



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)



2022

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

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1. About This Report

This is the sixth environmental, social and governance report published by SY Holdings Group Limited (the “Company”). The purpose of this report is to report on the philosophy and practices of the Company and its subsidiaries (the “Group”, “SY” or “we”) in fulfilling our environmental, social and governance (“ESG”) responsibilities in 2022 and to respond to material issues.

1.1 Reporting Cycle And Scope

This is an annual report. This report covers the period from 1 January 2022 to 31 December 2022. Certain contents are beyond the above scope to make this report more comparable and forward looking.

1.2 Reporting Standards

This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 to the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Listing Rules”).

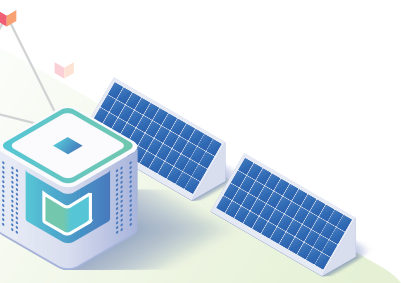
This report is prepared in accordance with the principles of materiality, quantitative, balance, and consistency.

Materiality: The materiality of the Group’s ESG issues is determined by the Board of Directors. The stakeholder communication and material issue identification process and material issue matrix are disclosed in this report.

Quantitative: The statistical criteria, methods, assumptions and/or calculation tools for quantitative key performance indicators (“KPIs”) in this report, as well as the sources of conversion factors, are described in the explanatory notes of this report.

Balance: This report presents the Group’s performance for the Reporting Period in an unbiased manner and avoids the selection, omission or formats of presentation that might improperly affect the decisions or judgments of the readers of this report.

Consistency: The statistical methods and basis used in the data disclosed in this report are consistent with those of previous years unless otherwise specified.



1.3 Data Description

The financial data in this report are derived from the 2022 annual report of the Company containing audited financial information of the Company for the year ended 31 December 2022. In case of any discrepancy between the data of this report and the annual report, the information in the annual report shall prevail. Other statistics cover the Company and its subsidiaries, unless otherwise specified.

The monetary amounts in this report are denominated in Renminbi, unless otherwise specified.

1.4 Publication Format

This report is published in an electronic version. You can read and download the electronic version of this report on the HKEXnews website of the Stock Exchange of Hong Kong (website: www.hkexnews.hk) and the website of the Company (website: www.syholdings.com).

1.5 Contact Information

Email: ir@syholdings.com

2. Message from the Chairman

2022 witnessed the mounting global economic and trade risks and unstable economic recovery after the COVID-19 pandemic. With the increasingly complicated challenges faced by the industrial chain, and severer operation and development environment for core enterprises and small and medium-size enterprise (“SMEs”), the digital, convenient and efficient supply chain finance offerings seem to be of greater importance. In the face of severe external conditions, SY overcame difficulties, realized further industrial development, strengthened its understanding of the industry and innovation of technical applications, and provided differentiated digital financial solutions for the industrial supply chain ecosystem, committed to solving the financing difficulties for SMEs. At the same time, we applied technology to help core enterprises with digital and intelligent industrial upgrading, promoted the process of industrial digitization, and served the real economy. As of the end of December 2022, the Group has processed over RMB159 billion of supply chain assets, accumulatively serving over 12,700 customers through the platform.

Strengthen ESG governance and jointly build a supply chain system with sustainable development. Attaching great importance to sustainable development, SY has established a flawless ESG governance system internally with a clear and progressive ESG governance structure and ESG management objectives to ensure that our sustainable development could be continuously enhanced under efficient and unified management. Externally, we have actively communicated and interacted with the mainstream ESG rating agencies at home and abroad. We have obtained an ESG A rating from MSCI and selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index for two consecutive years. Adhering to the corporate mission of “driving supply chain efficiency and making finance more inclusive”, SY has issued the first domestic syndicated loan linked to the “dual ESG structure” of social responsibilities and sustainable development, which has further integrated the Group’s business development with the fulfillment of social responsibilities and sustainable development, promoted the high-quality sustainable development of the real industry vital to the national economy and the people’s livelihood such as infrastructure and medicine, and helped SMEs solve financing difficulties with inclusive finance.

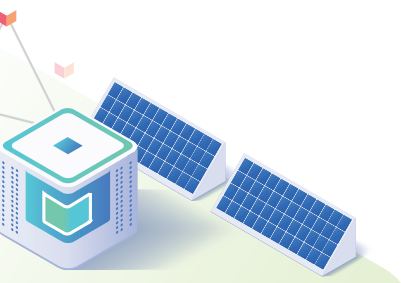


Establish high-quality supply chain financial service system with digital-driven scientific and technological innovation. Focusing on R&D innovation capability, SY has established a post-doctoral scientific research station of SY Factoring Limited. During the Year, we obtained a “Certificate of Software Enterprise Encouraged by the State” and a “Certificate of Software Product” and has become a nationally recognized “Double Software Certification” enterprise, and obtained 47 computer software copyright registration certificates. In terms of assistance in SME financing, we provided assistance in SME financing through independently developed SY Cloud Platform. As of the end of the Reporting Period, this platform has connected over 12,700 SME ecological enterprises with an increase of approximately 23.3% as compared with December 2021, and the Group has accumulatively processed RMB159 billion of supply chain assets with an increase of approximately 20.5% as compared with those in 2021. In terms of the promotion of digital industrial upgrading, we have enhanced the information-based development of the medical industry through hospital SPD solutions, and have promoted the intelligent infrastructure through smart construction. Meanwhile, as a service provider of digital finance, we continued to strengthen information security. During the Year, we passed ISO/IEC 27701:2019 Privacy Information Management System Certification by CEPREI, an international authority, to further reach the international authoritative standards.

Realize green development and promote low-carbon transformation of supply chain through digital development. We actively responded to the double carbon strategy. On the one hand, we prioritized the admission of low-carbon projects, reduce carbon emissions through SY Cloud Platform in an online, paperless and green manner and promoted the digital development in the whole process of the traditional infrastructure and medical circulation by providing supply chain technical services such as smart construction and medicine SPD, so as to reduce the carbon footprint of the entire industry chain. On the other hand, we continued to strengthen our efforts to identify and respond to climate risks, conducted comprehensive assessments of risks and opportunities, and developed appropriate and effective management measures to reduce their impact on business continuity. Meanwhile, we actively publicized the green operation concept, formulated objectives in carbon emission and resource utilization and realised energy conservation, consumption reduction and green office through various measures.

Actively fulfill social responsibilities and reward the confidence of each party following the people-oriented principle. SY actively fulfilled its corporate social responsibilities. For the employees, we provided quality training programs to empower their career development, and continued to improve incentive management methods, so that the employees could create value while sharing the fruits of corporate development. As for external suppliers, customers and business partners, we continuously improved the supplier management system, enhanced customer service experience, and shared the sustainable development experience with the industry through efficient communication and interaction. Meanwhile, we continuously carried out community charity with a focus on “concern for children in need”, “promotion of industrial development” and “youth inspiration program”. Up to now, we have donated more than RMB 10 million, helping more than 3,660 people.

Looking into the future, SY will continue with further industrial development, and provide efficient and inclusive industrial technology and digital finance solutions for enterprises and financial institutions. Following the concept of opening, sharing, cooperation and win-win, we will also practice the ESG concept together with internal and external stakeholders to promote green and low-carbon industrial development and promote the sustainable development of the society.



3. About The Company

3.1 About SY

SY is a leading supply chain technology platform, providing efficient and inclusive industrial technology and digital financial solutions for companies across Asia Pacific. As a listed company on the Main Board of the Hong Kong Stock Exchange, the Group is currently included in the MSCI series of indexes, the Hang Seng Composite Index, the Hang Seng Corporate Sustainability Benchmark Index, the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect.

SY provides flexible supply chain finance and technology services for over 12,700 customers in Micro Small and Medium-sized Enterprise (SMEs) ecosystem by cultivating the digital ecosystem of various large core corporations. As at the end of December 2022, the Group's cumulative supply chain assets processed exceeded RMB159 billion. We provide SMEs with efficient and inclusive financial technology solutions and provide core corporations with one-stop supply chain technology solutions by leveraging industrial Internet-of-Things ("IoT"). We are a technology partner of financial institutions through converting data into credit to make finance more inclusive. Currently, we have serviced national strategic industries such as infrastructure engineering, medicine and energy. In the future, we will also proactively expand into more strategic emerging industries.

- **Corporate Culture**

Vision

To become most reliable supply chain technology platform in Asia

Mission

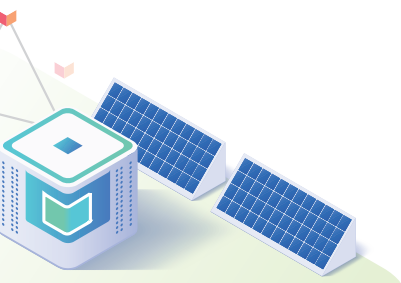
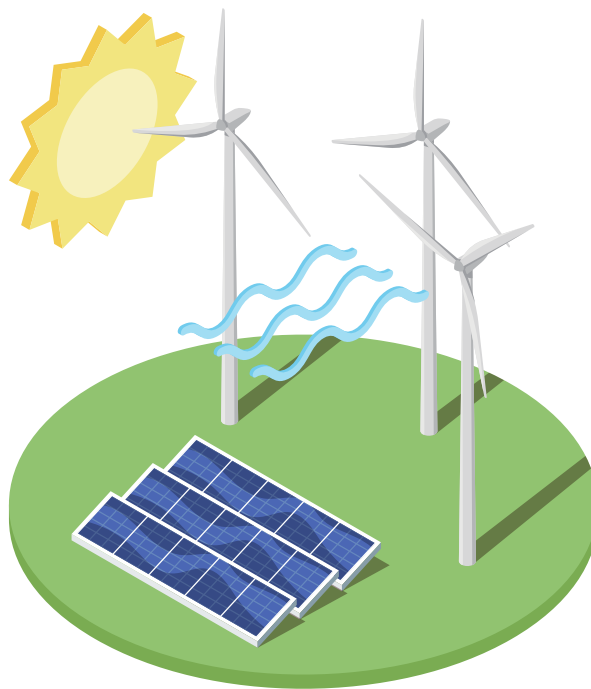
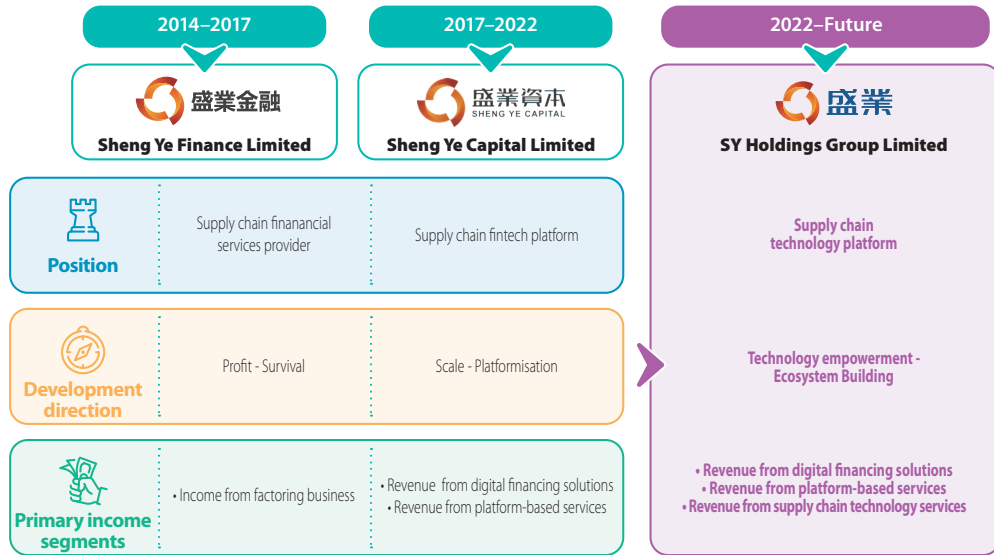
To make the supply chain more efficient and financing more inclusive

Value

Integrity • People-oriented
Service-oriented • Pursuit of innovation

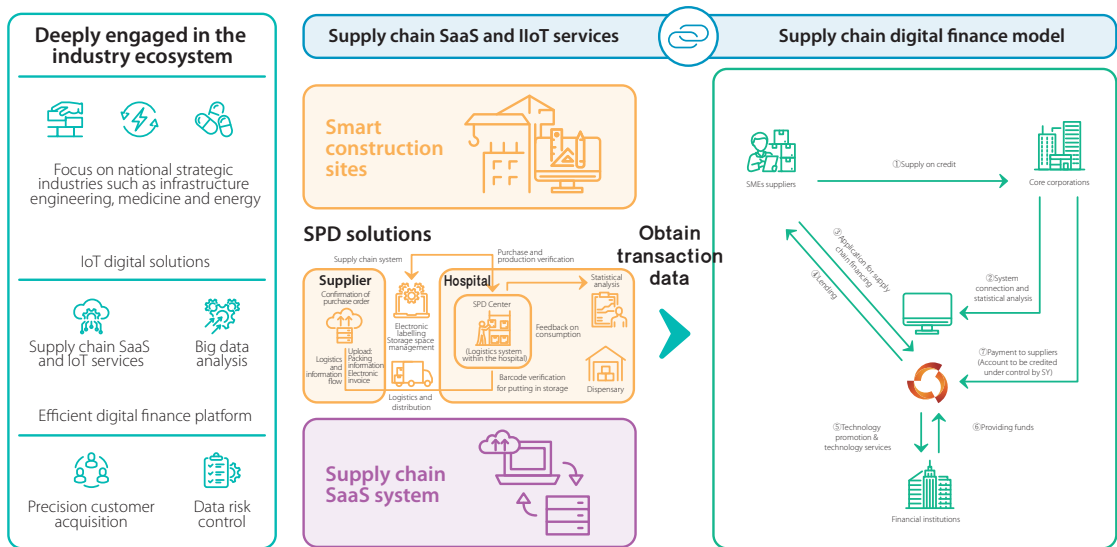


• **Corporate Development**



• **Business Segments**

Focusing on the two vertical fields of “Industrial Internet” and “Digital Finance”, SY provides digital financial solutions, platform-based services, supply chain technology services and the sale of supply chain assets by cultivating the infrastructure engineering, medical and healthcare and energy and chemical industries. Through aligning resources and competencies of key business lines, SY better serves the needs of various stakeholders in the supply chain ecosystem while ensuring competitiveness in the marketplace. By leveraging industrial internet to empower digital finance, we have built a supply chain technology platform to make the supply chain more efficient and financing more inclusive. Through providing technical solutions such as smart construction sites and SPD services, we promote industry towards digital upgrading. In the meantime, we managed to break through information barriers by big data analysis, and link the asset side and the capital side in the platform, thereby efficiently addressing the supply chain financing needs of SMEs.



3.2 Key Awards



The 3rd International Factoring and Supply Chain Finance Conference — 2021 Industry Contribution Unit Award and Social Responsibility Outstanding Contribution Unit Award



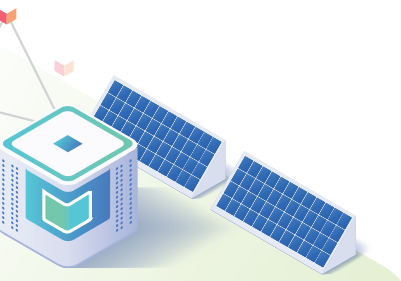
"2021 Export-Oriented Economy Award" (2021年度外向型经济奖) of the Wuxi Economic Development Zone



Award for Leading Technological Innovation 2022 at the 11th China Finance Summit



The 8th Asset Securitization · Jiefu Award — Excellent Factoring ABS Product Award





The management practice of SY for financial risk control of intelligent supply chain listed in the "Teaching Cases of School of Management of Fudan University"



The "Outstanding Enterprise of ESG Governance" awarded by Futuball in 2022



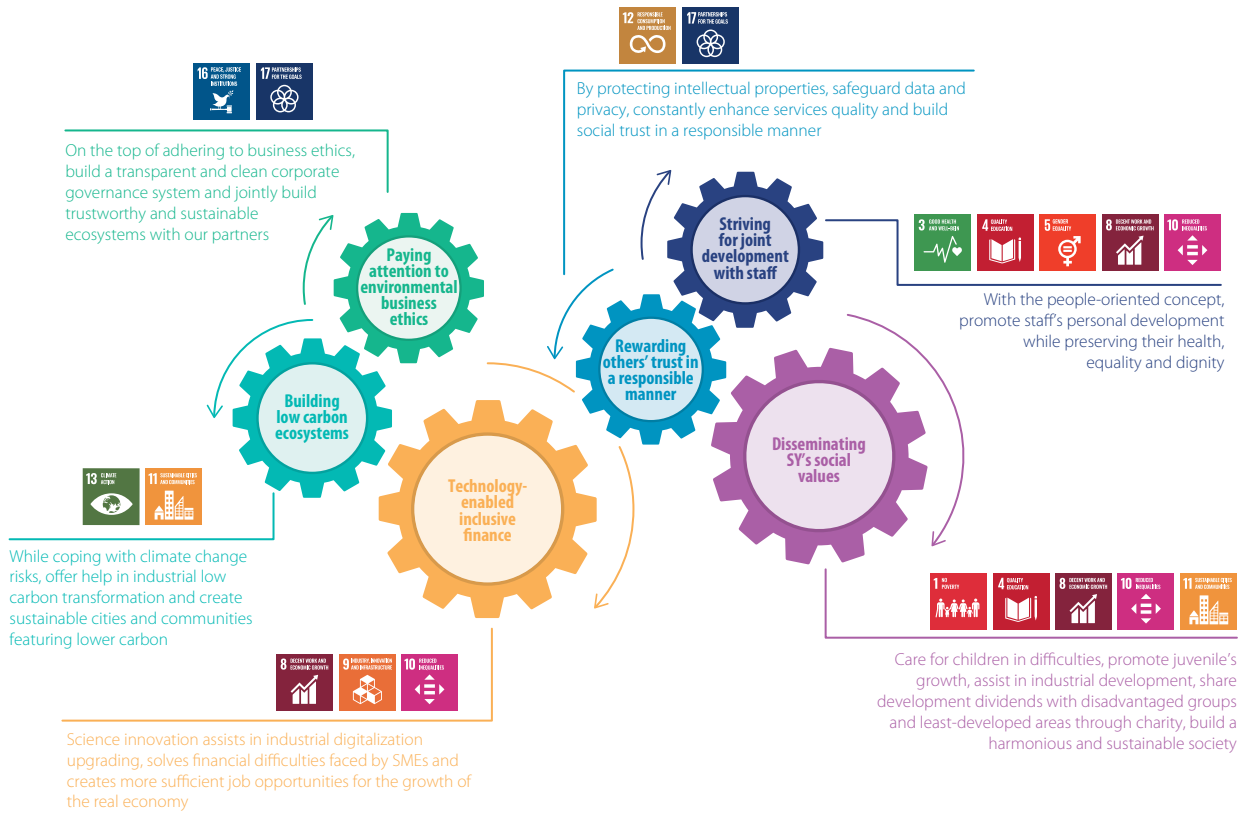
Listed Corporate Social Responsibility Award 2022 in the 12th Philanthropy Festival



KiloPeaks Award —Top 100 Industrial Internet 2022



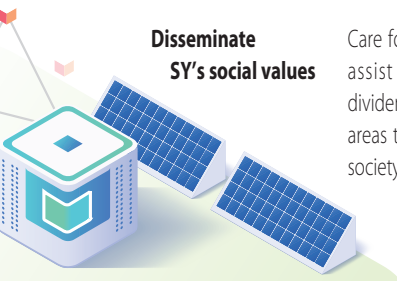
3.3 Sustainability Graph of SY



Sustainable Development Topics Description

UN SDGs

Technology-enabled inclusive finance	Science innovation assists in industrial digitalization upgrading, solves financial difficulties faced by SMEs and creates more job opportunities for the growth of the economy	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES
Build low carbon ecosystems	While coping with climate change risks, offer helps in industrial low carbon transformation and creates sustainable cities and communities featuring lower carbon	13 CLIMATE ACTION	11 SUSTAINABLE CITIES AND COMMUNITIES	
Pay attention to environmental business ethics	On top of adhering to business ethics, build a transparent and clean corporate governance system and jointly build trustworthy and sustainable ecosystems with our partners	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	
Reward others' trust in a responsible manner	By protecting intellectual properties, safeguard data and privacy, constantly enhance services quality and build social trust in a responsible manner	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	17 PARTNERSHIPS FOR THE GOALS	
Strive for joint development with staff	With the people-oriented concept, promote staff's personal development while preserving their health, equality and dignity	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY
Disseminate SY's social values	Care for children in difficulties, promote juvenile's growth, assist in industrial development, share development dividends with disadvantaged groups and least-developed areas through charity, build a harmonious and sustainable society	1 NO POVERTY	4 QUALITY EDUCATION	8 DECENT WORK AND ECONOMIC GROWTH
			10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES



3.4 Sustainable Finance Outcomes

3.4.1 The First launch of the Sustainable Financing Frameworks

Adhering to the corporate mission of “To make supply chain finance more efficient and inclusive”, SY takes the corporate responsibility in various aspects which include inclusive finance, green supply chain and public welfare while maintaining a sound financial performance. In addition, SY continues to invest in projects that have social benefits and contribute to sustainable development. Therefore, SY has released the Group’s “Social Responsibility Financing Framework” and “Sustainable Development-linked Financing Framework” in August 2022, integrating sustainable development into the Company’s strategy and daily operation, in order to promote responsible business.

The Group’s “Social Responsibility Financing Framework” has been certified by Sustainalytics, an international authoritative ESG rating agency, and SusallWave, a China’s leading ESG assessment agency. Under the Social Responsibility Financing Framework, the Group intends to use the funds which have been raised for MSME loans and basic service guarantee projects so as to:

1. Increase financing opportunities for SMEs and facilitate their integration into supply chains;
2. Provide financing support to SMEs affected or destroyed by natural disasters or health disasters;
3. Improve the interconnection and digitalization of Chinese society, including but not limited to the construction and development of infrastructure and public utilities, and other public facilities;
4. Develop and deliver health care and health services.



The Group’s “Sustainable Development-Linked Financing Framework” has been endorsed by SusallWave, a China’s leading ESG assessment agency. Under the Sustainable Development-Linked Financing Framework, the financing conditions of the sustainable development-linked loans or bonds obtained by the Group will be adjusted according to the agreed sustainable development performance goals have been met. The set sustainable development performance goals include:

1. Help SMEs obtain financing scale to increase year by year;
2. Increase the amount of paper saved by the digital online business system year by year;
3. Increase the time spent on public welfare year by year.



The release of such sustainable financing frameworks helps us to obtain more diversified and efficient financing channels, align the Group’s sustainable development management and financing strategies with global best practices, and to improve our sustainable development management and performance.



