



# 景瑞控股有限公司\*

## JINGRUI HOLDINGS LIMITED

( 於開曼群島註冊成立的有限公司 )

( Incorporated in the Cayman Islands with limited liability )

股份代號 Stock code : 01862



## 環境、社會 及管治報告

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

\* 僅供識別 For identification purpose only







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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Looking forward, Jingrui will continue to upgrade its customization system centering on its “customer insights” strategy, accelerate the launch of the customized products and expand the coverage. At the same time, Jingrui will take the opportunity to export its product service capabilities to obtain management service fees and expand the source of profits.

Meanwhile, Jingrui will also continue its efforts to enhance the value of its services. On the one hand, we will strive to diversify our sources of income with profits from investment, management fee income and operating income from our self-owned properties and thus maximize the return to our investors with high premium. On the other hand, we will expedite our transformation into an operator with high valuation and achieve sustainable development of the Company through the development of the five major business platforms. Given our quality products and services, high-efficiency business models and excellent business performance, we expect to be recognised by customers, shareholders, investors, industry and the society, and ultimately realise the corporate value of Jingrui.

**Yan Hao**  
**Chen Xin Ge**  
*Co-chairmen*

## Concept and principle of the report

This report is the fourth Environmental, Social and Governance Report (the “**Report**”) issued by Jingrui Holdings Limited (Stock Code: 01862) (the “**Company**” or “**Jingrui**”) and its subsidiaries (the “**Group**” or “**We**”). The purpose of this report is to disclose the various measures we took and performances we achieved in the past year in terms of environment, society and governance, and allow individual stakeholders to fully understand our performance and development direction on various key issues and make evaluation and feedback on that.

The Group’s projects are mainly located in all municipalities of China and the first- and second-tier core cities in the Yangtze River Delta, with a total of 103 projects being operated in 19 cities. Due to the differences in the location, nature, scale and progress of the projects, we need to select part of suitable projects as the basis for environmental data disclosure to make it comparable. Because the Changzhou project selected last year is still in progress, this Report continues to, as last year, select the Changzhou project and the general office as the coverage of environmental data disclosure. And the remaining policies and measures of other areas are consistent with the coverage of the annual report. Regarding the period covered, this Report is also consistent with the annual report, disclosing the performance of the Group on different key issues from 1 January 2019 to 31 December 2019.

This Report is prepared under the Environmental, Social and Governance Reporting Guide (the “**Guide**”) stated in the Appendix 27 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). At the same time, in accordance with the recommendations of the Summary on Environmental, Social and Governance Report Guidelines and Consultation published by the Stock Exchange in December 2019, the Group added a chapter of the Statement of the Board to strive for improvement in disclosure, and show that the board of directors of the Group attaches importance to the sustainable development.

To reduce paper usage, this Report is published electronically on the Company’s website and the Stock Exchange’s website and no printed copies are provided. All contents hereof are from the Group’s official documents including internal records, fillings and receipts, etc. Prior to the publication of this Report, the contents have also been formally reviewed and approved by the board (the “**Board**”) of directors (the “**Directors**”) of the Company to ensure that the contents are correct. Should you have any feedback on this Report, please let us know through the contacts below to help us improve our policies in relation to sustainability:

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About the Group

As a Chinese residential property developer, asset management operator and professional service provider deeply rooted in Shanghai, through its five business platforms, the Group engages in real estate development, construction and renovation, urban renewal, asset management, commercial operations and property management, and is committed to becoming the “pioneer in asset management with the best knowledge in both architecture and lifestyle” in China. Our products are designed for first-time buyers and customers who are buying houses to improve existing living conditions, because we believed that these customers currently account for the vast majority of all property buyers in China.

We have always put customer first, based on which we have created Design to Value (“DTV”). In the past few years, we have developed one-stop product solutions to develop high-quality residential properties, and provided systematic professional services, tailor-made customized services for customers, to ensure that all customers’ needs can be met. In addition, we also paid much attention to technological innovation, hoping to add new value to each link of real estate development, to create a new business model for the Group, therefore comprehensively enhancing our overall competitiveness.

Jingrui Holdings (1862.hk)				
Yan Capital Management	Jingrui Properties	Joyride Apartment	Carry Capital	Co-Fortune Capital
Focuses on real estate fund raising activities and asset management and manages to finish a transition from real estate debt fund to equity fund	Focuses on property development in four metropolitan areas in China and is committed to providing customized life products and services based on the strategy of “customer insights”	Focuses on urban renewal and provides operating management services covering apartment development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen as well as core second-tier cities	Focuses on urban renewal and provides operating management services covering office development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen	Focuses on investment in real estate ecological cycle, and enhancing products and serving capabilities by leveraging on its capital to stimulate its real estate development business

The Group’s business platforms have been reorganized as follows after optimization and adjustment in March 2020:

Yan Capital Management	Jingrui Properties	Jingrui Capital	Jingrui Service	Co-Fortune Capital
Focuses on real estate fund raising activities and asset management and manages to finish a transition from real estate debt fund to equity fund	Focuses on property development in four metropolitan areas in China and is committed to providing customized life products and services based on the strategy of “customer insights”	Focuses on urban renewal and provides operating management services covering apartment and office building development, holding and leasing in the first-tier cities such as Shanghai, Beijing and Shenzhen as well as core second-tier cities	With the development goal of being a “promoter of ideal life in Chinese cities”, it provides high-quality property services for various properties such as commercial plazas and high-end apartments	Focuses on investment in real estate ecological cycle, and enhancing products and serving capabilities by leveraging on its capital to stimulate its real estate development business

<b>Operating policy:</b>	In line with the national development strategy, the Group continues to focus on the first- and second-tier core cities and metropolitan areas, and develops and operates real estate projects with relatively high margins and stable investment returns
<b>Ways to acquire land:</b>	Diversified methods such as public bidding, auction and listing, equity transfer, transaction agreement and court auction
<b>Annual contracted sales:</b>	Approximately RMB25.159 billion, roughly the same as last year
<b>Contracted sales area:</b>	Approximately 1,208,504 square meters

In 2019, the Group acquired a total of 10 projects in Shanghai, Hangzhou, Suzhou, Tianjin and other core cities with a total investment amount of approximately RMB8.58 billion, and a total product value of approximately RMB18.08 billion. Of which, 99.4% of the projects are acquired through public bidding, auction and listing, laying a solid foundation for the Group's long-term development and expansion plans. During the year, the Group operated a total of 103 projects in 19 cities across the country. As of 31 December 2019, the Group's land bank was approximately 4.708 million square meters, which could meet its sustainable development need in the coming 2-3 years.

During the year, we continued to transform from a developer to a highly valued operator. We hoped that under the synergy of the five business platforms, we could meet the increasing demands of customers by providing targeted and personalized services so as to increase customer loyalty. Confronting uncertain industry prospects, the Group expects to provide differentiated services and products to consolidate its unique market position, increase market awareness, and reduce the risk of relying on a single real estate development business, thus strengthening the overall sustainability of its business.

## Statement of the Board

The board of directors of the Group has made sustainable development as an integral part of strategy formulation. At the same time, through dialogue and opinions collection, we have identified key issues related to various environmental, social and governance matters, and supervised the monitoring and management of these issues. The Board also confirms that it has reviewed the contents hereof and will bear the ultimate responsibility for this Report. If you have any questions about the content hereof, please feel free to give us feedback. The Board will ensure that your relevant issues will be dealt with appropriately.

## Chairman's statement

2019 is a year full of changes, with many ups and downs in the global business environment, such as the trade friction between China and the US and Brexit. Also, with changes in social structure and the replacement of the real estate cycle, various challenges stood in the way of global economic development. However, the Chinese government's "three stable" (steady land prices, stable house prices, stable expectations) policy led to the steady development of China's real estate market along the external vicissitudes, with sales approaching RMB16 trillion. At the same time, it is these market changes and risks that make the Group more aware of the importance of having a comprehensive and effective mechanism, which has promoted our execution efficiency and communication model and enhanced our ability to continue developing.

This Report is our fourth Environmental, Social and Governance Report and the fourth year that we have fully followed the guidelines of the Stock Exchange to review the Group's environmental, social and governance policies and measures in order to ensure that our mechanism is effective in coping with various changes and risks. In this Report, the Group further disclosed our various initiatives and performances in green building, green management, employee training and social investment in response to the doubts and concerns of stakeholders. In addition, we also disclosed the latest development of upgrading and transforming during the year, hoping to improve the Group's operating standards by optimizing its usual model, and at the same time, work hard to promote industry reforms to make this land more comfortable to live.

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Stepping into 2020, influenced by the coronavirus pandemic (COVID-19), we can foresee that the future market development will still be full of unstable factors, and the operating environment may continue to fluctuate. However, we believe that there's still much room for China's urbanization to develop compared with developed economic entities. In other words, the development of the real estate industry still has great potential. At the same time, the Group understands that the key to successfully achieving the sustainable development goals lies in the management's close attention to it, so that the Group can identify potential risks before other peers, prevent them from happening, and seize opportunities to turn crises into opportunities.

Therefore, we have done a lot of work in identifying the future development priorities of the market. Upon that, we adhered to the development layout of first- and second-tier core cities and metropolitan areas, and met customer needs with "customized" product strategies. Meanwhile, we catered to market demands and created satisfactory returns for investors by improving product quality through urban renewal and refined operations. We hoped to, after meeting the needs of various stakeholders, improve the Group's shortcomings, comprehensively enhance the Group's quality of governance and development potential, and make Jingrui "pioneer in asset management with the best knowledge in both architecture and lifestyle".

