



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

2024

**Environmental, Social
and Governance Report**



2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

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1. ABOUT THIS REPORT

This is the eighth 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 2024 and to respond to material issues.

- **Reporting Cycle and Scope**

This Report is an annual report. This Report covers the period from 1 January 2024 to 31 December 2024. Certain contents of this report are beyond the Reporting Period to make this Report more comparable and forward looking.

- **Reporting Standards**

This Report is prepared in accordance with the “Environmental, Social and Governance Reporting Code” set out in Appendix C2 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, material issue identification process, material issue matrix and climate-related risks and opportunities are disclosed in this Report.

Quantitative: The statistical criteria, methods, assumptions and/or calculation tools for quantitative key performance indicators 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.

- **Data Description**

The financial data in this Report are derived from the 2024 annual report of the Company which contain the audited financial information of the Company for the year ended 31 December 2024. In case of any discrepancy between the data of this Report and that of 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.

- **Publication Form**

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).

- **Contact Information**

Email: ir@syholdings.com



2. MESSAGE FROM THE CHAIRMAN

In 2024, the global economy continues to face geopolitical and cyclical volatility risks, with the market filled with uncertainty. However, opportunities and challenges coexist, and technological innovation and digital transformation have become the new engines driving economic growth. Reflecting on this year, SY has consistently upheld its corporate mission of “Making Supply Chains More Efficient and Finance More Inclusive” by embedding technology into industrial scenarios and solidly advancing the development strategy of the industrial digital platform. We continue to adhere to our original intention of supporting the growth of SMEs, constantly striving to address the pain points of SMEs in obtaining orders and capital turnover, driving simultaneous improvements in social responsibility and value creation, we have contributed SY’s strength to advancing high-quality economic and social development in China.

As a leading supply chain technology platform, SY has proactively integrated ESG principles into its strategic development, business operations, corporate governance and organizational culture. To achieve sustainable development, we have established a special committee at the board level to further optimize the three-level ESG governance structure including the Board of Directors, the Sustainability Committee and the ESG Working Group, actively responding to the Sustainable Development Goals of the United Nations, focuses on six material topics, namely “Technology-enabled SMEs”, “Build low carbon ecosystems”, “Pay attention to environmental business ethics”, “Reward others’ trust in a responsible manner”, “Strive for joint development with staff” and “Disseminate SY’s social values”, to ensure that the concept of sustainable development is integrated into the strategic development, business layout and daily operation of the Group, further promoting the effective implementation and practical execution of our ESG objectives.

Strengthening Governance Foundations and Upholding Compliant Operations

SY is committed to maintaining and ensuring high standards of corporate governance. We have established a well-structured governance framework characterized by clear division of responsibilities, coordinated collaboration and effective checks and balances, ensuring efficient and compliant corporate governance. Proactively embracing regulatory oversight and adhering to compliance-driven operations, we actively support the development of China’s national credit reporting system. The Company’s wholly-owned subsidiary, SY Commercial Factoring Co., Ltd., was recognized for its outstanding data quality in credit reporting system by the Credit Reference Center of the People’s Bank of China. Additionally, SY leveraged the catalytic role of its headquarters economy to drive industrial growth, earning the “2024 Digital Innovation Leadership Award” at the 13th Financial Summit. Sheng Ye Information Technology Service (Shenzhen) Co., Limited, a wholly-owned subsidiary of SY has been certified as a “Multinational Company Headquarters Enterprise in Shenzhen” by the Shenzhen Municipal Commerce Bureau and was recognized as a “Multinational Company Headquarters Institution in Guangdong” by the Guangdong Provincial Department of Commerce.

Adhering to Green Development to Support the “Dual Carbon” Goals

SY thoroughly implements the national strategy of “carbon peaking and carbon neutrality”, and continuously strengthens its capacity to address climate change against the current severe climate challenges. In March 2024, the Board of Directors of the Group considered and approved the strategic goal of carbon neutrality, and planned to release the Group’s carbon neutrality roadmap in 2030 and achieve carbon neutrality at the operational level in 2060. We have further refined emission reduction and resource efficiency goals, and actively reduced our carbon emissions by promoting online, paperless, green operations and other measures. Meanwhile, SY endeavored to play a greater role in reducing emissions across the value chain, and used digital means to promote the low-carbon transformation of the industrial chain, actively advocates low-carbon lifestyle, and contributes to the realization of the goal of “carbon peaking and carbon neutrality”.

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Embracing Corporate Responsibility and Advancing Sustainable Development

Adhering to the principle of “Technology for Good,” SY focuses on advancing the “Five Major Initiatives”, such as inclusive finance and digital finance, leveraging technological solutions to address the problem of order acquisition and capital turnover for SMEs. In addition, SY actively engaged in public welfare and charitable initiatives. We have established the SY Charity Foundation to focus on key areas such as supporting children in vulnerable situations, empowering youth through education and development programmes, and contributing to sustainable rural development, earning recognition as an AAA-rated social organization. In 2024, SY Charity Foundation has organized the “SY Light: A beam of light to warm hearts” events in Ningxia and Qinghai, organizing and participating in multiple charitable campaigns and support programs to spread goodwill across communities. As of 31 December 2024, SY has contributed over RMB14.37 million to public welfare, with cumulative public service hours exceeding 6,642 hours and benefiting over 15,377 people.

Leveraging its deep understanding and practice of ESG principles, SY has been awarded an updated A rating in the MSCI ESG Ratings, leading the domestic financial industry. It has also been recognized by S&P Global, with a leading position of ESG score among the peers globally. Additionally, SY places great emphasis on talent development, employee care and corporate culture, earning a spot on the 2024 Bloomberg Green Finance “DEI Inclusive Workplace” list and the 2024 51Job “Outstanding Employer” list.

Looking ahead, SY will continue to advance its platform-based development strategy, leveraging technological empowerment to support the growth of SMEs, expand into cross-border and emerging industries, and uphold the long-term value of ESG practices, thereby contributing greater efforts to sustainable development.



3. ABOUT THE COMPANY

3.1. About SY

SY is a leading AI+ industrial supply chain technology company that combines its deep expertise in national pillar industries such as infrastructure, pharmaceuticals and commodities with strategic expansions into emerging industries such as e-commerce, robotics and intelligent computing services. Through its self-developed AI-powered SY Cloud Platform (the “Platform”), SY empowers SMEs by addressing order fulfillment and working capital needs.

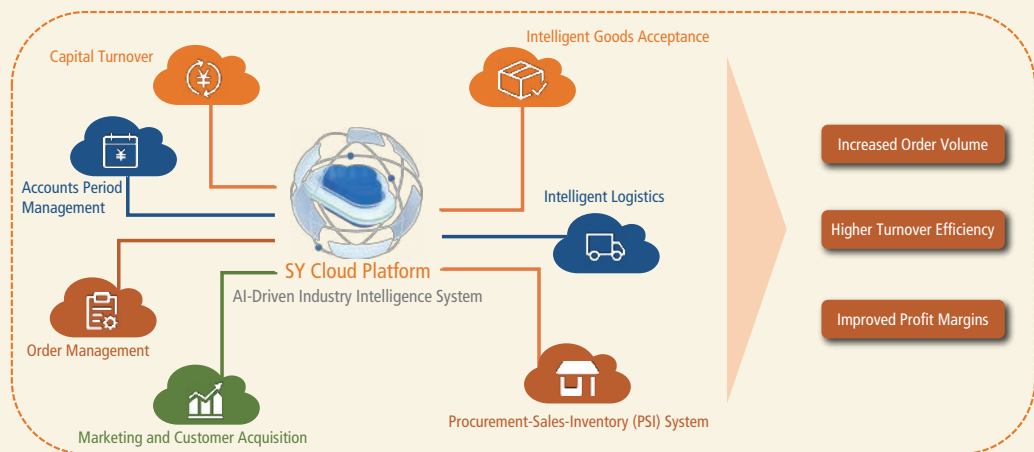
The development journey of SY can be divided into three phases. From 2014 to 2017, SY established its presence in the commercial factoring market from scratch, laying a solid foundation for the Group’s growth. From 2017 to 2022, the Company transformed into a supply chain fintech platform, achieving scaled and platform-based growth while forming a more influential development framework. From 2022 to date, SY secured leapfrog development by focusing on building a supply chain ecosystem, gradually shedding its traditional financial label and prioritizing the development of AI+ industrial supply chain technology platform. The Group has been included in major indices such as the MSCI series, Hang Seng Composite Index, FTSE Index, the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect, while also being named in the 2024 “Forbes China Top 50 Influential Fintech Companies” list, underscoring its global market credibility.

- **Corporate Culture**

Vision	To become the most reliable supply chain technology platform in the Asia Pacific region
Mission	To make the supply chain more efficient and financing more inclusive
Value	Integrity • People-oriented • Service-oriented • Pursuit of innovation

- **Business Model**

Comprehensive Sales and Supply Chain Management Services for Enterprise Clients



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Business Distribution and Operation

Shenzhen Platform R&D Centre

- ✓ SY Cloud Platform R&D Centre
- ✓ AI + industrial digital product design
- ✓ Risk control strategy and data model building

Wuxi Industrial Technology R&D Centre

- ✓ Entering into strategic cooperation on intelligent computing power and artificial intelligence with Wuxi Economic Development Zone
- ✓ Setting up the regional headquarters in East China
- ✓ Industrial technology research and development and intelligent computing power services

National high-tech enterprise
80 software copyrights and patents

Tianjin Platform Operation Centre

- ✓ Reach strategic cooperation on supply chain finance technology with Tianjin Dongjiang Bonded Port Zone
- ✓ Data security and direct connection with the credit reference system of the PBOC
- ✓ Platform operation and customer service centre

3.2. Honors of the Year



Named in the 2024 "Forbes China Top 50 Influential Fintech Companies" List



The 13th Financial Summit
2024 Digital Innovation Leadership Award



Tianjin Five Avenues Financial Forum
Tianjin ESG Innovation Case



The 6th International Factoring and Supply Chain Finance Conference
2024 Industry Contribution Unit Award

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The 10th Asset Securitization · Jiefu Award
Excellent ABS Technology Service Institution



The 12th China Commercial Factoring Industry Summit
2024 Industry Contribution Award, 9th China
Commercial Factoring Industry Innovation Case,
2024 Outstanding Member Unit



Gelonghui · Mid-term Strategy Summit
ESG Corporate Governance Excellence Enterprise



9th "Gelonghui · Global Investment Carnival"
Annual Outstanding Digital Technology Enterprise

第二十三届“深圳企业创新纪录”项目表 (按产业分类排序)					
序号	企业名称	行业/产业类别	创新类别	创新项目	创新意义
10	招商局蛇口工业区控股	综合类企业	技术创新	招商局“AI+”项目	招商局蛇口工业区控股作为“AI+”领域的先行者，积极探索AI在港口运营、供应链管理、客户服务等方面的应用，提升了运营效率和客户体验。
108	招商局蛇口工业区控股	综合类企业	技术创新	招商局“AI+”项目	招商局蛇口工业区控股作为“AI+”领域的先行者，积极探索AI在港口运营、供应链管理、客户服务等方面的应用，提升了运营效率和客户体验。
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Selected for the 23rd "Shenzhen
Enterprise Innovation Record"



"Jingui Award" of the 9th CNABS for Most Innovative
Breakthrough Product



Selected for the 2024 Shenzhen
Top 500 Enterprises List



Selected for the List of Recognized Headquarters
Enterprises of Multinational Corporations
in Shenzhen

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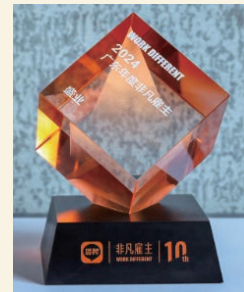
**"Golden Goodness Team Award" at the 4th
"Golden Goodness Award"**



**13th Philanthropy Festival
Annual Social Responsibility Award
in the Finance Industry**



**Selected 2024 Bloomberg Green Finance
"DEI Inclusive Workplace" List**



**2024 Extraordinary Employers of the Year in
Guangdong by Liepin**



**Obtaining A rating from MSCI ESG
S&P ratings are at a leading level among our
global peers**



Obtaining AA rating from Wind ESG



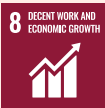






3.3. Milestones of the Year

1. Guofu Factoring successfully completed the book-building for its first forward factoring ABS, revitalizing existing assets to support the development of the health industry
2. SY has reached a strategic cooperation with Taihu New City Group, and Wuxi Guojin Factoring's approximately RMB570 million capital increase and share expansion plan has been implemented
3. SY successfully implemented Zhejiang Province's first innovative business of "Digital Renminbi + Smart Contracts + Factoring Financing + Wage Payment of Construction Workers"
4. CICC Research Report: Maintain SY's "Outperform Industry" rating, based on target price of HK\$6.01
5. SY has implemented the "Digital RMB + Tax Payment" application scenario in Tianjin
6. SY has completed its strategic investment to expand into the new industry of cross-border e-commerce
7. SY Factoring promotes the "Digital RMB + Factoring" service, having cumulatively issued digital inclusive finance exceeding RMB200 million
8. SY has appointed Mr. Sun Wei Yung Kevin, a representative of the National People's Congress from Hong Kong, as an Independent Non-executive Director to continuously enhance the Company's governance standards
9. SY, CITIC Insurance and Xiangyu Jinxiang have signed a third-party cooperation agreement to promote inclusive finance and support the development of small and medium enterprises
10. SY secured a US\$100 million credit insurance policy from China Export & Credit Insurance Corporation and executed its inaugural international commercial factoring transaction with underlying foreign currency settlement

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3.4. Commitment to Sustainable Development

• Sustainability Map

Sustainable Development Topics	Description	Sustainable Development Performance	UN SDGs
Technology supported growth of SMEs	Science innovation assists in industrial digitalization upgrading, solves issues relating to order acquisition and turnover of funds faced by SMEs and creates more job opportunities for the growth of the economy	<ul style="list-style-type: none"> Total number of platform users in the SME ecosystem was 17,400+ Total loan disbursed to SMEs was RMB32.045 billion ^(Note 1) Total amount of direct SME Loans was RMB9.274 billion The percentage of SMEs among financing customers during the year was 96.47% ^(Note 2) The average single loan size was RMB2.05 million 	  
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	<ul style="list-style-type: none"> Reduced paper consumption by 58.59 million pieces ^(Note 3) Total amount of green and low-carbon projects financing supported by the platform of RMB2.298 billion, involving 126 projects Cumulative carbon reduction on online platform was 454 tons ^(Note 4) Clean travel proportion was 84% ^(Note 5) 	 
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	<ul style="list-style-type: none"> A total of 68 computer software copyright certificates have been obtained. A total of 12 authorized patents have been obtained. 	 

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Sustainable Development Topics	Description	Sustainable Development Performance	UN SDGs
Pay attention to 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	<ul style="list-style-type: none"> The number of corruption lawsuits filed against the Company and its employees during the year was 0 The economic loss caused to the Company by the embezzlement lawsuit during the year is 0 	 
Strive for joint development with staff	With the people-oriented concept, promote staff's personal development while preserving their health, equality and dignity	<ul style="list-style-type: none"> Coverage rate of employee health examination was 92% Employee satisfaction with training was 99% 	    
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 east-developed areas through charity, build a harmonious and sustainable society	<ul style="list-style-type: none"> Total number of hours of volunteer services was 1,539 hours Total amount of investments in volunteer service projects was RMB1,021,200 	    

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 RMB9.274 billion directly provided by the Group to SMEs; and ii) total amount from loan facilitation business, which represents the total loan amount of approximately RMB22.771 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

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• Sustainable Financing Frameworks

SY released its social responsibility financing framework and sustainability-linked financing framework in August 2022, integrating the financing frameworks with the Group's sustainability strategy and the Sustainable Development Goals of the United Nations. This approach embeds the concept of sustainability into the daily operations of the enterprise, supporting the high-quality and sustainable development of substantial industries vital to the national economy and people's livelihood, such as infrastructure and healthcare. It effectively addresses the pain points of financing difficulties and high costs faced by SMEs, achieving a win-win situation for both social and economic benefits. Meanwhile, the release of this sustainable financing framework further broadens SY's diversified financing channels and aligns SY's sustainable development management and financing strategies with global best practices, enhancing SY's sustainable development management and performance.

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:
Establish the governance mechanism of the Group in issuance of social responsibility bonds, loans and other debt instruments	<ul style="list-style-type: none"> • Increase financing opportunities for SMEs and facilitate their integration into supply chains • Provide financing support to SMEs affected or destroyed by natural disasters or health disasters • 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 • Develop and deliver health care and health services
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 completion of the agreed sustainable development performance goals, and the specific adjustment range will be agreed separately in the corresponding financing documents. The set sustainable development performance goals are as follows:
Establish the governance mechanism of the Group in issuance of sustainable development-linked bonds, loans and other debt instruments	<ul style="list-style-type: none"> • To help SMEs obtain financing scale to increase year by year • To increase the amount of paper saved by the digital online business system year by year • To increase the time spent on public welfare year by year

For more information, please refer to the sustainable finance segment under the sustainable development column on the website of the Company (website: www.syholdings.com).



4. CORPORATE GOVERNANCE

Sound corporate governance practices are fundamental to maintaining and promoting the confidence of shareholders. The Board of Directors believes that good corporate governance standards are essential for providing a framework for the Company to safeguard shareholder interests, enhance corporate value, formulate its business strategies and policies, and improve its transparency and accountability.

4.1. Governance Structure

The Company strictly adheres to laws and regulations as well as other relevant provisions of the Stock Exchange, establishing a standardized and orderly governance structure that forms a governance mechanism with clearly defined responsibilities, mutual coordination, and checks and balances, ensuring efficient and compliant corporate governance.

The Board of Directors is committed to maintaining and ensuring a high standard of corporate governance. The Board of Directors will review the Group's corporate governance practices from time to time to ensure that they reflect the latest developments and meet shareholders' expectations. The Board of Directors has established Board committees and has delegated to these committees various responsibilities as set out in their respective terms of reference. The Board of Directors may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The management of day-to-day operations of the Group's businesses and the implementation of the business plans, strategies, and policies adopted by the Board of Directors has been delegated to the senior management of the Group.

The Company also values board diversity. As of the end of the Reporting Period, the Board of Directors of the Company comprised 7 directors from Mainland China, Hong Kong and Singapore, of which 2 were female directors, accounting for 28.57%. In terms of professional expertise, the directors cover multiple key areas including supply chain operations, capital markets, financial accounting and auditing, technology and data, risk management and social impact, providing comprehensive professional support and diverse perspectives for the Company's strategic decision-making and operational management.

Appointment of Governance Personnel of SY Holdings

Board of Directors	Executive Directors	2
	Non-executive Director	1
	Independent Non-executive Directors	4
Board Committees	Audit Committee	3
	Nomination Committee	3
	Remuneration Committee	3
	Sustainability Committee	3
Senior Management	Company Secretary	1
	Authorized Representative	2
	Other Senior Management	2

During the Reporting Period, SY Holdings convened a total of 11 Board meetings, 1 general meeting of shareholders, 3 Audit Committee meetings, and 3 Nomination Committee meetings.

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4.2. Compliant Operation

The Corporate Governance Department of SY Holdings is responsible for duties related to internal control and compliance matters. To manage and mitigate the risk exposures at the group level and improve the effectiveness of the internal control system, the Corporate Governance Department collaborates with other business units to optimize operational procedures and workflows, as well as reviews the policies and standards of the Group. In terms of governance, the Corporate Governance Department leads several projects, including IT security audits, financial management, operational management, and training sessions on anti-corruption and whistleblowing policies, to supervise and encourage good governance within the Group. The Corporate Governance Department reports to the Audit Committee from time to time on the implementation and effectiveness of the internal control system and relevant projects.

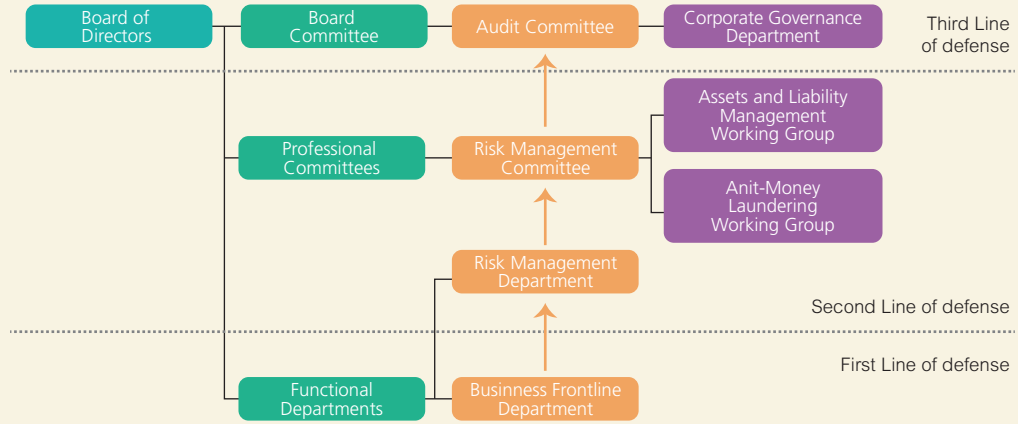
Proactively embracing regulatory oversight and adhering to compliance-driven operations, SY always actively support the development of China's national credit reporting system. The Company's wholly-owned subsidiary, SY Commercial Factoring Co., Ltd., was recognized for its outstanding data quality in credit reporting system by the Credit Reference Center of the People's Bank of China. Additionally, SY leveraged the catalytic role of its headquarters economy to drive industrial growth, earning the "2024 Digital Innovation Leadership Award" at the 13th Financial Summit. Sheng Ye Information Technology Service (Shenzhen) Co., Limited ("SY Technology"), a wholly-owned subsidiary of SY has been certified as a "Multinational Company Headquarters Enterprise in Shenzhen" by the Shenzhen Municipal Commerce Bureau and recognized as a "Multinational Company Headquarters Institution in Guangdong" by the Guangdong Provincial Department of Commerce.

