

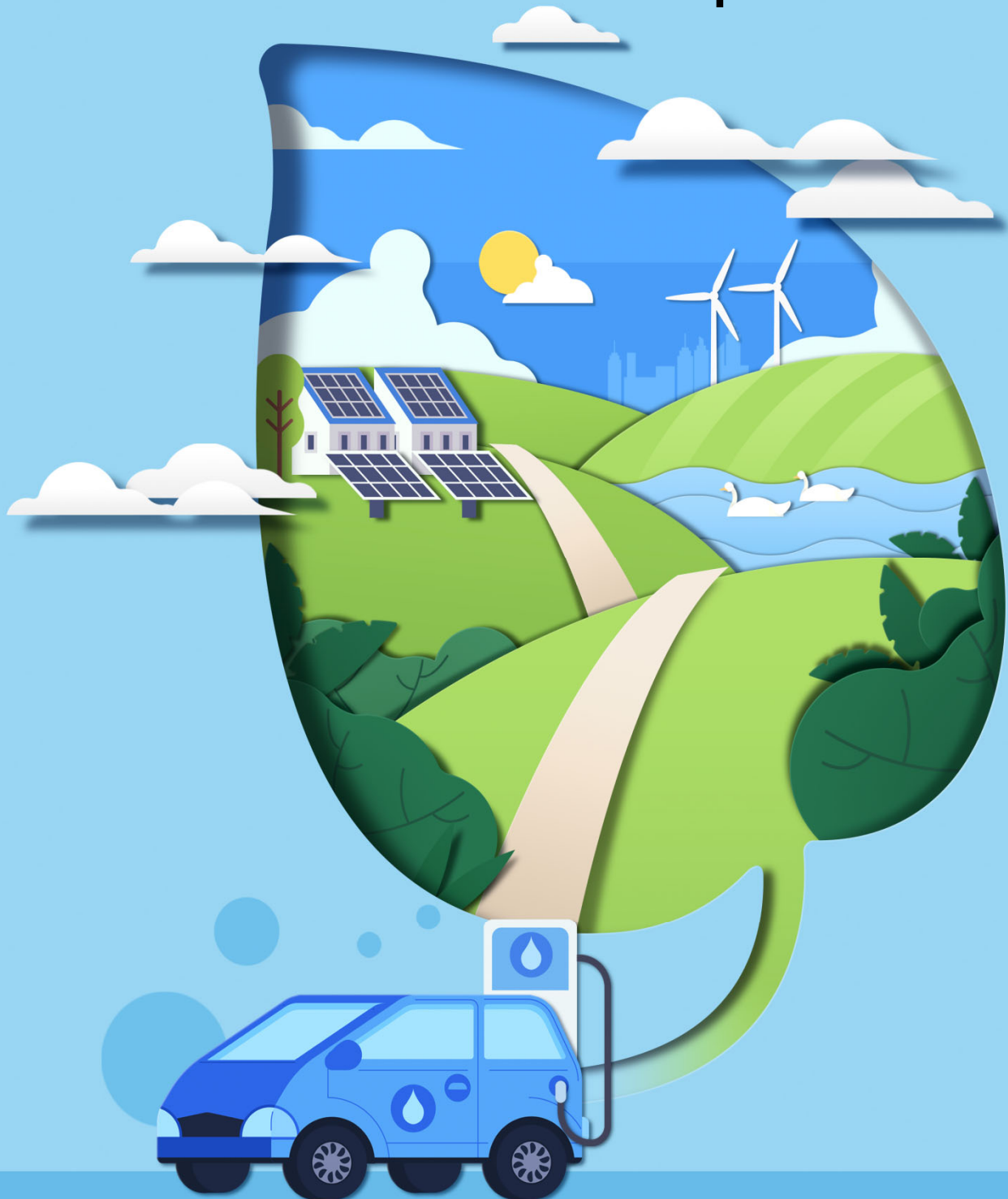


China Rongzhong Financial Holdings Company Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 03963

Environmental, Social and Governance Report





About the Report

This is the sixth Environmental, Social and Governance Report (the "ESG Report") released by China Rongzhong Financial Holdings Company Limited (the "Company" or "RONGZHONG FIN", and together with its subsidiaries, the "Group"), aiming to disclose to the stakeholders the Company's environmental, social and governance initiatives and accomplishments.



Reporting Standards

The Report is prepared based on the Environmental, Social and Governance Reporting Guide (effective from January 1, 2022) set out in Appendix 27 of the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").



Reporting Scope

Organizational scope: The ESG Report covers China Rongzhong Financial Holdings Company Limited and its subsidiaries within the scope of consolidated financial statements in the Annual Report.

Reporting period: From April 1, 2021 to March 31, 2022.

Release cycle: The ESG Report is issued annually.



Reporting Languages

This ESG report is prepared in traditional Chinese and English. In case of any discrepancies between the Chinese and the English versions, English version shall prevail.



Reporting Principles

Consistency	The ESG Report clearly illustrates statistics compilation methods and standards of the ESG quantitative KPIs (key performance indicators), and maximizes the consistency of indicators and calculations used for different reporting periods to reflect the tendency of performance level.
Quantification	The ESG Report discloses and explains the quantitative KPIs, including the calculation basis and assumptions.
Balance	The ESG Report discloses facts covering positive information and negative information.
Materiality	The ESG Report selects major issues via materiality analysis and provides key disclosures of environmental, social and governance matters with potential significant impacts on the investors and other stakeholders.



Reliability Assurance

The Board guarantees that there is no false information, misleading statements or material omissions in this report.



Access and Feedback

The electronic version of the report is available on the Company's official website, <http://www.chinarzfh.com/>.

Please send us your inquiries or suggestions at info@chinarzfh.com.

ESG Management Statement of the Board

Based on the principle of sustainable development, the Group's ESG vision is to "contribute to national development, give back to the society, respect employees and meet customers' needs". With due consideration of our business and demand of various stakeholders, the Group pursues the ESG management strategy covering responsibilities towards industry, investors, employees, and public welfare. The Group enhances its ESG management through the optimization of ESG governance structure, integrating ESG factors into business and strengthening the promotion of ESG concept in order to achieve our ESG vision.



Optimization of ESG Structure

Effective ESG management requires attention from the senior management and the participation of all employees. The Group scaled up ESG management to a strategic level and built a top-down ESG governance structure in January 2022. The Board is responsible for supervising ESG tasks and has set up the "ESG Working Group" in charge of the Group's ESG affairs.