## Report on the assessment of key issues and stakeholder communication







Jingrui understands that the promotion of sustainable development is a long-term and sustained plan so that it must constantly absorb new ideas and evolve in the process to adapt to the constantly-changing external environment. Therefore, we have been in close communication with individual stakeholders, in hope of improving the sustainable development strategy of the Group by responding to their concerns, and thus creating longer-term value and win-win future for stakeholders while ensuring that the Group is on the right developmental track.

During the year, the Group communicated with stakeholders in a variety of ways to collect their opinions and questions which had been reported to the management, and adopted those feasible to improve daily operating performance.



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Details of communication with stakeholders during the year are as follows:

Stakeholders	Relevant Events	Frequency
Investors 	Investor Meetings	Held 230 meetings throughout the year Maintained effective daily communication with equity and debenture investors, and enhanced the maintenance and management of investor relation through 1-on-1 or group investor meetings
	Post-result Roadshow	Once every year Conduct road shows every year after the release of the previous year's results to ensure that investors and analysts can correctly interpret the Company's performance and latest developments, thus at the same time enhancing the Company's exposure in the capital market
Employees 	Talks With Employees	Held irregularly throughout the year Through the active communication between department heads and employees to understand the opinions of employees and improve existing measures
	Care For Employees	City companies organized various festival celebrations or caring activities for employees at various festivals or from time to time according to their actual conditions, so as to establish a good corporate culture, and enhance the morale and sense of belonging of employees
	Operators Conferences 2019	The Company held two operator conferences on 26 January and 20 July 2019, aiming to stir up the morale of the Company's management personnel while promoting their understanding of the Company's policies and development direction
Shareholders 	Annual general meeting	An annual general meeting was held in Shanghai on 7 May 2019
Consumers 	Third-party Satisfaction Survey	Once a month
	Complaint Hotline	Each subsidiary has set up a hotline for complaint and consultation throughout the year
Suppliers 	The Group's Chinese New Year Feast	Held every 1-2 years
	The Group's Strategic Partners Forum	Once every half a year
	City-level Supplier Conference	Held annually according to the actual situation of the city company
	Regular Seminars With Suppliers	Once every quarter
Media 	Interview With Senior Management	A total of 29 times throughout the year, according to the actual needs of the Company; irregular interviews with various media to maintain market exposure
	Brand Conferences	A total of 5 brand activities including "Rejuvenation Celebration of Jingrui Zhangjiang Center and Maglink Program Release Conference" were held throughout the year

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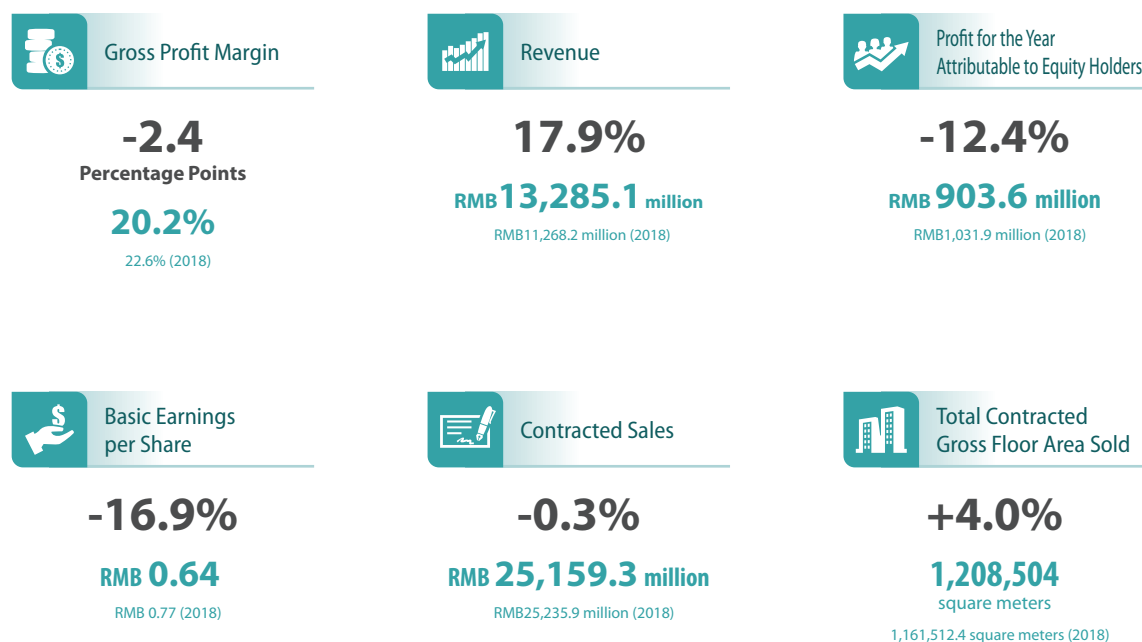
Through effective communication with stakeholders and internal discussions, the Company has sorted out a series of key issues and will follow the “importance” principle of the Guide in Appendix 27 to the Listing Rules of the Stock Exchange. On the basis of meeting the requirements of the disclosure guidelines, in-depth disclosure on the following issues is made in response to the expectations of stakeholders.

- Economic performance
- Disposal of waste
- Product quality
- Protect customer privacy
- Staff benefits and training
- Prevent corruption, bribery, extortion and fraud
- Guarantee customer health and safety
- Selection and use of building materials
- Employee health and safety
- Supply chain management

## Performance for the year of 2019

### Figures overview

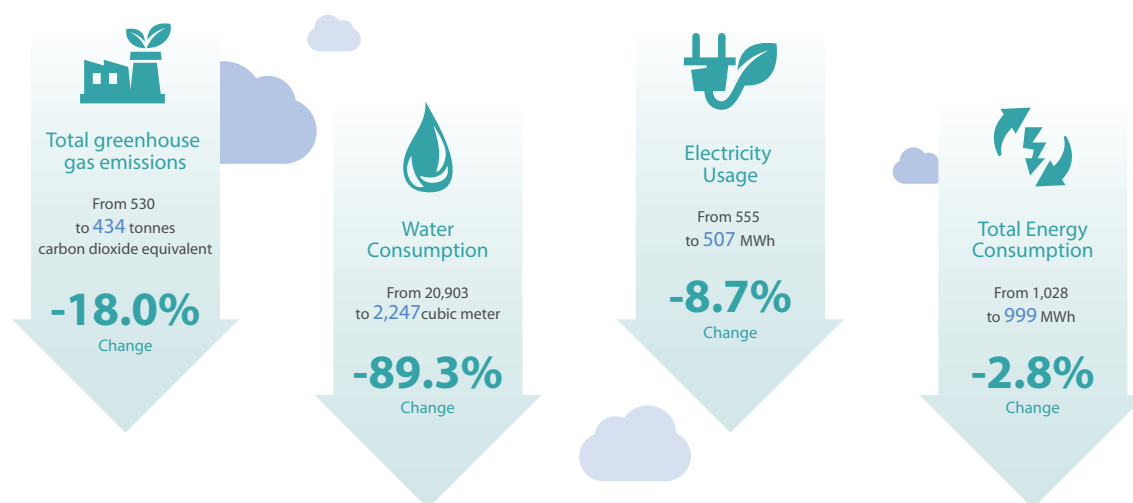
#### Key financial indicators



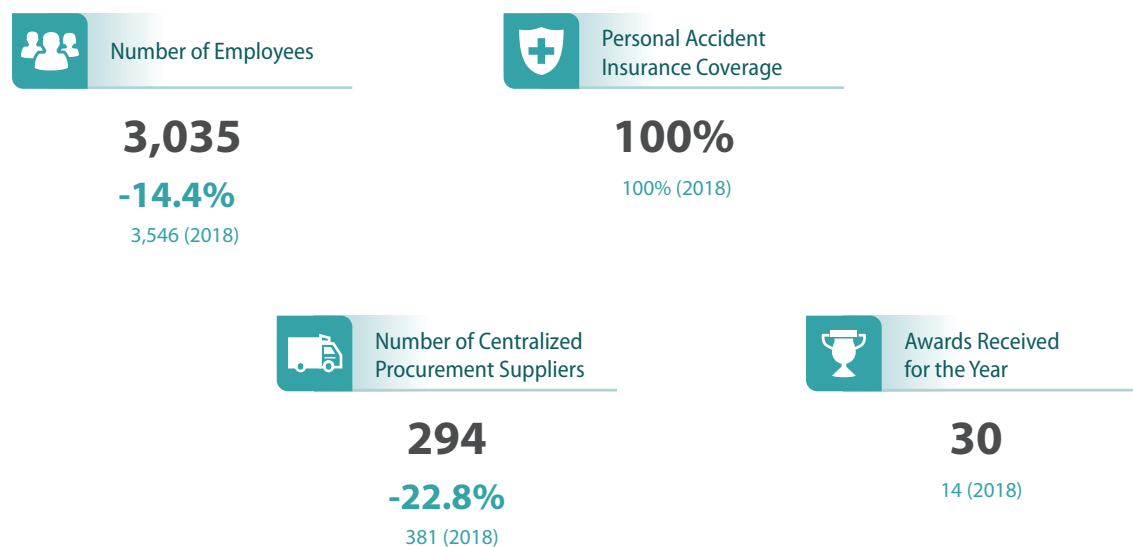


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## Environmental data



## Social and governance data



<sup>1</sup> The environmental figures only include the relevant figures of the Changzhou Project and general office.

