

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Concept and principle

This Environmental, Social and Governance Report (the "Report") covers the sustainability policies of Jingrui Holdings Limited (stock code: 01862) (the "Company" or the "Jingrui") and together with its subsidiaries (the "Group") for the year ended on 31 December 2016, and it discloses the data of the Group's subsidiary, Shanghai Fengxiang Property Development Company Limited ("Shanghai Fengxiang") and its Qingpu development project ("Qingpu Project"), as a case study of the Group's environmental, social and governance performance. The Report follows the disclosure requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group believes a successful enterprise should not maximize profits at all cost, but balance stakeholder interests and social responsibility for maintaining an enterprise's sustainable development. As a result, we aim to achieve such balance and fulfill social responsibility along with our mission of "Building comfortable homes for thousands of families".

The figures and data in this Report are from our archived documents, records, and surveys. Our efforts devoted to the Report initiatives demonstrate our commitment and determination to become a socially responsible corporate. If you have any feedback for the Report, please feel free to send it by email at ir@jingruis.com to us to improve and optimize our sustainability policies.

About the Group

Embracing the responsibility as a residential property developer, we incorporate the concept of balancing desirable living and reasonable housing costs into the construction of durable, environmentally friendly, and economical properties to meet customer needs and lead a pleasant, heartening and desirable lifestyle. Principally engaging in real estate development, we have accomplished the upgrading to a "customized lifestyle service provider" that satisfies every need of customers since 2015. During this transformation, we focused on the overall development for a sustainable production chain and took full account of stakeholders' concerns to fulfill corporate social responsibility.

We believe that the Company's sustainable growth is underpinned by its solid business operations. Since 2011, Jingrui has been recognized for five consecutive years as one of the Top 10 "China Real Estate Developers in Operational Efficiency". As of the end of 2016, the Group has a total land reserve of about 3.023 million square meter (m²) that is expected to satisfy the Group's developmental demand in the next two to three years, laying a foundation for substantial and rapid growth of the results in the future.

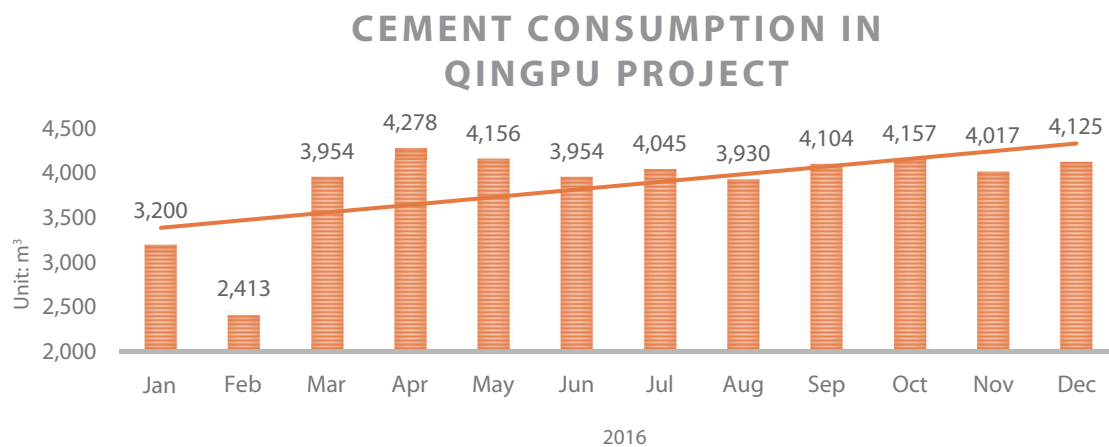
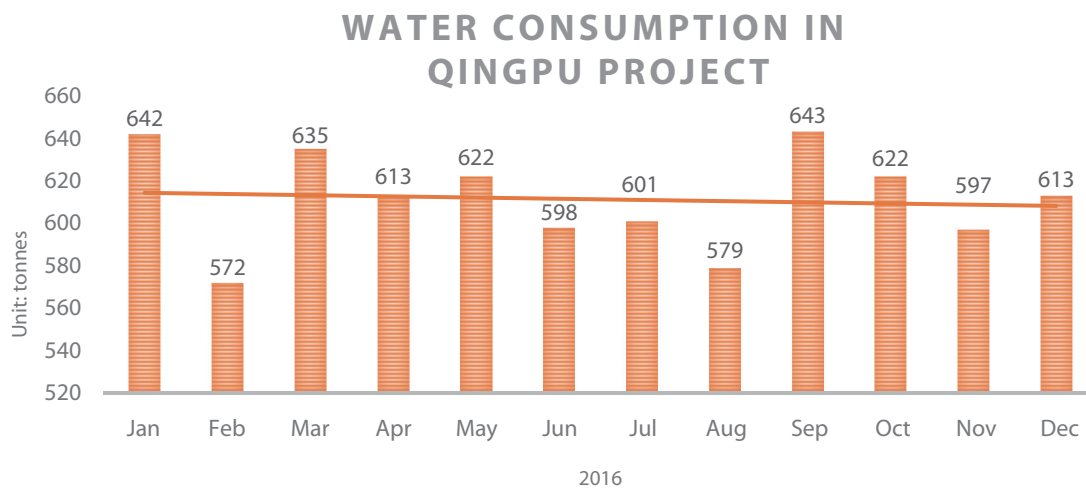
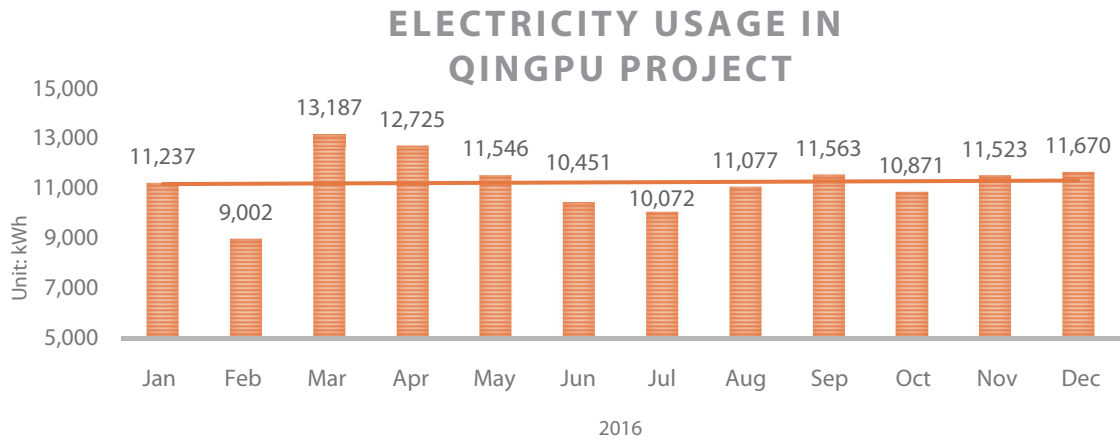
Protecting environment with love