3.4.2 Outstanding Performance of Sustainable Finance

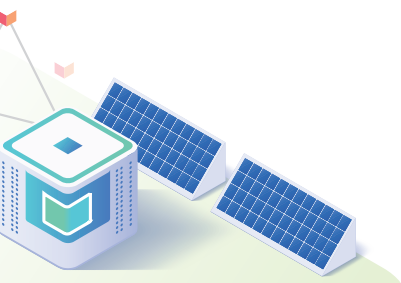
SY issued the first “dual ESG structure” social responsibility and sustainable development-linked syndicated loan (“ESG Syndicated Loan (2022)”) in China in August 2022, further integrating the Group’s business development and practice of corporate social responsibility and sustainable development and helping high-quality and sustainable development of real industries such as infrastructure and medicine that are related to the national economy and people’s livelihood, and implement inclusive finance to help SMEs solve financing problems.

As of December 31, 2022, a total of RMB500 million raised under the ESG Syndicate (2022) has been invested in projects that comply with the Group’s Social Responsible Financing Framework (《社會責任融資框架》) without any fund placement failure. Both the project evaluation and selection and the proceeds management under the ESG Syndicate (2022) comply with the related agreements of Group’s Social Responsible Financing Framework. As of the end of the Reporting Period, 84.21% of the funds under the ESG Syndicate (2022) have been invested in SME financing support projects, 15.79% have been invested in the development and provision of medical care and hygiene services, and 92.11% of the customers who received the investments were SMEs. Through SY platform technology capability, industrial knowledge and supply chain ecological connection, and thanks to the financial support of the ESG Syndicate (2022), SY has provided flexible financing solutions for SMEs which lack adequate services, which helps to improve their productivity, expand their operation scale and maintain the sustainable development of enterprises, so as to provide more jobs for the society and promote social and economic development. At the same time, the financing solutions provided by SY under the ESG Syndicate (2022) also help the public in various regions to obtain sufficient medical supply and stable operation of healthcare systems during the epidemic period.

The procedure for evaluation and selection of the eligible projects pursuant to the Group’s Social Financing Framework is outlined below:

- Both the Group’s Marketing and Treasury Departments will identify and shortlist the potential assets and/or projects which could be considered for inclusion within one or more of the categories outlined above.
- Retrieve and process information relating to the assets and/or projects through SY’s online platform during the loan application phase.
- SY adheres strictly to its internal risk management and customer acceptance policies as part of the onboarding process, which includes the periodic maintenance of a whitelist of customers. Any potential customer that is found to be engaged in any criminal, socially or environmentally detrimental activity will be placed under the Group’s blacklist.
- The Treasury and Corporate Governance Departments will also ensure that the assets and/or projects to be financed fulfil the Eligibility Criteria as set out in this framework.

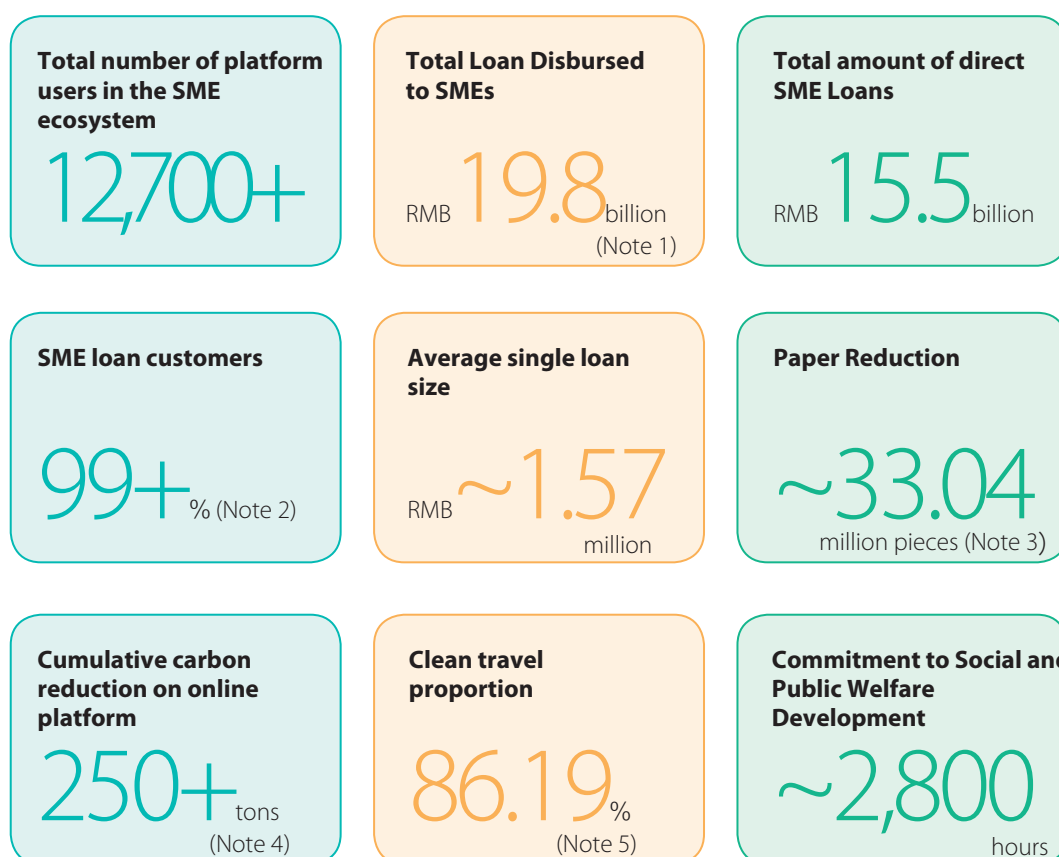
The Finance Department is responsible to track the allocation of the net proceeds for each Social Bond and/or Social Loan to the Eligible Social Projects as defined in the Social Loan Framework.



The ESG Working Group is responsible for the ultimate evaluation and selection of projects that will qualify as Eligible Social Projects, as defined by the Group’s Social Financing Framework.

For more details, please refer to the Group’s Social Financing Framework.

During the Reporting Period, SY adhered to the sustainable development path of placing equal emphasis on financial inclusion and low-carbon development, and continued with a rapid growth in the Group’s Sustainable Development-Linked Financing Framework and other ESG performance indicators.



Note 1: During the Reporting Period, the total loan disbursed to SMEs includes: i) total amount from direct loan business, which represents the total loan amount of approximately RMB15.5 billion directly provided by the Group to SMEs; and ii) total amount from loan facilitation business, which represents the total loan amount of approximately RMB4.3 billion provided by third-parties to SMEs which were facilitated by the Group

Note 2: During the Reporting Period, the number of SME customers in financing business/total number of customers in financing business

Note 3: Calculate based on the number of files processed by the online platform as of the end of the Reporting Period* the estimated number of pages per file through document retrieval on the SY Cloud Platform

Note 4: As at the end of the Reporting Period, calculate based on the weight reduction of paper consumption and “How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs” issued by the HKEX

Note 5: The proportion of travels by new energy vehicles during the Reporting Period according to the Group’s internal reimbursement system data

In January 2023, in view of the satisfactory sustainability benefits realized by this project, more funding partners joined the ESG Syndicate (2022) and we have provided RMB30 million to support the sustainable development of the supply chain served by SY, which is in line with the relevant requirements of the Group’s Social Responsible Financing Framework and Sustainable Development-Linked Financing Framework, as well as SY’s consistently good ESG performance.



4. ESG Management

4.1 Statement of the Board of Directors

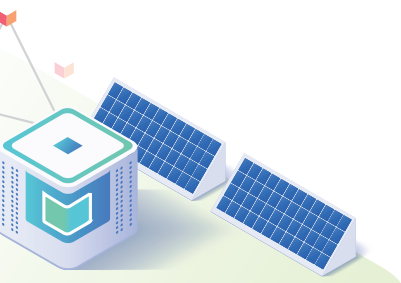
The Board of Directors of SY is responsible for coordinating, leading and supervising the sustainability management and ESG information disclosure of the Group, and assumes ultimate responsibility for the Group's ESG work.

The Board of Directors is responsible for guiding and reviewing the vision, objectives and strategies of the Group's ESG work. The Board of Directors sets targets for the Group's ESG performance, monitors and reviews the implementation of the Group's ESG work and carrying out relevant assessments, while ensuring that the Group's ESG management policies are up-to-date and in compliance with the applicable legal and regulatory requirements and international standards. The Group also incorporates ESG factors into the strategic decision-making and daily operational management, with the Board of Directors monitoring and reviewing emerging ESG trends and issues. The Board of Directors assesses and identifies the risks and opportunities arising from ESG issues for the Group's business to determine whether relevant ESG issues will have a significant impact on the Group's investors and other stakeholders, and identifies, evaluates and ranks the key ESG issues relating to the Group's business management.

The Board of Directors of the Group holds regular meetings every year to receive reports from the ESG Working Group and the management on the progress of ESG work, and to monitor or approve other major matters in the Group's ESG management work. After clarifying the current status of the Company's ESG management, the Board of Directors coordinates and guides the identification of ESG management risks to ensure that the Company continuously facilitates the achievement of ESG goals. The Board of Directors of the Group is also responsible for reviewing and approving the ESG disclosure materials to ensure that the ESG priorities during the year and the Group's concept of sustainability are fully disclosed.

The Group is committed to establishing and maintaining a competent and independent Board of Directors to ensure a high standard of corporate governance. The Board of Directors reviews the Group's corporate governance practices from time to time to ensure that they reflect the latest developments and meet the expectations of shareholders. We believe that diversity in the Board of Directors contributes to the enhancement of corporate governance and sustainable performance. Therefore, we take comprehensive consideration into various aspects including gender, age, race, culture, educational background, professional experience, skills and tenure when setting up the composition of the Board of Directors. During the Reporting Period, the Group had one additional female director with a female director ratio of 12.5% in the Board of Directors, achieving gender diversity in the board of directors.

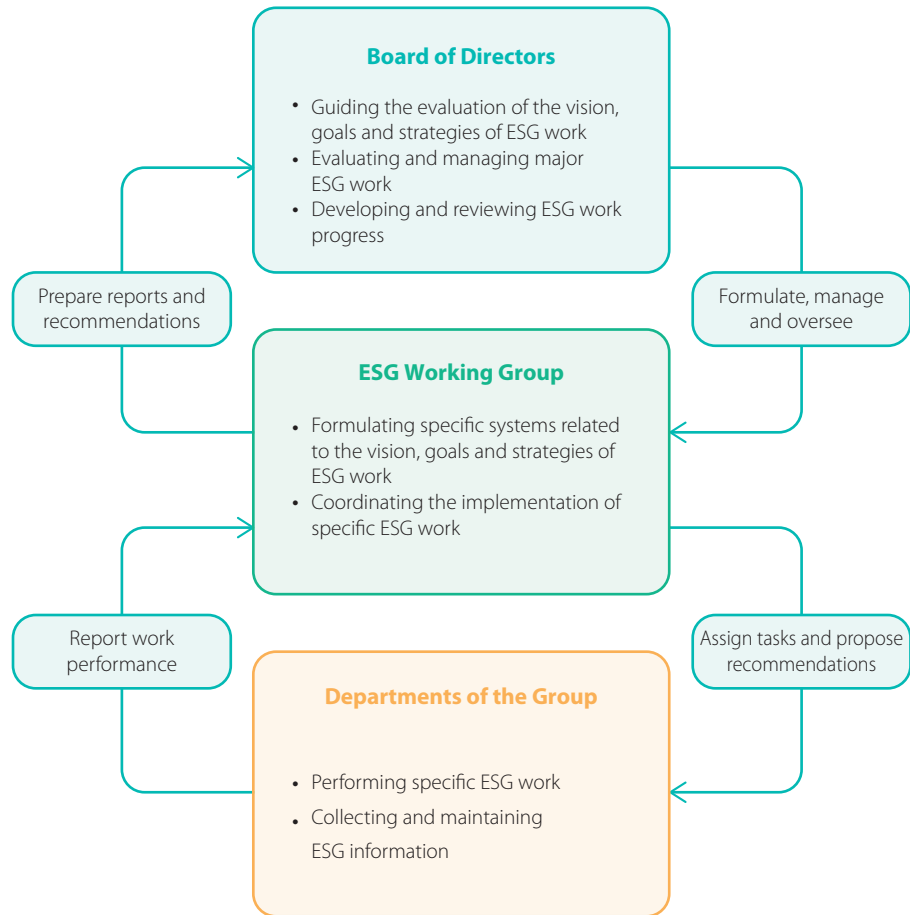
During the Reporting Period, the Board of Directors has participated in one webinar on climate change and the corresponding responsibilities of directors, and received two reports from the ESG Working Group on the Group's ESG work. This report discloses the Group's practices and performance in ESG management in details, which were considered and approved by the Board of Directors in April 2023.



4.2 ESG Governance System

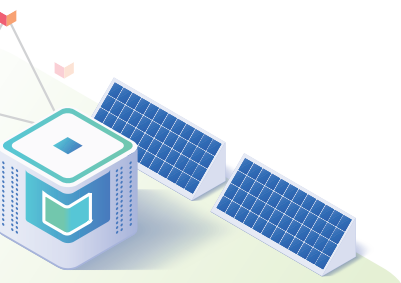
4.2.1 ESG Governance Structure

The Group attaches great importance to sustainable development and has established a three-level governance structure of ESG management: the first level comprises the Board of Directors and its committees, the second level is the ESG Working Group led by the Company Secretary and participated by the senior management, and the third level is the business departments which are responsible for execution and implementation of ESG management.



During the Reporting Period, we have issued the ESG Management System of SY Holdings Group Limited, clarifying the working responsibilities, principles and priorities at all levels of ESG governance structure.

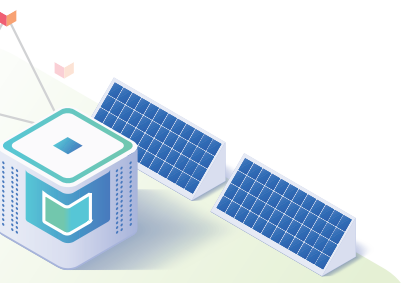
Level	Responsibilities of ESG work
Board of Directors	<p>The Board of Directors assumes the ultimate responsibility for the Group's ESG work, with specific responsibilities which include:</p> <ul style="list-style-type: none"> <li data-bbox="560 569 1450 713">(I) Guiding and reviewing the vision, objectives and strategies of the Group's ESG work to ensure that the Group's ESG management policies are up-to-date and in compliance with the applicable legal and regulatory requirements and international standards; <li data-bbox="560 767 1450 1278">(II) Evaluating and managing material ESG-related matters, including but not limited to: <ol style="list-style-type: none"> <li data-bbox="624 890 1450 957">1. Identifying the risks and opportunities arising from ESG issues, including climate change, for the Group's business; <li data-bbox="624 1011 1450 1155">2. Determining whether the relevant ESG issues will have a significant impact on the Group's investors and other stakeholders, and identifying, evaluating and ranking the key ESG issues relating to the Group's business management; <li data-bbox="624 1209 1450 1278">3. Monitoring and reviewing emerging ESG trends and issues and evaluating their impact on the Group; <li data-bbox="560 1332 1450 1399">(III) Setting targets for the Group's ESG performance, monitoring and reviewing the implementation of the Group's ESG work and carrying out relevant assessments; <li data-bbox="560 1453 1450 1519">(IV) Receiving reports from the ESG Working Group and the management, as well as reviewing and approving ESG information disclosures; <li data-bbox="560 1573 1450 1636">(V) Overseeing or approving other material matters in relation to the Group's ESG management.



Level	Responsibilities of ESG work
ESG Working Group	<p data-bbox="560 336 1447 411">The ESG Working Group is responsible for the overall coordination of the Group's ESG management. The specific responsibilities of the ESG Working Group include:</p> <ul style="list-style-type: none"><li data-bbox="560 461 1145 491">(I) Formulation of ESG vision, objectives and strategies<ul style="list-style-type: none"><li data-bbox="624 541 1447 648">1. Formulate the Group's ESG vision, objectives, strategies and management systems, and make recommendations to the Board of Directors on the relevant work on a regular basis;<li data-bbox="624 698 1447 806">2. Make recommendations to the Board of Directors on identifying important stakeholders and important ESG issues of the Group through communication with all categories of stakeholders;<li data-bbox="624 855 1447 963">3. Report emerging ESG trends, issues and their potential impact on the Group to the Board of Directors for discussing and reviewing the existing ESG vision, objectives and strategies by the Board of Directors;<li data-bbox="560 1013 1276 1043">(II) Coordinating implementation of ESG vision, goals and strategies<ul style="list-style-type: none"><li data-bbox="624 1093 1447 1244">1. Allocate the ESG objectives confirmed by the Board of Directors to the relevant departments within the Group for specific implementation, and closely monitor the specific progress of the Group's ESG management efforts;<li data-bbox="624 1293 1447 1401">2. Advise on the actions required for specific ESG efforts such as improving the ESG performance of departments and the ESG rating performance of the Group;<li data-bbox="624 1450 1447 1601">3. Monitor the effectiveness of the Group's communication channels with stakeholders and to conduct regular materiality surveys with the Group's internal and external stakeholders to support and advise the Board in its materiality identification process;



Level	Responsibilities of ESG work
	<p>(III) Other ESG efforts</p> <ol style="list-style-type: none"> 1. Prepare disclosures such as the Group's annual ESG report for review by the Board and to complete the disclosures in accordance with the timetable and content required under Appendix 27 of the Listing Rules as amended from time to time; 2. Respond to enquiries from the market and various organisations about the Group's ESG management, including but not limited to the major ESG rating agencies, various ESG financing evaluation agencies and related funders and investment institutions, etc.; 3. Research and make recommendations on other significant issues or innovative businesses that have a significant impact on the Group's ESG and sustainability; 4. Any other matters authorised by the Board of Directors.
Departments of the Group	<p>Departments of the Group are responsible for the implementation and execution of specific ESG efforts, and their specific responsibilities include:</p> <ol style="list-style-type: none"> 1. Promote specific ESG efforts in accordance with the ESG vision, objectives, strategies and management systems which have been approved by the Board of Directors and developed by the ESG Working Group; 2. Information collection and maintenance under the coordination of the ESG Working Group; 3. Report to the ESG Working Group on the performance of ESG work.



4.2.2 ESG management objectives

SY has always adhered to the ESG management philosophy of “To make supply chain finance more efficient and inclusive”. Under the guidance of the Group’s Board of Directors, we are dedicated to improving our corporate sustainability performance by optimizing our internal ESG management system, strengthening external ESG disclosure and communication, and integrating ESG concepts into our strategy and business. We aim to achieve both strong financial performance and long-term sustainable development.

ESG Management Objectives

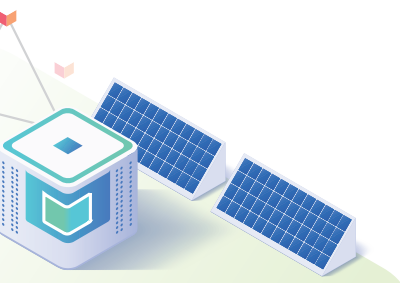
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| Enhancement of ESG Management | <ul style="list-style-type: none"> Streamline the Group’s existing ESG management mechanism and processes, improve the ESG management structure to enhance ESG management standard in compliance with the latest regulatory requirements, establish a regular management mechanism with clear responsibilities, and strengthen the connection between business segments and sustainable development. |
| ESG Information Disclosure and Performance Enhancement | <ul style="list-style-type: none"> Improve the quality of information disclosure, highlight the characteristics of the Group, optimize the ESG information indicator system and realise the systematic collection of ESG information in compliance with the regulatory requirements, which include the setting of environmental targets and climate change risk analysis into the ESG reporting scope in accordance with the new guidelines under the Listing Rules, while maintaining and striving to enhance its performance in key ESG ratings. |
| Integration of ESG and Business Sustainability | <ul style="list-style-type: none"> Pay attention to new sustainable industry developments such as being environmentally friendly and performing social responsibility, and satisfying the latest needs of SMEs in the actual production process by providing diversified supply chain products that incorporate ESG factors for a wide range of SME customers and encouraging the entire supply chain ecosystem to improve ESG performance; Continue to vigorously develop the business for loans to SMEs and focus on financing projects in the infrastructure, medical and energy sectors for fulfilling its social responsibility, and cooperating with domestic and overseas funding partners to develop more financing models that serve sustainable objectives such as inclusive finance and low carbon development; Increase investment in industrial Internet to achieve industry digitisation and low-carbon development |



4.3 ESG Risk Identification

The scientific identification of ESG risks underpins our response to ESG risks and opportunities. During the Reporting Period, we have identified the following ESG risks that are closely related to the Group's sustainability:

Risks	Description
Policy and legal risks	The policies on carbon emission reduction and carbon peak and carbon neutrality may lead to a decrease in the scale and quality of traditional business and assets of customers in the infrastructure and energy sectors, which in turn may adversely affect the Group's business
Market risk	Investors' and funders' preference for sustainable projects/companies will lead the Group to invest more in sustainable development
Liquidity risk	The policies on carbon emission reduction and carbon peak and carbon neutrality may affect the asset liquidity of customers in the infrastructure and energy sectors, which in turn may have a negative impact on the Group's business
Operational risk	The need to comply with increasingly stringent internal and external network and data security-related compliance requirements for accessing, using and storing customer data will enable the Group to further enhance its information and data security protection
Reputational risk	As a supply chain technology platform and a Hong Kong-listed company that primarily serves SMEs in China and is committed to making finance more inclusive, failure to maintain sound ESG performance will have a long-term negative impact on our business reputation



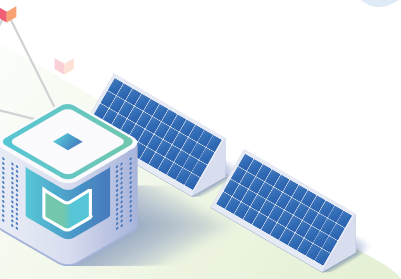
4.4 Stakeholder Engagement

SY attaches great importance to communication with various stakeholders, always adheres to listening to the expectations and demands of stakeholders and responds to their feedback in a timely manner. SY has fully considered the suggestions of all the stakeholders in its daily operations and decision-making processes, and has fulfilled its social responsibility to create value for internal and external stakeholders while operating in compliance with relevant laws.