Integrating ESG Factors into Business

Since January 2022, the Group's subsidiary, Alpha & Leader Business Management Consulting (Guangzhou) Ltd. (Alpha & Leader) has become the core platform for ESG business development. Alpha & Leader combines ESG concept with credit reports by virtue of its experience in credit management and due diligence. Therefore, it launches new credit reports and "Green Supply Chain" due diligence services based on its existing credit evaluation model containing ESG factors. Furthermore, the Group is expected to work on financial leasing and operating leasing services in combination with ESG factors. For example, given that the Group's subsidiary in East China mainly operates automobile rental business, since this year, RONGZHONG FIN has established Management Methods of Automotive Procurement Preference to promote the application of new energy vehicles.

ESG Management Statement of the Board



Strengthening the Promotion of ESG Concept

To raise ESG awareness of all employees, the Group organized the training program for senior management in 2021 and will provide the training for all employees in 2022 to strengthen ESG-related knowledge and realization of ESG vision. Moreover, the Group actively promotes the ESG concept in its visit to industry associations and customers, driving ESG factors integrating with finance and credit investigation industries. The Group plans to hold/participate in ESG seminars for people in finance or credit investigation industry in next reporting period to explore with professionals the way ahead for ESG governance.



Management of Material Topics

For the management of material topics, the Group stringently safeguarded the bottom line of compliance in close response to the regulatory policies of the financial leasing industry. Measures were also taken to optimize "operation compliance", "corporate governance" and "risk management". As China pursues its carbon peak and carbon neutrality goals with more specific measures, the Group will further improve its management in terms of "climate change mitigation and adaptation efforts" and "green operation".



The Year Ahead

The Group will stay true to the original aspiration, "extending financing and leasing business all over China", and the mission, contributing to China's development and economic growth. It will devote itself to creating long-term stable returns for shareholders, providing high-quality products and services for customers, building a harmonious development platform for employees, promoting the transition towards green and low-carbon future, and strengthening the cooperation with communities, so as to promote coordinated development and create a better future.



ESG Management

ESG Management Structure

ESG Responsibility Model

1 ●●● The Board

Members of the board of Rongzhong Fin

To shoulder overall responsibilities for the ESG work

● 2 ●● ESG Committee

Senior management of Rongzhong Fin and its subsidiaries

To supervise ESG work

●●● 3 ESG Working Group

ESG project members of Rongzhong Fin and its subsidiaries



To implement the ESG work practically



ESG Development Principles and Targets

RONGZHONG FIN is committed to fulfilling all responsibilities for human rights, labor, environment and anti-corruption in its strict compliance with the ten principles of UNGC.

RONGZHONG FIN has set the following goals through the combination of its own ESG development and SDGs goals adopted by the United Nations:

Goals	Significance	Measures
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> ● Eliminating gender discrimination in the recruitment process ● Balancing the amount of male and female employees ● Raising the proportion of women in senior management ● Guaranteeing female employees' welfare during pregnancy and nursing periods
	Build resilient infrastructure, promote sustainable industrialization and foster innovation	<ul style="list-style-type: none"> ● Serving small, medium and micro companies to support their development ● Integrating technology with finance to advance product digitization



Take urgent action to combat climate change and its impacts

- Applying more new energy vehicles to the operating leasing business and official vehicle purchase
 - Providing financial leasing services for more green companies
 - Gradually establishing a "green supply chain"
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Identification and Analysis of Material Topics

Based on the material topics analysis model and the working progress for last year, the Company further identified, assessed and selected material ESG issues with significant impacts on the Company and its stakeholders, and made key disclosure and response in the report.

➤ Analysis Process of Material Topics



Identification

Identify ESG development opportunities faced by RONGZHONG FIN by means of understanding macro policies and disclosure standards of the Hong Kong Stock Exchange, and conducting the research on peer companies; Select ESG issues based on the Group's development strategy and ESG practices



Assessment

Assess ESG issues in terms of their significance to RONGZHONG FIN and its stakeholders according to interviews with its senior management and key departments, and the questionnaire survey with stakeholders.



Reporting

Build the analysis matrix of material topics based on the assessment results, sort the topics based on their significance, and make detailed disclosure of topics with high materiality in the ESG report.

➤ Communication with Stakeholders

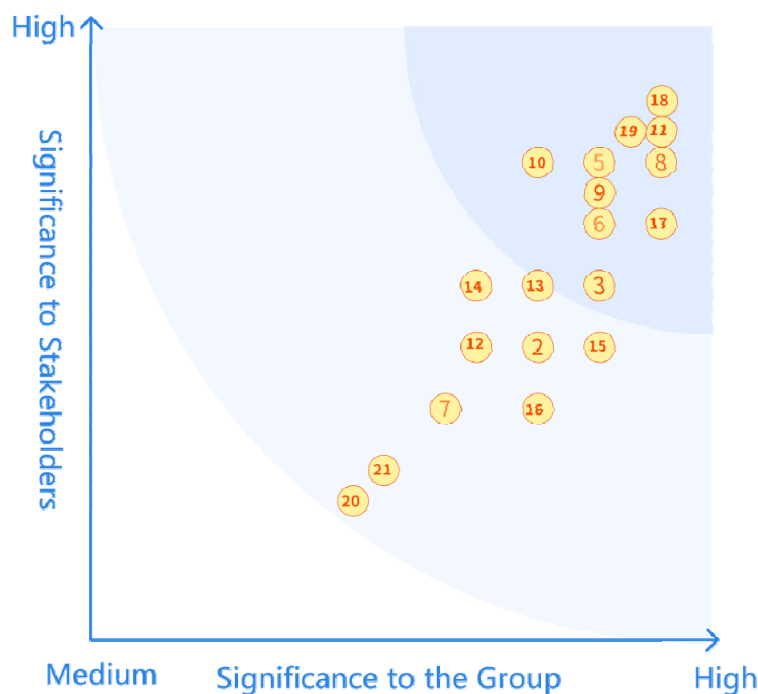
Stakeholders	Communication channels	Topics	Responses
 Government and Regulators	Site inspection	Compliance operation	To cooperate in regulators' inspection
	Regular communication and reporting	Risk management	To build a comprehensive risk management system
	Policy implementation	Anti-corruption	To establish a complaint and report mechanism
		Responding to national development strategies	To actively develop related operations under the direction of national development strategies

