

Changhong Jiahua Holdings Limited

長虹佳華控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8016)

ESG Report 2018

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1 ABOUT THIS REPORT

BASIS OF PREPARATION

This Environmental, Social and Governance (“ESG”) report is prepared in accordance with Appendix 20 “Environmental, Social and Governance Reporting Guide” to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and has complied with “comply or explain” provision in the GEM Listing Rules.

RELEASE CYCLE

This report is issued on a yearly basis and covers the reporting period from January 2018 to 31 December 2018. This report is published on the websites of the Stock Exchange and the Company.

PUBLICATION

This report is published on the Stock Exchange’s website and the Company’s website.

REPORTING SCOPE

This report covers Changhong Jiahua Holdings Limited (the “Company”) and its subsidiaries (the “Group”).

CONTACT INFORMATION


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ABOUT US AND APPROACH TO ESG

The Company is a company listed in Hong Kong (stock code: 8016) and its controlling shareholder is a state-owned enterprise, oriented in a new-type IT comprehensive service provider. The Group is an IT professional solution service provider and IT product distributor that can integrate and optimize domestic and foreign resources as well as a professional intelligent terminal product manufacturer and service provider.

To be a good partner to help improvement and support success as its business philosophy, the Group provides highly efficient comprehensive and professional services for partners in domestic, foreign IT and other industries and customers by virtue of professional marketing services and solutions, independent intellectual property proprietary equipment and diversified products to help partners and customers grow and succeed, and continue to create value for shareholders. In the professional IT product distribution and solution service field, we are IT comprehensive service provider with innovative concept and fast growth speed in the industry, ranking at the forefront among IT comprehensive service providers. We provide partners with professional solutions and IT products with applied technologies and high cost performance, integrating international technologies and product resources while relying on our technologies, resource integration capacity and service ability. We are gradually promoting our marketing experience to products in other fields. We are committed to becoming professional data comprehensive service provider and the general agent with a ranking at the forefront among the manufacturers' partners.

In the field of intelligent manufacturing, we are professional provider of integrated terminal solutions for product development, manufacturing, operation and maintenance, focusing on technologies, products and applications in the field of Internet of Things and artificial intelligence, and providing a variety of one-stop IoT access intelligent terminal products and services for partners and customers.



APPROACH TO ESG

The Group focuses on the sustainable development of coordination among the business, the society and the environment. In pursuit of economic efficiency and business development, we consciously incorporate social responsibility into our business strategy for an honest and compliant operation, and actively fulfills our social responsibilities and obligations, to achieve the healthy and harmonious developments between the Group and our staff, the Group and the society and the Company and the environment, and continue to create value for the Shareholders.

CORPORATE MISSION

In view of the new layout that emerged in the PRC IT industry under the new era, the Group will become a listed company with sound profitability focusing on IT business as its core and the most remarkable marketing company with an objective of establishing a new benchmark for the PRC IT industry, hence maintaining its sustainable long-term development and creating maximum returns for the Shareholders.

CORPORATE VISION

- To become a remarkable IT comprehensive service provider under the new era
- To become a remarkable listed company bringing satisfactory returns to the Shareholders
- To become a paradise for the career development of professional managers

CORPORATE CULTURE

- Targets and results oriented: with clearly defined strategic targets, use the targets to be achieved to plan, figure out the strategies, measures and road maps in accomplishing them and then move forward step by step. Achieve targets through scientific and systemic ways of thinking and focus on results accountability.
- Simple and direct communication: Efficiency is the principle to follow and achieve targets through focused and efficient communications. Be straight to the point, have clear subjects during communication, be targets and results oriented and focus on facts but not individuals.
- Seek for truth, seek for diversity, and explore other kinds of possibility: apply rules that are discovered during exploration process, seek for and apply diversity in rules. Establish new thinking model for Chinese IT comprehensive service enterprises, boldly explore new directions and endeavor to achieve corporate improvement and industry perfection.

