THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

21 November 2023

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"Previous Facility Agreements (Customer HJ)"	collectively, (1) the facility agreement dated 29 March 2019; (2) the supplemental facility agreement dated 30 April 2020; (3) the second supplemental facility agreement dated 30 October 2020; (4) the third supplemental facility19;2wAeement daA2.5984 668.1046 BT0 0m.2 ((Agreements

"U.S." or "United States"	the United States of America, its territories and possessions and all areas subject to its jurisdiction
"US$"	the United States dollar, the lawful currency of the United States
"Wisdom Cosmos"	Wisdom Cosmos Limited, a company incorporated in the British Virgin Islands, is the beneficial owner of 560,601,960 Shares, representing approximately 56.64% shareholding interests in the Company
"%"	per cent

References to time and dates in this circular are to Hong Kong time and dates.

To support the business development of NBGF (an affiliated company of the Company) and Ocean

Accordingly, on 31 October 2023, SY Factoring entered into the Facility Agreement with Customer HJ, pursuant to which SY Factoring and its associated companies agreed to grant a revolving and comprehensive credit limit of RMB1,000,000,000 to Customer HJ in relation to the Digital Financing Solutions to be provided through the Platform.

As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of each of the Transactions exceeds 25% but is less than 100%, respectively, each of the Transactions constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further details of the Transactions; (ii) financial information on the Group; and (iii) other information as required under the Listing Rules.

II. PRINCIPAL TERMS OF THE AGREEMENTS

Maximum daily limit of the NBGF Financial Assistance:	The aggregated maximum amount of the NBGF Financial Assistance shall not exceed RMB2.1 billion (which was RMB875 million in the Previous NBGF Financial Assistance Agreement) subject to compliance with the relevant regulatory requirement.
Utilisation:	The amount of Financial Assistance A corresponding to the principal balance of debt financing actually used shall not exceed RMB1,575 million (which was RMB630 million in the Previous NBGF Financial Assistance Agreement) per month during the relevant term.

Basis of determination

The maximum daily limit and interest rate of the NBGF Financial Assistance was determined ipal balance of debt financing actually uLUSnetettipal bafinancing act (t)0.5(d)13.1 ( )

Financial Assistance D:	In respect of the Controlling Shareholder Loans, SY Factoring shall provide unsecured joint and several guarantees to Ocean Holdings in proportion to Qingdao Sunful's shareholding interest in Ocean Holdings Factoring. SY Factoring will not charge any fee on Ocean Holdings Factoring in relation to the Financial Assistance D.
Maximum daily limit of the OHF Financial Assistance:	The aggregated maximum daily average balance of the OHF Financial Assistance (which was RMB400 million in the Previous OHF Financial Assistance Agreement) shall not exceed: (i) RMB680 million up to the date of 31 December 2023; and (ii) four times of the net assets of Ocean Holdings Factoring during the period from 1 January 2024 to 31 December 2025.
Term of the OHF Financial Assistance:	Within three (3) years from the expiry dates of the Controlling Shareholder Guarantees and/or the Controlling Shareholder Loans.

Basis of determination

The maximum daily limit and interest rate of the OHF Financial Assistance was determined by the parties based on arm's length negotiation by considering: (i) the

(c) Facility Agreement

Date:	31 October 2023 (after trading hours of the Stock Exchange)
Parties:	(i) Customer HJ; and (ii) SY Factoring.
Credit limit:	RMB1,000,000,000
Type of credit limit:	Revolving and unsecured
Security:	Customer HJ shall provide certain accounts receivables owned by Customers HJ of sufficient value (i.e., being no less than the utilised portion of the credit limit from time to time) as security for the provision of the Digital Financing Solutions utilised by Customer HJ in accordance with the Facility Agreement
Interest rate per annum:	Not more than 8% (inclusive of tax)
Expiry date:	31 October 2026

Basis of determination

The credit limit under the Facility Agreement was determined by the parties based on arm's length negotiation by considering the capital needs of Customer HJ, the amount of accounts receivables owned by Customers HJ as security for the provision of the Digital Financing Solutions and the quality of the accounts receivables owned by Customer HJ.

The interest rate under the Facility Agreement was determined by the parties on arm's length negotiation by considering: (i) the credit rating of Customer HJ and the debtors of the accounts receivables owned by Customer HJ: the Group will generally determine the interest rate based on the credit rating of customers and the debtors of the accounts receivables. The higher the credit rating, the lower the interest rate. The credit ratings of Customer HJ and the debtors were assessed internally by the Group's risk management department which considered that the credit ratings of Customer HJ and the debtors of the accounts receivables were good without any overdue situation; and (ii) the credit period: the Group will also take into account the credit period when determining the interest rate. The shorter the credit period, the lower the credit risk.