Stakeholders	Expectations and demands	Communication methods	Our responses
Government/ regulatory authorities	<ul style="list-style-type: none"> Compliant operation and regulatory requirements Enhance standards of ESG management and disclosure Ensure compliance of IT systems 	<ul style="list-style-type: none"> Regular information reporting Interviews with regulatory authorities Annual/interim financial reports and ESG report release Response to questions of Stock Exchange (by phone, mail, etc.) Connect with the Credit Reference Center of the People’s Bank of China 	<ul style="list-style-type: none"> Fulfill information disclosure obligations in accordance with the Listing Rules Adjust internal business processes and standards in accordance with regulatory requirements Implement internal risk management Establish and maintain IT systems in accordance with regulatory requirements
Shareholders/ investors	<ul style="list-style-type: none"> Provision of corporate information in compliance with the relevant regulations Enhance standards of ESG management and disclosure 	<ul style="list-style-type: none"> Due diligence Roadshows Shareholders’ general meetings Interim and annual reports, announcement and circulars 	<ul style="list-style-type: none"> Respond to investors’ concerns about ESG and corporate governance
Funding partners/ banks	<ul style="list-style-type: none"> Provision of corporate information in compliance with the relevant regulations Enhance standards of ESG management and disclosure Exploration of ESG financing channels 	<ul style="list-style-type: none"> Due diligence Financing structure design 	<ul style="list-style-type: none"> Respond to investors’ concerns about ESG and corporate governance



Stakeholders	Expectations and demands	Communication methods	Our responses
Employees	<ul style="list-style-type: none"> Compliant corporate structure and business operation Legal and healthy employment relationship Meet demands for administrative services Honest practice and compliant in company policies of business personnel 	<ul style="list-style-type: none"> Recruitment, promotion, performance assessment and monthly interview Inter-departmental meetings Mail and office software Internal audit, letter of undertaking of integrity and trainings 	<ul style="list-style-type: none"> Establish staff recruitment, promotion and appraisal systems; create a healthy and fair work environment; and provide communication channels Conduct procurement or other services according to procurement standards and actual needs of staff Ensure employees' business conducts comply with corporate rules related to anti-corruption requirements through internal audit; Require its staff to sign a letter of undertaking of integrity when joining the Group; Conduct anti-corruption training at least once a year; Provide complaint reporting channels
Public/community	<ul style="list-style-type: none"> Corporate social responsibility and public welfare 	<ul style="list-style-type: none"> Cooperate with charitable organizations and communities and business units 	<ul style="list-style-type: none"> Establish a foundation, participate in public welfare activities and make donations



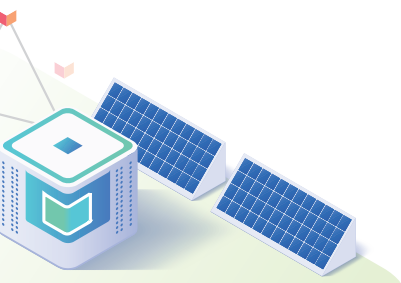
Stakeholders	Expectations and demands	Communication methods	Our responses
Suppliers/ business partners	<ul style="list-style-type: none"> • Sound cooperative relationship • Suppliers and product quality that meet relevant standards • Clean procurement 	<ul style="list-style-type: none"> • Communication by online systems, emails, offline documents, etc. • Quotation, tender, procurement and aftersales service • Official website, mail complaint box and complaints hotline 	<ul style="list-style-type: none"> • Select suitable suppliers through tenders in accordance with the procurement system, and all suppliers shall be admitted only after the procurement review process • Conduct product information security assessments on partners • Procure data services such as business information and public opinion analysis • When signing a business contract, the supplier shall also sign a letter of undertaking of integrity • The official website and official accounts provide ways to file complaints and provide a channel for suppliers to monitor the Company's procurement practices
Customers/ potential customers	<ul style="list-style-type: none"> • Stable relationship • Customer inquiries and complaints • Honest practice of staff • Customer data protection 	<ul style="list-style-type: none"> • Official website, brochures, reports, announcements and other promotional • Official website, mail and hotline • Mail box and hotline for complaints • Business system platform • Onsite interviews • SY Cloud Platform 	<ul style="list-style-type: none"> • Organise marketing activities and visiting customers • Respond to customer consultation and complaints • Provide channels for the customers to file complaints through the official website and WeChat account • Maintain the security and privacy of customer information in the business system • On-site due diligence for customers at entry stage • Ongoing post-loan monitoring



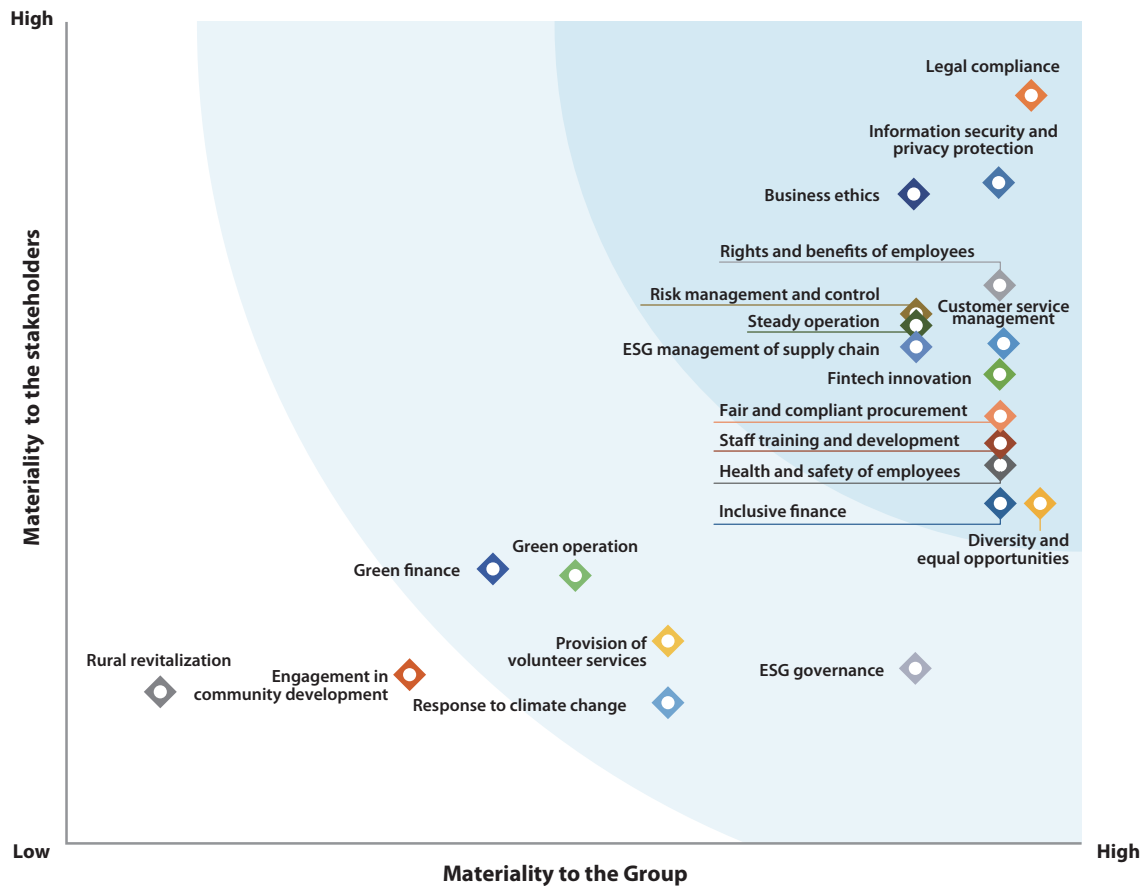
4.5 Material Issue Analysis

During the Reporting Period, we continued to carry out ESG materiality issue evaluation to understand the concerns of the stakeholders on sustainable development and to report on ESG issues that have a significant impact on the Group and its stakeholders in this Report. A total of 98 questionnaires have been collected in the survey and 21 material issues have been evaluated with corresponding results as the reference and base of the Group to carry out ESG relating work. The evaluation and analysis have been carried out in accordance with the procedure of identification, evaluation and ranking, and review.

Identification	By studying the domestic and overseas industrial development where the Group operates and reference to the “Environmental, Social and Governance Reporting Guide” of the Hong Kong Stock Exchange and other domestic and overseas guidance on sustainable development as well as collating the ESG disclosures from our advanced peers, we have identified 21 ESG issues closely relating to the Group based on our own situation.
Evaluation and Ranking	<ul style="list-style-type: none"> • We have invited internal and external stakeholders (external stakeholders: government and regulators, shareholders/investors, customers/potential customers, funding parties/banks, suppliers/business partners, the public/community; internal stakeholders: employees) to participate in the evaluation and ranking of ESG materiality issues by completing online survey questionnaires. • External stakeholders have evaluated the materiality of the ESG issues in terms of the impact of such issues on them, while internal stakeholders have evaluated the materiality of the ESG issues in terms of the impact of such issues on business growth of the Group. A total of 98 effective questionnaires have been collected in the survey with the relevant completion rate of stakeholders satisfying our expectation. • We have ranked the materiality of issues through the materiality issue matrix based on two dimensions, being “materiality to stakeholders” and “materiality to the Group”.
Review	The Board of Directors of the Group has monitored the comprehensiveness of process of ESG materiality issue identification, and have reviewed the evaluation and ranking process of materiality issue, and have reviewed the ESG materiality issue matrix for the year. It has also considered the potential impact of the relevant issues on the Group’s business model and related risks, and accordingly makes disclosure in this report and adjustment in subsequent ESG work.



ESG Issue Materiality Matrix



Degree of importance	Area	Issue
Issues of high importance	Company governance	<ul style="list-style-type: none"> Legal compliance Risk management and control
	Responsibility for customers	<ul style="list-style-type: none"> Information security and privacy protection Fintech innovation
	Responsibility for employees	<ul style="list-style-type: none"> Rights and benefits of employees Health and safety of employees
	Supply chain management	<ul style="list-style-type: none"> ESG management of supply chain
Issues of medium importance	Responsibility for green development	<ul style="list-style-type: none"> Green finance Response to climate change
	Company governance	<ul style="list-style-type: none"> ESG governance
	Responsibility for community	<ul style="list-style-type: none"> Provision of volunteer services
Issues of low importance	Responsibility for community	<ul style="list-style-type: none"> Engagement in community development Rural revitalization



5. Technology-Empowered Financial Inclusion

5.1 Innovative Fintech in The Industry

SY has rooted the pursuit of innovation in its corporate values and forged a quality supply chain of financial service system with its technological strength. We continue to improve the innovation incentive mechanism and formulate incentive policies such as “Project Incentive Policy of SY Holdings Group Limited”, “Reward and Punishment Policy of SY Holdings Group Limited” and “R&D Project Policy of SY Holdings Group Limited”, to fully reward new products with proprietary intellectual property rights which are in line with the Company’s development strategy and major technological developments which include new technologies and methods that are able to solve major problems of or bring significant improvements to existing products based on the valuation results of the project.

At the same time, we attach great importance to the building of our research and development team. We have not only organized specific courses on R&D project management training, but also have set up a post-doctoral research centre of SY Factoring Limited (the “Research Centre”). This Research Centre, as a scientific research institution approved by the Ministry of Human Resources and Social Security of the People’s Republic of China, upholds the policy of researching major topics of a forward-looking and strategic nature, and cultivating, attracting and using high-level outstanding talents with exploring effective ways of business and scientific innovation. In the future, the Research Centre will jointly recruit and cultivate post-doctoral researchers with famous PRC universities that have set up post-doctoral research stations and relevant scientific research institutions, which will be an effective carrier of SY’s independent innovation capability.



Case: Zhongdengwang Intelligent Product Provide a High-efficient and Innovative Solution

After research and development, SY launched the Zhongdengwang Intelligent Product, rolling out a solution characterized by smart checking duplicates and automation monitoring for registered accounts receivable, which provided technical support for the whole process covering registration with Zhongdengwang, inquiry at Zhongdengwang, smart duplicate checking, and post-loan monitoring. It addressed popular pain-point problems in the industry such as the difficulty in directing connection to Zhongdengwang, the high workload and risks in manual operation, and the difficult post-loan monitoring. The application of technologies such as OCR and NLP may precisely assist customers from the factoring industry or other financial institutions in saving labor costs, lowering operational risks, and improving inquiry efficiency, by achieving the response within seconds and the smart analysis of reports from Zhongdengwang, so as to significantly improve business processing efficiency and reduce business risks during the management process of accounts receivable. It also accelerates searching speed in case of repetitive registrations and reduce the utilization of computer resources in duplicate checking, thus efficiently and accurately resolving the problem of low efficiency of manual duplicate checking. In the past, information about amounts receivable inquiring from Zhongdengwang were analyzed by manual operation, which accompany by complicated operation, low efficiency, and high risks of operation. For example, a financing applicant exhibits 4,000 registration records at Zhongdengwang, which may require at least 1 to 2 days for operation staff to process such registration records on the basis that 10 seconds are required for a operation staff to check one registration record. However, the platform with duplicate checking function originated from NLP and OCR, can automatically identify registration information. As such, the improved processing efficiency as a result of replacing labor with machine can cut the time to 10 minutes, during which problems arising from manual operation can be avoided while accelerating the efficiency of duplicate checking.



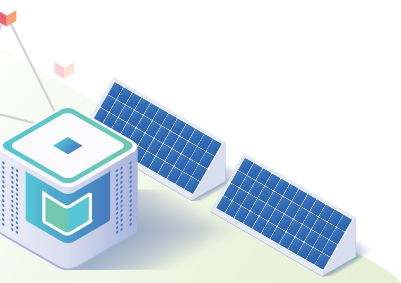
Case: SY Receiving the “Certificate of a Software Enterprise Encouraged by the State” and the “Software Product Certificate”

In September 2022, SY was awarded the “Certificate of a Software Enterprise Encouraged by the State” and the “Software Product Certificate” by the China Software Industry Association, and SYIT became the enterprise with two software certifications rated by China.

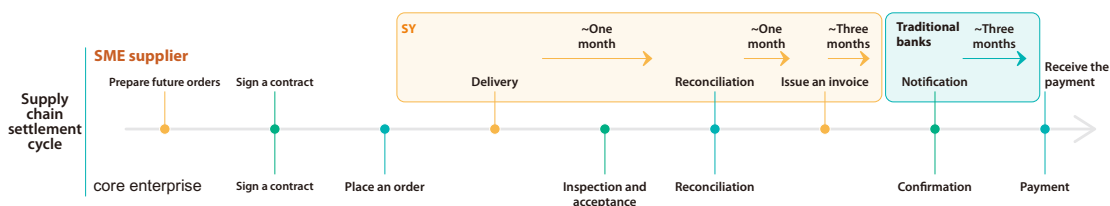


5.2 Solving Financing Difficulties for SMEs

The “14th Five-Year Plan for Promoting the Development of SMEs” (《「十四五」促進中小企業發展規劃》) states that the development direction of the fintech industry is to improve the financing ability of SMEs. Since its establishment, SY has been concerned about the pain points of difficult and expensive financing of SMEs, which cannot be solved by traditional financial models. We regard “technology” as the most crucial element in the supply chain, and expect that through our self-developed technology platform, we can help SMEs to reduce the costs of information collection and exchange, customer transactions and labour, while gradually expanding the service boundary, so that the data-based, systematic, and smart finance model of supply chain can cover more SMEs, core enterprises and financial institutions.



SY provides supply chain financial services in a digital manner to resolve pain points of financing of SMEs



	SY Digital Finance	Traditional bank factoring
Scope of business	It covers the entire supply chain settlement cycle and provides more innovative solutions	Focus on confirmation Unable to timely solve the financing pain points of SMEs
Customer experience	It completes online operation on SY Cloud Platform Convenient and flexible	Application process is mainly conducted offline Complicated formalities
Flexibility	Driven by big data, with more accuracy and efficiency More competitive financing rates and flexible repayment plans are available	Traditional credit risk control logic lacks real-time data support and flexibility More requirements and restrictions



It is convenient and flexible to customize products for SMEs



Data driven, accurate customer acquisition and efficient risk control



Transaction-based digital technology enablement

1) SY Cloud Platform Supporting SMEs for Financing:

SY Cloud Platform focuses on three sectors, namely infrastructure, medicine and energy resources. It not only has an in-depth understanding on such three sectors, but also on the pain points of financing of SMEs in these three sectors. Leveraging on the digital technology, SY has expanded the coverage of its financial services to provide more targeted and flexible financial services for SMEs, thereby deepening the penetration of financial services, enabling the SMEs to reduce financing costs, and promoting resources movement among supply chain industries.

- Convenient financing: Created by SY, SY Cloud Platform is an online SaaS platform featured by registration, logging in, signing, data risk control, online resources review and smart matching between fund and asset, which has been established with various technologies such as IoT, cloud computing, the big data and artificial intelligence (NLP, OCR, machine learning, etc.). Its functions include customer acquisition by automatically pre-credit granting, 100% online review, electric signature, investigation of goods by video, public concerns monitoring, registration with Zhongdengwang and duplicate checking at Zhongdengwang, big data analysis, face recognition, automated pricing model, automated accounting management and Intelligent text analysis. The SMEs in the whole transaction chain may enjoy a convenient and high-efficient experience, and receive diversified financial service, operation services, technology services and data services. As of 31 December 2022, the SY Cloud Platform has processed a total of over 85,839 videos of inspection of goods, 249,487 documents of electric signature and 6,872,981 times for the application of OCR, which has provided numerous SMEs with high-efficient and convenient digital financing services.



Smart Inspection and Acceptance Data Application

- 1 Immutable data**
- 2 Reduce manual intervention**
- 3 Real-time data uploading**
- 4 Improve efficiency of document verification**
- 5 Cross check market data to verify output value**

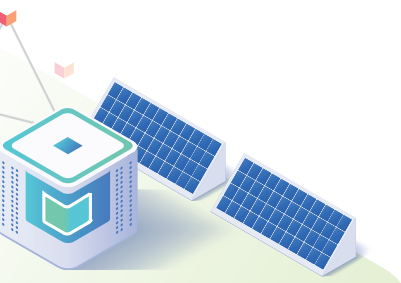
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- Risk Control: SY Cloud Platform effectively controlled the risks in industrial transactions. In January 2022, SY Cloud Platform has obtained the highest-level certification of the PRC security system for non-banking institutions, providing a strong technical backing for big data analysis, accurate customer acquisition and business innovation for SY’s supply chain technology platform.

Pre-loan: It obtains transactions/non-transactions data in a highly confidential manner through a connection with the core enterprise systems such as ERP system, progress storage system and financial integration system or empowerment in technology such as smart construction site, pharmaceutical SPD.

Loaning: It serves the purpose of ownership affirmation and reduces the reliance on written affirmation of core enterprises otherwise by collecting and cross-checking multi-dimensional data (bidding data, tax control data, transaction data uploaded by customers/acquired by core enterprises, third-party data, etc.).

Post-loan: It achieves a real-time tracking and early warning through continuous collecting and dynamic monitoring the transaction data.



2) **Help SMEs in financing through diversified financing models:**

Driven by the self-established customer pre-credit mechanism and industry risk assessment model, SY breaks through information barriers with big data analysis to provide a variety of financing products covering the entire supply chain settlement cycle by focusing on different stages of the supply chain settlement process, and also provides more competitive financing rates and flexible repayment plans. It not only flexibly meets the financing needs of the customers of SMEs in different transaction stages, but also solves the sore point that traditional financial institutions are difficult to meet the individual needs of customers. In addition, it provides more opportunities for SMEs to obtain supply chain financing, making financing more efficient, and thus allow more SMEs to improve productivity, expand business and maintain sustainable development. This will not only benefit the industrial chain and supply chain of SMEs to maintain safe and stable, but also create more jobs for the society and promote the social and economic development. By the end of 2022, the cumulative number of customers on the SY platform exceeded 12,700, and the accumulated supply chain assets handled exceeded RMB159 billion. At the same time, in August 2022, SY released the Social Responsibility Financing Framework (《社會責任融資框架》), which promised and stipulated that all the funds raised by SY from issuing social responsibility bonds or loans in the future would be used to qualified social responsibility projects, including providing more financing opportunities to SMEs and helping them secure a place in the supply chain. It also released the Financing Framework Relating to Sustainable Development (《可持續發展掛鉤融資框架》) to help SMEs achieve a year-on-year increase in terms of financing size.

Case: Support Inclusive Finance by “Digital RMB + Supply Chain Finance”

In 2022, SMEs in Shanghai were hit heavily by the COVID-19 pandemic. Zhongxiang Engineering Materials Co., Ltd. (中翔工程材料有限公司) (“Zhongxiang Engineering”), an SME in Shanghai experiencing the “Digital RMB + Supply Chain Finance” service of SY, has successfully received factoring financing of approximately RMB2.8 million issued by SY in digital RMB. For SY, this is an important practice to help SMEs in Shanghai against the pandemic with digital RMB. For Zhongxiang Engineering, it enjoyed efficient and inclusive supply chain financial services and shifted its settlement channel to digital RMB which requires no service and handling fees and withdrawal fee as those charged by third-party payment tools. With its features of high speed, efficiency and security, digital RMB makes the inclusive finance more available.



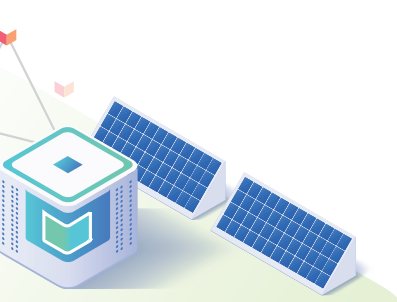
5.3 Improve Risk Control Capability

A professional and comprehensive risk management mechanism is the foundation of our sustainable development. The Group strictly follows the relevant laws and regulations such as the "Listing Rules", the "Notice of the General Office of China Banking and Insurance Regulatory Commission on Strengthening Supervision and Administration of Commercial Factoring Enterprises", the "Interim Measures for Supervision and Administration of Commercial Factoring Companies in Tianjin", the "Interim Measures for the Management of Financing Guarantee Companies", and the "Regulations on Supervision and Management of Financing Guarantee Companies", and has formulated internal policies such as the "General Rules on Risk Management of SY Holdings Group Limited", the "Risk Evaluation Management System of SY Holdings Group Limited", the "Credit Management System of SY Holdings Group Limited", the "Post-loan Management System of SY Holdings Group Limited", and the "Management System of Credit Investigation System of SY Holdings Group Limited" to continuously strengthen the Group's risk management and control capabilities.

5.3.1 Risk management framework



SY's Risk Management Framework



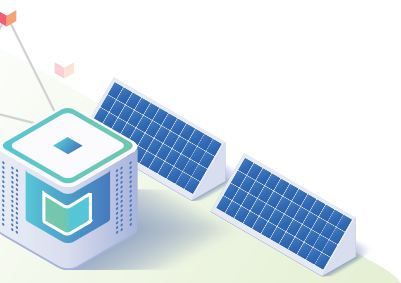
Level	Responsibilities
Board of Directors	Assess and determine the nature and degree of the risks, including ESG-related risks, that it is willing to take in order to achieve the Group's strategic objectives, and ensures that the overall adequacy and effectiveness of the Group's risk management and internal control systems is regularly reviewed.
Audit Committee	Design, implement and supervise the risk management and internal control system to ensure the effectiveness of the Group's internal control through internal and external audits
Corporate Governance Department	Take charge of responsibilities related to internal control and compliance matters , optimize operating procedures and workflows, review the Group's policies and standards, supervise the Group to maintain sound internal control management, and report to the Audit Committee from time to time.
Risk Management Committee	Responsible for the overall risk management of the Group, reviewing the status of risk management, reviewing major risk management activities, and exercising voting rights on major transactions.
Risk Management Department	Under the leadership of chief risk control officer of each branch, take the lead in organizing the specific implementation of risk management-related measures.
Business Department	As the first line of defense in risk management, abide by and implement risk management policies and systems in the process of conducting business, and assume the responsibility for obtaining information, making risk judgments and risk control.