4.3. Risk Management

SY 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", the "Provisions on Anti-Money Laundering of Financial Institutions", the "Data Security Law of the People's Republic of China", the "Provisions on the Centralized Operation and Management of Cross-border Funds of Multinational Corporations". SY has created SY's risk management framework, formulated and continuously improved internal systems such as the "General Rules on Risk Management", the "Rules of Procedure of the Risk Management Committee", the "Audit Committee – Terms of Reference", the "Risk Evaluation Management System", the "Credit Management System", the "Post-loan Management System" and the "Management System of Credit Investigation System". Through measures such as strengthening risk communication and risk review and evaluation, SY continuously improves the professionalism and systematicness of risk management and provides a solid guarantee for the steady development of the enterprise.



4.3.1. Risk management framework



Level	Responsibilities
Board of Directors	<p>The Board of Directors confirms that its responsibilities are assessing and determining 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 ensuring that the overall adequacy and effectiveness of the Group’s risk management and internal control systems is regularly reviewed by the Group. The relevant systems cover financial, operational and compliance controls to safeguard shareholders’ investments and the Group’s assets.</p>
Audit Committee	<p>The Board of Directors has delegated to the Audit Committee the responsibility for risk management and internal control (with relevant departments). Consequently, the Audit Committee is responsible for designing, implementing and supervising the risk management and internal control system. The management will report to the Audit Committee any identified deficiencies from time to time. The Audit Committee serves as an important communication channel between other Directors of the Company, the external auditor and internal auditors (if the Company has an internal audit function) in respect of the duties relating to financial and other reporting, risk management, internal control, external and internal audits and other matters as the Board of Directors determines from time to time.</p> <p>The Audit Committee assists the Board of Directors through providing an independent review and supervision of financial reporting and risk management, satisfying themselves as to the effectiveness of the internal control of the Group and the adequacy of the external and internal audits.</p>

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Level	Responsibilities
Sustainability Committee	<p>The Sustainability Committee is responsible for formulating and reviewing the strategies and procedures of the Company's ESG work, monitoring progress, and identifying ESG-related risks and opportunities that may have a significant impact on the Company, reporting to the Board of Directors and making recommendations. The management and the ESG Working Group will periodically report to the committee on the progress, results and significant matters related to the Company's ESG work.</p>
Risk Management Committee	<p>A specialized working body under the leadership of the Company's management is mainly responsible for the Company's overall risk management, considering the Company's risk management status, reviewing major risk management activities, and exercising voting rights on major transactions. Main duties are as follows:</p> <ul style="list-style-type: none"> <li data-bbox="683 922 1449 1099">• To authorize the establishment of specialized groups related to risk management for the Group and its subsidiaries, and appoint members of the specialized groups to perform their duties, such as the Anti-Money Laundering Working Group and the Asset and Liability Management Committee (ALCO); <li data-bbox="683 1146 1449 1323">• To comprehensively assess and manage the credit risk, market risk, liquidity risk, operational risk, compliance risk and investment risk of the Group and its subsidiaries according to the risk appetite and strategy determined by the Board of Directors; and formulate and implement corresponding risk management strategies; <li data-bbox="683 1371 1449 1582">• To review and approve the procedures and measures for risk identification, measurement, monitoring and control for the Group and its subordinate branches; methods and procedures for avoiding, mitigating, reducing, and diversifying risks, including but not limited to the general principles of risk management of the Company, management measures and detailed rules, etc.; <li data-bbox="683 1629 1449 1772">• To be responsible for reviewing and approving the investment matters of the Group and its subsidiaries (investments include equity investments, financial product investments and non-standard project investments); <li data-bbox="683 1819 1449 1882">• To supervise the improvement of risk management deficiencies in the Group and its subsidiaries;



Level	Responsibilities
	<ul style="list-style-type: none"> <li data-bbox="670 398 1447 506">• To review and approve the new business models and risk limits of the Group and its subsidiaries, and propose control ideas for major risk points to review and approve external investment matters; <li data-bbox="670 549 1447 657">• To review and approve business or innovative activities outside the authorized scope of the Group and its subsidiaries' risk management departments; <li data-bbox="670 700 1447 765">• To regularly assess the performance of the heads of the Risk Management Departments of the Group and its subsidiaries; <li data-bbox="670 808 1447 873">• To appoint personnel to serve as members of the risk committee of each subsidiary; <li data-bbox="670 916 1447 980">• To review sudden and significant risk matters, and activate the relevant emergency plans.
Risk Management Department	<p data-bbox="670 1024 1447 1541">Under the leadership of the Chief Risk Control Officer, each subsidiary implements the leading organizational department for various types of risk management related to the Company's business. The Risk Management Department is divided into four main categories of positions: Risk Strategy (design of new products; formulation, output, optimization and system application of risk control rules; interpretation of industrial policies, training on industry knowledge, etc.), Regulatory Compliance (daily communication with regulatory agencies; building compliance systems and advocating compliance culture), Credit Management and Approval (customer and business admission and credit management; on-site due diligence; daily management during and after loans (excluding collections)), and Risk Asset Management (data monitoring, organization and analysis; responsible for collection matters; disposal of overdue assets).</p>
Business Frontline Department	<p data-bbox="670 1541 1447 1770">The Industrial Marketing Department and the Asset Management Department, as the first line of defense for risk management, should take the compliance and implementation of the risk management policies and systems as the basic premise in the process of carrying out business, also assume the responsibilities of obtaining information, conducting risk judgment and risk control, and communicate with the Risk Management Department in a timely manner.</p>

In addition to the three lines of defense for routine risk management (the Board of Directors, risk control lines and business frontline department), the Corporate Governance Department also assumes the responsibilities related to internal control and compliance matters. We improve the effectiveness of the internal control system through working with other business departments to optimize operational procedures and workflows and reviewing the Group's policies and standards to manage risk exposures at the Group level.

4.3.2. Risk Management Work

- *Risk Communication*

The Risk Management Department and the Corporate Governance Department regularly report to the Audit Committee at meetings of the Audit Committee on the Group's major risk management events and ESG management during the Reporting Period (including corporate governance, IT security, human capital, etc.). In the event of material risk changes or events, the Risk Management Department and the Corporate Governance Department will report to the Audit Committee as soon as possible within a reasonable period. The Audit Committee will then report the related contents to the Board of Directors.

Daily business risk assessment is led by the Risk Management Department with the assistance of the Platform Operation Department and the Financial Management Department. According to the "Risk Evaluation Management System" and based on the dual risk evaluation oriented by the subject and transaction, we have established a multi-dimensional risk assessment system which takes the analysis of enterprise and transaction behavior data as the logic, and realized the calculation of dynamic risk assessment results of individual customer, individual business and individual asset on a rolling basis:

- 1) The assessment results can be applied to the formulation of customer evaluation plans, access requirements, customer quota management, post-loan and debt collection grading management, etc. The credit management and approval group shall complete the business approval and post-loan tracking management according to the assessment results and different risk management requirements.
- 2) The assessment results can also be used for risk pricing and risk measurement. The Risk Management Department shall accurately transmit the assessment results to the relevant departments, assist the Business Department in completing project pricing and assist the Financial Management Department in making provision for risk reserves.
- 3) The Risk Management Department shall pay attention to the problems identified from the daily risk evaluation, extracting the optimization suggestions for rules and models, and the Risk Strategy Group shall carry out the optimization of rules and the testing and configuration on the system.

In the event of any sudden and major risk events related to the risk functional departments of the Company, the Risk Management Committee will convene an extraordinary meeting after the relevant functional departments report to the chairman of the Risk Management Committee.



- *Risk review assessment*

The Board of Directors, through the Audit Committee, reviews the risk management and internal controls annually. The Audit Committee reviews the risk management reported by the Company's management at least once every six months. Regarding ESG-related matters, the Sustainability Committee meets at least once a year to review relevant topics and issues and reports to the Board of Directors.

The Risk Management Committee holds business risk analysis meetings at least once every half year, 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.

The Risk Strategy Group is fully responsible for the establishment and optimization of daily business risk evaluation rules and models:

- 1) The Risk Strategy Group conducts a comprehensive assessment of the risk assessment model and rules on a regular basis of every six months, and submits a written evaluation report to the Chief Risk Control Officer. If it involves the content that needs to be adjusted or optimized, the corresponding testing and approval process shall be submitted in accordance with relevant requirements;
- 2) The Risk Strategy Group continuously updates, optimizes and adjusts the relevant rules in consideration of factors such as macro risks, industry changes, business direction changes and the Company's risk preference.

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5. ESG MANAGEMENT

5.1. Statement of the Board of Directors

The Board of Directors is the highest decision-making and supervisory body for the Group's ESG management and assumes ultimate responsibility for the Group's ESG work. The Board of Directors is responsible for reviewing the vision and strategic objectives of the Group's ESG work, ensuring that they are highly aligned with business development. It makes final decisions on significant issues related to ESG, including ESG-related risks and opportunities that have a substantial impact on the Group, and supervises the construction of the ESG risk management and internal control systems.

In order to ensure the implementation of the ESG strategy, the Group continues to establish and improve relevant organizational safeguards, and on 29 November 2024, it established a Sustainability Committee. The Sustainability Committee sets targets for the Group's ESG performance, formulates the strategies and routines for the Group's ESG work, supervises and reviews the implementation of the Group's ESG work and carries out assessments, while ensuring that the Group's ESG management policies are up-to-date and in compliance with 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 Sustainability Committee reviewing and examining ESG-related risks and opportunities that may have a significant impact on the Group. It assesses and identifies the risks and opportunities arising from ESG issues for the Group's business, determines 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 related to the Group's business management, providing recommendations for the annual ESG strategic objectives. The Sustainability Committee is also responsible for reviewing and approving the ESG disclosure materials to ensure that the ESG priorities during the Reporting Period and the Group's concept of sustainability are fully disclosed.

The Board of Directors of the Group holds regular meetings every year to receive reports from the Sustainability Committee¹ and the management on the progress of ESG work, and to review the Group's annual ESG strategic objectives, material issues related to ESG, and ESG-related risks and opportunities that may have a significant impact. After clarifying the current status of the Company's ESG management, the Board of Directors coordinates and guides the identification of ESG management risks and opportunities to ensure that the Company continuously facilitates the achievement of ESG goals.

¹ The Group established a Sustainability Committee on 29 November 2024. During the reporting period, there have been no Sustainability Committee meetings and ESG-related work is reported to the Board of Directors by the ESG Working Group.

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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 which include gender, age, race, culture, educational background, professional experience, skills and tenure when setting up the composition of the Board of Directors.

In 2024, with the approval of the Group's Board of Directors, the "Terms of Reference for the Sustainability Committee" and the "ESG Management System of SY Holdings Group Limited" (hereinafter referred to as the "ESG Management System") were issued, marking an important step in the Company's ESG management and laying a solid foundation for achieving long-term sustainable development.

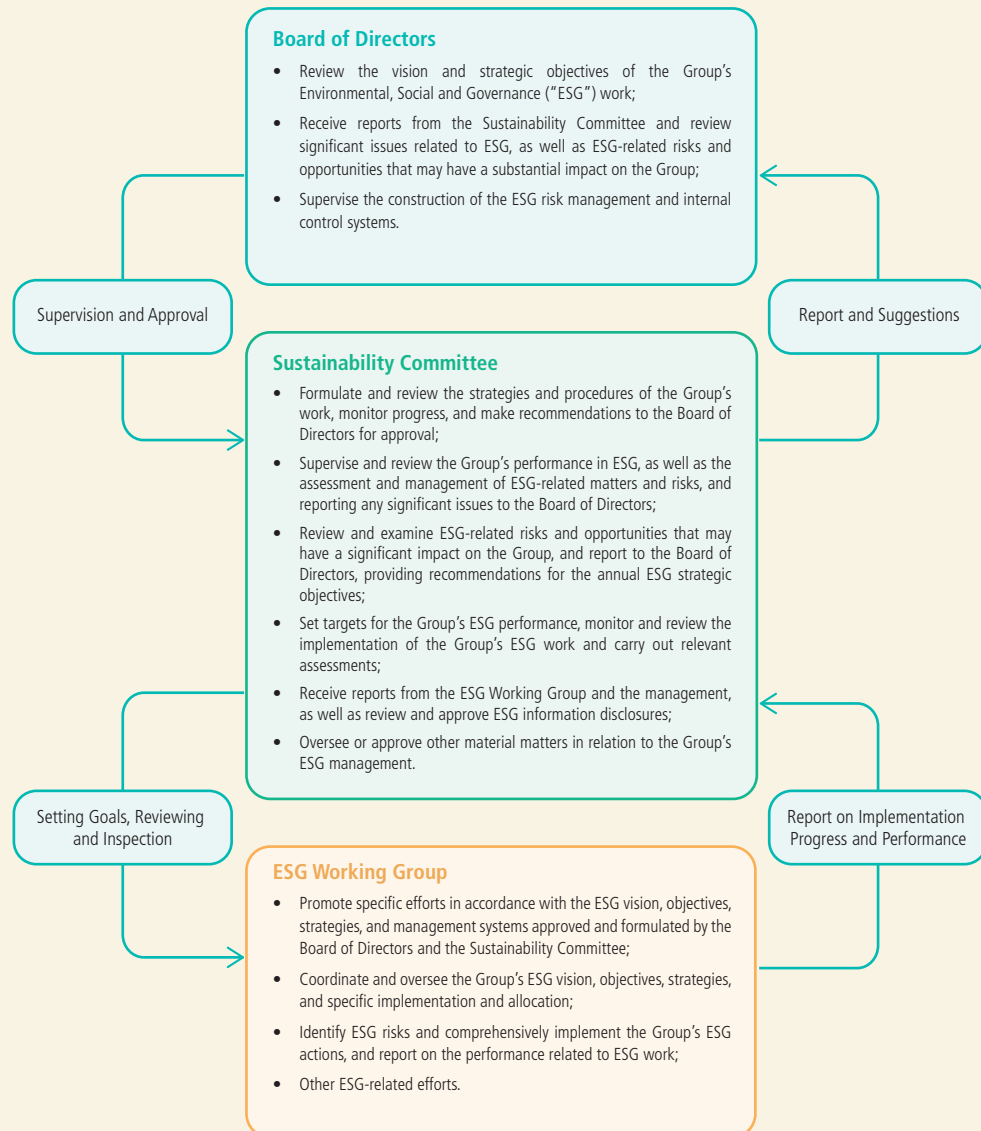
During the Reporting Period, the Board of Directors has received two reports from the ESG Working Group on the Group's ESG work, and has focused on considering the effectiveness and progress of ESG work, and approved the 2023 ESG report. This Report discloses the Group's practices and performance in ESG management in details, which were considered and approved by the Board of Directors in March 2025.

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5.2. ESG Governance System

5.2.1. ESG Governance Structure

The Group attaches great importance to sustainable development and has established a three-level governance structure for ESG management: the Board of Directors, the Sustainability Committee under the Board of Directors and the ESG Working Group.





5.2.2. ESG management objectives

The Group's ESG management principles include good corporate governance, fulfilling social responsibilities, and promoting environmentally friendly operations. The ESG management includes conducting business in a sustainable and responsible manner, while taking into account both the stakeholders and the impacts on the environment, society and economy. SY has set ESG management objectives focusing on three aspects, namely Enhancement of ESG Management, ESG Information Disclosure and Performance Enhancement and Integration of ESG and Business Sustainability. These objectives serve as the important basis for formulating ESG implementation plans and measures.

ESG Management Focuses	ESG Management Objectives
Enhancement of ESG Management	Streamline the Company'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	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"> <li data-bbox="702 1282 1447 1541">• 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 <li data-bbox="702 1584 1447 1800">• 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 green and low carbon development <li data-bbox="702 1843 1447 1905">• Increase investment in science and technology to achieve industry digitisation and low-carbon development

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5.3. ESG Risk Identification

SY integrates ESG risk management into its corporate comprehensive risk management framework, continuously improves the construction of risk management system, and manages ESG risks by identifying, assessing, monitoring and implementing risk response measures to effectively respond to ESG risks.

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
Market risk	Investors' and funders' preference for sustainable projects/companies
Liquidity risk	The policies on carbon emission reduction and "carbon peak and carbon neutrality" may affect the liquidity of the assets in the infrastructure and energy sectors
Operational risk	Information security: The need to comply with domestic and offshore network and data security-related compliance requirements for accessing, using and storing customer data
Reputation 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



5.4. Stakeholder Engagement

SY is well aware of the importance of maintaining good communication with various stakeholders. We continuously expand communication channels, focus on listening to the expectations and demands of various stakeholders, and fully consider and incorporate the opinions and suggestions of various stakeholders in its operations and decision-making processes. Through stakeholder engagement, we work together to resolve sustainability issues involved in our daily operations, to achieve sustainable and responsible business operations for the long-term success and sustainability of SY and its key stakeholders.

Stakeholders	Expectations and demands	Communication methods	Our responses
Government/regulatory authorities	<ul style="list-style-type: none"> Comply with compliance requirements, which include information disclosure, corporate governance, etc. 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 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 Stable relationship and valuation 	<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 Organize shareholders' general meetings, visit investment institutions and analyst teams
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

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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 Corporate image 	<ul style="list-style-type: none"> Cooperate with charitable organizations and communities and business units Industry conferences, interviews, WeChat official account and official website 	<ul style="list-style-type: none"> Establish a foundation, participate in public welfare activities and make donations Attend relevant industry conferences or forums Executives were interviewed by the media Publicity on official website and official account
Suppliers/business partners	<ul style="list-style-type: none"> Sound cooperative relationship Suppliers and product quality that meet relevant standards Product quality Clean procurement 	<ul style="list-style-type: none"> Communication by cooperative online systems, emails, offline documents, etc. Procurement and after-sales service Official website, complaint mailbox and complaint hotline 	<ul style="list-style-type: none"> All suppliers shall be admitted only after the procurement review process Select suitable suppliers in accordance with the procurement system 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 Official website, mail and hotline Business system platform Onsite interviews SY Cloud Platform 	<ul style="list-style-type: none"> Organise marketing activities and visit 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



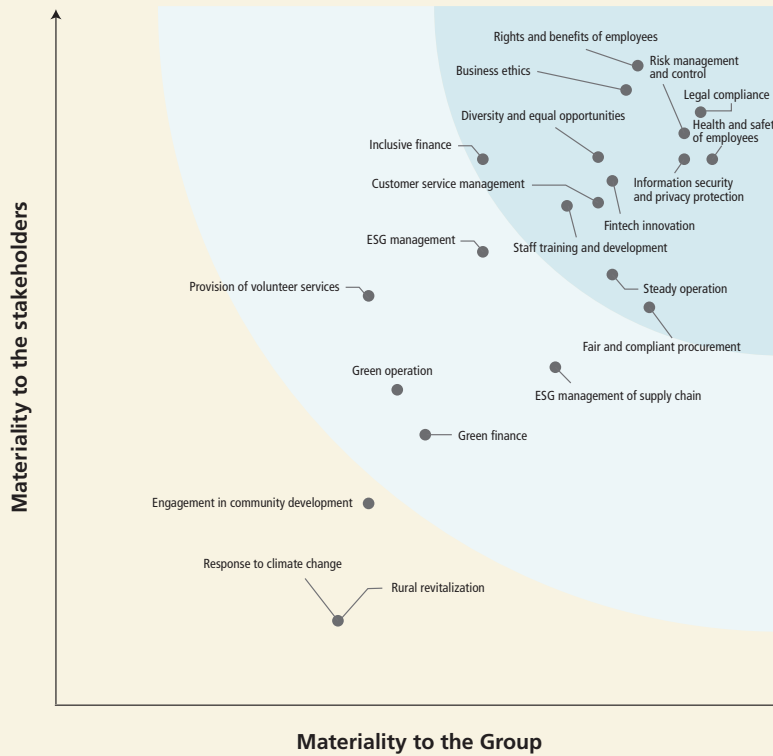
5.5. Material Issue Analysis

During the Reporting Period, we continued to carry out the assessment and analysis of material ESG issues in the process of “identification – evaluation and ranking – review” to deeply understand the core issues that stakeholders are concerned about in the field of sustainable development. We hope to report the ESG issues that have a significant impact on SY and all stakeholders in a comprehensive and accurate manner in this Report, so as to demonstrate our practices and progress in sustainable development.

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 112 effective questionnaires have been collected in the survey with the relevant completion rate of stakeholders satisfying our expectation. We have ranked the materiality of ESG issues and formed a matrix of ESG materiality issue for the Reporting Period 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 Reporting Period. 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.

