

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1902

2018

Environmental, Social and Governance Report

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About this Report

Yincheng International Holding Co., Ltd. (the "Company" or "we") and its subsidiaries (the "Group") are pleased to publish its first Environmental, Social and Governance report (the "ESG Report" or Report"), which demonstrates our concern about the environmental, social and governance aspects and enables the Group to build a responsible corporate image.

Reporting Framework

The ESG Report was prepared based on the "Environmental, Social and Governance Reporting Guide" (the "Guide") under Appendix 27 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The scope and content covered are in compliance with the disclosure obligations of "comply or explain" provision under the Guide, and the ESG Report had been approved by the Board in July, 2019. Readers may refer to the last section headed "Appendix II: Content Index of Hong Kong Stock Exchange ESG Reporting Guide" for quick referencing. For the detailed information of the corporate governance of the Group, please refer to the section headed "Corporate Governance Report" from the annual report and the official website of the Group (www.yincheng.hk). This report is published in Traditional Chinese and English versions. In case of discrepancy, the Traditional Chinese version shall prevail.

Scope of the Report

The ESG Report focuses on the core business of the Group from the period of 1 January 2018 to 31 December 2018 (the "Reporting Period" or the "Year"). The environmental key performance indicators ("KPIs") of Nanjing offices (including the headquarters, Nanjing Hongquan Real Estate Co., Ltd ("Nanjing Hongquan"), Nanjing Hongyou Real Estate Co., Ltd ("Nanjing Hongyou"), Nanjing Yinguang Real Estate Co., Ltd ("Nanjing Yinguang") and Nanjing Yinzhuo Real Estate Co., Ltd ("Nanjing Yinzhuo") and Wuxi office (namely Wuxi Century Garden Real Estate Co., Ltd ("Wuxi Century Garden"))) and the social KPIs of the Group were recorded to demonstrate the overall performance of the Group in accordance with the quantitative principle for reporting.

Data Collection

The information cited in this ESG Report come from the official documents and statistics of the Group and has been passed to the relevant departments of the Group for review.

Contact Information

Your opinions will be highly valued. If you have any enquiries or suggestions, please email at ir@yincheng.hk.

Information of Yincheng International

The Group has 16 years of experience in property development and it focuses on developing quality residential properties for residents in the Yangtze River Delta Megalopolis for customers of all ages. Since its establishment, the Group has been recognised by the Jiangsu Real Estate Association as one of the top 50 enterprises in the property development industry of Jiangsu Province in terms of comprehensive strength consecutively, being widely recognized by the entire industry. The Group's performance was satisfying with its annual revenue and contracted sales amounting to RMB5,070.1 million and RMB9,544.6 million respectively, also representing the increases of 8.4% and 65.7% as compared with the year of 2017.

To further our business, we established our business in five new cities comprising Hangzhou, Xuzhou, Hefei, Zhenjiang and Ma'anshan during the Year. In the meantime, land acquisition is definitely important to our business and hence the Group purchased 10 new land parcels during the Year and jointly acquired 5 land parcels with third-party business partners. The Group had land bank with an aggregate estimated gross floor area of approximately 4,009,303 square meters, out of which the land bank with interests attributable to the Group amounted to approximately 3,437,238 square meters, which laid a solid foundation for the Group's future development.

Objectives and Directions

The Group was successfully listed on the main board of the Stock Exchange in 2019 and thus was a meaningful year for the Group. In addition to maintaining balanced growth in both financial performance and business expansion, we also make transparent disclosure on non-financial performance as to identify the potential operational risks in environmental and social aspects and implement effective measures for mitigating risks. Furthermore, the Group puts the below corporate strategies in practice to increase its competitive strengths:

Regions of Operation

We will continue to enhance our leading position in Nanjing and strategically expand into other selected cities. On the one hand, we will continue to consolidate and improve the leading position in the Nanjing market; on the other hand, we will strengthen the business expansion in cities with higher potential purchasing power in the Yangtze River Economic Belt, Zhejiang Hangzhou Bay Area, Huaihai Economic Zone, such as Suzhou, Wuxi, Hefei Hangzhou and Xuzhou. Save for the cities where our branches are located and established, we intend to expand our business in other cities with development potentials in the Yangtze River Delta Megalopolis such as Yangzhou and Changzhou in 2019.