The Previous Facility Agreements (Customer HJ) were expired on 31 October 2023.

III. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is a leading supply chain technology platform. The Group leverages its dual engine of industrial IoT ("**IIoT**") and digital finance to create a supply chain technology platform, demonstrating its significant advantages in technological innovation. The Group leverages big data analytics to provide intelligent matching of assets to capital, offering a one-stop SaaS and fintech solution for enterprises and financial institutions, while effectively addressing the financing needs and pain points of SMEs within the supply chain ecosystem.

Backed by NDIG's strong industrial background and the Group's supply chain technology platform service capabilities, NBGF achieved robust growth and delightful results by adopting advanced digital technology and a smart risk management system to provide differentiated digital financial solutions for NDIG's ecosystem, to help solve the supply chain difficulties faced by SMEs and vigorously promote supply chain digital technology services.

Additionally, backed by Ocean Holdings' strong industrial background and financial support, as well as the Group's mature platform services and technology capabilities, Ocean Holdings Factoring could combine the technology edge and funding advantages to build a smart platform to match supply chain assets with funding, thereby improving the efficiency of the Ocean Holdings' supply chain.

As such, in respect of the Supplemental Financial Assistance Agreement and the Amended Financial Assistance Agreement, the Directors believe that the increment of financial assistance to be provided together with the state-owned shareholder will support both NBGF and Ocean Holdings Factoring to obtain debt financing more efficiently and economically for its business expansion. The endorsement of the state-owned shareholder also enables the Group to receive more support from the funding partners in the joint venture, thereby reducing capital costs and increasing leverage.

On the other hand, owing to its business need, Customer HJ negotiated with the Group for the provision of the Digital Financing Solutions. Since Customer HJ is able to provide the accounts receivables as securities for the Digital Financing Solutions to the Group, upon the request of Customer HJ and upon the approval of such request by the Group after assessment on the quality of their accounts receivables owned by Customer HJ, SY Factoring entered into the Facility Agreement with Customer HJ. The entry of the Facility Agreement is in the ordinary course of business of the Group, which will contribute profit to the Company over the financing term and are beneficial to the Group in its business expansion and establishment of long-term business relationship with Customer HJ.

Further, the Directors noted that (i) in view of the good credit rating of Customer HJ and taking into account the risk assessment being carried out by the Group, granting of the credit limits would not pose significant risk to the operation and the financial position of the Group; (ii) the annual interest rate and service fee (if any) are in line with the market practice; (iii) the credit rating of the debtors of the accounts receivables being the securities of the Digital Financing Solutions were good without any default; and (iv) the Group has comprehensive approval and risk assessment procedures, sound internal control system and established credit risk control policies in place which take into account internal and external factors to determine the approval of Digital Financing Solutions.

V. INFORMATION OF THE PARTIES

The Group

The Group is a leading supply chain technology platform providing data-driven, efficient, and inclusive IIoT and digital financing solutions for companies across the Asia-Pacific region. As the digital economy becomes a new engine for China's economic growth, the Group is strategically positioned as a supply chain technology platform, leveraging its technological capabilities to empower supply chains and to facilitate the digital upgrade of traditional industries. The Group is also committed to providing services which include one-stop supply chain technology services and digital financing solutions for enterprises and financial institutions, driving supply chain efficiency and making finance more inclusive.

SY Factoring is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in the business of, among other things, the provision of factoring services. Sheng Long is a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary (as to 82.8571% equity interest) of the Company, which is principally engaged in the provision of information technology services. Qingdao Sunful is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in the investment in the joint venture in Qingdao city.

NDIG & NBGF

NDIG is a company established in the PRC with limited liability and it is principally engaged in the business of, among other things, project investment, asset management, real estate development and property management. NDIG is the holding company of NBGF. As at the Latest Practicable Date, to the best knowledge of the Directors after making all reasonable enquiries, both NDIG and its ultimate beneficial owner, State-owned Assets Supervision and Administration Commission of Ningbo Municipal Government* 寧波市人民政府國有資產監督管理委員, are Independent Third Parties.

NBGF is a company established in the PRC with limited liability and it is principally engaged in the business of, among other things, the provision of commercial factoring. NBGF is owned as to 65% by NDIG and 35% by Sheng Long, and is an affiliated company of the Company.

