

JIANDE INTERNATIONAL HOLDINGS LIMITED 建德國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：865

2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

二零一八年環境、
社會及管治報告





OBJECTIVE

Jiande International Holdings Limited (the “Company”, together with its subsidiaries collectively referred to as the “Group”) is pleased to present its Environmental, Social and Governance Report for the period from 1 January 2018 to 31 December 2018 (“Year 2018”), with an aim to illustrate the Group’s performance in promoting a sustainable development to both the internal and external stakeholders.

This report, which was prepared in accordance with 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, highlights the environmental and social measures and activities of the Group for Year 2018. For the information on the corporate governance of the Group, please refer to the Annual Report 2018 of the Company.

The Group is committed to maintaining the sustainable development of its businesses and providing support to environmental protection and the community in which it operates. The Group manages its business in a prudent approach by following reasonable decision-making procedures to provide its clients with quality products and services. The Group maintains a close tie with its stakeholders, including shareholders, the government, employees, clients, suppliers, the community and the public, and strives to balance their opinions and interests through constructive communications in order to determine the direction of its long-term development. The board of directors is responsible for assessing and determining its environmental, social and governance risks, and ensuring that the relevant risk management and internal control system is operating properly and effectively.

In Year 2018, the Company, through its subsidiary, Yangzhou Dehui Real Estate Development Company Limited (“Yangzhou Dehui”), continued to develop The Cullinan Bay project and sell and pre-sell its properties. Since Yangzhou Dehui is the only subsidiary of the Group that has a higher impact on the environment, society and governance, therefore this report will focus on the detailed disclosure on the environmental, social and governance policies and the relevant performances of Yangzhou Dehui in Year 2018.



The Cullinan Bay project in Yangzhou, Jiangsu Province

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Engagement with stakeholders

The Group proactively listened to the views of stakeholders to ensure continuous improvement. The Group strived to communicate with internal and external stakeholders through various communication channels, so as to understand and respond to their expectations and concerns, and to strike a balance between their respective interests, which in turn enabled us to determine our business development direction in the long run.

Stakeholders	Expectations and concerns	Communication and response
Shareholders	<ul style="list-style-type: none"> Financial results Corporate transparency Sound risk control 	<ul style="list-style-type: none"> Financial report and corporate announcements Daily information disclosure Optimization of risk management and internal control
The government	<ul style="list-style-type: none"> Being law-abiding Paying tax in accordance with the law Complying with policies in relation to real estates in the PRC 	<ul style="list-style-type: none"> Operation in compliance with the law Making timely tax payment in full Monitoring whether it is in compliance with local laws and regulations
Employees	<ul style="list-style-type: none"> Career development platform Remuneration and benefit Safe working environment 	<ul style="list-style-type: none"> Promotion mechanism Competitive remuneration and benefit packages Provision of training to staff and enhancing their safety awareness
Clients	<ul style="list-style-type: none"> Auxiliary facilities in the neighborhood Customer information security Customer interest protection 	<ul style="list-style-type: none"> Building underground parking space and periphery facilities Customer privacy protection Marketing in compliance with the law
Suppliers	<ul style="list-style-type: none"> Collaboration integrity Business ethics and creditworthiness 	<ul style="list-style-type: none"> Building a responsible supply chain Performing contracts in accordance with the law
The community and the public	<ul style="list-style-type: none"> Environmental friendliness Employment opportunities 	<ul style="list-style-type: none"> Greening and waste separation guidelines Provision of employment opportunities