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## List of awards and achievements

Date	Awarding organization	Award
2019/05/14	MSCI	Incorporated into the MSCI index
2019/05/23	China Real Estate Association	Four honors including the top 50 in comprehensive ability of listed companies
	Co-sponsored by China Real Estate Association, China Property Management Association, Shanghai Yiju Real Estate Research Institute and China Real Estate Evaluation Center	Potential Unicorn Company in Property Service 2019
	China Index Academy- TOP10 Research Group of China Real Estate	TOP10 Wealth Creation Capability of Chinese Real Estate Companies listed in Hong Kong 2019
		TOP10 investment value of Chinese Real Estate Companies listed in Hong Kong 2019
		Top 100 Real Estate Companies in China 2019
		China Top 100 Real Estate Companies-TOP10 in Financing Capability 2019
		Top 100 Real Estate Companies in China-TOP10 in Operational Efficiency 2019
2019/05/24	Shanghai Yiju Real Estate Research Institute	TOP10 in brand value of real estate companies in China's Yangtze River Delta region 2019
		Top 50 in Comprehensive Strength of Chinese Real Estate Listed Companies 2019
2019/05/31	Gelonghui	Top 5 in Operating Performance of China Real Estate Listed Companies 2019
		Best Information Disclosure Award for Companies Listed in Hong Kong
2019/06/20	RPMRI	Top 50 in Brand Value of Property Service Enterprise 2019
2019/07/24	Shanghai Property Management Industry Association	TOP10 of Shanghai Top 100 Comprehensive Property Service Enterprises 2019
2019/08/07	Guandian.cn (New Media)	TOP30 in Annual Investment Value of Real Estate Enterprise in China 2019

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Date	Awarding organization	Award
2019/08/06-09	Boao Real Estate Forum	China Real Estate Fashion Awards-Top 30 Chinese Real Estate Companies in Investment Value of the Year 2019
2019/08/22	Leju Financial Research Institute	Special Award for Wonderful City Wonderful Home 2019
2019/11/22	China Real Estate Asset Management Summit	Carry Capital won the Golden Institution Award of the New Asset Management Jia Zhijie, President of Carry Capital, won the "Award for New Asset Management"
	Sponsored by The Times Media, undertaken by The Times Weekly and The Times Finance	Brand Value Communication Award 2019
	Urban Renewal Forum	Carry Capital was awarded the "City Renewal Achievement Award"
2019/11/08	Fangdongdong.cn, the first self-media platform in the Chinese apartment industry	Joyride Apartment won the "Most Influential Brand Award 2019"
2019/11/26	Hosted by am730, PR ASIA and Finance.ifeng.com	Outstanding Listed Company Award
2019/11/22	Beijing Lindianyoushu Technology Co., Ltd.	The 9th Jinling Award for China Big Data Application in 2019
2019/12/12	Co-sponsored by Leju Finance, Sina Finance, Chinese Entrepreneurs, Fanchan.com and CPMRI	Tao Min, Chairman and General Manager of Jingrui Properties, was awarded the "2019 China Top Ten CEO of the Year in Property Management"
2019/12/26	Jones Lang LaSalle	Yan Capital Management, was listed among the "Top 10 China Real Estate Private Equity Fund in Asset Management Scale" for the first time
	Guided by China Science and Technology Consulting Association, Wu Wenjun Artificial Intelligence Science and Technology Award Selection Base of China Artificial Intelligence Association, Science and Technology Committee of Shanghai Minhang District, supported by China National Institute of Standardization	"Customer Insights System" won "Data Product Award"
2020/01	China Internet News Center · House.China.com.cn	China Real Estate Annual Honor List-Sound Operating Companies 2019

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environment

### *Cherish environmental resources*

Energy shortage and environmental degradation have become two major issues facing humanity today, and among factors that harm the environment, architecture is considered to be the main resource consumption and pollution source of the world. In the third report issued by the United Nations Intergovernmental Panel on Climate Change, seven major areas of energy consumption are listed, of which 3 areas that consumes most energy are industry, transportation and construction. According to statistics from the Ministry of Housing and Urban-Rural Development of China, more than 40% of energy consumption and 21% of greenhouse gas emissions worldwide originate from the construction industry.

Therefore, as an enterprise that strives to become the “pioneer in asset management with the best knowledge in both architecture and lifestyle” in China, we have explored a sustainable development model of the construction industry with an aim to promote the industry’s attention to green building and build an industry ecology with sustainable development capabilities, while expanding itself.

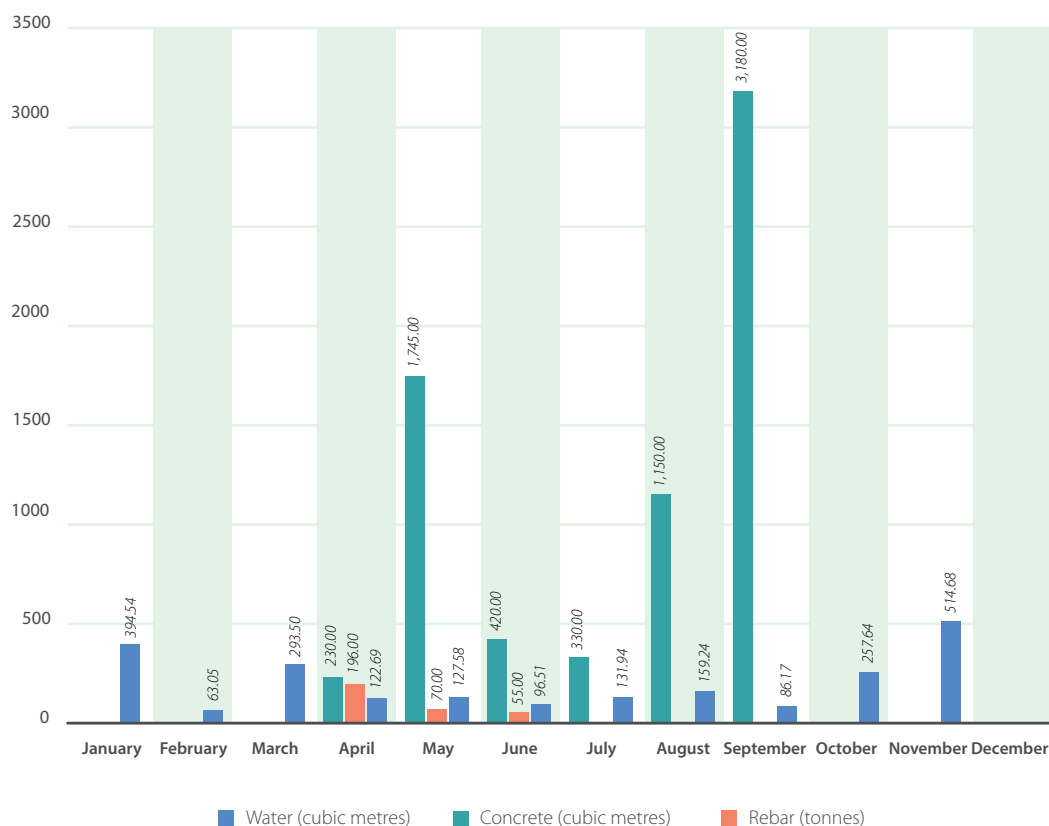
During the year, we endeavored to increase the Group’s participation in green building, while continuing to optimize our business operations in a civilized and green way, in order to reduce the pressure from business operations on the environment and to be a company that shoulders social corporate responsibilities.