 Shareholders and Investors	General meeting of shareholders	Compliance operation	To increase investors' investment
	Regular information disclosure	Risk management	To build a comprehensive risk management system
	Meetings with investors and analysts	Corporate governance	To build an anti-corruption system
 Employees	Training	Diversity, inclusion and equal opportunities	To improve employee training system
	Corporate culture activities	Recruiting and retaining talents	To optimize the welfare system
	Regular interviews with employees	Employees' rights and benefits	To improve performance appraisal and promotion system
 Customers	Email and customer service hotline	Product quality	To improve product quality
	Regular return visit	Improving customer services	To improve customer feedback system
		Information security and customer privacy protection	
 Suppliers/ Partners	Cooperation and idea exchanges	Compliance operation	To develop procurement management solutions
	Review on suppliers	Risk management	Bidding and tendering
	Review and evaluation	Supply chain management	
 Peer Companies/ Industry Association	Industry conferences	Compliance operation	To participate in industry exchange activities
	Visiting and communicating with associations	Innovative development	
 Public and Communities	Volunteer services	Contributions to community	To participate in charity activities
	Charity activities		Green operation

➤ Matrix of Material Topics

After investigation, the Group has listed 21 ESG topics that are important for us (full details are given in the right hand-column). Considering the opinions of experts, management and stakeholders, we have drawn the following matrix to show the distribution of issue importance.

Topics of high importance to the Group and its stakeholders are marked with symbols ★.



1. Low-carbon emission
2. Efficient use of energy
3. Climate change mitigation and adaption ★
4. Green operation
5. Diversity, inclusion and equal opportunities ★
6. Recruiting and retaining talents ★
7. Supply chain management
8. Product quality ★
9. Improving client services ★
10. Integrating Technology with Finance ★
11. Anti-corruption ★
12. Contributions to community
13. Information security and customer privacy protection
14. Employee health and safety
15. Responding to national development strategies
16. Promoting inclusive finance ★
17. Corporate governance ★
18. Compliance operation ★
19. Risk management ★
20. Emissions reduction
21. Conservation and efficient use of natural resources



Chapter 1. Realizing Carbon Peak and Carbon Neutrality Goals through Green Development

The Group is committed to the continuous improvement for our environmental sustainability. We strive to achieve our responsibility to reduce the impact of our operations and minimize the consumption of resources and material during the course of our business.

The Group provides services which mainly involves operations within office premises. The Group's "Environmental Office Practices" encompasses our general approach towards controlling environmental impacts of office activities.

During the reporting period, the Group did not find any violations of applicable environmental laws and regulations.

Reducing Greenhouse Gas Emissions

Understanding deeply the impact of global warming on human future, the Group endeavors to reduce greenhouse gases. During the reporting period, the Group's greenhouse gas emissions are presented below:

Type of GHG emissions	2022 Equivalent CO2 emission (tonnes)	2021 Equivalent CO2 emission (tonnes)
Scope 1 Direct emissions	10.93	Not applicable
Scope 2 Indirect emissions	52.27	17.09
Total	63.20	17.09
Intensity	0.49 tonnes/employee	0.74 tonnes/employee

Notes: Scope 1: Direct emissions by the Group's vehicles, which only include official cars owned by the subsidiary, Alpha & Leader, constituting the only source.

Scope 2: Indirect emissions by outsourced power.

During the reporting period, the Group expanded the statistical scope of ESG, so the total amount of greenhouse gas emissions increased, but the emission intensity decreased sharply. Hence the Group had great achievements in energy saving and emission reduction.



Given that outsourced power is an important source of greenhouse gas, the Group calls for "saving electricity in offices" and requires "disconnecting electricity after staff leave", in order to reduce power waste and potential safety hazards. It adopts the power-saving setup mode for its air conditioners, printers and other office appliances, and automatic idle mode of its computers is equal to or less than 20 minutes. The administration department implements the "daily inspection" system,

ensuring electric lights, air conditioners and other electrical appliances not running all night in all offices after work.



For decreasing direct emissions by its own vehicles, the Group reduces face-to-face meetings and the frequency of field services and business trips by means of network conferencing equipment. In addition, it requires its branches or subsidiaries owning official vehicles to introduce the "Management System for Official Vehicles", following the philosophy of "efficient low-carbon travel".



The electricity consumption per capita in this reporting period decreased by 565.41 kWh compared with the previous reporting period.



Guided by the Group, the subsidiary Alpha & Leader revised the "Vehicle, Field Service and Travel System" on January 1, 2022, following "economical, efficient, convenient and green" principles. Its employees are prohibited from using official vehicles for personal needs, and are advised to take subways and other means of public transportation in rush hours or during field services and business trips in congested areas, further reducing unnecessary resource waste and greenhouse gas emissions.



Green Office

In addition to creating a low-carbon working environment, The Group places high priority on the efficient use of resources. As stipulated in the Group's "Environmental Office Practice", the Group strives to improve the efficient use of natural resources, such as minimizing waste streams and emissions and implementing effective recycling program. Practical measures are implemented as follows:

✓ Saving Paper

The Group pursues paperless offices, so it encourages employees to communicate through electronic media, and complete file transfer and cross-regional approval via e-mail, WeChat, etc. Meanwhile, its employees are advised to print on both sides of paper (if needed) and reduce the amount of paper by adjusting the font size and page layout. They are also recommended to use reusable paper or recycled paper to promote paper utilization. The Group plans to save more paper by applying online collaborative office software and electronic signature functions.



The paper consumption per capita during the reporting period decreased by 0.01 tons compared with previous reporting period.

✓ Green Pantry

The Group encourages employees to use reusable utensils, tea sets, and eco-friendly cleaning products (including biodegradable or phosphate-free detergents, refills of hand sanitizer, etc.). It also has posted some signs regarding water saving beside hand washing sinks and water dispensers in the pantry room to remind employees to turn off taps in time. The Group suggests employees bring lunch boxes instead of ordering takeout in order to reduce plastic packaging. Therefore, its pantry room is equipped with microwaves and refrigerators, which are convenient for employees to store and heat up foods.

✓ Reducing Harmless Wastes

In line with its business condition, the Group only generates such hazardous wastes as a few used batteries, drum cartridges, toner cartridges, and electronic equipment. Its Administration Department collects and stores used batteries, exhausted drum cartridges and toner cartridges properly and regularly throws them to hazardous waste disposal sites. The Information Technology Department disposes electronic equipment, including transporting completely scrapped equipment to recycling site after approval and storing the equipment replaced due to business development for emergency use.

✓ Recycling Materials

Because plastic and paper packaging materials are used in packages, the Group encourages employees to reuse boxes, envelopes, packing and other materials, and requires them not to use excessive packaging materials when sending packages to reduce the consumed packaging materials.