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ESG Issue Materiality Matrix



Degree of importance	Area	Issue
Issues of high importance	Company governance	<ul style="list-style-type: none"> Risk management and control Steady operation Legal compliance Business ethics
	Responsibility for customers	<ul style="list-style-type: none"> Inclusive finance Customer service management Fintech innovation Information security and privacy protection
	Responsibility for employees	<ul style="list-style-type: none"> Diversity and equal opportunities Health and safety of employees Staff training and development Rights and benefits of employees
	Supply chain management	<ul style="list-style-type: none"> Fair and compliant procurement
	Company governance	<ul style="list-style-type: none"> ESG management
Issues of medium importance	Management of supply chain	<ul style="list-style-type: none"> ESG management of supply chain
	Responsibility for community	<ul style="list-style-type: none"> Provision of volunteer services
	Responsibility for green development	<ul style="list-style-type: none"> Green finance Green operation
Issues of low importance	Responsibility for community	<ul style="list-style-type: none"> Engagement in community development
	Responsibility for green development	<ul style="list-style-type: none"> Response to climate change Rural revitalization



6. TECHNOLOGY SUPPORTING GROWTH OF SMEs

SY has incorporated “pursuing innovation” into its corporate values, and always regards technology as the most critical element in the supply chain. It actively drives its platform-centric development strategy and pioneers innovative fintech solutions for the sector, reinforcing its commitment to advancing growth of SMEs.

6.1. Promoting a Platform-based Development Strategy

Under the Group’s strategy, SY supports the growth of SMEs through the independently developed and AI-driven industry intelligence platform “SY Cloud Platform” (the “Platform”) to address their order sales and supply chain financing needs. The platform strengthens the dual drivers of technology and data by deepening industrial ecosystems and linking industrial data, connecting physical industries with financial institutions. By utilizing technological means such as big data analysis, large model inference, and AI intelligent risk control, it implements the “transaction-focused, entity-light” risk control framework and business model. This achieves precise matching of high-quality supply chain assets with diversified funding, effectively assisting SMEs in obtaining working capital and achieving cost reduction and efficiency enhancement. Additionally, it provides comprehensive sales and supply chain management services for corporate clients, including order and marketing management, intelligent receipt inspection, digital supply and inventory management, and account period management, thereby laying the foundation for more efficient and sustainable growth in the future.

As at the end of the Reporting Period:

- The cumulative supply chain assets processed by the SY Platform exceeded RMB248 billion, representing an increase of approximately 28% compared to last year.
- The cumulative number of platform users exceeded 18,100, representing an increase of approximately 18% compared to last year.
- The proportion of SME customers accounts for over 96%, while the proportion of first-time borrowers is approximately 30%.
- The customer retention rate exceeded 80%, helping SMEs achieve an annual sales scale increase of over 60%.

Case: SY entered into a strategic cooperation with Taihu New City Group, validating the Company’s platformization capabilities

On 28 February 2024, Wuxi Guojin Commercial Factoring Co., Ltd. (無錫國金商業保理有限公司) (“Wuxi Guojin Factoring”), a subsidiary of SY, officially entered into a cooperation agreement for capital increase and share expansion with Wuxi Taihu New City Asset Management Co., Ltd. (無錫市太湖新城資產經營管理有限公司) (“Taihu New City Asset”), a subsidiary of Wuxi Taihu New City Group Co., Ltd. (無錫市太湖新城發展集團有限公司) (“Taihu New City Group”), pursuant to which, Taihu New City Asset will subscribe approximately RMB570 million of the capital increase in Wuxi Guojin Factoring and become its controlling shareholder.

The strategic cooperation between SY and Taihu New City Group verifies the Company’s platformization capabilities. At the same time, through the strategic cooperation with high-quality local state-owned enterprises, SY will accelerate the construction of an inclusive financial service platform for the regional supply chain, achieving efficient accumulation of industrial experience and resources, and further promoting the Company’s platformization development.

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6.1.1. SY Cloud Platform

Based on years of industrial experience and fintech innovation achievements, SY focuses on key national industries such as infrastructure, pharmaceuticals, and commodities, as well as strategic emerging sectors, including e-commerce, robotics, and intelligent computing services, and brings core enterprises, SME suppliers and financial institutions in the supply chain scenario to a cloud platform. It empowers SMEs and supports their growth by converting information into credit and other financial technologies through the application of advanced technologies such as the Internet of Things (IoT), cloud computing, big data and artificial intelligence (including NLP, OCR and machine learning), and empowers financial institutions with powerful big data risk control technologies. The SY Cloud Platform connects industrial entities and financial institutions, to achieve precise matching of high-quality supply chain assets with diversified funding by utilizing technological means such as big data analysis, large model inference, and AI intelligent risk control. It also provides value-added services in the supply chain, including marketing and customer acquisition, customer data analysis, and inventory management for enterprises within the industrial ecosystem, to support growth of SMEs by addressing their order sales and supply chain financing needs. This platform has improved the supply chain management capabilities of the industry as a whole, making the supply chain more efficient and inclusive.



Overall framework for the SY Cloud Platform and Related Services



6.1.2. Industrial Digital Ecology

SY actively promotes the construction of industrial ecosystems, addressing key pain points faced by SMEs in areas such as order acquisition (dispersed channels and delayed responses), supply chain collaboration (information gaps and inefficient fulfillment), and resource matching (insufficient matching accuracy) by leveraging cutting-edge technology to break down information barriers in the industrial chain. Leveraging industry practices, SY has built a comprehensive and digital supply chain technology platform that covers order matching, production collaboration, logistics tracking, and capital turnover, helping SMEs enhance their market responsiveness and operational resilience. Currently, we have deepened cooperation with core enterprises in the ecosystems of construction, healthcare, e-commerce, and other fields, continuously optimizing cross-scenario digital service capabilities to provide efficient and sustainable value co-creation solutions for ecosystem participants.

- *Facilitate digitalization of the supply chain of the infrastructure sector*

As an important pillar industry of China’s national economy, the construction industry is vast in scale yet remains relatively underdeveloped in terms of informatization. This situation is closely related to the inherent characteristics of the construction industry, such as geographically dispersed projects, high engineering complexity, and challenging on-site management, which collectively result in a predicament marked by high resource consumption, low technological application, significant capital input, and limited productivity, so that SME suppliers in the infrastructure sector also face the pain point of information asymmetry in bidding. Amidst the vigorous development of the digital economy, the digitalization and intelligent transformation of construction operations has become an inevitable trend and strategic choice for the industry. This is not only an external requirement in response to the evolving times, but also the core endogenous driving force that propels the infrastructure sector towards high-quality development, injecting continuous momentum into the industry’s ongoing advancement and innovation-led upgrading.

In response to a series of challenges in the infrastructure sector, SY relies on smart construction site solutions and an intelligent procurement service platform to not only assist core infrastructure enterprises in enhancing the efficiency of supply chain digital management but also to obtain real and real-time transaction data from SME suppliers. Through data analysis and intelligent matching, it helps supplier clients improve bidding efficiency and acquire more orders.



Procurement and Order Services



Smart Infrastructure Inspection System

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- *Improve the efficiency of the supply chain in the pharmaceutical sector*

The management of traditional medical supplies faces issues such as complex procurement processes, inventory shortages and backlogs, cumbersome and error-prone inventory checks, difficulties in drug traceability and low delivery efficiency. As a crucial component of hospital cost control, there is an urgent need to transition medical supplies management toward precision and scientific methodologies. SY has developed a supply chain flow management system for large pharmaceutical distribution enterprises, which can help clients accurately grasp and intelligently analyze pharmaceutical distribution data and sales trends, thereby assisting distributors in precisely expanding their business and improving inventory management efficiency.

序号	分子公司名称	药品编码	Drug Names	Drug Specification	供应商编码	Supplier Names	操作
1	南康责任公司	110921825	清迈磺胺嘧(乙酰胺)	70m*10mm*2's	152528	南康责任公司	编辑 删除
2	大药房	100004368	盐酸白药(打乳通气型)	6.5mm*10mm*5's	282018	南康责任公司	编辑 删除
3	大药房	1000185429	小康速解粒	10g*10袋	282018	南康责任公司	编辑 删除
4	南康公司	119071146	特维他孕乳及乳母营养补充食品	1.2g*30's	415669	南康公司	编辑 删除
5	南康责任公司	110065564	康灵片	100mg*10mg*6's*2瓶(康灵片)	014006	南康责任公司医药部	编辑 删除
6	南康责任公司	1000028513	红霉素软膏	1% 10g	014006	南康责任公司医药部	编辑 删除
7	南康责任公司	1000248895	头孢克肟分散片	0.125g*10's	014006	南康责任公司医药部	编辑 删除
8	南康责任公司	1000289930	抗真菌粉粒	9g*20袋	014006	南康责任公司医药部	编辑 删除

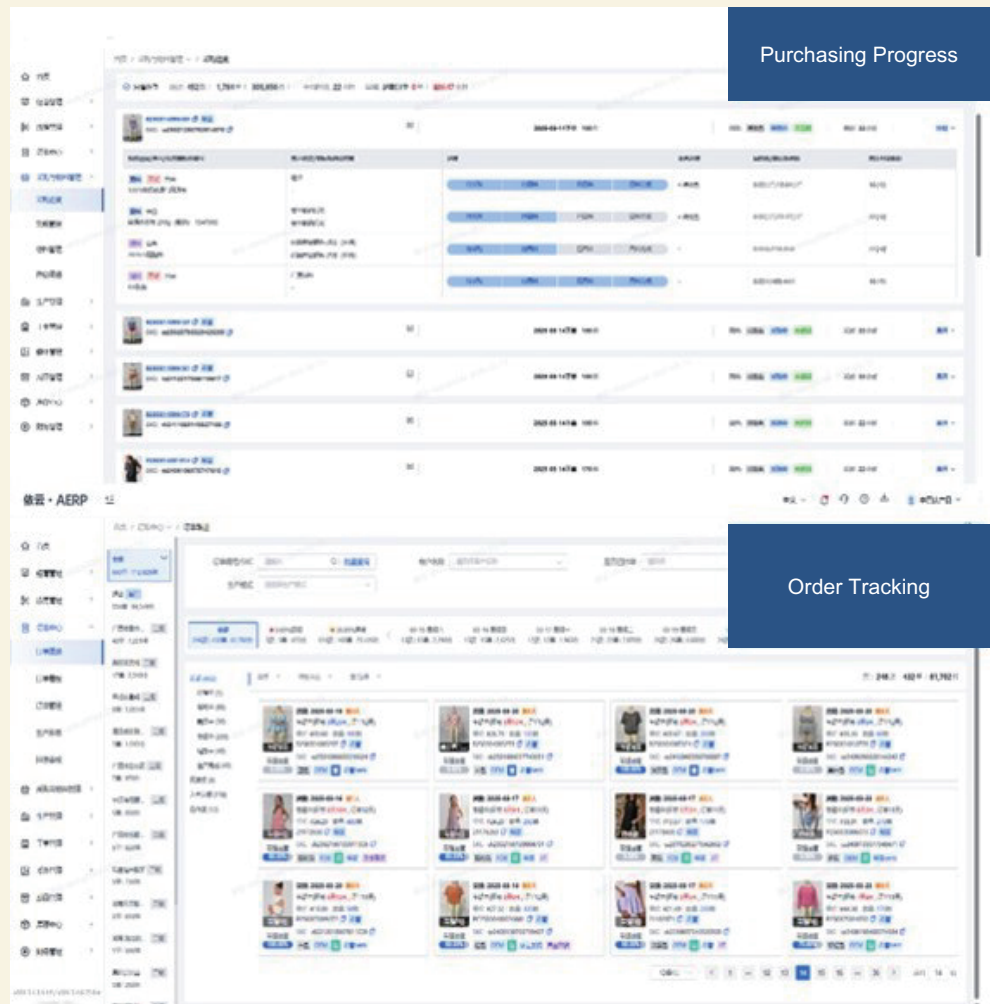
Pharmaceutical Distribution System

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- *Empower flexible supply chains in the e-commerce sector*

As consumer demand becomes increasingly fragmented and the requirements for delivery timeliness continue to rise, the e-commerce sector, particularly in clothing, is placing higher demands on the supply chain's "small order quick response" capabilities. This necessitates the introduction of flexible supply chains that enable enterprises to swiftly adapt to changes in market demand, allowing for agile adjustments across production, inventory, logistics and other aspects, in order to meet diverse consumer needs with minimal cost and time delays. SY empowers the construction of flexible supply chain platforms in the apparel e-commerce sector through its supply chain technology platform. By utilizing advanced technologies such as big data and artificial intelligence, it achieves real-time sharing and precise analysis of supply chain information, helping SMEs suppliers to respond promptly to fluctuations in e-commerce orders, quickly coordinate raw material procurement and production scheduling, reduce inventory backlog risks, and promote agile responses and collaborative efficiency across the entire supply chain. This continues to provide innovative supply chain technology and service support for high-quality Chinese products and brands to enter the international market.

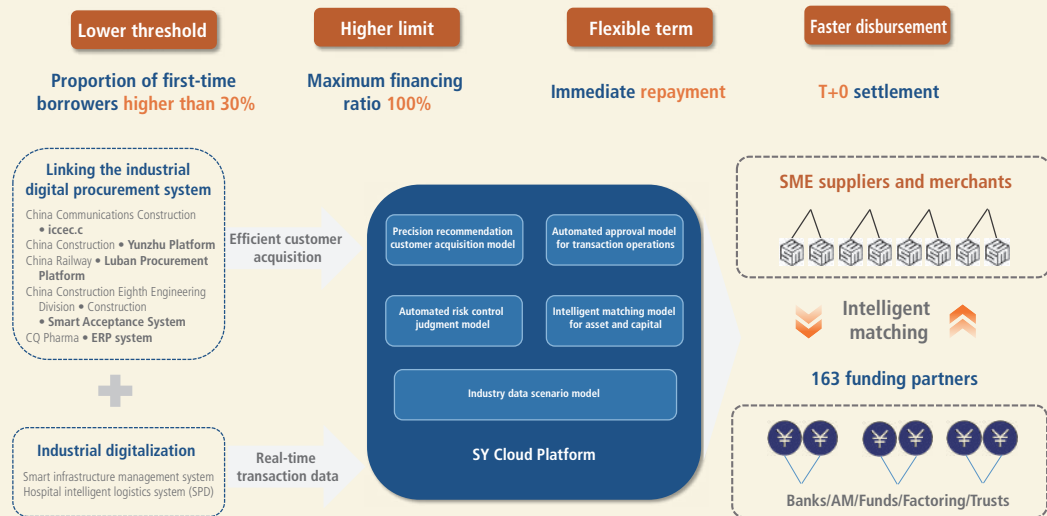


Flexible E-commerce Supply Chain System

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6.1.3. Empowering Inclusive Finance

SY seamlessly connects with the digital systems of core enterprises in the industry through deep integration with the industrial digital ecosystem, obtaining real-time transaction data of SMEs within the industry ecosystem. Based on the massive accumulation of industrial data, the platform constructs an “industrial data scenario model” that integrates core models such as semantic analysis (NLP), automated approval, and intelligent risk control, creating the intelligent hub of the “SY Cloud Platform”. By accurately analyzing valuable information such as historical transactions, performance capabilities, and supply chain relationships of enterprises, the platform intelligently matches small and micro suppliers with diversified funding sources including banks, trusts, and factoring companies, providing customized financing services with lower thresholds, higher limits, flexible terms, and faster disbursement. By leveraging deep digital collaboration with the industrial sector, we help small and medium enterprises that traditional finance has struggled to reach efficiently resolve their supply chain funding turnover issues, effectively promoting the deep integration of inclusive finance with the real economy.



Inclusive Finance Business Model

	SY Digital Finance	Traditional Bank Factoring
Range of Offering	<ul style="list-style-type: none"> Covers the entire supply chain settlement cycle allowing for more innovative solutions 	<ul style="list-style-type: none"> Notification-based factoring Fails to solve SMEs’ pain points in a timely manner
Customer Experience	<ul style="list-style-type: none"> SY Cloud platform is fully online Convenient and flexible 	<ul style="list-style-type: none"> Application process done largely offline Cumbersome
Flexibility	<ul style="list-style-type: none"> Big data-driven, more precise and efficient Competitive financing rate offerings and flexible repayment schemes 	<ul style="list-style-type: none"> Follows traditional rationale of credit risk control, without support from real-time data and flexibility More requirements and limitations schemes



6.1.4. Application of AI Technology

In the field of AI, the “SY Cloud Platform” of SY has achieved deep integration and connection with various AI large models, relying on accumulated industrial data for high-quality training, continuously providing more precise and efficient supply chain technology services to SMEs, and helping SY better achieve sustainable cost reduction and efficiency enhancement.

- *Comprehensive access to AI large models supporting industrial data training*

The platform has achieved full integration with the domestic open-source large model DeepSeek, while also deeply exploring the application potential of cutting-edge large models such as ChatGPT, Llama, Qwen, Doubao and Zhipu AI from both domestic and international sources. Leveraging high-quality training data at the industrial level to continuously optimize the industrial cognitive capabilities of large models not only enables more precise and efficient capital turnover services for SMEs but also actively explores and develops intelligent supply chain empowerment capabilities in areas such as supplier management intelligence, automation of supply chain business processes, and intelligent decision support for inventory management, collaborating with industrial supply chain partners to achieve digital and intelligent development.

- *Enhancing operational efficiency through the use of AI applications*

In 2024, SY leveraged the data analysis and processing capabilities of AI large models to enhance the intelligent approval process, optimize the intelligent matching algorithm of assets and capital, and strengthen the big data intelligent risk control model. As a result, the average service asset scale has significantly increased by approximately 57%, while labor costs have only grown by 5.6%, saving at least RMB40 million.

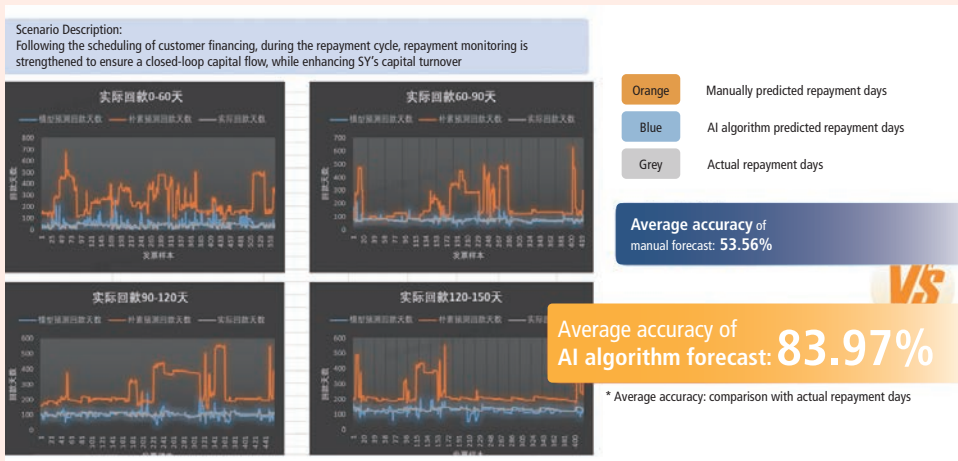
In the future, SY will, with ample computing power support in the Wuxi Economic and Technological Development Zone, driven by sufficient computing power, focus on the industrial data accumulated over the past decade and the resources of industrial clients. By developing industrial AI Agent and deeply integrating into the digital ecosystem service system at the industrial end, SY aims to assist SMEs in achieving more precise market analysis, smarter order acquisition, more efficient supply chain management, and more scientific cost management.

Case: User Repayment Prediction

SY employs AI technology to integrate multidimensional information such as customers' historical transaction data, financing records, industry trends and market environment and accurately input the data into the target neural network model, thereby enabling efficient prediction of the repayment period based on the model's intelligent output. In addition, the model parameters are continuously optimized based on actual repayment data to improve prediction accuracy. The user repayment prediction technology fully leverages deep learning models to significantly enhance the processing efficiency of nonlinear factors, ensuring that predicted repayment cycles are not shorter than actual cycles, thereby effectively reducing the risk of repayment delays.

The AI algorithm achieves a 30% higher accuracy rate compared to manual predictions, making a shift from "experience-driven" to "data-driven", significantly reducing the risk of misjudgment while markedly improving prediction accuracy and efficiency. At the same time, AI technology enhances SY's capital turnover efficiency and serves as a powerful tool for its risk control.

During the Reporting Period, the invention patent of "Method and System for Predicting Repayment Cycles of Hospital Procurement Invoices Based on Deep Learning (基於深度學習對醫院採購發票的回款賬期預測方法及系統)" applied by SY Technology, a wholly-owned subsidiary of SY, was officially authorized by the National Intellectual Property Administration. The research and application of this patent not only demonstrate SY's extensive industry experience and technological capabilities honed over years in the pharmaceutical sector but also provide a powerful tool for its risk control in pharmaceutical supply chain finance, effectively enhancing the intelligence and precision of financial operations within the pharmaceutical supply chain.



User Repayment Prediction Model



6.2. Innovative Fintech in The Industry

SY positions technology as the pivotal engine for achieving efficient operations and intelligent collaboration within the supply chain. It focuses on advancing technological research and development and application, continuously strengthens the synergy between technology and business operations, increases investment in innovation and R&D, transforms scientific and technological achievements into productivity, and promotes the development of supply chain technology and digital finance.

