

明源雲

Stock Code : 0909

明源雲集團控股有限公司

Ming Yuan Cloud Group Holdings Limited

Accelerate Digital Upgrading of the Real Estate Value Chain



2020

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ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THE REPORT

This is the first Environmental, Social and Governance Report (hereinafter referred to as the “Report”) published by Ming Yuan Cloud Group Holdings Limited (hereinafter referred to as “Ming Yuan Cloud”, the “Group” or “we”). Based on the principles of materiality, quantization, balance and consistency, this report focuses on disclosing the philosophy, significant progress and effectiveness of fulfilling its environmental, social and governance (hereinafter referred to as “ESG”) responsibilities this year.

### Scope of the Report

Unless otherwise specified, the policies, statements and data disclosed in this ESG report cover the actual business scope of Ming Yuan Cloud Group Holdings Limited. The reporting period is from January 1, 2020 to December 31, 2020. The currency used in this report is RMB.

### Reporting Standard

The Group prepared this Report in accordance with the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited, so as to ensure clear presentation of the ESG issues concerned by stakeholders, with quantitative and comparative significance.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Principle of ESG Report

## Response of the Group

<b>Materiality</b>	The report should cover the aspects that reflect the entity's significant impacts on the economy, environment and society, or substantially affect the assessment and decision of stakeholders.	Based on the development strategy of the Group as well as the industry and business conditions, the Group identifies the current important issues by communicating with stakeholders.
<b>Quantization</b>	Key performance indicators (KPIs) on relevant historical data in the report need to be measurable to evaluate and validate the effectiveness. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	The Group has quantitatively disclosed and narrated in words the information on KPIs of the year, so as to facilitate the stakeholders' clear understanding of the Group's overall performance.
<b>Balance</b>	The reporting information should reflect the positive and negative aspects of the performance of the reporting entity, so as to make a reasonable evaluation on the overall performance.	This report elaborates the achievements made and challenges faced by the Group, and discloses relevant quantitative information to facilitate reasonable analysis and comparison.
<b>Consistency</b>	Consistent methodologies should be used in the report for information disclosure so that stakeholders can analyze and evaluate the performance of the entity over time. The entity should explain any changes to the methods used.	The Group will ensure the scope of disclosure and reporting methods used in the report are generally consistent every year.

## Source of Data and Reliability Statement

The data used in the report are all from the official documents, statistical reports and relevant public information of Ming Yuan Cloud Group Holdings Limited. The board of directors (the "Board") of the Group is responsible for the authenticity, accuracy and completeness of the contents in the report.

## Confirmation and Approval

Upon confirmation by the management, the report was approved by the Board on March 30, 2021.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## GROUP HONORS

### August 2020

The “World Built Environment Forum (WBEF) China Summit 2020 and RICS Awards China 2020 Awarding Ceremony” sponsored by the Royal Institution of Chartered Surveyors (RICS), an organization of property professionals, was concluded in Shanghai. RICS set up the Proptech Innovation Achievement Award for the first time in 2020. The Group stood out from nearly 200 teams and projects of more than 100 enterprises in 20 cities in China and won the Excellence Award for the Proptech Innovation Achievement of the Year.



### September 2020

The “2020 China Real Estate Brand Value Research Achievements Conference and the 17th China Real Estate Brand Development Summit Forum”, which was sponsored by China Real Estate Top 10 Research Team and undertaken by China Index Holdings Limited (CIH) and CIH Research Institute, was held in Beijing. The Group adheres to the mission of “accelerating digital upgrade of the real estate value chain”, and has continuously improved its service quality. With its profound comprehensive business strength and good market reputation, the Group was awarded the 2020 China Real Estate Outstanding Brand for Software Technology Service.



### November 2020

On 6 November, the First South Central Stop of 2020 “Extraordinary Employers” National Tour, hosted by Liepin, a domestic high-end talent career development platform, opened in Zhuhai. This activity announced the award-winning list of Liepin 2020 “Extraordinary Employers” in South Central China, where the Group won the award of “2020 Innovative Extraordinary Employer in Guangdong”.



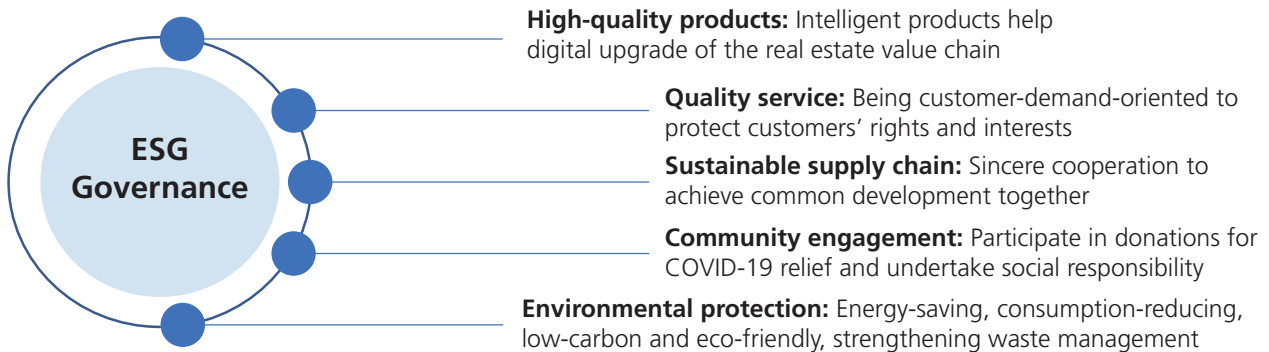
### December 2020

On 20 December, the 12th Annual Conference of China Real Estate Managers Union was held in Beijing Damei Center. The Group won the awards of “2020 China’s Leading Real Estate Digital Enterprise” and “2020 Strategic Partner of China Real Estate Managers Union”. Meanwhile, as a professional service provider for digital transformation of the real estate value chain, the Group will continue to promote in-depth cooperation with China Real Estate Managers Union.



## ESG GOVERNANCE

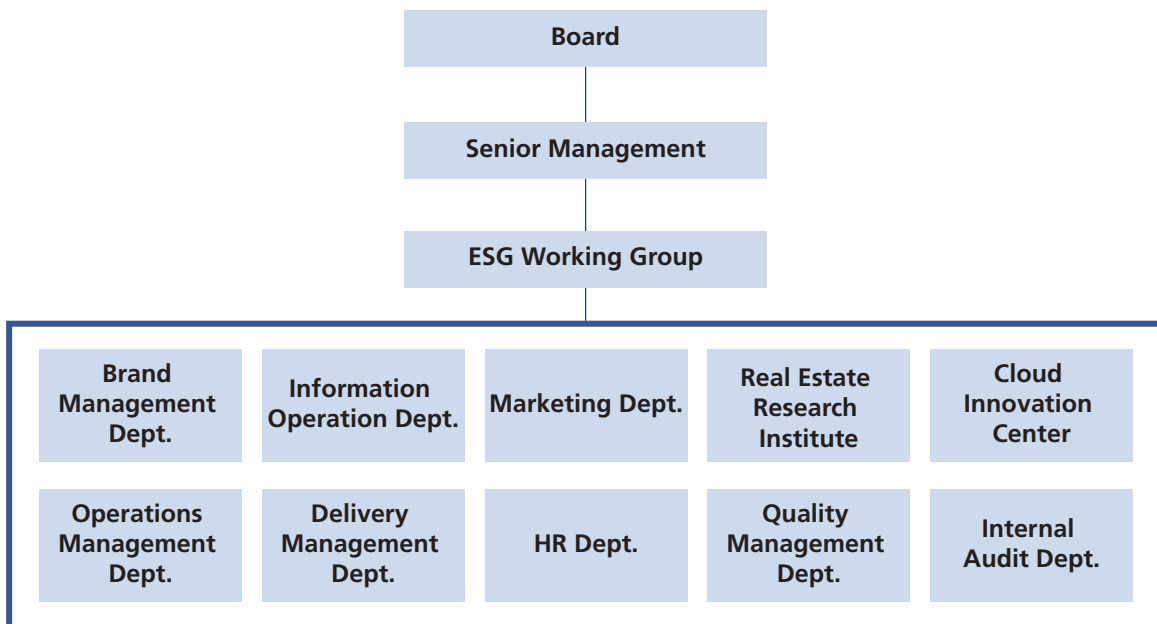
The Group actively seeks the sustainable development of itself, the environment and the society, promotes the communication and exchange with all stakeholders, focuses on the coordination between self-development and environmental protection, attaches importance to social welfare, undertakes corporate social responsibilities, and contributes to the construction of a green and harmonious society.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Division of ESG Management Responsibilities

Various departments under the Group perform their own functions and take their respective responsibilities for ESG management. As the leadership of ESG management, the Board of the Group performs the top management function for ESG issues, and is responsible for supervising the revision and implementation of the Group's ESG management strategy, and allocates resources to ensure effective operation of the ESG risk management; meanwhile, the Board and the senior management discuss the risks and opportunities of related issues on sustainable development, audit the performance of ESG, review and formally sign the annual ESG report. Relevant functional departments of the Group are responsible for implementing the specific work under the ESG strategy, arranging the ESG-related personnel, supervising the ESG work progress, and regularly making statistics on relevant quantitative indicators and data, so as to provide information basis for the Board and the senior management to review the ESG management progress.



## Communication with Stakeholders

The Group pays attention to the demands of all stakeholders, listens to their voices, and actively establishes a communication platform to understand the stakeholders' expectations for the Group's operation planning and future development. In the process of business operation, the Group also attaches importance to the harmonious development of the environment and the society, and lays the foundation for sound development with the sustainable development philosophy.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Type of Stakeholders	Focus of Attention	Communication and Response
<b>Regulatory authorities and external intermediary agencies</b>	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Anti-corruption</li> <li>Information disclosure</li> <li>Corporate governance level</li> <li>Social influence</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Comply with national laws and regulations</li> <li>Accept investigation and supervision</li> <li>Improve internal systems and standards</li> <li>Increase communication channels</li> </ul>
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>Information security</li> <li>Complaint handling</li> <li>Responsible marketing</li> <li>Supplier management</li> <li>Corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>Improve information security management</li> <li>Provide diversified complaint channels</li> <li>Strengthen the training of marketing personnel</li> <li>Exert strict control over supplier management</li> <li>Enrich the construction of corporate culture</li> </ul>
<b>Product users</b>	<ul style="list-style-type: none"> <li>Environmental impact of products</li> <li>Product reliability</li> <li>Privacy protection</li> <li>Information security</li> <li>Service quality</li> </ul>	<ul style="list-style-type: none"> <li>Emphasize on product innovation and R&amp;D</li> <li>Optimize product and service quality</li> <li>Strengthen the construction of privacy security</li> <li>Focus on information security construction</li> <li>Improve service quality</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Occupational safety and health</li> <li>Performance and promotion</li> <li>Diversified employment</li> <li>Employee care</li> </ul>	<ul style="list-style-type: none"> <li>Implement the health and safety management system</li> <li>Establish a clear career promotion mechanism</li> <li>Implement the equality culture</li> <li>Diversified employee benefits</li> </ul>
<b>Suppliers and partners</b>	<ul style="list-style-type: none"> <li>Good faith cooperation</li> <li>Anti-corruption</li> <li>Fairness and justice</li> </ul>	<ul style="list-style-type: none"> <li>Review and assessment</li> <li>Build a clean supply chain</li> <li>Promote daily communication</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Support social welfare</li> </ul>	<ul style="list-style-type: none"> <li>Actively participate in donations for COVID-19 relief</li> </ul>

## Materiality Assessment

In order to deeply assess the importance of ESG related issues and know about the expectations of stakeholders for the Group's annual work, the Group has organized a questionnaire survey on stakeholders to identify the ESG issues concerned by internal and external stakeholders, so as to focus on the disclosure of relevant information in this report and make reasonable planning for work of the next year.

The following four steps have been mainly taken for the materiality assessment of this year:

**Identify the ESG issues:** Comprehensively select 19 ESG issues in the four aspects of environment, employment, operation and community according to the existing businesses of the Group and the ESG management highlights of the industry.

**Conduct questionnaire survey on stakeholders:** Stakeholders including the Group's management, employees, suppliers, investors, etc. are invited to participate in the online questionnaire survey to collect their focus of attention on various issues, and know about their suggestions and expectations on the Group's ESG management work according to the scoring.