5.3.2 Risk management work

The Group's routine risk management work includes risk communication and risk review and assessment.

- | | |
|---------------------------|---|
| Risk communication | <ul style="list-style-type: none"> • Daily evaluation: Based on the subject and transaction-oriented dual risk evaluation, to establish a risk evaluation system with multi-dimensional enterprise and transaction behavior data analysis as the logic for realizing the rolling calculation of dynamic risk evaluation results for individual customers, individual businesses and individual assets • Regular meetings: The Risk Management Department and the Corporate Governance Department regularly report to the Audit Committee on major risk management events and ESG management (including corporate governance, IT security, human capital, etc.) during the period to the Audit Committee at the Audit Committee meeting. • Ad hoc meetings: In case of sudden and significant risk matters, the Risk Management Committee will convene an ad hoc meeting after the relevant department reports to the Chairman of the Risk Management Committee. The Risk Management Department and the Corporate Governance Department will report to the Audit Committee as soon as possible within a reasonable period, and the Audit Committee will report the relevant content to the Board of Directors. |
| Risk Review
Assessment | <ul style="list-style-type: none"> • Board of Directors: Reviews the effectiveness of risk management and internal controls annually through the Audit Committee. • Audit Committee: Reviews the risk management reported by the Company's management at least once every six months. • Risk Management Committee: Holds business risk analysis meetings at least once a quarter, mainly focusing on the Company's risk issues in comprehensive risk management, including but not limited to analysis and experience summary of overdue collection matters, liquidity management execution, operation management, data security, etc., to identify business risk points and propose prevention and control solutions to risk issues. • Risk strategy group: Fully responsible for the establishment and optimization of daily business risk evaluation rules and models. A comprehensive assessment of the risk assessment model and rules is conducted on a regular basis of every six months, and the relevant rules are continuously updated, optimized and adjusted in consideration of factors such as macro risks, industry changes, business direction changes and the Group's risk preference. |



During the Reporting Period, according to the different stages of pre-loan, loan, and post-loan, the financing subject of the financing project, the individuals and enterprises related to the core enterprise, etc., we have combined the public opinion, actual progress and financial situation of the underlying trade project, etc., developed and upgraded the risk assessment model covering the whole process, multi-dimensional verification, and dynamic tracking management. We have also used big data to enhance the Group's risk control capabilities. According to the different risk points of concern in each business scenario, we will use diversified data including financial data, third-party data, and industry data to achieve differentiated management.

Case: SY's intelligent supply chain financial risk control management practice selected as "Teaching Case of School of Management, Fudan University"

In 2022, with its intelligent supply chain risk control management practice, SY was listed as an excellent case and included in the "Supply Chain Finance" written by Chen Xiangfeng, Director of the International Supply Chain Finance Research Center of Fudan University.

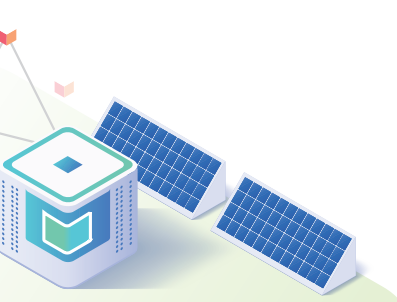
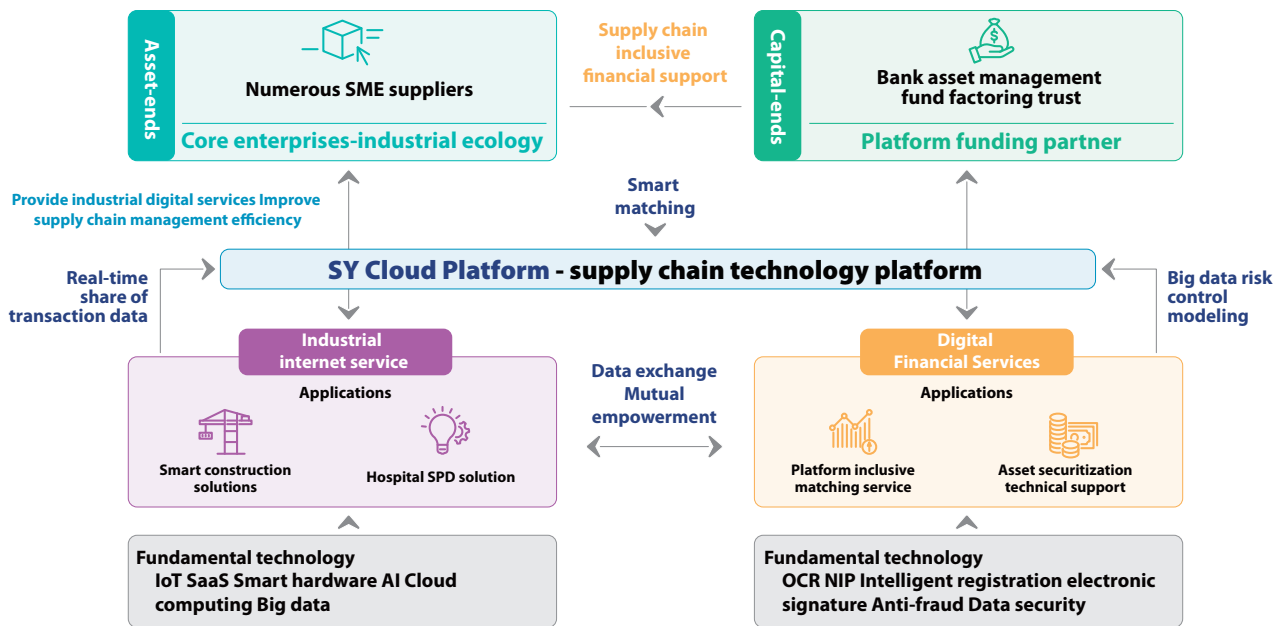
Chen Xiangfeng pointed out in "Supply Chain Finance": "With the support of intelligent risk control strategies, SY has provided SMEs with a variety of innovative solutions covering the entire supply chain settlement cycle. Traditional banks mainly aim at the stage from notification of core enterprises to actual payment, while SY moves the financing node forward through systematic and data-based management, covering the entire supply chain. SY uses a large number of cutting-edge technologies based on its in-depth understanding of industry rules, to ensure the controllability of risks; coupled with the supply chain scenario built by itself, get rid of the dependence on the credit and notification of core enterprises, and change from the "porter" of assets to the "creator" of high-quality assets."



5.4 Facilitate Digital Upgrading of the Industries

The 14th Five Year Plan and the Long-Range Objectives Through the Year 2035 (2035 年遠景目標綱要) clearly stipulated that it is imperative to promote the deep integration of digital technology and the economy, empower the transformation and upgrading of traditional industries, promote the birth of new industries, new forms of business, and new models, and strengthen the new engine of economic development. Meanwhile, under the guidance of the ‘dual carbon’ goal, the digital upgrading of industries is also an integral evolution process to be completed for traditional industries such as infrastructure, medicine, and energy. By upholding the mission of “To make supply chain finance more efficient and inclusive”, and based on its years of accumulation in the industry supply chain, SY has joined hands with ecological partners to serve more SMEs, promote the digital upgrading of national strategic pillar industries such as infrastructure and medicine through the industrial Internet, and create a digital ecosystem at the industrial end, so as to enable SMEs to establish their own digital credit and transaction profile in the digital ecosystem, breaking through their reliance on core enterprise ownership and guarantee, and thereby further promoting the development and upgrading of supply chain finance.

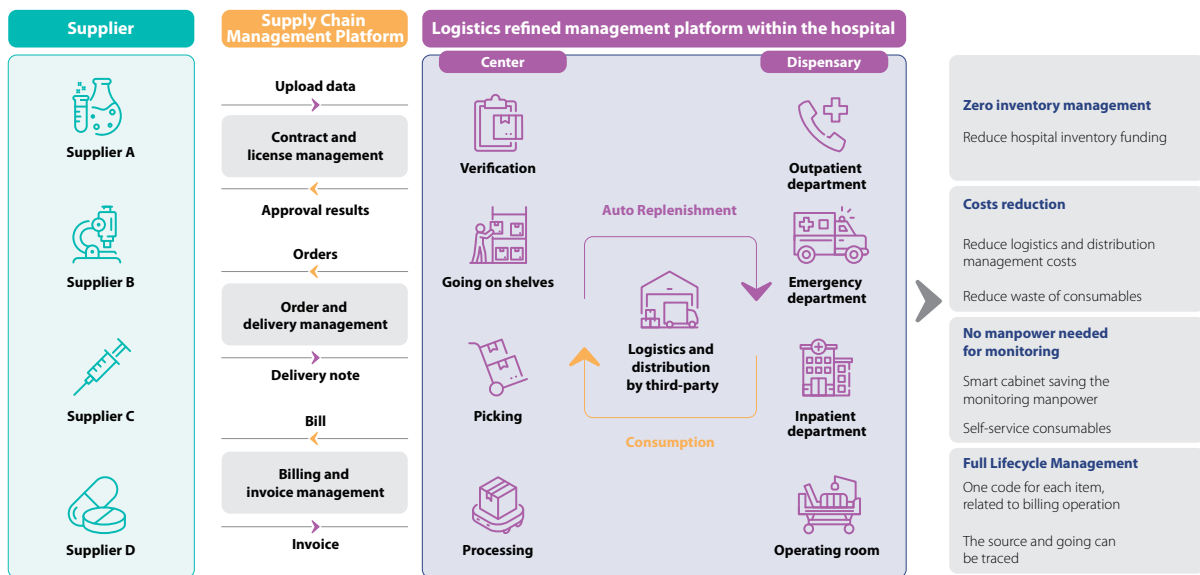
Digital Ecosystem of the Supply Chain Finance Industry Built by SY



Facilitate Informatization of the Medical Industry

The SPD intelligent supply chain management solution provided by SY has deeply embedded into the industrial chain scenario of the medical consumable circulation industry by applying the centralized management of logistics processes such as medical supplies supply, processing and fulfillment and covering intelligent hardware, auxiliary software, solution design, system integration support and other services. Through this solution, hospitals use digital and intelligent equipment and systems to solve the problem of isolated medical supplies information, reduce the occupation of hospitals' stock capital for medical supplies, achieve full traceability of medical supplies, ensure the timely and safe supply of medical supplies, and make medical practitioners more focused on frontline work.

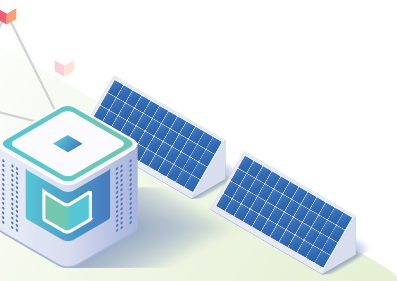
Hospital SPD Solution



Facilitate intellectualization of the Infrastructure industry

The construction industry is an important pillar industry for China’s national economy. The construction industry in China is large in scale though with a low level of informatization, which is closely related to its own characteristics: broad geographical distribution of projects, difficulties in on-site management, as well as enterprise cost management problems and high complexity in engineering. Faced with the above challenges, SY has provided digital management and smart construction site solutions for the construction projects of various large state-owned enterprises. SY’s smart construction site solution focuses on practicality. By building a smart construction technology platform, leveraging comprehensive BIM application, construction site application, and data integration application, and relying on new technologies such as 5G, AI, AR, and BIM, as well as various IoT monitoring and perception systems on site, it enhances project schedule management, improves the feasibility of plan preparation, and enhances the foresight of plan monitoring; assists in process quality control, improves the one-time survival rate and one-time optimization rate of on-site construction; strengthens intrinsic safety management and control and creates healthy and safe construction sites; assists in lean cost control, improves supplies receiving efficiency and accuracy of supplies information data, and effectively improves the fineness and effectiveness of construction site management.

Smart Construction Site Solution



Case: “Digital Construction, Smart Future” Digital Ecology Press Conference Held by SY

In July 2022, the 2022 SY Digital Ecosystem Press Conference with the theme of “Digital Construction, Smart Future” was successfully held. SY and association representatives, state-owned infrastructure enterprises, experts and scholars, ecological partners, industry elites, investment institutions, and authoritative media met to discuss the development trend and direction of digital construction, digital finance and digital ecology, and to co-draw the blueprint of industrial digital ecology.



6. Building a Low-Carbon Ecosystem

6.1 Contributing to the Low-Carbon Transformation of Industries

Practising low-carbon finance is one of the key initiatives taken by SY to fulfil its corporate social responsibility. SY is committed to building a green supply chain financial ecosystem by actively responding to the strategy of carbon peaking and carbon neutrality and focusing on the low carbon transformation of the value chain. By prioritizing access to low-carbon projects, we actively facilitate the carbon emission reduction in the value chain to promote the low-carbon transformation in the industry chain through digital means, while reducing carbon emissions from our own operations through online, paperless and green operation.

- **Priority for Access to Low-carbon Projects:**

- 1) According to the specific conditions of the underlying trading commodities or projects, environmental protection certifications such as assessment of environmental impact are required for business access;
- 2) For infrastructure sector, infrastructure facilities (public transport facilities and roads, municipal pipe network, etc.), public buildings (public schools, hospitals, cultural and sports stadiums, parks, greenery, etc.), industrial parks (industrial parks and ancillary facilities, logistics and storage, etc.) and new infrastructure projects (new energy facilities, big data center, artificial intelligence, industrial internet, etc.) have the priority for access.

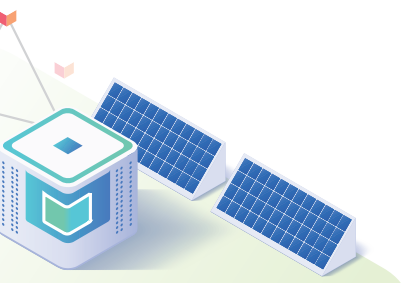


- **Carbon Reduction from our Own Operations:**

- 1) **Online:** Benefiting from SY's technology system, customers can complete the whole process online from uploading materials, applying for loans and obtaining credit facilities to loans approval. This system integrates functions such as invoice validation, transaction register and duplicate check in the Zhongdeng Net, data collection and analysis, risk management, asset management services, etc., to realize the online operation and management of a series of processes such as business operation, risk control and asset management, which not only makes the financing application process more convenient for customers, but also saves labor costs and carbon emission costs from offline travel for the parties concerned. Besides, with access to the credit reference system of the People's Bank of China, the largest credit reference system around the world, SY further improves the efficiency of reviewing the risks from accounts receivable and strengthens the risk control mechanism. Meanwhile, customers of SMEs no longer have to bring various certificates and related materials to the credit reference center in person to obtain credit reports, eliminating the carbon emissions generated by customers' business travel. As of the end of the reporting period, we have saved 33.04 million pieces of paper through SY Cloud Platform (equivalent to approximately 256 tonnes of carbon emission).
- 2) **Paperless:** Relying on the technology system, SY participates in the online signature system of the China Financial Certification Authority (CFCA), a PRC authoritative security certification body under the People's Bank of China, so as to provide each project company and supplier with an independent digital certificate of electronic signature. Leveraging on the legal effect of electronic signatures which effectively avoid the risk of false signatures, customers can directly sign agreements remotely and confirm the transfer of accounts receivable, which replaces the offline signing method of delivering contracts by express and manpower with time consuming and high labor costs in an efficient and convenient manner, thereby significantly reducing the cost of carbon emissions by offline transportation.
- 3) **Green operation:** SY encourages its employees to travel in a low-carbon manner by giving priority to the use of public transportation and new energy vehicles. Meanwhile, smart lighting and air conditioner are installed in the offices to reduce carbon emissions generated in the workplace. Based on the data from the Group's internal reimbursement system, 86.19% of our employees traveled by new energy vehicles during 2022.

- **Value Chain Carbon Emission Reduction:**

By providing supply chain technology services such as smart construction site and pharmaceutical SPD, SY helps digitalize traditional infrastructure projects and pharmaceutical distribution for the whole process, so as to reduce the carbon footprint of the entire industry chain. Please refer to the section on "Facilitate Digital Upgrading of the Industry" in this report for details.



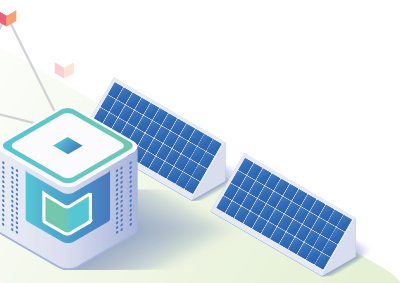
6.2 Tackling Risks of Climate Change

SY is fully aware of the urgency of the impact of climate change and is paying close attention to the impact of climate change on the Company’s operations. SY has also started work on identifying and addressing climate risks, and has initially identified the relevant risks and planned for countermeasures. In the future, a comprehensive assessment of the risks and opportunities will be conducted and corresponding management measures will be developed to minimise their impact on the continuity of the Company’s business.

Type of risk	Climate related risk	Description	Potential impact of related risks on SY	Measures adopted by SY
Physical risks	Acute physical risk	Climate change may cause rise in sea level, accompanied with extreme weather such as droughts, storms, and floods	<p>Online business may be impacted due to commuting disruption of staff resulting from typhoon and other extreme weather and restricted network, which in turn results in temporary suspension or decreased operating income of SY</p> <p>Resulting in direct losses to our customers’ assets or projects (such as infrastructure projects, deliveries of construction materials or pharmaceutical inventories), which could affect their ability to pay us and may further affect the capital chain of SY</p>	<ul style="list-style-type: none"> Closely monitor extreme weather events in regions, take action in a timely manner and launch emergency plan in case of typhoon and natural disasters; Establish a mechanism of telecommuting, flexible clock in and timely reporting for staff to ensure their safety and stable operation Closely monitor extreme weather events in regions, issue alerts to customers as soon as possible in case of typhoon and natural disasters; Prepare emergency plans in case of capital chain being affected, and implement it as soon as possible when necessary



Type of risk	Climate related risk	Description	Potential impact of related risks on SY	Measures adopted by SY
	Chronic physical risk	Increase in average temperature	<p>Prolonged high temperature may cause discomfort to staff, which in turn may affect work efficiency and thus result in loss of economic benefits to the Company</p> <p>Prolonged high temperature would impose additional costs (such as refrigeration, food freshness assurance) on the Company's office premises</p>	<ul style="list-style-type: none"> Pay close attention to the health of staff Establish a mechanism of telecommuting, flexible clock in and timely reporting for staff Continuously keep eyes on operating situation of office premises
Transformation risks	Policy and legal risks	<p>Increased pricing of greenhouse gas emissions</p> <p>Stricter regulations and measures to reduce carbon emissions</p>	<p>Operation costs such as carbon taxes and carbon trading may be increased</p> <p>Regulatory authorities may introduce stricter regulations and measures for carbon reduction and emission reduction in the infrastructure and energy industry in which SY is involved in the future. Such measures may affect risk assessment by potential customers in relevant industries on our specific businesses and assets</p>	<ul style="list-style-type: none"> Continuously monitor the latest developments in environmental protection policies can comply with local emission reduction policy Adopt scientific and effective energy consumption management system internally, strengthen energy management, and continuously carry out energy saving and consumption reduction Actively monitor the latest developments in climate related policies as well as laws and regulations Actively monitor the climate related information disclosure by customers of SY in relevant industries



Type of risk	Climate related risk	Description	Potential impact of related risks on SY	Measures adopted by SY
Market risk	Changes in customers' behavior	Investors and funding partners continue to show increased appetite and concern for sustainable projects and may prefer to cooperate with those that focus on environmental protection philosophy/use low-carbon and clean energy. If we are unable to provide assets that meet sustainability requirements, it may affect our ability to raise capital and our competitiveness in the market	<ul style="list-style-type: none"> Increased focus on developing sustainable projects; Improved our efficiency of energy consumption through energy saving technology and effective methods; Increased investment in promoting environmental protection philosophy, inform the customers with latest environmental protection policy interpretation and new measures for energy saving and emission reduction, so that customers can effectively track the environmental protection measures of the enterprise 	
Reputational risk	Increasing concerns of stakeholders over negative climate related feedbacks	As a supply chain technology platform and a Hong Kong-listed company that primarily serves SMEs in China and is committed to making finance more inclusive, failure to meet the requirements of supporting low-carbon development will have a long-term negative impact on our business reputation under the dual carbon targets in China	<ul style="list-style-type: none"> Strictly control climate risks and carbon reduction management to prevent the occurrence of disasters Actively conduct environmental protection propaganda to promote environmental protection philosophy to public, customers, staff and business partners 	



6.3 Promoting Green Operation

SY actively promotes the concept of green operation and strictly complies with the “Environmental Protection Law of the People’s Republic of China”, the “Energy Conservation Law of the People’s Republic of China” and other relevant laws and regulations, while also has formulated the ESG Management System of SY Holdings Group Limited (《盛業控股集團有限公司ESG管理制度》) to specify its main direction in energy saving and environmental protection, including:

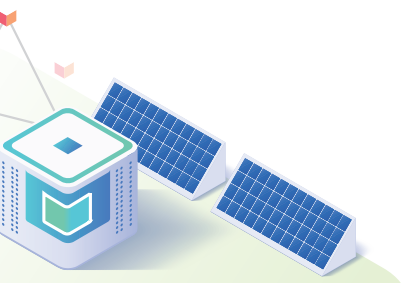
- Set up targets on carbon reduction and emission reduction in gradual;
- Reduce waste generation from the source through advocating energy saving and emission reduction in daily operation, promoting and adopting energy saving technology and innovative technology, and adopting the principles of reduction and recycling;
- adopt corresponding due diligence and business rules in the course of daily operation, support commercial activities that benefit to environment and drive accelerated transformation to low-carbon economy;
- monitor carbon emission, waste emission and use of resources such as energy and water during daily operation, continuously improve environmental protection mechanism and evaluate effectiveness on a regular basis.