6.2.1. Increasing Innovation Incentives

SY has formulated the Intellectual Property Management System of SY Holdings Group Limited, the Measures for the Management of Scientific and Technological Projects of SY Holdings Group Limited, the Measures for the Management of Project Incentives of SY Holdings Group Limited and the Reward and Punishment Management Measures of SY Holdings Group Limited, and set up the first national post-doctoral scientific research station for factoring enterprises in China. The Company has formulated the Work Management System and the Establishment of Management Institutions for Post-doctoral Scientific Research Stations, and will reward new products with independent intellectual property rights that are in line with the Company's development strategy, as well as new technologies and new methods that can solve major problems of existing products or bring major improvements based on the project evaluation results. For personnel who have made outstanding contributions to the formation, protection, management and transformation of scientific and technological achievements of intellectual property rights, or who have effectively prevented infringement and protected the legitimate rights and interests of the Company's intellectual property rights, they will be incentivized in accordance with the internal system. As at the end of the Reporting Period, the Company has granted incentive bonuses of RMB136,000 to colleagues who successfully applied for software copyright and patents.

As at the end of the Reporting Period:

- Total R&D investment reached RMB250 million
- The Company owned a total of 12 authorized patents
- The Company owned a total of 68 computer software copyrights
- The Company had 102 R&D team members
- Percentage of R&D team members accounted for 28% of total employees

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Case: SY was selected as one of the 23rd “Shenzhen Enterprise Innovation Records (深圳企業創新紀錄)”, recognizing its technological innovation capabilities

On 30 October 2024, the 23rd “Shenzhen Enterprise Innovation Records” evaluation meeting was held in Shenzhen. According to the Measures for the Application, Evaluation and Announcement of Shenzhen Enterprise Innovation Records, and following rigorous review by all members of the Shenzhen Enterprise Innovation Records Evaluation Committee, SY Technology was selected as one of the “Shenzhen Enterprise Innovation Records” for its SY Cloud Platform project.

序號	企業名稱	20+8產業群	項目類別	項目名稱	紀錄水平	項目簡介
67	金蝶信託有限公司	軟件與信息服務	現代服務類	金蝶信託“產業图谱”	深圳企業創新紀錄	該司於2023年研發的“金蝶信託“產業图谱””，利用先進的關係图谱和人工智能技術，基礎大數據庫已覆蓋全國2億+工商司法數據庫、4000萬+交易企業節點，自主研發出的概念上下游名單查詢和企業交易關係图谱服務，精準推送企業關係網和交易圈，提升銀行獲客和风控效率，推動基金金融發展，屬省內同行首創。
68	深圳市鵬城交通網絡股份有限公司	軟件與信息服務	現代服務類	一體化智慧交通綜合數據中心	深圳企業創新紀錄	該司研發的“一體化智慧交通綜合數據中心”，集合交通信號控制、設備遠程維護管理、邊緣技術能力、AI算法運行載體等一體化數據處理能力，並且整合了35%電壓、電池、制冷、門禁、照明、發布廣告板、發布點屏、攝像機、監控等多個系統，打造成為一體化產品，智能化設計、采購、建設流程，通過強大的數據接入分析處理能力，為智慧城市建設打造堅實的數字底座，也為業務基石管理+智慧賦能，屬市
69	盛業信息科技服務(深圳)有限公司	軟件與信息服務	現代服務類	盛易通雲平台	深圳企業創新紀錄	該司研發的“盛易通雲平台”，融合了擬造發票驗真、人臉識別查驗、CFCA電子簽章、光學字體識別、中登網直連、物聯網到貨視頻查驗、大數據與精確監控等多項前沿科技，能夠高效甄別交易風險，並為中小微企業提供便捷、高效的線上平台普惠服務；截至2023年12月底，盛易通雲平台已為超過15,000家中小微企業提供靈活的供應鏈普惠綜合服務，累計處理的供應鏈產規模已超過1,900億元人民幣，屬市內同行首創。
70	深圳點墨科技有限公司	軟件與信息服務	現代服務類	點墨編碼編譯器 Kitten N編程軟件	深圳企業創新 (廣東) 紀錄	該司於2022年研發的“點墨編碼編譯器Kitten N編程軟件”，是國內首款實現手機、平板、PC二端互通的圖形化編程工具，支持windows系統、IOS系統、安卓系統及鸿蒙系統，融入AI技術，實現編程教育多端融合與創新，標志著國內編程教育軟件技術的新突破，屬省內同行首創。
71	深圳點墨科技有限公司	軟件與信息服務	現代服務類	點墨編程平台	深圳企業創新紀錄	該司於2021年研發的“點墨編程平台”，是涵蓋“備、教、學、練、測、評、管、析、賽、庫”等多個教學管理場景的人工智能數字管理與課程管理一體化平台，為中小學人工智能編程教育開發普及、教學管理效率提升提供了專業化、個性化的解決方案，屬市內同行首創。

6.2.2. Promoting Platform Upgrading

Iteration of SY’s self-developed SY Cloud Platform has been continuously accelerated. Through the upgrade of digital and intelligent functional modules such as intelligent Zhongdeng duplicate check, fast invoice verification, credit report analysis, and intelligent contract approval, SY has continuously increased the processing efficiency of its supply chain finance business and has improved the whole-process online service experience of customers.

In the future, with the support of the new controlling shareholder, Taihu New City Group, SY will assist Wuxi Guojin Factoring in upgrading its full-process online technology system and further optimize the industry data-driven intelligent risk control model, continuing to deliver leading supply chain technology services and inclusive financial solutions.

During the Reporting Period:

- Accuracy rate of OCR recognition of 97%
- Duplicates checking of Zhongdeng Net accounts of 5,740,000
- Business contract review of 25,000+



6.2.3. Improving Risk Control Service Capabilities

SY will continue to increase its investment in the improvement of risk control capabilities, and to promote the research and development of key technologies for risk prevention and control, and to further optimize smarter big data risk control models to strengthen its risk control capabilities, thereby providing more efficient and professional risk management support for business scenarios. SY has demonstrated exceptional risk control capabilities, with a client delinquency rate of merely 0.18% and a non-performing loan ratio of 0.7% during the Reporting Period.

Case: SY Factoring was awarded the title of “Outstanding Institution for Data Quality Work in the Credit Information System (徵信系統數據質量工作優秀機構)” by the Credit Information Center of the People’s Bank of China

SY Factoring Limited (“SY Factoring”), a wholly-owned subsidiary of SY, was awarded the title of “Outstanding Institution for Data Quality Work in the Credit Information System” by the Credit Information Center of the People’s Bank of China. The excellent data quality work enables SY Factoring to assess customer credit profiles more accurately, identify potential risks in a timely manner, enhance risk management capabilities, and reduce the likelihood of bad debts and other risk incidents.

- *Construction of Risk Assessment Model*

According to the different stages of pre-lending, in-lending and post-lending, the financing subject of the financing project, the individuals and enterprises related to the core enterprise, etc., we have combined the public opinion, the actual progress and the financial situation of the underlying trade project, etc., to develop and to upgrade the risk assessment model covering the whole process, multi-dimensional verification, and dynamic tracking management.

- *Apply Big Data to Improve Risk Control Capabilities*

Diversified Data Sources Financial data: credit data of the PBOC, data of Zhongdeng Net, data of the Commercial Paper Exchange, etc.
 Third-party data: Baihang Credit, Qcc.com, Sesame Credit, Tencent Anti-Fraud, Exchange Law, Easy Invoice, Kingdee, CINCT, etc.
 Industry data: Yunzhu Platform, Luban Procurement Platform, iccec.cn (交建雲商), ERP data of core enterprises, etc.

Diversified data Application scenarios In the above pre-lending, in-lending and post-lending risk control models, different data will be used according to different risk points of concern for each business scenario to achieve differentiated management

6.3. Solving Financing Difficulties for SMEs

Inclusive finance represents a critical initiative impacting social welfare and people's livelihoods. Carrying on the mission of "driving supply chain efficiency and making finance more inclusive" at any time, SY deeply integrates into the core enterprises' industrial supply chain ecosystem, leverages technological capabilities to empower digital finance, bridges the gap between industrial and financial sectors, focuses on positive factoring business, and connects the "last kilometre" to facilitate financings for SMEs.

As at the end of the Reporting Period:

- SY's supply chain financial services cover 31 provinces/autonomous regions/municipalities
- The platform secured more than 18,000 customers

During the Reporting Period:

- Among the SMEs served by SY, the proportion of "credit-invisible individuals"¹ exceeds 30%
- The average individual loan size of SMEs was approximately RMB2,050,000

• Satisfying Diversified Financing Needs

SY provides mature technology system support and platform services to commercial factoring companies with state-owned background in various regions, and leverages the credit enhancement endorsement and industrial ecology of local high-quality state-owned enterprises to optimize financing structures, reduces capital costs and improve leverage multiples, so as to attract "financial resources" to serve the real economy, thereby accelerating the expansion of business scale. As of 31 December 2024, the number of funding partners linked to the SY platform increased to 163, representing an increase of 24.43% as compared to that as at 31 December 2023, and SY has become a preferred partner for financial institutions to practice inclusive finance.

During the Reporting Period, we acquired a target company primarily engaged in supply chain financing and investment business. The target company has entered into cooperation with various domestic and overseas core enterprises in the e-commerce industry, and has realized the implementation of supply chain financing business in the e-commerce industry. The acquisition will enable us to rapidly replicate our successful experiences in the infrastructure and pharmaceutical sectors to the cross-border e-commerce field, empowering a broader base of SMEs.

• Technology Empowering Inclusive Finance

Targeting at the pain points of difficult and expensive financing for SMEs, SY adopts the risk control logic and business model of "focusing on transactions instead of entities". Through cooperation with ecological partners, SY gives full play to the platform connection ability, focuses on integrating industrial ecological data, third-party platform data, public credit information platform data, etc., to understand the production and operation of SMEs from the "sides", help SMEs to establish transaction portraits and digital credit, break through the dependence on core enterprises for confirmation and guarantee, and continuously improve the availability of inclusive financing in the supply chain.

¹ "Credit-invisible individuals" refer to users who have never applied for corporate financing services from financial institutions



SMEs have difficulties in obtaining the “first loan”, mainly due to information asymmetry. SY breaks information barriers through the layout of industrial Internet, deeply explores the value of industrial data to empower digital finance, and innovatively provides various financing services such as bidding margin factoring, order factoring, arrival factoring, receivable factoring, bill pledge factoring and buyer’s right confirmation factoring at different stages of the entire settlement process of the supply chain, so as to meet the capital needs of SMEs at various transaction nodes.

Case: SY’s e-commerce financing mobile platform – “E-commerce Instant Financing” officially launched!

In October 2024, in response to the funding turnover needs of the e-commerce industry, SY has innovatively launched a supply chain financing model that is “available 24/7, with no holidays,” providing flexible financing services that adapt to the rhythm of live streaming for merchants through its “E-commerce Instant Financing” product. Live streaming merchants can initiate financing applications online at any time, quickly obtaining a maximum funding limit of 30 million based on real-time transaction data and historical sales performance, to meet immediate funding needs such as live streaming investment and multi-warehouse inventory preparation. The platform supports the “Immediate repayment” feature, allowing merchants to flexibly allocate funds based on sales fluctuations, compressing the payment cycle to “same-day delivery and same-day receipt”, significantly improving capital turnover rates and utilization efficiency. Through the model of “sales-driven procurement + cash payment”, SY helps merchants upgrade traditional credit sales to digital cash settlement, strengthening upstream bargaining power and inventory accuracy in the supply chain.

Data shows that the average sales revenue of live streaming merchants accessing services has increased by over 100%. Relying on highly flexible funding support to quickly respond to popular orders has achieved a dual breakthrough in sales scale and operating profit, effectively addressing the core pain point of “high traffic but insufficient funds” in live streaming scenarios. A representative of an e-commerce enterprise based in Shenzhen commented, “In the past, we often missed business opportunities due to cash flow constraints. Since adopting ‘E-commerce Instant Financing’, the speed of financing has improved significantly, greatly enhancing our competitiveness.” This not only highlights the effectiveness of “E-commerce Instant Financing” as a funding solution, but also underscores its important role within the e-commerce industry.

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Case: Promoting the implementation of “Digital Currency + Factoring” for inclusive finance, SY Factoring was included in the “Tianjin ESG Innovation Cases” List

The 2024 Tianjin Wudadao Forum (天津五大道金融論壇) themed on “Building a Financial Power and Financial Innovation Zone – Executing the Five Major Financial Initiatives (金融強國與金創區建設—如何做好金融“五篇大文章”)”, was held in Tianjin from 12 October to 13 October 2024. At the sub-forum on “Industrial Digital Finance Fuelling New Quality Productivity (產業數字金融助力新質生產力)”, the People’s Government of Hexi District, Tianjin, and Lianhe Equator Environmental Impact Assessment Co., Ltd. jointly released the “2024 ESG Pioneer List”. SY Factoring was successfully included in the “Tianjin ESG Innovation Cases” list for its innovative application of “Digital RMB + Factoring”.

Leveraging the fully traceable transaction records provided by the digital RMB, SY Factoring can effectively address the mutual trust issues with financing enterprises and more accurately assess the transaction risks and operational conditions of these enterprises, thereby significantly enhancing the accessibility of inclusive finance for SMEs. At the same time, the “Digital RMB + Factoring” feature of “supporting 24/7 large-sum fund disbursements” can significantly improve business efficiency and enhance customer experience. To date, SY Factoring has issued a total of inclusive digital finance amounting to over RMB200 million through the “Digital RMB + Factoring” service, achieving inclusive digital finance services that are “online 365 days a year”.





- **Standard Factoring**

SY continues to improve the connectivity between high-quality assets and inclusive funds through advanced digital technology and efficient intelligent risk control methods, and continues to develop standard factoring business to help SMEs develop steadily.

Case: Guofu Factoring successfully completed the bookkeeping for its first positive factoring ABS, revitalizing existing assets to support the development of the healthcare industry

In January 2024, Ningbo Guofu Commercial Factoring Co., Ltd. (寧波國富保理有限公司) (“Guofu Factoring”), a joint venture established with SY’s equity participation, successfully completed the bookkeeping for its first ABS project, namely “Yongxing-Guofu-SY Technology Health Industry Chain Series 1 Asset-Backed Special Plan”. This project set a new low for the issuance interest rate of ABS projects of the same term and type within Zhejiang Province, while achieving a “zero breakthrough” for positive factoring debt ABS projects by factoring companies in Zhejiang Province. This ABS project serves as a demonstration to revitalize existing assets in the healthcare industry, while also helping to address the financing needs of numerous pharmaceutical distribution companies, promoting smooth operations in the pharmaceutical circulation industry, and facilitating beneficial practices for the healthy cyclical development of the healthcare industry.

7. BUILDING A LOW-CARBON ECOSYSTEM

Practising low-carbon finance is one of the key initiatives taken by SY to fulfil its corporate social responsibility. SY has incorporated environmental factors into its strategic development, business layout and daily operations. It identifies and analyzes climate change risks and opportunities related to its own operations and businesses, and establishes and implements various action plans to comprehensively advance green and low-carbon initiatives, thereby mitigating and adapting to climate change. Meanwhile, SY continues to strengthen green operational management, boosting green and low-carbon development of the industry, and contributing to environmental improvement and sustainable development.

7.1. Contributing to the Low-carbon Transformation of Industries

While promoting its own carbon reduction through online, paperless and green operations, SY actively promotes carbon emission reduction in the value chain, promotes the low-carbon transformation of the industrial chain through digital means, and is committed to building a green supply chain financial ecosystem.

7.1.1. Priority for Access to Low-carbon Projects

According to the ESG Management System of SY, we have established a green channel for sustainable development projects. For the underlying trading goods or projects, environmental protection certifications such as environmental impact assessment will be required depending on the specific situation. For the 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.

In addition to granting priority access to green low-carbon projects, we have also established the “Procurement Management Rules of the Company”, which set clear requirements for supplier access: compliance with national requirements in terms of labor protection, energy conservation and emission reduction, and ecological protection.

7.1.2. Carbon Reduction from Our Own Operations

SY has realized its own carbon emission reduction through its self-developed “SY Cloud Platform” which includes providing functions such as electronic signature, video inspection upon arrival, registration and duplicate check through Zhongdeng Net, intelligent text analysis, and connection to the credit information system of PBOC, thus realizing a digital, systematic and intelligent supply chain technology model. From uploading materials, applying for loans, obtaining credit to approving loans, all the financing services are provided through “online and paperless operations”, reducing the average processing time for customer transactions by approximately 90%.

Online SY Cloud Platform 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 the 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

Paperless 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 mails (which is time consuming and incurs high labor costs), thereby significantly reducing the cost of carbon emissions by offline transportation

As of the end of the Reporting Period, the SY Cloud Platform has cumulatively reduced paper consumption by over 58.59 million pieces, equivalent to a reduction of 454 tonnes of carbon emissions.



7.1.3. Value Chain Carbon Emission Reduction

SY actively develops green business across upstream and downstream value chains, prioritizing carbon reduction efforts among core enterprises. By offering green financing projects, we mobilize additional capital to support enterprises in their green and low-carbon transformation, while also building a digital green supply chain financial ecosystem. By utilizing a green financial service system, we promote the low-carbon emission reduction across value chains.

During the Reporting Period, SY participated in a total of 126 green environmental protection-related projects, accounting for 5% of the total number of projects.

- *Green Financing Driving Sustainability*

Green financing projects represent one of the important means to achieve carbon emission reduction across the value chain. Based on the Company's "Sustainability-linked Financing Framework", SY provides funding support to partners through innovative financial instruments, empowering them to enhance environmental performance, actively respond to climate change and promote efficient resource utilization. SY not only provided financial support to its partners to promote the implementation of green projects, but also guided enterprises to optimize supply chain management through financial means, closely integrating financial activities with environmental protection and efficient resource utilization, thereby facilitating the synergistic development of the economy and the environment, and accelerating the achievement of the "dual carbon" goals.

SY released its "Social Responsibility Financing Framework" and "Sustainability-linked Financing Framework" in 2022, and received second-party opinions from Sustainalytics, an international authoritative ESG rating and research agency, and SusallWave, a domestic authoritative assessment agency, laying the foundation for the Group and its subsidiaries to engage in sustainable development financing.

In the year 2024, SY platform has cumulatively supported 126 green and low-carbon infrastructure projects to obtain approximately RMB2.298 billion of supply chain financial services, effectively contributing to the reduction of carbon emissions in the value chain and promoting the low-carbon transformation of traditional industries.

- *Building a Green Supply Chain*

SY has actively cultivated a, vigorously developed loans to SMEs and financing projects for social responsibility focusing on infrastructure and medical industries, launched a digital green supply chain financial ecosystem, and deeply practiced the promotion of green supply chain and green operation. We provide a series of technological services, such as the "smart construction site" and the "pharmaceutical SPD" supply chain, to help traditional infrastructure projects and pharmaceutical distribution fields achieve whole-process digitalization. At the same time, we also cooperate with domestic and foreign capital parties to develop more financing models that serve sustainable goals such as inclusive finance and low-carbon development, which can effectively promote carbon emission reduction in the value chain.

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7.2. Tackling Climate Change

The global climate challenges are becoming increasingly severe. SY actively responds to the global call for addressing climate change, identifies and evaluates climate-related risks and opportunities, determines the significant impact of climate change risks on stakeholders, monitors and reviews climate change trends, implements diversified and effective measures on energy conservation and emission reduction, and continuously enhances its ability to defend against climate change risks.

According to SY'S ESG Management Policy, the Group incorporates climate change risk considerations into its risk management framework. Based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Company conducts comprehensive climate management across four dimensions: governance, strategy, risk management and metrics and targets. It utilizes effective risk management processes to identify, measure, monitor, report, control and mitigate risks related to climate change.

7.2.1. Climate Governance

The Board and its Sustainability Committee continuously promote the governance of climate-related risks and opportunities of the Group. The Sustainability Committee regularly identifies the risks and opportunities posed by climate change to the Group's business, reports and makes recommendations to the Board, and collaborates with the ESG Working Group to jointly manage and supervise the implementation of the Company's climate-related governance initiatives. Each business department is responsible for the specific implementation and execution of low-carbon and emission reduction initiatives. The management reviews and assesses the progress of climate-related work on a regular basis.

For details on the climate-related governance structure and responsibilities, please refer to "5.2. ESG Governance System" in this report.

7.2.2. Climate Strategy

In response to China's "dual-carbon" green development goals and embodying the philosophy that "lucid waters and lush mountains are invaluable assets", SY has incorporated green and low-carbon strategies into its corporate development strategy system. The Company is committed to "releasing the carbon neutrality roadmap by 2030 and achieving carbon neutrality by 2060", while actively advancing its "green finance" initiatives to infuse financial momentum into the green and low-carbon transition of the socio-economic landscape.