### *Overview of environmental data*

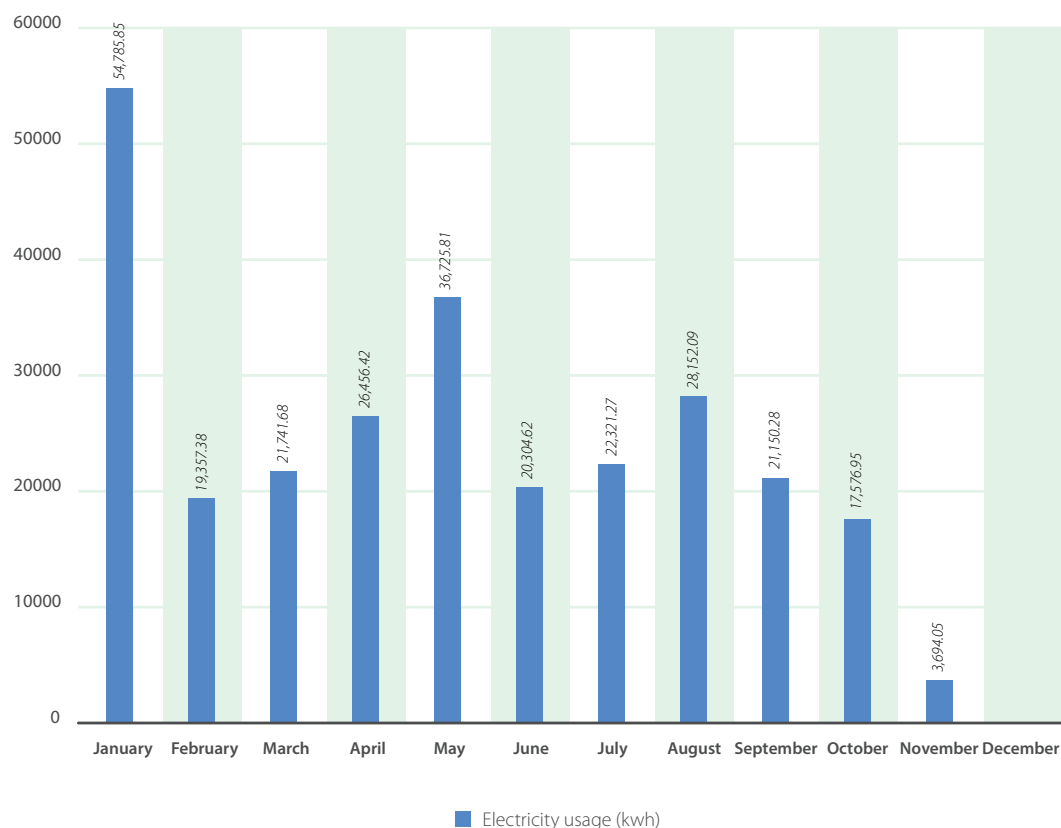
	2019	2018	Change
Total greenhouse gas emissions	434 tonnes of carbon dioxide equivalent	530 tonnes of carbon dioxide equivalent	-18.0%
Scope 1	125 tonnes of carbon dioxide equivalent	120 tonnes of carbon dioxide equivalent	4.1%
Scope 2	309 tonnes of carbon dioxide equivalent	410 tonnes of carbon dioxide equivalent	-24.5%
Greenhouse gas emission density	0.0036 tonnes of carbon dioxide equivalent/square meter	0.0044 tonnes of carbon dioxide equivalent/square meter	-18.0%
Electricity usage	507MWh	555MWh	-8.7%
Gasoline usage	1,771 Gigajoule	1,701 Gigajoule	4.1%
Total energy consumption	999MWh	1,028MWh	-2.8%
Energy consumption density	0.0082MWh/square meter	0.0085MWh/square meter	-2.8%
Water consumption	2,247 cubic meters	20,903 cubic meters	-89.3%
Water consumption density	0.02 cubic meter/square meter	0.18 cubic meter/square meter	-89.3%
Amount of pollutants produced			
Nitrogen oxides	5.8 kg	5.6 kg	2.6%
Sulfur oxides	4.1 kg	3.9 kg	4.1%
Suspended particles	0.9 kg	0.9 kg	5.8%



Resources used by the Changzhou project:



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According to data, the resources used by the Changzhou project this year are much fewer than last year, mainly because this project has gradually entered the completion stage, which requires fewer resources than the main construction in previous stage. As a result, the use of concrete and steel bars was very low, and the use of electricity gradually declined.

Overall, the Group's total greenhouse gas emissions during the year fell by 18% compared to last year, mainly due to the significant reduction in Scope 2's greenhouse gas emissions, which was a result of the reduction in project electricity consumption. As for water consumption, since the Changzhou project has been close to completion in 2019, with few processes requiring water. Therefore, the water consumption for this year has decreased by nearly 90% compared with last year.

Total amount of non-hazardous wastes produced:

	2019	2018	Change
Total amount of non-hazardous wastes	700 tonnes	3,995 tonnes	-82.5%
Density of non-hazardous wastes (calculated by gross floor area)	0.006 tonnes/square meter	0.034 tonnes/square meter	

Most of the Group's hazardous and non-hazardous wastes are construction wastes, such as wood, cement, stones and small amounts of chemicals. The number of non-hazardous waste this year has decreased by 82.5% compared with last year, mainly because this project has entered the completion stage, all the processes that would generate a large amount of construction waste have been completed. Therefore, the overall construction waste generated has dropped significantly by more than 80%. In terms of hazardous waste, the Group has not been able to obtain relevant data due to the low output and that we have entrusted contractors to deal with. We promise to share data with contractors as soon as possible, and disclose relevant data in future reports.

## ***Environmental protection measures***

The Group has paid attention to the impact of business operations on the environment, and strived to conserve resources while meeting the needs of consumers. In the future, it will gradually increase the proportion of green building projects to improve the living environment and quality of the people. In terms of laws and regulations, we have fully complied with the provisions of the Environmental Protection Law of the People's Republic of China to ensure that all projects have undergone environmental impact assessment before starting construction, and provided environmental impact reports to relevant departments to clearly explain the potential pollution, countermeasures to be taken, effectiveness of measures and sanitary construction requirements, etc. relating to construction projects.

During the year, in order to make living environment more comfortable, we adopted various green measures, which can be mainly divided into three parts: increasing the number of green building projects, civilized construction site and green operation management, with detailed contents listed as follows:

- Green building

### *Selection of environmentally friendly materials and technologies*

In each project, we tried to use environment-friendly and energy-saving materials, such as fly ash and prefabricated piles, to reduce related energy consumption and carbon emission. In addition, we also tried our best to industrialize interior decoration as much as possible and promote the application of precast concrete technology to further reduce overall carbon emissions. Of course, we also promoted the use of such materials, clean energy technologies, finished assembly components and other low-emission products or technologies in all respects, so that our construction projects could be built as environment-friendly as possible. In the construction, we used all-steel climbing frames made of aluminum mold instead of wood, therefore reducing the use of high-loss materials such as wood.

### *Increase the number of green building projects*

During the year, the Company undertook the largest urban renewal project in Shanghai in recent years, "MagLink" (formerly known as Lufa Plaza), which added value to buildings in one of the most crowded areas in Shanghai. After due investigation and research, Carry Capital developed this project into an annual key green building project, and successfully promoted the platinum certification of Leadership in Energy and Environmental Design ("LEED") and American green Parksmart's silver pre-certification for business certification companies. Among them, Parksmart's silver pre-certification is currently the first in China.

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LEED is a green building scoring certification system established by the American Green Building Association in 2000 to assess whether the building performance can meet the principles of sustainable development. LEED certification is mainly divided into four levels: platinum, gold, silver and certification. Among them, the platinum level is the highest, and only 5% of participating projects in the world can achieve that. As for Parksmart, it is currently the only evaluation system in the world dedicated to improving sustainable green parking facilities and is managed exclusively by Green Business Certification, Inc. (GBCI).

In addition, the Group's fourth tender section of Phase 2 of Jade Bay in Taicang City, Jiangsu Province has obtained the one-star green building certificate of Green Building Evaluation Standards (GB50378-2014), and the Changshu Yuyue Project is also undergoing a two-star green certification.

In order to further enhance employees' awareness and understanding of green certification, we specially invited professional engineering consultants to provide training to employees on the theme of "International Green Building Standards Helping the Appreciation of Property Assets" to fully strengthen the Company's emphasis on green building.

## *Green interior decoration and project renovation*

The Company advocated implementing industrialization of interior decoration as much as possible in each project to ensure that decibels of noise in part of construction units were not higher than 57, all construction units are zero-formaldehyde after comprehensive indoor purification, and energy-saving and electricity-saving effects could be achieved in the interior decoration process.

In addition, the Company will properly renovate the project according to customer needs, so that all changes and renovations are highly targeted to avoid "standard copying", reduce unnecessary public area reconstruction, and finally reduce emissions.

- Green operation management:

## *Strengthen the green management of offices*

In order to control electricity consumption and at the same time achieve the effect of energy saving and emission reduction, we have established a complete inspection mechanism to ensure that the lighting and air conditioning in each area of the property are properly used, and unused electrical appliances are turned off, thereby reducing electricity consumption.

In order to enhance the overall effect of reducing emissions, the Company put forward the "five one" initiative, including saving every "one" sheet of paper, reducing the use of "one-time" tableware, turning off the lights for "one" hour at noon, and increasing "one" centigrade when using the air conditioning and driving "one" fewer day a week. In addition, the Company published the Convention on Office Civilization to call for energy saving and emission reduction for all employees, and also launched an "energy saving and emission reduction" publicity activities, and posted energy-saving and paper-saving signs throughout the Company to remind employees to save energy. At the same time, we reduced resource waste through modifying printer settings and air conditioning control.

## *Promote the concept of green life among clients*

In terms of initiatives targeted at clients, the Company had launched a plan to share household appliances and opened a "shared market" to encourage tenants to share small appliances and furniture. Through the use of online applications, employees and tenants can upload idle items in the "shared market" section to allow these items to be reused so as to maximize their use. In the three months since the start of this activity, 37 items have been put on sale in stores in 3 cities.



In addition to replacing all trash bins with classified trash bins, the Company also carried out trash classification publicity activities, including a series of trash classification seminars and small games for fun to ensure that residents are fully aware of the trash classification requirements and can strictly implement the classification standards.

