Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2021

PERFORMANCE HIGHLIGHTS

For the year ended 31 December 2021

- Total cumulative supply chain assets processed was approximately RMB132 billion as of 31 December 2021, representing an increase of approximately 33% as compared to approximately RMB100 billion as of 31 December 2020.
- In line with the Group's platform-based strategy, total cumulative platform users were over 10,300 as of 31 December 2021, representing an increase of approximately 39% as compared to over 7,400 as of 31 December 2020. Total funding partners increased by 87% from 46 as of 31 December 2020 to 86 as of 31 December 2021.
- Revenue from platform-based services and supply chain technology services for the year ended 31 December 2021 was RMB50.2 million representing an increase of approximately 43.4%, as compared to RMB35.0 million for the year ended 31 December 2020.
- Income from digital financing solutions for the year ended 31 December 2021 was RMB430.0 million representing a decrease of approximately 6.7%, as compared to RMB460.9 million for the year ended 31 December 2020.
- Profit after taxation for the year ended 31 December 2021 was RMB421.5 million representing an increase of approximately 24.9%, as compared to the profit after tax of approximately

The Group's proprietary fintech platform, known as "SY Cloud Platform" incorporates 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, to automate and facilitate the Group's risk management system, as well as to ensure a seamless customer experience for online application and the approval process.

Platform-based Services

In recent years, the Group's technological capabilities has also been instrumental in driving its platform-based businesses. Under this category, the Group provides AR management and asset origination services as part of its loan facilitation business, enabling banks and other financial institutions to tap on additional customer acquisition channels. This approach also enables the Group to capitalize on the rapid digitalization of the economy and its operating track record, allowing it to effectively connect quality assets to funding providers within the supply chain ecosystem. As of 31 December 2021, the Group's total number of funding partners stood at 86.

As part of its platform-based offering, the Group also facilitates the issuance of asset-backed financial products which include asset-backed securities ("**ABS**") and asset-backed notes ("**ABN**") issued by large corporations through providing related services.

Supply Chain Technology Services

As part of expanding its technological offerings and efforts to further solidify its position as a one-stop service platform within the supply chain ecosystem, SY provides customers with supply chain technology solutions such as smart enterprise solutions and supply chain procurement systems. Since inception, this strategy has enabled the Group to access real-time transaction data, enhance supply chain finance offerings and deepen relationships with various stakeholders including core enterprises, SMEs and financial institutions within the supply chain service ecosystem.

As an extension of these technological solutions, coupled with deep industry knowledge in the core sectors of infrastructure, medical and energy, the Group also provides smart industrial Internet-of-Things ("**IoT**") and efficient Software-as-a-Service ("**SaaS**") solutions to enterprises, enabling greater visibility on their operations and better cost-to-performance management. The pioneering sectors targeted by the Group under this category include smart construction and hospital supply, processing, and distribution ("**SPD**") solutions.

These supply chain technology services help to increase the operating efficiency of the enterprises and allow the Group to improve its big data and customer acquisition capabilities. By harnessing transaction data to create more accurate and comprehensive user profiles, the Group's risk management process will be reinforced. The provision of supply chain technology services further broadens the Group's product and service offerings with core enterprises, SMEs and financial institutions, effectively positioning the Group as the go-to partner within the supply chain ecosystem.

Over the year, the Group has proactively engaged in strategic discussions with various parties. Within the healthcare segment, the Group is currently collaborating with one of the largest healthcare distribution groups in China to deploy SPD services to hospitals. Within the infrastructure segment, the Group is currently providing smart construction solutions to one of the largest construction groups in China.

Sale of supply chain assets

From time to time, the Group sells supply chain assets to various financial institutions including asset managers and trust companies based on their risk appetites for fixed income products. The sale of these assets allows the Group to optimize its capital structure, improving its cash flow, thereby enabling it to advance its platform business. The gains from the sale of these assets are recognized based on the difference between the consideration received and the carrying amount of the supply chain assets. As at 31 December 2021, none of the supply chain assets that were previously sold to independent third parties were non-performing assets.

2. Full Year 2021 Highlights

A pivotal year of strategic growth and transformation

- SY launched its Dual-Engine One-Platform strategy in January 2021 as part of a major strategic pivot towards deepening its technological capabilities and integration into the supply chain ecosystem. By leveraging its track record and embracing the two verticals of industrial technology and digital finance, SY is well positioned for expanding into the industrial technology segment, propelling it into the next phase of growth.

- The Group continued to see resilient and sustainable growth in the supply chain industry with total cumulative supply chain assets processed as of 31 December 2021 amounting to RMB132 billion, an increase of 33% over that as of 31 December 2020.

- In line with these various initiatives and its transformation over the past year, the Group had also rebranded its company name to "SY Holdings Group", removing the word "Capital" with effect from December 2021. The new name better reflects the corporate image, strategic development plans as well as future direction of the Group, which echoes with its platformisation strategy and business expansion in supply chain technology segments.

Platform growth remains robust

- SY continues to experience significant growth across its supply chain technology platform. In addition to increasing its total cumulative processed supply chain assets, the Group's daily average loan facilitation balance[2] increased to RMB1,624 million as of 31 December 2021, an increase of 83% over the previous year. The number of cumulative funding partners increased to 86 compared to 46 as of 31 December 2020.

As part of boosting the two growth engines, namely industrial technology and digital finance. SY has made various investments within the industrial technology space based on creating a digitalized supply chain ecosystem for the infrastructure and healthcare sectors; as well as penetrating new industries powered by digitalization.

In terms of creating a digitalized supply chain ecosystem, SY targeted the infrastructure and healthcare sectors, providing smart construction solutions, consumer healthcare SaaS solutions and SPD services to strengthen the Group's IoT and SaaS capabilities. Each investment is typically executed alongside a collaborative agreement, with the purpose of driving data analytics, product innovation, and improving customer acquisition for the digital financing sector among others.