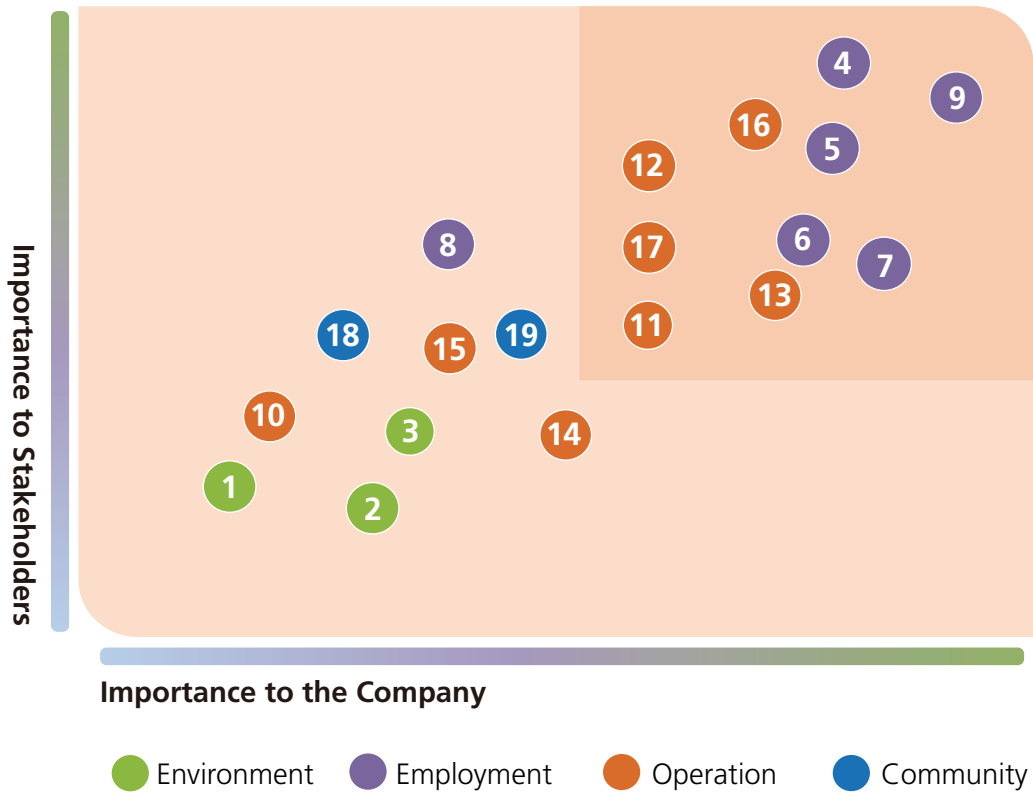
**Rank the important issues in order:** Based on the interview records and questionnaire survey results, rank the ESG issues in order to clearly show the degree of materiality of each issue.

**Prepare the materiality matrix:** Prepare the materiality matrix of ESG issues of the year according to the materiality assessment results.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The materiality matrix and ranking of ESG issues in 2020 are as follows:



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Environment	1	GHG emission and management
	2	Waste management
	3	Energy saving and consumption reduction
Employment	4	<b>Employee recruitment and team construction</b>
	5	<b>Employee equality and diversification</b>
	6	<b>Employee communication and care</b>
	7	<b>A healthy and safe working environment</b>
	8	Employee training and development
	9	<b>Protection of employees' rights and interests</b>
Operation	10	Procurement and supplier management
	11	<b>Product quality assurance</b>
	12	<b>Product R&amp;D and innovation</b>
	13	<b>Management of intellectual property rights</b>
	14	Service response and handling efficiency
	15	Customer communication and satisfaction
	16	<b>Customer information and privacy protection</b>
	17	<b>Anti-corruption management and training</b>
Community	18	Public charity and social service
	19	Promoting industry progress

\* Words in bold are important issues

Through the materiality assessment of this year, we can see that employment and operation are the aspects mostly concerned by stakeholders of the Group, among which protection of employees' rights and interests, employee recruitment and team building, customer information and privacy protection are the important issues. We are deeply aware of the importance of employees to our sustainable development. Therefore, the Group will continue to focus on employment management and talent development in the future, and create a positive working environment. In the meantime, we will maintain close communication with all stakeholders to better carry out the ESG-related work of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ACCELERATING DIGITAL UPGRADE OF THE REAL ESTATE VALUE CHAIN

The Group is a leading digital service provider of the real estate value chain in China. Based on the business philosophy of winning by professional services, product-leading strategy and user success, the Group has provided intelligent business solutions and management systems for more than 6,000 real estate enterprises in China. The Group joined hands with many Top 100 real estate enterprises to successfully promote digital practices. We have developed a strategic layout with the enterprise-grade PaaS platform - Skyline Open Platform as the technical foundation, and with the core ERP solutions and enterprise-grade SaaS products such as CRM Cloud, Construction Cloud, Procurement Cloud and Space Cloud as the two-wheel drivers. We are committed to providing professional services for enterprises related to the real estate value chain. The Software as a Service (SaaS) innovation business and Skyline Open Platform launched by the Group have successfully realized the transformation from management tools to intelligent products, which have become a classic case and bellwether of intelligent business in the real estate industry.

We adhere to the mission of “accelerating digital upgrade of the real estate value chain”, continue to promote the research of real estate digitization, and build an exchange platform for real estate enterprises with online live broadcast activities, China Real Estate CEO Summit, and access to benchmarking enterprise activities, so as to establish the new ecosystem of the real estate industry.

## INTELLIGENT PRODUCTS

### Software as a Service (SaaS) Business

#### *Ming Yuan CRM Cloud*

The Group’s Ming Yuan CRM Cloud products focus on the marketing field and the online and intelligent applications after internal and external collaboration, and provide property developers with digital tools for the whole marketing process, thereby helping developers simplify the process, improve efficiency, reduce costs, and promoting the digitalization and intellectualization of real estate marketing. Based on big data and combined with cutting-edge technologies of intelligent software and hardware, Ming Yuan CRM Cloud provides multi-scenario intelligent applications for the whole real estate marketing chain, such as dissemination, channel, sales site, transaction, etc., which covers 30+ cities and provinces in China, directly interconnects with enterprises, and creates a new generation of intelligent real estate marketing system.



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In the future, the product will mainly focus on customer development and customer flow expansion, and use private flow pool and independent channels to expand customers, so as to realize the integration of cloud marketing and sales office marketing. In the meantime, the Group will continue to carry out fine management, and give consideration to management and control and marketing innovation, so as to create omni-channel identification and innovation services for real estate enterprises, enhance their marketing capability through one-stop transactions, and reduce channel dependence.



Intelligent dissemination



Intelligent channel



Intelligent sales site



Intelligent transaction

### *Ming Yuan Construction Cloud*

As the leader of digital construction of real estate projects, Ming Yuan Construction Cloud is committed to realizing online business scenarios of real estate construction and upstream and downstream parties through advanced mobile Internet + big data technologies. The product helps to ensure project quality as well as safe, civilized and green construction, and effectively improves the production efficiency of construction links and the collaborative efficiency of upstream and downstream enterprises; meanwhile, by applying the leading big data algorithm, the product empowers all business links of real estate enterprises, and further intellectualizes the procurement, engineering management, delivery and maintenance of real estate enterprises.



Looking forward, the Group will continue to develop a new generation of engineering information solutions, including the development of modules such as the progress schedule, model management and process acceptance in the construction process, so as to realize the accurate implementation of the schedule and the visibility of the whole progress; promote the online management of project change license, payment, settlement and other links, and strictly control the materials to avoid the cost out of control; prevent delivery risks by virtue of big data, realize online operations of the whole process from construction site opening to product delivery, improve the product quality from the perspective of customers and optimize the delivery. In addition, the Group will also launch smart customer service 4.0 system to strengthen online risk management and control, realize the full-scenario online services from visit to check-in of owners, and increase the online customer satisfaction survey function to pre-control customer risk and boost customer satisfaction.



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## Ming Yuan Procurement Cloud

By focusing on the field of real estate supply chain, Ming Yuan Procurement Cloud builds a platform for internal and external collaboration and data empowerment, which helps developers and suppliers to realize more efficient and accurate online connection, reduces cooperation costs, and makes the real estate procurement business simpler and more efficient. Ming Yuan Procurement Cloud has by far connected approximately 2,800 property developers certified by the Company with 71,000 suppliers nationwide, in an effort to building communication channels, expanding business opportunities and providing comprehensive solutions.



In the future, Ming Yuan Procurement Cloud will continue to explore supplier business scenarios, develop supplier one-card business, and realize the collaborative management of bidding and procurement between one supplier and several developers. In the meantime, the Group will gradually promote online operations of the offline businesses, such as convening online linkage meetings to provide online interactive services for suppliers and developers. In addition, the Group will also use the product to develop its new applications in the summit activities, enabling the offline summits to help build a brand highland of the real estate supply chain.

## Ming Yuan Space Cloud

As a digital leader in real estate management, Ming Yuan Space Cloud focuses on providing digital solutions for asset management and operation of commercial real estate, covering apartment, commercial office, park, commercial and residential community and other business formats. The product focuses on the business segments of asset management, asset operation, property management and customer service, and helps link the enterprises, their employees, consumers and owners, so as to collect big inventory data and drive new growth in the value of inventory assets.

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By focusing on maintaining and increasing the value of state-owned assets, the product will build asset management center, leasing center and property management center to support the liquidation of state-owned assets, risk control, increase of operating income and property value preservation, help the developers realize integrated operation by multi-format leasing and sales, and promote the after-sale rental refund, increase of operating income and improvement of property efficiency. The Group will also explore the industrial parks, the combination of software and hardware, and the construction of online intelligent service platform.

### ERP solutions

The Group has been deeply engaged in the real estate industry for many years. Based on the best practices and cutting-edge technologies of the industry, the Group has independently developed Ming Yuan Cloud ERP solutions to provide the overall enterprise-grade solutions. The product focuses on data and technical advantages, promotes real estate enterprises to adopt online and intelligent applications after business standardization and implementation of internal controls, including core business modules such as procurement, cost, plan, expenses, sales, operation analysis, etc., which can effectively improve the intelligent operation and digital innovation capability of real estate enterprises, break through information island, connect fragmented scenarios, improve management efficiency, and realize breakthroughs in business scale and business model of real estate enterprises.



Profit  
guarantee

Operational  
risk control

Cost reduction &  
efficiency improvement

Precise  
decision making

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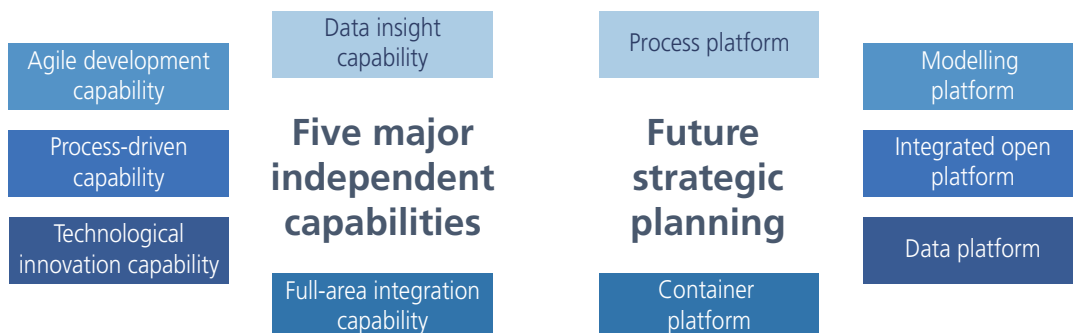
In the future, Ming Yuan Cloud ERP Solution will focus on core business, support reproducible standardized delivery, and ensure the application health of core scenarios. Meanwhile, the Group will design business analysis and management product solutions from the perspective of business operation and finance, develop the ERP solutions presenting high-level value and high maturity and representing the best practices of the industry, accelerate the management efficiency of real estate enterprises and continuously create values for the industry.

## Skyline Open Platform

By accumulating the Group's experience in the digital field of the real estate industry for more than 20 years, and integrating both the internal and external ecological resources, Skyline Open Platform intends to develop the all-round open capabilities of platform layer, business middle platform layer and application layer for enterprises. The platform supports the "steady-state" and "sensitive-state" dual-mode IT features, adopts cloud native technology, and supports multiple functions such as micro service, distributed computing and storage, container service, etc., so that the enterprises can not only better apply the professional products provided by the Group, but also develop their exclusive independent modules on this basis, and provide space for individualized development.



Product Architecture of Skyline Open Platform



## QUALITY MANAGEMENT

The Group attaches great importance to quality management and exert strict control over the whole process of quality details from product R&D to delivery. During the year 2020 (the “Year”), the Group gradually promoted the implementation of quality management mechanism, advanced the online application of intelligent quality inspection, improved the coverage of sampling inspection, actively identified and controlled quality risks, and committed itself to providing high-quality products for customers.

### Product Quality Management

In order to constantly improve R&D efficiency and quality control, the Group actively implements the lean and agile framework. Driven by value, the Group quickly upgrades and optimizes the products through continuous trials and errors, learning and listening to user feedback, in an effort to delivering the right products that users need.