Mitigation of Climate Change

Considering the focus of the government, investors and other stakeholders on addressing climate change, the Group identifies climate-related risks and opportunities for its operation via the framework proposed by Task Force on Climate-related Financial Disclosures (TCFD) of Financial Stability Board (FSB), and then takes corresponding measures, so as to effectively control the impact of climate change.

➤ Mitigation of Climate Change

Risks	Description	Potential effects on financial position
Acute physical risks	The Group or its customers may suffer from property damage or interrupted operation due to extreme weather disasters such as typhoons, floods and storms.	● Decrease in operating income
Chronic physical risks	The daily production or operation of the Group or its customers may be affected by chronic weather disasters such as rising temperature and sea levels.	● Increase in operating cost
Policy-related risks	As the government is continuously imposing policies to cope with climate change, customers may be restricted or prohibited from using high-energy-consuming devices.	● Devaluation of fixed assets

Legal risks	The Group and its customers may be in breach of contract or face penalties or litigation for failing to comply with policies and regulations.
Market risks	The introduction of low-carbon policies may affect the supply and demand in the market, so the Group's customers with high pollution and high energy consumption may face risks relating to pricing and product types, which in turn result in increasing credit risks arising from their weakened solvency.
Technology risks	The Group's customers with high pollution and high energy consumption may go through the transition to green technology, weakening their solvency and increasing credit risks. The Group's some fixed assets may be replaced due to technology transformation.
Reputation risks	Climate change is closely related to the future of human beings and has become major concerns of the public. Thus the Group's reputation may be damaged if it fails to make reasonable response to climate change.

In response to the above risks, the Group's response measures are as follows:



Focusing on climate change issues in the ESG Report



Taking climate-related indicators into account in the due diligence on customers



The Board and ESG Committee make greater efforts in mitigating climate change

➤ Climate-related Opportunities

Opportunities	Description	Potential effects on financial position
Market opportunities	With the development of low-carbon economy, if the Group provides financial services for environment-friendly companies developing green technology, the Group will benefit from the growth of such customers.	Increase in operating income
Products and services	Low-carbon economy is consistent with ESG concepts. The Group actively develops ESG-related business and integrates new concepts into old products, in favor of updating products and boosting its own competitiveness.	Increase in operating income
Energy source	Resource expense of the Group may be reduced through using low-carbon energy in its daily operation in middle to long run.	Decrease in operating cost

To catch the above opportunities, the Group's response measures are as follows:



Enhancing cooperation with environment-friendly companies



Steady promoting ESG consulting business



Improving the "Environmental Office Practices" and providing employees with training on the theme of low carbon, in order to raise their environmental protection awareness and further build low-carbon offices



Chapter 2. People Oriented and Building Harmonious Society

Protecting Employee’s Rights and Interests

➤ Employment

Being in the financial services industry, our employees are our most valuable asset that drives the long-term development and sustainability of the Group. The Group has established and implemented a set of human resources management policies and procedures in place with the aim to provide an ideal working environment to its staff in order to comply with local employment laws and regulations, such as the Employment Ordinance in Hong Kong and the Labour Law of the PRC.

The Group’s Staff Handbook sets out the Group’s standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The remuneration management aims to attract potential employees and motivate current staff. Employees receive social welfare benefits and other benefits. All employees are treated equally and their employment, remuneration and promotion opportunities will not be affected by their nationality, race, age, religion and marital status.

During the Reporting Period, no non-compliance regarding employment brought against the Group or its employees were noted.

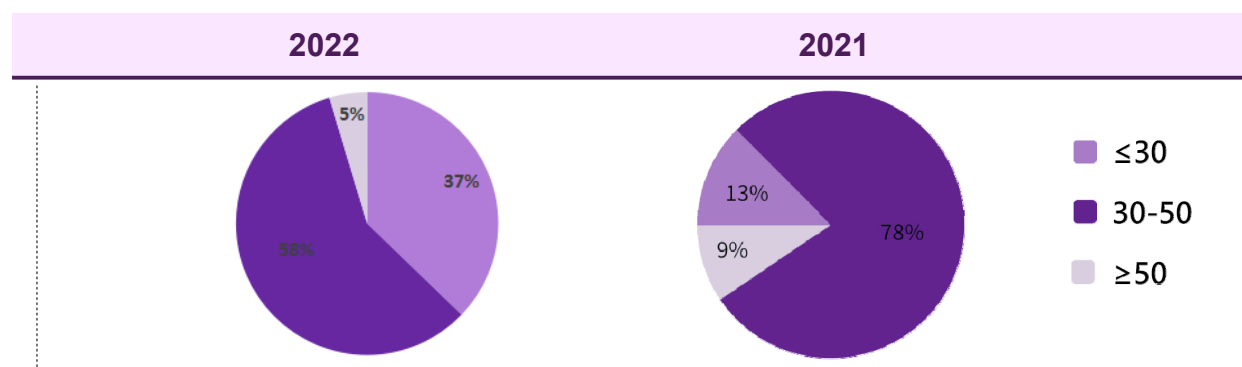


During the reporting period, the labor contract signing rate of the Group’s employees was 100%.

The Group stresses gender equality with no recruitment discrimination, and provides equal job opportunities for women. The proportion of its female employees increased by 12% compared with previous reporting period.








2022		2021		+ / -
	Number: 49		Number: 13	36
	Proportion: 38%		Proportion: 57%	19%
	Number: 80		Number: 10	70
	Proportion: 62%		Proportion: 43%	19%

Moreover, employees' age structure was optimized. More younger people entered the Group, driving its development.



We provide competitive and attractive remuneration package to reward and retain our employees. The package includes basic salary, allowance, Mandatory Provident Fund (MPF) and required social security benefits to variable incentive-based remuneration such as discretionary bonus.

During the reporting period, the employee turnover rate in each dimension decreased from previous reporting period. Details are as follows:

Group		2022	2021	+ / -
 Group by gender	Male	20%	15%	 5%
	Female	24%	30%	 6%
 Group by age	≤30	46%	33%	 13%
	30-50	9%	88%	 79%
	≥50	0	0	- -
 Group by business regions	Mainland China	25%	-	- -
	Other regions	5%	-	- -

➤ Employee Health and Safety

In the daily operation of the Group, there is no significant operational hazards as compared to industries like manufacturing and mining etc. The Group aims to enhance wellness of the employees by providing a harmonious and comfortable environment. The Group has adhered with related laws and regulations, such as Occupational Safety and Health Ordinance in Hong Kong and Law of the PRC on the Prevention and Control of Occupational Diseases. As stipulated in the Group's "Guidelines on Occupational Health and Safety", the Group have implemented measure in the following aspects:

- ✓ **Lighting:** Good lighting conditions in the workplace enable staff to see comfortably and avoid possible danger. Fluorescent lights recessed into the false ceiling and fitted with louver or diffuser to control glare and distribution of light. Blinds or curtains should be used

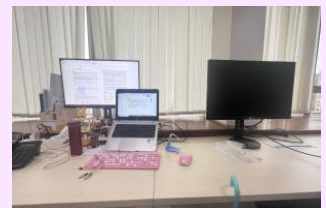
to prevent glare and control the lighting level. Anti-glare filters can be used if necessary to reduce screen reflection and improve visual quality of the display.

