

畅捷通 Chanjet

暢捷通信息技術股份有限公司
CHANJET INFORMATION TECHNOLOGY COMPANY LIMITED

(a joint stock company incorporated in
the People's Republic of China with limited liability)
Stock Code: 1588



2019

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

NOTES ON THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORT

Organizational Scope:

This Report covers Chanjet Information Technology Company Limited (the “**Company**” or “**Chanjet**”) and its subsidiaries (collectively referred to as the “**Group**”). For the ease of presentation, wordings such as “Chanjet”, “we”, “our”, and “us” contained herein also refer to the Group.

Reporting Period:

This Report is presented on an annual basis, and covers the period from 1 January 2019 to 31 December 2019. Some contents may go beyond the aforesaid period due to the explanation needs.

Basis of Preparation:

This Report is prepared in accordance with the ESG Reporting Guide as contained in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative and other applicable standards.

Explanation about the Data:

Monetary amounts involved in this Report are denominated in Renminbi, saved for those otherwise stated.

Ways of Publication:

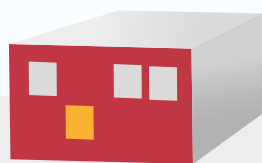
This Report is published online in traditional Chinese and English and is available on the website of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) at www.hkexnews.hk and the website of Chanjet at www.chanjet.com.



WeChat of Chanjet



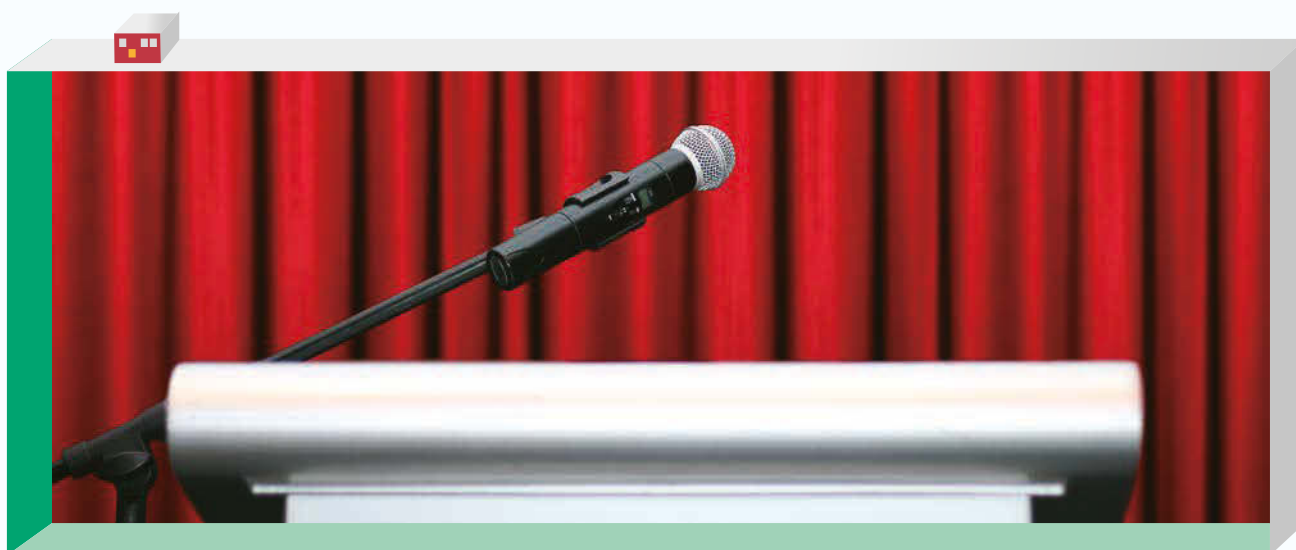
Microblog of Chanjet



Contents

Notes on the environmental, social and governance (ESG) Report	2	3. Carry out responsible procurement to achieve win-win cooperation	26
Statement from the management	4	3.1 Optimise supply chain management	26
About us	6	3.2 Win-win cooperation with partners	27
Company profile	6	4. Innovative products and optimized service quality	30
Corporate governance	8	4.1 Products optimization	30
Responsibility management	9	4.2 Quality services	33
1. Advocating environmental protection and adhering to green development	12	4.3 Incentive for scientific and technological innovation	37
1.1 Focusing on Emission Management	12	5. Implement standardized management to achieve integrity operation	40
1.2 Strengthening energy consumption management	14	5.1 Integrity and compliance management	40
2. People-oriented, seeking strength from the growth of employees	16	6. Contributing to public welfare undertakings and practicing corporate value	42
2.1 Establishing a diversified team	16	6.1 Supporting the development of accounting industry	42
2.2 Employees' health and safety	19	6.2 Contributing to public welfare undertakings	42
2.3 Development and training for employees	20		
2.4 Caring for the staff	23		
		ESG Index Table	44





Statement from the Management

2019 has been a year in which Chanjet has made prominent achievements in digitization and intellectualization. Adhering to the mission of “facilitating MSEs’ development in operation and management through creativity and technology” and by means of technology empowering, the Company has empowered technology integration, product co-creation, commodity sales, ecological delivery with big data, completed underlying infrastructure of full link and continuously optimized the financial and management services for micro and small scale enterprises (“MSEs”). In 2019, the annual operating revenue, net profit and total assets of the Company amounted to RMB463 million, RMB92 million and RMB1,597 million, respectively.

While working hard to promote its principal business and accelerate the reform of the internet business model, Chanjet proactively pursues green development, practices corporate social responsibilities and strives to bring along betterment to the clients, partners, employees, shareholders and the society because of the existence of Chanjet.

Practicing green operation and promoting sustainable development

Chanjet is committed to advocating a low-carbon and environmental-friendly work and life concept. Through green office, environmental protection publicity and efficient energy use, Chanjet actively implements green operation and contributes to sustainable development.

Caring for employees and enhancing employees’ sense of happiness

Chanjet attaches great importance to the development of “great love” culture within the enterprise and adheres to the concept of “serving employees and creating a sense of happiness for employees”. The Company builds a diversified team, guarantees the safety and physical and mental health of employees, establishes a diversified staff training system, drives employees to achieve self-improvement, and strives to improve the sense of happiness and sense of belonging of employees.

Respecting win-win cooperation and working with partners for common progress

Chanjet adheres to the cooperation principle of “equal, honest, lawful and transparent”, constantly optimizes the supply chain management, improves the channel partner management process, and works with partners to achieve mutual benefit and win-win results.

Devoting to continuous innovation and optimizing products and service

Adhering to the value of “Friend of Users, Professional Endeavor and Continuous Innovation”, Chanjet is committed to providing one-stop financial and management service for MSEs. Through continuous research and innovation, Chanjet helps MSEs to reach the management level and operational efficiency required in the cloud era, and comprehensively improves customer experience.





Persisting in honesty and compliance operation and promoting standardized management

Chanjet persists in compliance operation, strictly abides by the relevant laws and regulations of anti-corruption and anti-bribery, formulates internal systems to restrain employees' behaviors, and constantly improves the risk management system to ensure efficient operation of the Company's compliance.

Taking root in community development and preparing a new chapter of public welfare

Chanjet takes root in the society to participate in social benefit undertakings. We actively participate in social welfare events and volunteer activities, and actively establish a good image of selfless dedications and social responsibility fulfillments.

In the future, Chanjet will continue to innovate, continue to optimize products and services, help customers optimize internal management, and realize enterprise value. Chanjet will continue to strengthen the ESG work of the enterprise, and integrate the concept of sustainable development into business operation. While focusing on the principal business of finance and management service for MSEs, the Company is constantly exploring green development, employee care, transparent cooperation and community welfare and spares no effort to realize the vision of "becoming a worldwide leading provider of cloud services and software for MSEs" and "serving as the platform for partners and employees enjoying work, making achievements and sharing success".



About Us

Company profile

Chanjet Information Technology Company Limited, a subsidiary of Yonyou Group, was established in March 2010 and listed on the Main Board of the Hong Kong Stock Exchange on 26 June 2014.

Chanjet takes “facilitating MSEs’ development in operation and management through creativity and technology” as its mission and is committed to becoming a worldwide leading provider of cloud services and software for MSEs. Our business covers providing MSEs at different development stages with financial and management cloud applications such as Chanjet Good Accountant, T+Cloud, Chanjet Good Business, Intelligence+ and Easy Accounting Agent; providing professional accounting and purchase-sale-stock management software including the T1, T3, T6 and T+ series providing financing and loans assistance service for MSEs on the basis of data for financial credit evaluation such as Chanjet Loans and providing financial practitioners with financial and tax knowledge, trainings, exchanges and other consultation services via the Accountant Home community.

In order to keep abreast of the development trend of intelligent finance, financial-taxation interconnection and ecological integration in respect of financial and taxation services, Chanjet put forward the concept of “intelligent companies” for the first time in the industry in response to problems faced by traditional MSEs in their financial and management transformation. Such concept means to provide cloud management services that integrated “Personnel, Finance, Commodity and Customer” and intelligent cloud finance services that integrated finance, invoices and taxes to MSEs. Hence, Chanjet satisfies MSEs’ management and operation needs for intelligent analysis, intelligent marketing, intelligent sale and intelligent management under the circumstances of new economy and new retailing, facilitates the online businesses of enterprises and thereby changes the traditional business model and achieves healthy growth.