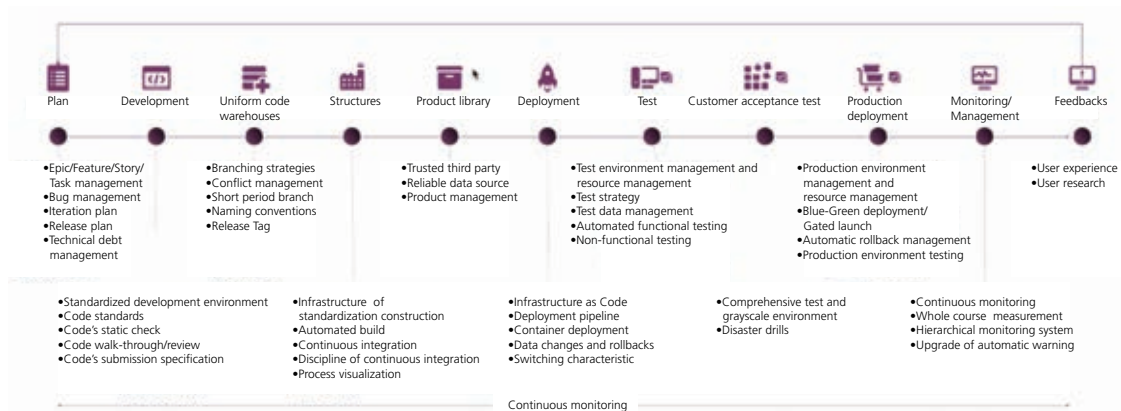
The key quality control measures taken by the Quality Management Department of the Group in the process of product development are as follows:

1. Focusing on the built-in quality: The product must pass the static code scanning, code cross-checking, unit test, interface test and functional test.
2. Carrying out quality planning, review and audit: Corresponding audit shall be carried out on the key activities and achievements incurred during the product R&D process, especially the key activities such as business model, business plan, technical architecture and technical implementation plan. In the meantime, the Group will clearly release standards and quality objectives for the iterative version launched, and control the results.
3. Building the online and automated collaborative platform: Improve the quality of test code, reduce the cost of code merging or integration, shorten the test preparation and execution time, enhance the offline testing efficiency, and reduce the possibility of accidents.
4. Establishing the quality insight mechanism: Establish relevant measurement dashboards to analyze and gain insights into the data of quality and efficiency, directly connect with the feedback mechanism of users, regularly analyze and release the quality status of the production system, and form into the necessary quality improvement measures. In addition, the production accident backtracking mechanism is established to trace the origin of production accidents.



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- Improving the quality control organization: Set up an independent test and process improvement team, and focus on continuous improvement in related fields.



Product R&D Process Quality Management of the Group

## Project Schedule Management

The Group strictly controls the implementation progress of product projects to ensure the project implementation quality, and maintains critical management over the delivery quality. We always adhere to a success equation in project implementation, namely: Customer Success and Project Success = Advanced Software Platform + Appropriate Solutions + Successful Implementation Methods + Values. The Group has a clear project implementation methodology system to keep the delivery process under control, carries out project management through the online project empowerment system, designs and implements the clear-cut project quality control points effectively. Meanwhile, we will define the list of core tasks of different projects according to the difficulties of different projects, balance the project quality and project schedule, and ensure the smooth delivery of the project.

During the Year, the Group realized the implementation of the theoretical and practical combination system through the scheme training camp, cadre training camp and project training camp, and conducted four quarterly counseling for key talents to boost talent development. In addition, we further optimized the methodology for complex projects and scenario delivery to improve the standardization of project management. Combined with the management of monthly performance objectives and supported by the online schedule monitoring system, the Group has improved the plan controllability of the project schedule, linked with the project performance, and effectively guaranteed the project quality by establishing the online project quality inspection platform.

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High-quality projects highly rely on the communication with customers. The Group always keeps close communication with customers, and strives to control the on-site service quality and capability. For complex projects, the Group will dispatch two levels of relevant responsible persons to participate in the communication, and attend the project initiation meeting, weekly meeting of customers, etc. Upon completion of the project, employees of relevant departments of the Group will conduct online guidance and training meetings for customers, including regional customer exchange, project exchange, scheme recommendation, business exchange meeting, product visit, etc.



Communicating with customers

### INDUSTRY EMPOWERMENT

The Group pays close attention to changes in the real estate industry, follows up the macroeconomic and enterprise needs, and continues to promote the research of real estate digitization, so as to help real estate enterprises realize the real digital transformation. In the meantime, the Real Estate Research Institute of the Group closely concerns about the current events and hot spots in the real estate industry, deeply interprets national policies, solves the industry difficulties for real estate enterprises, and embraces new growth opportunities.

#### Live Broadcast Activities of the Industry

In 2020, by focusing on the core concerns of managers and relevant practitioners in the real estate industry, and through continuous in-depth research on the industry, the Real Estate Research Institute of the Group launched a number of online live broadcast activities on hot topics to enable the sustainable development and growth of the real estate industry. During the Year, we held a total of 21 online live broadcast activities, with the most popular live broadcast activity attracting more than 120,000 audience, covering more than 100,000 customers. The Group will continue to optimize the live broadcasting form, develop a set of standardized process system of live broadcast activities, and enhance the Group's brand image.

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### Live Broadcast Activity of “Impact of the COVID-19 Outbreak on the Real Estate Industry and Suggestions for Real Estate Enterprises”

In early February 2020, the Real Estate Research Institute took the lead in planning and organizing Ming Yuan online live broadcast course under the COVID-19 outbreak, innovating the Group’s new form of connecting customers. In the case that customers could not be reached by traditional marketing approaches, the Group delivered hot topics and achievements to the industry through online live broadcast customers, which solved the core confusion faced by real estate enterprises, and attracted more than 120,000 online audience.



### Live Broadcast Activity of “Facing the Challenges of COVID-19: Financial Risks and Countermeasures of Real Estate Enterprises”

On February 26, 2020, to cope with the financial risk issues concerned by the chairmen and CEOs of real estate enterprises, the Group invited financial experts of the real estate industry to conduct a targeted online sharing activity aimed at the chairmen and CEOs of the real estate enterprise. Only the invited enterprises can participate in the activity, where a total of 363 customers conducted online in-depth exchanges and interactions with us.



## New Exploration on Digitalization of Real Estate Enterprises

For more than 20 years, the Group has been adhering to the “technology-driven and product-leading” strategy and the business philosophy of “customer success”. The Group has maintained high-frequency interaction and in-depth cooperation with a number of domestic front-line real estate enterprises through diversified communication channels, and has provided more than 6,000 real estate enterprises with intelligent business solutions and management systems.

### CIO Private Sharing Meeting of Leading Real Estate Enterprises

In September 2020, the “CIO Private Sharing Meeting of Leading Real Estate Enterprises” hosted by Ming Yuan Cloud was held in Yinchuan. Leaders from more than 20 leading real estate enterprises gathered in Yinchuan. Industry elites, Huawei Cloud CTO and IDC digital research experts gathered together to interpret the direction, strategy and path of digital transformation of real estate enterprises with the sales scale of RMB100 billion from different perspectives, and discuss the new practice, new technology and new future of digital transformation of real estate enterprises!



Private Sharing Meeting

### Ming Yuan Cloud Facilitating the Development of a Leading Real Estate Enterprise

In 2020, the outbreak of COVID-19 had a great impact on the overall operation of this real estate enterprise. The customer’s mode of housing purchase was transferred from offline visiting to online browsing. The marketing promotion system of the Group made full use of the Internet to provide a brand-new marketing solution for the real estate enterprise. As of the end of June 2020, the transaction volume completed by the real estate enterprise through the online platform accounted for 15-16% of the total sales.

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## “Smart Marketing Digital Platform” Project of a Large-scale Real Estate Enterprise

The Group successfully developed the “smart marketing digital platform” project for a large-real estate enterprise, for which the Group won the 2020 IDC China Excellence Awards for Digital Transformation - “Information Data Leader”. The real estate enterprise built the 5G online sales office through Ming Yuan CRM Cloud, which optimized online channel management, and maintained continuous customer expansion and retention. During the outbreak of COVID-19, the real estate enterprise achieved a contract amount of RMB101.63 billion in the first half of 2020, representing a year-on-year increase of 18.73% , and finally achieved positive business growth against the trend.



List of 2020 IDC China Excellence Awards for Digital Transformation

## Industry Research Report

The Real Estate Research Institute of the Group has continued to conduct research into hot spots of the real estate industry. During the Year, the Group presented two reports on industry hot spots, namely “New Countermeasures of Real Estate Enterprises against New Challenges of the COVID-19” and “New Challenges of the Real Estate Industry, New Countermeasures of Real Estate Enterprises, and New Digital Future”, focusing on solving the anxiety of real estate enterprises under the COVID-19 pressure and providing solutions for the real estate industry. The cumulative total sales volume of the two reports was close to 20,000 copies, which has been listed as a must-read book for senior executives by the directors of many real estate enterprises. In addition, the Real Estate Research Institute has also launched the Journal of Ming Yuan Real Estate Research Institute, and has published four issues and a total of 70,000+ volumes this year. It has become a bellwether for middle and senior managements of real estate enterprises to know about the industry trends.

The Real Estate Research Institute of the Group will also focus on promoting and completing four research topics and two monthly reports in 2021, and will also continue to study the inventory real estate field through various forms such as monthly inventory report, WeChat Subscription articles and special reports. In line with the industry tendency and enterprise demand, digitalization will become the research focus of the Institute in 2021. The Real Estate Research Institute of the Group will deeply analyze the multidimensional impact of the latest national policies on the real estate industry, comprehensively analyze the countermeasures of real estate enterprises, and help the real estate enterprises survive and develop better.

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## Creating Real Estate Ecology

The Group regards “openness and win-win” as an important cornerstone of business development, and comprehensively integrates the industry resources and ecological capabilities to provide one-stop solutions. For the purpose of adapting to the revolutionary changes taking place in the Internet and real estate industry, the Group, centering on customer demand and technological innovation, has established open cooperation with leading companies such as Huawei and Alibaba Cloud, focused on building up a future-oriented commercial service ecosystem of intelligent real estate, and continued to create values for customers and the whole society.

### Shenzhen • For Better – Huawei Cloud and Computing City Summit 2020

In July 2020, as an important ecological partner of Huawei Cloud, the Group was invited to attend the grand meeting of “Shenzhen • For Better – Huawei Cloud and Computing City Summit 2020”, and demonstrated the real estate intelligent marketing solutions driven by technological innovation at the venue, where the Group introduced core products such as mask face recognition algorithm, real-time risk control, and VR showing.



City Summit

## INDUSTRY COMMUNICATION

The real estate industry is now facing many challenges such as structural adjustment and industrial optimization, as well as new opportunities such as information technology and digital reform. Focusing on business decision-making, open platform and smart operation of the real estate, the Group builds an exchange platform for real estate enterprises to make in-depth discussion on the industry trends, exchange their opinions and talk about the new ecology of the real estate industry.

### China Real Estate CEO Summit

China Real Estate CEO Summit is an annual summit event sponsored by Ming Yuan Real Estate Research Institute, aiming to provide the real estate CEOs with a “pure, high-end and private” communication platform, and striving to promote real estate management innovation and continuously improve the overall management level of the real estate industry. The summit has been held successfully for seven sessions, which has gathered more than 4,000 real estate chairmen and CEOs, of whom more than 40 highly reputed speakers have delivered wonderful speeches at the summit. The summit has formed a certain momentum and brand effect in the industry, with the number and quality of participating enterprises hitting the record high continuously.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The Seventh China Real Estate CEO Summit

A total of 947 people participated in the summit, of whom 93% were chairmen and CEOs of real estate enterprises, and the number of chairmen increased by 15% to 400. The Group invited a number of highly reputed experts from the real estate industry to share their points of view, which was highly recognized by the participating guests.



China Real Estate CEO Summit

## Access to Benchmarking Enterprise Activities

During the Year, the Group organized five benchmarking activities and deeply communicated with chairmen/CEOs of nearly 200 real estate enterprises. The Real Estate Research Institute of the Group combines the demands of cooperation between benchmarking real estate enterprises and small and medium-sized real estate enterprises, and empowers real estate enterprises by organizing a series of activities. This activity creates opportunities for top real estate enterprises in China to meet and exchange with each other, accumulate network and cooperation resources, and achieve mutual benefit and win-win results.



Access to Benchmarking Enterprise Activities

## Interconnecting with External Platforms

The Real Estate Research Institute of the Group independently interconnects or promotes regional interconnections with the resources of chambers of commerce, associations and other real estate industries, so as to participate in platform activities, achieve industry coverage, share the latest information and research results, and promote common progress.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The Third City Summit

The Real Estate Research Institute of the Group participated in the Third City Summit of the Chairmen's Salon organized by China Real Estate Managers Union held on December 20, 2020. President of Research Institute delivered a keynote speech to the chairman members of China Real Estate Managers Union, and shared the industry achievements of Ming Yuan Real Estate Research Institute, which received a positive response.



The Third City Summit

## INFORMATION MANAGEMENT

As a leading digital service provider of the real estate value chain in China, the Group actively promotes the digital construction of daily operation business, strives to build its own information platform, and improves work efficiency to provide the most convenient services for customers. In the meantime, the Group complies with national laws and regulations, strictly controls information security management, implements the division of responsibilities for the information security system, attaches great importance to data management and customer privacy protection, and maintains good reputation of the Group.