## *Improve green operations on site*

In addition to construction principles and site management, the Company has also implemented various measures in its daily operations to ensure that water, electricity and energy consumption are effectively regulated in order to fully implement the Group's environmental policies. The contents of the measures were basically as follows:

### – Water saving measures:

1. Set up separate water meters for measurement in construction, living and firefighting areas, and collect statistics and make analysis of water consumption data by stage;
2. Extensive use of water-saving products; and
3. Strengthened the daily repair and maintenance of water-using equipment to prevent dripping, popping, and leakage

### – Energy saving measures:

1. Kept the original building materials in their original form as much as possible in the process of building and renovation to reduce the production of building wastes. If there was a need to demolish certain building parts, the integrity of the building would be taken into account as much as possible, so that the parts demolished could be reused;

2. In terms of material procurement, we have strived to accurately calculate the amount of consumption to avoid waste caused by excessive procurement;

3. Planned the material stacking reasonably to avoid second-time transportation and reduce the carbon emissions due to the use of transportation tools;

4. Machinery has been reasonably equipped according to the actual needs of the project to avoid idle machinery and achieve less waste of resources; and

5. If there is excess material purchase or dismantling materials, they would be sold or donated to the third party

### – Power saving measures:

1. Use electrical equipment with low power as much as possible as long as the equipment can meet the needs of construction;
2. During the construction, we have tried our best to use energy-saving lamps with high brightness but low power consumption;
3. Ensured separate power supply for construction, office and living areas and separate measurement for these areas, so as to ensure that all electricity records were clear and accurate; and
4. Strictly supervised the use of high-power equipment, and shut them down immediately after construction

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## • Civilized construction sites

During the year, we have always ensured that the construction site was continuously sprayed with dust-proof sprays. At the same time, a car wash tank was set up on the site to reduce air pollution caused by flying dust, avoid affecting the surrounding environment, and reduce the impact on nearby residents.

In terms of site management, in order to ensure the quality of environmental management during construction, we have formulated a series of civilized site guidelines to ensure that our site meets high standards in space management, noise control, air quality and soil erosion. The contents of the guidelines were basically as follows:

- Strengthen the cleaning of construction area, office area and living area
- Strengthen the transportation management of garbage, sand and gravel and other materials to avoid them to be spread, leaked, and fly
- Strengthen the management of material stacking in open air
- Strengthen anti-noise control measures
- Do a good job in controlling soil erosion
- Do a good job in air quality control

## Governance

### *Cherish employee contributions*

In a business environment full of uncertainty, we need to rely more on the employees of the Group to work as one to create greater benefits for the Group. Therefore, the Group has always regarded the employment relationship as the most important part of the governance, and hoped that by creating a fair, safe, respectful and inclusive working environment for employees, it would give employees benefit package they deserve while shouldering its responsibility as an employer.

## Employee-related data



The total number of employees of the Group:

**3,035** employees

3,546 (2018) -14.41%

### By gender



Males:

**1,744**

2,188 (2018)

-20.29%



Females:

**1,291**

1,358 (2018)

-4.93%

### By age



### By race



### Overall turnover rate

**-6.63**

percentage points

2019

**41.00%**

2018

**47.63%**

As of 31 December 2019, the total number of employees of the Company was 3,035, and about 95% were full-time employees, of which 1,000 employees were engaged in real estate development business, 1,829 employees in property management, 206 employees in customer service and other related business. The employee turnover rate in the past year was 41.00%.

Employee related policies:

## *Group Recruitment Practices and Employment System*

The Group has been recruiting and promoting employees in a fair, just and open way. In addition to complying with the Labor Law and Labor Contract Law, we have formulated a comprehensive employee management system that clearly indicates that the Group shall not consider external factors such as age, nationality, race, belief, sexual orientation, gender, or marital status when recruiting and promoting employees, and should also ensure that no child labor or forced labor is recruited.

After passing recruitment process, the Group will sign labor contracts with all employees and specify the employees' rights and interests, such as working hours, vacation, social insurance and provident fund, to protect the rights of both parties. We will also purchase "five insurances and one fund" (pension, unemployment insurance, medical insurance, maternity insurance, injury insurance and housing provident fund) for all qualified employees as required by law. At the same time, we will endeavor to safeguard the rights of employees, including choosing occupations, obtaining labor compensation, safety and health protection, rest, social insurance benefits and receiving functional training, etc., to protect the interests of employees.

In order to avoid the employment of child labor and forced labor, we will use various administrative measures, including conducting background checks on employees to ensure that the information reported by the employees is true. If there is any employee who violates the Group recruitment system, we will immediately suspend his or her work according to the established mechanism and report to the relevant department for filling.

In terms of vocation, the Group has formulated a System on Vacation which clearly sets out the employees' given holidays, holiday definitions and procedures of asking for leave, etc., to unify the Group-wide arrangements and avoid confusion. At the same time, we also create various special holidays for female employees, such as maternity leave, breastfeeding leave and annual gynecological examination, etc., to encourage more women to enter the workplace. For pregnant employees, we provide 98 days of maternity leave and 30 days of childbirth leave, while providing 10 days of paternity leave to the partners of pregnant employees to encourage employees to assume family responsibilities.

If any employee resigns, we will abide by the Company's Employee Management System to promise to pay wages and resignation compensation to relevant employees on time.

During the year, the Group did not receive any reported violations cases concerning employment.

## *Effective salary and benefit adjustment mechanism*

We believe that employees' contributions should be reasonably rewarded, so we have designed an annual evaluation system to assess their performance and determine their salary increments, bonuses, and promotions based on the employees' qualifications, experience, positions and qualifications. This evaluation system will refer to the "City Wage Difference Coefficient" and the internal "Nine-box Grid Grade" assessment to ensure that employees' salaries are in line with the industry standards of the regional market in which they are located, and at the same time ensure that employees' efforts and contributions are rewarded accordingly. After determining the remuneration of employees, the Group will also refer to the relevant salary survey of the real estate industry published by well-known consulting companies to make corresponding adjustments, so as to be in line with industry standards.

We believe that the salaries and benefits of our employees have a competitive advantage compared to market standards in the regions where we operate.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Protect the health and safety of employees*

The safety and health of employees have always been a part of our attention. Therefore, the Group has established a complete safety control and monitoring mechanism, under which the Human Resources Administration Centre is responsible for the overall planning of compliance assessments of laws, regulations, the safety management of dangerous areas to promote the Company's work on occupational safety and health, and the guidance and supervision of such work. In terms of external consultants, the Group hired technical consulting organizations for external environment and occupational health and safety management systems to provide professional recommendations to the Group in this regard.

In order to implement the relevant recommendations, all the subsidiaries of the Group have set up safety production committees to ensure that all occupational safety and health work is carried out smoothly. At the same time, by establishing a special safety working group, we can regularly carry out special safety inspections, so as to improve the safety of the Company's construction site. To monitor the effectiveness of the implementation of the policy, each subsidiary will regularly report to the headquarters on the progresses of various occupational safety and health tasks. Upon conducting a summary analysis, the headquarters will be able to draw practical improvement suggestions.

In terms of accident prevention, the Group will conduct an investigation on each security incident. Through a summary analysis, we understand the cause of the incident, and then ensure that the loopholes are blocked to prevent similar incidents from happening again, so as to gradually reduce potential risks.

In terms of safety training, the Group has been actively organizing safety management personnel to participate in training in order to improve the safety awareness and literacy of all employees. It is hoped that by enhancing the safety awareness and knowledge of employees, the number of work-related and industrial accidents can be reduced. For example, during the year, the Hangzhou company of the Group carried out 19 safety operation trainings, with a total of more than 150 participants. In addition, in terms of site facilities, a pantry and rest

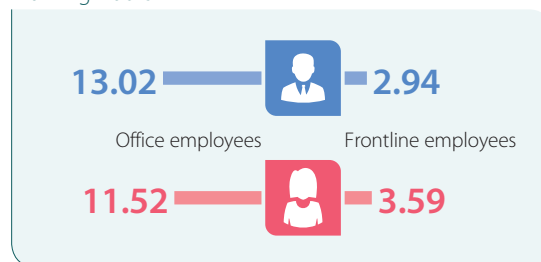
room are set up on site to enabling workers a rest place during construction to avoid injury arising from overwork.

During the year, a total of 9 employees of the Group were injured due to work related reasons, of which 8 were frontline employees, and there were no work-related deaths. The total number of working days lost due to such injuries is 525.

## *Strengthen employees' abilities*

During the year, the Group continued to provide training courses for its employees. The training hours per employee in the office and on the frontline were as follows:

### Training hours



In terms of percentage of employees receiving training by rank category, the percentage of all full-time and management personnel reached more than 90%, while the percentage of the middle and senior management reaching 100%. As for frontline employees, the percentage of male was 89%, the same with female.

In terms of training content, we formulated systematic training plans for employees based on their positions and professional knowledge. For example, for members of the management team, the training program would focus on improving their management and leadership skills. We also tailored training programs for marketing and sales personnel to improve their sales capabilities. In addition to internal training, we also hire external experts or fund employees for further training from time to time. As for new employees, according to the Guidelines for Mentoring Arrangements, apart from Group culture and job training introduction through one-on-one instructors, they will also be provided with employee rights training to reduce the risk of violations with regard to employment.



- Examples of training content

## *Internal expertise sharing*

By organizing "Lecture Hall", the Group invited cadres from multiple internal departments to provide employees with professional post knowledge and skills sharing, to enhance their work skills and performance.

In addition, the Group's Joyride Apartment has set up the Joyride College to allow employees to bring their various talents into play. Activities held include 17 times of training and sharing, a total of 50 times of team building, 2 times of cultural practice and 45 times of inter and intra-departmental team building, etc.