Corporate philosophy

Mission:	Facilitating MSEs' development in operation and management through innovation and technology
Vision:	Becoming a worldwide leading provider of cloud services and software for MSEs; serving as the platform for partners and employees enjoying work, making achievements and sharing success
Core value:	Friend of users, professional endeavour and continuous innovation





Corporate honour

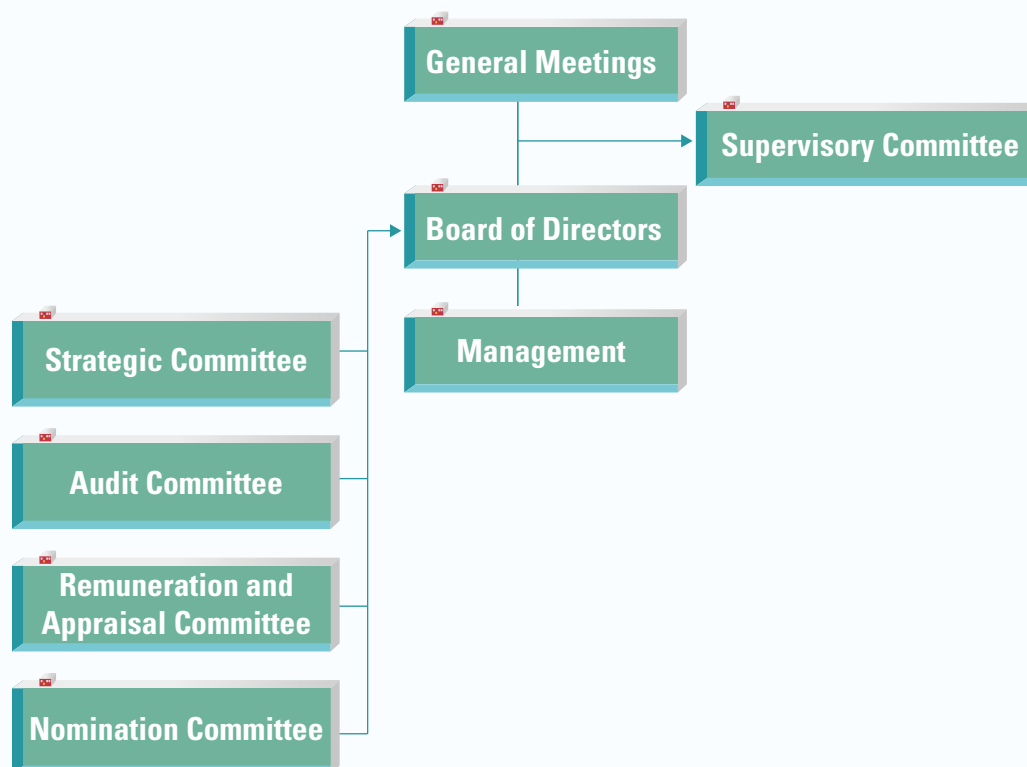
Honors and awards	Awarding organizations
★ China's Top Ten Innovative Enterprise in Information Technology Service (中國信息技術服務十大創新企業)	★ Information Technology Service Branch of China Electronic Industry Standardization Technology Association (中國電子工業標準化技術協會信息技術服務分會)
★ Beijing Enterprise Technology Center (北京市企業技術中心)	★ Beijing Municipal Bureau of Economy and Information Technology (北京市經濟和信息化局)
★ Beijing SME Public Service Demonstration Platform (北京中小企業公共服務示範平台)	★ Beijing Municipal Bureau of Economy and Information Technology (北京市經濟和信息化局)
★ Chanjet Good Accountant – the Best Product in the Field of Smart Cloud Finance in 2019 (暢捷通好會計2019智能雲財務領域最佳產品)	★ The Committee of the Eighth China Finance Summit (第八屆中國財經峰會組委會)
★ Huawei Cloud Solution Optimization Award (華為雲解決方案優選獎)	★ Huawei Ecological University (華為生態大學)
★ Top 100 Enterprises with Comprehensive Strength in Software and Information Service Industry in 2019 (2019北京軟件和信息服務業綜合實力百強企業)	★ Beijing Software and Information Service Industry Association (北京軟件和信息服務業協會)



Corporate governance

The Company has observed the provisions under the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》) and other relevant laws and regulations as well as the requirements issued by domestic and overseas regulatory authorities including the Listing Rules, and continued to standardise and improve corporate governance structure. We have formulated a series of corporate governance-related normative regulations, including the Articles of Association, Rules of Procedure of General Meetings, Rules of Procedure of the Board of Directors, Rules of Procedure of Supervisory Committee, Working Rules of Strategic Committee, Working Rules of Audit Committee, Working Rules of Remuneration and Appraisal Committee, Working Rules of Nomination Committee, Working System for Independent Directors, Working Rules of President, Board Diversity Policy, Shareholders Communications Policies and Dividend Policy, thereby ensuring the law-abiding and compliance operation of the Company and making sure that the shareholders' general meetings, the Board of Directors and its special committees, the Supervisory Committee and the management of the Company would perform their duties and responsibilities in compliance with laws and regulations.

The corporate governance structure of the Company is as follows:



With a view to achieving sustainable and balanced development, the Company believes increasing diversity of the Board is an essential element in supporting the attainment of its strategic objectives and sustainable development. All the appointments made by the Board will be based on meritocracy, and candidates will be adequately considered with reference to objective criteria, together with the benefits brought to the Board by adoption of board diversity. Selection of Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be made based on the specific demand for talents of the various stages in the business development and strategic planning of the Company as well as the merits and contributions to be brought to the Board by the selected candidates.

In 2019, the Company held a total of 5 Board meetings, 2 Supervisory Committee meetings and 1 shareholders' general meeting.





Responsibility management

The Company proactively fulfils its social responsibilities and has taken measures such as setting up a social responsibility management system with the Board as its core and responding to and satisfying the requirements of the stakeholders to boost the integration of social responsibilities into our business operation in every regard.

• ESG GOVERNANCE STRUCTURE

The Board of the Company highly values the ESG work of the Company, and retains responsibility for the Company's ESG strategies and relevant reporting, including evaluating and determining the Company's ESG-related risks, ensuring that appropriate and effective ESG risk management and internal control systems are in place, reviewing the Company's performance periodically, and approving disclosures in the Company's ESG report. The Report will be published after reviewed by the Board.

Chanjet has set up a Sustainability Development Committee comprising senior executives of the Company to comprehensively guide, empower and coordinate relevant departments in promoting social responsibility efforts. Meanwhile, the Company has also established an ESG working group, which implements and promotes ESG-related tasks and integrates the ESG-related tasks into the daily operations of the Company under the leadership of the Sustainability Development Committee.

• ESG REPORTING PRINCIPLES

Materiality: The materiality of our ESG issues is determined by the Board. The process of stakeholder communication and identification of material issues and the materiality matrix are all disclosed in this Report.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained in the definitions of this Report.

Balance: This Report shall provide an unbiased picture of the Company performance during the reporting period and should avoid selections, omissions, or presentation formats that may inappropriately influence the decision or judgment made by the report readers.

Consistency: The statistical methodologies applied to the data disclosed in this Report shall be consistent.

• ESG REPORT SCOPE

This Report covers Chanjet Information Technology Co., Ltd. and its subsidiaries.

• COMMUNICATIONS WITH STAKEHOLDERS

The Company maintains continuous communications with its stakeholders during the course of its annual work and has adopted diversified communication channels such as stakeholder seminars, teleconferences and web conferences for its shareholders, customers, business partners, employees and the community, to listen to the expectations and propositions of the stakeholders and make timely corresponding responses to their opinions. During the year, the Company has prepared and distributed questionnaires to stakeholders to investigate and make statistics on stakeholders' concerns and influences at different levels. From the perspective of sustainable development, the Company has sorted through and worked out a stakeholder communication form to provide foundation for the identification of material topics of the Company.



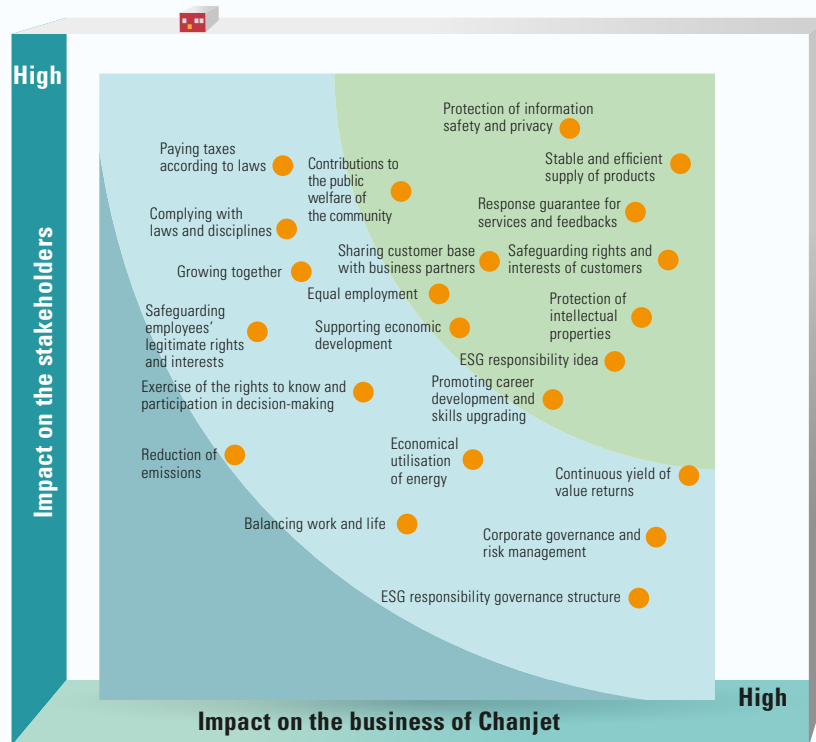
Stakeholder	Topics of Concern	Communication Channels and Solutions
Shareholders	<ul style="list-style-type: none"> • Continuous yield of value returns • Corporate governance and risk management • Exercise of the rights to know and participation in decision-making • Idea of responsibility • Governance responsibility structure • Statement of the Board, in relation to its participation in responsibility management 	<ul style="list-style-type: none"> • Regular reports and information disclosure • Shareholders' meeting • Investors' surveys • Presentation on business results • Roadshow on business results • Teleconference
Government/ Community	<ul style="list-style-type: none"> • Complying with laws and disciplines • Paying taxes according to laws • Supporting economic development • Protection of intellectual properties • Anti-corruption • Targeted poverty alleviation • Voluntary activities • Community building 	<ul style="list-style-type: none"> • Daily communications • Information bulletin • Public-Private-Partnerships • Governmental review • Volunteer services • Philanthropic activities
Customers	<ul style="list-style-type: none"> • Information security protection • Customer privacy protection • Customer satisfaction • Product stability and efficiency • Product R&D and innovation • Intellectual property protection • Service and feedback response guarantee • Customer rights and interests protection • Reasonable publicity 	<ul style="list-style-type: none"> • Daily services and communications • Customer's satisfaction surveys • Portal websites, WeChat official account, etc. • Online service platform • Customer service hotline
Business Partners	<ul style="list-style-type: none"> • Growing together • Sharing customers with partners • Fair and just procurement • Supply chain risk management • Green procurement 	<ul style="list-style-type: none"> • Procurement policy • Project cooperation • Daily business communication • Establishment of industrial leagues • Online service platform
Employees	<ul style="list-style-type: none"> • Employment equality • Employment compliance • Employees rights and interests protection • Occupational safety and health • Promoting career development and skill enhancement • Work and life balance • Employee satisfaction 	<ul style="list-style-type: none"> • Employment policies • Regular meetings • Employee trainings • Employee club • Portal websites, WeChat official account, etc.
Environment	<ul style="list-style-type: none"> • Economical utilisation of energy • Emission reduction • Ecological environment and natural resources protection • Countermeasures to climate change 	<ul style="list-style-type: none"> • Green office • Green procurement • Environmental information disclosure • Launching environmental protection promotion activities