### Business Digitalization

In 2020, the Group's digital strategic goal is to promote the digitalization and online operation of the whole business chain, support the scenario-based application through accumulation of data and knowledge, and fully empower the two-level data center and business units. During the Year, the Group mainly carries out practice in three dimensions, namely, building the data center and gradually establishing the digital operation system; consolidating the whole-process informatization construction from sales to payment collection; and promoting the realization of remote office.

#### *Establishing the Digital Operation System*

During the Year, the Group integrated the master data of customers in 17 sets of core systems, increased the customer business flow module, implemented the opening of interconnected systems based on contracted customers, and standardized the recording of customer information. In the meantime, with the help of Skyline Open Platform, the Group has built its own data center, completed the sorting of 9 categories and 282 standard data index systems of the first edition, and unified data caliber rules and business dimension standards. At the data application layer, the Group has, by combining with the index library sorting specification, completed the small-screen reporting optimization on the mobile terminal, new report refining, first edition performance analysis on computer screen, sorting and regional distribution of business analysis and standard report system.





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

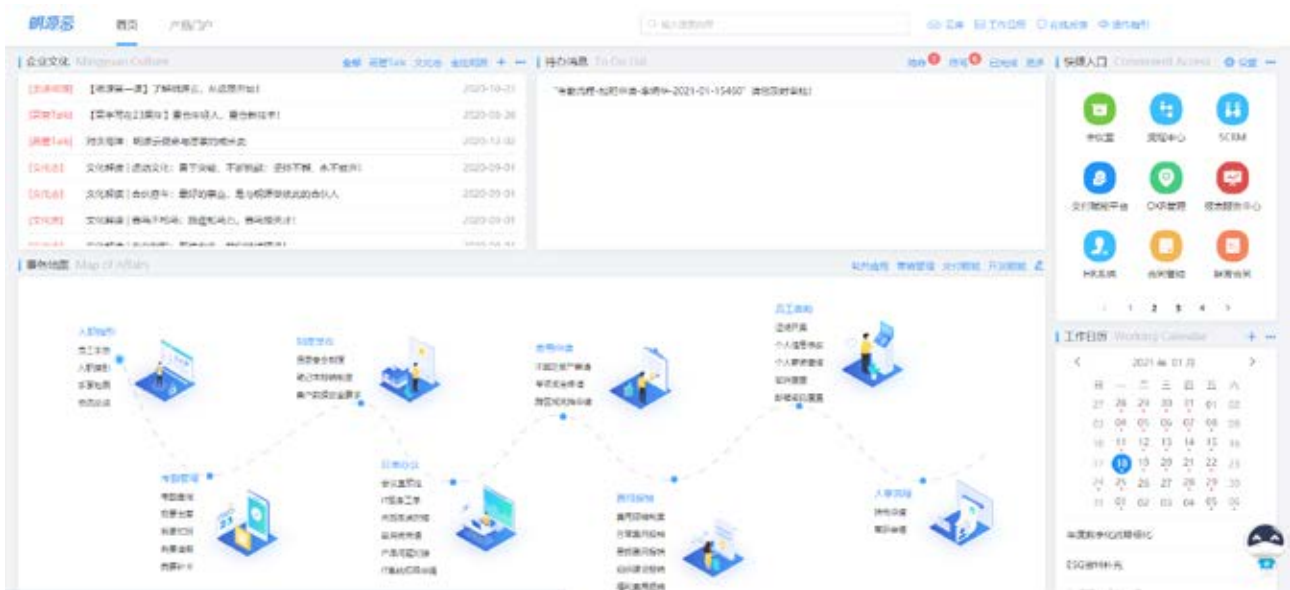
### *Informatization Construction for the Whole Business Process*

During the Year, the Group has actively promoted the implementation of informatization construction for the whole business process, and committed itself to improving operational efficiency. During the process from market to payment collection, the Group focuses on the construction of online operation process of new and old customer market: For the new customer market, the Group strengthens the online channel customer acquisition and operational transformation through the official website revision, live broadcast activities and national marketing mini-program tools; for the old customer market, the Group develops the closed-loop online application of business planning, and realizes the online closed-loop business empowerment of old customers through the annual planning data aggregation, business planning decomposition and implementation effectiveness review. During the process from contract to payment collection, the Group improves the efficiency of regional contract business in the front-end contract section through the whole-process online and electronic signature of Ming Yuan Cloud ERP solutions contracts, which covers four scenarios to improve the efficiency of digital employees; on the revenue side, the Group integrates the demands of external disclosure and internal business analysis, improves revenue recognition rules, and supports the real-time output of full and net revenue data about the overall revenue and the Software as a Service (SaaS) business, builds models to predict the revenue data, and promotes data governance by combining process problems.

### *Remote Office*

Since 2016, the Group has gradually developed the remote office portals, namely the computer terminal-enterprise knowledge portal and the mobile terminal-enterprise WeChat portal, which integrated and covered the online applications of internal daily office work, application for expense reimbursement and business execution respectively. The daily office work, business execution and business collaboration of all users of the Group have been carried out online through various applications in the above two portals. During the Year, the Group consolidated and optimized the original remote office system, strengthened the user experience, such as focusing on the online business mapping guideline of core job positions. The Group also made every effort to promote the online learning community, and switched the learning and exchange of internal products and business knowledge to the online mode. In the first quarter, the Group carried out the product knowledge assessment competition online during the Spring Festival, and held the annual product conference online to realize online communication between the personnel from different business lines.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Remote Office System

As influenced by the COVID-19 outbreak, the Group urged the development team to upgrade cloud and remote development mode, and started to establish the online remote office system solutions in Wuhan and Shenzhen from the Chinese New Year's Eve. During the Spring Festival, the Group completed equipment coordination and system tools deployment, and started to support remote development of the CRM Cloud team since the sixth day of the Chinese Lunar Year. In addition, the Group also upgraded the previous video conference mode combining software and hardware to the pure software mode of ZOOM and Tencent Meeting, and supported online remote office collaboration by combining the WeChat Work application. In the first half of the year, 3,027 online conferences have been launched by ZOOM only, which effectively ensured the continuous development of the whole businesses during the COVID-19 period.

## Internal Information Security

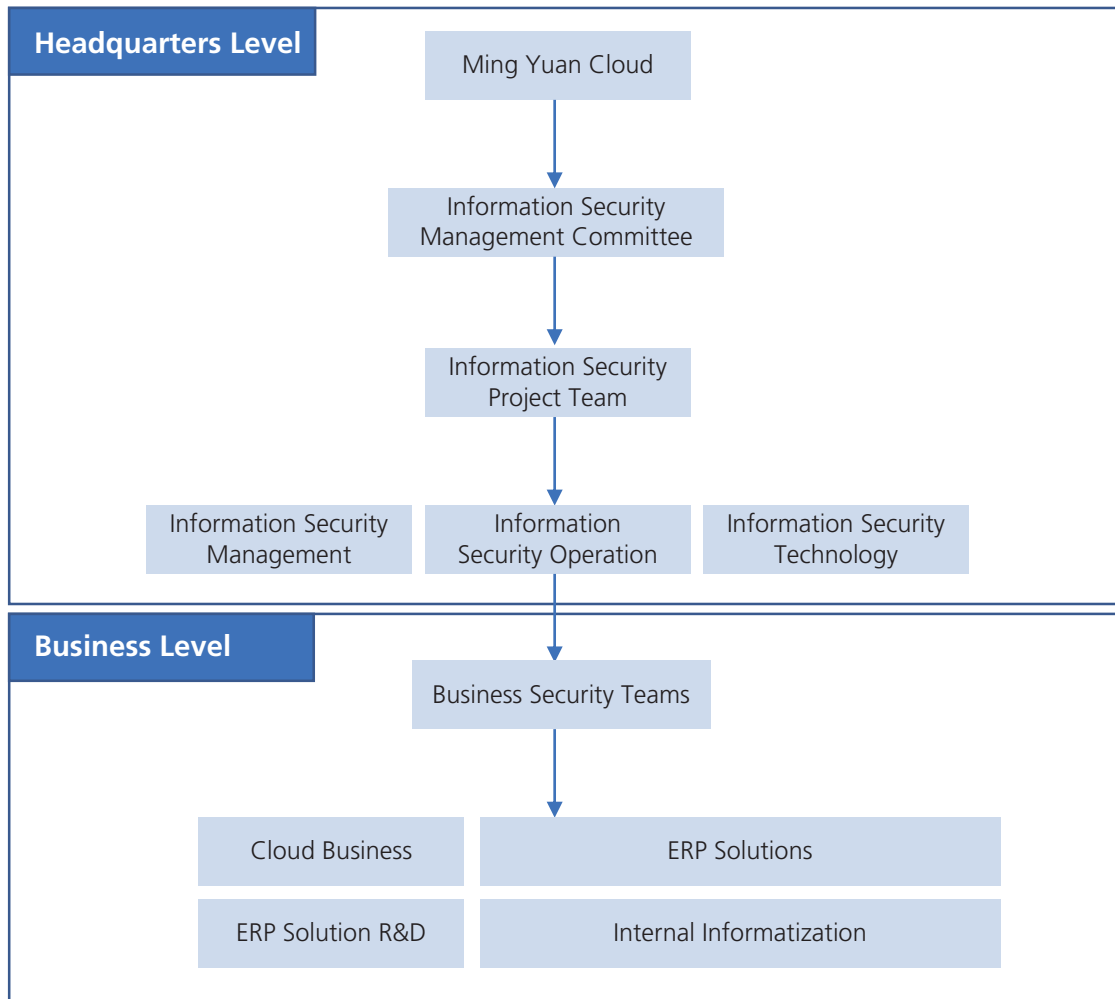
The Group adheres to the principle that “Information security is the lifeline of Ming Yuan Cloud”, and complies with the Cybersecurity Law of the People’s Republic of China and other laws and regulations to ensure the confidentiality, integrity and stability of sensitive data, services and R&D inputs. The Group has formulated a detailed security management system, and has optimized and issued the “Employee Information Security Management Standard 3.2”, “Ming Yuan Cloud Information Security Management Outline” and “Ming Yuan Cloud Security White Paper”, which provide a basis for implementation of the information security system. In addition, the Group has established a quality and safety center, set special safety management teams, and meanwhile defined the responsibility of each business team as the main body of safety responsibility for the construction and optimization of their respective safety system.

### *Establishing the Information Security Management Organization*

The Group has set up a three-level information security governance structure composed of Ming Yuan Security Management Committee, Information Security Project Team and Business Security Team, in which:

1. Ming Yuan Security Management Committee, which is mainly composed of the Chairman, CEO, CTO, CIO, cloud business CEO and persons in charge of security, is mainly responsible for formulating the information security strategies, managing and adjusting information security work, and approving security investment.
2. The Information Security Project Team, which is composed of the security director, security experts, security specialists and persons responsible for business security, is mainly responsible for optimizing and improving the information security management system, carrying out security training for each cloud business, establishing the security ecosystem of Ming Yuan Cloud, supporting the product safety design, R&D, testing, operation, maintenance and rectification, and is also responsible for security protection and early warning, safety monitoring and analysis, safety accident response and disposal, etc.
3. The Business Security Team, which is composed of the persons responsible for business technology and business security, is mainly responsible for carrying out daily work of information security in accordance with the Group’s construction planning for information security and the business standards, and regularly feeding back the progress to the Security Project Team of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Ming Yuan Cloud Security Organization Structure and Responsibility Division

## *Data Security Protection System*

The Group has established a comprehensive data security protection system, and continuously invested in five aspects, including security compliance, data architecture, permission allocation, operation and maintenance management, and personnel security, to protect the Group's data security.