In July 2021, SY joined forces with Tencent Cloud for the co-development of a "Smart Construction + Digital Supply Chain" platform, and to accelerate the creation of an industrial IoT ecosystem in the infrastructure sector. In August 2021, SY, jointly with Tencent Cloud Computing (Beijing) Co., Ltd. ("**Tencent Cloud**") co-led an equity investment into Mengcheng Technology Co Ltd, a leading SaaS provider of engineering management solutions for the infrastructure sector. The Group also completed an investment into a Shanghai-based leading medical SaaS provider, LinkedCare, alongside other investors. In addition to this investment, SY also signed a strategic collaboration agreement with LinkedCare which relate to the joint development of initiatives in healthcare big data analytics and supply chain digital financing for the consumer healthcare sector.

As part of a strategic push into the industrial technology segment and consolidation of resources, the Group acquired a further 40% stake in Wuxi Guojin Factoring Limited* (無錫國金商業保理有限公司) ("**WXGJ**") in December 2021, increasing its effective equity interest to 80%. This transaction enabled SY to capture new growth opportunities in Wuxi, which is reputed globally as the "IoT capital" of China due to its industrial technology innovation as well as its rich ecosystem of IoT companies.

WXCIG remaining as a shareholder of WXGJ, SY is also well positioned to leverage WXCIG's strong position in the industrial ecosystem to acquire more customers and obtain more business opportunities in the transport and infrastructure sectors. The local network and financial support brought by the state-owned group will also enable the Group to pursue its regional expansion plans more efficiently.

In September 2021, SY also signed a strategic partnership agreement with the Administrative Commission of the Jiangsu Wuxi Economic Development Zone, deepening the Group's collaboration with the local municipal government and establishing the Group's East China regional headquarters and Supply chain technology R&D hub. This also underscores the Group's advancement of inclusive digital financial services, scientific and technological talent development, as well as furthering research and development initiatives within the industrial technology segment.

In addition, Sheng Ye Information Technology Service (Shenzhen) Co., Limited, a wholly owned subsidiary of the Group, was officially awarded the ISO/IEC 27001: 2013 International Information Security Certification in October 2021 by CEPREI, an authoritative body specializing in third-party certification accredited by the China's Certification and Accreditation Administration. These milestones mark another important step forward for SY Holdings in terms of compliance, system security development and client information protection.

The Group's commitment to innovation and industrial technology was also widely credited by the industry with The "China Commercial Factoring Industry Innovation Case" Award at the 9th China Commercial Factoring Industry Summit for outstanding performance in supply chain fintech innovation; and the "2021 Annual Factoring Industry Contribution" Award at the 3rd International Factoring and Supply Chain Finance Conference among others.

For its efforts in technological innovation, SY was awarded the "Best SaaS Company" at the 6th Golden Hong Kong Stocks Awards, demonstrating the recognition of the Company's contribution to the supply chain SaaS development by the industry and investors.

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 sale of supply chain assets.

The Group's total revenue and income from principal activities decreased by 9.3% year-on-year to RMB575.3 million for the year ended 31 December 2021, compared to RMB634.1 million for the last year, mainly due to the fact that the Group is focusing more on its platform-based services under the strategic transformation. In particular, the interest income from the digital financing solutions decreased, which was offset, however, to a certain extent by the rapid growth of income from platform-based services.

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 2021 and 2020.

	Year ended 31 December				
	2021			2020	
	RMB'000	**% of total**	**Year-on-year**	*RMB'000*	% of total
Revenue from contracts with customers					
– Platform-based services					
– Loan facilitation services	**40,029**	**7.0%**	**234.1%**	11,981	1.9%
– Technology service for asset–backed securitisation products	**3,525**	**0.6%**	**-73.5%**	13,305	2.1%
– Other services	**4,930**	**0.9%**	**-49.4%**	9,748	1.5%
Subtotal	**48,484**	**8.5%**	**38.4%**	35,034	5.5%
– Supply chain technology services	**1,671**	**0.3%**	**N/A**	–	–
Income from digital financing solutions					
– Interest income	**410,505**	**71.3%**	**-7.4%**	443,529	70.0%
– Guarantee income	**19,509**	**3.4%**	**12.6%**	17,324	2.7%
Subtotal	**430,014**	**74.7%**	**-6.7%**	460,853	72.7%
Gain on sales of supply chain assets	**95,164**	**16.5%**	**-31.2%**	138,233	21.8%
Revenue and income from principal activities	**575,333**	**100.0%**	**-9.3%**	634,120	100.0%

Platform-based services

Revenue from platform-based services comprises (i) services fees received from customers by providing loan facilitation services through SY Cloud platform, (ii) technology service fees that the Group charged for facilitating the issuance of ABS/ABN by large core enterprises, and (iii) services fees received from customers by providing AR management services. Revenue from platform-based services significantly increased by 38.4% year-on-year to approximately RMB48.5 million for the year ended 31 December 2021, compared to approximately RMB35.0 million for the last 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 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 supply chain technology services amounted to RMB1.7 million for the year ended 31 December 2021.

Digital financing solutions

Income from digital financing solutions comprises interest income received from providing flexible supply chain financing solutions and guarantee services fees arising mainly from the Group's loan facilitation business. Income from digital financing solutions decreased by 6.7% year-on-year to RMB430.0 million for the year ended 31 December 2021, compared to RMB460.9 million for the last year, mainly due to (i) the shift in focus towards platform-based services as part of its strategic expansion; (ii) higher allocation to low risk products with lower-yield; and (iii) the lower interest yields on supply chain assets in line with the national policies of facilitating inclusive financing to support the SME community.