CORE BUSINESS PHILOSOPHY

Be a good partner to help improvement and support success: Making efforts to provide long-term and sustained support for manufacturers, helping them explore new markets with professional marketing services; coordinating various resources to help our agents develop; achieving success with our partners.



DEVELOPMENT STRATEGY

Based on our existing business, we achieve business upgrade and value promotion through system restructuring and service value added and become a comprehensive service provider for professional IT enterprise distribution and specialized field based on technologies of big data, cloud computing, and artificial intelligence, etc., forging our core competitive edge and achieving the strategic upgrade of our business.



2018 OPERATING PERFORMANCE

In 2018, the overall growth of the world economy was moderate, and the major developed economies maintained relatively strong growth. However, the economic momentum slowed down, the US protectionism and unilateralism emerged frequently, and the international economic and trade rules had shown a trend of undergoing profound adjustment. Affected by major changes in the domestic and international environment, China's economy faced increased downward pressure in 2018, but it remained stable on the whole with some progress through adopting a loosely-oriented monetary policy and a more proactive fiscal policy.

Various new technologies such as artificial intelligence, blockchain, big data, cloud computing and Internet of Things are accelerating industrial innovation and application, and the digitization transformation has become the main theme in the market. In 2018, the Group implemented the marketing network strategy of online and offline omnichannel expansion, aiming to strengthen the segmentation and management of channels and tap the channel value. At the same time, we continued to deepen our strategic upgrading and completed the business layout for the big data, cloud services and hardware and software infrastructures, forming a satisfactory business scale, gaining solid market position and winning good reputation among upstream and downstream enterprises; and in terms of the internet distribution business, we solidify the basic business and upgraded the internet platforms in an effort to build the network-based and three-dimension distribution platforms and ecological systems. The scale and revenue of the Group's main business continued to grow steadily in 2018.

In 2018, the Group recorded revenue of approximately HK\$22,098.08 million, representing an increase of 5.11% as compared with that in the corresponding period of the last financial year. In 2018, profit attributable to the Shareholders amounted to approximately HK\$270.15 million, representing an increase of approximately 10.48% as compared with that in the corresponding period of the last financial year, and basic earnings per share amounted to HK10.51 cents, representing an increase of approximately HK1.00 cents as compared with HK9.51 cents in the corresponding period of the last financial year.



2018 CORPORATE HONOR

- 2018 Business Management Outstanding Award (Changhong)
- China IT Ecology 20 Years Outstanding Achievement Award (Business Partner)
- 2018 Cloud Service Innovation Award (Business Partner)
- 2018 IT Storage Product Distribution Excellence Enterprise Award (Business Partner)
- 2018 China Top Ten IT Value-added Resellers (Business Partner)
- Polycom 2017 Annual Cooperation and Win-win Award (Polycom)
- Outstanding Partner of the Year (Vertiv)
- DELL EMC 2018 Fiscal Year Storage Distribution Partners Gold Award (DELL EMC)
- DELL EMC 2018 Fiscal Year Storage Partners - mature markets (DELL EMC)
- Best Performance Distributor Award (Corning)
- Coolest Application Development Award (AVAYA)
- Best Partner Award (ZTE)
- Excellent Marketing Award 2018 (DELL EMC)
- IPF 2018 Annual Excellent Contribution Awards (Inspur)
- 2018 Fiscal Year Value-added Reseller Partner Rapid Growth Award (Oracle)
- Best Value-added Resellers (Nutanix)
- Oracle FY18 Best Partner in China (Oracle)
- Best Distributor (NetApp)
- ThinkCentre Best Value-added Award (Lenovo)
- Lenovo's Consumer Business Winter Promotional Supreme Award (Lenovo)
- Lenovo R Mode Channel Excellence Partnership Award (Lenovo)
- Best Business Team Award (Lenovo)

STAKEHOLDERS ENGAGEMENT

The interest and opinions of stakeholders on our business activities are of great significance to the Group's sustainable development. The Group attaches great importance to communication with various stakeholders and establishes effective communication with stakeholders through various platforms and communication methods.