## *External professional sharing and training*

During the year, the Group's Human Resources Administration Department specially invited tax professional instructors to train all staff on the focus of tax during project acquisition and operation to increase employees' understanding of tax related matters. This course was organized from four aspects: innovative financing methods, tax-related matters in financing, project operations and tax-related thinking in mergers and acquisitions, to ensure employees have a comprehensive understanding of project tax matters.

In addition, during the year, the Group also invited American certified SPI solution sales instructors to explain the business negotiation skills for all employees of Carry Capital, the content of which covered the basic principles of business negotiation, the timing of negotiation and methods for resolving differences, negotiation planning, negotiation implementation, and practical exercises for negotiation, comprehensively improving employees' business negotiation skills.

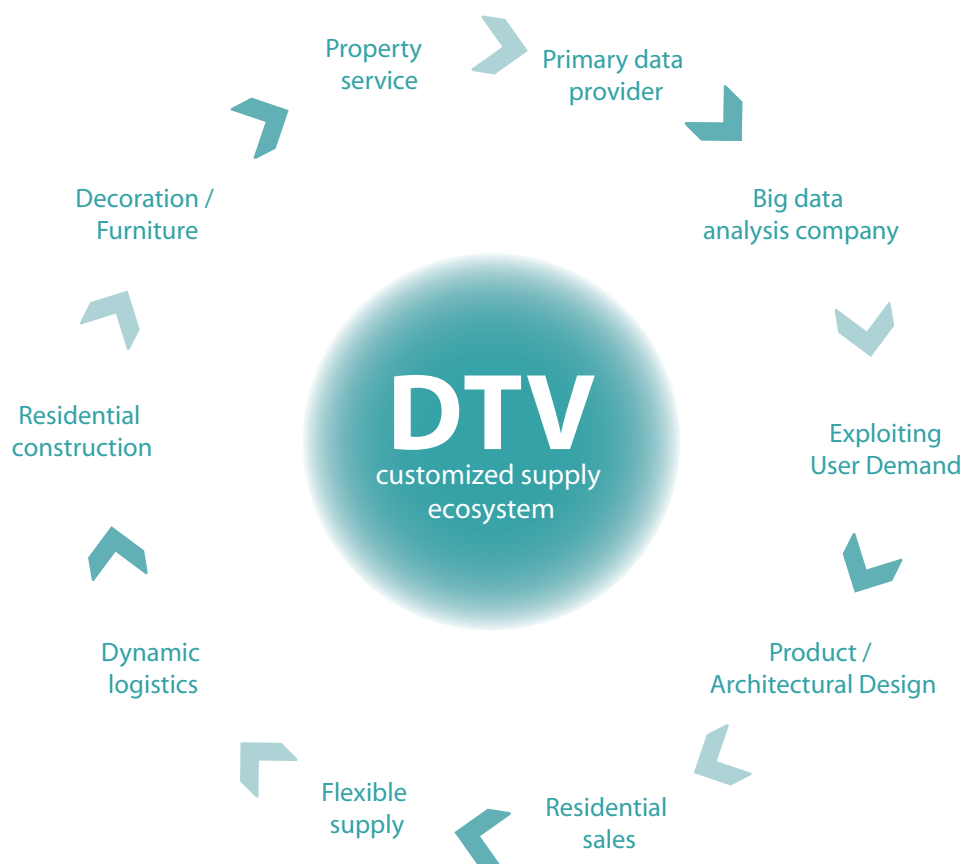
Further more, in order to increase employees' attention to and understanding of green building, the Group invited engineering consultants to train employees on "How International Green Building Standards Increase the Value of Property Assets".

## ***Effective supply chain management***

Facing the ever-changing operating environment, the Group responded to potential risks by initiating the transformation and upgrading of its business form. Since our business covers residential property development, asset management operations and professional management services, our supply chain also covers many aspects and is of complexity. Therefore, in order to ensure the stable development of the Group's business, we have established a supply chain ecosystem that can interact with customers since the past few years. During the year, we have continued to improve it according to the actual operating conditions, so as to endowing the Group the ability for sustainable development.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*Our supply ecosystem*



Last year, we introduced the platform-style DTV (Design-to-Value), a customized supply ecosystem, for the first time in the report, hoping to convert customer-related data into design concepts of product and building to provide customers with completely customized product and service solutions. Of which, the so-called flexible supply chain refers to decomposing the complex needs of customers layer by layer, and then “flexibly” combining different standardized parts according to the needs of users to meet diverse customized needs. We hope to further optimize the operation of this supply ecosystem to improve the adaptability of the Group’s products and services to customer requirements and formulate a more stable operation process.

## *Supplier practices*

Overall supplier selection principle:

1. In principle, suppliers to be selected should have same or similar qualifications, otherwise unfair comments and opinions will be made.

2. Adopt the principle of “deciding the winning bidder only in a bid”:

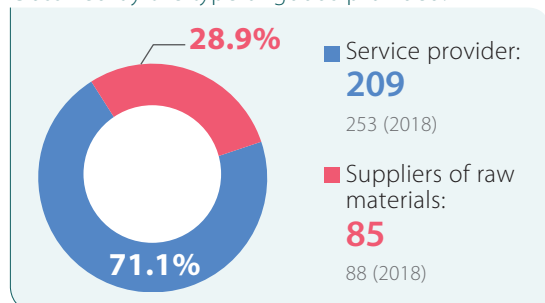
The bidders shall return their bids on time according to the time agreed in the bidding file, while the bidding team must open the bid on time and cannot do that on the other day out of any reason. In principle, all suppliers can only submit samples once in a bid, and can only adjust the sample once at most. After the opening of the bid, the bidding team shall conduct a summary analysis of the quotations of bidders and start the interview with supplier who offers the lowest price and then the supplier who offers the second lowest price and so on. As long as the confirmation price is met, the bidder concerned can directly win the bid. Unless all bids do not meet the base price requirements, otherwise, another bidding is not allowed.



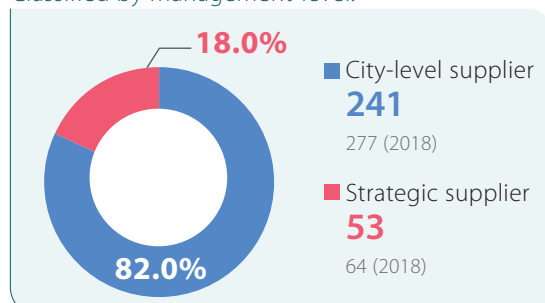
Total:  
**294**

341 (2018)

Classified by the type of goods provided:



Classified by management-level:



For different levels of suppliers, the Group also set up different processing procedures to ensure that in strict supplier management codes, appropriate adjustments can be made according to actual operating conditions.

- City-level suppliers:

City-level suppliers generally refer to suppliers that are organized and introduced by subsidiaries. In the purchase of materials, equipment, sub-projects, general contracting projects, landscape projects, decoration projects, and service consulting, etc. with an amount greater than RMB500,000, Tendering Management Process for City-level Suppliers must be complied with, which strictly forbid breaking down the project meeting unified tendering conditions into several smaller ones to circumvent the requirements of this tendering management process. If the contract amount is less than RMB500,000 for material, equipment, emergency or sporadic procurement of sub-projects, Direct Procurement Management Process should be followed.

It is only after passing the assessment of the project management department of the Group subsidiaries and the Group operation centre, the entire bidding process can be considered completed. Only city-level suppliers who have been awarded “excellent” grades for four times in a row can be upgraded to “Group strategic suppliers” through the Group’s shortlisting mechanism.

- Group strategic suppliers:

For suppliers of the Group’s bulk or general materials, equipment and decoration parts and other suppliers that have set up strategic cooperation with the Group, the Group Strategy and Collection Tender Management Process must be complied with.

1. The Group’s operation and procurement department can get the collected supplier information in the Group’s “Mingyuan Cloud Procurement Platform” and “Supplier Information Database”

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. The members of the bidding team will conduct pre-qualification assessment and suppliers must pass the selection before being selected
3. The bidding team then discusses whether to arrange for inspection according to the list of suppliers, and records it in the minutes of the bidding preparatory meeting
4. Only after passing the inspection, the supplier can enter the bidding process

After confirming the cooperative relationship, we will arrange special personnel to conduct regular on-site inspections and assessments at various aspects to monitor the actual operation of the supplier.

- What we monitor:  
  
How Party A and the general contractor cooperate with each other, on-site management capabilities, time nodes requirements and construction quality
- Supplier performance rating:  
  
Beyond expectation, first choice, acceptable, limited use and unacceptable

During the year-end evaluation, if the supplier fails to meet one or more of the requirements, its annual evaluation will be graded as unqualified and need to submit a performance improvement plan. The Group will review and track the improvement of the supplier. If it still fails after the reassessment, the supplier's share in our procurement will be adjusted or even its contract with the Group will be terminated.

As for the performance of suppliers' social responsibility, we encourage them to actively participate in environmental protection, and at the same time to comply with energy conservation regulations. For example, suppliers should ensure that local management personnel of the project thoroughly implement the Environmental Protection Management Measures and Regulations on the Administrative Regulations on Prevention of Dust Pollution at the Construction Site, etc.

If a supplier has any comments, they can communicate with the Group through multiple channels at any time, which can ensure that all measures and requirements are accurate and feasible, and at the same time help us maintain good relationships with the suppliers.