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

22 compred to t.2mviion(f)056 (o)0.5 rf thelhason supply chain assets and thetoitag amounts of supply ch

Expenses

The following table sets forth the comparative figures of the principal components of the operational expenses for the year ended 31 December 2021 and 2020.

	Year ended 31 December		
	2021	2020	
	RMB'000	*RMB'000*	**Year-on-year**
Staff costs	**153,512**	117,772	30.3%
Depreciation and amortisation	**22,886**	17,718	29.2%
Consumables used	**1,503**	–	N/A
Other operating expenses	**54,738**	53,105	3.1%
Total	**232,639**	188,595	23.4%

The Group's total operational expenses increased by 23.4% year-on-year to RMB232.6 million for the year ended 31 December 2021, compared to RMB188.6 million for the last year, mainly due to (i) the increase in staff costs of RMB35.7 million, and the increase in depreciation of property, equipment and right-of-use assets and amortisation of intangible assets of RMB5.2 million as a result of business

expecut Gpur plator maation ostatiegy

BUSINESS OUTLOOK AND PROSPECTS

By continuing on its mission of "Driving Supply Chain Efficiency, Making Finance More Inclusive", SY completed its strategic upgrade and consolidation of its business structure last year, forming the dual business engines which comprised industrial technology and digital finance. The Group will also continue investing in these two growth engines as part of its vision "to become Asia's most reliable supply chain technology platform".

Pursuing consistent execution of a platform-based strategy enabled by digitalisation

Demand for SME financing remains resilient and continues to demonstrate huge growth potential on the heldqus in Wue Grdustrial7 6sIoT1 7 (anlegnt)12.6 7. anAgns rt2.7 (Wue)112.7 (Eack)1dro12.7 (, back of an improving macroeconomic environment, supportive Chinese government policies towards industrial digitalization as well as the push for more innovation and inclusive financial support for the SME community.

In line with these policies, SY will continue to invest heavily in research and development to build its digital technologies and competencies around the supply chain ecosystem. The Group believes that further integration of funding providers and key stakeholders within the supply chain ecosystem will continue to generate significant opportunities and synergies for SY's platform-driven strategy.

Supply chain technology as a new driver of growth

China continues to nurture the development of strategic industries with a focus on technology and new digital industries under its annual work report and 14th Five-Year Plan. The Group believes that this policy will support the Government's push towards digitalizing and upgrading the industrial landscape, driving demand for supply chain technology, smart construction solution and hospital SPD solutions across the supply chain ecosystem.

Consolidation of the Group's resources and the establishment of the Group's East China regional

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

During the year ended 31 December 2021, the Group's main source of funds was the cash generated from daily operations, proceeds from new borrowings and the placement of shares. As at 31 December 2021, the Group had bank balances of RMB800.4 million (31 December 2020: RMB348.7 million), of which 96.4% and 2.0% were denominated in RMB and HKD respectively.

As at 31 December 2021, the Group had interest-bearing borrowings and loans from related parties which amounted to RMB4,340.9 million (31 December 2020: RMB1,486.7 million). Its gearing ratio, expressed as total liabilities over total equity was 1.23 as at 31 December 2021 (at 31 December 2020: 0.58).

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK7.5 cents per ordinary share of the Company for the year ended 31 December 2021 (for the year ended 31 December 2020: HK6.3 cents per ordinary share).

USE OF PROCEEDS

The Placement in 2020

On 11 September 2020 (before the trading hours), the Company, Wisdom Cosmos, Macquarie, DBS Asia Capital Limited ("**DBS**") and BOCI Asia Limited ("**BOCI**") (Macquarie, DBS and BOCI collectively referred to as the "**Joint Placement Agents A**") entered into a placement agreement pursuant to which the Wisdom Cosmos agreed to place, through the Joint Placement Agents A on a best effort basis, a maximum of 55,500,000 existing ordinary shares at a price of HKD7.00 per share ("**Placement A**").

On the same date, Wisdom Cosmos and the Company entered into a subscription agreement under which Wisdom Cosmos conditionally agreed to subscribe for, and the Company conditionally agreed to issue, the ordinary subscription shares ("**Subscription A**").

The Placement A and the Subscription A were completed on 15 September and 21 September 2020 respectively. An aggregate of 55,500,000 new shares (equals to the number of the shares successfully placed under Placement A) were subscribed by Wisdom Cosmos at a price of HKD7.00 for each new share. The new shares from Placement A and Subscription A represent approximately 5.93% of the issued share capital of the Company translating to total net proceeds of approximately HKD382.7 million (equivalent to approximately RMB334.1 million).

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 B**") entered into a placement agreement pursuant to which the Company conditionally agreed to place, through the Placement Agent B on a best effort basis, a maximum of 63,068,000 ordinary shares at a price of HKD8.80 per share ("**Placement B**"). The placing shares were allotted and issued pursuant to the general mandate for the Company.

The Placement B 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 B to two placees, namely Xitong International Holdings (HK) Limited and Pavilion Capital Fund Holdings Pte. Ltd., at a price of HKD8.80 for each new share. The new shares from Placement B represent approximately 6.29% of the issued share capital of the Company translating to total net proceeds of approximately HKD550.8 million (equivalent to approximately RMB456.2 million).

The placing price of HKD8.80 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 2020 and 31 December 2021, details of the use of proceeds of the placement were as follows:

Use of proceeds	Net proceeds raised (Approximately HK$ million)	Actual use of net proceeds during the year ended 31 December 2020 (Approximately HK$ million)	Actual use of net proceeds during the year ended 31 December 2021 (Approximately HK$ million)	Intended use and expected timeline of the remaining amount of net proceeds
Expansion of the supply chain financing operation of the Group	363.6	363.6	–	The amount of the net proceeds for expansion of the supply chain financing operation of the Group had been fully utilised.