Stakeholders	Expectations	Communication methods	Measures
Investors /Shareholders	Return on investment	Shareholders' Meeting	Continued to enhance the Group's profitability
	Information disclosure	Periodic reports, announcement Company website	Released regular reports and announcements as required
Partners	Candid cooperation	Regular meetings Agreements	Fulfilled cooperation agreements
	Fair and just		Established long-term stable relationship with core partners
Customer	Stability	Product supply Agreements	Signed annual cooperation agreements with the customer
	Service support	Customer services Company website	Provided a wealth of products Provided technical, training and other services
Employee	Compensation and benefits	Product supply Labor Contract	Improved compensation benefits and performance System
	Working environment	Employee training	Provided a clean and comfortable working environment
	Career development	Employee internal communication	Planned staff promotion path
		Employee performance evaluation	Provided rich training courses



Community

Harmonious
community

Public welfare
activities

Company website
WeChat account

Built a harmonious
community together

Conducted public w-
elfare activities

GOVERNANCE

CORPORATE GOVERNANCE

In order to achieve corporate mission of the Group, we have established good corporate governance practices based on the principles of integrity, transparency, openness and efficiency, and implemented and improved various policies, internal controls procedures and other management framework. We will continue to learn and understand the development of corporate governance practices with reference to the world 's leading institutions, relevant regulations by the regulatory bodies and the expectation of the investors. We will also review and enhance the corporate governance procedures and practices from time to time so as to ensure the long-term sustainable development of the Group.

COMPLIANCE MANAGEMENT

The Group is subject to various laws and regulations set by the PRC national, provincial and municipal governments relevant to our business operation, including The Company Law of the Peoples Republic of China (《中華人民共和國公司法》), Contract Law of the People' s Republic of China (《中華人民共和國合同法》) and Labor Contract Law of the People' s Republic of China (《中華人民共和國勞動合同法》). Compliance procedures are in place to ensure adherence to the applicable laws, rules and regulations. The Group has complied with the relevant laws and regulations that have significant impact on the operations of ours. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.



INTERNAL RISK CONTROL

The Group established the Internal Control Specification and Operational Risk Management Manual in accordance with the relevant regulatory requirements and the internal control framework required by the Ministry of Finance to clarify the management rules, systems, critical control points, and corresponding controls of the key control links. The process ensures that the Group's business management is legally compliant, corporate assets are secure, financial information and related information are accurate and reliable, aiming to improve operation efficiency and promote company's strategic planning. In 2018, the Group carried out risk identification and assessment, identified major risk identification standards, established risk identification lists, and prevented and effectively identified and controlled various risks arising from the operation process through routine and special internal control inspections.



ENVIRONMENTAL PROTECTION

The Group is committed to supporting environmental sustainability. We strictly abide by national and regional environmental laws and regulations, and implement strict environmental protection policies, to ensure the fulfillment of environmental responsibility.

We affected the environment primarily through the use of water, electricity, car fuel for office and minority of packaging materials, as well as carbon emissions from the business trips of our staff, and had no significant impact on the environment and natural resource.

EMISSIONS

The Group strictly abides by the environmental laws and regulations of the national and operation areas, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》). The Group's business operations do not involve hazardous waste, large amounts of waste gas or non-hazardous waste. In 2018, the Group did not have non-compliance issues related to environmental issues.

AIR POLLUTION EMISSION

The Group's air pollutants mainly originate from automobiles. The Group controls the number of cars and mileage and tries to use the online video conference system or teleconference to reduce business trips, energy consumption and emission of carbon dioxide.

In 2018, the Group's air pollutant emissions included 943 grams of nitrogen oxides, 80 grams of sulfur oxides, and 69 grams of particulate matter.



GREENHOUSE GASES EMISSION

The Group's emissions of greenhouse gases are mainly derived from the use of electricity and vehicles for office. The Group manages its carbon emissions by reducing energy consumption.