The Company complies with the requirements of "Environmental Protection Law of the People's Republic of China" and submits to environmental department in China the environmental impact assessment report of construction projects. It discloses areas in examining the potential pollution, governance measures effectiveness, hygiene requirements, and environmental impact of pollutant.

To reduce the environmental impact arising from construction work, we adopted prefabricated building construction systems which enable the design of standardization of pre-cast components, factory-built housing, well-managed logistics, and professional assembly to enhance construction efficiency and cut down solid waste from construction. Compared to conventional construction methods in China, prefabrication not only brings down the amount of waste, effluent, and noise of construction, but also avoids hazardous gas and dust emission to contribute to energy conservation and environmental protection. We believe that with new opportunities opened up by the introduction of municipal energy-saving and waste-reducing policies, prefabrication is bound to set a trend for China's development in the future.

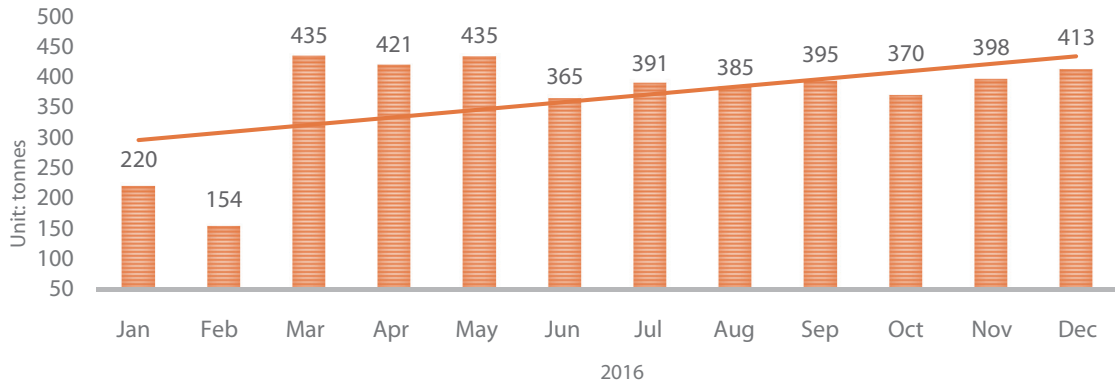
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Shanghai Fengxiang Energy Consumption Performance:

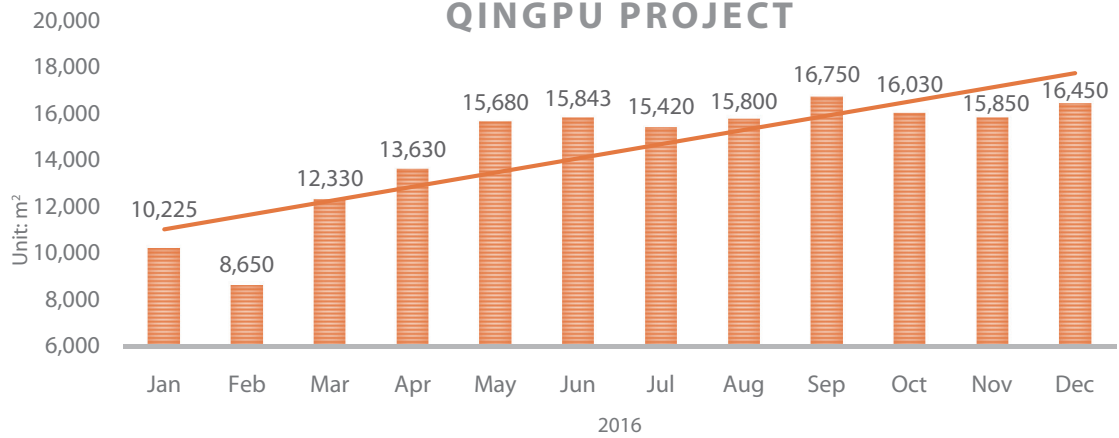


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STRUCTURAL STEEL CONSUMPTION IN QINGPU PROJECT



FORMWORK PANEL USAGE IN QINGPU PROJECT



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Developing team with love

Employment and labor practice

We recognize the importance of offering fair, impartial and open opportunities for recruiting talents. Employment guidelines are in place to prevent employment discrimination on the grounds of age, nationality, race, religion, sexual orientation, gender, marital status, or political stance. Recruitment and selection training courses are offered for the recruitment personnel to align recruitment process with the Group's standards.

We fully comply with local laws and regulations in the ordinary course of business and implement a series of management systems based on the legal provisions and the Company's operating practices. Apart from lawful employment contract, we protect employee benefits by practicing standard working hours and offering various paid leave, social insurance and provident fund as the basic protection. Severance packages are also provided to resigned employees along with the remaining regular pay under the "change management system". In addition, recognizing women's legal rights, we ensure our female employees are not only entitled to applying maternity leave, breast-feeding leave and annual gynecological examination, but also provided with the safety and well-being mutual protection scheme for women workers.

Employment practices

In terms of compliance, Jingrui strictly abides by national laws and regulations to prevent child or forced labor in the Group. Shanghai Fengxiang also requires staff on site to bring staff cards and verifies their identities to deter impersonation.

In 2016, the Group has a total of 2,540 employees, of which 63% are male and 37% are female. The staff turnover rate of the Group is 20.37%. Of all employees in the Group, 75, or 3% of the Group, are permanent employees of Shanghai Fengxiang. Among the 75 employees, males and females accounted for 58.7% and 41.3% respectively. Turnover rate of Shanghai Fengxiang is 27.9%, comprised of 17.3% for male and 10.6% for female.

During the year, the Group did not receive any reports of compliance violations regarding employment.

Well-being and safety

Jingrui strives to enhance the Group's safety performance and provides all employees with a safe working environment. The Group's administration and management center performs compliance assessment and black spot monitoring while appointing an external technical advisory body to provide professional advice to the Company on the environment, health and safety (EHS) policies.

Enhancing safety performance

The Group has set up production safety committee and special internal safety working groups to conduct regular safety inspections for improving the Company's safe working conditions. We protect employee wellness through upgrades such as installing dust removal and noise reduction equipment. In respect of safety training, we hold safety management training programs every six months by the Company to improve workplace safety awareness.

The Group also capitalizes on technology to cope with potential hazards and guarantee occupational safety. For construction, we adopt prefabrication residential construction techniques and use pre-assembled external walls instead of in-site scaffolding and formwork to save manpower and time for aerial work significantly, which reduce staff's exposure to risk of work and enhance construction safety.

Occupational safety and health check

To ensure compliance with the relevant guidelines on occupational health and safety, the Group's administration and management center requires its subsidiaries to submit feedback reports regularly, and analyzes and evaluates their health and safety performances under the occupational safety assessment mechanism of the Group. Meanwhile, the Group performs targeted inspections to oversee implementation of the regulations among its subsidiaries. In 2016, two inspections were carried out at Shanghai Fengxiang. When an accident occurs, the production safety committee will investigate and discover the causes and formulate precaution plan to avoid recurrence of similar accident.