Use of proceeds	Net proceeds raised (Approximately HK$ million)	Actual use of net proceeds during the year ended 31 December 2020 (Approximately HK$ million)	Actual use of net proceeds during the year ended 31 December 2021 (Approximately HK$ million)	Intended use and expected timeline of the remaining amount of net proceeds
Enhancing the online factoring platform, SasS capabilities and data-driven risk control system of the Group	19.1	18.0	1.1	The amount of the net proceeds for enhancing the online factoring platform, SaaS capabilities and data-driven risk control system of the Group had been fully utilised.
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	The remaining unutilised amount of approximately HK$162.9 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 2023
General working capital of the Group's platformisation	110.2	–	7.1	The remaining unutilised amount of approximately HK$103.1 million will be used for general working capital of the Group's platformisation and is expected to be fully utilised by 31 December 2022.

CAPITAL COMMITMENTS

As at 31 December 2021, the capital commitments of the Group comprised purchase of equipment of approximately RMB0.5 million, purchase of intangible assets of approximately RMB0.4 million and investment in an associate of approximately RMB0.2 million (31 December 2020: investment in an associate of approximately RMB 3.2 million and purchase of intangible assets of approximately RMB 0.1 million).

CONTINGENT LIABILITIES

Save as disclosed in note 19 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 2021, the Group had pledged bank deposits of RMB429.3 million, security deposits of RMB0.2 million, and certain supply chain assets with an aggregate carrying amount of RMB2,160.8 million to banks and third parties for facilities, loan facilitation platform in partnership with banks and derivative financial instruments (31 December 2020: pledged bank deposits of RMB255.5 million, security deposits of RMB9.2 million, and certain supply chain assets with an aggregate carrying amount of RMB678.7 million to banks and third parties for facilities, loan facilitation platform in partnership with a bank and derivative financial instruments).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

In January 2021, May 2021 and July 2021, the Group de-registered its investment in Tianjin Sheng Peng Enterprise Management Consulting Co., Ltd* (天津盛鵬企業管理咨詢有限公司) ("**SP**"), Tianjin Zhuguang Shengye Enterprise Management Consulting Co., Ltd* (天津珠光盛業企業管理咨詢有限公司) ("**ZGSY**") and Yi Lian Shu Ke (Shenzhen) Co., Limited* (易聯數科(深圳)有限責任公司) ("**YLSK**"), subsidiaries of the Company. There were no profit or loss and cash flows of SP, ZGSY and YLSK recognised on the consolidated financial statements for the reporting period

In December 2021, the Group completed an acquisition of 40% equity interest in WXGJ, an associate which was owned as to 40% by the Group at 31 December 2020, for a consideration of RMB360,000,000. Subsequently, WXGJ became a non-wholly owned subsidiary of the Group.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 31 December 2021 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 the 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 in the key strategic areas, inter alia, industrial technology and digital finance, to further strengthen the Group's platform-based technology services and market position within the supply chain ecosystem.

FOREIGN EXCHANGE RISKS

The Group's exposure to foreign currency risk related primarily to bank balances, pledged bank deposits, other receivables, borrowings, bank overdraft and lease liabilities that are denominated in HK$, US$ and S$. The Group entered into foreign exchange swap contracts, cross currency swap contracts , foreign currency option contracts and foreign currency forward contracts during the year to manage its foreign currency risk exposures arising from certain variable-rate bank borrowings denominated in HK$ 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 2021, the Group had a total of 347 staff (31 December 2020: 287 staff). Total staff costs (including Directors' emoluments) were approximately RMB172.4 million (for the year ended 31 December 2020: RMB123.4 million) including total share option benefits for employees were RMB12.9 million for the year ended 31 December 2021 (for the year ended 31 December 2020: RMB5.5 million). Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employees. 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 is 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 employees in Hong Kong, Singapore and the PRC, 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 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.

PRC employees 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.

RECENT DEVELOPMENT OF REGULATORY FRAMEWORK

Following the Data Security Law of the People's Republic of China (the "**Data Security Law**") which came into force on 1 September 2021, the Personal Information Protection Law of the People's Republic of China (the "**Personal Information Protection Law**") was effective from 1 November 2021. The Personal Information Protection Law establishes individuals' consents as the principal legal basis for processing personal information. It requires that the processing of personal information shall abide by the principles of legality, fairness, good faith, minimum necessity, openness and transparency. There shall also be specific and reasonable purposes of processing.

On 29 December 2021, the Tianjin Local Financial Supervision Bureau promulgated the Interim Measures for the Supervision and Administration of Tianjin Commercial Factoring Companies《天津市商業保理公司監督管理暫行辦法》in substitute of the previous Administrative Measures for Pilot Tianjin Commercial Factoring Companies (Trial Implementation)《天津市商業保理試點管理辦法(試行)》published in April 2019. Other than expanding the applicable criteria of the policy from a district in Tianjin to the whole city as well as making clarifications on the previous provisions, inter alia, to expressly reconfirm the legality of the transactions and funding activities in relation to the factoring business, there is no other significant changes between the two policies.

The Directors confirm that the Group will be able to comply with the above-mentioned legal requirements. The Group has established a professional and comprehensive data security working group to continuously optimize the management and protection mechanism for the data security life cycle. The Group has established relevant policies and standards to ensure sufficient consents are obtained in advance and to protect the security of personal information it collected and processed. The Group is committed to building a data security system that is in line with its strategic development, protect the interests of users, and fulfil the necessary regulatory requirements to ensure the sustainable development of its platform-based strategy. Obtaining the Level 3 certification of China's National Information Security Level Protection Certification and ISO/IEC 27001: 2013 International Information and Security Certification in 2021 demonstrated the Group's effort and capacity to comply with the national data protection framework.