## ***Shoulder product responsibility***

We understand that only high-quality products that meet customer needs can enable companies to stand firm in a highly competitive market environment. Therefore, the Group has stayed true to the mission of "Dedicated to Building a Wonderful Life", and hoped to satisfy the expectations of customers for "good houses in the future" by creating personalized wonderful spaces for customers, while pushing the Chinese property development industry to a higher level.

In terms of laws and regulations, the Group fully complied with the Contract Law of the People's Republic of China, Construction Law of the People's Republic of China and Regulations on the Quality Management of Construction Projects and other regulations, ensuring a good quality foundation for all our products. At the same time, on the basis of compliance, the Group has established a series of very detailed internal requirements such as implementation standards, audit mechanisms, delivery guidelines and risk inspection, so that employees can have a basis or standard to apply when reviewing product quality, and in turn comprehensively reducing risks caused by quality problems.



Specific program	Document Code	Measures
1	"Customers First" Implementation Standard of Jingrui Properties	Standardize standard actions of customer contact throughout the product life cycle, reduce customer risk, and improve customer experience
2	Compulsory Joint Drawing Review Process	In the design stage, each professional department must conduct cross-departmental review of drawings to reduce product design defects
3	Guidelines for Project Opening and Risk Inspection before Opening and Special Risk Checklist for Customization and Decoration before Opening of Jingrui Properties	For the project to be opened, each professional department conducts cross-departmental comprehensive risk inspection to control the quality at its opening
4	Guidelines for Site Opening Before Delivery of Residential Projects of Jingrui Group	Before the product is officially delivered, invite customers to visit the construction site to let customers understand the construction process of the program, check and supervise product quality in advance
5	Delivery Evaluation and Brake Management System	The Group assesses whether the product meets the delivery standards, and for unqualified products, we will start the brake system, suspend delivery, until rectification is made to meet the delivery standards, in order to ensure the quality of delivered products
6	Read Estate Projects Warranty Management System and Rules of Jingrui Properties	Standardize after-sales warranty service to improve customer satisfaction

## Customer-oriented

The Group has respected the opinions of customers, and regarded their opinions as the basis for improving the Group's policies and measures. It is expected that we can optimize our performance by listening to the customers' opinions, so that the Group can move forward and achieve long-term development.

## Value customer opinions

In order to deal with customer complaints more efficiently, according to the types of customer complaints, the Group has designated different departments to be responsible for related matters and offering assistance. It is hoped that the division of the work on processing complaints can help to deal with relevant complaints in a more targeted and efficient manner:

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Complaint type	Responsible department	Department offering assistance
Engineering quality	Customer service department/House repair engineering department	Engineering management department
Rule design	Customer service department	Rule design department
Sales service	Customer service department/marketing department	
Customer service	Customer service department	
Property management	Property company	
Others	Customer Service	

Customers can express their opinions to us through the community's property customer service centre, online complaint form and customer complaint hotline. According to the Group's Complaint Handling Process, relevant complaints will be coordinated and managed by the customer service department. After receiving the complaint, the customer service department will assign the complaint form to the relevant responsible department and person according to the type and content of the complaint. But the customer service department will still follow up the complaint processing progress until the problem is resolved.

## *Respect customer privacy*

The Group has attached great importance to the protection of customer privacy, and regulated the handling of employees of customer information through various administrative means and codes, in order to avoid the leakage of such information. Therefore, we have introduced the Guidelines for the Management of Customer Service File of Jingrui, which clarifies the handling of all files related to customer information, including storage, confidentiality and destruction as required. In order to ensure that the relevant measures have been fully implemented, the Group has regularly checked the work of file management of each city company, and linked the results to their performance evaluation.

Our privacy protection measures include:

1. Sign a confidentiality agreement with the customer, and never disclose customer privacy to any unauthorized third-party manufacturers without the customer's consent;
2. If there are employees who need to access customer information, they must be authorized by a colleague from the customer service department and properly registered; and
3. The audio or visual files of customer information can only be provided in copies, not the originals, and the physical files are not allowed to be borrowed in principle.

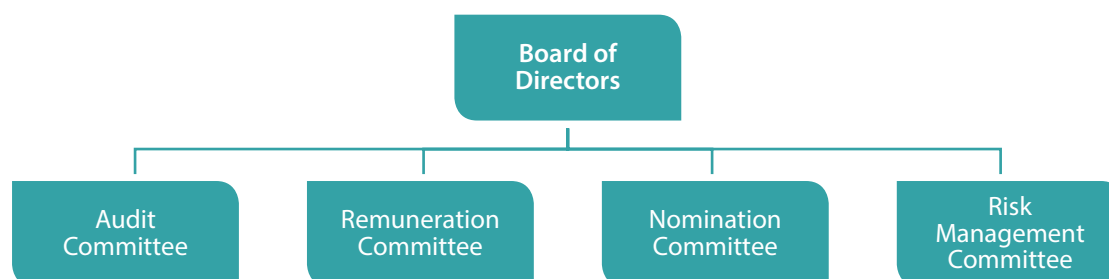
The Group did not receive any complaints caused by the leakage of customer information during the year.

In terms of the management of publicity content and text, we have been strictly abiding by the Commercial Housing Sales Management Measures, Provisional Regulations on Real Estate Advertisement Release, and Notice on Printing and Distributing the "Model Text of Commodity Housing Sales Contract" and promised to provide each respectful customers with accurate real estate information and legal sales contracts, so as to prevent illegal sales, to protect the interests of customers and try to avoid misunderstandings.

## *Maintain a high-quality governance*

The long-term development of the Group depends on the high-quality governance to protect the interests of various stakeholders. Therefore, the Group has, after establishing a clear Group structure, always followed strict governance standards, so that all employees can clearly understand the responsibilities of each post, and at the same time the scope of each person's rights and responsibilities is clearly defined to prevent any cases of conspiracy. As for compliance, we have fully implemented the Corporate Governance Code contained in Appendix 14 to the Listing Rules to maintain stringent corporate governance standards.

The Group's corporate governance structure is as follows:



For further information on the corporate governance of the Group, please refer to the Corporate Governance section of the Group's annual report.

### *Board Governance and Supervision*

The responsibility of the Board is to lead the overall development of the Group, and at the same time allocate the Group's resources and funds in a timely manner to ensure that the established strategic goals and development strategies are effectively implemented and the development momentum of the Group can be maintained.

The Group is currently co-chaired by Mr. Yan Hao and Mr. Chen Xin Ge, while Mr. Yan Hao is also the CEO. This arrangement can ensure that policies can be implemented quickly and effectively, while balancing the need for governance efficiency and rights supervision, meaning that in the case of effective operation of the Board, the checks and balances on these powers and authorizations are guaranteed. In addition, we have attached great importance to the independence of the Board by maintaining a high proportion of independent non-executive Directors, so as to guarantee the Board's credibility.

Under the supervision of the Board, the Group manages its overall operations through its audit committee, remuneration committee, nomination committee and risk management committee.

**Audit Committee:** responsible for handling matters relating to the external auditors, working together with the external auditors to monitor the compliance and integrity of the Company's financial statements and annual reports and accounts, interim reports, discussing the risk management and internal control systems with the management to ensure that the management has performed its duty to establish and maintain effective systems, and conducting research on major investigation findings on risk management and internal control and management's response to these findings.

**Remuneration Committee:** responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing these policy to ensure that the development of all remuneration policy, compensation for resignation and other related matters within the Group are reasonable and appropriate.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Nomination Committee:** responsible for reviewing the structure, size, composition and diversity of the Board on a yearly basis, making recommendations on any proposed changes to the Board, and at the same time assessing the independence of independent non-executive Directors to ensure effective Board's operation.

**Risk Management Committee:** responsible for developing risk management and internal control systems, conducting regular inspections of office procedures, practices and systems, identifying and managing potential risks to ensure that assets are not improperly used, maintaining accounts properly, as well as ensuring compliance with relevant regulations.

The details of the attendance of the Board members to Board meetings in 2019 are recorded as follows:

Position	Name	Attendance/ number of meetings held	Attendance rate
Executive Director	Mr. Yan Hao	4/4	100%
Executive Director	Mr. Chen Xin Ge	4/4	100%
Executive Director	Mr. Xu Hai Feng	4/4	100%
Executive Director	Mr. Chen Chao (Appointed on 30 March 2020)	N/A	N/A
Executive Director	Mr. Xu Chao Hui (Resigned on 18 January 2020)	4/4	100%
Independent non-executive Director	Mr. Han Jiong	4/4	100%
Independent non-executive Director	Mr. Qian Shi Zheng	4/4	100%
Independent non-executive Director	Dr. Lo Wing Yan William	4/4	100%

## *Board diversity*

The Company has adopted a board diversity policy for many years with the aim of improving the efficiency of the Board and corporate governance and achieving the Group's business objectives and sustainable development. To realize the diversity of Board members, we take into account a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and term of service. The Board considers that board diversity varies given the different situation of each listed company. Currently, all Directors come from different backgrounds, and they complement each other in the governance of the Company and form a relatively complete corporate governance system. We will consider appropriate and qualified individuals as members in the future based on the growing business needs and the supply and demand of qualified candidates.