- ✓ **Indoor Air Quality and Ventilation:** Smoking is prohibited in all workplace and indoor area of the office. The indoor temperature and humidity are controlled in an optimum level to make the workplace more comfortable and help preventing bacteria from flourishing. Air outlets to be cleaned regularly in the office to reduce the dust level of indoor air and to increase efficiency of the ventilation system.
- ✓ **Office Furniture/Working Posture:** Staff are provided with adjustable chairs to allow them to adjust the seat height. To enable staff having a comfortable work office, staff should assume correct seated posture so as to avoid musculoskeletal injury.
- ✓ **Office supplies:** The toner used in copiers may contain harmful substances, and copiers operate noisily. Therefore, the Group has an independent printer room to inhibit toner pollution and noise transmission in office area as much as possible.
- ✓ **Manual handling:** Heavy-duty manual handling involves lifting, lowering, carrying, pushing or pulling heavy items and should be reduced. Risks should be assessed before starting unavoidable manual handling. The Group provides employees with portable carts for transporting heavy objects such as equipment and materials.
- ✓ **Other safety measures:** All fire-fighting equipment is regularly inspected complying with regulations on office firefighting. First aid kits are available in offices and contain items in accordance with the Occupational Safety and Health Council Ordinance issued by Labor Department.

During the reporting period, the Group reported no work-related accidents or fatal accidents and faced no litigation related to health and safety.



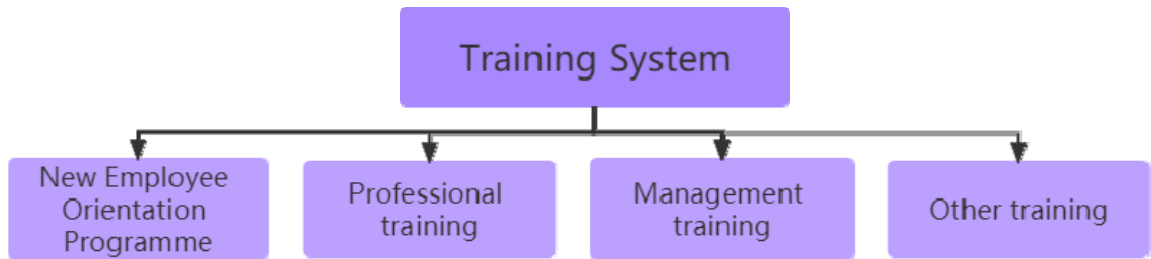
Some employees of the Group travel frequently for business needs. The Group only provided them with laptop computers to facilitate their work. Laptops with small screens lower than eye level may do harm to their eyesight and cervical spine. Therefore, the Group has made renovation since 2022 to build shared office area, where larger display screens are provided and can be connected with such employees' laptops for preventing eyesight problems or shoulder and neck injuries. It has set up shared office area in Guangzhou office, and will set up more shared areas for offices in other cities.



Supporting Employees' Development

➤ Improving Training System

The Group trains employees at full stretch, promoting the common development of employees and the Group itself. Based on Employee Handbook and other relevant internal policies, it has established comprehensive training system, covering four types of training.



During the reporting period, the Group trained 775 person-times, and its training time reached 34 hours per person.

➤ Optimizing Assessment, Incentive and Promotion System

While providing good career development platform for its employees, the Group actively builds scientific and effective performance management systems and formulates incentive policies. It assesses performance by adhering to objective, specific and comprehensive principles, and requires all departments and subsidiaries to update their appraisal and incentive plans every year according to their business conditions. Meanwhile, it has established mature evaluation system, including qualification evaluation for becoming regular employees and year-end evaluation. In year-end evaluation, all regular employees evaluate themselves and are evaluated by their immediate superiors, before filling in and submitting evaluation forms to heads of departments for review by Human Resources Department. The year-end evaluation results provide an important reference for employees' promotion and annual awards.

The Group provides transparent, standard and customized ways for employees' promotion. Meeting the needs for business development, the Human Resources Department updates and publishes the rank structure chart every year, so that employees can understand their rank promotion path. In addition, the Group has built the promotion evaluation system with "moral accomplishments, professional knowledge, and management ability" as the core. The Group recognizes various talents' value, in favor of forming a good competitive environment.



The Group has the best team award, the best performance award and the best progressive award for each department. At year-end banquet, it thanks its employees for their hard work over a year and presents awards to outstanding teams and persons.



Deepening Employee Care

➤ Protecting Employees' Physical and Mental Health

In 2022, global COVID-19 epidemic is still severe, and some cities in mainland China and Hong Kong, China have successively experienced epidemic outbreak. The Group's offices in Hong Kong, Guangzhou, Shanghai and Qingdao have all been influenced by the epidemic. In order to safeguard employees' health, the Group strictly obeys regulations related to employee health in Employee Handbook and Regulations on Epidemic Prevention and Control. It actively coordinates with the property management office concerning epidemic prevention measures, and raises employees' awareness of epidemic prevention by posting guidelines on epidemic prevention, releasing videos about epidemic prevention and other means. The Group also provide employees with anti-epidemic supplies such as disinfectant, masks, and hand sanitizers in its office. Its "Office Disinfection and Punch-in System" effective from 2020 stipulates that cleaners must disinfect the office twice a day, namely before they start and get off work, and then fill in and sign the form posted on the bulletin board. Besides, the Administration Department are responsible for measuring and recording employees' body temperature every day.

For the purpose of reducing infection risks faced by employees, the Group promptly implemented the "Measures of Working at Home in Rotation". It promises to protect all legal rights and interests of such employees who cannot work in the office due to living in lockdown zones or their health codes turning yellow or red. It also has WeChat groups for caring for physical and mental health of employees in lockdown zones.



The epidemic outbreak in Shanghai has raised concerns of people all over China. After knowing the epidemic information and employees' living conditions in Shanghai, the Group carried out the activity, "Be with you", delivering to local employees the gift packs containing rice, flour, grain, oil, vegetables, fruits and daily necessities. The Group took actions to overcome difficulties together with its employees, helping them continue to work in office after the epidemic ends.