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 2021, 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 10 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 Chi Fung ("**Mr. Tung**") *(Note 1)*	Beneficiary of a trust and settlor of a discretionary trust	559,415,960 (L) *(Note 2)*	55.70%
	Share option	3,000,000 *(Note 3)*	0.30%
Mr. Chen Jen-Tse	Beneficial owner	65,000 (L) *(Note 2)*	0.01%
	Share option	3,300,000 *(Note 3)*	0.33%
Mr. Lo Wai Hung	Beneficial owner	160,000 (L) *(Note 2)*	0.02%
	Share option	1,200,000 *(Note 3)*	0.12%
Mr. Hung Ka Hai Clement	Share option	500,000 *(Note 3)*	0.05%
Mr. Loo Yau Soon	Share option	500,000 *(Note 3)*	0.05%
Mr. Fong Heng Boo	Share option	300,000 *(Note 3)*	0.03%
Mr. Tang King San Terence	N/A	N/A	N/A

Notes:

1. Wisdom Cosmos Limited ("**Wisdom Cosmos**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the beneficial owner of 559,415,960 shares of the Company, representing approximately 55.70% shareholding interests in "

"(TMF)Tust
"**(PJ)Tust**

Save as disclosed herein, as at 31 December 2021, 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

3. Xitong, a company incorporated in Hong Kong, is the beneficial owner of 61,363,500 shares of the Company, representing approximately 6.11% 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 2021, 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 2021, i) 21,373,000 granted options were outstanding under the share option scheme; ii) 4,632,500 granted options were exercised; iii) 3,197,500 granted options were lapsed; and iv) no granted options were cancelled.

Pursuant to Rule 17.07(2) of the Listing Rules, the closing prices of the Shares immediately before 11 September 2017, 14 November 2018 and 15 July 2020, being the dates on which the Options were granted, were HK$4.14, HK$6.50 and HK$6.60 respectively.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 December 2021, the remaining life of the Share Option Scheme is about 5 years and 4 months old.

Save for the grants of share options on 11 September 2017, 14 November 2018 and 15 July 2020 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 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

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 2021.

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

For the year ended 31 December 2021, 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 10 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 2021.

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.

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 2021 and thereafter up to the date of this announcement.

CORPORATE GOVERNANCE

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 14 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 from the Listing Date to 31 December 2021.

DIVIDEND POLICY

The Company has adopted a dividend policy that aims to provide the guidelines for the Board to

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 2021 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.

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 14 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. Hung Ka Hai Clement, Mr. Loo Yau Soon and Mr. Fong Heng Boo (appointed on 10 December 2021). Mr. Twoon Wai Mun, Benjamin resigned from the Audit Committee on 10 December 2021. The Chairman of the Audit Committee is Mr. Hung Ka Hai Clement.

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 ommitUDIT COMMITTEE G4)is prelimso the Group's audited Tdultragraph D22s audincial

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	**2021**	2020
		RMB'000	*RMB'000*
Profit for the year	*11*	**421,473**	337,396
Other comprehensive income (expense) ("OCI"):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**33**	–
Fair value gain (loss), net of ECL and reclassification of fair value through OCI ("FVTOCI") reserves upon derecognition on:			
– supply chain assets at FVTOCI		**4,843**	(1,735)
Income tax relating to items that may be reclassified subsequently		**(67)**	(91)
Share of other comprehensive expense of associates, net of related income tax		**(1,297)**	(721)
Other comprehensive income (expense) for the year, net of income tax		**3,512**	(2,547)
Total comprehensive income for the year		**424,985**	334,849
Attributable to:			
– Owners of the Company		**415,112**	327,098
– Non-controlling interests		**9,873**	7,751
		424,985	334,849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**31/12/2021**	31/12/2020
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**7,687**	8,042
Right-of-use assets		**15,372**	24,680
Goodwill	*22*	**316,028**	–
Intangible assets		**148,435**	22,218
Investments in associates	*14*	**11,380**	150,911
Deferred tax assets		**28,289**	25,210
Supply chain assets at FVTOCI	*15*	**115,974**	14,278
Other financial assets at fair value through profit or loss ("FVTPL")	*16*	**93,165**	74,263
Prepayments for non-current assets		**11,066**	637
Refundable rental deposits		**3,924**	3,839
		751,320	324,078
CURRENT ASSETS			
Supply chain assets at FVTOCI	*15*	**6,562,402**	3,789,922
Derivative financial instruments		**–**	790
Other financial assets at FVTPL	*16*	**190,233**	30,878
Deferred rent from guarantee Contract cos35.445 0 Td(3,924)Tj/T1 1 Tf7.087 01,74(8,042)Tj0.025		**1,966,878**	

	NOTES	**31/12/2021**	31/12/2020
		RMB'000	*RMB'000*

CURRENT LIABILITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserves *RMB'000*	FVTOCI reserves *RMB'000*	Translation reserves *RMB'000*	Share-based payments reserves *RMB'000*	Statutory reserves *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2020	7,636	1,592,105	1,547	2,125	–	17,659	80,002	587,925	2,288,999	129,061	2,418,060
Profit for the year	–	–	–	–	–	–	–	329,252	329,252	8,144	337,396
Other comprehensive expense for the year	–	–	–	(2,154)	–	–	–	–	(2,154)	(393)	(2,547)
Total comprehensive income for the year	–	–	–	(2,154)	–	–	–	329,252	327,098	7,751	334,849
Issue of new shares from placing	484	338,361	–	–	–	–	–	–	338,845	–	338,845
Transaction costs attributable to issue of new shares from placing	–	(4,770)	–	–	–	–	–	–	(4,770)	–	(4,770)
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	(19,984)	(19,984)
Transfer to PRC statutory reserves	–	–	–	–	–	–	4,619	(4,619)	–	–	–
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	(5,531)	(5,531)
Recognition of equity-settled share-based payments	–	–	–	–	–	5,509	–	–	5,509	–	5,509
Dividends recognised as distribution *(note 12)*	–	(42,652)	–	–	–	–	–	–	(42,652)	–	(42,652)
Exercise of share options	7	3,908	–	–	–	(897)	–	–	3,018	–	3,018
Lapse of share options	–	–	–	–	–	(805)	–	805	–	–	–
At 31 December 2020	8,127	1,886,952	1,547	(29)	–	21,466	84,621	913,363	2,916,047	111,297	3,027,344