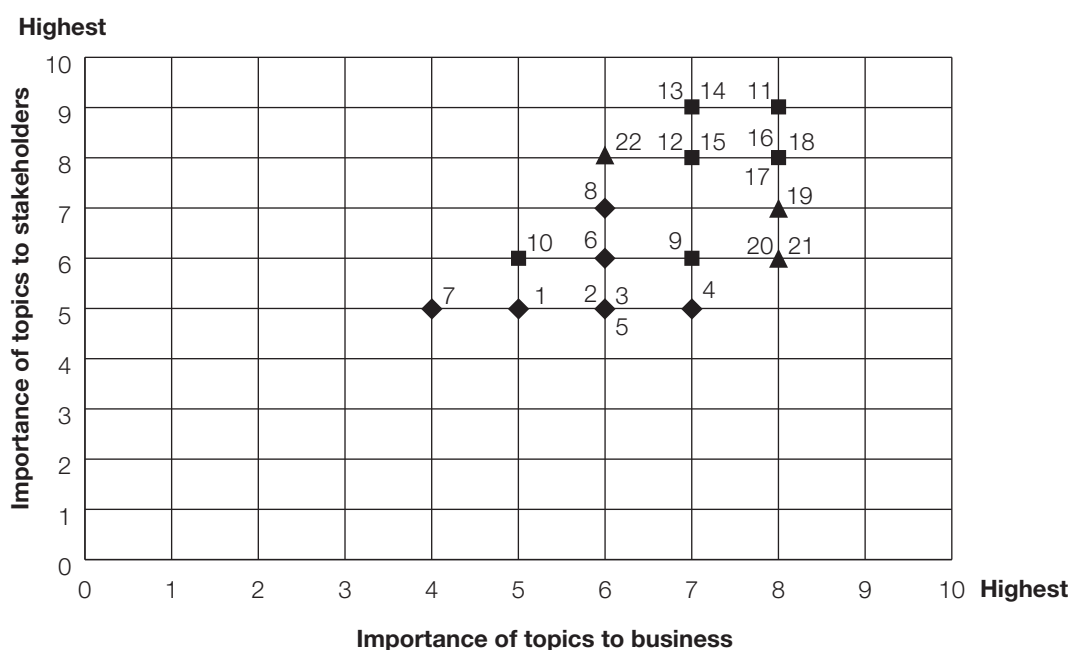


MATERIALITY ASSESSMENT

In Year 2018, the Group carried out a materiality assessment to the environment, society and governance related issues. With reference to its actual business and industrial characteristics, the Group identified and recognized 22 issues in relation to the environment, society and governance, and invited internal and external stakeholders to give rating on the materiality of such 22 issues. After consolidating the rating results of stakeholders and the Group’s sustainable development target, our management concluded in a report the materiality priority of these issues and prepared a materiality matrix chart.

The result of materiality assessment will be used by the Group as a guidance when developing future environmental, social and governance working projects and targets, with a view to creating sustainable value for stakeholders.

The Group’s environmental, social and governance materiality matrix chart for Year 2018 is as follows:



Environmental issues	Social issues	Governance issues
1. Greenhouse gas emissions	9. Engagement with local community	17. Economic value created
2. Energy consumption	10. Community investment	18. Corporate governance
3. Water consumption	11. Occupation health and safety	19. Anti-corruption
4. Waste	12. Supply chain labor standard	20. Supply chain management
5. Environmental impact created by our business	13. Training and development	21. Customer satisfaction
6. Green building certification	14. Employee benefit	22. Customer privacy
7. Engagement with customers on environmental issues	15. Inclusion and equal opportunity	
8. Use of chemicals	16. Attract and retain talents	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PROTECTION

To demonstrate the commitment of the Company to maintain sustainable development and to comply with the relevant laws and regulations in respect of environmental protection, the Group endeavors to minimize the impacts of its operating activities on the environment.

EMISSIONS

The emissions from The Cullinan Bay project are primarily machinery and vehicle exhausts as well as road dust in the course of construction, with inhalable particles being the major impact factor. In addition, the gas emissions generated by natural gas fuel, vehicle exhausts and lampblack during the operation of the project also affect the air quality in the surrounding area, with vehicle exhausts being the major pollutants, comprising nitrogen oxide (NOx), sulphur oxides (SOx) and particulate matter.

With a view to preventing dust pollution and improving air quality in the city to safeguard the health of the city dwellers, atomisers for dust suppression are installed in the construction site of The Cullinan Bay project to control dust pollution. This type of atomiser for dust suppression is characterized by the large reduction in water use as compared with the traditional wet dust extraction. Contractors are engaged to transport the construction waste from the construction site of the project to the landfill at Touqiao Town for disposal everyday. Yangzhou Dehui owns two motor vehicles running on petrol for use in the ordinary course of its corporate affairs and by the sales department, under the unified management of the office.