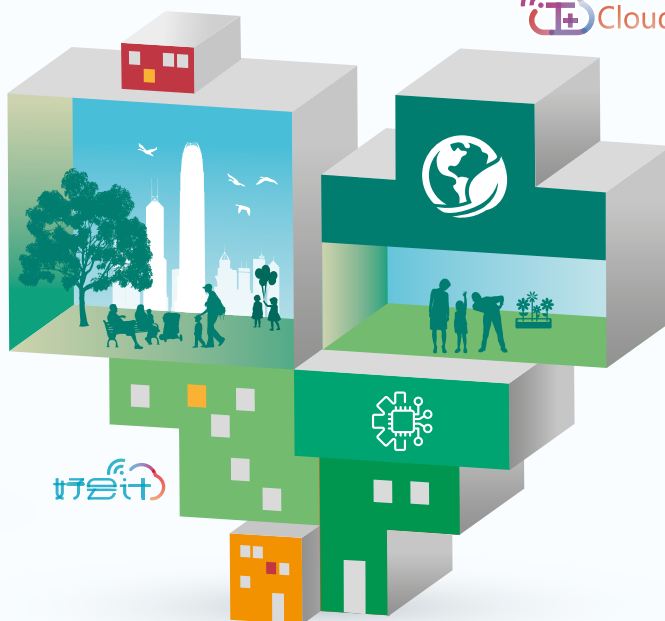
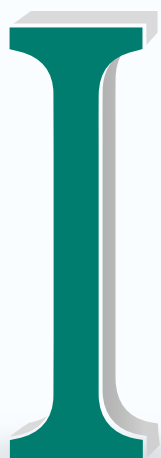




• SUBSTANTIVE ISSUES IDENTIFICATION

In accordance with the ESG Reporting Guide as contained in Appendix 27 to the Listing Rules and relevant international standards, the Company communicates with the stakeholders on the relevant ESG topics, conducts respective evaluations on significant ESG issues relating to our business from the perspectives of the significance to the stakeholders and the significance to environment and society. Afterwards, the Company selects and forms the materiality matrix to serve as the basis of ESG concerns and disclosures of the Company.





1. Advocating environmental protection and adhering to green development

1.1 FOCUSING ON EMISSION MANAGEMENT

Committed to reducing the effect of operations on the environment, Chanjet strictly comply with the Law of the People's Republic of China on Environmental Protection (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), Beijing Environmental Sanitation Regulations on Municipal Appearance (《北京市市容環境衛生條例》), Implementing Scheme on the Mechanism for Domestic Wastes Classification of the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development (《國家發展改革委住房城鄉建設部生活垃圾分類制度實施方案》) and other national laws and regulations as well as requirements of various policies. The Company actively implements emission management and adopts a variety of measures to reduce emission of greenhouse and generation of wastes.

During the reporting period, Chanjet did not have any material violation in respect of environmental protection.

- **Management of greenhouse gas emission**

Emissions of greenhouse gases generated by the Company are mainly emissions from electricity consumed during daily office work and indirectly generated during business trips. The Company does not possess or have control over any direct emission sources such as vehicles, engines, gas-fueled appliances, etc., and does not utilize coal, gasoline, diesel, natural gas and other fuels, and therefore does not involve in direct emission of greenhouse gases. The Company has adopted various measures to reduce greenhouse gas emissions:

- ★ The Company provides the employees with shuttle buses to reduce emissions of greenhouse gases during commuting of employees;
- ★ The Company adopts video conferencing, live broadcasting and teleconferencing to reduce emissions of greenhouse gases generated from travelling; and
- ★ The Company places plants and air purifiers in the office zone to enhance air quality and improve office environment.





- **Management of electronic wastes**

Electronic wastes of the Company mainly comprise scrapped electronic devices during business operations (scrapped computer mainframes, displays, laptops, servers, printers) and used toner cartridges for printers, etc. The Company classifies and sends such electronic wastes to qualified third-party or electronic devices recycling companies for treatment and has adopted various measures to reduce the generation of electronic wastes:

- ★ Renting electronic devices to reduce the production of obsolete electronic devices;
- ★ Collecting hard drives from obsolete computer hard drives and parts from obsolete devices and retrofitting the same into removable hard drives for the employees for reuse and setting up waste batteries recycling bins; and
- ★ Using large-scale printers instead of printers with toner cartridges, which enables feeding of toner without use of cartridges and thereby avoids the production of used toner cartridges.

- **Management of non-hazardous wastes**

Non-hazardous wastes of the Company mainly include used office paper and other discarded office stationeries, which are categorized and placed separately by us and collected by the property company for centralised treatment subsequently. We have adopted various measures to reduce the generation of non-hazardous wastes:

- ★ Promoting online office management system and platform to greatly reduce paper used in offline approval process;
- ★ Advocating the concept of paper-saving and advocating employees to print on both sides or use the other side of paper for the second time when printing internal documents and re-utilizing stained paper; and
- ★ Having access control over printers and requiring employees to swipe card at the printer when printing, reducing the number of times of invalid printing and lowering utilization frequency of paper documents.

- **Management of sewage disposal**

Sewage of the Company mainly includes domestic sewage due to water usage of employees in the office zone, which is discharged into the municipal pipeline directly after being treated through the septic tank in the office park zone. We promote water saving measures within the reach of the Company, adopt water-saving sensor faucet and advocate saving concept to scale down the generation and discharge of sewage.



The performance data of Chanjet in respect of emissions in 2019 is as follows:

Indicators	Unit	2019	2018	2017
Total emission of greenhouse gases	(tCO ₂ e)	149.25	108.48	154.94
Reduction in emission of greenhouse gases as compared to last year ^{Note 1}	(tCO ₂ e)	40.77	-46.46	—
Per capita emission of greenhouse gas	(tCO ₂ e/person)	0.16	0.12	0.19
Total electronic wastes ^{Note 2}	(sets)	258	121	362
Electronic wastes generated ^{Note 2}	(tonnes)	1.79	0.54	2.70
Per capita electronic wastes generated ^{Note 2}	(kg/person)	1.89	0.58	3.40
Non-hazardous wastes generated	(tonnes)	17.63	16.08	12.48
Per capita non-hazardous wastes generated	(kg/person)	18.66	17.31	15.60

Note 1: In 2019, the emissions of greenhouse gases increased from 2018 mainly due to the increase in the number of employees and newly added office area as well as the increase in power consumption accordingly in 2019.

Note 2: In 2019, total electronic wastes, electronic wastes generated and per capita electronic wastes generated increased from 2018 mainly due to the concentrated scrapping of a batch of used servers, mobile phones and other electronic devices in 2019.

1.2 STRENGTHENING ENERGY CONSUMPTION MANAGEMENT

Chanjet actively promotes energy conservation and consumption reduction and the rational utilization of energy and resources. The Company has been in strict compliance with the Law of the People's Republic of China on Energy Conservation (《中華人民共和國節約能源法》), Environmental Protection and Ecological Construction Plan in Beijing during the "Thirteenth Five-Year Plan" Period (《北京市“十三五”時期環境保護和生態建設規劃》) and other national and local laws and regulations with regard to energy conservation and environmental protection. In addition, the Company also formulated the Code of Conduct for Employees to continue to strengthen fine management of energy consumption and integrate the concept of energy saving and environmental protection into daily work to actively implement energy conservation and emission reduction.

Resources used by us mainly include electricity consumed for the operation of electronic devices and central air conditioner, water resources from municipal administration water supply as well as purchased packing materials, such as packing boxes, user's manuals and CDs etc.