Ocean Holdings Factoring is a company established in the PRC with limited liability and it is principally engaged in the business of, among other things, the provision of commercial factoring. Ocean Holdings Factoring is owned as to 60% by Ocean Holdings Investment and 40% by Qingdao Sunful, and is an affiliated company of the Company.

Customer HJ

Customer HJ is a company established in the PRC with limited liability and is principally engaged in the business of commercial factoring. As at the Latest Practicable Date, to the best knowledge of the Directors after making all reasonable enquiries, both Customer HJ and the ultimate beneficial owner of Customer HJ, Wong Yuk (黃煜) who is a merchant, are Independent Third Parties.

VI. FINANCIAL EFFECT OF THE TRANSACTIONS

The provision of the NBGF Financial Assistance to NBGF would be financed by the Group's internal resources and/or external borrowings. Pursuant to the Supplemental Financial Assistance Agreement, (i) as a result of providing the Financial Assistance A, the liabilities arising from guarantee contracts was expected to increase; and (ii) as a result of providing the Financial Assistance B, the loans to an associate was expected to increase while the bank balances and cash was expected to decrease. The provision of the NBGF Financial Assistance would not have material impact on the net asset value of the Group. The earnings of the NBGF Financial Assistance would be the net effect of (i) the interest income accrued from the Financial Assistance B which would be recorded as other income of the Group; (ii) the increase in share of results of associates due to the provision of the NBGF Financial Assistance; and (iii) the impairment losses under expected credit loss ("**ECL**") model.

The provision of the OHF Financial Assistance to OHF would be financed by the Group's internal resources and/or external borrowings. Pursuant to the Amended Financial Assistance Agreement, as a result of providing the Financial Assistance C and the Financial Assistance D, the liabilities arising from guarantee contracts was expected to increase. The provision of the OHF Financial Assistance would not have material impact on the net asset value of the Group. The earnings derived from the Amended Financial Assistance Agreement would be the net effect of (i) the increase in share of results of associates due to the provision of the OHF Financial Assistance; and (ii) the impairment losses under ECL model.

The provision of the Digital Financing Solutions to Customer HJ would be financed by the Group's internal resources and/or external borrowings. Pursuant to the Facility Agreement, as a result of providing the Digital Financing Solutions, the supply chain assets was expected to increase while the bank balances and cash was expected to decrease. The provision of the Digital Financing Solution to Customer HJ would not have material impact on the net asset value of the Group. The earnings under the Facility Agreement would be the net off of (i) income derived from the provision of the Digital Financing Solutions to Customer HJ which would be recorded as interest income of the Group; and (ii) the impairment losses under ECL model.

VII. RECOMMENDATION

Having considered the reasons set out above, the Directors are of the opinion that the Transactions are conducted in the ordinary and usual course of business of the Company, the terms of the Agreements are fair and reasonable, on normal commercial terms or better to the Group, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent

1. FINANCIAL INFORMATION OF THE GROUP

Details of the consolidated financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.syholdings.com):

- the Company's annual report for the year ended 31 December 2020 published on 31 March 2021 (pages 46 to 172), which can be accessed by the direct hyperlink below:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0331/2021033101000.pdf

- the Company's annual report for the year ended 31 December 2021 published on 14 April 2022 (pages 55 to 189), which can be accessed by the direct hyperlink below:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0414/2022041400336.pdf

- the Company's annual report for the year ended 31 December 2022 published on 27 April 2023 (pages 66 to 209), which can be accessed by the direct hyperlink below:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042700571.pdf

- the Company's interim report for the year ended 30 June 2023 published on 15 September 2023 (pages 42 to 100), which can be accessed by the direct hyperlink below:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0915/2023091500342.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2023, the Group has outstanding loans from related parties of approximately RMB462.2 million, borrowings of approximately RMB6,092.1 million, guarantee fee payable of approximately RMB10.5 million, other financial liabilities at fair value through profit or loss ("**FVTPL**") of approximately RMB67.1 million and lease liabilities of approximately RMB23.8 million, details of which are as follows:

	RMB million
Loans from related parties	
– Secured and guaranteed	189.5
– Secured and unguaranteed	242.6
– Unsecured and guaranteed	30.1
Sub total	462.2

RMB million

Borrowing

Bank borrowings	
– Secured and guaranteed	2,963.2
– Secured and unguaranteed	654.8
– Unsecured and guaranteed	15.0
Other borrowings	
– Secured and guaranteed	1,939.7
– Secured and unguaranteed	245.8
– Unsecured and unguaranteed	273.6

As at 30 September 2023, the above secured and unguaranteed lease liabilities are secured by deposits.