7.2.3. Climate-related Risk Management

- Identifying Climate Change-related Risks

Risk type		Risk description	Analysis of potential impact	Measures
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 may 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
	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 will 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

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Risk type	Risk description	Analysis of potential impact	Measures	
Transformation risks	Policy and legal risks	Increased pricing of greenhouse gas emissions	Operation costs such as carbon taxes and carbon trading may be increased	<ul style="list-style-type: none"> Continuously monitor the latest developments in environmental protection policies can comply with the 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
		Stricter regulations and measures to reduce carbon emissions	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	<ul style="list-style-type: none"> 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
	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 SY is 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 the 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

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Risk type	Risk description	Analysis of potential impact	Measures
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 SY's 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

• *Identifying Opportunities Related to Climate Change*

Opportunity type	Description of opportunities	Impact on the Company's business model
Market opportunities	The financing needs of SMEs is gradually increasing, and green finance business will be more favored by the market	SY's online business process can support SMEs to obtain financing easily under extreme weather conditions
Product and service opportunities	Under the favorable environment of the carbon neutrality policy, consumers' preference for low-carbon products has increased, and green-related products and services are able to attract a greater number of customers	In response to the national "dual-carbon" strategic goal, we grant priority access to low-carbon projects; strengthen carbon reduction from our own operations: for example, continue to achieve 100% online processes through the use of the cloud platform to realize truly paperless operations

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7.2.4. Metrics and Targets

In response to the national dual-carbon strategic goal, SY has assessed its situation and established management targets to address climate change, selecting appropriate metrics to accurately measure and continuously track the progress toward the targets. Adhering to a goal-oriented principle, we place great importance on the scientific management of various metrics, and make every effort to ensure that the metrics accurately reflect the dynamic progress toward target achievement. This provides solid support for the robust advancement of climate change response efforts, with the aim of contributing meaningfully to the achievement of the national “dual carbon” goals.

In March 2024, the Board of Directors of the Company has resolved to approve the Group’s carbon neutrality goal

- Releasing the carbon neutrality roadmap by 2030
- Achieving carbon neutrality by 2060

Indicator	Unit	2024	2023	2022
Scope 1: Greenhouse gas emissions from direct emission sources	tCO ₂ e	31.07	32.60	25.39
Scope 2: Greenhouse gas emissions from indirect emission sources	tCO ₂ e	254.46	357.02	338.06
Scope 3: Other indirect greenhouse gas emissions	tCO ₂ e	644.03	529.57	228.93
Total greenhouse gas emissions	tCO ₂ e	929.56	919.19	592.38
Greenhouse gas emissions per capita	tCO ₂ e/ person	2.57	2.57	1.57
Greenhouse gas emissions per unit area	tCO ₂ e/ square meter	0.20	0.16	0.10



7.3. Promoting Green Operation

SY 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, actively practices the concept of low-carbon operation, and explores and practices green and low-carbon operation models. SY fully implements lean management internally. By gradually setting and refining environmental management goals, planning implementation paths such as promoting the recycling of energy and resources and strengthening waste management, SY managed to achieve the harmony and unity of operation and environmental protection.

According to the ESG Management Policy of the Group, the key work directions of SY in environmental protection are as follows:

- Gradually set emission reduction and carbon reduction targets in accordance with regulatory requirements and guidelines to reduce greenhouse gas and exhaust emissions, energy consumption, water consumption, waste, etc. in daily operations
- Advocate energy conservation in daily operations, promote and adopt energy-saving technologies to reduce energy consumption; adopt the principles of reduce, reuse and recycle, and promote paperless operations through innovative technologies to reduce waste generation
- 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 greenhouse gas and exhaust emissions, energy consumption, water consumption, waste, etc. in daily operations, continuously improve the environmental protection management mechanism, promote the implementation of environmental protection and energy conservation projects, and regularly evaluate the implementation results through key performance indicators and other monitoring mechanisms
- Carry out other work to promote the Company’s environmental protection operation

Emissions are not closely related to SY’s main business, and the waste and carbon emissions are mainly generated from daily office operations. In accordance with the ESG Management System, we have taken a series of measures to reduce and mitigate the environmental impact of our office activities.

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• Emission Control

- | | |
|---------------------|--|
| Implementation path | <ul style="list-style-type: none"> • Our Head Office in Shenzhen is located in Kerry Plaza T2, which 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 • Air conditioning is only available during working hours: 08:00-19:00 on Monday to Friday; 08:00-14:00 on Saturday • Hazardous wastes such as waste batteries, toner cartridges and electronic products are collected and processed by specialized agencies • Issue the "Advocacy Letter on Corporate Energy Saving and Consumption Reduction Activities" • Advocate for green travel and recommend the use of public transportation and carpooling |
| Achievements | <p>During the Reporting Period</p> <ul style="list-style-type: none"> • The total amount of non-hazardous waste generated was 6,500 kg, representing a year-on-year decrease of 1.22% |

• Resource optimization

- | | |
|---------------------|---|
| Implementation path | <ul style="list-style-type: none"> • Waste cartons and paper are collected and disposed of by cleaning companies • Used bottled drinking water is recycled by suppliers for recycling • 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 • 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 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 • Control the use of tissue paper, keep statistics on the amount of paper towels used by each department, and encourage paper saving and reward departments with the lowest per employee use of paper towels to avoid paper waste |
| Achievements | <p>During the Reporting Period</p> <ul style="list-style-type: none"> • Water consumption per capita was 6.41 tonnes/person, representing a year-on-year decrease of 1.69% |



- **Environmental and Natural Resources Impact**

SY integrates the concerns of the environment and natural resources into all aspects of the Company's operations. During office renovation, SY purchases energy-saving lamps and flame retardant wires, wallpapers, wood boards and carpets that meet the requirements of environmental protection levels. Our office furniture procurement complies with national environmental standards. Green certified printing paper is used in daily office work to reduce the pollution of the Company's operations to the environment.

During the Reporting Period, we have implemented energy conservation and consumption reduction policies in our Shenzhen office, and have carried out evaluation activities for each department in terms of saving paper, electricity and water. Excellent departments that save energy and reduce consumption were rewarded with certain spiritual and material rewards.

7.4. Sharing Green and Low-carbon Life

SY adopts corresponding due diligence and business rules in the course of its daily operation and supports commercial activities that benefit to environment and drives accelerated transformation to low-carbon economy. It also attaches great importance to the involvement of the stakeholders in green and low-carbon aspects. Through organizing or participating in environmental protection public welfare and publicity and education activities from time to time, the Company actively conveys the concept of green and low-carbon life to the society.

Environmental key performance table

Indicator Category	Key environmental performance indicator ¹	Unit	2024	2023
Energy use	Total electricity consumption ²	MWh	417.08	585.19
	Gasoline consumption ³	MWh	124.47	130.34
	Total energy consumption	MWh	541.55	715.53
	Energy consumption per capita	MWh/ person	1.50	2.00
	Energy consumption per unit area	MWh/ square meter	0.12	0.12

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Indicator Category	Key environmental performance indicator ¹	Unit	2024	2023
Greenhouse gas emissions	Scope 1: Greenhouse gas emissions from direct emission sources ⁴	tCO ₂ e	31.07	32.60
	Scope 2: Greenhouse gas emissions from indirect emission sources ⁵	tCO ₂ e	254.46	357.02
	Scope 3: Other indirect greenhouse gas emissions ⁶	tCO ₂ e	644.03	529.57
	Total greenhouse gas emissions	tCO ₂ e	929.56	919.19
	Greenhouse gas emissions per capita	tCO ₂ e/person	2.57	2.57
	Greenhouse gas emissions per unit area	tCO ₂ e/square meter	0.20	0.16
	Water use	Municipal water supply consumption ⁷	Tonne	2,260
Drinking water consumption ⁸		Tonne	60.30	73.08
Total water consumption		Tonne	2,320.30	2,335.08
Water consumption per capita		Tonne/person	6.41	6.52
Exhaust emissions ⁹		Nitrogen oxide (NO _x) emissions	Kilogram	1.98
	Sulfur dioxide (SO ₂) emissions	Kilogram	0.36	0.42
	Particulate matter (PM) emissions	Kilogram	0.31	0.37
	Waste management	Total amount of non-hazardous waste generated	Kilogram	6,500
Amount of non-hazardous waste generated per capita		Kilogram/person	17.96	18.38
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	60.00	61.00
Plastic bottle recycling volume		Kilogram	500.00	530.00
Total amount of recycled waste		Kilogram	590.00	591.00
Total amount of waste recycling per capita		Kilogram/person	1.63	1.65



- 1 Environmental data for the year covers all of SY's workplaces in Mainland China and Hong Kong, China.
- 2 The total electricity consumption for the year recorded a significant decrease, primarily due to: (1) the exclusion of the Beijing and Shanghai offices from the statistics as a result of their integration into co-working spaces; and (2) an adjustment to the statistical methodology for air-conditioning electricity consumption at the Shenzhen office.
- 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 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.

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8. REWARDING THE TRUST OF ALL PARTIES WITH RESPONSIBLE OPERATION

SY, driven by a strong sense of responsibility and mission, deeply aware that it carries the significant trust from customers, partners and all sectors of society. We value providing an exceptional customer experience, respect the value of knowledge, safeguard data security and strictly protect customer privacy, integrating responsibility into every aspect of our business operations, and giving back to all parties' trust through tangible actions.

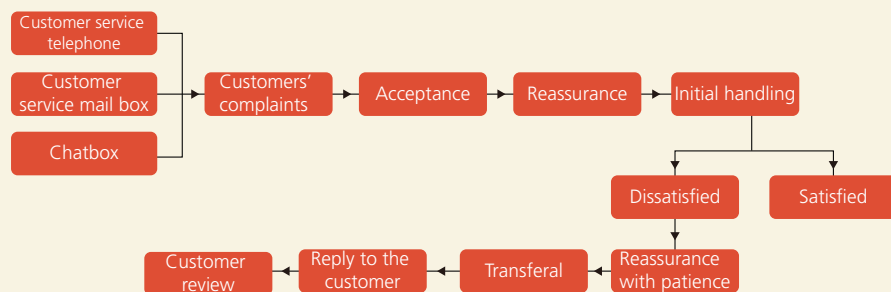
8.1. Optimizing Customer Experience

With the mission of "Making Supply Chains More Efficient and Finance More Inclusive", SY aims to become the most reliable supply chain technology platform in the Asia-Pacific region. The Company incorporates "service oriented" into its corporate values, continuously enhancing the product quality and service capabilities of its industrial internet and digital finance sectors. It implements responsible marketing concepts and actively builds diversified communication channels to gather customer feedback, committed to creating more value for its customers.

8.1.1. Keeping communication channels open

- *Implementing complaint handling*

SY is committed to being customer-centric, values customer feedback, and has established the "Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited", "Customer Service Manual of SY Holdings Group Limited", "Customer Complaint Response Mechanism", and "400 Customer Service Hotline Management Mechanism", among other policies, to strictly implement the complaint handling mechanism. It provides customer feedback channels such as customer service email, complaint reporting email and complaint reporting phone number on its official website and WeChat public account. In addition, customers can also file complaints regarding business processes through various channels including the SY Cloud Platform customer, corporate WeChat groups, 400 service hotline, online customer service, customer relationship service surveys and monthly post-loan customer follow-ups. In addition to obtaining customer complaints through the above six channels, SY also proactively monitors sensitive keywords to identify customers who may have complaints, intervening in a timely manner to understand the situation and ensure that customer issues are resolved promptly and reasonably.



Customer Complaint Handling Process



SY encourages customers to provide feedback on their dissatisfaction. During the Reporting Period, we received a total of 26 complaints, promptly addressed all customer complaints, achieving a handling rate of 100%, and completed follow-up visits on the same day as the complaints. For matters that indeed require optimization, a special team was arranged to follow up and resolve them.

Type of Complaint	Measures for Handling
Numerous requirements for information	After receiving customer requests, we continuously provided feedback on customer pain points to the relevant departments, promoting the simplification of document requirements, such as the requirements for invoice stamps, non-color scanned copies of invoices, and original electronic invoices
Poor system experience	Based on the customer perspective, we continuously summarized and optimized suggestions for system operation pages where customers frequently have questions, promoting system optimization and transformation, such as collaborating to launch the WeChat mini-program
Long waiting time	We integrated the concept of timely efficiency across all relevant business departments, enhancing individual processing efficiency while strengthening collaboration among employees from a management perspective, thereby promoting a reduction in overall loan disbursement time

- *Improving the customer review system*

Customer feedback serves as a vital channel for the Company and its employees to understand user needs and improve products. In order to strengthen problem traceability and rectification, and to enhance customer satisfaction with the use of the Company's products, we have formulated the "Customer Review Management System of the Platform Operation Department of SY Holdings Group Limited" to conduct regular follow-ups with customers based on their 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. The findings are then compiled into a "Customer Review Report", enabling internal management to enhance efficiency, monitor performance, and make appropriate decisions based on new customer needs.

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- *Formulating customer review strategies*

SY adopts different customer review strategies for lost customers and customers in transit based on their transaction activities and whether they have added new balances within a 90-day period.

Customer Type	Review Strategy
Lost customers	Focus on service experience, reasons for loss, financing needs, and the business progress of customers, conducting in-depth analysis and optimization based on the issues raised, and suitable follow-up according to the cooperation intentions
New customers, existing customers	Collect feedback on service experience, suggestions for service personnel and platform improvements through the "SY Service Personnel Questionnaire" on a monthly basis
Customers experiencing delays in loan disbursements	Conduct weekly phone follow-ups to collect, consolidate and track customers' difficulties and concerns

For different categories of customers, SY selects appropriate follow-up methods to collect and summarize customer needs, ensuring that issues raised by the customers are tracked and resolved. Going forward, we will strengthen the application of follow-up results to further improve and ensure service quality.

During the Reporting Period:

- The number of customer complaints is 26, and the customer complaint handling rate is 100%

8.1.2. Enhancing professional capabilities

SY continues to improve its real-time service system, regularly conducts special training for customer service, promotes the customer service team to develop empathy and adaptability, enhances the professional capabilities of the customer service team, so as to provide high-quality consultation and guidance services to customers.

- *Improving the real-time service system*

In the face of handling complaint incidents, the Customer Service Department will not request or imply the customers to withdraw their complaints in any way. They need to address customers' dissatisfaction promptly, sincerely and appropriately, while also paying attention to the emotional state of the customers, and strive to resolve customer issues in accordance with the correct operational procedures. For customer complaints, it is required to take immediate action within 5 minutes of receiving the complaint to prevent the customer from becoming more upset due to a lack of response. For work orders that cannot be immediately solved, they are logged in accordance with the "Work Order Process Management Measures" and responded to after verification.

- *Organizing customer service special training*

Customer service training mainly focuses on industry explanation and strategic direction, and business practice. In terms of industry explanation and strategic direction, basic courses are offered on topics such as supply chain finance, operational risk awareness and basic factoring knowledge. In terms of business practice, we offer professional knowledge courses such as the explanation of the whole business process, common procedures for account opening and engaging with funding sources, daily post-loan follow-up matters, and an introduction to the pharmaceutical and medical industry background.

During the Reporting Period:

- Conducted 43 sessions of customer service training with 774 participants

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8.1.3. Implementing responsible marketing

SY strictly complies with the “Civil Code of the People’s Republic of China”, the “Advertising Law of the People’s Republic of China”, the “Cybersecurity Law of the People’s Republic of China”, the “Data Security Law of the People’s Republic of China”, the “Personal Information Protection Law of the People’s Republic of China”, the “Notice of the General Office of China Banking and Insurance Regulatory Commission on 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》)” (Document No. 205), and 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》”, among other regulations. It is committed to establishing a comprehensive system of marketing behavior regulations, strictly reviewing the content of product-related promotion plans and service material copy, and clarifying the review process for marketing promotional materials and the penalties for violations. At the same time, it conducted specialized training on responsible marketing to avoid non-compliant marketing behaviors such as false and exaggerated promotions, ensuring the compliance of promotional materials and formats.

- *Product marketing management*

In order to ensure the provision of responsible products and services to customers, the Company has established five marketing principles and implemented a series of measures to guarantee that the marketing process is fair, impartial and reasonable, thereby protecting the legitimate rights and interests of customers.

Principle	Measures
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. • Sending monthly statements to customers and providing a dispute verification process • The entire process of customer access, business application and approval (including the business 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



Principle	Measures
Preventing excessive debt, assisting rational borrowing	<ul style="list-style-type: none"> <li data-bbox="719 401 1445 761">• Supply chain finance refers to the process by which participants in the supply chain ecosystem transfer their accounts receivable based on real transactions to companies providing supply chain services in order to obtain financing services. Therefore, from a business logic perspective, we are not providing leveraged credit financing to SME customers, but rather, based on our understanding of the industry and supply chain, we help them convert their illiquid receivables into funds to achieve working capital turnover, thereby avoiding the crowding out of their already insufficient own funds due to a large amount of receivables <li data-bbox="719 810 1445 1062">• At the pre-loan stage, we will provide supply chain financial services to the customer (i.e., the vendor) based on a certain percentage (not exceeding 100%) of the receivables arising from the underlying transactions between the purchaser and the vendor. At the same time, the Company allows customers to flexibly adjust the withdrawal amount according to their actual needs within the approved convertible amount to avoid over-indebtedness <li data-bbox="719 1112 1445 1507">• After the 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, measures such as downgrading the customer's rating and suspending new business will be taken to avoid excessive borrowing by the customer

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Principle	Measures
Treating customers fairly and respectfully	<ul style="list-style-type: none"> <li data-bbox="719 401 1449 612">• 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 <li data-bbox="719 659 1449 836">• Customers may report to the Company any misconduct that has occurred or may occur involving a member of SY staff, including soliciting bribes from customers, misappropriation, embezzlement, misappropriation or theft of customers' funds or property, according to the "Anti-Corruption and Whistleblowing Policy" <li data-bbox="719 883 1449 1060">• Implementing customer review according to the "Customer Review Management System of Platform Operation Department" to understand customers' experience of using SY products, eliminate customer objections, resolve customer complaints and extend service programs <li data-bbox="719 1108 1449 1246">• The Company's values include "service oriented", and the "Code of Conduct for the Employee of the Platform Marketing Department" clearly stipulates the points to note when communicating with customers



Principle	Measures
Appropriate product design and delivery	<ul style="list-style-type: none"> <li data-bbox="719 401 1449 577">• In accordance with the "Requirements Management System", the 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 prioritize and resolve system requirements that affect the customers' experience <li data-bbox="719 623 1449 799">• According to the "Platform Operations Department Service Quality Inspection System (Trial)", the Operations Department conducts periodic inspections of business effectiveness and the quality of customer relationship services to ensure that the services and products provided meet customers' needs <li data-bbox="719 845 1449 1058">• At the same time, the Company also pays attention to customer feedback. Through the optimization of system functions and work mechanisms, it encourages customers to provide unsatisfactory feedback and will respond within 24 hours. For matters that indeed require optimization, the Company will arrange a special team to follow up with dedicated personnel
Reasonable pricing	<ul style="list-style-type: none"> <li data-bbox="719 1112 1449 1319">• 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

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- *Refined department management*

SY adheres to systematic thinking and focuses on building a comprehensive and multi-level coordinated marketing standard mechanism to promote efficient collaboration among all levels and lines. At the management level, the Company's management places great importance on matters related to customer rights and interests, regularly receiving detailed reports including the progress of marketing activities. By closely monitoring the dynamics of various tasks and strictly supervising the relevant departments, we ensure that marketing activities are carried out in an orderly manner within a fair and compliant framework, safeguarding the Company's market reputation and customer rights. At the business level, key departments such as the Platform Marketing Department and the Strategic Development Department are further strengthening the management of product service reviews around products and services. On the other hand, by optimizing the review process, they ensure that products and services meet market demands and align with the Company's strategic direction; on the other hand, they enhance the professional competence of marketing personnel, enabling them to accurately grasp market dynamics and provide high-quality, professional services to customers, thereby supporting the sustained and healthy development of the Company's business.

During the Reporting Period, we did not identify any violations related to products, services, information, or labeling, nor did any incidents occur that violated marketing and advertising regulations.

Corporate Governance Department	<ul style="list-style-type: none"> • Reports to the Audit Committee on the implementation and effectiveness of product operation management, as well as matters related to anti-corruption and whistleblowing
Platform Marketing Department	<ul style="list-style-type: none"> • Implements the Company's risk management requirements, establishes an awareness of proactive risk management, and act as the first gatekeeper of risk control. Any arbitrary promises made to customers or acts beyond authority will be investigated and punished in accordance with the "Employee Manual of SY Holdings Group Limited" and the "Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited" • Standardizes the business conduct and work ethics of the employee and specifies guidelines for communication with customers in accordance with the "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.



- Strategic Development Department
 - The Brand PR Function 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 relevant departments such as the Legal Affairs Department, the Finance Department and Governance Department before release

- *Employee empowerment management*

In order to fully implement the concept of responsible marketing, we continuously strengthened the training and learning of employees' awareness of responsible marketing. During the Reporting Period, we organized multiple training sessions specifically focused on the theme of responsible marketing for the marketing department, systematically enhancing the awareness of responsible marketing among marketing personnel and continuously reinforcing the service value proposition of "customer-centric".

During the Reporting Period:

- 7 sessions of sales case sharing training, with a total of 280 participants
- 28 sessions of business and product introduction training, with a total of 1,471 participants
- 1 session of sales skills sharing training, with a total of 50 participants

8.1.4. Providing responsible products

SY is committed to enhancing product quality by ensuring product compliance and continuously optimizing products, helping small and medium enterprises ("SMEs") reduce financing costs and loan risks, and increasing financial support for the real economy.