1. **Security compliance:** Obtaining the security compliance certification is a significant indicator to measure an enterprise's comprehensive security capability and investment. During the Year, the Group carried out a number of information security certifications, and has mainly obtained the ISO27001 certification, CSA\_STAR certification and ISO20000 certification. In the meantime, the Group's CRM Cloud, Construction Cloud, Space Cloud and Procurement Cloud products have obtained the three-level certification of cloud business.
2. **Data architecture:** The Group controls data access, data storage, data deletion, data leakage prevention, etc. in the data underlying technology layer to ensure the security and reliability of cloud data. In daily work, the Group improves the security of application and data access by using fortress machine and VPN, and conducts special audit of data security bottom line regularly.
3. **Permission allocation:** The Group isolates the data access permissions in the data application technology layer, so that the data permissions of relevant employees can be allocated on demand and used reasonably, thereby ensuring the information security.
4. **Operation and maintenance management:** The Group ensures that every employee works in a safe and controllable environment to avoid uncertain safety risks to the production environment. For the internal business system, production environment of various products and data storage, the Group selects Microsoft Cloud, Huawei Cloud and other data storage modes with high security and carries out data backup strategy to improve data reliability. The Group has full access to the security products of Alibaba Cloud and other cloud vendors, so as to provide security protection for cloud applications.
5. **Personnel security:** An important element to ensure information security is to do well in personnel security education. The Group makes every employee aware of the bottom line of information security and the serious legal consequences that they should bear by conducting security education for employees and signing information security agreements. The Group carries out safety education and training online and offline, especially for the R&D teams in Wuhan and Shenzhen, Wuhan 400 Team and operation & maintenance team. Meanwhile, combined with the construction of the security system, the Group has carried out strategic cooperation with external security manufacturers such as Sangfor. Every quarter, the Group regularly carries out risk assessment on internal information security capability from the external perspective, and conducts annual security attack and defense drills to test the level of security capability construction. All business security responsibility entities carry out disaster recovery drills on a regular basis, so that the applications and data can be recovered quickly in case of abnormality.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Security Training of the Group

In 2020, the Group conducted several rounds of security training for employees of CRM Cloud, Construction Cloud, Space Cloud and Procurement Cloud, Skyline Platform and Wuhan R&D Center. For new employees, face-to-face or remote video training is generally used. For old employees, such training is delivered through multiple channels such as Ming Yuan Cloud Information Center, colleague bar and Ming Yuan Cloud Security Community.



Training Site

## Customer Information Security

The Group requires every employee to actively study relevant national laws and regulations, such as the Civil Code, the Personal Information Security Specification, the Identification Method for Illegal Collection and Use of Personal Information by Apps, etc., and has built Ming Yuan Cloud Security Community to carry out multiple rounds of face-to-face security training for employees. In order to further standardize information security management, the Group requires employees to sign the confidentiality agreement and the information security agreement. In the daily business workflow, the Group protects user privacy from the aspects of creation, storage, transmission, access, use and destruction. The main measures implemented by the Group during the year are as follows:

1. In terms of service process, the Group strictly implements privacy protection measures. In the process of front-end customer service, if the customer requires the service personnel of the Group to conduct remote troubleshooting on the customer environment, the customer must issue a formal operation authorization letter or authorization email to explain the issue. In the process of development and setup, the internal and terminal security software does not retain the customer's program environment and database, including data files. The development of customer environment must simulate customer information through the Group's server or the data authorized by the customer. In the process of terminal delivery and service, employees of the Group must not have access to customers' information accounts and passwords. Employees are not allowed to operate on behalf of customers. Querying information for customers requires written or e-mail authorization from customers, which is then processed through temporary personal accounts.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. In terms of security certification, the Group has carried out three-level national certification and annual security evaluation for CRM Cloud, Construction Cloud, Space Cloud and Procurement Cloud, and increased privacy policy to all APPs. In addition, for the star products including CRM Cloud, Construction Cloud, Space Cloud and Procurement Cloud, the Group has also conducted the three-year certificate renewal and annual review for the two international certifications of ISO27001 and Cloud Security.
3. In terms of data backup, the Group has mainly carried out the special security audit of data security bottom line to back up the data of all cloud businesses. Such backup is implemented according to the Company's unified bottom line requirements. Based on data backup, two disaster recovery drills have also been carried out for cloud business, and the drill results met the requirements.

### INTELLECTUAL PROPERTY PROTECTION

Intellectual property is an important intangible asset. With the development of the Group, emphasis on and protection of intellectual property has become an important action in the Group's sustainable development strategy. Due to the legal characteristics of intellectual property, such as exclusivity, regionality and timeliness, the Group has formulated the "Intellectual Property Management and Incentive Guidelines" in accordance with the Copyright Law of the People's Republic of China, the Patent Law of the People's Republic of China and other relevant national laws and regulations, aiming at strengthening the protection of intellectual property, standardizing the management of intellectual property, arousing the employees' enthusiasm for invention and creation, and promoting the popularization and application of intellectual property achievements.

The Group sets up a specialized Intellectual Property Management Department to be responsible for the management of intellectual property. The relevant leaders in charge of each business department reviews the application of the business department, organizes and establishes the intellectual property management archives, participates in signing or reviewing various contracts and agreements involving intellectual property, establishes the archives of intellectual property contracts, organizes the employees to learn the legal knowledge about intellectual property, and provides rewards and remunerations to the intellectual property inventors or designers.

### PROVIDING HIGH-QUALITY SERVICES WHOLEHEARTEDLY

The Group has always been committed to providing customers with the best product experience, strictly complying with relevant provisions of the Law of the People's Republic of China on Protection of Consumer Rights and Interests, carefully improving service quality, gaining insight into customer needs, and following up the whole process of product services. By enhancing the knowledge reserve of sales staff and customer service staff, the Group implements honest and compliant marketing, and feeds back customer needs more efficiently. A variety of ways have been used to communicate and interact with customers, and enhance customer trust in the Group's products.

#### IMPROVEMENT OF SERVICE QUALITY

During the Year, the Group has comprehensively improved the pre-sale service quality, provided professional training for the marketing capability of employees, sorted out the structure of the sales team, fully expanded the sales network, optimized the sales process, actively responded to customer needs, and created excellent services for customers.

1. Employee training: Through the standardized marketing training camp and solution training camp, the Group has completed the capability and methodology training of marketing personnel and solution personnel. By refining typical customer needs and referring to the practices and solutions of benchmarking customers, the Group has developed standardized solution packages to help front-line employees gain better insights into customer needs and dig customer values. During the Year, the Group has basically realized the online training of capabilities and solution packages.
2. Whole-process online management: The Group obtains insights into needs of batch customers by means of professional online open classes and private sharing meetings, and uses professional system to manage the whole process of business opportunities and orders online, so as to achieve effective performance prediction.
3. Expansion of sales network: While establishing business organizations in the existing provincial capital cities, the Group has further set up branches in potential cities to better approach customers and respond to customer needs more efficiently. In 2020, we have expanded 34 branches and channel dealership branches.

#### PROTECTION OF CUSTOMER RIGHTS AND INTERESTS

Protecting the rights and interests of customers is an important component of product services. The Group strictly follows the Advertising Law of the People's Republic of China and other laws and regulations and has formulated and strictly implemented the Process Specification Manual of the Product Support Center, the Software and Delivery Price Policy of Ming Yuan Cloud and other rules and policies. The Group adheres to compliance and integrity marketing, and standardizes customer satisfaction and complaint management, and has established a customer compensation guarantee mechanism. During the year, there were no disputes or compensation incidents caused by product and service quality issues between the Group and its customers.



## Compliant and Honest Marketing

In the process of product promotion, the Group strictly abides by the compliant marketing rules, and has formulated and published ten strict regulations, specifying clear requirements and punishment measures for the compliant operation and honest marketing of regional companies in terms of sales policy, illegal quotation, prohibition of commission, legal taxation, etc. The Marketing Department expressly releases the product price and pricing standard in accordance with the “Software and Delivery Price Policy of Ming Yuan Cloud”, and stipulates the maximum and minimum price to realize price transparency, avoid cheating customers with high price and disturbing market order maliciously with low price. Moreover, the Group issued the “Business Opportunity Management and Operation Mechanism of Ming Yuan Cloud”, requiring all business regions nationwide to realize online management when following up customers. Key links, such as solutions, quotations, etc. are required to upload to the headquarters system for random sampling to avoid illegal quotations or unreasonable solutions.

## Customer Satisfaction and Complaint Management

The Group has formulated a series of regulations such as the “Process Specification Manual of the Product Support Center”, the “Process Specification Manual of the Application Support Center”, and the “Operation and Maintenance Rigidity Principle” to standardize customer satisfaction and complaint management, and incorporate customer complaint assessment indexes into the overall customer satisfaction index system. During the year, the average customer satisfaction score was 98.6, and there were no major quality accidents.

The main measures implemented by the Group in the practice of customer satisfaction management are as follows:

1. Quick response to complaints: Customers may make complaints and feedback through Wuhan 400 Call Center, online service or other feedback channels. Upon receipt of customer complaints, the online Q&A system will make a preliminary judgement on the related responsible department, and feeds the complaints back to the responsible department through e-mail. The responsible department responds to customer complaints quickly. After finishing handing the complaints, the related department will analyze the causes and specify the improvement measures, review the event, and feed back the analysis results to the online Q&A system. Upon receipt of the feedback, the online Q&A system will pay a return visit to relevant customers about their satisfaction.
2. Optimization of the quality control report: The Group will include the data of daily quality control report into the online evaluation system, publicize the key points, and investigate the abnormal results to know about the real demands of customers; prepare weekly report on quality problems, check the performance of each team, make timely risk warning, and promote closed-loop analysis and improvement.

3. Service quality tracking: Relevant departments timely follow up the update progress of functional requirements on the online evaluation system, and track the online effect; carry out satisfaction follow-up survey before the expiration of product support services, identify delivery and product problems, and promote delivery and product improvement; follow up and investigate the customers who stop using our service to know about the real reasons why the customers refuse the service, feed back and track the abnormal service problems, and promote renewal of the service contracts.

### Customer Relationship Maintenance

The Group attaches great importance to maintaining the stability and persistence of customer relationship, and maintains communication with customers through telephone and meetings, so as to promote the sustainable development of the Group's business. During the Year, the Group obtained the contract delivery satisfaction of key responsible personnel from 323 customers by means of telephone follow-up, with the average satisfaction score of 97.5.

In specific projects, the Group mainly carries out communication and return visit to customers by the following three ways:

1. Face to face communication with consultants: The Group provides customers with on-site consultants for personal services, which allow customers to communicate with consultants and on-site managers at any time. The Group collects customer needs online and sets up a clear feedback mechanism.
2. Key nodes reporting: In the process of business development, the Group clearly defines several key nodes to contact with customers, such as interview with senior management, survey on business backbones, business plan report, annual service report, etc. In these key nodes, the Group centralizes on collection of customer opinions and needs, summarizes and forms solutions through internal discussion, and then interacts with customers.
3. Return visit of immature products: The Group organized and established a return visit group, whose members consist of heads in charge of the Product Operation Center, regional customer managers and project managers. Through the on-site application interview of customers, the Group can fully obtain the customer's application evaluation on immature products of Ming Yuan, and submit the return visit results to the review meeting. During the Year, the Group organized 7 return visits to customers, involving investment income, process center, mobile procurement and bidding, cost system, mobile reimbursement and other products.

In addition, the three major industry summits, professional private meetings, and exchange visits of top management of benchmarking enterprises of the industry, and large-scale activities organized by the Group can provide a good interactive platform for the Group and customers to discuss new development trends and innovative measures together, and provide new inspirations for business managers to solve problems.

## TALENTS GATHERING TO BOOST DEVELOPMENT

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The Group is deeply aware that talent team is the core to ensure the sustainable development of the enterprise. The Group strictly abides by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other employment-related laws and regulations, and adopts diversified ways to absorb professional talents, which have laid a solid foundation for the rapid development of the Group. We strive to develop rich training courses, enhance the professional quality of employees, and implement transparent employee performance assessment and promotion mechanism to ensure the stability of talent team. In the meantime, we are committed to creating a warm and comfortable working environment for our employees, and effectively improving their sense of happiness and belonging through a variety of corporate cultural activities and caring welfare.

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### EMPLOYEE EMPLOYMENT

The Group has established and implemented a comprehensive human resources management system to ensure the implementation of management issues such as employee recruitment, compensation, benefits, promotion, working hours, and resignation in an orderly manner. Meanwhile, the Group actively advocates an equal and diverse employment culture, prohibits all forms of forced labor or child labor, and effectively protects the labor rights of employees. During the year, the Group had no incidents of violations related to employment.

### EMPLOYEE RECRUITMENT

The Group has formulated the Talent Recruitment Management System to continuously improve the talent recruitment system, and made efforts on campus recruitment to absorb outstanding young graduates and expand the Group's business team. In the meantime, we strengthen the introduction of senior talents through social recruitment, so as to enrich the professional quality and experience of our teams. In addition, we continue to expand the talent development channels. During the Year, we hunted for high-end talents by multiple ways such as sponsoring the Second China. NET Developers Conference, the open-source tea party of headhunting partners, and cloud business HR Liepin workshop, and we also carried out recruitment workshop training, 430 talents battle and update of interviewer's manual to simultaneously improve the recruitment capability of employees of the HR Department, and accurately identify the excellent talents.

## Second China. NET Developers Conference

The Group participated in the Second China. NET Developers Conference on December 9, 2020. As invited by the organizer, the Group provided corresponding sponsorship, made special technical speeches, and set the exclusive booth to publicize and promote the technical image of Ming Yuan, and helped the ecological development of the .NET circle and hunted for technical talents. The Group has reached channel cooperation with the organizer to carry out online promotion and actively acquire information about top talents.