• Lowering energy consumption

- ★ The Company uniformly uses cloud servers provided by Ali Cloud instead of purchasing hardware servers to lower the energy consumption required to maintain the operation of servers;
- ★ The Company advocates power saving and requires employees to turn off powers nearby before leaving the office, turn off electronic devices or switch to power saving modes in non-office hours to reduce standby energy consumption;





- ★ The Company changes traditional lighting to LED lighting to reduce power consumption; and
- ★ The Company carries out “one-hour lights out at noon” to save around 4,600 Kwh annually, equivalent to 1,440 kg of coal.
- **Cutting down on water consumption**
 - ★ Water saving reminders are posted in offices and toilets to promote the employees’ awareness of water saving; and
 - ★ The Company sets automatic faucets, atomizing power-saving faucets to save water; introduces several water purifier to reduce consumption of tap water and mineral water; regularly checks faucets and water pipes to prevent water waste due to device damage.
- **Scaling down the usage of packaging materials**
 - ★ The Company promotes the use of encryption software and cloud approaches instead of physical products to reduce the usage rate of physical packing boxes and transportation costs; and
 - ★ The Company applies eco-friendly packaging for its software products to ease the impact of discarded packaging materials on the environment.

Major resource consumptions of Chanjet in 2019 includes:

Indicators	Unit	2019	2018	2017
Total electricity consumption ^{Note 3}	(0'000 kWh)	19.64	14.28	20.39
Electricity consumption as compared to last year	(0'000 kWh)	5.36	-6.11	-
Comprehensive energy consumption	(tonnes of standard coal)	24.14	17.55	25.06
Per capita comprehensive energy consumption	(kg of standard coal/person)	25.54	18.85	31.25
Total water consumption ^{Note 3}	(tonnes)	606	463	347
Per capital water consumption	(tonnes/person)	0.64	0.50	0.43
Total packaging materials	(tonnes)	9.13	8.4	25.2
Packaging materials per unit of production	(kg)	0.28	0.28	0.28
Number of rental facilities	(sets)	441	486	355

Note 3: The power consumption and total water consumption in 2019 increased from last year mainly due to the increase in the number of employees and the increase in office area in 2019.





2. People-oriented, seeking strength from the growth of employees

2.1 ESTABLISHING A DIVERSIFIED TEAM

Chanjet pays attention to the construction of “great love” culture internally in the enterprise, adheres to the people-oriented concept of talent, sticks to the principle of employment equality, and strictly complies with the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) and the Law of the People’s Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》) and other national laws and regulations, establishes a comprehensive employment management system, fully guarantees employees’ salary and welfares, promotion mechanism, working hours and vacation management. We resolutely stand against child labour and forced labour to establish an equal and diversified workforce.

During the year, the Company did not have any breach in respect of exploiting child labour and forced labour, nor was there any lawsuit resulting from employment disputes.

- **Equal employment**

Chanjet emphasizes the diversified composition of employees and resolutely prohibits any kind of discrimination based on factors such as gender, age, etc. to guarantee equal employment opportunities of employees. The Company attaches importance to the standardization of recruitment process and standards and enriches talent teams through internal recommendation, external open recruitment, etc. When selecting employees, we mainly focus on the attitude, competence and job matching of employees and avoid setting any discriminatory conditions in regards of gender, age and health conditions. We recruit talents on a fair basis and promote the building of diversified team where talents and enterprise thrive together.

- **Working hours, vacation and salary**

In strict adherence to national laws and regulations, Chanjet has worked out a series of rules and by-laws including the Chanjet Remuneration Management Measures, the Labour Contract Management System and the Performance Appraisal System to standardize working hours, vacation and salary of employees and guarantee the legitimate rights of employees.





The Company fully safeguards employees' rights of taking leaves by formulating the Employee Attendance and Vacation Management System and earnestly implementing statutory festivals and holidays. We also implement standard working hours system and set flexible timetable for employees to improve their work efficiency according to employee needs.

The Company has laid down a uniform remuneration system and determined the internal salary distribution system and format on the basis of position values and performance. Meanwhile, we give certain public welfare and subsidies to employees based on factors such as their respective rank of positions, segment, business line, regions, etc.

In order to attract, retain and inspire core employees, the Company have adopted Employee Trust Benefit Scheme (the "**Trust Benefit Scheme**") and Employee Long-term Incentive Point Scheme (the "**Point Scheme**"), which are long-term incentive schemes of the Company. The Trust Benefit Scheme has been implemented since 2015 and had all grants completed by the end of 2017. Currently, we have actively follow-up unlocking and exercise of the Trust Benefit Scheme to guarantee the implemented matters in relation to the obtainment of employees' interest. Meanwhile, in order to inspire the enthusiasm and creativity of the Company's operation and management team and core backbone employees, promote strategic transformation of the Company and create the world-leading MSEs finance and management service platform, the Company implemented the Point Scheme in 2019. The above long-term incentive measures contribute to the enhancement of salary and welfare of employees and their working enthusiasm and play a positive role for the Company to have strategic transformation to cloud business, retain and introduce core talents.



• **Eliminate child labour and forced labour**

Chanjet resolutely stands against child labor and forced labor. On one hand, the Company review the qualification of employees in accordance with laws and regulations to eliminate the employment of child labor from the source; on the other hand, we guarantee the rights to information, participation and supervision of employees, regularly conduct personnel audit, and pay attention to the supervision of employment risk. In case of violation, we adopt active actions to guarantee the stable operation of the Company's talent system.

Performance indicators of employment of Chanjet in 2019 are set out as follows:

Indicators	Unit	2019	2018	2017
Employment indicators				
Total number of contract employees	(persons)	945	929	802
Percentage of male employees	(%)	72.17	73.52	71.57
Percentage of female employees	(%)	27.83	26.48	28.43
Percentage of employees aged under 30	(%)	42.75	44.24	37.16
Percentage of employees aged between 30 to 50	(%)	56.51	55.22	61.72
Percentage of employees aged above 50	(%)	0.74	0.54	1.12
Percentage of employees in Beijing	(%)	57.99	57.48	53.16
Percentage of employees in areas other than Beijing	(%)	42.01	42.52	46.84
Percentage of full-time employees	(%)	100	100	100
Percentage of part-time employees	(%)	0	0	0
Percentage of employees at junior ranks	(%)	15.56	13.35	11.11
Percentage of employees at intermediate ranks	(%)	37.04	41.44	39.27
Percentage of employees at senior ranks or above	(%)	47.41	45.21	49.62
Percentage of disabled employee	(%)	1.16	1.72	3.75
Indicators of new recruits				
Number of new recruits	(persons)	342	419	205
Percentage of new male recruits	(%)	80.99	82.82	84.88
Percentage of new female recruits	(%)	19.01	17.18	15.12
Number of new recruits aged under 30	(%)	68.71	75.89	70.24
Number of new recruits aged between 30 to 50	(%)	31.29	24.11	29.76
Number of new recruits aged above 50	(%)	0	0	0
Percentage of new recruits in Beijing	(%)	38.30	47.02	35.64
Percentage of new recruits in areas other than Beijing	(%)	61.70	52.98	64.36





2.2 EMPLOYEES HEALTH AND SAFETY

Chanjet focus on the occupational safety and physical and mental health of employees in strict compliance with the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》), the Law of the People's Republic of China on Prevention of Occupational Disease (《中華人民共和國職業病防治法》) and other laws and regulations in relation to health and safety. During the reporting period, the Company recorded full coverage of social insurance and did not have any work-related injuries or casualties of employees.

We have adopted a variety of measures to safeguard the occupational safety and physical and mental health of employees:

- ★ Carrying out pre-job physical examination and annual physical examination for employees with differentiated physical examination policies based on the respective needs of employees;
- ★ Setting up badminton club, yoga club, etc. to urge employees to exercise and avoid lack of exercise due to excessive sitting;
- ★ Providing dental checkup, massage and other medical health welfare, valuing physical and psychological health of employees;
- ★ Organizing health-themed lectures such as traditional Chinese medical health lectures to raise employees' awareness on occupational health;
- ★ In case of severe weather conditions such as rainstorms and smog, encouraging employees to work from home and providing employees on duty with materials for the protection against cold and masks;
- ★ Providing commercial accident insurance, overseas subsidies and high-temperature subsidies for employees;
- ★ Installing air purifier to improve the air quality in the office area; and
- ★ Enhancing plants in the office to optimize office environment.

Performance indicators in respect of employees' health and safety of Chanjet in 2019 are set out as follows:

Indicators	Unit	2019	2018	2017
Accidents at work/number of injuries or casualties	(persons)	0	0	0
Workdays lost due to work injuries	(days lost per 200,000 working hours)	0	0	0
Coverage of physical examination package for employees	(%)	100	100	100



2.3 EMPLOYEES DEVELOPMENT AND TRAINING

Employees are an important force for the development of Chanjet. The Company has established comprehensive employees training system for the better development of employees. Meanwhile, we have provided employees with dual-channel promotion mechanism to speed up talents growth and have continued to enhance core competitiveness and realize joint development of the Company and our employees.

- **Employees training**

The Company has formulated and implemented the Chanjet Training Management System and improved our employee training mechanism. In combination with our businesses, we have set personalized training for employees of different levels: for new employees, we offer training in terms of enterprise development, product business and administrative system, etc. to speed up their integration and growth; for grass-root level employees, we carry out training courses on expertise and cutting-edge theories of the industry to enhance their competence; for reserve management cadres, we establish training system focusing on management ability to enhance their management capacity; for senior management, we focus on discussion and publicity of corporate culture to reach strategic consensus, give full play to potentials of employees and achieve their personal values.

To better carry out employees training, the Company has built diversified training platforms and integrated resources from multiple sources to contribute to employees training and development.