During the Reporting Period, we had no environmental litigation cases arising from environmental issues. The specific targets and practical measures for energy saving and environmental protection are as follows:

Target

classification Practical measures

classification	Practical measures
Energy saving and carbon reduction	<ul style="list-style-type: none"> • Green building and energy saving: <ul style="list-style-type: none"> — Our Head Office in Shenzhen is located in Kerry Plaza T2. This building has been awarded LEED-EBOM Platinum certification in 2015. There are only 3% of the LEED-certified projects in the world winning platinum-level honor, while Kerry Plaza is the first office project in Shenzhen being awarded this honor; • Energy saving in electricity: <ul style="list-style-type: none"> — Air conditioning is only available during working hours: 08:00-19:00 on Monday to Friday; 08:00-14:00 on Saturday;



Target

classification Practical measures

- Green travelling
 - The Company advocates using public transportation, new energy vehicles and carpooling when travelling in groups;
- Low carbon publicity
 - The Company issued the “Advocacy Letter on Corporate Energy Saving and Consumption Reduction Activities”, and carried out energy saving and environmental protection publicity activities for employees.
- Waste reduction and water saving
 - Control at source:
 - The Company advocates the use of double-sided paper, double-sided printing as far as possible and the reuse of non-confidential single-sided documents as draft paper, bill sticking and internal data printing;
 - The Company controls the use of tissue paper. We keep statistics on the amount of paper towels used by each department, encourage paper saving and reward departments with the lowest per employee use of paper towels to avoid paper waste;
 - There is no water pressure problem in the Company’s operation site, and no problem in sourcing water from municipal utilities, barreled water and bottled water. In order to strengthen efforts in water saving, the Company controls the use of bottled drinking water. Internal staff will bring their own water cups during the meeting, and no bottled mineral water will be provided. Leftover mineral water will be taken away for drinking during the external reception to avoid wastage.
 - Disposal Measures
 - Waste cartons, paper and other non-hazardous waste are collected and disposed of by the cleaning company as a whole;
 - Waste batteries, toner cartridges, electronic products and other hazardous waste are collected together and then disposed of by specialized institutions;
 - Barreled drinking water used up are collected and disposed of by its supplier for recycling.



SY also attaches great importance to the involvement of the stakeholders in green and low-carbon aspects. In order to enhance the enthusiasm of the employees to participate in energy saving and environmental protection, SY has actively carried out green and low-carbon publicity activities during the year, such as “SY Earth Day” event and low-carbon light food activity. In addition, we have implemented energy-saving and consumption-reducing policies in our Shenzhen office, and carried out selection activities on saving paper, electricity and water. For departments with excellent performance in energy saving and consumption reduction, we will give certain spiritual and material rewards, and encourage the employees to stick to green and low-carbon office habits. In terms of the green environmental protection management of the suppliers, the Company has clarified the relevant requirements of the supplier access in the “Company Procurement Management Rules”, requiring the suppliers to meet the PRC requirements of energy saving and consumption reduction as well as ecological environment protection. In terms of green procurement, the Company has purchased energy-saving lamps and flame-retardant wires, wallpapers, wood panels and carpets that meet the requirements of environmental protection grades and requires office furniture procurement to meet PRC environmental protection standards, and selects green-certified printing paper.

Case: 2022 SY Earth Day Event



盛业地球日

从我做起



低碳环保从小事做起

- 1、提倡无纸化办公，请双面、黑白打印，对于非机密的单面文件进行二次利用，每部打印机旁设置废纸回收箱，作为草稿纸、票据粘贴、内部资料打印使用；
- 2、内部会议请自带水杯，不提供瓶装矿泉水，每个会议室设有茶水台请大家自取；
- 3、下午茶请大家按需拿取，避免浪费；招待用餐提倡光盘行动，避免食物浪费；
- 4、邮寄各办公室间的快递，请多人合并邮寄；快递包装鼓励循环使用，前台设置有快递包装回收处；
- 5、废弃电池、废弃墨盒、硒鼓等有害废弃物请勿随意丢弃，请投放前台危废分类收集箱，行政管理部将统一回收处置；
- 6、鼓励大家“变废为宝”，深圳茶水间设有咖啡渣领取处，大家可按需拿取，可除味，可当肥料哟。






减少一次性用品使用

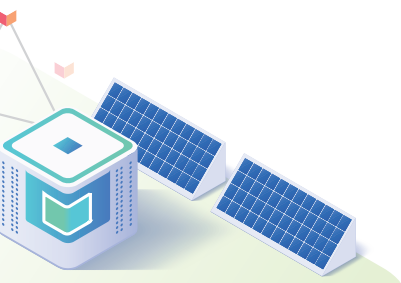
- 1、员工电子名片正式启用，大家可在企业微信-工作台-个人电子名片中查看、分享、下载使用；
- 2、手提袋、档案袋、信封等印刷品请减少使用或循环使用；
- 3、鼓励使用电子版信纸、贺卡、纪念册。





节能环保从点滴做起

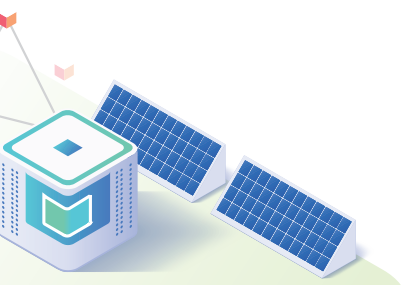
- 1、请随手关灯、关空调。会议室使用结束后，请关闭灯、空调、电视、话筒等设备；下班离开时，请关闭个人电脑等设备，最后离开部门区域的同事，请关闭该区域的灯，空调；独立办公室内离开请随手关闭灯、空调设备；
- 2、请合理设置空调温度，夏季空调温度不得低于 26 度，提倡下班前半小时关闭空调；
- 3、如离开电脑前超过 2 小时，请务必关闭电脑及周边设备电源，离开超过 30 分钟以上请关闭电脑显示屏，并自行将电脑设置为节电模式；
- 4、倡导需求消费，减少冰箱不必要的存储，以及过期导致的浪费；
- 5、工作日中午 12: 30-13: 30，办公室熄灯一小时。



Case: 2022 SY Low-Carbon Light Food Activity



Category	Environmental KPIs ¹	Unit	2022
Use of energy	Total electricity consumption ²	MWh	554.10
	Gasoline consumption ³	MWh	102.77
	Total energy consumption	MWh	656.87
	Energy consumption per employee	MWh per employee	1.74
	Energy consumption per unit area	MWh per square meter	0.11
Greenhouse gas emissions	Scope 1: Greenhouse gas emissions from direct sources ⁴	tCO ₂ e	25.39
	Scope 2: Greenhouse gas emissions from indirect sources ⁵	tCO ₂ e	338.06
	Scope 3: Other greenhouse gas emissions from indirect sources ⁶	tCO ₂ e	228.93
	Total greenhouse gas emissions	tCO ₂ e	592.38
	Greenhouse gas emissions per employee	tCO ₂ e per employee	1.57
	Greenhouse gas emissions per unit area	tCO ₂ e per square meter	0.10
Use of water resources	Consumption of water supplied by municipal utilities ⁷	tonne	2,262
	Drinking water consumption ⁸	tonne	73.78
	Total water consumption	tonne	2,336
	Water consumption per employee	tonne per employee	6.20



Category	Environmental KPIs ¹	Unit	2022
Air emissions ⁹	Nitrogen oxides (NO _x) emission	kg	1.88
	Sulfur dioxide (SO ₂) emission	kg	0.17
	Particulate matter (PM) emissions	kg	0.50
Waste management	Total non-hazardous waste generated	kg	6,580
	Non-hazardous waste generated per employee	kg per employee	17.45
	Total hazardous waste generated	kg	10
	Hazardous waste generated per employee	kg per employee	0.03
	Paper recycled	kg	60.20
	Plastic bottles recycled	kg	525.47
	Total waste recycled	kg	585.67
Total waste recycled per employee	kg per employee	1.55	

¹ Environmental data for the year covers all of SY's workplaces in Mainland China and Hong Kong, China.

² Total electricity consumption is calculated based on relevant conversion coefficients provided in the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T2589-2020), a national standard of the PRC.

³ Gasoline consumption is calculated based on relevant conversion coefficients provided in the Calculation Method and Reporting Guidance on Greenhouse Gas Emission by Overland Transportation Enterprises (Trial) issued by the National Development and Reform Commission of the PRC.

⁴ Scope 1 of the Group: Greenhouse gas emissions from direct sources are mainly generated from the consumption of petrol in the course of operation of official vehicles. The calculation is based on relevant conversion coefficients provided in the Calculation Method and Reporting Guidance on Greenhouse Gas Emission by Overland Transportation Enterprises (Trial) issued by the National Development and Reform Commission of the PRC.

⁵ Scope 2 of the Group: Greenhouse gas emissions from indirect sources are mainly generated from the consumption of purchased electricity. The calculation is based on relevant conversion coefficients provided in the 2018 Carbon Emission Supplementary Data Accounting Report Template attached in the Notice on the Preparation of 2018 Annual Carbon Emission Report and Verification and Emission Monitoring Plan published by the National Development and Reform Commission of the PRC.

⁶ Scope 3 of the Group: Other indirect GHG emissions are mainly indirectly generated by employees traveling by air and commuting by transportation. The calculation results are based on the relevant emission factors provided by the National Development and Reform Commission of the People's Republic of China's "Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Land Transport Enterprises (Trial)" (《陸上交通運輸企業溫室氣體排放核算方法與報告指南(試行)》) and the "Circular on Formulating an Emission Monitoring Plan for 2018 Carbon Emission Reporting and Verification" (《關於做好2018年度碳排放報告與核查及排放監測計劃制定工作的通知》) — the 2018 Carbon Emission Supplementary Data Accounting Report Template.

⁷ The Company's office and operation premises are all part of the office areas in leased commercial buildings, and municipal water consumption is managed by the property management companies in a unified manner and is estimated at 0.5 tonne per employee per month.

⁸ Drinking water consumption includes barreled water and bottled water consumption.

⁹ Emissions of NO_x, SO₂ and PM are generated from the use of the Group's business vehicles, and the emissions are calculated based on the relevant emission factors provided in the Technical Guide for the Preparation of Pollutant Emission Inventory for Road Vehicles (Trial) issued by the Ministry of Ecology and Environment of the People's Republic of China.

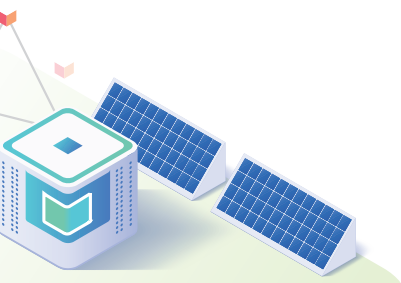


7. Rewarding the Trust of All Parties with Responsible Operation

7.1 Protecting Intellectual Property

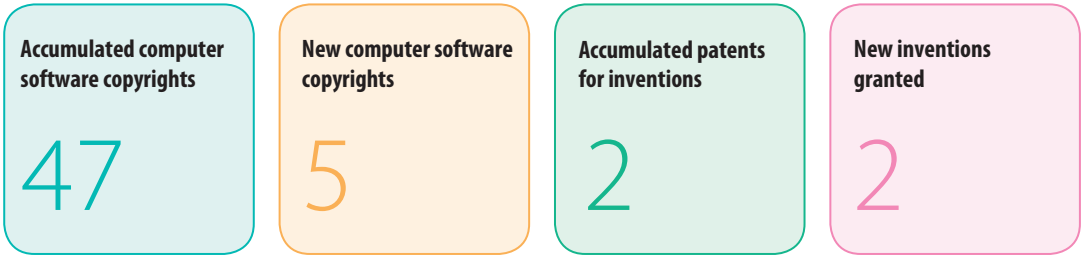
Protecting intellectual property rights is protecting innovation. We strictly comply with the requirements of the “Trademark Law of the People’s Republic of China”, the “Patent Law of the People’s Republic of China”, the “Copyright Law of the People’s Republic of China” and other relevant laws and regulations, and have formulated the “Information Security Code of Conduct for Employees of SY Holdings Group Limited” for restrictive management of the employees, which requires the employees not to use unauthorized commercial softwares during their daily work, and respect the intellectual property rights of all commercial software companies. We have also formulated management policies such as the “IT Asset Management Code of SY Holdings Group Limited”, and embedded intellectual property protection requirements into the “Employee Manual of SY Holdings Group Limited”, the “Confidentiality Agreement of SY Holdings Group Limited” and other internal policy documents for the reasonable use and management of commercial software licenses to prevent intellectual property infringement. During the Reporting Period, we had no incidents of intellectual property infringement.

As of the end of the Reporting Period, Sheng Ye Information Technology Service (Shenzhen) Co., Limited (“SY Technology”), a subsidiary of SY, had obtained 47 computer software copyright certificates (with 5 new certificates obtained in the Reporting Period) and has been recognized as a “Specialized, Specialized, New” Small and Medium-sized Enterprise (專精特新中小企業) and as a software enterprise, while also obtaining a software product certification. In addition, SY Technology has obtained 2 invention patent licenses and 4 invention patents are under application for review.



Case: SY was awarded national invention patent certificate

In September 2022, the patent for invention of “Intelligent Verification Method and Device Based on Registration Data” applied by SY Technology was officially granted by the State Intellectual Property Office.



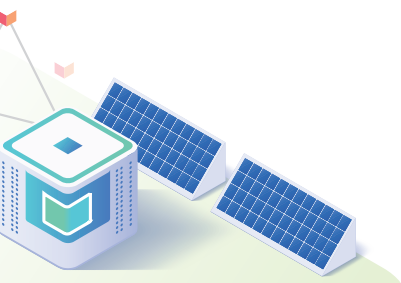
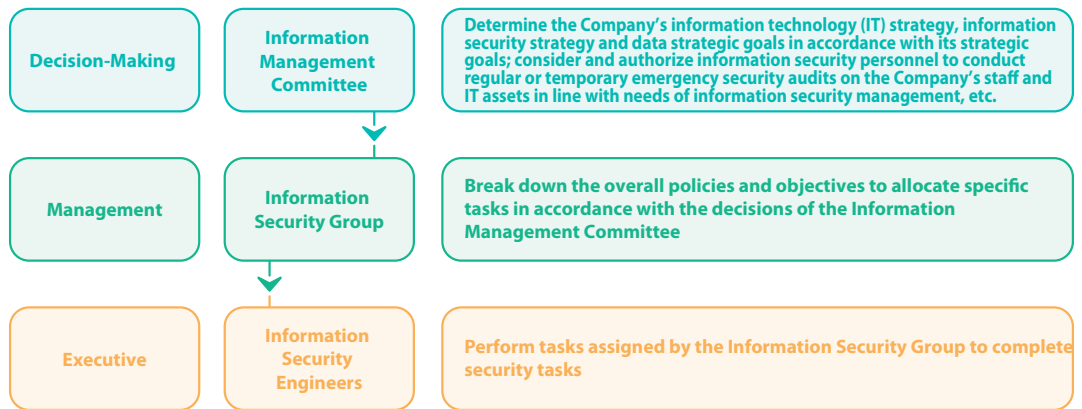
7.2 Protecting Information and Privacy Security

SY prioritizes information safety and protection of clients’ privacy related work. It strictly complies with the “Civil Code of the People’s Republic of China”, “Cybersecurity Law of the People’s Republic of China”, “Data Security Law of the People’s Republic of China”, “Personal Information Protection Law of the People’s Republic of China” and other laws and regulations to continuously improve information security management and enhance customer privacy protection. During the Reporting Period, we neither experience any form of privacy security incidents, nor did we receive any complaints from clients regarding privacy and security.

7.2.1 Safeguarding Information Security

As a PRC high-tech enterprise, SY Technology has established a comprehensive data security protection working group and runs a strict operational system for data transmission, encryption and usage. The Company has formulated and continuously improved a number of information security-related systems and management measures to improve its information security system, standardize the development, processing and management of information data in all aspects, thereby effectively improving the level of information security protection. In the future, SY Technology will continue to improve the construction of data security system, upgrade information security technology, improve capability on risk control service, actively promote customer privacy protection and data security governance in information security, so as to provide more flexible, safe and reliable supply chain financial services for MSME customers.

- Information Security Management Organization:**



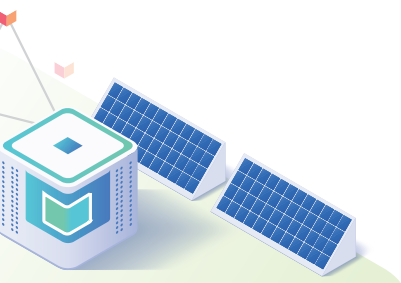
- Regulations and Systems on Information Security Management:**

Information Security Code of Conduct for Employees	Regulate safety behaviors of the employees and direct them to use information assets in a rational and safe manner to prevent the occurrence of intentional or unintentional breaches of information security and protect the Company's information security
Data Safety Management System	Regulate usage scenarios for lifecycle of data, clarify the responsibilities and division of departments, and define data classification standards and daily management norms of data security
Personal Information Protection Management System	Regulate usage scenarios for the use of personal information, clarify the responsibilities and division of departments, and define personal information classification standards, the daily management of personal information protection, and the admission and management of cooperation with partners relating to personal information



- **Information Security Management Measures**

- | | |
|--|---|
| Website Encryption and Protection | <ul style="list-style-type: none"> — Following the principle of safety development, all websites are served using encrypted HTTPS to prevent the transmission of information leakage; — Establish security technology platforms such as anti-virus system, terminal security management system, network firewall, honeypot, network probe, vulnerability management platform, various scanners to protect the internal network security, terminal security and application system security within the enterprise; — Establish host anti-intrusion system and mail anti-virus system. |
| Access and license Management | <ul style="list-style-type: none"> — Optimize the corporate network structure, establish a network access policy and conduct regular audits; — Establish a database audit system and integrate the database access rights process with audits to ensure compliance of data access; — Establish a host license management system and integrate it with auditing to ensure server access control; — Optimize the application system license management process and configuration, and integrate with auditing to ensure the compliance of license allocation. |
| Safety Protection and Contingency Plan | <ul style="list-style-type: none"> — Develop the Application System Backup and Recovery Management System to ensure the normal use of hardware and software in computer and network systems, guarantee the security of business data and maintain the stable operation of the system; — Establish a data backup system to back up customer data, improve the disaster backup mechanism and conduct quarterly drills to ensure the availability of the disaster backup mechanism. |
| External Assessment and Audit | <ul style="list-style-type: none"> — Comply with the requirements on information system classified protection under the “Cybersecurity Law of the People’s Republic of China”, specifically SY Cloud Platform, the Company’s core business system, passed the classified protection 2.0 (Level 3) certification filing and assessment; — Introduce external audits and ratings, specifically the Company passed the ISO 27001 International Information Security System Certification and ISO 27701 Privacy Information Security Management System Certifications. |



- Risk Assessment
 - Normalize the monitoring and control of data outsourced by staff to ensure the security of enterprise and customer data;
 - Conduct risk assessment on the overall network, equipment, systems and other information infrastructure irregularly to identify and address residual risk in a timely manner.

- Internal Assessment
 - Organize “Information Security Awareness Training” on a monthly basis for all staff and arrange internal assessment.

Number of complaints related to data security during the year

0

• **Information Security Management Training**

In 2022, SY carried out monthly information security theme trainings for all the employees, and performed special training and assessment on data security, data governance, data compliance, privacy protection, email security and other topics with a combination of on-site lectures and online learning platforms, supplemented by theories and practice.



Total number of information security trainings during the year

9

Person-times of employees received information security trainings during the year

2,956



7.2.2 Protecting Customer Privacy

As a digital financial services provider, SY is committed to protecting the personal information and privacy of our customers and has incorporated this into our Employee Manual and internal corporate management regulations to clarify our staff's responsibilities and obligations in relation to privacy protection. Unauthorised access to or disclosure of confidential information (including transaction records and customer identities) is strictly prohibited. During the Reporting Period, we did not experience any customer privacy security incidents and did not receive any complaints related to customer privacy security.

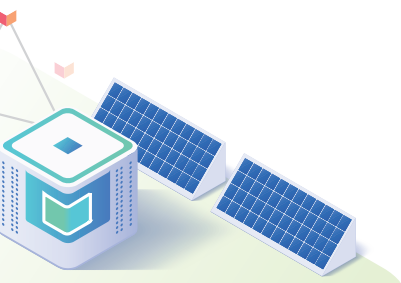
- **Privacy security management regulations and policies:**

Employee Manual	Employees are required to sign a confidentiality agreement at the time of employment that they will not disclose, publicize or use any confidential information, transactions or other information (including trading data, customer data) relating to the Company or its business
Internal Management Regulations on Corporate Credit Reference System	Customer information may only be accessed through the Credit Reference System with the prior written authorisation of the customer

- **Privacy information management system certification:**

During the Reporting Period, SY Technology has obtained ISO/IEC 27001:2019 Privacy Information Management System Certification from CEPREI, an international authoritative body, signifying that SY Technology has reached the international standard in terms of information security compliance and customer privacy protection.

Following the ISO/IEC 27001:2013 International Information Security Certification obtained previously, this certification is another international authoritative security certification obtained by SY Technology in the field of privacy and information security. As an effective supplement to the ISO27001 system, the ISO27701 certification efficiently assists enterprises in identifying and analysing privacy risks, and ensures compliance with high-level privacy protection compliance requirements by establishing a Privacy Information Management System (PIMS). It is an internationally authoritative guidance standard for the construction of privacy management systems in the industry.



ISO/IEC 27701:2019 Privacy Information Management System Certification



Number of customer privacy security incidents during the year

0

Number of complaints related to customer privacy security during the year

0



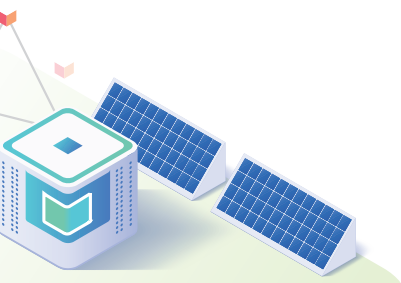
7.3 Improving Customer Service Quality

SY incorporates “service oriented” into its corporate values, focuses on customer needs, adopts a multi-channel approach to establish a smooth communication system with customers and strives to provide customers with a professional and quality service experience. At the same time, by effective implementation of responsible marketing through professional and efficient means and methods, the Company aims to ensure continuous value creation for customers in an honest and compliant manner.

7.3.1 Optimizing Customer Experience

SY has formulated the “Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited” and the “Customer Service Manual of SY Holdings Group Limited” to regulate the processing of customer complaints and ensure timely, fair and reasonable resolution of customer problems and to provide high quality advisory and guidance services to customers. During the Reporting Period, we promptly responded to all customer complaints received, with 97% customer service satisfaction.

In order to understand the needs of our customers in a timely manner, and improve customer satisfaction with the use of our products, we have established the “Customer Review Policy of the Platform Operation Department of SY Holdings Group Limited (for trial implementation)”, specifying that the Company will conduct regular (weekly to every 2 months) return visits to customers based on actual cooperation, which mainly focus on the service experience, areas for improvement in service and business, customer business needs, and satisfaction with the service team. After in-depth research, the Company will propose the corresponding process or business optimization suggestions for the issues and needs raised by customers. In March 2022, we published the first “Customer Review Report” for internal circulation.