- *Ensuring product legality and compliance*

SY is committed to being responsible to its shareholders and customers, strictly adhering to the requirements of the "Civil Code of the People's Republic of China", the "Cybersecurity Law of the People's Republic of China", the "Personal Information Protection Law of the People's Republic of China", the "Notice of the General Office of China Banking and Insurance Regulatory Commission on 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》)" (Document 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, ensuring that products are legal and compliant, and establishing effective preventive measures against product compliance risks to fundamentally prevent illegal and non-compliant behaviors.

- *Clarifying product optimization priorities*

SY identifies ESG risks related to products and avoids operational risks concerning product information security in accordance with the Company's policies and regulations related to products and customer services, such as "Risk Evaluation Management System of SY Holdings Group Limited", "Anti-Corruption Management and Whistleblowing Policy of SY Holdings Group Limited", "Customer Service Manual of SY Holdings Group Limited", and "Customer Review Management Policy of the Platform Operations Department of SY Holdings Group Limited". The product manager regularly communicates with the business department to understand customer needs in a timely manner and prioritizes system requirements that affect customer experience. The operations department conducts periodic inspections of business effectiveness and the quality of customer relationship services to ensure that the services and products provided meet customer needs. In addition, we continuously optimize the product operation interface to enhance the functionality and user experience of the product.

8.2. Protecting Intellectual Property

SY strictly complies with 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 the "Regulations on the Protection of Computer Software of the People's Republic of China". It focuses on technological innovation and the construction of the intellectual property system, encourages research and development innovation, increases investment incentives for intellectual property, protects and leverages its independent intellectual property advantages, continuously improves the quality of intellectual property, strengthens intellectual property operations, and promotes the organic integration of technological research and development with intellectual property management. During the Reporting Period, SY did not experience any incidents of intellectual property infringement.

SY has strengthened the source protection of intellectual property and established a rigorous and comprehensive intellectual property protection system that covers all aspects of safeguarding key links such as technology research and development and innovation achievements. While strengthening source protection, SY fully recognized the importance of intellectual property conversion in realizing its economic and social value, actively promoting the effectiveness of intellectual property conversion. During the Reporting Period, SY added 10 computer software copyright registrations and 8 newly authorized invention patents.

During the Reporting Period:

- Obtained 10 new computer software copyright
- Granted 8 new invention patents

Case: Guofu Factoring awarded "Outstanding Intellectual Property Financial Service Institution"

In April 2024, on the eve of World Intellectual Property Day, the Special Action for Patent Transformation and Application in Ningbo City and the Intellectual Property Financial Empowerment Conference were successfully held. Guofu Factoring was invited to participate in this conference and was awarded the title of "Outstanding Intellectual Property Financial Service Institution" on-site. As an initiating unit, it jointly signed a cooperation agreement for Ningbo's first intellectual property securitization project with ten high-quality high-tech enterprises in the High-tech Zone.



- **Safeguarding external product rights**

SY has formulated the “Information Security Code of Conduct for Employees of SY Holdings Group Limited”, which requires employees not to use unauthorized commercial software during their daily work and to respect the intellectual property rights of all commercial software companies; it has also established the “IT Asset Management Code of SY Holdings Group Limited” and embedded intellectual property protection requirements into internal policy documents such as the “Employee Manual of SY Holdings Group Limited” and the “Confidentiality Agreement of SY Holdings Group Limited” for the reasonable use and management of commercial software licenses.

8.3. Attaching Importance to Data Security

SY complies with the “Civil Code of the People’s Republic of China”, the “Personal Information Protection Law of the People’s Republic of China”, the “Cybersecurity Law of the People’s Republic of China”, the “Data Security Law of the People’s Republic of China”, the “Cryptography Law of the People’s Republic of China”, and the “Measures for Security Protection of Information Systems” and other laws and regulations, strictly protecting data security in terms of data collection, data usage, data sharing, data security policies, user rights and cross-border transmission. SY has established a data security system for the Group, creating a professional and comprehensive data security working group from the top down, and has formulated more than ten detailed and comprehensive internal information security policies, effectively enhancing the level of data security management and reducing the risk of information leakage. During the Reporting Period, SY did not experience any data security incidents.

8.3.1. Data security system

SY continuously optimizes the data security management system and has established a data security working group to provide solid protection for the company’s information security.

Data Security Working

Group Structure	Responsibilities
Information Management Committee (Decision-Making Level)	Determine the Company’s information technology strategy, information security strategy, and data strategic goals in accordance with its strategic objectives; consider and authorize information security personnel to conduct regular or temporary emergency security audits on the Company’s staff and IT assets in line with the needs of information security management, etc.
Information Security Group (Management Level)	According to the decision of the Information Management Committee, decompose the overall policy objectives and allocate specific tasks
Information Security Engineer (Execution Level)	Perform tasks assigned by the Information Security Group to complete security tasks

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In order to ensure that the data security system complies with regulatory requirements, SY continuously formulates and improves various data security-related systems, including the "Employee Manual of SY Holdings Group Limited", the "Internal Management Measures for Corporate Credit Investigation System of SY Holdings Group Limited", the "Information Security Code of Conduct for Employees of SY Holdings Group Limited", the "Data Security Management System of SY Holdings Group Limited" and the "Personal Information Protection Management System of SY Holdings Group Limited". This comprehensively standardizes the Group's data security management work, enhances the level of data security protection within the Group, and requires the technology research and development team and the data security working group to promote data security management work according to their responsibilities and divisions.

In response to extreme conditions and unforeseen circumstances, SY has developed the "Application System Backup and Recovery Management System of SY Holdings Group Limited" emergency plan document, which establishes a data backup system to back up customer data, ensuring the recoverability of customer data in the event of a disaster and guaranteeing the security of business data; it has also formulated the "Vulnerability Management System" to regulate the management of the vulnerability lifecycle and supervise the vulnerability remediation process.

8.3.2. Data security protection

SY has formulated and strictly implemented proactive prevention and reactive response measures for data security incidents, continuously deepening data security management from multiple dimensions, including website encryption and protection, access and permission management, data security awareness, external audits and certifications, and risk assessments.

Main Aspects	Specific Measures
Website Encryption and Protection	<ul style="list-style-type: none"> <li data-bbox="758 1196 1447 1304">• Follow the principle of safety development, all websites are served using encrypted HTTPS to prevent the transmission of information leakage <li data-bbox="758 1304 1447 1563">• Protect the enterprise's internal network security, terminal security and application system security by building anti-virus systems, terminal security management systems, network firewalls, application firewalls, honeypots, network probes, vulnerability management platforms, various scanners, automated scanning, and network access security technology platforms <li data-bbox="758 1563 1447 1606">• Establish host anti-intrusion system and email anti-virus system

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Main Aspects	Specific Measures
Access and Permission 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 it with the database access rights process to ensure compliance of data access through audits • Establish a host access management system and integrate it with auditing to ensure server access control • Optimize the application system access management process and configuration, and integrate auditing to ensure compliance of access allocation • Strictly ensure that personal data transfer can only be conducted after verification by the customer themselves
Data Security Awareness	<ul style="list-style-type: none"> • Conducted 13 sessions of monthly information security theme training, combining online and offline formats, with 3,028 participants. Review and assessment were conducted after the specialized training. Conduct phishing drills for all employees on a monthly basis, provide enhanced training for affected employees, and compile an annual information security work report
External Audit and Certification	<ul style="list-style-type: none"> • Obtained the Level 3 certification of the National Information Security Level Protection Certification and the ISO/IEC 27001 International Information Security Management System Certification awarded by the authoritative body CEPREI
Risk Assessment	<ul style="list-style-type: none"> • Establish a Security Operations Center (SOC) platform to enhance log monitoring, correlation analysis, and introduce AI for noise reduction and assessment of alerts • Conduct risk assessments on the overall network, equipment, systems and other information infrastructure of the Group irregularly to identify and address residual risks in a timely manner

During the Reporting Period:

- Internal IT security audit frequency 4 times per year
- Auditing of Level 3 certification system of external level protection 1 time per year
- Held a total of 13 information security training sessions, with 3,028 participants
- 0 data security complaints

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Case: Awarded the national invention patent certificate, data security capability has been enhanced

Preventing data leakage is a core element of ensuring data security. SY has increased its research and development investment in preventing data leaks. In 2024, the patent for the invention titled "Method, Gateway and System for Preventing File Leakage Based on Feature Codes" applied by SY Technology was officially granted by the State Intellectual Property Office.

By employing this method, SY can not only effectively curb the occurrence of document leaks but also quickly identify the source of the problem and ascertain the responsible parties in the event of a document leak, taking timely measures to minimize losses. It plays a crucial role in SY's protection of sensitive data, maintenance of business continuity, enhancement of customer trust, avoidance of economic losses and reduction of internal risks.





8.4. Protecting Customer Privacy

As a financial services provider, SY conducts standardized privacy protection work across all business lines in accordance with its stringent internal privacy protection policies. SY has established a workflow for the protection of customer information privacy, requiring all employees to sign a confidentiality agreement upon employment; it has implemented regular monitoring of employee data transmission to effectively ensure the safety of customer privacy. In addition, we have established an application process that covers the entire lifecycle of data permissions, including account creation, role application, permission addition, permission reduction, and account termination, etc., to facilitate reasonable control of customers over their personal information utilization level.

At the same time, SY employs advanced encryption technology to ensure the security of customer information during storage and transmission, utilizes artificial intelligence and machine learning to automate the implementation of privacy protection strategies, and continuously explores ways to maintain system functionality and user experience while protecting privacy.

SY has obtained the ISO/IEC 27701 Privacy Information Management System Certification, serving as an extension of the ISO 27001 management system to effectively safeguard the Company's information privacy protection capabilities.

During the Reporting Period:

- 0 complaints regarding privacy security
- 0 customer privacy security incidents

9. ATTACHING IMPORTANCE TO ECOLOGICAL BUSINESS ETHICS

Anti-fraud and business ethics are not only the baseline requirement for the Company's compliance operations but also a long-term capital that drives the Company's high-quality development. SY consistently practices the corporate value of "integrity and honesty", relying on the Company's comprehensive governance system to establish a multi-dimensional supervision mechanism. In its business activities, it adheres to the code of ethics of fairness, trust and openness, aiming to build a sustainable ecosystem that is transparent, fair and clean.

9.1. SY Anti-Fraud Management Framework

- | | |
|---------------------------------------|---|
| Board of Directors | <ul style="list-style-type: none"> • Assume responsibility for the effectiveness of anti-fraud management. • Urge the management to establish a company-wide anti-fraud cultural environment and to develop and improve internal controls that include the prevention of corruption risks. • Regularly review and assess the management's anti-fraud reports and anti-fraud mechanisms. |
| Corporate
Governance
Department | <ul style="list-style-type: none"> • Representing the management, establish, improve and effectively implement internal controls to prevent, detect, correct and address fraudulent activities. • Carry out anti-fraud related publicity and education activities. • Accept internal and external fraud reports, conduct investigations, report findings and propose handling suggestions. |

9.2. Adhering to Business Ethics

SY complies with laws and regulations such as the "Criminal Law of the People's Republic of China", the "Anti-Unfair Competition Law of the People's Republic of China" and the "Prevention of Bribery Ordinance of Hong Kong". In line with its business characteristics, it established a strict system of business ethics, strengthened internal integrity and honesty awareness through regular publicity and training on business ethics, and set up multiple channels for reporting, ensuring that potential violations of business ethics have nowhere to hide, thereby reducing operational risks.

During the Reporting Period, SY has not been the subject of any litigation arising from violations of anti-corruption, anti-bribery, anti-money laundering, anti-fraud and other laws and regulations in the places in which we operate.



9.2.1. Building a strong ethical bottom line

SY has established the “Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited” and the “Employee Manual of SY Holdings Group Limited” to create an internal control mechanism regarding business ethics, clearly defining the types of corrupt behavior, the channels for receiving complaints and whistleblowing, and the handling mechanisms. Additionally, it imposes detailed constraints from various aspects such as employees’ daily conduct standards and professional ethics standards, guiding employees to uphold the bottom line of business ethics in their work.

The Corporate Governance Department reviews and evaluates the anti-corruption mechanism annually, and based on the audit results, relevant circumstances of complaints and reports and investigation results, submits a report to the Board of Directors on the implementation of the Company’s anti-corruption mechanism each year. During the Reporting Period, SY conducted a special internal audit on anti-corruption across the entire company. The audit found that the Company’s business ethics risk prevention mechanism continued to operate effectively, and no incidents related to business ethics occurred.

9.2.2. Promoting a culture of integrity

In order to cultivate an atmosphere of integrity and honesty within the Company, SY conducted multiple business ethics training sessions and compliance warning education throughout the year, with business ethics standards training covering all employees. The Corporate Governance Department has established centralized promotion and collective learning channels for training, including lectures on anti-corruption and whistle-blowing policies, to ensure that the employees are aware of the consequences associated with corruption and violations of business ethics, and enhance their anti-corruption mindset and skills.

During the Reporting Period:

- Coverage rate of business ethics standards training for directors 100%
- Coverage rate of business ethics standards training for management 100%
- Coverage rate of business ethics standards training for employees 100%
- 2 sessions of anti-corruption and integrity training for employees, with a cumulative total of 363 participants
- 1 session of anti-corruption and integrity training for Directors, with a cumulative total of 9 participants
- A special and daily audit mechanism for anti-fraud has been established, and two special audits have been carried out

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9.2.3. Strengthening whistleblower protection

SY has established multiple channels for reporting, both real-name and anonymous, encouraging employees to report illegal events or misconduct. If any issues or fraudulent activities are discovered, reports can be made in accordance with the "Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited". For reported violations that are confirmed to be true after investigation, we will provide the whistleblower with corresponding rewards in accordance with the policy. At the same time, it is clear that the legal rights and interests of whistleblowers shall be protected, ensuring that their personal information and reporting materials are not leaked. Direct stakeholders are required to avoid involvement, and employees are strictly prohibited from leaking anonymous reporting information, tipping off the reported individuals, or retaliating against whistleblowers.

- *Whistleblowing channel*

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 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 whenever necessary • Subsequent to the completion of an investigation, an investigation report should be prepared. The Report should includes 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. The Report should be submitted to the Chairman for approval |
| Handling | <ul style="list-style-type: none"> • Subsequent to the approval of the investigation report, the investigation group should ensure the communication and follow-up with the whistleblower, such as accountability of the related parties, conflict mediation, giving reply to the whistleblower, notifying the investigation and handling results, as well as internal rectification |
| Objection | <ul style="list-style-type: none"> • In case of 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 | <ul style="list-style-type: none"> • 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 |

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9.3. Protecting Investors' Rights and Interests

SY complies with the regulatory requirements such as the Listing Rules and fully fulfills its information disclosure obligations as a listed company, ensuring that connected transactions are fair and reasonable, thereby safeguarding the rights and interests of shareholders and investors.

- **Enriching communication channels**

SY comprehensively utilizes online and offline roadshows, as well as participating in broker strategy meetings and forums and summits organized by other third parties, to maintain close communication with the market. The Company holds annual and interim performance briefings publicly through video live streaming, provides the latest company information to investors via announcements on the Company's official website, roadshows, and other promotional methods, and offers multiple channels for investor feedback such as phone and email, facilitating communication for shareholders and investors.

- **Establishing effective connections**

SY provides channels for public information enquiries to fully listen to the opinions of shareholders and investors, aiming to align the interests of the Company's management, initiating shareholders and market shareholders, and striving to maximize the interests of stakeholders.

Shareholders' enquiries	Investor enquiries
Any enquiries related to the shareholding, including transfer of shares, change of address, loss of share certificates and dividend warrants, should be sent in writing to the following address:	Investors may send enquiries to the Board to the following:
Tricor Investor Services Limited	The Company Secretary of SY Holdings Group Limited
Address: 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong	Address: Unit 4202, 42/F, Tower 1, Lippo Center, 89 Queensway, Central and Western District, Hong Kong
Tel: 852-2980-1333	Tel: 852-3958-6888
	Email address: ir@syholdings.com



9.4. Building Responsible Supply Chain

A stable supply chain contributes to promoting its own sustainable development. SY continues to enhance its operational resilience by integrating responsible health concepts into supplier management in accordance with the "Procurement Management Rules of SY Holdings Group Limited", establishing corresponding selection and evaluation mechanisms to standardize supplier operations and create a responsible supply chain. During the Reporting Period, SY achieved a supplier assessment coverage rate of 100%, and conducted sampling checks on the daily procurement process, with no significant issues found.

9.4.1. Supplier management

In order to effectively control the compliance risks that may arise from suppliers and their staff, SY conducts the admission and approval process for all employed suppliers in accordance with the "Procurement Management Rules of SY Holdings Group Limited".

- | | |
|------------------------------|--|
| Before – Supplier Whitelist | <ul style="list-style-type: none"> • Possess a legally valid business license 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 national requirements in terms of labor protection, energy saving, emission reduction and ecological protection • The company must have been established for no less than 3 years, or the service personnel must have at least 3 years of experience, such as accountants, appraisers, lawyers, electricians, etc. |
| During – Supplier Evaluation | <ul style="list-style-type: none"> • The Administration Department initiates supplier evaluation for all departments of the Company every year, and the length of access of suppliers assessed shall be not less than half a year, with comprehensive assessments conducted respectively by the Procurement Review Panel and the Procurement Evaluation Group to re-evaluate the qualification of suppliers • If, upon completion of the supplier assessment, it is determined that the supplier does not meet the standards and requirements, or has a record of poor performance during the cooperation process, but continued cooperation with the supplier is still necessary, the Procurement Implementation Department should propose a corresponding rectification plan and improvement cycle for the supplier and report it to the relevant departments for approval |
| After – Supplier Exit | <ul style="list-style-type: none"> • If a supplier violates regulations and breaches the contract, fails 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 |

9.4.2. Responsible procurement

SY actively practices responsible procurement by specifically incorporating ESG requirements into various stages such as supplier selection review, cooperation approval, process management and tracking feedback, helping suppliers actively undertake and fulfill their corporate social responsibilities and obligations.

- *Pre-purchase assessment*

SY conducts a comprehensive assessment of suppliers from multiple dimensions, including professional qualifications, commercial reputation and past compliance incidents. In terms of the environment, we advocate for green procurement and focus on assessing suppliers' performance in energy conservation, emission reduction, and ecological environmental protection during the supplier access process, aiming to reduce the negative environmental impact of procurement activities. As for the social aspect, we adhere to the principles of fairness, impartiality and transparency, focusing on the suppliers' performance in areas such as labor protection during the supplier access process. We require suppliers to sign the integrity agreement provided by the Company, which clearly stipulates regulations regarding business ethics, information security and privacy protection, prohibiting acts such as bribery and data privacy incidents.

- *Procurement supervision*

After selecting the suppliers, SY conducts relevant anti-corruption policy and procedure training for the suppliers in accordance with the requirements of the "Anti-Corruption and Whistleblowing Policy of SY Holdings Group Limited", advocating for business activities that comply with business ethics and codes of conduct, and implementing the relevant complaint reporting processes. At the same time, SY strengthens the internal control execution standards for the supervision and auditing of suppliers. The Corporate Governance Department conducts regular or irregular procurement supervision audits annually to prevent SY's business supply chain from having a negative impact on the environment and society.

Ad-hoc audits	The Governance Department conducts supervision audits on procurement projects that have been reported or found to have fraudulent activities
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Regular audits	The Governance Department randomly selects multiple projects for supervision audits on a quarterly basis
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10. JOINING HANDS FOR MUTUAL DEVELOPMENT WITH EMPLOYEES

Talent is the core driving force behind the continuous development and innovation of fintech. SY fully upholds the values of “people-oriented” and always regards employees as the core competitiveness of the Company’s development, which is the cornerstone of SY’s brilliance. We aim to attract and develop talent by establishing and improving regulations and systems to safeguard employees’ legal rights and interests. We prioritize employees’ safety and health, and are committed to creating a fair, healthy and harmonious development environment for our employees, providing a high-quality platform for them to discover their potential.

10.1. Protecting Employees’ Rights and Interests

SY strictly complies with laws and regulations, actively assumes responsibility for talent employment, facilitates communication channels between employees and management, establishes a diverse and rich benefits system, and strives to create a harmonious and diverse workplace.

10.1.1. Complying with labor standards

SY strictly adheres to the principle of equal opportunity and conducts recruitment and employment work in a legal and compliant manner, ensuring that labor contracts are signed with each employee on the basis of equality and voluntariness. This includes stipulating statutory working hours, not mandating overtime, and the payment of overtime compensation, thereby safeguarding employees’ legal rights and fulfilling the obligations stipulated in the contract. Background investigations must be conducted for all employees before their employment to verify the authenticity of their identity information, educational background, work experience, etc., ensuring that there are no prohibitive conditions for employment before they can be hired. Employees are required to bring original identity certificates, academic qualifications and other documents for verification when starting their employment. During the Reporting Period, the Company did not have any cases of forced labor or child labor.