The key environmental indicator data of the Group's emissions in Year 2018 is as follows:

Environmental indicators	Unit	2018	2017
Air emissions			
Emissions of NOx	Kilogram	4.4	4.4
Emissions of SOx	Kilogram	0.1	0.2
Emissions of particulate matter	Kilogram	0.3	0.3
Greenhouse gas emissions			
Total greenhouse gas emissions	Kilograms of carbon dioxide equivalent	225,698	722,826
Greenhouse gas emissions intensity	Kilograms of carbon dioxide equivalent/ square meter of the developed area of a construction project	13.2	5.6
Direct emission (Scope 1)	Kilograms of carbon dioxide equivalent	35,023	26,080
Indirect emission (Scope 2)	Kilograms of carbon dioxide equivalent	181,035	680,556
Other indirect emission (Scope 3)	Kilograms of carbon dioxide equivalent	9,640	16,190

- Scope 1: Direct Greenhouse gas emissions derived from the burning of fuels from motor vehicles controlled by our Group.
- Scope 2: Indirect Greenhouse gas emissions occurred in the production process resulting from generation of electricity purchased by our Group from electric power company.
- Scope 3: All other indirect greenhouse gas emissions that occurred outside our Group, including (i) methane gas generated at landfill by disposal of paper waste; (ii) indirect emissions due to electricity used for processing drinking water/ sewage water by external institutions; and (iii) indirect greenhouse gas emissions from business travel by employees.



During Year 2018, the key environmental indicator data of greenhouse gas emissions removals from newly planted trees are as follows:

Environmental indicators	Unit	2018	2017
Greenhouse gas emissions removals from newly planted trees			
Number of newly planted trees	Number	390	21,837
Carbon dioxide removals	Kilogram	8,970	502,251



Waste separation guidelines are in place in The Cullinan Bay project to facilitate source separation of waste for its residents

Facilities for source separation of waste are installed at the completed portion of The Cullinan Bay project to encourage a green lifestyle among the residents and the staff by separating waste into three categories, namely “recyclable waste”, “non-recyclable waste” and “toxic and hazardous waste”. Hazardous waste will be collected for centralised handling by professionals with appropriate qualifications.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The key environmental indicator data in respect of hazardous and non-hazardous waste generated by the Group in Year 2018 is shown below:

Environmental indicators	Unit	2018	2017
Waste			
Total amount of hazardous waste	Tonne	Note 1	Note 1
Hazardous waste intensity	Tonne/square meter of the developed area of a construction project	Not applicable	Not applicable
Total amount of non-hazardous waste	Tonne	350	350
Non-hazardous waste intensity	Tonne/square meter of the developed area of a construction project	0.02	0.0027

Note 1: The Group generated only an insignificant amount of hazardous waste, which did not have any substantial impact to the environment; therefore, no data in this aspect was disclosed.



Outdoor bins with sorting function to categorize garbage into recyclable/unrecyclable/hazardous waste



The Group has adopted a series of emission reduction measures during the development of the Cullinan Bay project. Details of such measures and the related result assessment are set out as below:

Energy saving and emission reduction measures	Description and the related result assessment of measures
Outdoor construction materials	The Group conducts analysis on the insulation and energy saving capacity of the exterior wall and rooftop of buildings, respectively, in order to select safe, effective and energy-saving construction materials and to reduce greenhouse gas emission of a unit resulting from the use of air-conditioners.
Use of silencer pipes	Adopting pipes made of propylene random copolymer (PP-R), which are more durable than pipes made of other materials, with a useful life of approximately 50 years under the temperature of 70 degrees Celsius. Their scrap materials are recyclable and reusable, thereby reducing non-hazardous waste indirectly.
Promoting the use of electronic vehicles (EV)	A number of EV alternating current (AC) charging points are set up at motorbike parking spaces and residential parking lots to promote the use of electronic vehicles among residents and reduce greenhouse gas emissions generated from fuel-powered vehicles used by residents.



EV AC charging points located at the Cullinan Bay project

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In Year 2018, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that have significant impact, including “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》), “Water Pollution Prevention and Control Law of the People’s Republic of China” (《中華人民共和國水污染防治法》) and “Regulations on the Administration of Construction Project Environmental Protection” (《建設項目環境保護管理條例》). In addition, there was no report of significant fines or non-monetary sanctions as the result of non-compliance with relevant laws and regulations in Year 2018.

USE OF RESOURCES

The Group understands that the construction materials used will have direct impacts on the quality of housing and the surrounding environment. Therefore, the Group procures and selects environment-friendly materials for both outdoor and indoor construction, so as to provide residents with a comfortable living environment and conserve natural resources upon the completion of the project.