1.Emission from the use of electricity

The Group leased offices in 24 cities including Mainland China and Hong Kong. In 2018, the electricity consumption involved 978 tons (2017: 949 tons) of carbon emissions, which was an increase of 3.06% compared with that of last year. (Sources of carbon emission conversion factors involved in electricity use are the “China's Regional Grid Infrastructure Emission Factors for 2015” promulgated by the Department of Climate Change, National Development and Reform Commission).

2.Emission from the use of fuel

The Group owns a few vehicles for travel and reception of the executives. In 2018, the fuel usage involved carbon emissions of 12.3 tons (2017: 12.6 tons), which was 2.38% lower than that of last year. (The source of carbon emission conversion factors involved in fuel use is the “2006 IPCC (Intergovernmental Panel on Climate Change) National Greenhouse Gas List Guidelines Catalogue”, Vehicle Emission Capabilities: 2.2631Kg/L).



HAZARDOUS WASTE AND NON-HAZARDOUS WASTE

The Group's business operations do not involve hazardous waste or large amounts of non-hazardous waste as defined by the national laws and regulations. The non-hazardous waste generated by the Group mainly includes paper and a small amount of electronic products. The Group promotes paperless office software and secondary use of printing papers, produces portable notebooks, sends holiday e-cards and prints by swiping cards to reduce paper consumption. For scrapped electronic products, they are recycled by units that have environmental recycling qualifications to avoid causing environmental pollution.

WASTEWATER

The Group's business operations do not involve wastewater discharge.

USE OF RESOURCES

The Group actively implements the concept of environmental protection and conservation, and formulates policies and measures for the management of environmental protection, including: 1) the Group enhances the awareness of energy saving and consumption conservation of its staff through posters and promotional videos; 2) increases the use of the renewable energy, solar hot water; and 3) installs more energy-saving lighting equipment and intelligent electricity-saving system for air conditioners in offices, which can automatically adjust the turning on and off time and the temperature settings of air-conditioners according to weather conditions.



1. Use of fuel

The Group owns a small number of vehicles for executive travel and reception. In 2018, the fuel usage was 5,450 liters, which was 2.2% lower than the 5,572 liters in 2017, tending to decrease.

2. Use of water

The Group uses water originated from office usage. In some of regions, the water supply service in the office is provided by the building management. In this case, water consumption data is not available. The water supply to the offices in Beijing, Nanjing, Fuzhou, Xi'an and Shenyang was managed by the Group itself. In 2018, the water consumption in these areas consumed 4,563 tons, and the consumption tended to decrease, which was 1.4% lower than that of 4,628 tons in 2017.

There was no issue in sourcing water that is fit for purpose in the Group's operations.

3. Use of paper

The use of paper by the Group mainly originates from office consumption. The Group's paper usage was 0.89 million (2017: 1.08 million) in 2018, which was a decrease of 17.59% compared with that of last year.

4. Use of packaging materials

In 2018, the Group used 0.42 tons of carton packaging materials for LBS products and used 0.26 tons per 10,000 products.

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The Group's business operations have no significant impact on the natural environment and natural resources. We always adhere to strictly implement monitoring and control measures related to water saving, power saving, energy saving and emission reduction, and minimize the impact on the natural environment and natural resources.

SOCIAL

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, EMPLOYEES AND OTHER STAKEHOLDERS

We believe that maintaining a good relationship with its business partners, customers, suppliers, employees and other stakeholders is important to the Group's business performance and development. Accordingly, the management of the Group has kept good communication, exchanged ideas and shared business updates with the stakeholders when appropriate. The Group also creates a framework for motivating staff and maintaining close relationship with staff. During the year ended 31 December 2018, there were no material and significant disputes between the Group and its customers, suppliers, employees and/or other stakeholders.

EMPLOYMENT

By focusing on the implementation of value creation and targeting at transparent performance and systematic management, the Group implements the scientific and fair performance management approach to secure the separation and implementation of its overall strategic goals at every segment, while maximizing the innovation and development of personal potential and talents to guide the constant growth of its staff.