In order to improve the professionalism of customer service and maintain good relations with customers, we have organized a special customer service training for up to three months internally. A total of eight customer service training sessions were held, with 181 participants. The training content includes:

- Industry explanation and strategic direction training: “Supply Chain Finance”, “Platform Strategy”, “Basic Knowledge of Factoring ”
- Service skills training: “Customer Relationship Response Criteria”
- Business practical training: “Operation Guidelines for Customer Relationship”, “Pre-loan and Post-loan Data Review Operations”, “Whole Process Introduction of Platform Business and Follow-up”, “Operations of Business with Low, Medium, or High Risks”, “Introduction to Customer Information Management”, “Introduction to Appointment Management”, “Introduction to Transfer Management”, etc.

Handling rate of customer complaints during the year

100%

Customer service satisfaction

97%

Number of customer service trainings during the year

8

Person-times of employees received customer service trainings during the year

181



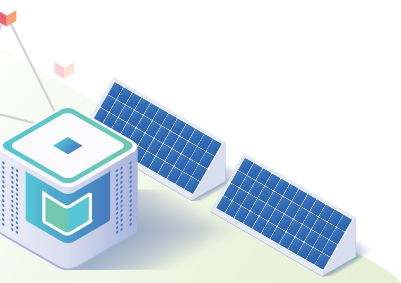
7.3.2 Implementation of Responsible Marketing

Sheng Ye operates legally within the scope of business permitted by the regulations in strict accordance with the “Strengthening Supervision and Administration of Commercial Factoring Enterprises (《中國銀保監會辦公廳關於加強商業保理企業監督管理的通知》) (No. 205)”, 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》)” and other laws and regulations of the country and the place of operation. In order to ensure the fairness and accuracy of marketing and to protect the legitimate rights and interests of our customers, we stipulated that:

- According to regulation including No. 205, companies are required to operate legally within the scope of business permitted by the regulations and may not engage in activities that are prohibited by Government regulations, such as illegally taking deposits from the public, granting loans or being entrusted with the granting loans;
- The Platform Marketing Department is the window that has direct contact with customers. It is required to implement the Company’s risk management requirements, develop the awareness of proactive risk management and act as the first gatekeeper of risk control. Any arbitrary promises made to customers or behaviour that exceeds the scope of authority may result in investigation and penalties in accordance with the Employee Handbook and the Anti-Corruption and Complaint Reporting Management System;
- Clarify the business conduct and work ethics of the employee of the Platform Marketing Department. In accordance with the newly issued “Code of Conduct for the Employee of the Platform Marketing Department”, employees are prohibited from soliciting or accepting improper benefits, and are required to comply with rules and regulations in the course of business negotiations, and engaging in fraud, deception and corruption and related events are strictly prohibited, as well as disclosing trade secrets and customer secrets, and eliminating undisclosed and unapproved connected transactions and conflicts of interest matters, etc.;
- The Brand PR function implemented by the designed group under the Strategic Development Department is responsible for supporting the promotional and marketing activities and materials of the business units, and its external output materials are subject to review and approval by the relevant departments such as the Legal Affairs Department, Finance Department and Governance Department before release.

During the Reporting Period, the Company is neither aware of any violation in information and labeling for its products and services, nor any breaches of the marketing and advertising requirements.

We take a number of measures as follows to ensure that the Company provides responsible products and services to its customers:



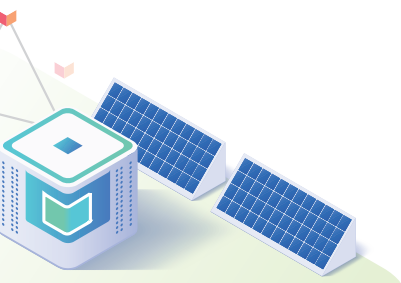
Objectives**Initiatives**

- | Objectives | Initiatives |
|--|--|
| Transparent Product information | <ul style="list-style-type: none"> — The Business Agreement and Line of Credit Consent Form signed with the customer contains clear information on the maximum amount and term, scope of services, interest rate and service fee cap, etc.; — Send monthly statements to customers and provide a dispute verification process; — The entire process of customer access, business application and approval (including the overall limit, individual business quotation and adjustment, capital matching and lending) is carried out on the SY Cloud Platform, and customers can check business records and details through the Cloud Platform. |
| Prevent excessive debt and assist to avoid over-indebtedness | <ul style="list-style-type: none"> — Formulate and comply with the internal management practices of the “Credit Management System of SY Holdings Group Limited”, “Risk Evaluation Management System of SY Holdings Group Limited” and “Post-Loan Management System of SY Holdings Group Limited”; — At pre-loan period, we will implement a two-tier limit on the buyer’s credit line and the seller’s credit line, and provide supply chain financial services to the customer (i.e. the seller) within the limit based on a certain percentage (not exceeding 100%) of the receivables arising from the underlying transactions between the buyer and the seller, so as to prevent the customer from over indebtedness; among which: <ol style="list-style-type: none"> 1) The buyer’s credit line means the maximum exposure granted by the Company to a specific core buyer, the aggregate of the credit line of all sellers of that core buyer as debtors of receivables shall not exceed that buyer’s credit line, and the proportion of the credit amount of a single customer to the credit line of a single buyer shall not exceed 50% in accordance with the requirements of No.205; |



Objectives**Initiatives**

Objectives	Initiatives
Treating Customers fairly and respectfully	<p>2) The vendor credit line means the actual credit line granted to the customer and its affiliates. The credit line of a single customer is generally based on the actual financial requirements of the customer and the actual scale of business between the customer and the core corporate customers, which is negotiated between the Company and the customer.</p> <p>— At post-loan period, we will continue to monitor and manage our risk assets, using multi-dimensional data to conduct comprehensive and timely tracking and inspection, and monitor changes in our customers' creditworthiness, operating efficiency and the quality of their underlying assets, so as to achieve the objectives of risk alert, risk mitigation, risk prevention and improving the quality and efficiency of supply chain assets. In the event of adverse changes in the customer's financial capacity or trading conditions, the customer's rating will be downgraded and new business will be suspended to avoid excessive borrowing by the customer.</p> <p>— Uniform internal risk control and operational management rules apply to the pre-loan, loaning and post-loan management of all the customers, and there will be no price discrimination or differential treatment of specific customers or groups, except for different offers and processes resulting from different risk prices and ratings based on the output of such rules</p> <p>— Clients may report to the Company any misconduct that has occurred or may occur involving a member of SY staff, including soliciting according to Anti-Corruption and Whistleblowing Policy misappropriation or theft of clients' funds or property</p>



Objectives	Initiatives
	<ul style="list-style-type: none"> — According to the “Customer Review Management System of Platform Operation Department Customer (Trial)”, implementing customer playback to understand customers’ experience of using the Company’s products, eliminate customer objections, resolve customer complaints and extend service programs. — The Company’s values include “service first”, and a “Code of Conduct for the Employee of the Platform Marketing Department” have been developed to clearly stipulate the points to note when communicating with customers.
<p>Appropriate product design and delivery</p>	<ul style="list-style-type: none"> — In accordance with the Requirements Management System, the Company’s product manager will regularly communicate with the Business Department to understand the customers’ requirements for the SY Cloud Platform in a timely manner, and to prioritise and resolve system requirements that affect the customers’ experience; — According to the “Platform Operations Department Service Quality Inspection System (Trial)”, the Company’s Operations Department will conduct periodic inspection for business effectiveness and the quality of customer relationship services to ensure that the services and products provided meet customers’ needs.
<p>Reasonable pricing</p>	<ul style="list-style-type: none"> — Formulate and follow a series of internal management measures such as “Credit Management System of SY Holdings Group Limited”, “Post-Loan Management Policy of SY Holdings Group Limited”, “Credit Line Management Regulations of SY Holdings Group Limited”, “Customer Rating and Risk Plus Management Regulations of SY Holdings Group Limited”, etc.; — Uniform internal risk control and operational management rules apply to the pre-loan, loaning and post-loan management of all customers, and there will be no price discrimination or differential treatment of specific customers or groups, except for different offers and processes resulting from different risk prices and ratings based on the output of such rules.



8. Attach Importance to Ecological Business Ethics

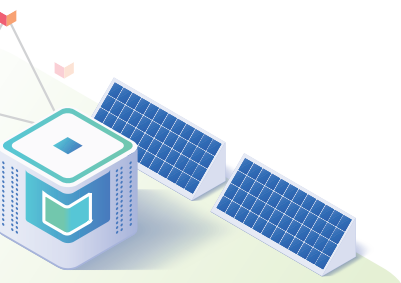
Integrity is one of the corporate values of SY. We maintain a high level of business integrity in our operations, uphold high standards of business conduct in our business relationships with all the relevant parties, eliminate any form of corruption, bribery, blackmail, extortion, money laundering and embezzlement of public funds, adhere to compliance operations and contribute to the healthy development of the industry.

During the Reporting Period, there is no complaint or whistle-blowing incidents in relation to the commercial ethics of the Group and employees was identified.

8.1 Improve Corporate Governance

8.1.1 Adhering to Business Ethics

SY strictly complies with the “Criminal Law of the People’s Republic of China”, the “Anti-Unfair Competition Law of the People’s Republic of China”, the “Anti-Monopoly Law of the People’s Republic of China”, the “Prevention of Bribery Ordinance of Hong Kong” and other relevant laws and regulations, improves the internal system, regulates the business ethics of the Group and its employees at source, improves complaint and whistleblowing channels and mechanisms, and strengthens employees’ awareness of integrity through regular publicity and training on business ethics to ensure the Company’s compliance and sound operation. During the Reporting Period, we have not been the subject of any litigation arising from violations of anti-corruption, anti-bribery, anti-money laundering, anti-fraud and other laws and places in the places in which we operate.

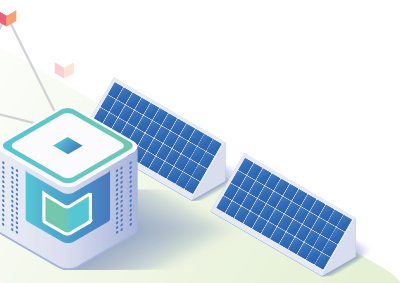


- **policy formulation:**

Policies	Specification
<p>“Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited”</p>	<ul style="list-style-type: none"> • Employees are prohibited from bribing: <ul style="list-style-type: none"> — The Company strictly prohibits its employees from offering cash (including cash equivalents) or substantial gifts to public officials, counterparties, and other relevant parties capable of influencing transactions for the purpose of acquiring or retaining business, or obtaining undue advantage in conducting the Company’s affairs, provided that business dealings are within normal and reasonable limits; — Employees are strictly prohibited from accepting cash (including cash equivalents) in connection with the Company’s business affairs or from soliciting any non-cash gifts or benefits, directly or indirectly, unless expressly permitted. • Supplier Integrity Commitment <ul style="list-style-type: none"> — Upon entering into a partnership or contract with an external party, the Company must clearly communicate its anti-corruption and integrity policies to the external party and require him/her/it to acknowledge and comply with these policies. The Company should also provide an integrity agreement for the external party to sign.



Policies	Specification
“Employee Manual of SY Holdings Group Limited”	<ul style="list-style-type: none"> • Employees should adhere to a code of conduct of integrity and honesty and should observe the following behaviours: <ul style="list-style-type: none"> — Malpractices, fraud, corruption, misappropriation, embezzlement, theft of Company funds and property or disclosure of trade secrets are strictly prohibited; — Acceptance of high value gifts, cash, marketable securities, payment vouchers, etc. from customers or suppliers is strictly prohibited. In the event that it is not possible to refuse such a gift, it must be reported to the Company and handed over by submitting the “Declaration of Acceptance of Gifts/Interests Process”; — Abide by professional ethics and refrain from fraudulent claims of personal gain such as honours and titles by means of falsification or misrepresentation of performance; — Employees should be prohibited from engaging in unlawful, improper or fraudulent conduct involving accounting, financial reporting, internal control or auditing matters affecting the Company; — Refrain from engaging in personal profit-making activities within the scope of their own business and responsibilities and from participating in the business activities of enterprises with which the Company is associated in business; — Refrain from offering any kind of facilitation to the profit-making activities of their relatives or friends by virtue of their official position; — Refrain from occupying public property for personal use or profit by virtue of their duties. Manage all kinds of materials in the unit in accordance with the regulations and do not dispose of obsolete materials without permission; — Refrain from spending public funds for entertainment on business trips, study tours or study opportunities; — Refrain from participating in gambling activities between colleagues and clients; — Refrain from participating in high spending entertainment and fitness activities arranged by clients and suppliers.



In order to strengthen the efforts on anti-corruption, anti-extortion, anti-fraud and anti-money laundering, during the Reporting Period, the Company has launched the “Declaration of Acceptance of Gifts/Interests Process” on its OA system to comply with the implementation of the provisions on prohibiting bribery set out in the “Anti-Corruption and Whistleblowing Policy”. The Company has also issued the “Management System for Reporting Personal Background and Related Information by Employees” to implement the provisions on preventing conflict of interests set out in the “Anti-Corruption and Whistleblowing Policy” and the Employee Manual. All the suppliers have conducted the access approval process and have signed integrity agreements.

Frequency of business ethics standard audit

1
Time per year

Based on its daily business models and major risks, SY has established an internal control mechanism and the relevant policies for the major aspects of its business ethics standards. During the Reporting Period, the Internal Audit Department of the Company had conducted an annual review of business ethics standards, covering interest declaration management, gift declaration management, integrity agreement management, anti-corruption training, complaint and reporting management, etc. According to its spot checks, the key controls of the Company’s business ethics risk precautions have been effectively implemented.



8.1.2 Promoting a Culture of Integrity

By actively carrying out publicity and training about anti-corruption and other business ethics, of which business ethics related trainings cover all the employees of the Company, we continuously improve the professional ethics and anti-corruption awareness of all our employees and standardize their honest professional behavior, thereby creating a clean and harmonious working atmosphere on an ongoing basis. In January 2022, we carried out integrity education both on site at our headquarters in Shenzhen and online, including the construction of the conduct of an honest and clean Government and corporate integrity management projects, the implementation of clean governance, anti-corruption warning cases and the creation of a clean culture and atmosphere. In December 2022, we held anti-corruption seminars both on site in Hong Kong and online, covering anti-corruption traps, anti-corruption regulations in Hong Kong, anti-corruption suggestion, enquiry and reporting channels, and with 129 participants.

During the Reporting Period, the Group has conducted 3 sessions of integrity training for the employees, with 496 employees participating in the training, and 2 sessions of integrity training for Directors, with an average training duration of 1.22 hours. In addition, the Group has conducted publicity and training about anti-corruption for Directors and all the employees (both full-time and part-time) through internal briefings. Training coverage rate for employees in respect of business ethics standards of the Company reached 100%.

Number of anti-corruption and integrity training for employees

3 sessions

Number of anti-corruption and integrity training for Directors

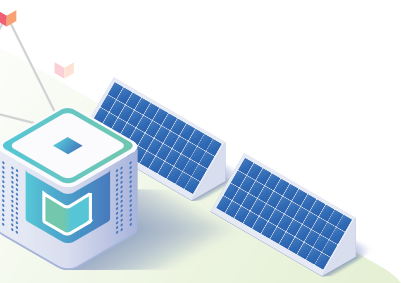
2 sessions

Number of employees participating in the anti-corruption and integrity training

496

Coverage rate for employees in respect of business ethics standard training

100%



8.1.3 Whistleblower Protection

The Company has the “Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited” in place to introduce specific and comprehensive requirements on the internal and external whistleblowing mechanism, anonymous whistleblower protection mechanism, reward and punishment mechanism for whistleblowers and related training and promotion. We have also set up multi-channel reporting methods, encourage the employees to report illegal events or misconducts, while strictly protecting the relevant rights and interests of the whistleblowers to prevent their personal information from being leaked, and retaliation against the whistleblowers in any form and under any pretext is strictly prohibited. In the event of violations of the policy or the identity of anonymous whistleblower being leaked, we will impose punishment or refer to the judicial authorities in accordance with relevant regulations.

- Whistleblowing Channel: anonymously or non-anonymously**

Reporting in person	Report to the direct supervisor or the executive in charge, or complain to the Human Resources Department, or submit materials to the Corporate Governance Department
Complaint reporting mailbox	Audit_Committee@syholdings.com
Complaint reporting telephone	0755-61880088-866
Complaint reporting letter	corporate governance department, 18th Floor, Block 2, Kerry Plaza, No. 1 Zhongxin 4th Road, Futian District, Shenzhen

- Reporting Process**

Acceptance
 Judgement is based on the objectivity and authenticity of the reported materials, and whether the reported matters involve repeated reporting or reporting that has been handled, the acceptance result will be notified to the whistleblower within 3 working days after reaching an internal consensus on the acceptance result.

Investigation

- Establish an investigation group, which may arrange for the relevant staff or other departments to participate in the investigation according to the nature, severity and scope of the matters complained and reported about, and may also seek assistance from external institutions such as law firms and accounting firms when necessary.
- Subsequent to the completion of investigation, the investigation report should be submitted to the Chairman for approval. Such report should at least include: basic information of the reported matter, an explanation of the investigation procedure, the determination of the nature of the reported matter, as well as suggestions for handling and rectification.

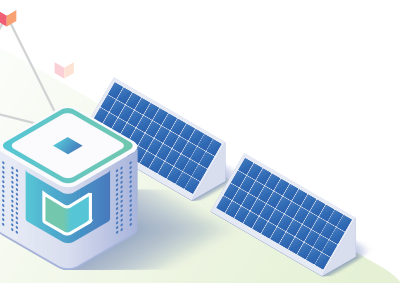


Handling	Subsequent to the approval of the investigation report, the investigation group should ensure the communication and follow-up with the whistleblower and internally, including accountability of the related parties, conflict mediation, giving reply to the whistleblower, notifying the investigation and handling results, as well as internal rectification.
Objection	In case that the whistleblower is still not satisfied with the result, he or she can make an objection to the investigation group.
Reward and punishment and anonymous protection	<ul style="list-style-type: none"> — Reward for verified complaint and reporting will be given according to the severity of the incident or the importance of the leads provided; — Punishment in varying degrees will be imposed for malicious falsehood, leak of the whistleblower identity, obstruction of the investigation on reported incident or retaliation against the whistleblower.
Regular reporting	Report annually to the Audit Committee and the Board on the management of reporting during the period, and share the key contents within the Company on a regular basis.

- **Protective Mechanism for Whistleblower**

In order to prevent whistleblowers from being retaliated against for their reports and affecting their normal work, the Company, in accordance with the “Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited” and the “Rules on Handling Whistleblowing of SY Holdings Group Limited” and other relevant regulations, requires that:

- All key aspects to the reporting process shall be kept strictly confidential to prevent leakage and the information of the anonymous whistleblowers shall be strictly protected;
- All reporting materials shall not be copied, reproduced, or excerpted by anyone privately, and it is strictly forbidden to talk about the name of the whistleblower, the reporting behavior, and the content of the report to unrelated personnel by the person handling the reporting materials and the contractor of the incident;
- Employees are prohibited from revealing the identity of an anonymous whistleblower, leaking information about the whistleblower to the person being reported, or tipping off the person being reported.



8.2 Promoting Sustainable Development of Supply Chain

Adhering to the principles of fairness, impartiality and transparency, SY has formulated and implemented the “Procurement Management Rules of SY Holdings Group Limited” to standardize the selection criteria and evaluation process of approved suppliers. The Company has also incorporated the ESG concept into the entire procurement process to promote social responsibility among suppliers, ensure legal compliance in the procurement process and improve delivery efficiency.

8.2.1 Supplier Management

“Procurement Management Rules of SY Holdings Group Limited” sets out clear requirements for the whole process of supplier management, including:

Aspect	Management method
Before — Supplier Whitelist	<p>A Supplier Whitelist is established, which requires suppliers to:</p> <ul style="list-style-type: none"> — possess a legally valid business licence and other operating qualification documents, as well as the necessary equipment and professional and technical capabilities to perform a contract; — have good business reputation and no major illegal records in their business activities within 3 years prior to participating in the procurement activities; — comply with PRC requirements in terms of labour protection, energy saving, emission reduction and ecological protection.
During — Supplier Evaluation	<ul style="list-style-type: none"> — The Company conducts supplier assessment every year, and the length of access of suppliers assessed shall be not less than half year, and the supplier access qualification shall be re-evaluated by the Procurement Review Panel and the Procurement Evaluation Group for comprehensive assessment respectively; — Upon completion of the supplier assessment, for suppliers that do not meet our standards and requirements, or have a record of poor performance in the course of cooperation but continuous cooperation with such suppliers is still needed, the Procurement Implementation Department should propose a corresponding rectification plan and improvement cycle for such suppliers and report to the relevant departments for approval.



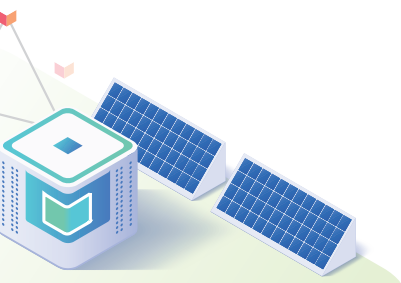
Aspect	Management method
After —Supplier Blacklist	If a supplier violates the regulations and breaches the contract, fail to meet the Company's procurement standards and requirements, or does not comply with the integrity regulations, he/she/it will be put in the Supplier Blacklist and disqualified.

During the Reporting Period, our supplier assessment coverage rate is 100%.



8.2.2 Sustainable Supply Chains

SY not only cares about the quality of products and services provided by suppliers, but also takes into account the environmental and social aspects of ESG management of suppliers. As for the environmental aspect, we have set separate approval standards for product and service suppliers, who must meet PRC requirements in relation to labor protection, energy conservation, emission reduction and ecological protection. As for the social aspect, all our approved suppliers are required to sign a "Letter of Undertaking of Integrity of SY Holdings Group Limited", which clearly specifies that suppliers should comply with the requirements for integrity management, thereby ensuring that the procurement process complies with the regulations and laws. If a supplier violates the regulations and breaches the contract, fails to meet the Group's procurement standards and ESG-related requirements, or does not comply with the integrity regulations, he/she/it will be put in the Supplier Blacklist and disqualified.



9. Joining Hands for Mutual Development with Employees

SY values employees as an indispensable and important asset to the Group's development and the foundation of our success and growth. We strictly comply with PRC and local policies and regulations such as the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", and the "Employment Ordinance" and the "Immigration Ordinance" of the Hong Kong SAR, and have formulated a series of internal policies and regulations in the Group such as the "Employee Manual of SY Holdings Group Limited", "Recruitment Policy of SY Holdings Group Limited", "Internal Transfer and Rotation Policy of SY Holdings Group Limited", "Internal Talent Recommendation Policy of SY Holdings Group Limited", "Probation Period Policy of SY Holdings Group Limited" and "Attendance Management Policy of SY Holdings Group Limited" and other employment and human resources management rules to regulate the recruitment and promotion, remuneration and dismissal, working hours, rest time and other rights and benefits of employees.