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During the year, there were no injuries nor fatalities that occurred in Qingpu Project.

Caring about the mental health of employees, the Company also encourages and supports employees to achieve work-family balance. We hold various family activities annually including “International Children’s Day Painting Competition” and “Jingrui Summer Fun Family Tour 2016” for employees to improve and strengthen family relationship and bonding.

We believe smooth workflow is made possible for the employees with equal and open communication. Staff meetings are thus held frequently to facilitate problem solving and communication for staff at all levels. In 2016, Shanghai Fengxiang convened two staff forums for the management to receive constructive suggestions for the Company’s development.

Development and training

We aspire to reach higher by growing and training our talents to accelerate business development. New hires are provided with induction training since the first day of work to internalize the corporate culture including executive, administration and management and personnel management practices. One-to-one mentoring is offered in line with the “Guidelines for Mentoring Arrangements” to equip new employees with the skill set in a short time. Regular management meetings are also arranged by the Company’s management for new recruits to express their views of working. We also launch various programs for in-service employees monthly to raise management skills and expertise via internal sharing, public lecture, and external meeting. For example, the Company provides training courses regarding the psychology of selling and sales team management for its sales staff during the year to help them improve their performance.

To promote group cohesion, the Company holds team building activities twice a year. In 2016, the Company held a 2-day group adventure including a 10-kilometre walk in Sanqing Mountain.

In 2016, the Company provided 1.55 training hours per employee. Our general and managerial staff have undertaken 1.34 and 2.73 training hours per employee respectively. Among the employees receiving training, male and female managerial employees comprised 12% and 2.7% and male and female general staff

accounted for 46.7% and 38.6% respectively. Along with the development of the Group and realizing training demands of staff, we continually offer, review and improve training courses to keep team performance abreast of the Group’s business development.

Upholding responsibility with love

Playing the role of a socially responsible corporate in urban construction, we demand the highest standard with a passion for the land to build desirable housing and raise quality of life.

Supply chain management

The Group’s supply chain structure is simple and clear which conducts supplier visits and sourcing processes to select suppliers. Eligible suppliers are registered in our database and categorized into two groups: the “local suppliers” or the “Group strategic suppliers”. Through an internal shortlist mechanism, the “local supplier” that displays excellent performance will be promoted to become the “Group strategic supplier” that can enjoy more collaboration opportunities with the Group. Partnership with unqualified suppliers will be terminated to ensure supplier quality in the database.

The supplier selection and management are undertaken by subsidiaries in the corresponding cities. Taking Shanghai Fengxiang as an example, we select the most appropriate suppliers from the existing database, and evaluate their performance on-site based on the internal “List of Supplier Assessment Criteria”. New suppliers are assessed on a half-yearly basis in terms of design and conformity of material and equipment, cooperativeness, on-site management, quality of structural steel joints, and quality control in construction. “Local suppliers” that are graded “outstanding” for four consecutive times will be promoted as the “Group strategic supplier” in the Company’s selection mechanism.

The Company has engaged suppliers in environmental protection. To improve operating practices of the suppliers, they are demanded to reduce construction waste, comply with energy conservation regulations, and save electricity and gas. Suppliers are demanded to conform to relevant environmental laws and regulations, including local environmental management practices and dust pollution management regulations for each project. Non-compliant suppliers will be fined for breach of regulations.

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The Company has its own supervisory unit, which holds regular supplier meetings to ensure positive interaction and collect opinions and complaints of the suppliers to ensure that they can reach the Company in a timely manner.

In 2016, Shanghai Fengxiang partnered with 106 suppliers from Mainland China, all of which adopt operating practices in line with our regulations.

Product responsibility

Jingrui strives to ensure property safety, in expectation of improving residents' quality of life through providing preeminent houses and thereby contributing to the community's harmony. Jingrui strictly complies with national laws including "Contract Law of the People's Republic of China" and "Construction Law of the People's Republic of China", and regulations on construction and acceptance such as the "Regulations on the Quality Management of Construction Projects" to prevent mistakes and defects.

For example, before elevator installation commences, the Company's engineering representative and the construction supervisor committee will inspect the quantity and quality, verify the certificate of conformity and acknowledge receipt of equipment. Meanwhile, the Company undertakes installation and acceptance testing in strict compliance with the GB7588-2003 "Safety Norms for Elevator Manufacturing and Installation", the GB16899-1997 "Safety Rules for the Construction and Installation of Escalators and Moving Walks", and the GB/T10058-2009 "Specification for Electric Lifts". If the components and equipment of the construction contractor are found substandard, the construction contractor is held responsible for replacing rejected materials or liable for damages.