Based on the annual business plan, we formulate the corresponding human resource planning plan. Depending on business progress and employment needs, it recruits talents through various internal and external channels to form diversified businesses team with different genders, ages, education backgrounds, knowledge and skills, and work experience. As at 31 December 2018, the Group employed a total of 1,038 (2017: 1,063) employees, of which 60% were male employees and 40% were female employees, meanwhile 63% were employees under the age of 35 and 37% were employees over the age of 35.



The Group adheres to the principle of equal opportunity in recruitment and promotion, opposes discrimination based on factors such as religion, nationality, gender and age, and strictly implements same pay for same work. For those retired employees who have the ability and willingness to back, they will also be rehired with an open and welcoming attitude of the Group.

Applicants who meet the job recruitment requirements and have passed background investigations are formally employed and enter into formal labor contracts. The Group's working hours are in accordance with the working hours system that the national law stipulates that the daily working hours do not exceed 8 hours, and the average working time per week does not exceed 40 hours. At the same time, the employees enjoy statutory paid vacations and annual vacations. When there is a situation in which it is necessary to release the employee's labor relationship, the Group terminates the labor contract in accordance with the Labor Contract Law and related regulations, and strictly complies with the requirements of laws and regulations.

We determine employee compensation based on the employee's length of service, job function and performance with reference to the salary level of the same industry in the market, so that employees can obtain market-competitive salary while embodying the value of the job. The Group has developed a complete performance management approach, and conducts staff position adjustment and promotion based on the results of employee performance assessment.



In order to motivate staff to achieve the strategic business objectives efficiently, stimulate their working passion and create positive working atmosphere, we conduct the selection and appraisal activities of “excellent staff” and “collaboration star” every year, with an aim of giving public recognition to those outstanding staff in the sales, technology, sales support, platform service and cross-functional collaboration.

At the beginning of every year, we hold large annual carnival show, which undertaken by employees from show planning to its performance, providing a platform for staff to exhibit their capabilities and talents. We organize monthly birthday parties to enable new staff of different departments to integrate into our big family more quickly. Furthermore, we also organize a variety of employee-care activities irregularly, including Chinese medicine treatments within the office, weekend leisure activities, wealth management knowledge seminars, match-making parties, agency services for park annual tickets, bringing different welfare experience to our employees from different aspects of work and life.

HEALTH AND SAFETY

The Group complies with the Occupational Disease Prevention Act (《職業病防治法》) and Working Injury Insurance Regulations (《工傷保險條例》) in China and strives to build a healthy, safe, comfortable and tidy office environment so that every employee feels as pleasant as possible. We installed air purification fresh air equipment and regularly detect and manage air quality in the office area. Professional drinking water treatment programs are adopted to ensure the quality of drinking water, green plants are regularly replaced.





We are people-oriented, and strive to provide caring welfare and care for employees. In addition to statutory benefits, we set up a number of special benefits, including free annual physical examination, meal, transportation and communication subsidies, special subsidy funds for severe illness, travel accident insurance for staff, public first-aid kits, condolence funds for marriage and childbirth of staff. In 2018, we raised the standard of holiday welfare expenses to provide more useful and higher value package options to employees. The team building activities of branches are also rich and colorful, enhancing the team cohesion among the regional departments.

We put great emphasis on safety and environmental management, follows the “prevention first” working guideline and adopts a number of measures including swiping card for access and exit, visitor registration, safety patrolling, video surveillance and other measures to safeguard its corporate normal operation order. We regularly conduct fire knowledge publicity and fire drills and posts security warning tips, in order to enhance the safety and environmental awareness of employees.

DEVELOPMENT AND TRAINING

We strive to provide employees with a good environment for growth, a fair assessment mechanism and an open transfer opportunity to achieve a win-win situation for employee development and company development. In 2018, we continued to use the scenario simulation evaluation to evaluate the management capabilities of mid-level and backbone candidates who selected for high-potential talent.