9.1 Maintaining a Harmonious Workplace

SY conducts strict management of the employment process, attaches great importance to employees' rights and interests, and enters into labor contracts with all the employees on the basis of equality and unanimity through consultation. The Group pays social insurance and public reserve funds for its employees, provides them with legal and reasonable working hours and rest periods, and fulfills other obligations set forth in the contract. At the same time, we strictly comply with international, PRC and local policies and regulations such as the "Regulations on Prohibition of Child Labor", and carry out background investigations before recruitment of all the employees to verify the authentication of identity information, educational background and work experience in accordance with the internal "Recruitment Policy of SY Holdings Group Limited" without recruiting those prohibited; it is stipulated in the "Employee Manual of SY Holdings Group Limited" that the employees shall take originals of their identity certificates and academic certificates for verification when their employment starts; we will carefully check the age and other background information of job applicants in the recruitment process, and strictly prohibit child labor. During the Reporting Period, the Group did not encounter any cases of child labor and litigation or labor arbitrations with employees.



SY strives to create an equal, inclusive and diversified workplace environment and insists on equal employment and equal pay for equal work, ensuring the elimination of discrimination in all aspects of recruitment, training and promotion on the grounds of gender, age, race, nationality, health status and maternity status. During the Reporting Period, we have revised the “SY Recruitment Management Policy”, and newly added relevant requirements on diversity, fairness and justice which include:

1. Make it clear that the Company’s recruitment is conducted based on the working capability, working attitude and professional ethics without any discrimination on the grounds of gender, nationality, race (ethnicity), religion, disability, province (region) and appearance;
2. Strictly follow the principle of public recruitment, equal competition and fair selection;
3. Emphasize diversity. The Board of Directors and senior management are firmly convinced that diversified talent environment can bring higher quality performance and benefits. We attract, retain and motivate employees from an extensive talent pool. The Company will consider the diversity of its workforce at various levels, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and tenure of service, and any other factors that the Company may from time to time deem relevant and applicable.



As at 31 December 2022, SY had 377 full-time employees, among which female employees were 200, accounting for 53%. The specific information of employees is as follows:

Number of employees by gender	Number	Proportion
Male	177	46.95%
Female	200	53.05%

Number of employees by age	Number	Proportion
Aged 30 and below	169	44.83%
Aged 31-40	185	49.07%
Aged 41-50	19	5.04%
Aged 51 and above	4	1.06%

Number and percentage of employees by geographical region	Number	Proportion
Mainland China	356	94.43%
Hong Kong, China	21	5.57%

Number of employees by employment type	Number	Proportion
Full-time	377	100%
Part-time	0	0%

Number of employees by job position	Number	Proportion
General staff	227	60.21%
Engineers	91	24.14%
Middle management	47	12.47%
Senior management	12	3.18%



Employee turnover rate by gender	Proportion
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Male	18.64%
Female	18.50%

Employee turnover rate by age	Proportion
--------------------------------------	-------------------

Aged 30 and below	20.71%
Aged 31-40	18.37%
Aged 41-50	5.26%
Aged 51 and above	0.00%

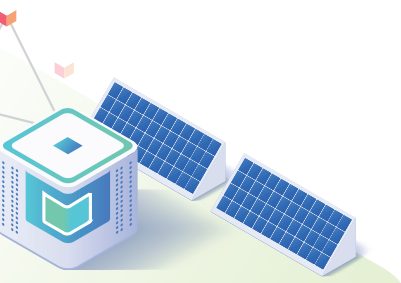
Employee turnover rate by geographical region	Proportion
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Mainland China	19.10%
Hong Kong, China	9.52%

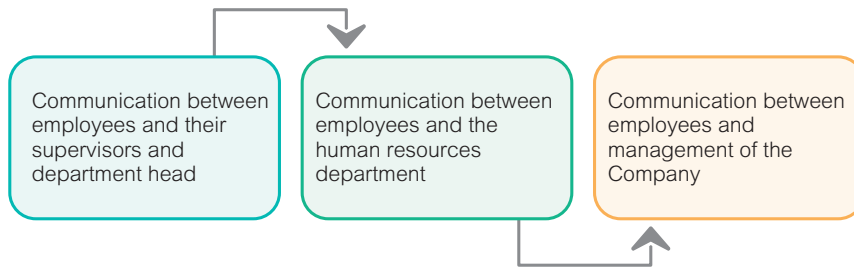
Total turnover rate	Proportion
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Total turnover rate	18.57%
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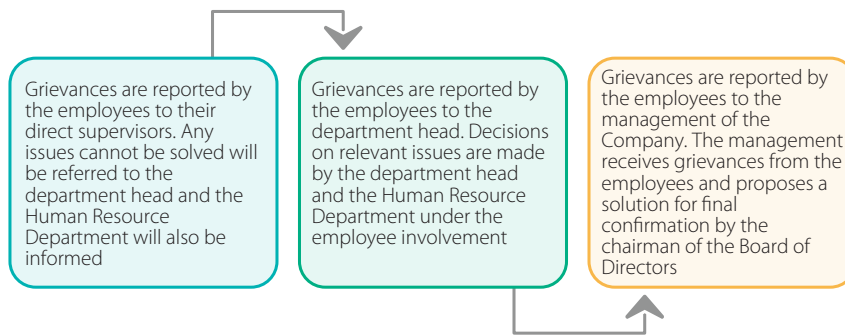
SY attaches great importance to the self-motivation of its people and expects them to take the initiative to identify problems, think about solving such problems, propose solutions and create value. The Group provides communication and grievance channels for its employees in accordance with the relevant contents of the "Employee Manual of SY Holdings Group Limited" and "Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited", in order to fully mobilize the subjective initiative and listen to their voices. It is specified in the "Anti-Corruption and Whistleblowing Policy" that, the anonymous or non-anonymous complaint makers may choose the form of lodging complaints, including but not limited to emails, phone calls, letters and offline talks. We have also set up channels for communication with the Chief Human Resources Officer, and carrying out face-to-face communication and exchange with all the employees of the Group without any requirements or limitations on the positions. Employees may also reasonably ensure their rights and interests according to the communication and grievance procedures set forth in the "Employee Manual of SY Holdings Group Limited":



1. Communication: We improve our relationship with the employees by listening to their suggestions and advices.



2. Grievance: We encourage our employees to express their legitimate and reasonable grievances through grievance process without worries about criticism.



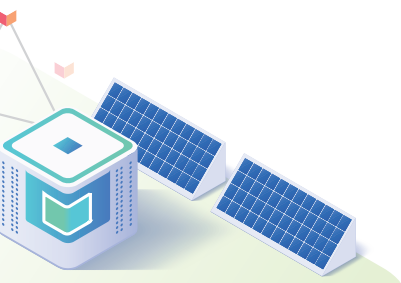
In 2022, we have organized 5 dialogue activities with partners and 2 communication sessions with the entire senior management team, to share the work experience and provide the employees with a direct dialogue channel and a live response from the management through online collection in advance and on-site questioning. Through a variety of communication channels, we can perceive the career development aspirations of our employees, encourage each of them to express their views courageously and contribute to the development of SY on a best effort basis. We insist on conducting engagement survey once in a year. The employee welfare satisfaction reached 83% during the year.



9.2 Attaching Importance on Health and Safety

SY always prioritizes the occupational health and safety of the employees and is committed to providing a safe and healthy work environment for all the employees. We strictly comply with policies and regulations such as the “Labor Law of the People’s Republic of China” and the “Labor Contract Law of the People’s Republic of China”, and have formulated the “Employee Manual of SY Holdings Group Limited”, “Special Emergency Administration Measures on Disaster Accidents” and other internal policies in relation to management on occupational health and safety. We protect the personal safety of our employees and guard their physical and mental health by purchasing insurance for them, providing them with medical check-up and sports funds, conducting occupational health and safety training for them, and setting up a pandemic prevention mechanism, with a coverage rate of 74.54% for staff health check-ups. As at the end of the Reporting Period, the Group had not experienced any work-related injuries or deaths or lost days due to work injury for five consecutive years.

Employees’ Insurance	We provide all the employees who have passed the probationary period with insurance coverage, including social insurance, medical insurance and commercial accident insurance
Employees’ Fund	An annual medical check-up fund is provided for all the employees who have passed the probationary period. Sports fund is also provided for the employees to voluntarily participate in sports and leisure activities in their spare time
Occupational Health and Safety Training	We provide a variety of occupational health and safety training activities for our employees. A total of 3 training sessions have been organised during the year, namely “Emergency Preparedness Management System Training”, “COVID-19 Prevention and Control” and “Office Safety Training”
Pandemic Prevention Mechanism	<ul style="list-style-type: none"> • Establish a Pandemic Prevention Team: synchronize pandemic information and protection recommendations to all employees in real-time, and report employee travel and health status in a timely and regular manner; • Provide sufficient support: provide support for the employees and their families with the necessary anti-epidemic supplies and medical expenses, while understanding the difficulties of the employees’ families to communicate and assist them in solving their problems in a timely manner; • Flexible home office: allow the employees to work from home to avoid the risk of infection due to crowd gathering in response to the call of the country; • Promote an orderly resumption of work: implement important measures such as thoroughly disinfecting our offices, distributing pandemic prevention supplies and disseminating pandemic prevention information to ensure resumption of operation in an orderly manner.



Case: “Office Safety Training”

On 17 December 2022, a total of 53 employees of the Group participated in the “Office Safety Training”. This occupational health and safety training covering four themes of first aid operations, electricity and gas safety, fire safety and earthquake safety included the following four lectures:

Lecture One: Common first aid methods

- 1. CPR operations; 2. First aid for burns; 3. First aid for trauma; 4. Heimlich First Aid

Lecture Two: Knowledge of electricity and gas safety

- 1. Knowledge of electricity safety; 2. Knowledge of lithium battery safety; 3. Knowledge of gas safety; 4. General knowledge on emergency response for electricity and gas

Lecture Three: Fire safety knowledge

- 1. Basic knowledge of fire handling in early stage: reporting a fire alarm, basic principles of fire fighting, common fire-fighting equipment and appliances, use of common fire-fighting equipment and appliances
- 2. Basic knowledge of evacuation and escape: basic methods and requirements of evacuation and escape, use of fire-fighting and life-saving equipment

Lecture Four: Safety knowledge about earthquake



Number of work injury accidents during the year

0

Number of work-related fatalities during the year

0

Rate of work-related fatalities during the year

0

Number of working day loss due to work injuries during the year

0



9.3 Assisting Talent Development

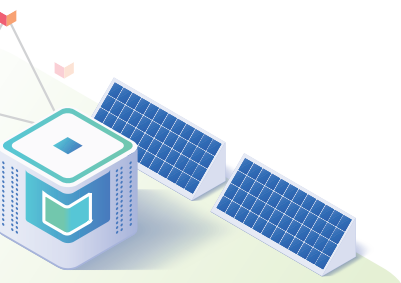
SY attaches great importance to the development and growth of the employees, and has established a comprehensive and multi-dimension training system to provide the employees of different positions and levels with development resources which include online learning, customized training, cross-department sharing, as well as various growth incentives, so as to assist the employees giving full play in their work and life. During the year, we have conducted 87 training courses with 366 participants, and 98.97% of our employees were satisfied with the trainings.



Percentage of trained employees

2022

Overall	97.08%
Percentage of trained employees by gender	
Male	95.48%
Female	98.50%
Percentage of trained employees by categories	
General staff	97.80%
Engineers	95.60%
Middle management	100.00%
Senior management	75.00%



Average number of training hours per employee	Unit	2022
Total	hour/person	14.30
Average number of training hours per employee by gender		
Male	hour/person	13.59
Female	hour/person	14.91
Average number of training hours per employee by categories		
General staff	hour/person	15.24
Engineers	hour/person	12.54
Middle management	hour/person	14.48
Senior management	hour/person	7.22

In terms of talent reserve, SY has a talent reserve development strategy in place. Every year, SY makes its annual recruitment plan based on the existing staffing, the business objectives of the following year and the development plans, and maintains diversified recruitment channels and the management of talent pool under the "Recruitment Management Measures of SY Holdings Group Limited".

Diversified recruitment channels

Internal channel	To select suitable talents in the Company to corresponding positions by way of job rotation, transfer, competition, promotion, etc.
External recruitment	To introduce outstanding talents externally to enrich the Company's talent team by way of acquisition of various talents through recruitment website, headhunting, internal referral, colleges and universities, professional associations and other diversified channels

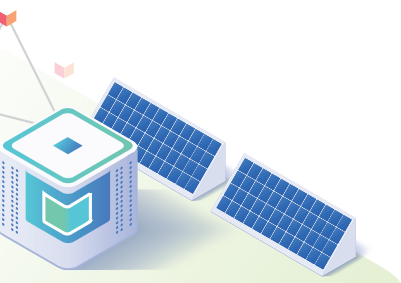
Diversified talent pool

Internal talent pool	The internal talent pool mainly consists of the Company's on-duty employees, who provide value for the Company to effectively utilize internal resources, including networking resource development, background investigation, etc.
External talent pool	External talent pool is an important source of talents and a long-term talent reserve for the Company. The external talent pool is managed by layers and categories, and potential talents can be invited to join the Company through various effective operation methods. Meanwhile, the Company continues to expand recruitment channels and enrich the talent pool and talent sources through various ways



In terms of talent training, SY vigorously implements its talent strategy by formulating and implementing the "Training Management System of SY Holdings Group Limited" to carry out talent development at each part of talent training. SY provides full-time and part-time employees with learning and training covering different positions and different stages of development, therefore fully leveraging and motivating the endogenous power of talents to develop and improve themselves as multi-level, multi-type and inter-disciplinary talents.

Introduction stage	To get the new to be on-job as soon as possible. The training includes company introduction, business introduction, information security, basic MS Office skills, etc.
On-duty stage	To improve the staff's job competency. The training mainly includes general, business, industrial, financial and technology related courses, enabling the staff to continuously strengthen their business understanding and improve their competency to suit the job requirements
Promotion stage	To help the staff to be suitable for their management roles as soon as possible. The training mainly includes learning on management theory and on-the-job learning
Special learning	Mainly focus on short-term and rapid improvement of the staff's professional knowledge or skills in a certain aspect, such as project management



Case: “New Employee Training”

In 2022, SY’s “New Employee Training” covered 160 people and opened 12 courses with a total length of 12 hours. Such courses consist of 8 general training courses (including “Entering SY”, “Human Resources System”, “Administrative Management System”, “Financial Reimbursement System”, “General Manager System”, “Basic Operation of IT”, “Information Security Awareness”, and “Data Delivery Compliance”); and 4 business training courses (including “Basic Knowledge of Commercial Factoring”, “Platform Business Operation Process”, “Basic Knowledge of Risk Control”, and “Basic Legal Knowledge”). We have set up targeted training guidelines for different departments to help new employees quickly integrate into the Company and get familiar with their work.



Case: “Internal Trainer Training”

In 2022, SY has iteratively upgraded the management framework of internal trainers, and conducted professional teaching training and empowerment for 80 internal trainers, with a total of 5 training courses (including “How Learning Happens”, “Three Tips to Improve Teaching Ability”, “How to Develop Courses”, “Good Beginning and Good Ending”, and “How to Control the Class”), with a total duration of 8.5 hours. We helped internal trainers quickly improve their teaching skills and improve the training effect.



Case: “Training Programme for Fresh Graduates”

In July 2022, SY has launched its first management trainee training programme, during which 10 fresh graduates have been selected after rounds of screening. Upon their joining, the Company helped the management trainees in changing their roles, shaping their professional abilities, and broadening their horizons in the workplace through various methods such as competency assessment, centralized training, rotational learning, project learning, and outdoor team building. They finally completed job placements and started their first career in their life at SY.

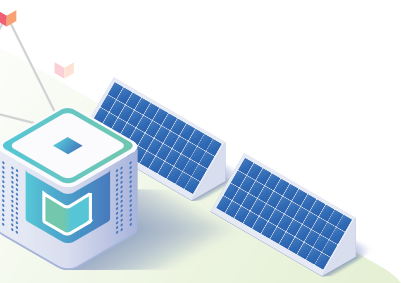
During the first week after their orientation, the management trainees have attended over 20 trainings programmes under the guidance of many experienced internal trainers and have quickly established their understanding of the industry, the enterprise and its businesses, and have built up their systematic knowledge framework and professional literacy, laying a solid foundation for their rotational learning.



During the six months after their orientation, the management trainees have started their rotational learning and enterprise culture projects learning at three departments. Under the tutoring of professional mentors, the management trainees have delved into the frontline of business, learned practical details of business operations, and fully exercised their comprehensive abilities. After many rounds of review and job rotation reporting, they have summarized their learning results and made up for their shortcomings in abilities.

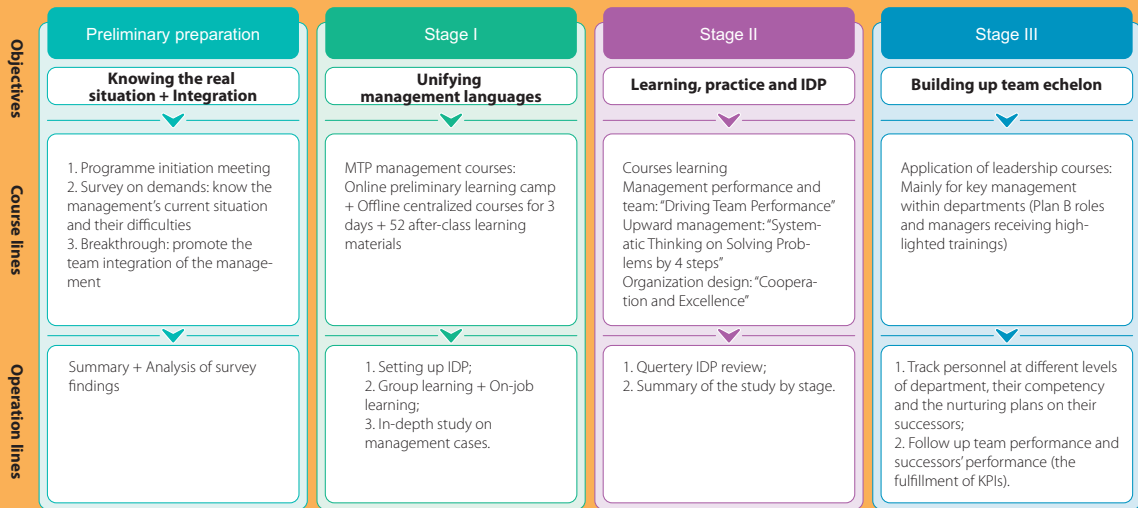


During the sixth month after their orientation, through assessments from multiple dimensions and perspectives and two-way selection, the management trainees have ultimately been placed at their expected departments. In their departments, they will go through long-term accumulation underpinned by the long-term nurturing plan for management trainees and strive to become high-calibre management talents reserved for SY's rapid growth.



Case: “Leadership and Management Capabilities Training Programme”

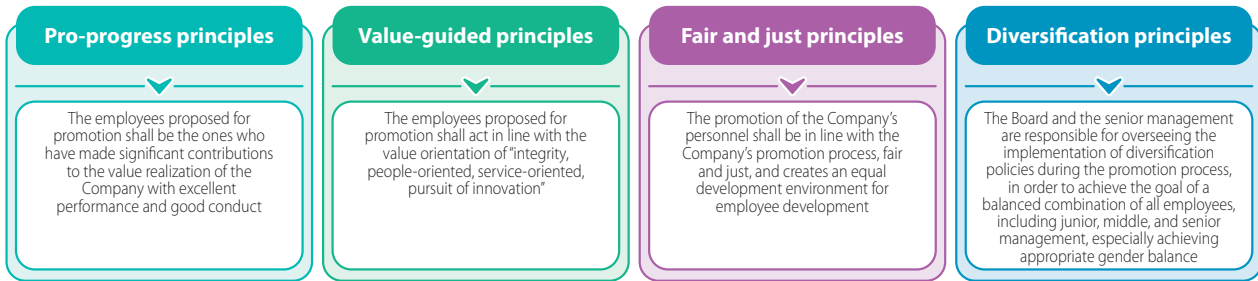
In June 2022, SY launched a leadership learning programme for the core management of the Group (department heads and some management personnel reporting to department heads) with the following programme plans:



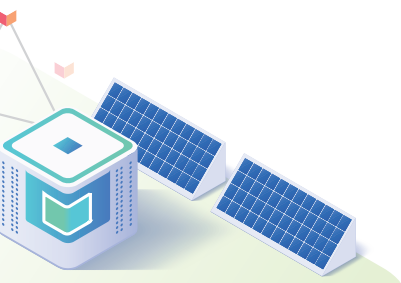
After receiving systematic management trainings, the management personnel have gradually begun to apply their knowledge to management practice, and some of them changed management behaviors, and have become more approachable to their subordinates, promoting the work atmosphere and overall team abilities towards positive improvements.

In terms of employee promotion, while maintaining fast growth, SY has always paid attention to the growth of every employee. During the year, it issued the new “Management Measures for Promotion in SY”, clarifying four major principles for promotion. It has also recently issued the “Management System for Employee Transfer in SY”, which has, by adhering to the principles of “fairness and justice, people-oriented, and sustainability”, clearly stipulated the procedures for internal mobility of employees through transfer, rotation and competitive employment, in order to support their own development, learning and practice as well as drive the Company's business development, and continuously improve the mechanism and channels for employee development.





During the Reporting Period, in order to further boost the development of talents, SY revised the "Management Measures for the Share Incentive Plan of SY Holdings Group Limited (盛業控股集團有限公司期權激勵計劃管理辦法)" to fully mobilize the enthusiasm of the Company's management personnel and core talents, and ensure the achievement of the Company's strategic goals and long-term sustainability. It has newly issued the "Management Measures for Restricted Share Units of SY Holdings Group Limited (Draft) (盛業控股集團有限公司受限制股份單位計劃管理辦法(草案))", which adds new share incentive methods to the original share option scheme, in order to recognize the contributions made by grantees, reward and retain the talents who serve the continuous operation and development of the Group, and also attract suitable talents for the further development of the Group.



9.4 Care for Employees

SY is committed to providing its employees with more comprehensive benefits and guarantees, and has continuously explored innovative welfare mechanisms. In addition to statutory benefits, we also offer diverse and bountiful employee benefits. To enhance the employees' sense of belonging, the Group releases team building funds to various departments every quarter for them to carry out family open days, film watching activities, public welfare and other activities. We have established badminton and basketball interest groups, and have organized sports activities such as badminton and basketball games once a week. We regularly organize the employees to participate in community table tennis and basketball games to ensure that every employee can strike balance between life and work.