For proper implementation of the relevant regulations, the Company makes sure that the relevant construction requirements are met by carrying out regular on-site inspection with a third-party construction supervision institution. The Group also conducts construction assessments in terms of safety, construction quality and project management performance on a quarterly basis to ensure compliance with local safety standards.

In the marketing process, we comply with laws and regulations such as the "Regulatory Measures on the Sale of Commercial Houses" and "Provisions on the

Release of Real Estate Advertisements" in order to provide customers with true and accurate property information. Meanwhile, we adhere to the "Notice on Issuing the Model Commercial Housing Sales Contract" and other laws and regulations to provide clients with standardized sales contracts and protect their interests.

Clients privacy protection

We enter into non-disclosure agreement enclosed in service contract with our clients to avoid client information leakage and protect their privacy. During the reporting period, we are not aware of any complaint regarding information leakage. To protect clients' information, we will take further steps to enhance privacy protection.

Enhancing service quality

"Knowing our client" is our starting point to build a graceful community. We set up "complaint handling procedures", "customer relationship management" (CRM) system and the Group's complaint and risk reporting systems to facilitate customer feedback.

Upon receiving complaints, customer service officers and property agents on site will handle the complaint through the CRM system that visualizes sales processes. Through inter-departmental collaboration and proactive communication, we resolve complaints effectively to bring satisfactory services to our customers. To gather a wider range of resident feedbacks and accordingly improve service quality, the Group has established three channels, which make these reviews more easily heard by company management:

1. District customer service center – immediate complaint directly handled by property managers;
2. Online reporting form – soliciting customers' feedback around the clock and directly reporting to the back-end system of the Company; and
3. Customer reporting hotline – reaching customer service officers via Jingrui toll-free service hotline at 800-620-8787 or 021-62711161.

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We will continue to upgrade our service management system and improve the privacy protection policy to safeguard the interests of our clients. During the year, Shanghai Fengxiang did not receive any tenant complaints.

Anti-corruption

Integrity is a key element that drives steady growth. To prevent corruption, we establish clear regulations and procedures for corporate management and supervision while ensuring employees' comprehension of work duties. Also, we set up an inspection department and assign project inspectors to implement ethical management for each project and department.

We fully comply with national laws and regulations and prohibit staff from bribing any person, namely civil servants, government officials, or connected persons. Staff members are also forbidden from embezzlement, theft, concealment, or misapplication of the Company's assets. When aware of suspected corrupt conduct, we carry out internal investigation and take disciplinary actions against the staff concerned, including duty suspension and contract termination. If the case involves violation of national laws, offender will be taken to the concerned departments.

Our suppliers have signed binding agreement on integrity to ensure corruption-free operating practices of suppliers and prevent bribery and conspiracy. We have set up a report and reward system for supplier, employees and other stakeholders to blow the whistle on malpractice. Reports are handled by the risk management department and then scrutinized by the internal audit department. The Group will improve the anti-corruption system and step up supervision to support our plan of sustainable development.

During the reporting period, no corruption cases were filed against its employees at Shanghai Fengxiang.

Shaping community with love

Fulfilling its corporate social responsibility, the Group upholds the philosophy of giving back and contributing to society by engaging in community services and sponsoring charitable events in order to achieve harmony between enterprises and society. We reach the needy and elderly singletons in the community to improve their living standard through various poverty alleviation activities. During the year, we partnered with local sub-district offices to host "Candle Action" and invited employees to visit the community on the Dragon Boat Festival and the Double Ninth Festival.

To improve education in remote areas, we also organized a charitable event "Fund for Love and Fuel a Dream" and raised RMB150,000 in over 40 days. All donation goes towards the Shanghai Youth Development Foundation and is used to build the computer room of a primary school in Junlian, Sichuan, to connect students in rural area.

To enhance living quality of the community, we established an on-street "Jingrui Book Sharing Corner" and made available 100 books for borrowing to the neighborhood during the year. This initiative not only increases the entertainment options, but also enriches lives of local residents.

To stimulate the sustainable development of real estate industry, our on-campus clubs have organized industry-related courses and competition in major colleges and universities of Shanghai to open opportunities for students to gain insight into the industry. Partnering with the local schools, we recruit qualified graduates to work in the Group to groom and explore the potential of our future pillars. While growing students, this platform enables enterprises and universities to share resources, build on complementary advantages and underpin sustainable development of the industry.