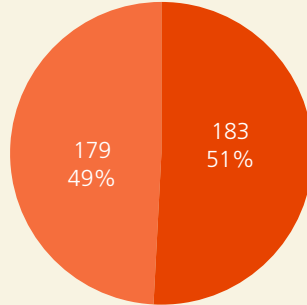
10.1.2. Fostering a diverse workplace

SY strictly complies with national 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”, the “Employment Ordinance” and the “Immigration Ordinance” of the Hong Kong SAR, and has formulated a series of internal policies and regulations in the Group such as the “Employee Manual of SY Holdings Group Limited”, the “Recruitment Management Policy of SY Holdings Group Limited”, the “Promotion Management Policy of SY”, the “Recruitment Management Policy of SY” and the “Internal Transfer and Rotation Policy of SY” and other employment and human resources management rules. The Company will consider the diversity of its workforce at various levels, strictly adhering to the principles of public recruitment, equal competition and fair selection in all aspects of recruitment, training and promotion, focusing on working capability, working attitude and professional ethics, and eliminating any discrimination arising from gender, age, race, nationality, health status or maternity status.

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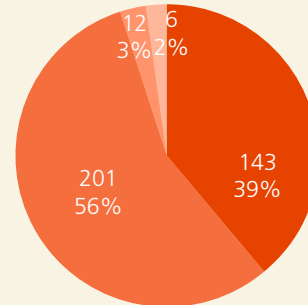
• *Employee diversity*

• Total number of employees by gender



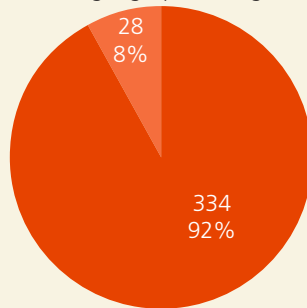
■ Male employee ■ Female employee

• Total number of employees by age



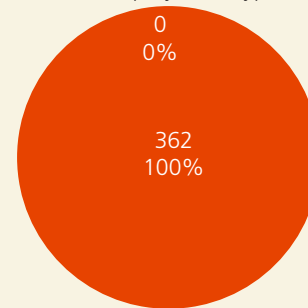
■ Aged 30 and below ■ Aged 31-40
 ■ Aged 41-50 ■ Aged 51 and above

• Total number of employees by geographical region



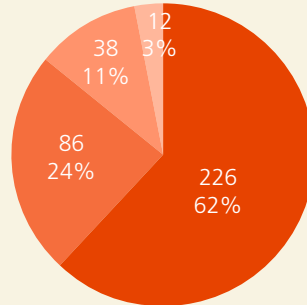
■ Mainland China ■ Hong Kong, China

• Total number of employees by employment type



■ Number of full-time employees ■ Number of part-time employees

• Total number of employees by job position



■ General staff ■ Engineers
 ■ Middle management ■ Senior management



Category	Indicator	Number/person	Proportion (%)
Gender	Male employees	183	51
	Female employees	179	49
Age	Aged 30 and below	143	39
	Aged 31-40	201	56
	Aged 41-50	12	3
	Aged 51 and above	6	2
Geographical region	Mainland China	334	92
	Hong Kong, China	28	8
Employment type	Full-time employees	362	100
	Part-time employees	0	0
Job position	General staff	226	62
	Engineers	86	24
	Middle management	38	11
	Senior management	12	3

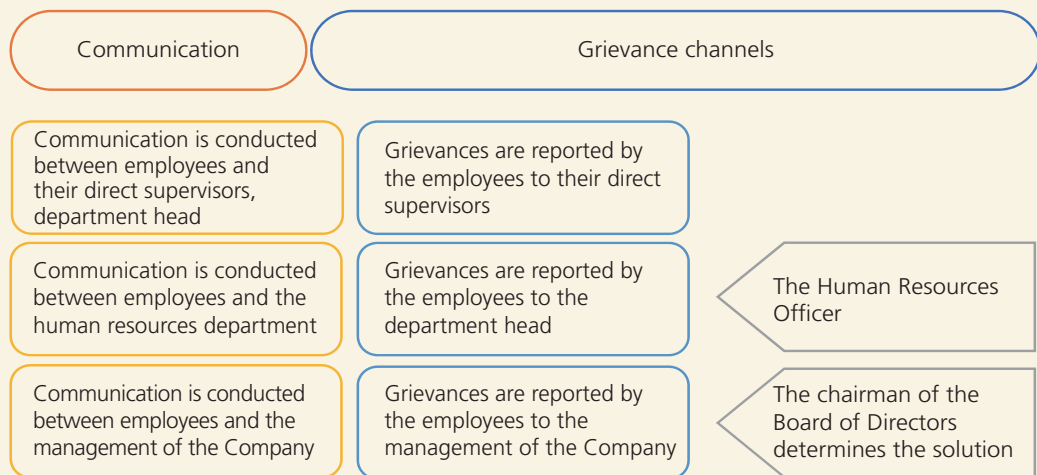
- *Employee turnover*

Category	Indicator	Number/person	Proportion (%)
Gender	Male employees	33	18.03
	Female employees	24	13.41
Age	Aged 30 and below	34	23.78
	Aged 31-40	20	9.95
	Aged 41-50	3	2.5
	Aged 51 and above	0	0
Geographical region	Mainland China	55	16.47
	Hong Kong, China	2	7.14

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10.1.3. Facilitating communication channels

In order to listen to employees' suggestions and opinions and effectively address their demands, SY has specially established communication channels with the Chief Human Resources Officer, providing face-to-face communication with all employees of the Company without any requirements or limitations on positions. SY conducts annual employee satisfaction surveys to further strengthen its connection with employees, value their feedback, and continuously optimize management strategies based on this feedback to promote the Company's sustainable and healthy development. During the Reporting Period, three satisfaction surveys were conducted regarding the performance evaluation and performance bonus determination methods, primarily targeting the middle and back office departments, with a total of 103 participants. The suggestions provided by employees will be used to improve the 2025 plan, and in the future, more satisfaction surveys will be conducted from the perspectives of corporate culture, welfare systems and other dimensions.





10.1.4. Ensuring employee benefits

SY is committed to providing its employees with more comprehensive benefits and guarantees, exploring innovative welfare mechanisms, and creating a competitive remuneration and benefits system to meet the diverse needs of its employees. We not only provide basic protections such as social insurance, housing provident funds, and health check-ups for our employees, but also actively apply for talent housing for them and organize activities such as company team building and Family Open Days.

Type of Benefits	Benefit Name
Care Fund	Wedding gifts, maternity gifts, funeral and bereavement benefits, grants/pensions, application for diseases and medical resources, interest-free loans
Special allowance	Missed meal allowance and reimbursement of travelling
Health protection	Health check-up, commercial accident insurance
Statutory benefits	Five social insurances and one housing fund (Mainland China), labor insurance & MPF (Hong Kong), statutory holidays
Holiday benefits	Birthday leave, full-paid sick leave, welfare annual leave, flexible attendance
Policy benefits	Tianjin Talent Housing, Shenzhen Talent Housing
Public welfare benefits	Public welfare activities
Festival benefits	Souvenirs for attending important events, birthday benefits, festival benefits
Daily benefits	Snack shop, afternoon tea
Employee benefits	Department team building fund, quarterly team building activities, company team building activities, Family Open Days, club activities, new employee seminars

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10.2. Attaching Importance on Health and Safety

SY always prioritizes the occupational health and safety of its employees and is committed to providing a safe and healthy work environment for all the employees. We strictly comply with laws 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”, the “Special Emergency Administration Measures on Disaster Accidents” and other policies in relation to management on occupational health and safety. We guard the physical and mental health of our employees by purchasing insurance for them, providing them with medical check-up and sports funds, and supplying various safety protection materials. 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 seven consecutive years.

During the Reporting Period:

- Employee medical check-up coverage rate 92%
- Number of work-related injury incidents 0
- Number of work-related fatalities 0
- Number of working days lost due to work-related incidents 0

Strengthen Safety Management	Employee Health Protection	Occupational Health Measures	Auxiliary rooms and facilities	Employee Safety Training
Smoking is prohibited in all enclosed areas of the office	Purchase social insurance and commercial accident insurance, provide medical check-up funds and sports exercise funds	Provide dust prevention, noise reduction, ventilation, heating and pandemic prevention supplies	Including the provision of changing rooms, breastfeeding rooms, etc.	Conduct fire drills in the office building and invite hospital experts to hold public welfare lectures



Case: SY Public Welfare Foundation launched the “Caring for Workers, Summer Cooling” consolation activity at Wuxi SY Building project

On 22 August, the SY Public Welfare Foundation conducted the “Caring for Workers, Summer Cooling” consolation activity at the Wuxi SY Building project, providing cooling supplies to the workers on the front lines of construction and expressing gratitude for their dedication to advancing the project. At the event site, the consolation group distributed summer cooling supplies such as herbal tea and toiletries to the frontline workers, and reminded them to pay attention to heat prevention and cooling while performing their duties during outdoor work in high temperatures, ensuring personal and production safety. We hope that the frontline workers can engage in project production and construction in a cool and full state despite the high temperatures and scorching heat.



10.3. Assisting Employee Development

“No limited by age or qualifications, but talent is the criterion”. This phrase vividly captures the essence of SY’s corporate culture. SY has always adhered to an ability-oriented approach, constructing a scientific and reasonable employee training system, talent reserve system and employee incentive system, continuously improving the talent selection mechanism and career development pathways. SY is committed to providing employees with multidimensional training and development opportunities, stimulating the endogenous motivation of talents, establishing and improving a multi-level and multi-type complex of talents, and ensuring that every talent who creates exceptional value for SY has a smooth development space to realize their self-worth in the growth of the enterprise.

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10.3.1. Talent development

SY has formulated talent development systems such as the “Employee Training Management System of SY” and the “Employee Transfer Management System of SY”, establishing a phased, categorized and comprehensive training system. SY designs corresponding training courses for different employees at various stages of development, offering a diverse range of programs including leadership training, management training, specialized learning plans for job proficiency, and specialized information security training, to help employees comprehensively enhance their capabilities and perspectives.

Relying on the “SY Learning Platform” online learning platform, the Group continues to develop a digital training system, adhering to the online nature of the entire talent cultivation process and the one-stop application of various learning scenarios, further enhancing the value of the training platform. In 2024, in response to the demand for talent growth and development, “SY Learning Platform” added 401 new courses, further enriching the training resource pool. Among which, for the upgrade of the industrial supply chain technology model, we continuously conducted specialized training activities related to industry and technology for all employees, with a total of over 96 industry and technology-related training courses launched and more than 4,196 participants in the online training courses.



During the Reporting Period:

- Employee training coverage rate 100%
- Number of training courses conducted during the year: 111
- Total number of employees participating in training during the year: 362
- Proportion of employees participating in training during the year: 100%
- Employee satisfaction with training: 99%

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- *Employee phased training*

Development stage	Training content
Introduction stage	The main purpose is to help new employees get on the job as soon as possible, and the learning content includes company introduction, business introduction, introduction to regulations and rules, job-related content study, information security, basic MS Office skills, etc.
On-the-job stage	The main purpose is to enhance employees' job competency, and the learning content mainly includes courses related to general, business, industrial, financial and technology fields, enabling employees to continuously strengthen their business understanding and improve their competency to meet job requirements
Promotion stage	The main purpose is to enable employees to transition to management roles as soon as possible, with the learning content primarily focusing on management theory and on-the-job training

- *Employee diversity training program*

Training Type	Training content
Employee secondment for training	As of 2024, there have been a total of 3 sessions, primarily covering the "GIAC Internet Architecture Conference," "From Expert to Master: Advanced Course on Corporate Anti-Fraud Investigation Practices" and "Digital Product Manager Practical Training Camp"
New employee training	In line with the job requirements of new employees, training programs are arranged to help new employees quickly become competent in their positions, covering a total of 146 new employees in 2024
Cross-departmental training	In response to the needs of various departments, cross-departmental training sessions are arranged monthly. A total of 42 training sessions have been organized in 2024, covering 3,689 person-times
Specialized industry training	A total of 10 training sessions have been conducted in 2024, covering 1,511 person-times, enhancing employees' awareness and understanding of the pharmaceutical and infrastructure industries

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Training Type	Training content
Specialized information security training	Conduct monthly information security examinations and training to enhance employees' safety awareness. A total of 13 training sessions were conducted in 2024, covering 3,028 person-times
Management training	From June to October 2024, offline management courses and management salon discussions were arranged each month, covering a total of 88 participants, including the Company's middle and senior management as well as basic management
Leadership training	Enhance the management awareness of the management team, master management tools, share and exchange experiences, and invite external lecturers to conduct various training methods

- Employee training performance*

Type	Indicator	Unit	2024
Percentage of trained employees by gender	Male employees	%	100
	Female employees	%	100
Average training hours per employee by gender	Male employees	Hour/person	31.41
	Female employees	Hour/person	27.56
Percentage of trained employees by categories	General staff	%	100
	Engineer	%	100
	Middle management	%	100
	Senior management	%	100
Average training hours per employee by categories	General staff	Hour/person	27.50
	Engineer	Hour/person	39.80
	Middle management	Hour/person	23.70
	Senior management	Hour/person	11.90



10.3.2. Talent reserve

Based on the talent reserve development strategy, SY formulates a reasonable annual recruitment plan in conjunction with the existing staffing, the business objectives for the following year and the development plans, and regulates the management of diversified recruitment channels and the talent pool through the “SY Recruitment Management Policy”. During the Reporting Period, SY had a total of 127 employees.

Recruitment channels		Talent pool	
External recruitment	Internal channel	External talent pool	Internal talent pool
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	To select suitable talents in the Company to the corresponding positions by way of job rotation, transfer, competition, promotion, etc.	External talent pool is an important source of talents and a long-term talent reserve for the Company. The talent pool is managed by layers and categories, and potential talents can be invited to join the Company through various effective operation methods	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 and background investigation, etc.

10.3.3. Talent incentives

SY has formulated incentive policies such as the “Management Measures for the Share Incentive Plan of SY Holdings Group Limited”, the “Intellectual Property Management Measures”, the “Reward and Punishment Management Measures” and the “Individual Development Plan (IDP) Guidelines”, providing employees with a comprehensive promotion mechanism and options and share rewards, encouraging their continuous growth in an environment characterized by effective motivation, fair competition and mutual cooperation.

- *Promotion incentives*

The “Management Measures for Promotion in SY” clarifies the four major principles for promotion:

- Pro-advanced principle: Employees proposed for promotion have made significant contributions to the realization of the Company’s values, achieving excellent performance and demonstrating good conduct.
- Value-oriented principle: Employees proposed for promotion shall align with the value orientation of “integrity, people-oriented, service-oriented, pursuit of innovation”.
- Principle of fairness and justice: The promotion of Company personnel shall comply with the Company’s promotion process, ensuring fairness and justice, and creating an equal development environment for employee development.
- Diversity principle: The Board of Directors and senior management are responsible for overseeing the implementation of diversity policies during the promotion process, in order to achieve a balanced combination of all employees, including junior, middle and senior management, with particular emphasis on achieving an appropriate balance in gender composition.



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- *Options and equity incentives*

SY implements the “Policy of 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, ensuring the achievement of the Company’s strategic goals and long-term sustainability. As at the end of the Reporting Period, a total of 24 individuals were granted options (excluding independent directors and resigned personnel); 24 individuals were granted RSUs, among which 13 individuals held both options/RSUs. The shareholders of SY approved and adopted a share scheme at the Company’s annual general meeting held on 21 May 2024 to replace the Restricted Share Unit Scheme and the 2017 Share Option Scheme, and no options granted under the original scheme will lapse or become non-exercisable as a result of their termination. New share incentive methods have been adopted by SY to recognize the contributions made by grantees and provide incentives to retain talents who serve the continuous operation and development of the Group.

- *Bonus incentives*

SY incorporated the “pursuit of innovation” into the corporate values, encouraging employees to apply for patents and boldly innovating in business operations. Completion of innovative projects will be rewarded with project bonuses and additional points in performance evaluations. During the annual evaluation, the “Innovation Project Cooperation Award” will be established to select outstanding innovation projects and provide rewards. In the year 2024, through the continuous efforts of the R&D and legal colleagues, SY Technology successfully obtained 10 software copyright certificates. As of the end of the Reporting Period, the Company has issued incentive bonuses of RMB136,000 to colleagues who successfully applied for software copyrights and patents, and the Company has established a long-term mechanism for incentivizing software copyright and patent applications.



Case: The signing ceremony for the strategic cooperation between SY Factoring and Tianjin University of Finance and Economics, as well as the awarding ceremony for the “SY Factoring Excellence” scholarship, was successfully held

On 6 November, under the guidance of the Tianjin Local Financial Regulatory Bureau, SY’s wholly-owned subsidiary, SY Factoring Limited (盛業商業保理有限公司), successfully held a strategic cooperation signing ceremony and the awarding ceremony for the “SY Factoring Excellence” scholarship in collaboration with the Tianjin SY Public Welfare Foundation and the School of Finance of Tianjin University of Finance and Economics. At the event site, both the school and the enterprise jointly awarded honorary certificates and scholarships to the 14 students who received the first “SY Factoring Excellence” scholarship. Among them, the Tianjin SY Public Welfare Foundation, initiated by SY, has achieved precise utilization of charitable funds through an innovative model of “Digital RMB + Smart Contracts + Scholarship Donations” for donations from caring enterprises. In the future, both parties will continue to inspire a wide range of students to pursue excellence and make continuous progress through the “SY Factoring Excellence” scholarship program, contributing new efforts to the development of inclusive finance in the supply chain.



10.4. Care for Employees

SY is committed to creating a relaxed and enjoyable working atmosphere for its employees, always prioritizing employee care. It actively focuses on the physical and mental health of female employees through various means and provides timely support and assistance to employees in difficulty. At the same time, SY regularly organizes a variety of activities to help employees achieve a balance between work and life while working efficiently, allowing every employee to feel a sense of belonging and happiness in an environment of warmth and care.

- **Caring for female employees**

SY strictly complies with 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 other laws and regulations to effectively safeguard the rights and interests of female employees. Safe, hygienic and private rest and breastfeeding facilities, such as nurseries, are provided for female employees during their pregnancy and lactation, with daily cleaning to maintain cleanliness and tidiness; pregnant women are entitled to statutory leave.

- **Assistance to employees in difficulty**

With the support of local government policies, SY actively applies for benefits such as talent housing and housing subsidies for its employees to address their residential issues. During the Reporting Period, a total of 13 colleagues successfully applied. According to the “Interest-Free Loan Management System”, the Company provides interest-free loans for employees’ significant personal or family expenditures. During the Reporting Period, a total of 10 colleagues have successfully applied for loans, amounting to RMB1.02 million.

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- **Enriching employees' lives**

SY regularly organizes a variety of employee activities and provides team building funds for employees. Each department conducts diverse team building activities to continuously enhance the happiness and cohesion of the employee team. During the Reporting Period, we organized a variety of clubs and team-building activities, including outdoor club, board game club, badminton club and basketball clubs, with a total of 91 activities covering 1,042 person-times.



Community Activities



Team Building Activities

11. DELIVERING SY SOCIAL VALUES

SY always practices the public welfare concept of "Starting from the Heart, Radiating Goodness", regards the fulfillment of social responsibility as an important mission for the Company's development. It actively participates in various public interest activities with focus on helping impoverished areas, industry development, supporting youth development and other fields, helping the needy groups in society as much as possible and continuously creating long-term value for society. SY has formulated the "ESG Management System of SY Holdings Group Limited" and the "External Donation Management Rules of SY Holdings Group Limited" to ensure the standardized and professional operation of SY's public welfare undertakings. The Company not only provides public welfare and relief donations, but also attaches importance to comprehensively practicing social responsibility through industrial empowerment, educational support and other innovative models. At the same time, SY actively cultivates a culture of public welfare and encourages employees to deeply participate in volunteer services by organizing diverse charitable and community activities.

Public welfare donations	Relief donations	Other donations
Donations to the fields such as education, science, culture, sanitary and medical care, sports undertaking and environmental protection, and construction of public facilities	Donations for production, living relief and assistance provided to regions that have suffered from natural disasters or have been recognized by the state as "old, young, border and poor" regions, as well as disadvantaged groups and individuals in difficulty in the society	In addition to public welfare donations and relief donations, the donations made by the Company for the promotion of humanitarian purposes or other social public welfare undertakings that promote social development and social progress

During the Reporting Period:

- Total number of employees participating in public charity/volunteer service programs: 145 person-time
- Total hours of employees participating in public charity/volunteer service programs: 1,539 hours
- Number of public charity/volunteer service programs conducted: 20
- Total amount invested in public charity/volunteer service programs: RMB1,021,200



11.1. SY Public Welfare Foundation

SY Public Welfare Foundation focuses on three core areas to build a comprehensive public welfare ecosystem and create value for society: in the field of “Caring for children in need”, it illuminates the light of hope for children in distress through precise assistance and emotional support; in the field of “Supporting industry and rural revitalization”, it empowers industrial development and assists in revitalizing the rural economy through various forms; in the field of “Youth inspirational programmes”, it establishes a platform for the growth of young talents and gives wings to their dreams.