## *Rigorous risk management and internal control*

As a well-performing corporate citizen, we have adopted and fully complied with the Corporate Governance Code and managed the operation as much as possible through a reasonable mechanism to substantially reduce the risks in achieving business objectives. In terms of risk management and internal control, the Company has formulated internal guidelines covering a full range of businesses including investment, operation, marketing, finance and human resources management, with a complete organizational structure and clear responsibilities and authorizations.

The daily operation of various departments is conducted in accordance with the abovementioned internal guidelines with cross checks and balances among different departments. In addition, the status of risk management and internal control is further supervised by the departments at a higher level through daily inspection, process assessment and special guidance, and by the independent internal audit department conducting the review of amendments to internal control procedures, special audit and risk interview, in order to find, identify, assess and manage risks on a timely basis, and to take effective measures to control and mitigate risks.

## *Procedures to identify, evaluate and manage significant risks*

- (1) Establishment of the risk context: evaluating and reviewing the effectiveness of the risk management and internal control systems of the Group to reduce the costs of operational risk and ensure compliant operation of the Company;
- (2) Formulation of the risk management policies: ensuring that the Group carries out consistent procedures and criteria for risk identification, measurement and reporting;
- (3) Identification of the risks: identifying any potential risks of various business segments and key procedures;
- (4) Evaluation on the risks: evaluating and rating the impact on business and its likelihood of occurrence for risks identified;
- (5) Response to the risks: evaluating the risk management solutions and the effectiveness of risk management; and
- (6) Reporting and monitoring: monitoring and reviewing the policies and evaluating procedures for risk management and the measures for managing and effectiveness of controlling significant risks, and report the findings to the Board.

During the year under review, we identified the natures and changes in key risk items in accordance with the above systems, and evaluated the likelihood of such risks and their impact on business. Also, the risk management committee has conducted an annual review of the Group's risk management and internal control system for the year ended 31 December 2019. Aside from identifying and evaluating potential risks, we reviewed the measures and actions to control and reduce key risks to ensure that current actions are effective and will achieve desired results.

Overall, the board of the Group believes that the current risk management and internal control systems are perfect and operating effectively.

## *Ensure a clean governance*

The Group believes that only a clean governance approach can ensure the stability of business operations and development while reducing operational risks. Therefore, the Group has always advocated anti-bribery and anti-corruption work culture, praised the spirit of integrity and fairness, enabling a clean and honest group culture.

Therefore, the Group has established a comprehensive management system and clear anti-corruption regulations, and instructed the internal audit department to conduct regular internal regulatory inspections by dedicated personnel to ensure the effectiveness of these inspections and relevant people are held to be accountable. If a Group employee or any person finds a corruption or suspected case within the Group, they can make a real-name or anonymous report through the reporting mailboxes, telephones, WeChat, etc.

If any employee is found to be in violation of the anti-corruption code, the Group will first suspend the work of the employee involved and conduct an internal investigation. After the risk management department finds that it is true, the relevant labour contract will be terminated. If the misconduct committed by the employee involves a violation of national laws, the Group will immediately report the case to the relevant government department and let the judicial authorities take over the employee.

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To raise the awareness of integrity, the Group posted anti-corruption posters in conspicuous places in various offices, sales offices and other places, so that employees can easily access relevant knowledge and be reminded. To control the anti-corruption of suppliers, the Group will sign anti-corruption agreements with various suppliers. By signing binding documents, we can ensure that suppliers commit themselves to comply with the anti-corruption operating rules.

We have clarified the Company's anti-corruption requirements through internal management systems and regulations; internal audit department regularly conducted internal verification on conformity; at the same time reporting mailboxes, telephones, WeChat, etc. have been put in place to accept real-name and anonymous reports; all the reporting channels of the Company are provided in the anti-corruption agreement contained in the supplier contract and the anti-corruption posters in the offices and sales office of the Group : the risk management department verifies whether the report is true and will call the public judicial authorities if a criminal clue is found.

## **Society**

### ***Caring for society***

As an enterprise shouldering the responsibility for the quality of the living environment of the general public, we hope to improve the quality of life of people and give back to society through various social welfare activities. During the year, the Group held more than 43 social welfare activities in 18 cities, which could be divided into three major categories according to types: caring for employees, business operation and charity. The estimated value of these charity activities is close to RMB450,000.

The related activities extending care for employees and business operation have been described in the previous chapters. For details, please refer to the relevant chapters. The following is mainly focused on the introduction of social public welfare activities, so that stakeholders can better understand the Group's performance and contributions in caring for society.



Category	Activity name	Targeted object	Activity
Caring for vulnerable groups	Jingrui Candlelight Action- "Star Light Project"	Autistic children	It was jointly initiated by Jingrui's "Star Light Project" and Sanyecao Children's Health Park, aiming to bring together forces from all walks of society, including government, media, institutions, and businesses, to create a better future for autistic children. Sanyecao Children's Health Park, as a professional institution providing counseling and rehabilitation training for autistic children and their families, has been actively serving autistic children and their families, delivering love and warmth to the entire society.
	Jingrui Candlelight Action Series	Children in Social Welfare Institute	The Group's city company representatives went to Taicang City Social Welfare Institute to carry out charitable donation activities.
		The elderly in nursing home	The charity squad composed of representatives of the Group's city companies went to the Hongmei Nursing Home in Xuhui District, Shanghai, and organized a candlelight event themed "Warm Sunset · Warm Candlelight" to extend warm care to the old people.
		Construction workers	The Group's city company prepared various heatstroke prevention products to be distributed to frontline construction workers on the day of the event, reminding them to pay attention to heatstroke prevention and taking precautionary measures in advance and expressing thanks to them for their hard work.
	Pay attention to people with intellectual disabilities and develop Special Olympics	People with intellectual disabilities	With the inter-departmental cooperation of different platforms of the Group, the Federation of Disabled Persons organized a fun sports meeting with an aim to pay attention to the development of Special Olympics for people with intellectual disabilities, allowing them to enjoy the fun of sports.

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Category	Activity name	Targeted object	Activity
Poverty alleviation	Jingrui Candlelight Action Series	Poor Student	The representatives of the Group's city company went to Wuqing District, Tianjin to carry out a student assistance activity. Taking into account the family situation of poor students, the employees, while giving financial aid to students, also brought rice, noodles, cooking oil and other living materials, hoping to solve some practical difficulties for poor families.
	Jingrui Charity Running Shoes Project	Children in mountain areas	The Group's city company representatives donated RMB10,000 to the Yinzhou Youth League Committee. These funds will be used to purchase comfortable running shoes for children in need in Yinzhou poor areas, so that they can actively participate in physical exercise and improve their physical quality.
	Crowdfunding for Love · The fourth season of the Dream Hope series-Small Kitchen but Great Love	Vulnerable children	The Group has cooperated with the Shanghai Youth Development Foundation to raise fund through fundraising, public welfare running and charity sales for the Zangwen Boarding Central Primary School in Zhiqingsongduo Town, Guolujiuzhi County, Qinghai, and Ganglong Boarding Primary School in Gande County, Guoluo, Qinghai Province, so as to enable these students to enjoy a balanced diet. A total of RMB94,087 was raised in this event, with a total of 1,719 people from online and offline participating.
	Crowdfunding for Love · The fourth season of the Dream Hope series activities	Poor people	Jingrui Service opened online and offline donation channels, and formed 7 teams of public welfare team to start a fund-raising activity across the country, attracting 800 participants.
	"One Catty Market · The Power of Community" x Jingrui Community	Poor families	The Group's city company launched a special activity of poverty Alleviation campaign through consuming called "Community Power", calling on participating citizens to "take a catty home" to achieve "poverty alleviation" by means of "buying instead of donations". At present, 15 online shops have been opened, and a variety of agricultural and sideline products from poverty-stricken areas have been put on the shelves for owners and employees to choose. As of 4 August 2019, a total of 78 communities in 16 cities participated, and contributed more than 8,000 catty of agricultural products.
Cultural promotion	Book drifting	Households	In mid-August 2019, Joyride Apartment launched a book drifting plan, calling on colleagues to donate idle books at home. A total of 84 books were received in the initial event.

During the year, the Group invested resources mainly in poverty alleviation and caring for vulnerable groups, aiming to make this society more harmonious and happier. We believe that an enterprise should bear more social responsibilities while earning profits, so as to achieve the status of “taking from society and giving back to society”. At the same time, in order to make these activities more influential, we developed a variety of new methods of doing so. In addition to combining online forces, we also took the lead in mobilizing the community by encouraging people to participate, thus greatly increasing the impact of the activities.

## Outlook

Influenced by the coronavirus pandemic and the weak external economy, we can foresee that the future operating environment will continue to fluctuate and will become more precarious. Therefore, we believe that the identification and controlling of risks will play a more important role in stabilizing our business operations, and also be a key factor for us to develop steadily in the face of adverse market conditions.

We will strive to seize market opportunities and enhance the comprehensive ability of the entire chain of “fund raising, investment in projects, post-investment project management and capital withdraw”. Meanwhile, we will continue to take the needs of customers as the focus of business development upon keenly identifying their needs, expand the ratio of customized “DTV” projects, reduce the impact on the environment, and achieve sustainable development together with the cities. We believe that as long as we continue to embrace an open and innovative mindset, attach importance to the symbiosis of the environment and people, and improve the quality of life for everyone, we will certainly make for the Group’s sustainable development and create long-term value for all stakeholders.