	Attributable to owners of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Capital reserves *RMB'000*	FVTOCI reserves *RMB'000*	Translation reserves *RMB'000*	Share-based payments reserves *RMB'000*	Statutory reserves *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2021	8,127	1,886,952	1,547	(29)	–	21,466	84,621	913,363	2,916,047	111,297	3,027,344
Profit for the year	–	–	–	–	–	–	–	411,043	411,043	10,430	421,473
Other comprehensive income (expense) for the year	–	–	–	4,036	33	–	–	–	4,069	(557)	3,512
Total comprehensive income for the year	–	–	–	4,036	33	–	–	411,043	415,112	9,873	424,985
Issue of new shares from placing	522	459,161	–	–	–	–	–	–	459,683	–	459,683
Transaction costs attributable to issue of new shares from placing	–	(3,260)	–	–	–	–	–	–	(3,260)	–	(3,260)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	100,993	100,993
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	(23,020)	(23,020)
Transfer to PRC statutory reserves	–	–	–	–	–	–	8,552	(8,552)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(16,394)	(16,394)
Recognition of equity-settled share-based payments	–	–	–	–	–	12,882	–	–	12,882	–	12,882
Dividends recognised as distribution *(note 12)*	–	(49,146)	–	–	–	–	–	–	(49,146)	–	(49,146)
Exercise of share options	38	26,140	–	–	–	(6,651)	–	–	19,527	–	19,527
Lapse of share options	–	–	–	–	–	(316)	–	316	–	–	–
At 31 December 2021	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

CONSOLIDATED STATEMENT OF CASH FLOWS

	2021	2020
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit for the year	**421,473**	337,396
Adjustment for:		
Taxation	**40,676**	49,692
Share of profit of associates	**(16,814)**	(14,706)
Depreciation of property and equipment	**3,264**	2,254
Depreciation of right-of-use assets	**12,129**	9,970
Amortisation of intangible assets	**7,493**	5,494
Impairment losses under ECL model, net of reversal	**17,184**	15,200
Net loss arising from changes in fair value of derivative financial instruments	**13,286**	16,127
Loss on deregistration of subsidiaries	**1,480**	–
Loss on disposal of equipment	**22**	24
Loss (gain) from termination of a lease contract	**1**	(26)
Loss on disposal of investments in associates	**–**	48
Rent concessions	**–**	(224)
Gain from modification of a borrowing	**–**	(859)
Net gain from changes in fair value of other financial assets at FVTPL	**(32,810)**	(33,251)
Gains arising from acquisition of a subsidiary	**(204,752)**	–
Equity-settled share-based payments expense	**12,882**	5,509
Finance costs	**129,228**	126,721
Bank interest income	**(5,304)**	(2,890)
Interest income from a loan receivable	**(1,151)**	(1,190)
Exchange gain, net	**(2,964)**	(27,836)
Operating cash flows before movements in working capital	**395,323**	487,453

	2021	2020
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
New borrowings raised	**2,714,806**	2,090,249
Loans raised from related parties	**1,177,563**	449,359
Issue of placing shares	**456,423**	334,075
Repayment of pledged bank deposits for borrowings	**100,966**	–
Proceeds received on exercise of equity-settled share options	**19,527**	3,018
Repayment of pledged bank deposits for bank overdraft	**8,419**	–
Repayment of security deposits for borrowings	**–**	6,296
Interest paid for bank overdraft	**(79)**	(494)
Interest paid for lease liabilities	**(1,330)**	(1,487)
Repayment of lease liabilities	**(12,042)**	(8,831)
Interest paid for loans from related parties	**(16,632)**	(8,559)
Dividends paid to non-controlling shareholders of subsidiaries	**(21,925)**	–
Dividends paid to the shareholders of the Company	**(48,615)**	(41,650)
Interest paid for borrowings	**(127,159)**	(123,392)
Pledged bank deposits paid for borrowings	**(271,730)**	–
Repayment of loans from related parties	**(1,307,563)**	(449,359)
Repayment of borrowings	**(1,895,227)**	(2,473,565)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**775,402**	(224,340)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**459,526**	(49,412)
Effect of foreign exchange rate changes	**2,997**	27,836
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**337,887**	359,463
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by	**800,410**	337,887
Bank balances	**800,410**	348,715
Bank overdraft	**–**	(10,828)
	800,410	337,887

2.2 Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 *Financial Instruments: Disclosures* ("HKFRS 7").

As at 1 January 2021, the Group has several financial liabilities and derivatives, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts. The amounts of financial liabilities and derivatives are shown at their carrying amounts and derivatives are shown at their notional amounts.

	HKD Hong Kong Interbank Offered Rate ("HIBOR")	**USD London Interbank Offered Rate ("LIBOR")**
	RMB'000	*RMB'000*
Financial liabilities		
– Borrowings	292,335	114,923
– Bank overdraft	10,828	–
	303,163	114,923
Derivative financial instruments		
– Cross currency swap contracts	42,165	122,276

During the year, the Group's LIBOR bank borrowings with carrying amounts of RMB117,999,000 have been transitioned to the relevant alternative benchmark rates. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

New and 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:

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
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 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and 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 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:

- 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:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- 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*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2021, and the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 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 is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to

Upon the application of the amendments, the Group will recognise 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 differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is still in the process of assessing the full impact of the application of the amendments. The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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 and by the Hong Kong Companies Ordinance.

4. SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	2021	2020
	RMB'000	*RMB'000*
Platform-based services		
– Loan facilitation services	**40,029**	11,981
– Technology service for asset-backed securitisation products	**3,525**	13,305
– Other services	**4,930**	9,748
	48,484	35,034
Supply chain technology services	**1,671**	–
	50,155	35,034

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition		
Over time		
– Loan facilitation services	**40,029**	11,981
– Supply chain technology services	**1,671**	–
– Other services	**3,959**	8,299
	45,659	20,280
A point in time		
– Technology service for asset-backed securitisation products	**3,525**	13,305
– Other services	**971**	1,449
	4,496	14,754
	50,155	35,034

All the Group's contracts with customers 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 2021 and 2020 is not disclosed.

(ii) Income from digital financing solutions

	2021	2020
	RMB'000	*RMB'000*
Digital financing solutions		
– Interest income	**410,505**	443,529
– Guarantee income	**19,509**	17,324
	430,014	460,853

(iii) Gain on sales of supply chain assets

For the years ended 2021 and 2020, 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.

	2021	2020
	RMB'000	*RMB'000*
Gain on sales of supply chain assets	**95,164**	138,233

6. OTHER INCOME

	2021	2020
	RMB'000	*RMB'000*
Government subsidies	**19,834**	19,942
Bank interest income	**5,304**	2,890
Interest income from a loan receivable	**1,151**	1,190
Others	**397**	45
	26,686	24,067

7. OTHER GAINS AND LOSSES

	2021	2020
	RMB'000	*RMB'000*
Gains arising from acquisition of a subsidiary	**204,752**	–
Net gain from changes in fair value of other financial assets at FVTPL	**32,810**	33,251
Exchange gain, net	**2,964**	27,836
Gain from modification of a borrowing	**–**	859
Loss on disposal of investments in an associate	**–**	(48)
(Loss) gain from termination of a lease contract	**(1)**	26
Loss on disposal of equipment	**(22)**	(24)
Loss on deregistration of subsidiaries	**(1,480)**	–
Net loss arising from changes in fair value of derivative financial instruments	**(13,286)**	(16,127)
Others	**(21)**	(2)
	225,716	45,771

8. IMPAIRMENT LOSSES UNDER ECL MODEL, NET OF REVERSAL

	2021	2020
	RMB'000	*RMB'000*
Impairment losses recognised (reversed) on:		
– Supply chain assets at FVTOCI	**14,822**	11,830
– Financial guarantee contracts	**2,569**	7,152
– Loan receivable	**–**	(3,978)
– Receivables from guarantee customers	**(207)**	196
	17,184	15,200

9. FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on borrowings	**116,839**	116,181
Interest on loans from related parties	**10,980**2021	

11. PROFIT FOR THE YEAR

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

	2021	2020
	RMB'000	*RMB'000*
Directors' emoluments	**8,149**	6,503
Other staffs costs (excluding directors' emoluments)		
– Salaries, allowances and other staff benefits, including share option expenses	**156,547**	116,194
– Staffs' retirement benefit scheme contributions	**7,685**	656
Total staff costs	**172,381**	123,353
Less: amount capitalised in intangible assets	**(18,869)**	(5,581)
Staff costs recognised in profit or loss	**153,512**	117,772
Depreciation of property and equipment	**3,294**	2,310
Depreciation of right-of-use assets	**(18,869) 27,10 on of right-of-use a**	

5,T473.701 0 lSBT/T1 146f0 Tc 0 Tw 12 0 0 12 402.5196 556.8484 Tm( )TjETq 1 0 **(18,869)** .2282 55546745 cm0 0 m73.701 0 lSBT/T1 14

12. DIVIDENDS

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

	2021	2020
	HK$'000	*HK$'000*
2020 final – HK6.3 cents (2020: 2019 final dividend HK5.3 cents) per share	**59,064**	46,694

	2021	2020
	RMB'000	*RMB'000*
Shown in the consolidated financial statements	**49,146**	42,652

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2021 of HK7.5

14. INVESTMENTS IN ASSOCIATES

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

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Cost of investments in associates, unlisted	**10,200**	130,000
Share of post-acquisition profit, net of dividends declared	**940**	19,374
Share of post-acquisition OCI	**240**	1,537
	11,380	150,911

15. SUPPLY CHAIN ASSETS AT FVTOCI

In the current year, the name of "factoring assets at FVTOCI" was changed to "supply chain assets at FVTOCI". Prior year disclosures have been re-presented to conform with the current year's presentation.

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Supply chain assets at FVTOCI	**6,678,376**	3,804,200
Analysed for reporting purposes as:		
Current assets	**6,562,402**	3,789,922
Non-current assets	**115,974**	14,278
	6,678,376	3,804,200

As at 31 December 2021, the effective interest rates of the supply chain assets range mainly from 3.00% to 16.00% (31 December 2020: 5.80% to 17.50%) per annum.