The Group posted signs and guidelines associated with epidemic prevention in conspicuous places in the office. Moreover, it shot and released the video themed "Scientific Epidemic Prevention Needs Everyone", using a pithy formula of precautions for epidemic prevention.



➤ **Creating an Energetic Workplace Together**

The Group advocates a proper balance between work and rest, and enriches employees' life with interesting cultural and recreational activities. During the reporting period, it held 4 large employee activities: the Mid-Autumn Festival tea break, Christmas gift exchange activity, year-end banquet and the Women's Day gift-giving activity.



The Group organized Christmas gift exchange activity at Christmas. Two employees were randomly selected through a computer software to exchange gifts so as to deepen mutual understanding between colleagues in different departments.



The Group has a "mini store" in its pantry room for selling cold drinks, snacks, instant noodles and ice cream at favorable prices, providing convenience for employees. The Administration Department provides new products in "mini store" as employees suggested.

Serving Small, Medium and Micro Companies

"Financing difficulties" have restricted survival and development of small, medium and micro companies. Combining funding and asset finance, financial leasing industry can supply equipment to such companies and help them to overcome financing difficulties, furthering economic transformation and upgrading. Since its founding, the Group has been providing these companies with various financing products and financial support solutions, supporting their long-term sustainable development.

Contributing to Society

With a sense of social responsibility, the Group continues to satisfy the needs of local communities. It develops relations with communities through active cooperation with them in all respects. Its all offices have implemented local epidemic prevention policies in accordance with the requirements of relevant communities. In addition, the Group has actively attended firefighting lectures, cancer prevention lectures and other activities organized by communities.

The Group donated HKD 1 million to The Community Chest of Hong Kong in 2016. During the reporting period, it also made contributions to sustainable development of communities, including caring for disadvantaged groups, and organized following activities:

- ✓ Donating toys and clothing to churches
- ✓ Assisting local restaurants in donating meals to the elderly living alone

Chapter 3. Improving Quality and Efficiency

Integrating Technology with Finance

The Group constructs the "finance + technology" ecosystem. Alpha & Leader cooperates with the third party, Alphatech in developing big data platform, which is a financial technology platform integrating "corporate database, customer self-service ordering and inquiry platform, and customer service work platform". The platform encompasses public data of 150 million companies, 170 million companies' annual reports, and the industries and data connected with 53 million companies. It is an important tool for the Group's risk control and credit management business. Its emergence marks digital transformation of the Group's business, greatly improving work efficiency and lowering operating costs.

Alphatech's design team also designed a highly automated credit evaluation service system "NEW CHECK". This system significantly raises production efficiency and output of the Group's credit products. It collects data in a fully automatic way, allowing analysts to concentrate on data analysis and evaluation. After it was put into operation in 2021, the production time per credit report decreased by 75% year-on-year, and total revenue generated from report products increased by 50.8% year-on-year.



RONGZHONG FIN's credit report product, TRA, is an automatic data collection and analysis product. Its ten important ratios are calculated with eight core financial data obtained through IT technology and their fluctuations are displayed in line charts. TRA report directly reflects corporate business development trend. With no staff involved, orders can be placed and the report can be produced 24/7. Featuring high efficiency, objectivity and high cost performance ratio, TRA report becomes one of the most competitive credit management tools.

Strengthening Product Quality Control

The Group has established a "Quality Management Policy" with aims to add value for our clients through our business processes that support the services offered. To enhance our service quality, the Group collects customers' feedback on services provided and reports to management by designated staff. The Group has also issued operational manual for its staff and organized training sessions to familiarize its staff with the standard operational procedures. The Group is committed to providing quality service to its customers through improving the administrative ability of its senior management and the functional capability of its operational staff.



Credit reports are one of the Group's key products. The Group produces over 15,000 credit reports in Chinese, English and Japanese every year. It has set up a report Quality Control (QC) team and introduced "QC Guidelines" for strict quality control, and QC results affect analysts' performance appraisal. QC department organizes at least one QC meeting each month, reminding analysts of correcting frequent mistakes.

Promoting Business Communication and Innovation

RONGZHONG FIN believes that increasing communications with peer companies can create a good competitive environment and advance overall industry progress. Fostering cross-industry communication is the key to exploring product application scenarios, achieving wider or more specific product application. Therefore, the Group actively exchanges ideas with industry associations and attends industry seminars.



During the reporting period, it attended 9 industry exchange meetings and seminars.

Improving Customer Services

The Group provides customers with high-quality, diversified and one-stop services. It has formulated "Customer Service Rules" and "Customer Complaint Handling Procedures", and provided strict training for customer service personnel in order to realize higher service levels, more complete processes and maximum customer benefits. In terms of customized services, it designates staff to provide specific service, meeting customers' actual needs. Its customer service team pays irregular return visits every year, and invites customers to evaluate products and services through questionnaires and other means.

The Group doesn't charge fees for unsuccessful debt collections. Before it provides credit evaluation services and financial data procurement services, new customers can decide to place orders according to report products or product samples given away, so that they are able to know clearly whether the products and services meet their needs.

The Group regularly gives lectures to or runs salons for customers as value-added services.



During the reporting period, it ran 7 online/offline salons for customers.

The Group conducts marketing in accordance with Advertising Law of the People's Republic of China and requirements of regulatory authorities. It optimizes its business marketing and

advertising mechanism via clear principles, processes and requirements of marketing and advertising, and provides accurate and complete information of financial product to safeguard customers' legal rights and interests.

The Group sticks to critical principles of its operation such as customer information security and privacy protection. On basis of its employee handbook, employees shall protect all customer information and shall not use customers' confidential information for unauthorized business activities, otherwise they may face disciplinary punishments.

During the reporting period, there was no serious violation of relevant national laws and regulations regarding the Group' s services and compensation methods in terms of advertising, labels and privacy.

4. Stable Operation and Stronger Corporate Governance

Risk Management

The Group attaches great importance to the corporate risks management and control. The Board shall be responsible for the overall risk management and the Risk Management Committee shall be established to perform the corresponding functions. In the post-epidemic era, the Group puts more emphasis on constructing its risk control system in order to improve the risk management capability across the whole process and the level of active risk management. Relying on the credit management experience and professional capabilities of its subsidiary, Alpha & Leader, the Group identifies, measures and avoids potential risks in advance via credit investigation and due diligence.

In 2022, the Group is expected to organize special training for risk management principals of all business departments, functional departments, branches and subsidiaries to enhance employees' awareness and capacity of risk management.