Basketball game



Table tennis game



Football game



As a responsible enterprise, SY attaches great importance to the physical and mental health of the female employees, strictly adheres to laws and regulations such as the Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保障法》), and effectively safeguards the rights and interests of the female employees. For the female employees during their pregnancy and lactation, we provide safe, hygienic, and private rest and breastfeeding facilities such as a nursery, which has daily cleaning to remain clean and tidy.

Nursery



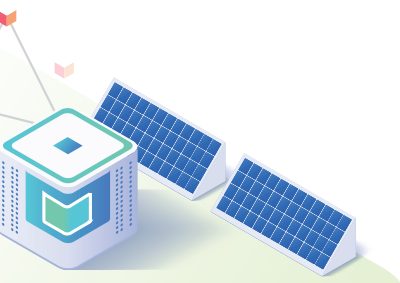
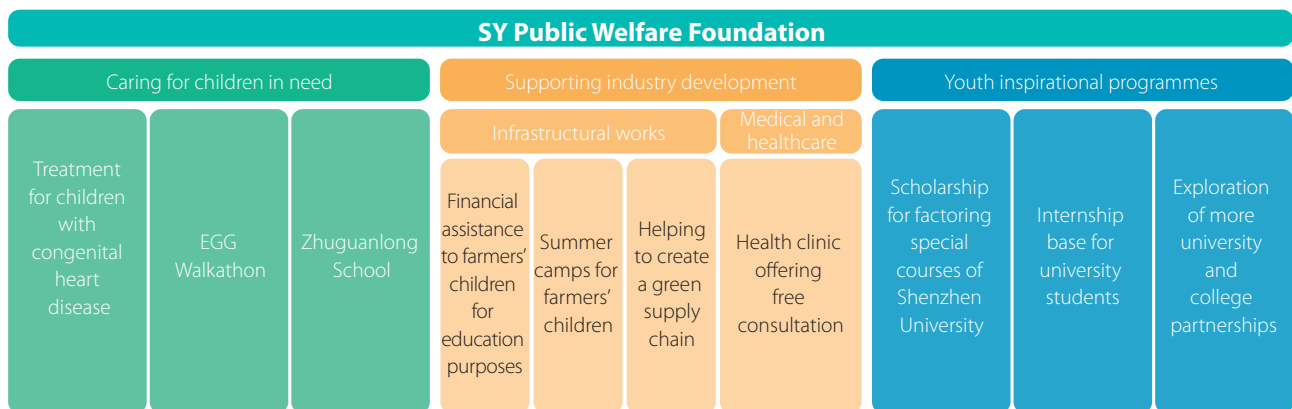
10. Delivering SY Social Values

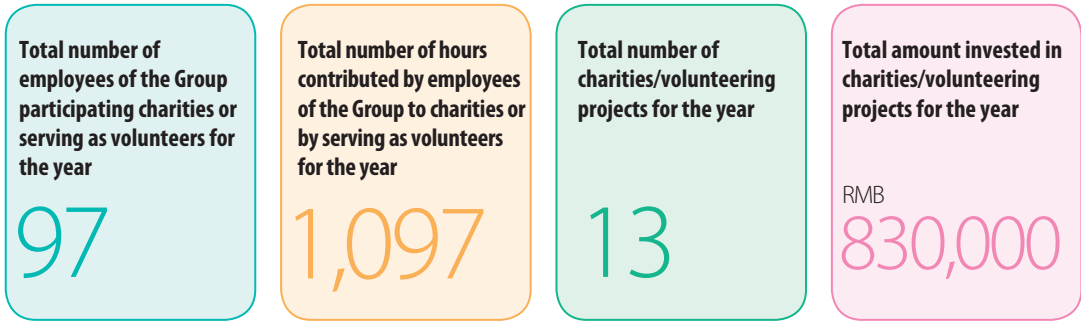
SY has continued to fulfill its social responsibility by actively participating in various public interest activities with focusing on helping impoverished areas, industry development, supporting youth development and other fields, helping the needy groups in society as much as possible. In accordance with the “ESG Management System of SY Holdings Group Limited”, the Company will fulfill its social responsibilities to promote all kinds of charitable and community activities, and encourage its staff to participate in public interest activities. In accordance with the “External Donation Management Rules of SY Holdings Group Limited”, we provide public welfare, relief and other forms of donations to make due contributions to society. The Company’s external donations mainly include:

- Public donations, i.e. donations to fields of education, science, culture, medical care, sports and environmental protection, and public facilities construction;
- Relief donations, i.e. donations to regions suffering nature disaster or identified by the state as revolutionary old areas, autonomous regions of ethnic minority, border areas and underdeveloped areas as well as other social groups and individuals in need as relief and assistance for their production and subsistence;
- Other donations, i.e. donations made by the Company for the promotion of humanitarian or social development and social progress and other public welfare services other than those mentioned above.

SY’s engagement in charity began in 2014 and had donated over RMB10 million accumulatively, benefiting over 3,660 people to date. In 2021, we established the SY Public Welfare Foundation to help people in need by donating money and supplies. We plan to carry out public welfare activities in three major areas: caring for children in need, supporting industry development and youth inspirational programmes, making contributions to the development of a harmonious society.

Plan of SY Public Welfare Foundation





10.1 Caring for Children in Need

SY pays continuous attention to children’s education and public welfare, and actively participates in poverty alleviation in poverty-stricken areas. During the Reporting Period, we have organized money donations for charity, love and support, summer camps and other activities.

Case: SY Public Welfare Foundation donated to Zhuguanlong School, caring for children in need

In July 2022, SY Public Welfare Foundation organized a donation campaign at Zhuguanlong School in Shouning County, Fujian Province with the theme of “Help Revitalise the Countryside and Improve Studying Environment”.

This school is located in a remote mountainous area and the teaching facilities are obsolete. SY has always been concerned about the life and growth of the students of Zhuguanlong School. It donated RMB1.3 million for the construction of the Zhuguanlong Kindergarten as early as 2018 and sponsored RMB50,000 for the procurement of teaching facilities and school uniforms of the kindergarten in 2020. This year, SY invested RMB60,000 to equip Zhuguanlong School with broadcasting system, conference system, air conditioners and school bags to constantly improve the learning environment.



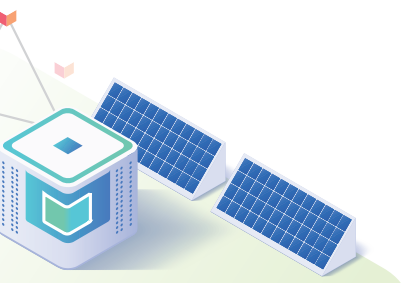
10.2 Supporting Industry Development

SY adheres to the combination of loving help and industrial development. It launched an innovative application of “Digital RMB + Supply Chain Finance” for the industry previously to support SMEs in Shanghai during the COVID-19 pandemic. During the Reporting Period, we have made digital RMB donation to help children with congenital heart disease, which was innovative and represented a breakthrough of SY in application scenarios.

Case: SY Public Welfare Foundation made its first digital RMB donation

On 8 November 2022, the digital RMB donation ceremony of the charitable event themed “Heartbeat of Angels” jointly held by SY Public Welfare Foundation, Shenzhen Charity Federation·Handpicked Love Charity Fund (深圳市慈善會·首彩愛心慈善基金) and Fuwai Hospital Shenzhen, concluded successfully.

At the ceremony, SY Public Welfare Foundation donated RMB200,000 in the form of digital RMB, which is mainly used for comprehensive screening of children for congenital heart disease, hand and foot deformities and cleft lip and cleft palate and provide them relief to broaden the life road of more children. That was the first digital RMB donation made by SY Foundation and also the first digital RMB donation received by the Shenzhen Charity Federation, setting an example about building a public welfare donation channel and charity platform of digital RMB, which is more convenient and free from time and place limitation, and passing the love and kindness to those in need in form of digital RMB.



10.3 Youth Inspirational Programmes

In order to promote the development of education and help young people to develop professional skills and a sense of social responsibility, SY has successively organized various activities such as “Raleigh China” and Scholarship Programmes of Shenzhen University. During the Reporting Period, we continue to grant university students scholarship and hold release ceremonies to motivate them to pursue knowledge, which would be helpful to promote education development and the integration of industry and academia.

Case: SY Public Welfare Foundation Grant Scholarships for Industrial Talents

On 8 December 2022, the 2021-2022 Academic Year — SY Elites Scholarship Granting Ceremony for the Special Class “Supply Chain Finance” of the College of Economics Shenzhen University was held successfully in the Shenzhen University. The scholarship was set by SY Public Welfare Foundation.

Back in October 2019, with the support of the Shenzhen Factors Association, SY joined hands with the College of Economics Shenzhen University to establish scholarships and hold granting ceremony every year so as to make an effort to the cultivation and output of outstanding professionals in the supply chain finance industry. The scholarship aims to motivate students to pursue knowledge and become professional talents with knowledge, capabilities and qualities, and ultimately promoting the education development. It also facilitates cultural exchange between schools and enterprises, deepens the integration of industry and academia, and motivates students to join the emerging financial career. Scholarships have been awarded to a total of 14 students, among which one for the first prize, four for the second prizes, six for the third prizes and three outstanding student leaders.

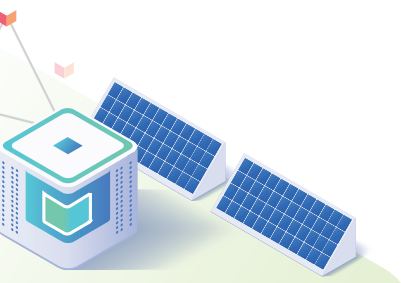


11. Appendix

11.1 Key Performance Table

11.1.1 Social key performance table

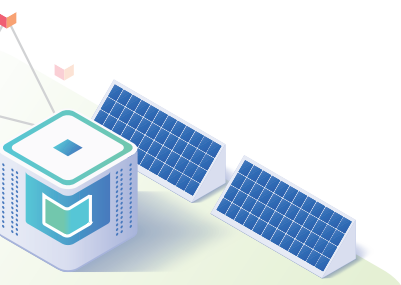
Indicator Category	Key Social Performance Indicator	Unit	2022	2021	2020
Labor force management	Total number of employees	Person	377	347	267
	Number of employees by gender				
	Male employee	Person	177	158	118
	Female employee	Person	200	189	149
	Number of employees by employee type				
	General employee	Person	227	201	111
	Engineer	Person	91	88	84
	Middle management	Person	47	49	60
	Senior management	Person	12	9	12
	Number of employees by age group				
	30 years old and below	Person	169	177	138
	31-40 years old	Person	185	153	112
	41-50 years old	Person	19	15	15
	51 years old and above	Person	4	2	2
	Number of employees by region				
	Mainland China	Person	356	329	250
	Hong Kong, China	Person	21	18	17
	Total employee turnover rate	%	18.57	33	26
	Employee turnover rate by gender				
	Male employee	%	18.64	34	23
	Female employee	%	18.50	31	28
	Employee turnover rate by age				
	30 years old and below	%	20.71	37	24
31-40 years old	%	18.37	28	28	
41-50 years old	%	5.26	32	37	
51 years old and above	%	0	0	0	
Employee turnover rate by region					
Mainland China	%	19.10	34	26	
Hong Kong, China	%	9.52	6	25	
Health and safety	Number of work-related accidents	No.	0	0	0
	Number of work-related deaths	Person	0	0	0
	Proportion of work-related deaths	%	0	0	0
	Number of working days lost due to work-related accidents	Day	0	0	0
	Coverage rate of employee health examination	%	74.54%	74%	/



Indicator Category	Key Social Performance Indicator	Unit	2022	2021	2020
Development and training	Number of training courses conducted	No.	87	/	/
	Employee satisfaction with training	%	98.97	/	/
	Total number of employees participating in training	Person	366	/	/
	Total percentage of trained employees	%	97.08	94.52	93.63
	Average training hours of employees	Hour/ person	14.30	21.61	23.53
	Percentage of trained employees by gender				
	Male employee	%	95.48	94.30	95.76
	Female employee	%	98.50	94.71	91.95
	Average training hours per employee by gender				
	Male employee	Hour/ person	13.59	16.98	23.53
	Female employee	Hour/ person	14.91	25.47	23.53
	Percentage of trained employees by employee category				
	General employee	%	97.80	93.53	99.10
	Engineer	%	95.60	95.45	94.05
	Middle management	%	100.00	95.52	85.00
	Senior management	%	75.00	100	83.33
	Average training hours per employee by employee category				
	General employee	Hour/ person	15.24	27.40	23.69
	Engineer	Hour/ person	12.54	10.47	20.85
	Middle management	Hour/ person	14.48	20.20	26.06
Senior management	Hour/ person	7.22	12.06	26.29	
Supply chain management	Total number of cooperating suppliers	No.	86	86	154
	Number of suppliers in Mainland China	No.	77	78	131
	Number of suppliers in Hong Kong, China	No.	9	8	23
	Number of suppliers conducting evaluation	No.	86	25	/
	Supplier evaluation coverage	%	100	29.07	/



Indicator Category	Key Social Performance Indicator	Unit	2022	2021	2020
Customer services	Handling rate of customer complaints	%	100	100	/
	Customer service satisfaction	%	97.0	94.6	/
	Number of customer service trainings	Time	8	/	/
	Customer service training person-time	Person-time	181	/	/
Intellectual property protection	New calculator software copyright	No.	5	14	13
	Cumulative calculator software copyright	No.	47	42	28
	New invention patent authorization	No.	2	/	/
	Cumulative invention patent authorization	No.	2	/	/
Information and privacy security	Total number of information security training	Time	9	/	/
	Information security training person-time	Person-time	2,956	/	/
	Number of data security complaints	No.	0	0	0
	Number of customer privacy security incidents	No.	0	0	0
	Number of customer privacy security complaints	No.	0	0	0
Business ethics	Number of corruption lawsuits against the Company and its employees	No.	0	0	0
	Economic losses caused by corruption lawsuits to the Company	Yuan	0	0	0
	Number of anti-corruption training sessions for employees	No.	3	12	/
	Number of anti-corruption training sessions for directors	No.	2	/	/
	Number of directors participating in anti-corruption training	Person-time	5	/	/
	Number of employees participating in anti-corruption training	Person-time	496	179	/
	Coverage rate of business ethics standard training for employees	%	100	100	/
	Review frequency of business ethics standards	Year/time	1	/	/



Indicator Category	Key Social Performance Indicator	Unit	2022	2021	2020
Public charity	Total number of employees participating in public charity/volunteer service programs	Person-time	97	71	41
	Total hours of employees participating in public charity/volunteer service programs	Hour	1,097	932	797
	Number of public charity/volunteer service programs conducted	No.	13	8	15
	Total amount invested in public charity/volunteer service programs	RMB 0'000	83.00	139.65	106

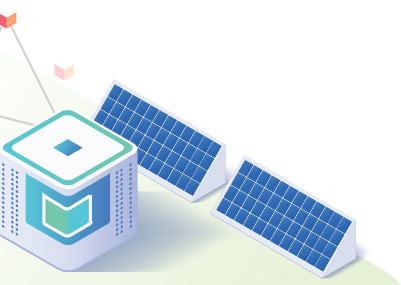
11.1.2 Environmental key performance table

Indicator Category	Key Social Performance Indicator	Unit	2022	2021	2020
Energy use	Total electricity consumption	MWh	554.10	280.12	/
	Gasoline consumption	MWh	102.77	62.01	/
	Total energy consumption	MWh	656.87	342.13	/
	Energy consumption per capita	MWh/person	1.74	0.99	/
	Energy consumption per unit area	MWh/square meter	0.11	0.07	/
Greenhouse gas emissions	Scope 1: Greenhouse gas emissions from direct emission sources	tCO ₂ e	25.39	15.51	9.81
	Scope 2: Greenhouse gas emissions from indirect emission sources	tCO ₂ e	338.06	148.77	128.79
	Scope 3: Other indirect greenhouse gas emissions	tCO ₂ e	228.93	185.26	/
	Total greenhouse gas emissions ¹⁰	tCO ₂ e	592.38	349.54	138.59
	Greenhouse gas emissions per capita	tCO ₂ e/person	1.57	1.01	0.52
	Greenhouse gas emissions per unit area	tCO ₂ e/square meter	0.10	0.06	0.035



Indicator Category	Key Social Performance Indicator	Unit	2022	2021	2020
Water use	Municipal water supply consumption	Tonne	2,262	2,082	/
	Drinking water consumption	Tonne	73.78	81.87	6,001.74
	Total water consumption	Tonne	2,336	2,163.87	6,001.74
	Water consumption per capita	Tonne/ person	6.20	6.24	22.48
Exhaust emissions	Nitrogen oxide (NO _x) emissions	Kilogram	1.88	1.52	1.00
	Sulfur dioxide (SO ₂) emissions	Kilogram	0.17	0.52	0.33
	Particulate matter (PM) emissions	Kilogram	0.50	0.16	0.12
Waste management	Total amount of non-hazardous waste generated	Kilogram	6,580	6,580	8,320
	Amount of non-hazardous waste generated per capita	Kilogram/ person	17.45	18.96	31.16
	Total amount of hazardous waste generated	Kilogram	10	10	/
	Amount of hazardous waste generated per capita	Kilogram/ person	0.03	0.03	/
	Paper recycling volume	Kilogram	60.20	55.40	42.97
	Plastic bottle recycling volume	Kilogram	525.47	483.66	119.65
	Total amount of recycled waste	Kilogram	585.67	539.06	162.62
	Total amount of waste recycling per capita	Kilogram/ person	1.55	1.55	0.61

¹⁰ With a view to enhancing energy conservation and emission reduction more effectively, the Group newly added Scope 3 greenhouse gas emission statistics in the year, and updated the greenhouse gas emission data for 2021 to include Scope 3 greenhouse gas emission statistics. Due to limited historical data, the total greenhouse gas emissions in 2020 did not include the data of Scope 3.



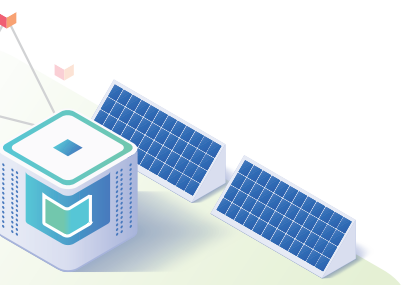
11.2 Indicator Index

HKEx ESG Reporting Guide Index

Disclosure Requirements		Disclosure	Reporting Section or Explanation
Mandatory Disclosure Requirements			
Governance Structure		Disclosed	4.2.1 ESG Governance Structure
Reporting Principles		Disclosed	1.2 Reporting Standards
Reporting Boundary		Disclosed	1.1 Reporting Cycle and Scope
"Comply or Explain" Provisions			
Aspect A1: Emissions			
General Disclosure		Disclosed	6.3 Promoting Green Operation
A1.1	The types of emissions and respective emissions data.	Not applicable	6.3 Promoting Green Operation 11.1.2 Environment Key Performance Table
A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	6.3 Promoting Green Operation 11.1.2 Environment Key Performance Table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	6.3 Promoting Green Operation 11.1.2 Environment Key Performance Table
A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	6.3 Promoting Green Operation 11.1.2 Environment Key Performance Table
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	6.3 Promoting Green Operation
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Disclosed	6.3 Promoting Green Operation



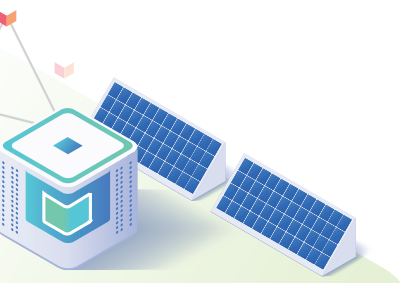
Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect A2: Use of Resources			
General Disclosure		Disclosed	6.3 Promoting Green Operation
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	6.3 Promoting Green Operation 11.1.2 Environment Key Performance Table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	6.3 Promoting Green Operation 11.1.2 Environment Key Performance Table
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	6.3 Promoting Green Operation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Disclosed	6.3 Promoting Green Operation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to principal business	
Aspect A3: Environment and Natural Resources			
General Disclosure		Not applicable	6.3 Promoting Green Operation
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable	6.3 Promoting Green Operation
Aspect A4: Climate Change			
General Disclosure		Disclosed	6.2 Tackling Risks of Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Disclosed	6.2 Tackling Risks of Climate Change



Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect B1: Employment			
General Disclosure		Disclosed	9.1 Maintaining a Harmonious Workplace
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	9.1 Maintaining a Harmonious Workplace 11.1.1 Social Key Performance Table
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	9.1 Maintaining a Harmonious Workplace 11.1.1 Social Key Performance Table
Aspect B2: Health and Safety			
General Disclosure		Disclosed	9.2 Attaching Importance on Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	9.2 Attaching Importance on Health and Safety 11.1.1 Social Key Performance Table
B2.2	Lost days due to work injury.	Disclosed	9.2 Attaching Importance on Health and Safety 11.1.1 Social Key Performance Table
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	9.2 Attaching Importance on Health and Safety
Aspect B3: Development and Training			
General Disclosure		Disclosed	9.3 Assisting Talent Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	9.3 Assisting Talent Development 11.1.1 Social Key Performance Table
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	9.3 Assisting Talent Development 11.1.1 Social Key Performance Table



Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect B4: Labour Standards			
General Disclosure		Disclosed	9.1 Maintaining a Harmonious Workplace
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	9.1 Maintaining a Harmonious Workplace
B4.2	Description of steps taken to eliminate such practices when discovered.	No such violation occurred during the Reporting Period	
Aspect B5: Supply Chain Management			
General Disclosure		Disclosed	8.2 Promoting Sustainable Development of Supply Chain
B5.1	Number of suppliers by geographical region.	Disclosed	8.2.1 Supplier Management 11.1.1 Social Key Performance Table
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Disclosed	8.2.1 Supplier Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Disclosed	8.2.2 Sustainable Supply Chain
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	8.2.2 Sustainable Supply Chain



Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect B6: Product Responsibility			
General Disclosure		Disclosed	7.3 Improving Customer Service Quality
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to principal business	
B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	7.3.1 Optimizing Customer Experience 11.1.1 Social Key Performance Table
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	7.1 Protecting Intellectual Property
B6.4	Description of quality assurance process and recall procedures.	Not applicable to principal business	
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	7.2.1 Safeguarding Information Security 7.2.2 Protecting Customer Privacy
Aspect B7: Anti-corruption			
General Disclosure		Disclosed	8.1 Improve Corporate Governance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Disclosed	8.1.1 Adhering to Business Ethics 11.1.1 Social Key Performance Table
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	8.1.3 Whistleblower Protection
B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	8.1.2 Promoting a Culture of Integrity
Aspect B8: Community Investment			
General Disclosure		Disclosed	10. Delivering SY Social Values
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	10. Delivering SY Social Values
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	10. Delivering SY Social Values 11.1.1 Social Key Performance Table