Training type	Training contents
Internal training	The Company has set up the "Chanjet School" platform, through which stratified trainings in respect of vocational qualifications and standards, professional knowledge and regulations, general technology and capability, leadership, etc., are carried out for employees at different segments and position ranks through video studying and library information.
	The Company enhances human resource management and cultivate management, professionals and new employees in a professional, systematic, scaled, continuous way and enhance organization ability on the basis of the faculty strength of "Yonyou College".
	The Company adopted the online UMU learning platform covering finance, R&D knowledge, operation skills and other training to enhance employees' competence in all aspects.
	The Company provides targeted training courses to different functional departments (R&D, marketing, etc.) by adopting special training camps and enhances training effects through sharing activities of excellent cadres and industrial updates learning.
External training	The Company hires external professional tutors to provide relevant course training, construct knowledge framework and contribute to the employee development.
	The Company dispatches employees to participate in non-curricula education on professional skills and on-the-job curricula education in a bid to improve their personal values.
	The Company gives priority to approving and reimbursing study fees, encourages employees to participate in relevant qualification exams, certify qualifications and enhance the professional level.





• **Promotion mechanism**

Chanjet has formulated and strictly complied with the Administrative Measures on Positions and Staffing Grades of Employees, Cadre Management System, Professional Personnel Development and Management Mechanism of Chanjet and other policy documents to consummate the employee development systems and provide career development channel for employees. Adhering to the philosophy of “professional survival”, Chanjet has established personalized promotion channels for different functions and implemented management-prone and specialty-inclined “dual-channel” career development mechanism for employees. The management-prone employees mainly demonstrate personal overall planning talents of administration management and the specialty-inclined ones mainly demonstrate their personal professional skills so that employees can fully demonstrate their personal advantages and realize two-way development of company value and personal value.

Performance indicators in respect of employee trainings of Chanjet in 2019 are set out as follows:

Indicators	Unit	2019	2018	2017
Number of employees trainees	(persons)	945	929	802
Percentage of employees trainees	(%)	100	100	100
Expenses incurred for trainings	(RMB0'000)	103	43.26	35.84
Total training hours for employees	(hours)	14,641	12,748	7,856
Average training hours for employees	(hours/person)	15.49	13.72	10.27
Average training hours for male employees	(hours/person)	15.51	13.84	10.35
Average training hours for female employees	(hours/person)	15.44	13.39	10.07
Average training hours for senior management or above	(hours/person)	47.78	16.44	7.09
Average training hours for middle management	(hours/person)	15.68	13.91	16.13
Average training hours for ordinary employees	(hours/person)	4.76	3.94	10.06



Case: Intensive training for operation- Silver training camp on-the-spot report

In October 2019, the Company conducted “silver training camp” activities to provide a new round of knowledge updates for new cadres and backbone employees of different ranks.

Targeting business characteristics of different departments, we carried out diversified training activities: for R&D departments, we invited external experts to lead R&D backbone to strengthen self-capability through knowledge reconstructing, game experience, and business practices; for marketing departments, we conducted training on HR empowering, high-performance team, partner operation to allow quick growth of our employees. After functional training, we invited excellent group cadres, company cadres and industrial experts to share their experience, demonstrate practical experiences and study cutting-edge industrial updates. Meanwhile, we carried out three sessions of in-depth business talk in total. Campers had reflections and discussion on actual implementation plans on core businesses issues of “battle of 80 days to ensure fruitful return”, established goals and discussed about practical execution plans. At the end of the training camp, we conducted immersive learning to allow campers to learn how to formulate strategies, allocate teammates and inspire teams in the form of sports.

Silver Training Camp is an integral part of Chanjet cadre training system of Yonyou. It provides targeted functional training, enhances practical experience of employees in diversified forms and is dedicated to shaping elites with high and comprehensive competence.





2.4 CARING FOR THE STAFF

Upholding the philosophy of “serving employees and creating a sense of happiness for employees”, Chanjet cares for employees’ work and life, carries out diversified employee activities and values communication with employees to create a positive and harmonious working and development environment, in order to enhance the cohesiveness of the Company and the sense of belonging of employees.

Recreational and sports activities	★ Established seven clubs for basketball, badminton, Ping-Pong, exercising, chess, beauty and fitness as well as Chanjet meeting (i.e. book club) to enrich the leisure time of employees.
Festival celebrations	★ The Company arranged a number of festival activities such as the New Year Meeting, Lantern Festival Celebration, Women’s Day, 1024 Programmer Festival, Mid-Autumn Festival Afternoon Tea in relation to Chinese traditional festivals and new festivals.
Caring for families	★ The Company has carried out family care actions such as “Beijing tour for employees, family members”, led family members to visit its headquarter in Beijing and awarded family members of excellent employees to appreciate their company.
Caring for female	★ We care for female employees and prepare special gifts for them to celebrate Women’s Day. We also set up baby care room for female employees in lactation period.
Helping employees in need	★ We provide help to employees who are in need and give subsidies to employees suffering from severe diseases to relieve their living pressure.
Communications with employees	★ We regularly carry out employees satisfaction survey to learn about their appeals; and ★ Major systems will be carried out after approved by labor union, in order to listen to and adopt more constructive opinions from employees.



Case: Chanjet sports season

In April 2019, the Company kicked off sports season nationwide and actively called on all employees to participate in all kinds of events. This sports season was carried out in Beijing, Xi'an, Jinan, Nanchang and Sichuan at the same time, consisting of sports events of badminton, football, mountain climbing, and tug of war. Plentiful activities such as East China and North China Football Friendly Match, Central China Doubles and Singles Round-robin Badminton Match, Southwest China and South China Mountain Climbing activity were held. The events of this sport season adhere to the combination of traditional featured projects and funny games, and highlight teamwork and enjoyment, in order to further enhance team culture building and communication and interaction among employees while enhancing their physique in the competitions.

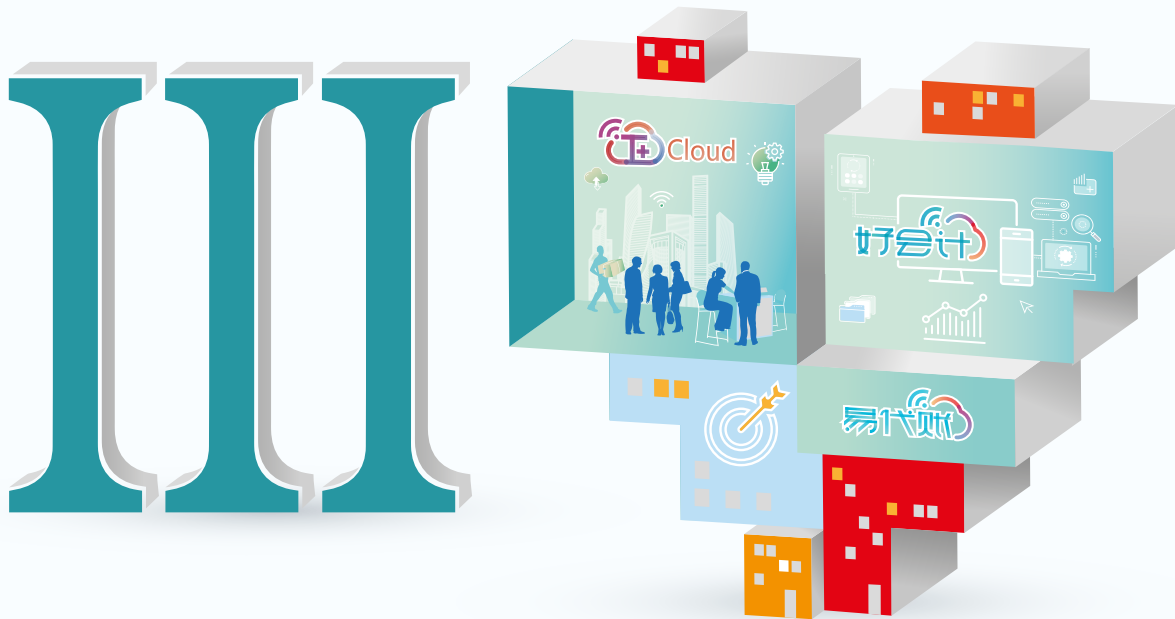




Case: Chanjet “Lantern Festival Riddles Guessing” Celebration Activities

On the fifteenth day of the first month of lunar year in 2019, the Company held “Lantern Festival Riddles Guessing” and invited all employees to celebrate the Lantern Festival together. The Company conducted sweet dumpling making activity which allowed employees to experience the charm of traditional food during the process of kneading dough, making wrapper and stuffing; meanwhile, we held themed afternoon tea and “riddle guessing” of Lantern Festival. The contents of riddles involved businesses and employees. The employees took an active part in it and guessed out 150 riddles, presenting a strong festive atmosphere. The “Lantern Festival Riddles Guessing” integrating entertainment and participation built a comfortable and warm festival atmosphere and fully mobilized employees in funny games, enhanced friendship among colleague and allowed employees to experience the care from the Company.





3. Carry out responsible procurement to achieve win-win cooperation

3.1 OPTIMISE SUPPLY CHAIN MANAGEMENT

We developed and revised the Procurement Management System pursuant to relevant laws and regulations in the PRC, which set up specifications on the supply chain management to ensure stable and efficient supply chain of the Company.

- **Supplier management**

Following the “open, fair and just” anti-corruption operation principle, Chanjet carries out procurement on a rational basis. On one hand, the Company has formulated the Violations of Procurement Business (《採購業務違規行為》) system to clarify the violations and punishment measures for business-related personnel and suppliers and put strict control over behaviors of procurement-related personnel and relevant suppliers and actively supervised through procurement acceptance, irregular visiting, OA system publicity. On the other hand, the Company has formulated the Notes for Suppliers (《供應商須知》), which prescribes that the suppliers shall provide faithful and effective dynamic qualification materials, and strictly standardize qualification of suppliers. In addition, we has entered into the Anti-corruption Cooperation Agreement (《陽光合作協議》) with suppliers to strengthen the openness and transparency of procurement business and promote efficient and high-quality operation of supply chain business.