As at 30 September 2023, the Group has authorised or created but unissued debt securities amounting to RMB1,700.0 million and all of them are unsecured and unguaranteed.

Contingent liabilities

As at 30 September 2023, the Group provided guarantees to loans amounting to RMB1670.2 million, raised by associates of the Group from banks and the controlling shareholder of the associates.

Except as described above and apart from intra-group liabilities, normal trade and other payables and guarantee contracts for service provided to customers which are part of the normal business, as at 30 September 2023, being the latest practicable date for determining our indebtedness, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities.

3. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is a leading supply chain technology platform providing data-driven efficient and inclusive industrial technology and digital financing solutions for companies across the Asia-Pacific. Amidst the surge in connectivity and digitalization shaping the future of economies and businesses, the Group strategically positions itself as the one-stop supply chain technology and digital financing solution for enterprises and financial institutions, driving supply chain efficiency and making finance more inclusive.

For the year ended 31 December 2022, the profit for the year attributable to the owners of the Company was approximately RMB219.4 million.

Backed by the strong industrial background of NDIG and Ocean Holdings as well as the Group's supply chain technology platform service capabilities, NBGF and Ocean Holdings Factoring achieved robust growth and delightful results by adopting advanced digital technology and a smart risk management system to provide differentiated digital financial solutions for the ecosystem of NDIG and Ocean Holdings, to help solve the supply chain difficulties faced by SMEs and vigorously promote supply chain digital technology services.

The increment of financial assistance to be provided together with the state-owned shareholder will support NBGF and Ocean Holdings Factoring to obtain debt financing more efficiently and economically for its business expansion. The endorsement of the state-owned shareholder also enables the Group to receive more support from the funding partners in the joint venture, thereby reducing capital costs and increasing leverage.

Owing to its business need, Customer HJ negotiated with the Group for the provision of the Digital Financing Solutions. Since Customer HJ is able to provide the accounts receivables as securities for the Digital Financing Solutions to the Group, upon the request of Customer HJ and upon the approval of such request by the Group after assessment on the quality of its accounts receivables owned by Customer HJ, SY Factoring entered into the Facility Agreement with Customer HJ. The entry of the Facility Agreement is in the ordinary course of business of the Group, will contribute profit to the Company over the financing term and are beneficial to the Group in its business expansion and establishment of long-term business relationship with the Customer HJ.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the financial resources available to the Group (including but not limited to the internally generated cash flows, existing bank balances, bank borrowings and available credit facilities), the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to provisions set out in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange.

The register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Stock Exchange) shows that as at the Latest Practicable Date, the following persons (other than the Directors and the chief executive) had the following interests and short positions (if any) in the Shares and underlying Shares:

Name of Shareholder	Capacity/ Nature of interests	Number of Shares/underlying Shares held *(Note 1)*	Percentage of

3. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

(a) None of the Directors has entered or proposed to enter into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).

(b) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into by the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, and which was significant in relation to the business of the Group.

(d) As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete either directly or indirectly, with the business of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

5. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Wang Zheng, an associate of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries).

(b) The registered office of the Company is at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarters and principal place of business in the Mainland China of the Company are at 10/F and 18/F, Kerry Plaza, Tower 2, 1-1 Zhong Xin No. 4 Road Futian, Shenzhen 518048, PRC and its principal place of business in Hong Kong SAR is at Room 4202, 42/F, Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong SAR. The Hong Kong share registrar and transfer office of the Company is at Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong SAR.

(c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

6. MATERIAL CONTRACTS

The Group has entered into the following material contracts (not being a contract entered into in the ordinary course of business) within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

(a) the Agreements; and

(b) the two acquisition agreements dated 29 November 2021 entered into between Sheng Ye Digital Technology (Wuxi) Co., Ltd* (盛業數字科技(無錫)有限公司) ("**Sheng Ye Digital Technology**") (an indirect wholly-owned subsidiary of the Company) and Wuxi Tonghui (whose beneficial owner is State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government) in relation to the acquisition of 40% of the equity interests in Wuxi Guojin Factoring Limited* (無錫國金商業保理有限公司), with a consideration of RMB360 million passing from Sheng Ye Digital Technology to Wuxi Tonghui.

7. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange at (www.hkexnews.hk) and the website of the Company (www.syholdings.com) from the date of this circular for 14 Business Days (both days inclusive):

(a) the material contracts referred to in the paragraph headed "6. Material Contracts" in this appendix; and

(b) this circular.