The key environmental indicator data in respect of use of resources by the Group in Year 2018 is shown below:

Environmental indicators	Unit	2018	2017
Use of resources			
Total energy consumption	Kilowatts-hour	225,000	1,241,211
Energy consumption intensity	Kilowatts-hour/square meter of the developed area of a construction project	13.2	9.6
Total water consumption	Cubic meter	7,800	15,566
Water consumption intensity	Cubic meter/square meter of the developed area of a construction project	0.5	0.1
Total amount of packaging materials used	Tonne	Note 2	Note 2
Intensity of packaging materials used	Tonne/annual total production	Not applicable	Not applicable

Note 2: The Group’s business does not involve any use of packaging materials; therefore, no data in this aspect was available.

The Group has adopted a series of initiatives for efficient energy use during the development of the Cullinan Bay project. Details of such initiatives and the related result assessment are set out as below:

Initiatives for efficient energy use Description and the related result assessment of initiatives

Use of energy-saving bulbs	Energy-saving bulbs are installed in certain corridors and passages (if applicable). Energy-saving bulbs can save approximately 80% of electricity compared with regular bulbs. A longer useful life means indirectly reducing the number of times for changing light bulbs and thus minimizing waste produced.
Rainwater harvesting system	A rainwater harvesting system is used in the Cullinan Bay project to collect and filter rainwater for the purposes of irrigation and floor-cleaning, thereby indirectly reducing electricity consumption for water processing.
Addition of solar energy facilities	Solar energy facilities are installed at the terrace gardens of the Cullinan Bay project to absorb solar light for the purpose of providing power for the underground parking lots, thereby reducing electricity consumption.



THE ENVIRONMENT AND NATURAL RESOURCES

The Group has taken into consideration the environmental factors in the course of project planning and designing. The Group proactively implements various environmental protection measures, including planting and landscaping within the completed gardens of The Cullinan Bay project, to optimise the green ecosystem of the project. A large amount of trees and bushes are grown within The Cullinan Bay project for the purpose of cooling, air purification, noise mitigation and reduction of carbon emissions.

For the purpose of water resource conservation, ponds are built in gardens of The Cullinan Bay project. Leveraging on the automatic cleaning system, coupled with the regular use of suction machine to pump out sediment, the required number of washing is reduced. Water from the ponds is used for irrigation, which in turn reduces the consumption of running water. As no exploitation of underground water is carried out within the completed gardens with built-in ponds, there is no change in groundwater flow field or groundwater level.

In Year 2018, the Group engaged an independent third party to conduct pre-acceptance work for construction completion and environment protection to buildings no. 5, 6, 10, 16, 17 and the basement project no. 2 of Phase 2 of the Cullinan Bay project, and to issue the Investigation Report on Pre-acceptance and Inspection of Construction Completion and Environment Protection* (竣工環境保護預驗收監測調查報告). As indicated by the report, the greening ratio of the Cullinan Bay project reaches 35%, higher than the requirement of 30% provided in the Standard for Greening of Residential District and Institutions in Jiangsu Province (江蘇省城市居住區和單位綠化標準) (DB32/139-95).



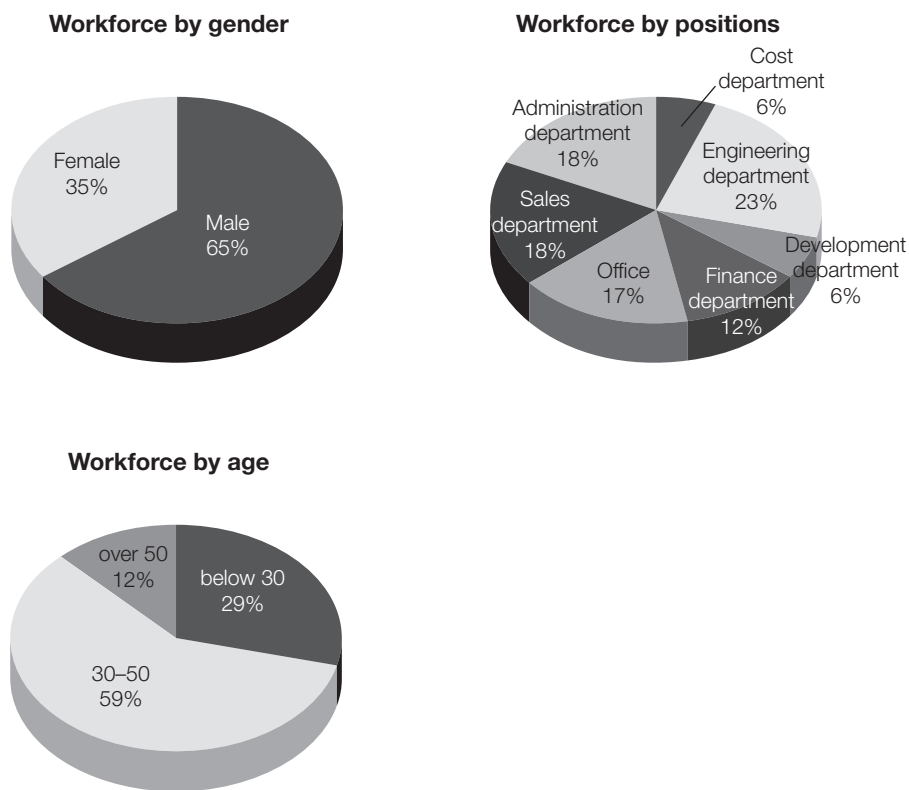
The podium garden of the Cullinan Bay project