Product Development

We will strive to offer our customers livable, eco-friendly and high quality properties which are in line with our core development strategy of "leading quality, excellent services and energy conservation" by enhancing the architectural and landscape designs, functionality of the properties and level of comfort and improve the quality of our properties, organize a variety of activities for our customers to continuously improve our product quality, customer satisfaction and loyalty.

Business Model

We will continue to adopt diversified development strategies. One of the strategies is to cooperate with the third-party property developers through setting up joint ventures or associates to integrate and optimize our resources, create synergic effects, with an aim at achieving mutual benefits.

Information of the Yincheng International

External Recognition

The Group has been recognized for its product quality and experience of property development. Since its inception, the Group has won numerous awards that motivated us to make further progress and explore our development potentials. The followings were the awards gained for the Year:



Sustainable Development Strategy

The Group attaches extra attention to the sustainable development of its operation and embraces its core strategic principles of "leading quality, excellent services and energy conservation". It aims to provide residents with enhanced living environment and lifestyle in its five major residential product series. Apart from building up the reputation, the Group always reminds itself to integrate its strategies, policies and business plans with the sustainable development of the environment and society, so as to maintain compliance operation, minimize its impacts caused to the environment, contribute to the community and fulfill its social corporate responsibilities.

Stakeholder Engagement

The Group values the stakeholder engagement as parts of the important sections in operating the business. Their suggestions and expectation help evaluate the potential risks and opportunities and thus formulate the corresponding initiatives that matched with the development of the Group. We identify internal and external stakeholders, including shareholders/investors, customers, employees, business partners, peers, media, suppliers, community/non-governmental organizations. We have open and proactive approaches to listen to their expectations and demands through the right communication channels:



Shareholders/investors

Annual general meeting and other general meetings, interim and annual reports, results announcements, shareholders' visit programs, investors' meeting, senior management meeting, conference and environmental, social and governance (ESG) meeting



Customers

Customer satisfaction survey and feedback form, customer service center, activities for increasing customer loyalty, site visit by customer relationship managers, daily operation/interaction, online service platform, telephone and mail box



Employees

Employee survey, employee feedback channels (forms or suggestion box), performance assessment, group discussion, conference, work performance review, voluntary event and seminar/ workshop/talk



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Business partners

Report, meeting, visit and talk

Peers

Strategic cooperation project and aroup's notice

Media

Press conference, news release, senior management interview, results announcement and gathering with media



Suppliers management system, meeting, suppliers/contractors assessment system and site visit

Community/

non-governmental organizations Voluntary event, donation, community program and seminar/ talk/workshop

Sustainable Development Strategy

After analyzing the stakeholders' concerns about the issues of sustainable development, they are broadly classified into four different dimensions and shown in various sections in this ESG Report with detailed explanation so as to address all stakeholders' concerns and expectations.



The Group gains recognition and cultivate our reputation leveraging on our brand image and the customer-oriented approach. In future, we will continue to improve our reputation through effective brand management, increase the internal and external customers' loyalty and satisfaction and enhance our corporate value, in the pursuit of being the leading premium property developer serving all ages in the Yangtze River Delta Megalopolis.

Quality Properties

With an aim to developing quality properties with "healthy, comfortable, smart and convenient" living environment for customers of all ages, we have developed a wide range of premium residential properties including high-rise apartments, multi-storey apartments and low-density houses, with ancillary facilities catering to the needs and preferences of different segments of our target customers.

In this regards, we introduced five series of residential properties comprising: "Yi series" (「頤系列」) residence are developed for our elderly customers' enjoyment of a relaxing and healthy lifestyle, our "Shang series" (「尚系列」) residence are developed for the pleasure of our younger customers, our "Zhi series" (「致系列」) residence are developed for middle income households who focus on functionality and convenience, our "Zhong series" (「中系列」) residence are developed for home upgraders who appreciate comfort and quality and our "He series" (「和系列」) residence are developed for upper-middle income households who pursue luxurious homes and an exclusive lifestyle. All residential properties are equipped with multi-functional ancillary facilities, such as retail shops, schools, clubhouses, gym rooms, car parks, hospitals and community centers, providing a high quality and convenient living environment that fulfills our customers' expectation in their living styles and daily needs. During the Reporting Period, the Group had sold properties with 501,588m² in total, but had not occurred the case of recalling due to safety and health reasons.