The Group's business satisfies financing needs of SMEs with higher default risks compared with large companies. Therefore, the Group develops credit risk management and control solutions targeting SMEs and specific implementation plans on risk events.

Compliance Management

The Group regards compliance operation as an important cornerstone of its development. Therefore, it strictly abides by the "Measures for the Administration of Foreign-funded Lease Industry" published by the Ministry of Commerce of the People's Republic of China and other relevant laws and regulations. Besides, it requires all departments, branches and subsidiaries to incorporate such regulatory requirements into internal regulations in a timely manner, and provides compliance management training immediately after new employees' enrollment.

The board of the Group is in charge of the compliance management and requires all departments, branches and subsidiaries to update the compliance systems related to their functions each year. Compliance managers are appointed in those business departments with strict compliance requirements to supervise the compliance management and control in the entire business process.



Dispute Resolution & Asset Disposal Division of the Group has a compliance manager appointed specially for guaranteeing the compliance of debt collection operation. Moreover, in January 2021, it revised the third edition of the "Business Manual", which covers the norms of business conduct and emphasizes ten "prohibitive items" like prohibiting mediators from illegally collecting debts, etc. During the reporting period, the compliance manager conducted 12 compliance trainings for employees of the Division.



Anti-Corruption and Anti-Bribery

In the Group's "Staff Handbook", one of the most important rules that the Group requires all employees to avoid any relationship, influence, interest or activity that could compromise the best interest of the Group. As part of their responsibility, all employees should avoid any position whereby their judgment, decision or influence on behalf of the Group may give rise to their personal interests, finance and/or other means of interest. They should ensure that dealings with clients, suppliers, contractors, job applicants, colleagues or any other third party are met with good judgment, careful observance of all applicable laws and regulations, and the highest standard of integrity at all times.

As stipulated in the Group's "Whistle-blowing Policy", employees should raise concerns about any suspected misconduct or malpractice verbally or in writing. The Group will make every effort to treat all reporting in a strictly confidential manner. The identity of the employee making any report and/or complaint will not be disclosed without such employee's consent, unless the Group is legally obliged to reveal the employee's identity and other information. In cases of suspected corruption or other criminal offences, a report will be made to the Independent Commission Against Corruption (ICAC) or the appropriate authorities.

The Group has been in strict compliance with the Prevention of Bribery Ordinance in Hong Kong, the Anti-Unfair Competition Law of the PRC and the Anti-Money Laundering Law of the PRC. During the Reporting Period, there was no any legal case regarding corrupt practices brought against the Group or its employees.

Intellectual Property Protection

The Group strictly abides by the "Patent Law of the People's Republic of China" and the "Trademark Law of the People's Republic of China" and other laws and regulations, so it protects its own intellectual property rights well, and does not infringe others' intellectual property rights.

During the reporting period, the Group or its employees did not infringe others' intellectual property rights or violate relevant laws and regulations.

Supply Chain Management

As a service provider, the Group has simple supply chain and a few suppliers. Accordingly, the Group only provides information technology services, property management services, advertising services, legal consulting services, office equipment, printing and stationery supply and other third-party services. It strictly observes the "Government Procurement Law of the People's Republic of China" and the "Law of the People's Republic of China on Tenders and Bids" and other laws and regulations.

Meanwhile, the Group formulated an Environmentally-friendly Procurement Policy to support the purchase of recyclable products, reducing work-related environmental impacts. It has always encouraged suppliers to print its annual and interim reports on recycled paper and to use sustainable energy-efficient electronic equipment with Class 1 energy label for their procurement.

In addition, it strictly implements the "Sunshine Procurement" policy, focusing on suppliers' business ethics and social responsibility. It also strictly monitors and prevents various commercial bribery activities through screening, evaluation and regular inspection of suppliers.

During the Reporting Period, the Group reported zero violations of suppliers in terms of business ethics, environmental protection and labor codes that cause major actual or potential adverse impacts.

Key Quantitative Performance Tables ⁽¹⁾

Note 1: The Group expanded its statistical scope during the reporting period. Some previous inapplicable indicators or indicators containing uncollectible data are converted to applicable indicators or indicators from collectible data. Therefore, some indicators are only calculated with data in the reporting period, and some indicators increased significantly.

Table of Environmental Performance Indicators

Indicator	Unit	2020	2021	2022
Nitrogen-oxide emissions ^(Note 2)	Gram	N/A	N/A	4902.49
Sulfur oxide emissions ^(Note 2)	Gram	N/A	N/A	68.06
Particulate matter emissions ^(Note 2)	Gram	N/A	N/A	360.96
Greenhouse gas emissions (scope 1 and 2)	Ton of CO ₂ -equivalent emission	15.69	17.09	63.20
Greenhouse gas emission intensity (scope 1 and 2)	Ton of CO ₂ -equivalent emission/employee	0.63	0.74	0.49
Total hazardous wastes ^(Note 3)				
Used batteries	Pack	N/A	N/A	74.00
Drum cartridges	Gram	N/A	N/A	8650.00
Toner cartridges	Piece	N/A	N/A	34.00
Electronic equipment	Set	N/A	N/A	15.00
Average hazardous wastes ^(Note 3)				
Used batteries	Pack/employee	N/A	N/A	0.57
Drum cartridges	Gram/employee	N/A	N/A	67.05
Toner cartridges	Piece/employee	N/A	N/A	0.26
Electronic equipment	Set/employee	N/A	N/A	0.12
Total paper wastes ^(Note 4)	Ton	0.42	0.40	1.42
Paper wastes intensity ^(Note 4)	Ton/employee	0.017	0.017	0.011
Total power consumption	kWh	21392	23201	85119.53
Average power consumption	kWh/employee	855.68	1008.74	659.84
Total water consumption ^(Note 5)	M ³	N/A	N/A	3708.90
Average water consumption ^(Note 5)	M ³ /employee	N/A	N/A	28.75

Note 2 Statistics compilation standards Nitrogen-oxide, sulfur oxide and particulate matter were emitted by the Group's official vehicles.

Note 3 In last two reporting periods, the Group had no more than 30 employees, so negligible hazardous wastes were produced.

Note 4 The non-hazardous waste generated in the operation of the Company mainly refers to the daily office waste, kitchen waste and other waste. Only the amount of paper waste has been calculated in this report.

Note 5 Statistics compilation standards The data from some affiliates of the Group were collected. Water charges of other entities are included in property management fees, so it is difficult to calculate specific

water consumption.