SOCIAL RESPONSIBILITY

The Group believes that maintaining good relationship with the staff is the key factors of our success. With a view to enhancing the satisfactory level of the staff, the Group provides the staff with competitive remuneration packages and comprehensive training programmes, so as to encourage the staff to reach their full potential and contribute their talents. Staff banquet is held annually to raise their sense of belonging and create a harmonious working environment.

EMPLOYMENT

At 31 December 2018, the workforce of the Group by gender, positions and age distribution are shown in the chart below:



The Group implements stringent recruitment procedures to select and employ excellent candidates through both external referral and internal training.



The Group offers equal employment opportunities to safeguard the staff against discriminations arising from age, race, ethnicity, gender and religion, while striving to develop a fair, respectful, diversified, cooperative and friendly corporate culture and working environment.

The Group has formulated its Staff Manual to stipulate the relevant systems in respect of employment management, rights to termination of employment, code of commercial conduct, social security fund, remuneration, welfare, paid leave benefits, working hours, overtime work and performance management, so as to safeguard the interests of the staff.

The Group complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the relevant laws and regulations. The year-end bonus for the staff is determined by the management and general manager of the Group taking into consideration of the operating performance for the respective year on the basis of fairness, with an aim to recognize the contribution made by the staff and to enhance their incentives. At the same time, the Group makes timely adjustment towards payroll and remuneration with reference to the survey on market rates and inflation index in order to attract and retain talents. All allowance and welfare offered to our staff are implemented in accordance with the relevant requirements of the Labor Law of the People's Republic of China and administrative authorities.

In Year 2018, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that have significant impact. The Group strictly complied with local laws and regulations relating to employment, such as Labour Law of the People's Republic of China and Labour Contract Law of the People's Republic of China. In addition, there was no report of significant fines or sanctions as the result of non-compliance with relevant laws and regulations in Year 2018.

HEALTH AND SAFETY

The Group strictly requires the working parties of The Cullinan Bay project to comply with Environmental Sanitation System for Work Sites, Licence for Civilized Construction at Work Sites, License for Safe Production, Fire Safety Permit and the Ten Offences against Production Safety, the requirements of which are prominently displayed at the construction sites. Workers are required to wear safety helmets upon entering the construction sites and fasten safety harness when working at height. Warning signs are placed at the danger zones of construction sites with illumination during the night-time. The Group has taken out accident insurance policies for the personnel working at construction sites.

Besides, the working parties of the project have formulated the Contingency Plan for Emergencies pursuant to the requirements of relevant laws and regulations, namely Production Safety Law of the People's Republic of China, The Administrative Regulations on the Work Safety of Construction Projects, and Decision of the State Council on Further Enhancing Work Safety.

In Year 2018, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have significant impact. The Group strictly complied with local laws and regulations relating to health and safety, such as Safe Production Law of the People's Republic of China and the Regulations on Work-Related Injury Insurance of the People's Republic of China. In addition, there was no report of significant fines or sanctions as the result of noncompliance with relevant laws and regulations in Year 2018.

DEVELOPMENT AND TRAINING

In Year 2018, the Group has provided its employees with various training programmes on practical skills including: (i) Cost accounting and settlement of value-added tax on land in real estate enterprises under the merger of State and local taxation authorities and risk planning strategy; (ii) authoritative interpretations of the new Individual Income Tax Law and handling skills; (iii) assessment on the taxation risks and settlement plan under the merger of State and local taxation authorities; and (iv) company practice of the new Individual Income Tax Law and social insurance risks response.