In 2018, the business leader preparatory program named “Full of Dreams • Extension of the Future” was launched. As a long-term talent development program, the Group’s senior management team teaches each week personally, aiming to cultivate business successors and partners with a shared vision of the Group. As a result of the selection and evaluation, a total of 15 employees entered the training list in the first phase, and the class was started in the middle of the year.

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In 2018, Mentors Support Program was be continued and more effective by improving the evaluation system. The selected senior employees served as mentors to help new employees adapt to the work environment and teams as soon as possible, became familiar with the company policies, and perceived and recognized the corporate culture of the Group, obtained effective help when they need, so that they could quickly enter the work role, fulfill the job requirements.

In 2018, the number of in-house trainings reached 511 times throughout the year, and more than 7,730 participants participated in the training, which including product, technology, marketing, finance, risk prevention, compliance and new employee technology, etc.. We have 45 internal trainers. Through several years of continuous training, overall training skills and proficiency of the internal trainer team are steadily improving, with the individual courses having been accumulated. The newly opened special trainings such as Data Mining and Application, Tax Knowledge and Risk Safeguards have made the Group's curriculum system increasingly enriched. At the same time, since the education and training fund established in early 2008, we have provided employees with personalized and targeted training solutions in a long-term and stable manner through information technology.





LABOUR STANDARD

The Group is in compliance with the Labor Contract Law (《勞動合同法》) of China, Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the relevant laws and regulations, pursuant to which employees are entitled to social insurance, housing provident fund, paid annual leave and other statutory benefits, and female employees are entitled to prenatal examination, maternity and nursing leave. Respecting human rights, the Group prohibits child labor and other forced labor.

UPSTREAM AND DOWNSTREAM COLLABORATION AND OPERATION MANAGEMENT

As the PRC agent of numerous international IT suppliers, the Group conducts extensive cooperation with suppliers to provide professional products and solutions to channel partners. Through formulating a series of procurement policies including procurement principles, procurement methods and procurement monitoring mechanism, we achieve a centralized and unified comprehensive planning of procurement. We expect suppliers to consider the environmental, social, health and safety and governance in their operations.

For enterprise level segment, based on agent products, we set up application-level platforms relying on our own technologies, resource integration and service capability. we organically integrate products into multiple technologies and industry solutions, and provide multiple value-added services including technical support, consulting, training and qualification certification. We are committed to becoming a well-known big data comprehensive service provider in China. We possess a cloud computing experience and training center, collaborate with many internationally well-know manufacturers to provide one-stop services including solutions containing data solutions, virtualization solutions and disaster backup solutions, market consultation and technical support for cooperative channel partners to promote closer cooperation between manufacturers and integrators.

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For consumer level segment, we deeply grasp market and customer demands, build channel systems covering the whole country and possess tens of thousands of core agents. By keeping stable and long-term cooperation with product suppliers and core agents, we fully ensure benefits for all parties in the supply chain, form a sound distribution system and provide good service assurances by relying on perfect after-sales service and advanced and speedy logistics operations. By virtue of professional marketing ability, we help manufacturers push their products to the market rapidly. We organically combine agent products through portfolio marketing modes, meet users' demands at different levels. We introduced the Internet business-to-business marketing model, where the traditional distribution and internet distribution support and integrate with each other to construct a bridge between the new form of Internet distribution and traditional distribution businesses. We grow together with our partners and achieve a win-win situation.

Since 2008, we have been holding "Jiahua Good Business Partners" Return Banquet annually. At the Return Banquet, we sum up last year's operation, release the strategy for the next year, and provide a communication platform for the upstream and downstream partners. The Return Banquet also aims to make plans for future development with partners. So far, the Return Banquet has been held for 11 consecutive years, and is inimitable among the IT service providers. Since it launching, the "Jiahua Good Business Partners" Return Banquet has served manufacturers more than 7,600 person times and agent partners nearly 22,000 person times respectively, while 189 manufacturers' leaders sending blessings through videos to the Group and on-site partners, becoming one of the famous brand activities of the Group and well received by partners. The Group endeavors to play a pivotal role in the IT industry chain, to create a good industrial ecology with partners and continuously achieve common growth.