The Company has constructed a sound suppliers screening and review system to have scientific classification and cross review on suppliers to ensure efficient screening of suppliers and competent supplier partners. As to screening, the Company comprehensively surveys the qualification of suppliers and divides the suppliers into qualified suppliers, temporary suppliers and other suppliers. Through collecting supplier information, the procurement management personnel establishes and updates supplier information on a monthly basis for the procurement handlers to efficiently select cooperation suppliers. As to review, the Company has cross review on the work of suppliers in the past year regularly at the beginning of the year, formulates the Annual Review Table of Suppliers (《供應商年度評審表》) and gives comprehensive consideration on the performance of suppliers, and strengthens evaluation management of suppliers.





The Company always focuses on the supply chain environment and social risk management, in order to guarantee the stable operation of supply chain management. The Company will legally terminate contracts with suppliers who have violated social and environmental policies in executing the contracts on a timely basis, so as to rule out environmental and social risks arising from the aspect of supply chain.

Performance indicators in respect of supplier management of Chanjet in 2019 are set out as follows:

Indicators	Unit	2019	2018	2017
Total number of suppliers	(unit)	380	360	349
Total number of suppliers in Mainland China	(unit)	366	347	335
Total number of suppliers in the regions of Hong Kong, Macau, Taiwan and other countries	(unit)	14	14	14
Number of suppliers reviewed and evaluated	(unit)	380	354	248
Annual rating ratio of suppliers	(%)	100	98	71

3.2 WIN-WIN COOPERATION WITH PARTNERS

Channel cooperation partners (“**partners**” or “**cooperation partners**”) are an important bridge between the Company and users. Chanjet continues to improve channel cooperation partner management and formulates the Business Manual (《商務手冊》) and Channel Partnership Contracting Policy (《渠道夥伴簽約政策》) in the principle of honesty, equity, win-win cooperation and integrity to contribute to the development of channel partners, demonstrate their respective advantages and achieve win-win results.



- **Management of Partners**

The Company implements authority approach for sales channels, that is, channel members carry out products sales and provide services of Chanjet within designated area or industrial system. The Company has formed a three-layered channel management system comprising marketing centre, grand region and business representative outlet and entered into the Chanjet Software Authorized Sales Agreement (《暢捷通軟件授權經銷協議書》) with channel partners to clarify the authorization scope of channel partners and standardize their behaviours. In addition, the Company set up professional departments to take charge of, supervise and guide channel partners' sale, clarify rights and obligations of partners and formulate detailed system in terms of sales objective assessment, sales competition, concessional sale and trans-shipment behaviour to improve partner management system, thereby standardizing market order and realizing win-win progress.

- **Boost the Growth of the Partners**

The Company has constructed sound partner training systems to boost the growth of partners. We classify partners into introduction phase, growth phase, development phase and mature phase and provide targeted support accordingly. To facilitate channel partners to study, we have established online partner training platform "Chanjet Lecture" to regularly release network training courses in relation to products usage, daily problems solutions, industrial cases and finance and taxation. We actively assist partners in training cloud application and product knowledge and marketing to help partners enhance service development, deployment and operation efficiency and cultivate internet marketing awareness of each regional partner and promote the enhancement of competence of partners in all directions.

Performance indicators in respect of channel partners management of Chanjet in 2019 are set out as follows:

Indicators	Unit	2019	2018	2017
Total number of channel cooperation partners	(unit)	1,623	1,749	1,701
Total number of channel cooperation partners in Mainland China	(unit)	1,623	1,749	1,701
Total number of channel cooperation partners in the regions of Hong Kong, Macau, Taiwan and other countries	(unit)	0	0	0
Service satisfaction of channel cooperation partners	(%)	73.40	76.30	74.60



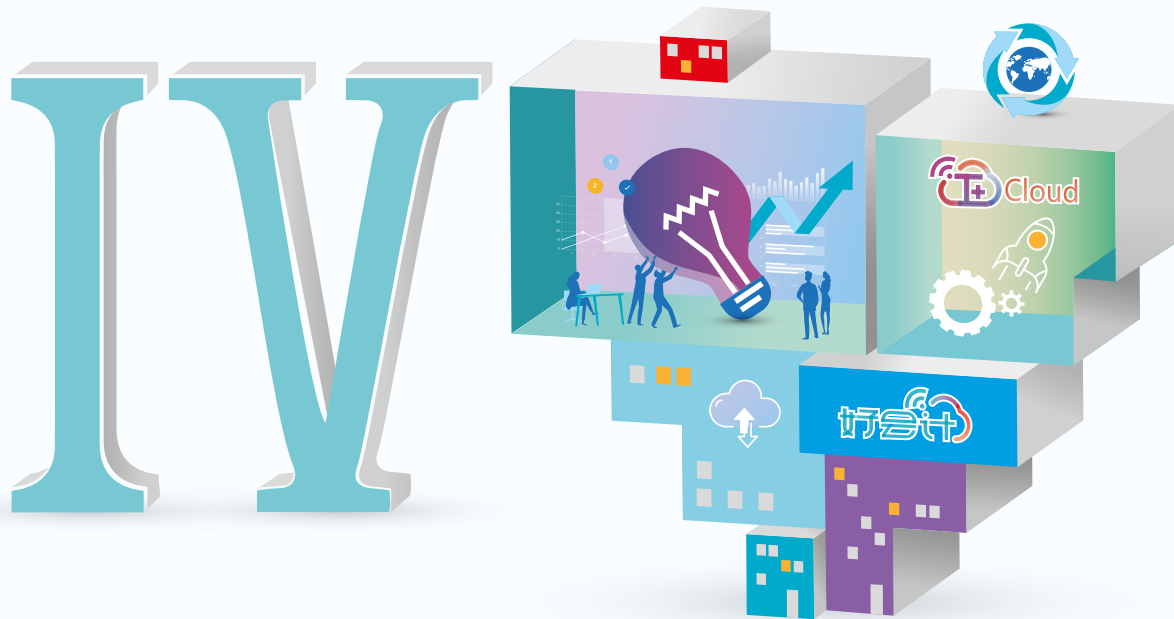


Case: Chanjet joined hands with partners to achieve future success through intelligent technologies

On 20 January 2019, under the theme of “Achieve future Success through Intelligent Technologies”, the 2019 Chanjet Channel Partners Meeting was grandly opened in the Great Hall of the People. Chanjet joined hands with nearly 1,000 channel partners to embark on the road of helping MSEs develop and thrive.

Mr. Yang Yuchun, a director and the president of Chanjet, shared the business reform and changes in users’ demand in the era of new consumerism to channel partners; Ms. Zhang Hong, the senior vice president of Chanjet, defined the product strategy of Chanjet in 2019 with “new finance, new commerce and new retail”. Behind every key word and every sharing at the channel partners meeting is the in-depth integration and innovation made by Chanjet based on users’ demand and commitments made by Chanjet to partners and users as to products and services in 2019. This meeting, on the basis of focusing on users’ demand, optimized products strategies, helped channel partners enhance competence and efficiency, improved and strengthened local channel system and assisted partners in achieving success in the future.





4. Innovative products and optimized service quality

4.1 PRODUCTS OPTIMIZATION

Nowadays, digital economy transformation has become the mainstream of global economic development. The development of technology fueled the changes in demands of service providers. In the macro backdrop of technology empowering and business reform, the cloud access for enterprises has become an important trend. The business modes and models of MSEs are confronted with major transformation. Chanjet grasps the trend, speeds up innovation process and comprehensively optimizes products. While striving to improving operation efficiency for MSEs, it realizes its own corporate value.

Performance indicators in respect of products and services of Chanjet in 2019 are set out as follows:

Indicators	Unit	2019	2018	2017
Cumulative enterprise users of software business	(10'000)	161	147	131
Cumulative enterprise users of cloud services	(10'000)	15.7	11.3	7.4





Case: Chanjet released T⁺ exclusive cloud at the 6th World Internet Conference

In October 2019, the 6th World Internet Conference themed on “Intelligent Interconnection, Openness and Cooperation-Join Hands to Build Cyberspace Community” was held in Wuzhen, Zhejiang. Around 1,500 guests from 83 countries and regions worldwide attended this meeting, during which, the cyberspace development trend was discussed, innovation results of information technology were displayed, the future of internet was foreseen and discussion was held on cooperation channels of cyberspace.

At this meeting, Chanjet released T⁺ exclusive cloud for MSEs. T⁺ exclusive cloud, as an important part of T⁺ Cloud, greatly



enhances marketing service functions in addition to enhancing the original T⁺ finance and supply chain functions and enhances corporate performance through intelligent front-end operation services. Meanwhile, it assists new retailers to truly realize online and offline integrated operation, assists new commerce enterprises to enhance ATV and repurchase rate through intelligent marketing services so as to allow enterprises to realize all-channel operation and open up the whole process from marketing to trading.



Case: Chanjet "Good Accountant" belonged to the first batch of cloud products that passed the Huawei cloud service compatibility certification

On 23 July 2019, the Kunpeng Computing Industry Development Summit themed on "spread the wings, calculate the future, initiate the new era of computing" was held in Beijing. At the summit, 25 partners that first passed the Huawei Cloud Kunpeng Cloud Service Compatibility Certification were announced on site. Chanjet's "Good Accountant" was one of the cloud products that passed the certification.

"Good Accountant" is a professional cloud finance SAAS application tailored for MSEs for the purpose of helping financial personnel manage cash, invoices, dealings, tax returns, and operation analysis whenever and wherever possible. "Good Accountant" can be applied at PC end, mobile phone end, WeChat end and provides quality guarantee. Free from installation, maintenance, upgrade and backup, it guarantees data security of customers. Meanwhile, the product provides multi-level role-based management and shares statements at any time through mobile end to facilitate financial personnel to learn about relevant financial information. Through providing user-friendly services for enterprises and accountants, Good Accountant contributes to the enhancement of efficiency of enterprises and the development of MSEs and continues to obtain recognition and support from the outside world.