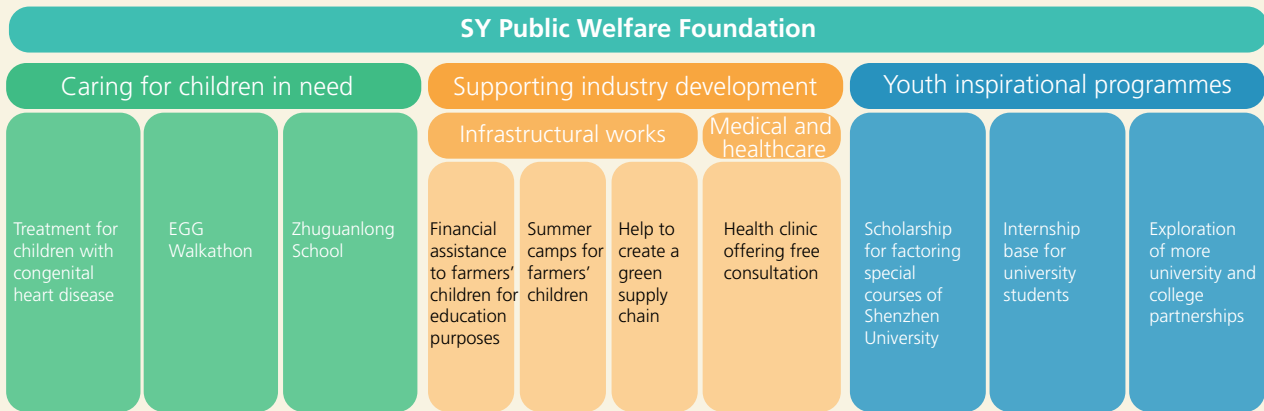
SY Public Welfare Foundation is a 3A-level charitable organization initiated by SY and approved by the Tianjin Municipal Civil Affairs Bureau. It qualifies for tax exemption and pre-tax deduction. The Party Branch of the Foundation has been awarded the honorary title of Advanced Grassroots Party Organization in Dongjiang, Tianjin.

- **Business scope of SY Public Welfare Foundation**

The Foundation conducts assistance activities for people in need by donating money and supplies, including:

- Provide financial assistance to people in need
- Provide disease relief subsidies to people in need
- Provide financial aid to students in need
- Participate in public welfare and charitable activities advocated by registration authorities

Plan of SY Public Welfare Foundation



In the future, SY will continue to actively fulfill its social responsibilities. Through the establishment of the SY Public Welfare Foundation, SY will further carry out more diversified public welfare activities, contribute to a wider range of public welfare and charity causes, and take concrete actions to support the harmonious development of the society and extend the light of SY to a far-reaching place.

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11.2. Caring for children in need

The healthy growth and future development of minors are crucial to the happiness and well-being of millions of families and the harmony and stability of the society. SY's "Caring for children in need" has extended warmth and hope to children in need through charitable donations, provision of goods, organizing summer camps, so that these children can grow up healthily and happily.

Case: SY Public Welfare Foundation conducted free medical screening activities for the "Heartbeat of Angels" joint charity public welfare campaign in Ningxia

In June 2024, in order to care for the healthy growth of children and further expand the coverage of specialized treatment for congenital heart disease, cleft lip and palate, facial deformities, limb deformities and scoliosis among the population aged 0-18 in Ningxia Hui Autonomous Region, achieve early detection, early diagnosis, early intervention, early treatment and early rehabilitation, reduce the mortality and disability rates of birth defects and help more families of affected children solve the difficulties in obtaining treatment, SY Public Welfare Foundation collaborated with local governments and public welfare organizations to conduct free medical consultation activities at Shizuishan Maternal and Child Health Hospital and Yinchuan Stomatology Hospital.

This free medical consultation activity provided screening for congenital heart disease, cleft lip and palate, scoliosis, limb deformities and other diseases for a total of 150 children with proper ages. After examination, 48 children required further treatment through surgery, and 43 children needed regular follow-up observation. SY Public Welfare Foundation will provide financial assistance for surgery costs to eligible children based on their diagnosis.





Case: SY Public Welfare Foundation held the “Summer Camp for Little Migratory Birds at Construction Sites”

In order to pay tribute to urban builders and enrich the summer life of the “Little Migratory Birds at Construction Sites”, SY Public Welfare Foundation, in collaboration with Shandong Branch of China Construction Second Engineering Bureau Ltd., China West Construction Group Fourth Co., Ltd., and China Construction Eighth Engineering Division Co., Ltd (North China), held three summer camp activities respectively, namely “Children’s Hearts Blooming, Building Dreams” and “Little Migratory Birds at Construction Sites”. The activities attracted 45 groups of builder families from places such as Qingdao, Yantai, Guangzhou, Guizhou and Tianjin, with a total of 128 participants.



This summer camp activity was themed on caring for the children of workers, allowing more children of urban builders to closely experience industrial construction, understand the difficulties of their parents’ work, and enhance interaction and communication between parents and children. At the same time, the activity allowed the “Little Migratory Birds at Construction Site” to have a different summer life, discover themselves and grow up healthily.

11.3. Supporting Industry Development and Rural Revitalization

SY Public Welfare Foundation has actively organized and participated in industry exchange conferences to share its experience in improving the financing environment for SMEs and promoting the cooperation among the upstream and the downstream enterprises in the industrial chain. At the same time, SY is concerned about infrastructure construction and education in rural areas, and has conducted multiple charitable donation activities to bring better living conditions to areas with relatively weak infrastructure and bring better educational resources and environments to schools with relatively weak teaching facilities, thereby contributing to rural revitalization.

During the Reporting Period, SY made solid progress in promoting the development of SMEs and rural revitalization through industrial empowerment and public welfare support, contributing to social development.

Case: SY was Invited to Attend the Summit Forum on High-Quality Development of Logistics and Supply Chain and Talent Cultivation

On 21 September 2024, the Summit Forum on High-Quality Development of Logistics and Supply Chain and Talent Cultivation was held at Shenzhen University. This forum deeply explored the new trends in logistics and supply chain and industrial development, building a bridge for the positive interaction between talent cultivation in educational institutions and the employment needs of industries. The forum was of great significance for promoting the close integration of logistics education with industry demands, advancing the development of innovative productivity and enhancing the quality of professional talent cultivation in the field of logistics. SY was invited to participate in this forum. The Project Director of Asset Management attended as a representative. The theme of the forum was “Securitization of Supply Chain Financial Assets and the Cultivation of Supply Chain Financial Talents”, and we shared in detail SY’s years of industrial focus and business practice experience, exerting our own unique strengths for the development of logistics and supply chain talent cultivation.





Case: SY Public Welfare Foundation carried out a donation activity titled “East-West Cooperation to Support Rural Revitalization” in Heshui County, Gansu

On 25 September 2024, in order to continuously advance the work of “East-West Cooperation to Support Rural Revitalization”, SY Public Welfare Foundation visited Tai’e Township Central Primary School to hold a donation event, donated 30 computers worth RMB120,000 to the school and hoped that these compassionate computers can effectively address the issues of aging information teaching equipment and insufficient resources in the school, thereby making teaching more vivid and interesting, helping children broaden their horizons, explore the unknown, and promoting the education and teaching of Tai’e Township Central Primary School to a new level.

At the event site, Zhou Defu, the principal of Tai’e Township Central Primary School, expressed his sincere gratitude for this donation from SY Public Welfare Foundation, stating: “These computers will become a new key for the children to open the door to knowledge and build a bridge that connects them to a vast world. These computers not only enhance the teaching hardware level of the school, but also inject strong momentum into the growth and development of the children.”



Case: SY Public Welfare Foundation donated to Shangguan Town in Heyuan City and Gaoxinzhuang Village in Tianjin, contributing to rural revitalization

In order to thoroughly implement General Secretary Xi Jinping’s important discourse on comprehensively promoting rural revitalization, the Party Branch of SY Public Welfare Foundation organized a series of activities titled “The Party Flag Flutters as We Celebrate July 1st Together: Finance Supporting Rural Revitalization”. During the period, SY Public Welfare Foundation donated RMB80,000 to the Shangguan Town, Dongyuan County, Heyuan City, which was supported by the Shenzhen Financial Bureau, for the construction of the Red Memorial Square project of the Jiulian Regional Committee of the Communist Party of China; it also donated RMB80,000 to Gaoxinzhuang Village in Xiawuqi Town, Wuqing District, Tianjin City, which was supported by the Tianjin Financial Bureau, for supporting the infrastructure construction of the village. This donation for rural infrastructure construction can improve the living conditions of villagers and enhance the sense of happiness and satisfaction of villagers in life.

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11.4. Youth Inspirational Programmes

Young talents are the backbone of the nation and society. SY firmly implements the strategy of strengthening the enterprise with talents, focuses on the cultivation of young talents and supports the career development of young people, including providing financial assistance to poor university students, offering scholarship programs of university students, and providing internship and employment opportunities.

During the Reporting Period, SY has held scholarship presentation ceremonies for university students, school-enterprise exchange activities and other activities to motivate them to pursue knowledge, which would be helpful to promote education development and the integration of industry and academia.

Case: The Sixth Session of "SY • Factoring Talent" Scholarship Granting Ceremony

On 5 December 2024, the Sixth Session of "SY • Factoring Talent" Scholarship Granting Ceremony for the "Supply Chain Finance – Commercial Factoring" Special Class of the College of Economics Shenzhen University was successfully held at Mingde Building, Lihu Campus of Shenzhen University.



Chen Jen-Tse, Vice Chairman of SY, stated that the Company would continue to provide scholarship funding for the "Supply Chain Finance" Special Class of the College of Economics Shenzhen University, offer more internship positions in the field of supply chain finance, help university students apply their academic knowledge in practice, further deepen the collaboration with universities on industry, academia and research, contribute a continuous stream of new talents and cutting-edge technologies to the development of the industry, and inject vitality into the promotion of high-quality development of the real economy.





Case: "Supply Chain Finance – Commercial Factoring Special Class" of Shenzhen University Visited SY

On 23 October 2024, the students from the "Supply Chain Finance – Commercial Factoring" Special Class of the College of Economics of Shenzhen University visited SY for learning purposes. Li Kaixi from Human Resources Department introduced the business development status of SY to the students, conducted a thematic sharing on "Career Planning and Interview Skills for College Students", detailed how to formulate effective career plans for the students, emphasized the importance of career planning, and shared interview skills and experiences. Through this visit and the sharing session, we helped the students broaden their horizons and strengthened the students' awareness of career planning, professional employment. This visit enabled the students to personally experience the work environment and atmosphere of the workplace, gain a more intuitive understanding of the workplace, form a clearer plan for their future career paths, and help the students lay a solid foundation for their future employment to a certain extent.



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12. APPENDIX

12.1. Key Performance Table

12.1.1. Social key performance table

Indicator Category	Key Social Performance Indicator	Unit	2024	2023	2022		
Labor force	Total number of employees	Person	362	358	377		
management	Number of employees by gender	Male employee	Person	183	172	177	
		Female employee	Person	179	186	200	
	Number of employees by employee type	General employee	Person	226	227	277	
		Engineer	Person	86	93	91	
		Middle management	Person	38	26	47	
	Senior management	Senior management	Person	12	12	12	
		Number of employees by age group	30 years old and below	Person	143	162	169
			31-40 years old	Person	201	179	185
			41-50 years old	Person	12	11	19
51 years old and above	Person		6	6	4		
Number of employees by region	Mainland China	Person	334	344	356		
	Hong Kong, China	Person	28	14	21		
Total employee turnover rate		%	15.75	16.20	18.57		
Employee turnover rate by gender	Male employee	%	18.03	15.70	18.64		
	Female employee	%	13.41	16.67	18.50		
Employee turnover rate by age	30 years old and below	%	23.78	16.67	20.71		
	31-40 years old	%	9.95	15.08	18.37		
	41-50 years old	%	25.00	36.36	5.26		
	51 years old and above	%	0	0	0		
Employee turnover rate by region	Mainland China	%	15.7	15.70	19.10		
	Hong Kong, China	%	7.14	28.57	9.52		

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Indicator Category	Key Social Performance Indicator	Unit	2024	2023	2022	
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	%	91.99	88.83	74.54	
Development and training	Number of training courses conducted	No.	111	168	87	
	Employee satisfaction with training	%	99.40	98	98.97	
	Total number of employees participating in training	Person	362	342	366	
	Total percentage of trained employees	%	100	95.53	97.08	
	Average training hours of employees	Hour/person	29.51	61.61	14.30	
	Percentage of trained employees by gender	Male employee	%	100	94.19	95.48
		Female employee	%	100	96.77	98.50
	Average training hours per employee by gender	Male employee	Hour/person	31.41	50.56	13.59
		Female employee	Hour/person	27.56	71.84	14.91
	Percentage of trained employees by employee category	General employee	%	100	94.71	97.80
		Engineer	%	100	95.70	95.60
		Middle management	%	100	100	100
		Senior management	%	100	100	75
	Average training hours per employee by employee category	General employee	Hour/person	27.5	78	15.24
		Engineer	Hour/person	39.8	38	12.54
Middle management		Hour/person	23.7	36	14.48	
Senior management		Hour/person	11.9	26	7.22	
Supply chain management	Total number of cooperating suppliers ¹	No.	45	86	86	
	Number of suppliers in Mainland China	No.	38	78	77	
	Number of suppliers in Hong Kong, China	No.	7	8	9	
	Number of suppliers conducting evaluation	No.	45	86	86	
	Supplier evaluation coverage	%	100	100	100	

¹ Currently, the Company has reached an agreement with administrative suppliers through the "Fenbeitong" management platform, resulting in a decrease in the number of administrative suppliers.

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Indicator Category	Key Social Performance Indicator	Unit	2024	2023	2022
Customer service	Handling rate of customer complaints	%	100	100	100
	Customer service satisfaction	%	99.06	98.90	97.00
	Number of customer service trainings	Time	43	15	8
	Customer service training person-time	Person-time	774	360	181
Intellectual property protection	New calculator software copyright	No.	10	11	5
	Cumulative calculator software copyright	No.	68	58	47
	New invention patent authorization	No.	8	2	2
	Cumulative invention patent authorization	No.	12	4	2
Information and privacy security	Total number of information security training	Time	13	13	9
	Information security training person-time	Person-time	3,028	4,079	2,956
	Number of data security complaints	No.	0	0	0
	Number of customer privacy security incidents	No.	0	0	0
Business ethics	Number of customer privacy security complaints	No.	0	0	0
	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.	2	1	3
	Number of anti-corruption training sessions for directors	No.	1	1	2
	Number of directors participating in anti-corruption training	Person-time	9	7	5
	Number of employees participating in anti-corruption training	Person-time	363	358	496
	Coverage rate of business ethics standard training for employees	%	100	100	100
Review frequency of business ethics standards	Year/time	2	1	1	
Anti-fraud special audit	Year/time	2	/	/	
Public charity	Total number of employees participating in public charity/volunteer service programs	Person-time	145	76	97
	Total hours of employees participating in public charity/volunteer service programs	Hour	1,539.00	2,304.50	1,097.00
	Number of public charity/volunteer service programs conducted	No.	20	13	13
	Total amount invested in public charity/volunteer service programs	RMB0,000	102.12	286.67	83.00



12.1.2. Environmental key performance table

Indicator Category	Key Environmental Performance Indicator	Unit	2024	2023	2022
Energy use	Total electricity consumption	MWh	417.08	585.19	554.10
	Gasoline consumption	MWh	124.47	130.34	102.77
	Total energy consumption	MWh	541.55	715.53	656.87
	Energy consumption per capita	MWh/person	1.50	2.00	1.74
	Energy consumption per unit area	MWh/square meter	0.12	0.12	0.11
Greenhouse gas emissions	Scope 1: Greenhouse gas emissions from direct emission sources	tCO ₂ e	31.07	32.60	25.39
	Scope 2: Greenhouse gas emissions from indirect emission sources	tCO ₂ e	254.46	357.02	338.06
	Scope 3: Other indirect greenhouse gas emissions	tCO ₂ e	644.03	529.57	228.93
	Total greenhouse gas emissions ¹⁰	tCO ₂ e	929.56	919.19	592.38
	Greenhouse gas emissions per capita	tCO ₂ e/person	2.57	2.57	1.57
	Greenhouse gas emissions per unit area	tCO ₂ e/square meter	0.20	0.16	0.10
Water use	Municipal water supply consumption	Tonne	2,260	2,262	2,262
	Drinking water consumption	Tonne	60.30	73.08	73.78
	Total water consumption	Tonne	2,320.30	2,335.08	2,336
	Water consumption per capita	Tonne/person	6.41	6.52	6.20
Exhaust emissions	Nitrogen oxides (NO _x) emissions	Kilogram	1.98	2.09	1.88
	Sulfur dioxide (SO ₂) emissions	Kilogram	0.36	0.42	0.17
	Particulate matter (PM) emissions	Kilogram	0.31	0.37	0.50
Waste management	Total amount of non-hazardous waste generated	Kilogram	6,500	6,580	6,580
	Amount of non-hazardous waste generated per capita	Kilogram/person	17.96	18.38	17.45
	Total amount of hazardous waste generated	Kilogram	10	10	10
	Amount of hazardous waste generated per capita	Kilogram/person	0.03	0.03	0.03
	Paper recycling volume	Kilogram	60.00	61.00	60.20
	Plastic bottle recycling volume	Kilogram	500.00	530.00	525.47
	Total amount of recycled waste	Kilogram	590.00	591.00	585.67
Total amount of waste recycling per capita	Kilogram/person	1.63	1.65	1.55	

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12.2. Indicator Index

HKEX Environmental, Social and Governance Reporting Guide Index

Disclosure Requirements		Disclosure	Reporting Section or Explanation
Mandatory Disclosure Requirements			
Governance Structure		Disclosed	4.1. Governance Structure
Reporting Principles		Disclosed	1. About This Report
Reporting Boundary		Disclosed	1. About This Report
“Comply or Explain” Provisions			
Aspect A1: Emissions			
General Disclosure		Disclosed	7. Building a Low-Carbon Ecosystem
A1.1	The types of emissions and respective emissions data	Disclosed	7.3. Promoting Green Operation 12.1.2. 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	7.2. Tackling Climate Change 12.1.2. 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	7.3. Promoting Green Operation 12.1.2. 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	7.3. Promoting Green Operation 12.1.2. Environment key performance table
A1.5	Description of emissions target(s) set and steps taken to achieve them	Disclosed	7.2. Tackling Climate Change
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	7.3. Promoting Green Operation



Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect A2: Use of Resources			
General Disclosure		Disclosed	7.3. 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	7.3. Promoting Green Operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Disclosed	7.3. Promoting Green Operation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Disclosed	7.3. 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	7.3. 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		Disclosed	7.3. 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	Disclosed	7.3. Promoting Green Operation
Aspect A4: Climate Change			
General Disclosure		Disclosed	7.2. Tackling 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	7.2. Tackling Climate Change

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Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect B1: Employment			
General Disclosure		Disclosed	10.1. Protecting Employees' Rights and Interests
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Disclosed	10.1. Protecting Employees' Rights and Interests 12.1.1. Social key performance table
B1.2	Employee turnover rate by gender, age group and geographical region	Disclosed	10.1. Protecting Employees' Rights and Interests 12.1.1. Social key performance table
Aspect B2: Health and Safety			
General Disclosure		Disclosed	10.2. 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	10.2. Attaching Importance on Health and Safety 12.1.1. Social key performance table
B2.2	Lost days due to work injury	Disclosed	10.2. Attaching Importance on Health and Safety 12.1.1. Social key performance table
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Disclosed	10.2. Attaching Importance on Health and Safety
Aspect B3: Development and Training			
General Disclosure		Disclosed	10.3. Assisting Employee Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Disclosed	10.3. Assisting Employee Development 12.1.1. Social key performance table
B3.2	The average training hours completed per employee by gender and employee category	Disclosed	10.3. Assisting Employee Development 12.1.1. Social key performance table



Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect B4: Labour Standards			
General Disclosure		Disclosed	10.1. Protecting Employees' Rights and Interests
B4.1	Description of measures to review employment practices to avoid child and forced labour	Disclosed	10.1. Protecting Employees' Rights and Interests
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	9.4. Building Responsible Supply Chains
B5.1	Number of suppliers by geographical region	Disclosed	12.1.1. 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	9.4.1. 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	9.4.2. Responsible procurement
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Disclosed	9.4.2. Responsible procurement
Aspect B6: Product Responsibility			
General Disclosure		Disclosed	8.1.4. Providing responsible products
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	8.1. Optimizing Customer Experience
B6.3	Description of practices relating to observing and protecting intellectual property rights	Disclosed	8.2. Protecting Intellectual Property
B6.4	Description of quality assurance process and recall procedures	Disclosed	8.1. Optimizing Customer Experience
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Disclosed	8.3. Attaching Importance to Data Security 8.4. Protecting Customer Privacy

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Disclosure Requirements		Disclosure	Reporting Section or Explanation
Aspect B7: Anti-corruption			
General Disclosure		Disclosed	9.1. Adhering to Business Ethics
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	9.1. Adhering to Business Ethics
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Disclosed	9.1. Adhering to Business Ethics
B7.3	Description of anti-corruption training provided to directors and staff	Disclosed	9.1. Adhering to Business Ethics
Aspect B8: Community Investment			
General Disclosure		Disclosed	11. Delivering SY Social Values
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Disclosed	11. Delivering SY Social Values
B8.2	Resources contributed (e.g. money or time) to the focus area	Disclosed	11. Delivering SY Social Values 12.1.1. Social key performance table