Second China. NET Developers Conference

## High-end Talents Approaching Ming Yuan

On October 23, 2020, the Group held a private exchange meeting of Ming Yuan Cloud marketing operation system, inviting department executives to share and exchange corporate development and culture of Ming Yuan, innovative sales methodology, and one-customer one-strategy methodology for key customers, connecting with external 2B high-end sales talents, allowing candidates to deeply know about Ming Yuan's business, strategy and professional system, and promoting talent transformation.



High-end Talents Approaching Ming Yuan

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Back to Ming Yuan Action

From November to December 2020, the headquarters and the regional companies of the Group counted the talents and cooperated with the managers to carry out the Back to Ming Yuan Action, for which resigned employees were invited back to Ming Yuan. We shared the current new changes and new development of the Group with the resigned employees, and invited them back to work together and move forward to a new level of development.



Back to Ming Yuan Action

## Diversity and Equal Employment

The Group internally advocates the equality culture, respects the professionalism, abides by the rules, offers equal opportunities, never treats the employees unfairly due to their gender, race, age or other reasons, respects the diversity of employees, and tries to build a diversified talent team. The Group cares about female employees, sets up service floors for female employees in the office area, and gives special care to pregnant female employees. In addition, the Group has recruited disabled people to take administrative positions in Beijing and Shanghai branches and helps them solve employment problems, so as to provide life security for disabled people and undertake the corporate citizenship responsibilities.

Strictly complied with laws and regulations such as Law of the People's Republic of China on the Protection of Minors and the Provisions of the People's Republic of China on the Prohibition of the Use of Child Labour, we prohibited employment of child labor and forced labor. During the recruitment process, the Group conduct identity verification of job applicants, including but not limited to age and qualifications, to ensure that the employment complies with national laws and regulations and the Group's management system. At the same time, we prohibit forcing employees to work or work overtime in any way. If it is found that the identity card information of the applicant is false, the age is concealed, or the phenomenon of forced labor is discovered, the Group will conduct corresponding investigations and implement internal rectification.

## EMPLOYEE TRAINING

Based on the value concept of "customer success, employee success and company success", the Group needs to continuously deepen its four core organizational capabilities during the transformation and reform period, namely "product capability, marketing capability, consulting capability and leadership" to support the development of ERP solutions and Software as a Service (SaaS) business. The Group has carried out special training on the four core organizational capabilities for employees of all positions in the front-line business value chain, and built Lexiang Community to provide an exchange and sharing platform for in-depth learning of employees and promote the sustainable and sound development in the Company.

## Training of the Four Core Organizational Capabilities

### Leadership Training

“Leadership” is the key to realize strategic development. The Group is undergoing the transformation period, which is the best time to test and reflect its organizational leadership. During the Year, the headquarters of the Group focused on managers at different levels and successively launched the eagles training camps, namely: Young Eagles Camp, Flying Eagles Camp, Senior Eagles Camp and Elite Eagles Camp, aiming to improve the comprehensive capabilities of managers at all levels, establish a management talent supply chain and meet the organizational fission arising from business diversification.



Group Photo of Excellent Trainees of Flying Eagles Camp

### Marketing Capability Training

In order to improve the standardization of front-line sales staff and strengthen the training of their basic skills, the Group launched the online marketing capability training camp to help the sales staff broaden their sales horizon, improve their marketing thinking and capability, speed up the order success cycle, improve the marketing quality, and thus strengthen the marketing capability of relevant staff in all aspects.



Group Photo of Excellent Trainees of Starwolf Camp

### Consulting Capability Training

In order to consolidate the basic professional knowledge of front-line consultants, the Group has launched special training camps of “Iron Man Plan” and “Team Leader Plan” according to the working methods of different work scenarios of consultants, so as to enhance the key skills of relevant staff, such as management capability of complex projects, and standardized implementation of scenario-based delivery, and to carry out hierarchical training for consultants, thereby laying a good foundation for the development of the Group’s business.



“Iron Man Plan” – Regional delivery Management Training

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Product Capability Training

First-line consultants are the main force of communication between the Group and Customers. Only by improving the professional quality of consultants can the efficient interactive service between the Group and customers be guaranteed. Therefore, strengthening the consultants' in-depth understanding of our products can guarantee the professional capability of the consultants. For all the core products, the Group has carried out the intensive "Spring Training Campaign" for front-line consultants.



"Spring Training Campaign" for First-line Consultants

### Lexiang Community Online Learning Platform

The Group attaches great importance to upgrade of organizational capability, and introduces Lexiang Knowledge Community to support online learning of all business lines. The main functions of Lexiang Community include video class, knowledge base and exchange forum. By far, there are 331 open classes, 1,724 knowledge documents and 305 exchange posts, which have accumulated certain scale of professional knowledge. Under the background of the COVID-19, the monthly active users of Lexiang Platform increased from 2,000 to 6,000, while the page views increased by 15 times, and the average monthly views reached nearly 270,000 times. In the meantime, the Group combines online learning and assessment data with the basic personnel process to standardize the threshold for sales and delivery staff during the probation period to become regular employees. The staff center has now been preliminarily established on the platform, which can realize the online self-service and file data aggregation, online certification, team analysis and organization planning, and form into objective assessment on staff competency and development based on the data.

### EMPLOYEE PROMOTION

In order to support the business strategy and productivity strategy of Ming Yuan Cloud, transfer and implement the business objectives, the Group has formulated clear-cut performance assessment and management requirements and distinct promotion approaches. Clear performance expectations are specified for all levels of staff, customer satisfaction is considered as the core measurement standard, and responsibility results are taken as a basis for performance evaluation. The Group effectively guides the employee behaviors, encourages employees to improve their work performance, and urges employees to forge ahead toward the same development direction as the Group, so as to ultimately ensure the realization of the Group's strategic objectives.

### **Performance Management**

The Group formulates and implements Performance Management System. By setting specific achievable performance goals, the Group realizes the mutual support of upstream and downstream goals and the non-destructive transmission of customer pressure. We clearly define and summarize all the indicators into a list of indicator descriptions and form into a company-level indicator library. Based on different job positions and levels, the Group has set five performance assessment modes, namely, performance commission system, performance curve system, target bonus system, annual salary performance system and profit sharing system. There are three assessment cycles on the monthly, quarterly and annual basis. During each assessment cycle, the employee will firstly conduct self-assessment, and then the direct superior and the functional head will carry out joint assessment. After each assessment cycle is over, the direct superior will communicate with the employee on his/her performance, review and feed back the employee's performance in the previous quarter and the attainment of personal development plan, discuss the existing problems and put forward work suggestions, and carry out the performance plan of the next quarter. Performance results are not only used for measurement of the employee's performance bonus or commission, but also will be used in the annual talent review, which will be taken as one of the reference basis for salary adjustment and job appointment in the next year.

### **Diversified Promotion**

The Group provides diversified development direction and space for in-service employees, and encourages employees to be "T" type talents. First of all, based on the dual-channel development path of their job position, employees may choose their professional and management direction. On the one hand, they can deeply develop their professional skills, accumulate profound professional capabilities and help customers achieve success. On the other hand, when their professional skills reach certain level, they may also flow horizontally to other job positions, and try to be cross-regional and cross-business talents, so as to make their personal development more diversified and avoid talent stiffening.

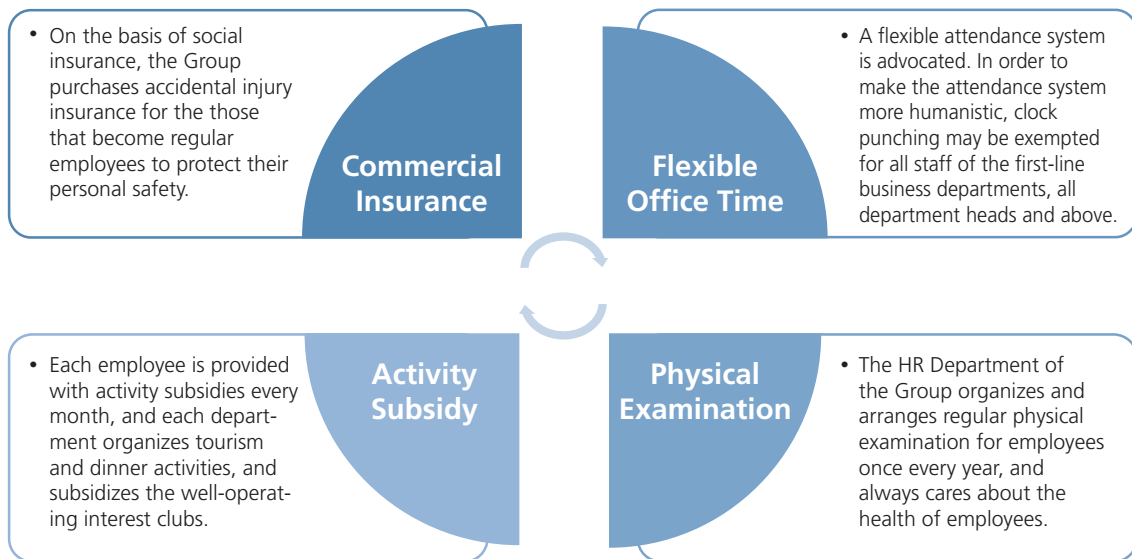
The Group classifies the ranking of professional talents in a scientific manner, and adopts the method of "separating evaluation from employment" for job promotion, which means that the premise of job promotion is to obtain the qualification of corresponding ranking, but the success of job qualification certification does not necessarily lead to job promotion. Instead, the values and potentials shall be evaluated comprehensively to ensure the appropriate matching of job position and talent and the preciseness of job promotion. As for the promotion of managers, the Group encourages equal employment and aims to stimulate the maximum potential of the talents, attach importance to results and facts, and give priority to the selection of managers from the teams that can overcome difficulties.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## EMPLOYEE CARE

The Group formulates Employees Welfare Management Manual, provides multi-dimensional care and welfare for employees, and is committed to creating a safe and comfortable office environment for employees. After work, we organize employees to participate in colorful activities and encourage them to work optimistically and live healthily. During the outbreak of COVID-19, the Group strictly complied with the national epidemic prevention policies, implemented the health and safety measures for resumption of work, and effectively safeguarded the health of employees.



### Mid-Autumn Festival Care

It was the Mid-Autumn Festival on October 1, 2020. The Group has been caring for the employees' families for 18 consecutive years. Before the festival, the Group will customize gift boxes for the Mid-Autumn Festival and mail them to the employees' parents and their spouses' parents to show the Group's gratitude to their families.



Family Care Gift Box of the Group during the Mid-Autumn Festival

## CORPORATE CULTURE CONSTRUCTION

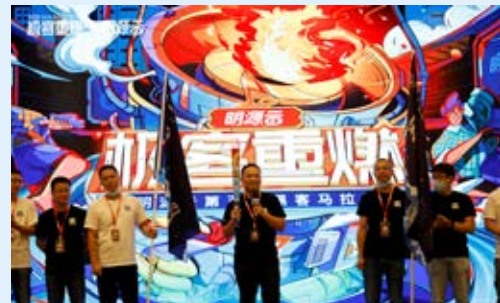
The Group vigorously promotes the construction of corporate culture. During the Year, the Group has carried out various forms of cultural construction activities this year, such as Hacker Marathon Competition, Innovation Outcome Show, Mascot Design Competition, Daily Shooting Race, etc., which gave full play to the subjective initiative of employees, encouraged them to develop and display their innovation awareness, technical capability, team awareness, speech ability, etc., so as to create a favorable working atmosphere to fully support the strategic transformation of the Group's business.



### INNOVATION

#### Hacker Marathon Competition

The 2020 Hacker Marathon Competition was jointly held by ERP solutions, Ming Yuan Construction Cloud and Ming Yuan CRM Cloud. A total of 650 employees from Wuhan and Shenzhen participated in the competition, which was the ever largest competition in history. Lots of technical personnel participated in the competition and showed their abilities.



Hacker Marathon Competition

#### Innovation Outcome Show

In 2020, a total of 72 teams from Wuhan and Shenzhen participated in the innovation achievements show. The Group aims to provide a platform for each product team to show their strength and outcome, learn from each other and feed back their growth through the annual carnival.



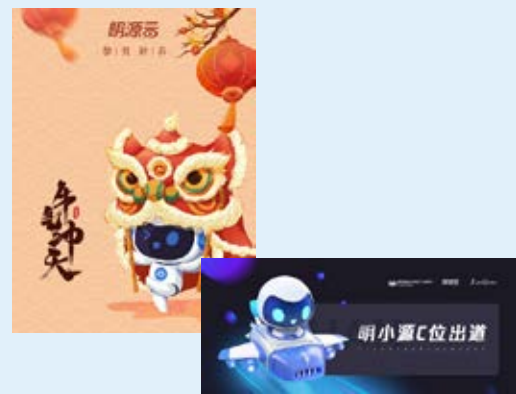
Innovation Outcome Show



## CREATIVITY

### Mascot Design Competition

In order to stimulate the creativity of employees and create a good working atmosphere, the Group launched the Ming Yuan Cloud Cultural IP Design Competition at the end of October 2020. Through multiple selections including collection of design works, professional evaluation and voting by all staff, “Ming Xiao Yuan”, which was designed by an employee, has become the spokesperson of the Group’s culture and will grow up together with the Group.