Proper management of supply chain is essential to a socially responsible company. In the future, the Group will gradually enhance the observation and identification of environmental and social risks of suppliers.



QUALITY ASSURANCE

The quality of products and services determines the survival and reputation of the enterprise. To strengthen quality management, the Group has established and continuously improved the quality management system to ensure that the Group's products and services meet customer needs. We have passed ISO9000, ISO20000 (Information Technology Service Management Standard), ISO27001 (Information Security Management System Standard), Level 2 of ITSS (Information Technology Service Operation and Maintenance Service Capability Maturity Level), and our own brand products have passed CCC (China National Compulsory Product Certification Certificate) and China Energy Saving Product Certification, etc.

CUSTOMER PRIVACY

The Group has formulated the Confidentiality Management Regulations(《保密管理規定》). The designated information personnel are responsible for receiving, transmitting, using, copying, excerpting, storing, and destroying customer data, and necessary safety measures are taken. Each employee signed a confidentiality agreement with the Group to ensure that employees strictly abide by confidentiality requirements.

RESPECT INTELLECTUAL PROPERTY

The Group attaches great importance to the protection and management of intellectual property rights and respects the legitimate rights and interests of others, such as intellectual property rights, and does not allow infringement of external intellectual property rights.



ANTI-CORRUPTION

The Group formulated a number of rules and systems including Honest Management System (《廉潔管理制度》) and Code of Supervision on Staff Independence (《員工獨立性監管守則》) to regulate our employees' behavior in economic activities, maintain the objectivity, impartiality and synergy of the Group's business activities, avoid business operation risks and prevent all kinds of conflicts of interest, prevent misconduct such as bribery, extortion, fraud and money laundering, secure the Group's reputation as well as interests of the Group and customers, and build a sound ordered market.

COMMUNITY

Responding to the pledge of the government to employ disabled persons, the Group kick-started the disabled recruitment project officially in 2016 and gave preference to offering employment opportunities to disabled persons nearby the community and one disabled person was successfully recruited. In 2018, we set up disabled special positions in the multiple departments and accept disabled persons who are eligible to join us, thus achieving recruitment of disabled persons, a total of 11 disabled people were employed. The group has been approved as Beijing College Graduates Employment Internship Base for 3 consecutive years since 2015.

We have always remembered our social mission and responsibility in our development, planning and launching a series of public welfare activities, and actively participating in public welfare undertakings to make positive contributions, aiming to promote building of a harmonious society. In 2018, we organized employees to donate more than 1,000 books to Beijing New Resident Cultural Development Center and national level poverty-stricken counties. Most of the books are suitable for children to read. Since 2015, we have organized "Yue Bu" for all employees to encourage more walking and less driving. This activity has been held for 4 consecutive years. This year, nearly 918 employees have actively participated.



OUTLOOK

Looking forward to 2019, the Group will keep on promoting the strategic upgrading towards becoming a IT comprehensive service provider, and carry on the implementation of the business strategy of “All Channels, Specialization, New Distribution, and Good Partners”, and hence establish a new IT comprehensive service system based on the business policy of “Professional Exploration and Growth of Value”, and strive to build and expand independent intellectual property solutions. The Group will promote added value of prices continuously and enhance the ability to serve customers by enhancing technology implementation and service capabilities, make every effort to increase the stickiness of customers and channels to get closer to the end customers, and help customers achieve the digitalization transformation while providing a larger stage for employees and creating more value for our shareholders. Meanwhile, the Group will continue to improve the various policies and internal monitoring procedures to ensure the compliance of the Group, as well as strengthen the risk prevention ability, in order to promote the steady development of the enterprise. The Group will also actively fulfill its social responsibilities, strengthen energy conservation and emission reduction, organize public welfare activities, and contribute to the harmonious development of society.

做**帮助成长**
支持成功的好伙伴

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