As at 31 December 2021, the gross carrying amount of supply chain assets of RMB19,500,000 is past due (31 December 2020: RMB21,411,000). 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):

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Past due by:		
0 – 30 days	**2,295**	–
31 – 60 days	**–**	1,381
61 – 90 days	**–**	8,090
Over 90 days	**17,205**	11,940
	19,500	21,411

16. OTHER FINANCIAL ASSETS AT FVTPL

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Equity tranche	**107,545**	91,980
Structured deposit	**108,374**	2,005
Unlisted equity investment	**65,550**	–
Trust fund	**1,929**	3,374
Distressed debt assets	**–**	7,782
	283,398	105,141
Analysed for reporting purposes as:		
Current assets	**190,233**	30,878
Non-current assets	**93,165**	74,263
	283,398	105,141

17. PLEDGED BANK DEPOSITS/BANK BALANCES

The ranges of effective interest rates/market rates on the Group's pledged bank deposits/bank balances are as follows:

	Range of interest rates (per annum)	
	31/12/2021	31/12/2020
	%	*%*
Fixed-rate pledged bank deposits	**0~2.20**	0~1.28
Market rate bank balances	**0~1.82**	0~1.73

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

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
The bank deposits pledged for:		
– bank borrowings	**330,937**	160,173
– loan guarantee contracts in relation to third parties	**96,320**	78,044
– derivative financial instruments	**2,000**	8,853
– bank overdraft	**–**	8,419
	429,257	255,489

18. OTHER PAYABLES AND ACCRUED CHARGES

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Deposits from customers	**155,101**	6,440
Settlement payables to customers and funding providers	**92,024**	18,481
Accrued charges	**57,484**	43,017
Other tax payables	**38,881**	30,089
Dividend payable to shareholders of the Company	**1,533**	1,002
Dividend payable to a non-controlling shareholder of a PRC subsidiary	**–**	5,531
Other payables	**584**	992
	345,607	105,552

19. LIABILITIES ARISING FROM GUARANTEE CONTRACTS

	31/12/2021			31/12/2020		
	Premium less accumulated amortisation	**ECL provision**	**Carrying amount**	Premium less accumulated amortisation	ECL provision	Carrying amount
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee contracts in relation to:						
– third parties	**9,603**	**19,669**	**20,116**	16,861	21,883	24,805
– an associate	**–**	**–**	**–**	4,937	959	4,937
	9,603	**19,669**	**20,116**	21,798	22,842	29,742

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.

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Guarantee contracts in relation to:		
– third parties	**1,334,663**	1,382,907
– an associate	**–**	385,600
	1,334,663	1,768,507

20. BORROWINGS/BANK OVERDRAFT

(a) Borrowings

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Bank borrowings	**2,721,745**	765,501
Entrusted loans	**187,491**	124,738
Bank loans under finance arrangements	**119,725**	–
Bills discounted	**43,113**	30,352
Other loans	**868,939**	555,322
	3,941,013	1,475,913
Secured	**2,434,345**	1,190,253
Unsecured	**1,506,668**	285,660
	3,941,013	1,475,913

At 31 December 2021, bank and other borrowings were repayable as follows:

	Bank borrowings		Other borrowings		Total	
	31/12/2021	31/12/2020	**31/12/2021**	31/12/2020	**31/12/2021**	31/12/2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
The carrying amounts of the above borrowings are repayable*:						
Within one year	**2,203,378**	664,349	**684,658**	530,947	**2,888,036**	1,195,296
Within a period of more than one year but not exceeding two years	**461,000**	–	**450,000**	–	**911,000**	–
Within a period of more than two year but not exceeding five years	**–**	–	**30,000**	–	**30,000**	–
	2,664,378	664,349	**1,164,658**	530,947	**3,829,036**	1,195,296
The carrying amounts of the above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:						
Within one year	**57,367**	101,152	**36,151**	179,465	**93,518**	280,617
Within a period of more than one year but not exceeding two years	**–**	–	**18,459**	–	**18,459**	–
	2,721,745	765,501	**1,219,268**	710,412	**3,941,013**	1,475,913
Less: Amounts due within one year shown under current liabilities	**(2,260,745)**	(765,501)	**(739,268)**	(710,412)	**(3,000,013)**	(1,475,913)
Amounts shown under non-current liabilities	**461,000**	–	**480,000**	–	**941,000**	–

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

(b) Bank overdraft

As at 31 December 2020, the bank overdraft amounted to HK$12,865,000 (equivalent to RMB10,828,000), which is repayable on demand, carrying interest rate per annum at the rate of the benchmark rate offered by the HIBOR plus 2.25% per annum, guaranteed by the Company and a PRC subsidiary and pledged by bank deposit amounting to HK$10,000,000 (equivalent to RMB8,419,000).

21. SHARE CAPITAL

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

	Number of shares	Share capital
		HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	5,000,000,000	50,000,000

	Number of shares	Share capital
		HK$
Issued:		
At 1 January 2020	880,316,000	8,803,160
Issue of new shares from placing	55,500,000	555,000
Exercise of share options	780,000	7,800
At 31 December 2020	936,596,000	9,365,960
Issue of new shares from placing	63,068,000	630,680
Exercise of share options	4,632,500	46,325
At 31 December 2021	1,004,296,500	10,042,965

	31/12/2021	31/12/2020
	RMB'000	*RMB'000*
Shown in the consolidated statement of financial position	**8,687**	8,127

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

22. ACQUISITION OF A SUBSIDIARY

The Group held 40% equity interest in WXGJ as an associate at 31 December 2020. On 6 December 2021, the Group acquired 40% additional interest in WXGJ for a consideration of RMB360,000,000. The acquisition has been accounted for as acquisition of business using the acquisition method. WXGJ is principally engaged in the digital financing solutions services and was acquired with the objective of enhancing the Group's financial performance.

Consideration transferred

	RMB'000
Cash	360,000

Acquisition-related costs have been excluded from the consideration transferred and have been recognised as an expense in the current year, in the consolidated statement of profit or loss.

	RMB'000
Goodwill arising on acquisition:	
Cash consideration transferred	360,000
Fair value of previously equity interest held as interest in WXGJ	360,000

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, 30 March 2022

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. Hung Ka Hai Clement, Mr. Loo Yau Soon, Mr. Fong Heng Boo and Mr. Tang King San Terence

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$1.22 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.