Ming Yuan Cloud Cultural IP

### Daily Shooting Race

In December 2020, the Group launched a one-month event of Daily Shooting Race, a creative and record-making event dedicated to the hardworking staff of Ming Yuan. The event finally received more than 50 wonderful photos from the branches nationwide. Every moment showed the struggling and persistent spirit and professional skills of the employees of the Group.



Daily Shooting Race



## MODEL

### 100-day Race for Pioneer List

In October 2020, the headquarters of the Group held a series of special activities on the 100-day Race for Pioneer List to timely recognize the achievements and efforts of employees through reporting their deeds. 18 excellent employees were selected in this activity. The Group made trophies for each award-winning employee to commend the achievements of these pioneers.



【先锋人物榜】深圳区域-崔忱：时光不负有心人，攻坚敌占区！

年底冲刺进行中，各大战场奋斗的明源人，正在书写崭新的奇迹。我们将在冲刺季推出先锋人物榜，寻找那些平凡岗位上不平凡的你，歌颂明源奋斗者之魂！第十八期先锋人物：崔忱。

Outstanding Employee  
Representatives of the Group

### Annual Commendation Scheme

In October 2020, the Group issued the annual commendation and honor map. As an important part of positive incentives, the annual commendation scheme is a key component of the Group's honor system, as well as also an important practice of the Group's concept of "clear and distinct rewards and punishments".



2020年度表彰方案发布啦，歌颂明源奋斗者之魂！

我们鼓励创新突破；我们点赞使命必达；我们歌颂明源奋斗者之魂——2020年度表彰方案今日发布！未来明源云的年度表彰将做到前置引领，期望每年能够梳理成为全体员工公开透明展示年度表彰的荣誉地图，这也显明源云未来“奖罚分明、奖罚清晰”的重要践行。

2020 Annual  
Commendation Scheme

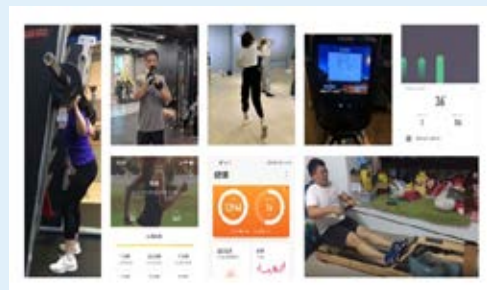


## SPORTS

Exercise is the way to start self-discipline. Sports culture permeates every corner of the Group and has long become the common belief and tacit understanding of all employees. The 9 business regions, more than 30 branches and channel dealers of the Group organize and carry out different forms of sports and cultural activities, such as sports associations of basketball, football, badminton and yoga, so that employees can maintain good physique, work and live more passionately.

### Supplementing Energy Source Together

The Group has started to organize and carry out the team sports recording activities for “Supplementing Energy Source Together” since May 2020. The employees have participated in the activities positively and insisted on doing exercises. The management also sets an example and shares their experience with employees frequently.



Exercise Records of Employees



Sports Experience Sharing

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## WITNESS

### Anniversary Celebration Series Activities

On the occasion of its 23rd anniversary, the Group demonstrated the spirit of Ming Yuan Cloud with activities of epochal significance. Combined with the annual theme of “new journey”, the Group launched an online interactive live broadcast event to witness the growth course of the Group.



Anniversary Celebration Activities

### Listing Celebration

On September 25, 2020, the Group was officially listed on the Hong Kong capital market. At this moment of milestone significance, all staff started the online and offline interactive celebration activities to feel the glory of the Company.



Listing Celebration Activities



## SHARING

Each branch of the Group regularly holds corporate culture construction and sharing activities to mutually learn the cultural construction experience, improve regional cultural construction capability, and form a unique cultural construction methodology of the Group.

### Biweekly Corporate Culture Sharing & Empowerment Meeting

The Group attaches great importance to summing up the experience of cultural construction, regularly carries out online corporate culture sharing and empowerment meetings, and uses the power of culture to listen to, warm up, inspire and unite people together. All business regions nationwide share their cultural construction experience, exchange their opinions, and promote common growth. During the Year, we have completed 7 sharing courses, which were warmly welcomed by the staff.



Live Broadcast Record of the Sharing Meeting

### Lexiang Forum

Lexiang Forum is not only a platform for cultural interaction of the Group, but also a display window for various regions and industry research organizations. The platform is rich in content and has many sections, including real estate know-how, special courses, product display, case experience sharing, etc. for everyone to exchange and learn.



Lexiang Forum



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### CREATING AN HONEST AND ANTI-CORRUPTION ATMOSPHERE TOGETHER

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The Group adheres to the principle of good faith management, strictly abides by the Law of the People's Republic of China on Anti-Unfair Competition and other national laws and regulations, and is committed to creating a good working atmosphere of integrity, entrepreneurship, and compliance with laws and regulations. In order to prevent corruption incidents, the Group has formulated and implemented the Anti-Corruption and Whistle-blowing Management Regulations, while the Internal Audit Department is required to sort out the work processes in various fields, formulate anti-corruption measures and investigate relevant behaviors. Meanwhile, the Group has established convenient corruption reporting channels to protect the legitimate rights and interests of whistleblowers, reward the excellent whistleblowers, punish those who violate laws and regulations, and jointly develop a code of conduct that upholds integrity. During the Year, there were no corruption lawsuits filed against the Group or its employees.

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### CORRUPTION REPORTING CHANNELS

The whistleblowers can report the corruption incidents to the Internal Audit Department of the Group by telephone, mobile phone text messages, WeChat, letters, emails, interviews, and other methods deemed appropriate by the whistleblowers, and can also entrust others to report on their behalf. When accepting the report, relevant staff will inquire carefully, record faithfully, and organize investigation and verification of the reported incidents.

### HANDLING OF ANTI-CORRUPTION INCIDENTS

The Internal Audit Department determines the suspicious aspects and collects evidence based on the report and inspection, writes and submits an investigation report to the person-in-charge for review, and then submits it to the Board Chairman or the President. The Board office and the human resources department will make a notification on the handling of responsible personnel and order the recovery of the losses; any serious incidents will be transferred to the judicial organs for handling. The Group attaches great importance to anti-corruption training and publicity. Relevant departments prepare typical cases during daily operation and carry out anti-corruption and integrity training for directors and employees to consolidate the concept of honest operation within the Group.

### WHISTLEBLOWER PROTECTION

The staff of the Internal Audit Department shall strictly abide by the confidentiality regulations of the Group when handling the reported cases, such as not privately extracting, copying, borrowing, seizing, or destroying the reported documents, not divulging the name, employer, address, etc. of the whistleblower, not presenting the reported documents to the investigated organization and the person under investigation, not publicizing or rewarding those who have contributed to the whistle-blowing. In addition, the name or employer of the whistleblower shall not be disclosed except with the consent of the whistleblower.



## COOPERATING WITH HIGH-QUALITY PARTNERS

The Group has been adhering to the philosophy of working closely with partners to create value, and complying with the Law of the People's Republic of China on Tenders and Bids, Government Procurement Law of the People's Republic of China as well as other laws and regulations. The Group has formulated perfect institutional system and evaluation standards in terms of selection, evaluation and management of suppliers, and has selected high-quality partners to build long-term and stable cooperative relations so as to ensure the sustainable development of the Group's overall operations. The various departments of the Group cooperate with each other to implement the division of responsibilities and compliance inspections in each process of bidding and procurement, and strive to create a clean and honest supply chain.

### SELECTION OF SUPPLIERS

The main suppliers of the Group are IT suppliers. For this type of supplier, the Group adopts two modes: active recruitment and supplier self-recommendation evaluation. The active recruitment mode is based on the procurement demands of the relevant departments to actively conduct supplier contact, information collection, and dimension evaluation. The supplier self-recommendation evaluation mode is for suppliers to actively submit information, conduct audits and add comprehensive review of the Group evaluation dimension. The Group divides suppliers into three categories: software suppliers, hardware suppliers, and comprehensive suppliers. The software supplier evaluation mainly focuses on the company's sustainable development scale and strength, successful application of benchmark customer cases, product functional needs matching, and technology. The hardware supplier is evaluated in terms of the company's qualifications, sustainable development scale and strength, and solution demand matching.

### MANAGEMENT OF SUPPLIERS

The Group includes the suppliers inspected in each procurement process into the supplier database, which are divided into qualified suppliers and potential suppliers, with the detailed inspection and evaluation results attached. In terms of IT hardware assets, in order to ensure the continuous supply and stable quality of products, the Group inspects and incorporates new suppliers every year, and evaluates them in terms of supplier qualifications, company scale, solution demand matching, price reasonableness, service standard clarity, and technical personnel capabilities. After the suppliers are put into the database, the Group Headquarters Finance will conduct further compliance audits.

In addition, the Group conducts a detailed evaluation of the performance in the process of cooperation with suppliers, and the Group's finance department is responsible for auditing the compliance of the subject matter and payment. The performance evaluation of all suppliers is carried out from the four dimensions of system equipment failure rate, service response speed, problem handling result quality, and technical personnel capabilities. For software suppliers, the Group conducts performance evaluations after the pilot is launched, after the project is accepted, and before the annual service renewal.

## COMMUNICATION WITH SUPPLIERS

The Group communicates closely with suppliers in its daily work, and regularly plans the next year's cooperation service plan, new software product changes, internal demands, etc. During the progress of the project, the Group and its suppliers regularly conduct face-to-face communication, actively feed back on the progress of the project, sort out relevant demands, and lay a good foundation for further cooperation.

### Cooperating with Sangfor Security Vendor

During the year, the Group launched strategic cooperation with Sangfor security vendor on the upgrade of the Group's overall structured security capabilities, and implemented special work for the upgrade of security capabilities. In the early stage of the start-up, the two parties fully communicated through Sangfor's solution product presentation and security status investigation methods to enhance their basic consensus on current security status issues, risk points, solutions and improvement levels, formed an information security maturity analysis, and clearly defined the construction and improvement goals.



Both Parties Communicate about the Effect of Project Implementation

## HONEST SUPPLY CHAIN

The Group pays attention to the honest procurement in the supply chain, formulates and implements reasonable bidding and procurement procedures and regulations, resolutely prevents the occurrence of favoritism during the bidding and procurement process, and ensures that the supply chain bidding and procurement are clear and transparent. The bid evaluation team of the Group's procurement bidding consists of the members from the business demand department, the digital team, and the finance department. The weak current project involving the decoration of the new building also requires the participation of personnel from the human administrative department. Any project with a bidding amount of more than 3 million Yuan requires the participation of the President in bid evaluation. All procurement projects of the Group must follow the annual budget. For each procurement bidding, no less than four suppliers of the same scale must be selected for comprehensive comparison. If there are less than three suppliers in the bid evaluation process, the bids will be rejected and new bidding process will be taken. In each procurement bidding, the shortlisted suppliers must participate in the bid evaluation with new suppliers who have not cooperated. The Group regularly reviews and renews the list of suppliers. In the delivery process after bidding, the Group strictly controls contract changes. In case of a contract change, it needs to be approved and confirmed by the contacts and principals of the business department and the digital team in order to prevent low-priced bids and abnormalities in subsequent contract execution.

## FULFILLING THE RESPONSIBILITY FOR ENVIRONMENTAL PROTECTION

While developing its business, the Group faithfully fulfills corporate environmental protection responsibilities, abides by the Environmental Protection Law of the People's Republic of China and other relevant national environmental protection regulations, integrates the concept of green development into all aspects of operation, actively explores energy conservation and emission reduction practices, and cooperates with continuous green training and publicity. The Group is committed to reducing the environmental impact of the operations and promoting the harmonious integration of the enterprise with the environment.

## ENERGY CONSERVATION AND EMISSION REDUCTION

The Group attaches great importance to energy conservation and environmental protection in the office area, which has formulated comprehensive and specific energy conservation and emission reduction measures, and advocated employees to actively implement them in their daily work. During the Year, the Group's energy consumption mainly came from electric power, water, and paper use in the office area. The main energy conservation and emission reduction policies implemented are as follows:



### Saving Electric Power

1. Employees should turn off the lights when leaving the office to prevent the cases of "unused lights".
2. Reduce the standby power consumption of office equipment such as computers and printers. When no device is in use, it should be set to automatically enter a low-power sleep state.
3. Set the air-conditioning temperature reasonably. The air-conditioning temperature in offices and conference rooms in summer shall not be lower than 26 degrees Celsius. The windows must be closed when the air-conditioning is turned on.
4. The application servers of the collaborative office system and business system are required to rent and use the cloud service area resources of Microsoft and Huawei Cloud so as to reduce the energy consumption of local server procurement and deployment.