4.2 QUALITY SERVICES

Committed to providing stable, convenient and efficient product services for customers and guaranteeing financial information security of MSEs, Chanjet have constructed a sound customer complaint handling mechanism and diversified customer service platforms to enhance products and service quality.

During the reporting period, the Company did not receive any major complaints from users relating to the products and services.

• Stable services

We strictly comply with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and other relevant laws and regulations to regulate the quality of products. Our service systems have passed the certification of ISO9000 quality management system, which fully safeguard the quality and security of software products and cloud services of Chanjet.

We adopted several measures to enhance product quality and provide stable, efficient product services through complete-cycle quality management:

Products development management	Formulating the Products Quality Standards-Development Process Specifications, standardizing products development process and working standard, clarifying relevant standards of products iteration life cycle, iteration process, iteration activities and ensuring products quality.
System stability management	Reviewing output contents each phase such as requirement documents, design documents, codes, test cases and test schemes and conducting all kinds of standardized tests in terms of products function, performance, efficiency and safety to ensure the stability and reliability of system through standard implementation and management.
Products convenience management	Actively collecting review control of output contents and feedback from users and market and making continuous improvement. Conducting multiple times of corresponding realization and verification on products to ensure the convenience of products.
Products return channel management	Providing convenient return channel. Users are able to efficiently complete the product return process by dialing the hotline for customer services and filling in the Cloud Products Return Application and the Electronic/Paper Invoice Return Application return within 7 days after products registration and activation.

• Information safety and customer information protection

In strict compliance with the Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers (《中華人民共和國消費者權益保護法》), the PRC Network Security Law (《中華人民共和國網絡安全法》), the Interim Measures for the Administration of Internet Advertisement (《互聯網廣告管理暫行辦法》), the Decision of the Standing Committee of the National People's Congress on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) and Regulations on Telecom and Internet User Personal Information Protection (《電信和互聯網用戶個人信息保護規定》) and other relevant Laws and regulations, Chanjet has formulated the User Service Agreement (《用戶服務協議》), the Customer Privacy Protection Policy (《客戶隱私保護政策》) and other systems and formulated and released the Standard Requirements on Strengthening Information Security of the Company (《關於加強公司信息安全的規範要求》) based on the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in Criminal Cases of Illegal Utilization of Information Network and Assisting in Information Network Crimes (《最高人民法院、最高人民檢察院關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》) to safeguard consumers' rights and interest and information security through all-around and multi-level guarantee measures.

During the reporting period, the Company did not have any lawsuit due to the infringement of privacy of the customer.



Safety management system	<p>The Company has constructed sound network security management system and established special departments and posts to take charge of network security issues. Chanjet cloud has passed the "Trusted Cloud Evaluation System" (《可信雲評估體系》), a national standard, and the class III certification under the Guideline on Grading of Information Safety Technology and Information System Safety Level (《信息安全技術信息系統安全等級保護定級指南》) and has conducted annual audit and irregular spot check audit in accordance with requirements of national professional management departments to manage network information security in a scientific and orderly manner.</p>
Personnel safety management	<p>Entering into confidential agreement with employees, formulating relevant systems to manage external personnel visit and protect corporate information security.</p>
System operation & maintenance management	<p>Establishing and improving machine room management system, regularly carrying out loophole scanning and timely repairing system security vulnerabilities found. Grading computer security events of the system in accordance with national regulations and adopting corresponding measures for treatment.</p>
Equipment safety management	<p>Setting access control of office area, identifying and recording entry personnel, setting up machine room monitoring and fire security system to guarantee physical security of the Company.</p>
Data safety management	<p>Identifying personal identity when logging into information internal system or application and setting access rights of different users based on different posts and responsibilities; setting invasion prevention measures of computers, backing up important data and guaranteeing enterprise data security.</p>





- **Improving customer satisfaction**

As Chanjet mainly adopt the distribution model, there are quite few circumstances where we make direct contact with customers. Nonetheless, we give due weight to communication with customers and establish a perfect and efficient communication mechanism.

The Company formulated the Complaint Handling Procedures, specifying procedures for resolution of customers' complaints, to efficiently resolve the special problems for customers. After handling complaints, working staffs are required to provide feedback on the handling results within one working day and monitor and track complaint results in real time to ensure that customers complaints are truly solved. Meanwhile, they need to archive the complaints after handling for the future evaluation and review of the Company, thereby continuing to enhance service quality.

In a bid to better learn about the demands and suggestions from customers and partners on products and services and enhance their satisfaction, Chanjet entrusted a third party to carry out the 2019 Chanjet Survey on Satisfaction of Customers and Partners in 2019. The third party organization had in-depth interviews with customers and partners to learn about the feedback and suggestions of customers and partners on pre-sales, implementation, products, support services and complaint service link to form in-depth interview reports and issue the 2019 White Paper on Satisfaction Survey Report of Customers and Partners. Meanwhile, the third party organization, based on different products(Good Accountant, T-series) and different targets (customers, partners) of Chanjet, applied analysis of satisfaction degree to form specific satisfaction survey report of different dimensions. Through this survey, the Company learned about the demands of customers and partners on the Company's products and services in a faithful and comprehensive way and effectively grasped the focus of customers and service weakness. On this basis, the Company further enhances service standards, service flow and service delivery and continues to enhance service level.

The Company has set up diversified customer service platform to satisfy diversified demands of customers, enhance customer satisfaction, specifically including customer service call center, online service, etc. It aims to keep communication channels with customers open and available and provide quick solutions to customers in a variety of ways whenever and wherever possible and satisfy service demands.



Customer service platform	Functions
Customer service call center	Satisfying customer demands in a targeted way through one-on-one communication all year around
Online service	Providing online services for 15 hours a day to efficiently solve customers' common issues in a convenient and swift manner
WeChat subscription account -Chanjet service	Solving professional issues of customers targeting different accounting fields and different products through fast search
"Fubao" intelligent robot	Covering five functions of online services, Fubao micro class, finance and taxation knowledge, contacting suppliers, lucky dip of Fubao, two centers of "personal center" and "information center" and comprehensively solving users' problems, learning about customer demands and optimizing products and services

Performance indicators in respect of customer service of Chanjet in 2019 are set out as follows:

Indicators	Unit	2019	2018	2017
Filed customer complaints ^{Note}	(items)	0	0	0
Satisfaction on customer service	(%)	89.60	84.60	82.60

Note: This indicator refers to the number of complaints recorded via the "12315" special line for complaints and reports of customers and nationwide internet platforms.





4.3 INCENTIVE FOR SCIENTIFIC AND TECHNOLOGICAL INNOVATION

Sticking to the core value of continuous innovation, Chanjet has been continuously improving innovation platform system building, organizing and promoting R&D work and innovation incentive activities, encouraging employees to brainstorm and jointly promoting the upgrade of products and technology services. In addition, we actively strengthen intellectual properties protection and brand protection, strictly abide by relevant national regulations and fully protect the intellectual properties and brand value of the Company.

- **Innovation system and incentive mechanism**

The Company has formulated a variety of innovation incentive policies including the Chanjet Innovation Results Rewarding Measures, the Special Rewarding Scheme of R&D Center, the R&D Knowledge Sharing and Incentive Mechanism of Chanjet School and the Patents Rewarding Measures to encourage employees innovation and provide system guarantee. Meanwhile, we formulated R&D incentives, Chanjet school knowledge sharing incentives, innovation incentives and patents incentives to enhance the initiative of employees in making innovation.

The Company actively promotes the construction and optimization of innovation platform and divides the innovation results into product and technology innovation, marketing innovation, service innovation and management innovation in light of businesses of the Company and comprehensively incorporates innovation work into the development and operation of the Company. Prioritizing on product and technology innovation in platform system building, the Company sets application innovation, technology innovation, management innovation, test innovation and user experience innovation and other sub-levels, regularly organizes selection activities and provides further guidance, incubation and incentives on excellent innovation. While promoting R&D team to enhance technology learning, it promotes the promotion of innovation projects with social value.

- **Protection of intellectual properties and brands**

The Company has strictly complied with the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Interim Procedures on Internet Advertising Management (《互聯網廣告管理暫行辦法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and other relevant laws and regulations to guarantee innovation results, brands, trademarks of the Company and implement intellectual properties protection and brand protection.



Protection of intellectual properties

The Company has formulated the Administrative Measures for Patent of Chanjet, the Intangible Assets Management System, the Administrative Measures for Copyrights Registration and other policies and has established the intellectual properties protection system oriented towards the respect of intellectual properties and encouragement of innovation to continue to optimize intellectual properties management of the Company. For patent assets, the Company clarifies institutional setting and management responsibilities and standardizes patents management of the Company through patents application plan, patents application process, patents maintenance, patents information management and utilization.

The Company cracks down on violations of intellectual properties. To respect and protect intellectual properties, maintain positive corporate image and prevent tremendous legal risks, the Company further promotes the legal copy of software and has specially formulated the Regulations on the Usage of Copyrighted Software. For internal violations, the Company imposes fines, reduces salaries of relevant personnel as required and pursues legal liabilities in case of serious violations. For external pirate and copyright infringement, the Company has formulated the Special Administrative Measures for Cracking on Piracy, clarified infringement treatment process and established piracy report mechanism and entered into the Anti-Piracy Statement with all cooperation partners. In case suspected piracy is found, based on the degree of infringement, corresponding measures will be adopted for punishment. If necessary, legal liabilities will be pursued.

Protection of brands

The Company had formulated Chanjet Brand System Management Regulations to standardize the management on brand structure, usage, introduction and exit, supervision and has set up violation punishment mechanism. Business departments, dealers and partners authorized to use company name and brand signs must accept supervision and inspection of the marketing department of the Company. In case of non-conformity during usage, the Company timely urges the correction and revokes authorization and pursues legal liabilities in case damages are caused to brand image and interests. The Company has unified planning and management on advertisements and trademarks to protect enterprises, products and services credit and prohibit false advertisement and unfaithful publicity.