Calculation method For the purpose of accurate data, average water consumption was calculated on basis of 129 employees from the affiliates included in the statistics..

Table of Employment Performance Indicator

Indicator		Unit	2020	2021	2022
Total employees		Person	25	23	129
By gender	Male	Person	14	13	49
	Female	Person	11	10	80
By age	≤30	Person	3	3	48
	30-50	Person	20	18	75
	≥50	Person	2	2	6
By business regions	Mainland China	Person	N/A	N/A	110
	Other regions	Person	N/A	N/A	19
Employee diversity					
By gender	Male	%	56%	57%	38%
	Female	%	44%	43%	62%
By age	≤30	%	12%	13%	37%
	30-50	%	80%	78%	58%
	≥50	%	8%	9%	5%
By business regions	Mainland China	%	N/A	N/A	85%
	Other regions	%	N/A	N/A	15%
Employee turnover rate ^(Note 6)					
By gender	Male	%	14%	15%	20%
	Female	%	9%	30%	24%
By age	≤30	%	33%	33%	46%
	30-50	%	0	88%	9%
	≥50	%	100%	0	0%
By business regions	Mainland China	%	N/A	N/A	25%
	Other regions	%	N/A	N/A	5%
Employees' leave					
Actual number of female employees taking maternity leave		Person	N/A	N/A	1
Proportion of female employees back to work after taking maternity leave ^(Note 7)		%	N/A	N/A	100%
Average period of maternity leave		Working day	N/A	N/A	178
Average period of paternity Leave		Working day	N/A	N/A	15

Note 6 *Calculation method* Employee turnover rate of a specific category = the number of employees in the specified category leaving employment during the reporting period / the number of employees in the specified category at the end of the period.

Note 7 *Calculation method* Proportion of female employees back to work after taking maternity leave = the number of female employees back to work after taking maternity leave / the actual number of female employees taking maternity leave.

Employee Training Performance Indicators

Indicator	Unit	2020	2021	2022
Person-time of employee training	Person-time	N/A	N/A	775
By gender	Male	Person-time	N/A	330
	Female	Person-time	N/A	445
By employee category	Senior management	Person-time	N/A	85
	Middle management	Person-time	N/A	110
	General employees	Person-time	N/A	580
Training duration per employee per year ^(Note 8)	Hour	N/A	N/A	34
By gender	Male	Hour	N/A	17
	Female	Hour	N/A	17
By employee category	Senior management	Hour	N/A	5
	Middle management	Hour	N/A	9
	General employees	Hour	N/A	20

Note 8 *Calculation method* Training duration per employee of a category per year = total number of hours of training received by employees of the specific category / the number of employees of the specific category.

Occupational Health and Safety Performance Indicators

Indicator	Unit	2020	2021	2022
Coverage of physical examination for employees ^(Note 9)	%	N/A	N/A	71%
Occurrence of work-related injuries	Time	0	0	0
Absence due to work-related injuries	Working day	0	0	0
Ratio of employees' work-related deaths	%	0	0	0
Incidence of employees' occupational disease ^(Note 10)	%	0	0	0

Note 9 *Calculation method* Physical examination coverage of employees = the number of employees accepting physical examination during the reporting period / total number of employees at the end of the period.

Note 10 The Group is a financial Group which does not involve occupational hazards such as dust, noise, radioactive materials, etc.

Customer Service Performance Indicators

Indicator	Unit	2020	2021	2022
Number of customer inquiries ^(Note 11)	Case	N/A	N/A	5008
Number of customer complaints	Case	N/A	N/A	5

Note 11 The indicator was estimated on basis of monthly amount of customer inquiry e-mails.

Anti-corruption Performance Indicators

Indicator	Unit	2020	2021	2022
Number of closed corruption lawsuits lodged against the Group and employees	Case	0	0	0
Times of anti-corruption training	Time	N/A	N/A	4
Person-time of relevant persons receiving anti-corruption training	Person-time	N/A	N/A	102

Supplier Performance Indicators

Indicator	Unit	2020	2021	2022
Number of suppliers ^(Note 12)				
Suppliers in Mainland China	Company	N/A	N/A	25
Suppliers in other regions	Company	N/A	N/A	0
Coverage of management policy for suppliers				

Suppliers in Mainland China	%	N/A	N/A	100%
Suppliers in other regions	%	N/A	N/A	0

Note 12 Due to its business type, the Group has few suppliers. The report only includes first-tier suppliers with long-term cooperation with the Group



Report Standard Index

Index Table of The Hong Kong Stock Exchange's ESG Reporting Guidelines (Effective From January 1, 2022)

Aspects, General Disclosures and KPIs	Description	Section
A. Environment		
Aspect A1: Emissions		
General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Chapter 1
KPI A1.1	The types of emissions and respective emissions data.	Chapter 1; Key Quantitative Performance Tables
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Chapter 1; Key Quantitative Performance Tables
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Tables
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Chapter 1; Key Quantitative Performance Tables
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Chapter 1
KPI 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.	Chapter 1
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Chapter 1
KPI 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).	Chapter 1; Key Quantitative Performance Tables
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Tables
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Chapter 1

KPI 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.	Chapter 1
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable
Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Chapter 1
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Chapter 1
Aspect A4: Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Chapter 1
KPI 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.	Chapter 1
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Chapter 2; Key Quantitative Performance Tables
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Chapter 2; Key Quantitative
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Tables
Aspect B2: Health and Safety		
General Disclosure B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Chapter 2; Key Quantitative Performance Tables
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Key Quantitative Performance Tables

KPI B2.2	Lost days due to work injury.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Chapter 2
Aspect B3: Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Chapter 2
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. top management, middle management).	Key Quantitative Performance Tables
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Tables Performance Tables
Aspect B4: Labour Standards		
General Disclosure B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Chapter 2
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Chapter 2
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Chapter 2
Aspect B5: Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Chapter 4
KPI B5.1	Number of suppliers by geographical region.	Key Quantitative Performance Tables
KPI 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.	Chapter 4
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Chapter 4
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Chapter 4
Aspect B6: Product Responsibility		
General Disclosure B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Chapter 3

KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Chapter 3
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Chapter 4
KPI B6.4	Description of quality assurance process and recall procedures.	Chapter 3
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Chapter 3
Aspect B7:		
Anti-corruption		
General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Chapter 4
KPI 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.	Key Quantitative Performance Tables
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Chapter 4
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Key Quantitative Performance Tables
Aspect B8:		
Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Chapter 3
KPI B8.1	Focus areas of contribution (e.g. education, environment, labour demand, health, culture and physical education).	Chapter 3
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Chapter 3