## Energy Conservation Design for Huashan Office in Wuhan R&D Center

The new Huashan Office in Wuhan R&D Center has adopted a master-submaster control method for air conditioners. It not only has a submaster control panel that can be adjusted by employees according to needs, but also adopts a master control panel at Front Desk to turn off air conditioners of the whole building so as to achieve the purpose of energy conservation and emission reduction.



Panel Design for Air Conditioner at Front Desk



## Saving Water

1. Strengthen the repair and maintenance of water equipment to avoid waste of water resources.
2. Post water-saving slogans in tearooms and restrooms, call on employees to develop good habits of saving water.



## Saving Paper

1. Make full use of online office, implement a paperless office process, and reduce paper consumption. The office uniformly uses the internal EKP system and mobile enterprise WeChat portal. All internal regulations, documents, and notifications shall be distributed by online electronic document mode. The input of internal meetings is also sent through corporate WeChat group electronic documents, avoiding paper text printing.
2. Reduce the number of repeated prints, advocate double-sided paper, and control the number of documents printed.
3. Attach importance to the reuse of used paper to achieve recycling.

## WASTE MANAGEMENT

The Group calls on employees to reduce the use of disposable items so as to save resources and reduce waste. In addition, the Group actively implements the requirements of the national government and conducts waste sorting and recycling. For daily office waste such as waste paper and plastic generated in the office area, the Group arranges the cleaning staff to send it to the waste recyclers for disposal. For the non-recyclable waste, it will be sent to the property management department for disposal. Wuhan R&D Center of the Group strictly implements the garbage sorting system, improves the setting of trash bins in the original office, reduces the number of trash bins, centrally places the recycling trash bins in the office instead of small and medium-sized trash bins next to employee workstations, so as to instruct employees to sort out garbage, protect the environment and jointly practice scientific waste collection and management.



Garbage Sorting and Recycling

### RESPONSIBILITY THEME: FIGHTING AGAINST COVID-19

During the Year, the Group responded quickly to the sudden outbreak of COVID-19, and actively donated money and medical supplies to medical institutions to assume social responsibility. Mr. Gao, Mr. Chen and Mr. Jiang, the co-founders of the Group, donated RMB1 million on behalf of the Group to support the relief of COVID-19. Meanwhile, the Group purchased 236,000 disposable surgical masks and 8,900 goggles from several reliable channels, and successively delivered them to more than 20 hospitals and medical and health service institutions in five cities and counties, such as Wuhan, Honghu, Zhijiang, Huangmei in Huanggang and Xingshan in Yichang, for epidemic prevention and treatment.

In the face of the rapid development of the COVID-19, the Group was much concerned about Wuhan R&D Center, and set up an emergency response team instantly. On January 21, the Group quickly launched the emergency plan, formulated a number of safeguard measures, and made real-time adjustments according to the epidemic situation, so as to protect the health and safety of every employee to the greatest extent. Even quarantined at home, employees of the Group adhered to the principle of “never quitting the job position and always staying in love”. With their own strength, the employees made every effort to scrupulously abide by the mission, stuck to their job positions, seized every minute to make contributions and create the safest and most guaranteed working environment.



共克时艰，逆势出击

离司不离岗、隔离不隔爱，明源人在行动！

In order to promote the steady resumption of work and production, and protect the health of employees, the Group prepared medical masks, hand sanitizers, alcohol cottons and other epidemic prevention materials for each employee, and registered the temperature measurement records of employees every day; the Group disinfected the office area every day, and carried out the epidemic prevention and control work strictly. In the meantime, the Group implemented flexible office and AB group shift system, and provided psychological counseling for employees during the epidemic period, so as to implement the Group’s care for employees effectively.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Epidemic Prevention Measures in Office Area

As affected by the outbreak of COVID-19, real estate enterprises suffered the crisis of closing all sales offices, so the whole-process online application became an urgent demand. Based on the belief of “helping customers succeed”, the cloud business teams of the Group, especially the CRM Cloud and Procurement Cloud Team, actively took their responsibilities, responded to customers needs, started the remote working mode, completed the online applications of hundreds of projects in a very short period of time, provided professional services for customers, and helped customers overcome difficulties, which were fully recognized by customers.



Donation Certificate



Relief Materials



Ming Yuan CRM Cloud Assisting Customers

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Ming Yuan Construction Cloud “Pandemic Prevention on the Construction Site” (工地防疫寶) helped the safe resumption of work on the construction site free of charge

In February 2020, in order to implement the national epidemic prevention and control policy and orderly promote the resumption of work and production on the construction site, Ming Yuan Construction Cloud investigated the customer needs instantly, output the product planning blueprint, and focused on four major management aspects by surrounding the preparations before resumption of work and the safe production after resumption of work, and satisfied the governmental supervision and headquartered control requirements. The R&D personnel competed against time to complete the development of the “Pandemic Prevention on the Construction Site” (工地防疫寶) within one week, and announced that the software would be used free of charge during the epidemic period.

In March 2020, more than 20 local, municipal and provincial real estate associations/chambers of commerce, including Real Estate Association of Hubei Province, Real Estate Association of Yunnan Province and Chongqing Real Estate Development Association, have successively issued documents to suggest real estate enterprises using the “Pandemic Prevention on the Construction Site” (工地防疫寶) management system to help resume safe work and production.

The “Pandemic Prevention on the Construction Site” (工地防疫寶) management system runs through two stages, namely preparations before the resumption of work and production pandemic safety supervision after the resumption of work. It respectively deals with the unified management of the labor files, daily temperature measurement, entry and exit records, execution of disinfection and epidemic prevention, and inventory of epidemic prevention materials during the preparation before the resumption of work and the construction process after the resumption of work of real estate construction projects, which can manage the epidemic prevention on the construction site and supervise the epidemic prevention work for various projects effectively.

As of the end of 2020, the “Pandemic Prevention on the Construction Site”(工地防疫寶) has cooperated with more than 700 real estate enterprises, providing services for more than 10,000 project sites, helping many real estate enterprises to achieve safe resumption of work and production, and creating a safe production environment for the majority of construction workers.



Ming Yuan Construction Cloud “Pandemic Prevention on the Construction Site” (工地防疫寶)



Many Chambers of Commerce Issued Documents to Advocate the Tool



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX I ESG KPI DATA SHEET IN 2020

### Environmental Subject Area

KPIs	Unit	2020	
Emissions	SO <sub>2</sub> emissions	kg	0.10
	NO <sub>x</sub> emissions	kg	2.47
	PM emissions	kg	0.18
GHG emissions	GHG emissions (Scope 1)	tCO <sub>2</sub> e	18.58
	GHG emissions (Scope 2)	tCO <sub>2</sub> e	912.55
	Total GHG emissions	tCO <sub>2</sub> e	931.13
	GHG emission intensity	tCO <sub>2</sub> e/m <sup>2</sup>	0.05
Hazardous wastes	Total hazardous wastes	kg	172.00
	Intensity of hazardous wastes	kg/m <sup>2</sup>	0.01
Non-hazardous wastes	Total non-hazardous wastes	tonne	74.00
	Intensity of non-hazardous wastes	tonne/m <sup>2</sup>	0.004
Energy consumption	Total energy consumption	mWh	1,110.11
	Direct energy consumption	mWh	59.50
	Indirect energy consumption	mWh	1,050.61
	Energy consumption intensity	mWh/m <sup>2</sup>	0.06
	Total electricity consumption	mWh	1,050.61
	Gasoline consumption	L	6,860.00
Water consumption	Water consumption	m <sup>3</sup>	14,242.76
	Water consumption intensity	m <sup>3</sup> /m <sup>2</sup>	0.75

## Notes on Environmental Data and Factors

1. The time span of environmental data is from January 1, 2020 to December 31, 2020; the scope of data collection covers the Company's headquarters in Shenzhen and its R&D base in Wuhan.
2. GHG emissions (Scope 1) mainly come from the fuel consumption by official vehicles, while GHG emissions (Scope 2) are generated from purchased electricity consumption, with the data source from the payment bills of related expenses and the administrative statistical ledgers. For the GHG emission factors of purchased electricity, please refer to the 2017 Baseline Emission Factors for Regional Power Grids in China issued by the Ministry of Ecology and Environment of the PRC, and for other energy emission factors, please refer to the Environmental KPIs Reporting Guide issued by the Stock Exchange of Hong Kong.
3. The types of energy consumed by the Group in 2020 include fuel for official vehicles and purchased electricity, with the data source from the payment bills of related expenses and the administrative statistical ledgers; for the energy consumption factors, please refer to the conversion factors provided by the International Energy Agency and GB/T2589-2008 General Principles for Calculation of the Comprehensive Energy Consumption.
4. Hazardous wastes include waste batteries, waste lamp tubes, waste ink cartridges and toner cartridges.
5. Non-hazardous wastes include office wastes generated for administrative office and scrap furniture.
6. The water supply of the Group comes from the municipal water supply network, with the data sources from financial records and administrative statistical ledgers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Social Subject Area

KPIs		2020	
Total workforce by gender, employment type, age group and geographical region			
		Number of employees (person)	Percentage (%)
By gender	Male	2,152	68%
	Female	1,018	32%
By employment type	Full-time	3,121	98%
	Intern	49	2%
By age group	Below 30	1,982	63%
	Aged 31-40	1,114	35%
	Above 40	74	2%
By geographical region	Mainland China	3,170	100%
Total workforce		3,170	
Employee turnover rate by gender, age group and geographical region			
		Number of turnover employees (person)	Turnover rate (%)
By gender	Male	405	19%
	Female	254	25%
By age group	Below 30	487	25%
	Aged 31-40	168	15%
	Above 40	4	5%
By geographical region	Mainland China	659	21%

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KPIs		2020	
<b>Health and Safety</b>			
Number of work-related fatalities		0	
Lost days due to work injury		0	
<b>Percentage of employees trained and average training hours completed per employee by gender and rank</b>			
		Percentage of employees trained	Average training hours completed per employee
By gender	Male	69.10%	29.21
	Female	69.94%	31.42
By rank	Senior management	37.50%	57.81
	Middle management	46.67%	39.06
	Common employees	72.40%	28.53
<b>Number of Suppliers</b>			
Number of suppliers	Product procurement	44	
	Special administration	19	
	Special personnel	44	
	Daily services	71	
	Marketing activities	87	
	Consulting services	37	
	Assets	105	
<b>Customer Service Data</b>			
Number of customer complaints (time)		234	
Number of follow-up visits (time)		234	

## APPENDIX II INDEX TO THE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding Sections
A1 General Disclosure	Information on the policies, and 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.	Disclosed	Fulfilling the Responsibility for Environmental Protection
A1.1	The types of emissions and respective emissions data.	Disclosed	Appendix I
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed	Fulfilling the Responsibility for Environmental Protection
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Disclosed	Fulfilling the Responsibility for Environmental Protection
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	Fulfilling the Responsibility for Environmental Protection
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Sections
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	Appendix I
A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed	Fulfilling the Responsibility for Environmental Protection
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Disclosed	Fulfilling the Responsibility for Environmental Protection
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, as our main business does not involve the use of any packaging material.	–
A3 General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Disclosed	Fulfilling the Responsibility for Environmental Protection
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	Fulfilling the Responsibility for Environmental Protection
B1 General Disclosure	Information on the policies, and 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.	Disclosed	Talents Gathering to Boost Development
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	Appendix I
B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	Appendix I

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Sections
B2 General Disclosure	Information on the policies, and 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.	Disclosed	Talents Gathering to Boost Development
B2.1	Number and rate of work-related fatalities.	Disclosed	Appendix I
B2.2	Lost days due to work injury.	Disclosed	Appendix I
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	Talents Gathering to Boost Development
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	Talents Gathering to Boost Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	Appendix I
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	Appendix I
B4 General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labour.	Disclosed	Talents Gathering to Boost Development
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	Talents Gathering to Boost Development
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	Talents Gathering to Boost Development

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Sections
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	Cooperating with High-quality Partners
B5.1	Number of suppliers by geographical region.	According to the actual needs of current business management, supplier statistics have not been performed from this aspect.	–
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	Cooperating with High-quality Partners
B6 General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	Disclosed	Real Estate Ecology Contributing Wisdom Providing High-quality Services Wholeheartedly
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as our core business does not involve any safety and health risks.	–
B6.2	Number of products and services related complaints received and how they are dealt with.	Disclosed	Providing High-quality Services Wholeheartedly Appendix I
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	Real Estate Ecology Contributing Wisdom



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Sections
B6.4	Description of quality assurance process and recall procedures.	Disclosed	Real Estate Ecology Contributing Wisdom
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	Real Estate Ecology Contributing Wisdom
B7 General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	Disclosed	Creating an Honest and Anti-Corruption Atmosphere Together
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Disclosed	Creating an Honest and Anti-Corruption Atmosphere Together
B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Disclosed	Creating an Honest and Anti-Corruption Atmosphere Together
B8 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.	Disclosed	Responsibility Theme: Fighting against COVID-19
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	Responsibility Theme: Fighting against COVID-19
B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	Responsibility Theme: Fighting against COVID-19