Indicators	Unit	2019	2018	2017
Investment in R&D	(RMB0'000)	13,862.9	12,562.3	12,492.2
Percentage of investment in R&D over sales income	(%)	30	29	25
Number of R&D staff	(persons)	342	294	270
Cumulative patents applied for	(pieces)	160	141	136
Newly applied patents	(pieces)	19	5	22
Cumulative patents licensed	(pieces)	76	64	58
Newly licensed patents	(pieces)	12	6	8





Case: Intellectual properties series training activities

To standardize intellectual properties management, encourage employees to innovate actively, and promote intellectual properties development of the Company, in 2019, the Company conducted several intellectual properties trainings to strengthen the understanding of employees on intellectual properties and promote compliance development of the corporate businesses.

Firstly, we carried out training on intellectual properties implementing standards interpretation to strengthen the understanding of our employees on relevant policies and regulations, certification processes and methods; secondly, we had trainings on administrative measures for patents and incentive systems to deepen the study of employees from R&D and intellectual properties departments and inspire their initiative in R&D; thirdly, we had training on patent mining to enable employees from R&D and intellectual properties departments to fully understand the value of patents, the way to mine patents technology and the steps and methods of patents preparation so as to enhance R&D working efficiency.

Through a series of intellectual properties training activities, we further allow employees to understand relevant laws and regulations, patents management and incentive systems, enhance the initiative for employees to carry out scientific innovation and promote the long-term development of the Company.





5. Implement standardized management to achieve integrity operation

5.1 INTEGRITY AND COMPLIANCE MANAGEMENT

In strict compliance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Law of Anti-Money Laundering of the People's Republic of China (《中華人民共和國反洗錢法》) and other laws and regulations, the Company has formulated various system such as the Internal Audit System (《內部審計制度》) and the Code of Conduct for Employees (《員工行為守則》) to ensure the implementation of integrity and compliance management.

During the reporting period, the Company was not involved in any offence and violation in relation to commercial bribery, extortion, fraud or money laundering.

- **Risk management**

The Company continually improved the internal and external risks management and established the internal control system and risk management system. In addition, the Company has engaged third-party institutions to review the internal control system and risk management system of the Company on a regular basis, and issue internal control review reports and risk assessment reports which are subject to review by the audit committee under the Board and the Board, to fully safeguard the smooth and orderly operation of the Company.





- **Integrity supervision**

Chanjet has formulated a series of systems including the Code of Conduct for Employees, the Violations of Procurement Business to clarify the work discipline and specifications to resolutely avoid the occurrence of bribery. All departments of the Company actively responds to system requirements, regularly carries out anti-corruption special inspection work. Meanwhile, the Company carries out special audit through internal audit or hiring third party external auditor to eliminate violations of laws and disciplines.

- **Reporting channels**

The Company sets up the audit and supervision department to take charge of report on bribery, extortion, fraud and money-laundering and sets up report line, report mailbox, report e-mail, face-to-face report and other report channels. While fully implementing integrity management, the Company fully protects information security of reporter and demands staffs to keep the information and contents of reporters confidential. After receiving any reported information, the audit and supervision department will verify such information promptly and investigate or conduct special audit in light of the circumstances. The corruption fact, once confirmed, will be dealt with according to relevant provisions under the internal audit mechanism of the Company.

- **Anti-corruption training**

The Company actively carries out anti-corruption training activities and organizes all employees to study the Code of Business Conduct for Employees and carries out assessment on an annual basis to promote employees to deeply understand internal and external integrity code of conduct, reporting channels of violations and punishment measures on violations so as to enhance their anti-corruption awareness and avoid the occurrence of corruption from the source to promote integrity and efficient development of the Company.



6.1 SUPPORTING THE DEVELOPMENT OF ACCOUNTING INDUSTRY

The Company has started to have title sponsorship over “Accountant Culture Festivals” since 2008. It is dedicated to creating a festival of accountant personnel, thereby promoting accountant culture and enhancing the industrial sense of belonging of accountants. In November 2019, Chanjet held the 12th Accountant Culture Festivals themed on “love and growth-I’m a happy accountant”. This culture festival is themed on “removing the stereotypes on accountants, reshaping accountant value”, “going deep into corporate operation level and discussing finance transformation in the internet+ era”, “bearing the original intention in mind and guiding the new era of intelligent finance management” to co-discuss the development trend of accountants and MSEs in the digital economy era. In the activity, Chanjet launched two selections of “2019 Accountant Expert Selection” and “2019 Popular Online Service Provider”, awarded honor certificates and awards to top 10 contestants to commend excellent accountant workers nationwide and inspire accountants to work hard.

Chanjet bears the original intention in mind, combines enterprise development and social responsibilities and takes an active part in public welfare undertakings. We strictly abide by provisions of laws and regulations such as the Charity Law of the PRC (《中華人民共和國慈善法》), actively respond to national “targeted poverty alleviation” policy and practice sustainable development goals of “excellent education”, “sustainable city and community” proposed by the United Nations, focus on public welfare activities such as donations and social services to contribute its part to the building of harmonious society.



Case: Chanjet joined hands with Ali Cloud to provide software services to public welfare institutions free of charge

In January 2019, Chanjet joined hands with Ali Cloud as well as several partners to provide over 40 software services to public welfare institutions free of charge, which include website building, cloud migration, work coordination, finance personnel and marketing management to help public welfare institutions carry out services.

As an active participant, Chanjet mainly provided cloud service products “Good Accountant” for public welfare institutions such as non-profit foundation registered and incorporated under the Civil Administration Department. The Company set up exclusive online service application channel – “public welfare based on code” for public welfare institutions to allow them to have efficient and convenient access to software services. Public welfare institutions only need to submit to settle on the home page and achieve settlement free of charge on cloud market after passing the audit to have free access to the qualification for the usage of products. This activity alleviated the contradiction between low budgets of public welfare institutions and high service software price, helped public welfare institutions handle financial affairs and carry out public welfare undertakings more efficiently.

Case: “Small Closet and Great Love”– Chanjet used clothes recycling activities

On 16 March 2019, Chanjet established “small closet” in the Company to recycle used clothes and donate them. In just a few days, all staff members actively cooperated with the activities and disinfected their out-of-use clothes and put them in the “small closet” before the professionals packed them and donated them to China Charity Federation. In this donation, a total of 37 kg of clothes was donated and the kindness of Chanjet was fully conveyed.



ESG Index Table

No.	Indicator description	Page
A1 Emissions	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>	P12-13
A1 Emissions	A1.1 The types of emissions and respective emission data.	P14
A1 Emissions	A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P14
A1 Emissions	A1.3 Total hazardous waste produced (by weigh or volume) and, where appropriate, intensity (e.g. per unit of production volume, per facility, per official employee).	Not applicable ¹
A1 Emissions	A1.4 Total non-hazardous waste produced (by weigh or volume) and, where appropriate, intensity (e.g. per unit of production volume, per facility, per official employee).	P14
A1 Emissions	A1.5 Description of measures to mitigate emissions and results achieved.	P12-13
A1 Emissions	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P13
A2 Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	P14-15
A2 Use of Resources	A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P15
A2 Use of Resources	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P15
A2 Use of Resources	A2.3 Description of energy use efficiency initiatives and results achieved.	P14-15
A2 Use of Resources	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P15
A2 Use of Resources	A2.5 Total packing material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	P15

¹ The Company has not produced any other hazardous wastes during its operation except electronic wastes. According to the latest relevant instructions of the Ministry of Ecology and Environment of the People's Republic of China, "electronic wastes" do not belong to "hazardous wastes", so this indicator is not applicable.





No.	Indicator description	Page
A3 The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Not applicable ²
A3 The Environment and Natural Resources	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable ²
B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P16-17, P23-25
B1 Employment	B1.1 Total workforce by gender, employment type, age group and geographical region.	P18
B1 Employment	B1.2 Employee turnover rate by gender, age group and geographical region.	Not disclosed yet

² Given the business nature of the Company, the Company did not have any business activities that have a significant impact on the surroundings, this indicator is not applicable.



No.	Indicator description	Page
B2 Health and Safety	General Disclosure Information on; (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P19
B2 Health and Safety	B2.1 Number and rate of work-related fatalities.	P19
B2 Health and Safety	B2.2 Lost days due to work injury.	P19
B2 Health and Safety	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	P19
B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	P20-22
B3 Development and Training	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P21
B3 Development and Training	B3.2 The average training hours completed per employee by gender and employee category.	P21
B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P16-18
B4 Labour Standards	B4.1 Description of measures to review employment practices to avoid child and forced labour.	P18
B4 Labour Standards	B4.2 Description of steps taken to eliminate such practices when discovered.	P18
B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	P26-29
B5 Supply Chain Management	B5.1 Number of suppliers by geographical region.	P27
B5 Supply Chain Management	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P26





No.	Indicator description	Page
B6 Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P33-36
B6 Product Responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable ³
B6 Product Responsibility	B6.2 Number of products and service related complaints received and how they are dealt with.	P35-36
B6 Product Responsibility	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P37-39
B6 Product Responsibility	B6.4 Description of quality assurance process and recall procedures.	P33-34
B6 Product Responsibility	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	P33-34
B7 Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P40-41
B7 Anti-corruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P40
B7 Anti-corruption	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P40-41
B8 Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P42
B8 Community Investment	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P42-43
B8 Community Investment	B8.2 Resources contributed (e.g. money or time) to the focus area.	P42-43

³ The products of the Company are mainly delivered online, and the small proportion of offline products also involve in no safety and health risks.



暢捷通

Chanjet

暢捷通信息技術股份有限公司
CHANJET INFORMATION TECHNOLOGY COMPANY LIMITED

