reporting System of the People's Bank of China (PBOC), raising its risk control ability to a new level. SY completed a Dual ESG-Structured Syndicated Loan facility of RMB 530 million, facilitating financing needs for SMEs. Meanwhile, SY also successfully issued forward factoring asset-backed Securities of over RMB2 billion, with the fourth tranche having a record-low coupon rate of only 2.7% in the Jiangsu region for similar ABS issuances. This has effectively revitalized high-quality forward factoring assets.

In terms of business layout, with support from the Wuxi Economic Development Zone, SY successfully held the foundation stone laying ceremony for its eastern China

headquarters. When completed, the headquarters will seek to attract cutting-edge science and technology startups, financial institutions, and the top-500 global enterprises in the supply chain, aiming to “attract from the outside and incubate startups internally” through the construction of an industrial digital ecosystem base integrating scientific innovation, ecological empowerment, and green development.

SY has always regarded science and technology as the key element of the supply chain, and has continuously enhanced the linkage between technology and its business. The Shengyitong cloud platform, independently developed by SY, accelerates iteration by upgrading its digital and intelligent functional modules such as intelligent registration and duplication checking, invoice rapid authenticity verification, credit report analysis, and intelligent contract approval, continuously improving the efficiency of supply chain finance business processing and enhancing customers' entire process online service experience. As of June 30, 2023, cumulative R&D expenses reached RMB 170 million, the Company holding a total of 62 R&D national invention patents and software copyrights.

Embracing Sustainable Development and Contributing to Public Welfare

Despite the complex and ever-changing business environment, SY has always adhered to a long-term development strategy, and actively responded to the UN Sustainable Development Goals. In 2023, SY received another “A” rating from MSCI ESG Research after receiving its first “A” rating in 2021. In addition, ranking near the top among its industry peers globally.

SY remains true to its aspiration of contributing to public welfare and fulfilling its corporate social responsibilities. In March 2023, the SY Public Welfare Foundation (the “Foundation”) organized child congenital heart disease screening and treatments for children with congenital heart disease in the Tibetan regions in Qinghai Province. To date, the Foundation has sponsored nearly a hundred children to undergo surgical treatment at hospitals in Shenzhen. In May, the Foundation participated in “The Egg Walkathon” to help children in need in the central regions of China. In July, the Foundation jointly hosted the “Little Migratory Birds at Construction Sites Summer Camp” with the Shandong Branch of China Construction Second Engineering Bureau Ltd.

SY is committed to promoting public welfare and charity. Since its establishment in 2021, the Foundation has engaged in giving back to society through practical actions, making donations to children in need, helping industry and rural revitalization, and supporting youth inspirational programs. Since 2014, employees of the Group have

participated in over 218 public welfare activities, with a cumulative public welfare expenditure of over RMB 10.9 million, a cumulative public welfare duration of over 3,070 hours, and benefitting over 4,400 individuals.

About SY Holdings Group Limited (stock code: 6069.HK)

The Group's mission is to "Drive Supply Chain Efficiency and Make Finance More Inclusive", with a vision to "become Asia's most reliable supply chain technology platform". The Group has served various national strategic industries including the infrastructure, medical and energy segments, and is also actively expanding into other strategic emerging industries. Listed on the main board of the Hong Kong Stock Exchange, SY Holdings is a constituent of the MSCI Small Cap China Index, Hang Seng Composite Index, Hang Seng Corporate Sustainability Index and is on the Shenzhen-Hong Kong Stock Connect, Shanghai-Hong Kong Stock Connect. Notable institutional investors in the Group include Temasek Holdings, China Taiping Insurance, Olympus Capital and Wuxi Communications Industry Group.

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