LABOUR STANDARDS

The Group recognizes that the employment of child and forced labour is a serious violation of universal values. Accordingly, the Group strictly complies with the Provisions on the Prohibition of Using Child Labor and other laws and regulations relating to labour standards. The Group also strictly fulfills the requirements under the labour contract system whereby all newly-recruited employees will enter into a labour contract or an appointment agreement with the Company upon formal appointment.

The Group has taken measures on practices of recruitment, including: (i) measures to prevent the use of child labour; and (ii) measures to prevent the use of forced labour. The administration and personnel department will screen out applicants under the age of 18 when reviewing resumes. The Group has not employed any child labour since the measures came into effect. Furthermore, staff are required to submit working schedules every day to their immediate supervisors. The administration and personnel department conducts weekly checks on the records of working schedules. Investigation procedures will be commenced immediately for any overtime works discovered.

In Year 2018, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to prohibiting the Group from employing child and forced labour. The Group strictly complied with local laws and regulations relating to labour standards, such as the Labor Law of the People's Republic of China and Prohibition of Child Labour Provisions. In addition, there was no significant fines or sanctions as the result of non-compliance with relevant laws and regulations in Year 2018.

SUPPLY CHAIN MANAGEMENT

The Group closely monitors the selection of materials, for instance, (i) ALN Arnaud brand products of Sitong Songri Electric Appliances of international standard and with China Compulsory Certification and ISO9001 certification are adopted for switch panels; (ii) products of Shanghai Shangsu with leading-edge eco-friendly features are adopted for drainage pipes; and (iii) products of ERA brand, one of the largest manufacturing base of chemical building materials and components of solar power system, are adopted for electrical conduits.



Construction materials used in the development project displayed in the Cullinan Bay project sale office

PRODUCT RESPONSIBILITY

The Group complies with the Advertising Law of the People's Republic of China and the related laws and regulations. Pursuant to Article 26 of the Advertising Law of the People's Republic of China, an advertisement on real estate shall contain true information on the source of real estate, with the area thereof specified as the gross floor area or the gross internal floor area, and shall not contain: (i) any commitment on appreciation or investment return; (ii) any indication of the location of the project by the time needed from the project to a specific object of reference; (iii) any violation of the state provisions on price management; and (iv) any misleading publicity on transport, commerce, cultural and educational, and other municipal facilities under planning or construction. In connection with the health and safety of the products and services provided, the Group has formulated the Housing Quality Warranty and User's Instruction Manual for Residential Housing to meet the relevant requirements. The Group has determined the authorisation for accessing customer's personal data and employees are strictly prohibited from disclosing customer's personal data without authorisation. Sales brochures are subject to prior approval by governmental authorities.



The development project model displayed in the Cullinan Bay project sale office.

In Year 2018, the Group was not aware of any material non-compliance with relevant rules and regulations relating to health and safety, advertising, labeling and privacy matters relating to products provided and methods of redress that have a significant impact. The Group strictly complied with local laws and regulations relating to product responsibility, such as Advertising Law of the People's Republic of China. In addition, there was no report of significant fines in Year 2018.

ANTI-CORRUPTION

The Group attaches great importance to anti-corruption. Our anti-corruption policies have expressly stipulated the code of conduct to which all employees are subject. The Group has in place email address for reporting any irregular or fraudulent activities to the Board on a confidential basis. The identity of those who lodge a complaint will be protected. The email address for reporting irregularities is shown on the Group's website (<http://www.jiande-intl.com>). The Group has established its Compliance Committee to conduct regular review on the Group's code of practice, anti-corruption measures and relevant guidelines, and to conduct investigation into the reported irregularities.

In Year 2018, none of the Group or its employees was involved in any legal proceedings relating to bribery, extortion, fraud or money laundering. The Group strictly complied with local laws and regulations relating to anti-corruption, such as the Criminal Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China and Interim Provisions on Banning Commercial Bribery.



COMMUNITY INVESTMENT

The Group is committed to acting as a positive strength for the community in which it is operating and has been maintaining close communication and interaction with the community so as to contribute to the community from time to time.

Being a responsible corporate citizen, the Group is dedicated to improving the image of the community and enhancing the sense of responsibility through community investments. Employees of the Group are encouraged to lend a helping hand to and support the local community and their neighbourhood.

**JIANDE INTERNATIONAL
HOLDINGS LIMITED**
建德國際控股有限公司