He series

Zhong series



Noble garden house:

- Green three-star health products;
- High standard decoration;
- Occupying scarce urban areas or possessing unique natural resources (low density living space);
- Property has inheritance value;
- Residential landscape environment is superior; and
- Demand customized service.



Upscale residence:

- Green two-star health products;
- Pay attention to the comprehensive advantages of the property;
- Pay attention to the comfort of the house; and
- Pay attention to the appreciation of the products.

Zhi series



Comfortable quality living community:

- Green health products;
- High attention to detail, practical and comfortable hardcover standards;
- The pursuit of maximum use of product space;
- Special attention to product traffic and support; and
- Decoration pursuit practical property services.

Shang series



Young fashion apartment:

- Green health products;
- Layered landscape construction;
- Pay special attention to appreciation potential and investment value;
- Property has personalized, young and fashionable service, safe and thoughtful; and
- Fine decoration pursues innovation, individuality.

Yi series



Comfortable retirement center:

- Low-density living space, original ecological natural landscape;
- Focus on high value-added property services and suitable personalization and customization services;
- Interactive community health service platform (medical and health-integrated industrial model); and
- Green two-star health products.

Advertising

we predominantly employed media and commercials on websites, self-media, national and local television networks, billboards, visual media and print media and model displays of the proposed projects. Our advertising contents launched strictly comply with relevant laws and regulations such as the Advertising Law, the Provisions on the Release of Real Estate Advertisements and the Notice on Launching a Special Campaign to Combat the Violations of the Interests of the People and Controlling Real Estate Market Chaos in Some Cities and other relevant laws and regulations.

The release of pre-sales and sales advertisements of real estate projects is subject to licensing or filing by relevant authorities. The Group has established a "Marketing Materials Releasing System" (《營銷策略出品制度》) to regulate the release of marketing materials of our projects, reduce the risks of violating the laws and maintain our corporate image, which include the followings:



In addition, we will strictly review all information published by the Group in accordance with the "Yincheng International Holding Rights and Responsibility Manual — Marketing" (《銀城國際控股權責手冊 — 營銷》). Employees who use the information without authorization will be punished in accordance with the "Administrative Measures for Internal Control of Marketing" (《營銷條線內控管理辦法》) to ensure that there is no fake property-for-sale list and price information that deceive and mislead buyers.

Property inspection

According to the Construction Law of the People's Republic of China, our project sites shall first be reviewed by the relevant government authority. If the site conditions fulfill the construction requirements, the construction permit will be granted and that the construction can be conducted within the valid construction period. Furthermore, such permit shall be placed in the construction site. Subsequent to the completion of the project, all parties shall make an inspection record for the completion and acceptance of quality of such property. A construction planning verification certificate will be issued after the project is verified. During the Reporting Period, none of our projects was terminated due to safety and health reasons.

Operation in Compliance with Laws

Adhering to the core values of "honesty, responsibility, cooperation and innovation", the Group had high regard to the integrity and self-discipline of all employees, encouraging them to be honest and being ashamed if they get involved in corruption. As to demonstrate our corporate culture in maintaining compliance and integrity, we will strictly abide by the Anti-Money Laundering Law of the People's Republic of China and the Anti-Corruption Law of the People's Republic of China and other relevant laws and regulations in our operation. We also state in the "Employee Handbook" (《員工手冊》) that we and take zero tolerance to the employees who are conducting corruption, fraud, malpractice and money laundering.

Sunshine declaration

The Group and its member companies have posted the "Yincheng International Sunshine Declaration" (《銀城國際陽光宣言》) at the bulletin board and prominent position at the project sites to remind our employees and business partners of their obligations under the code of conduct. It is stipulated in the code that employees, their relatives and business partners are strictly forbidden to commit illegal activities, including but not limited to providing or accepting benefits, rebates, cash and marketable securities, payment vouchers, valuable gifts, or participate in banquets or entertaining events, sports, leisure activities, travel, etc., or provide personal benefits to seek for business favours.

Complaints and whistle-blowing

We formulate the "Administrative Measures of Complaints and Whistle-blowing" (《投訴舉報管理辦法》) to identify violations committed by our employees and during our businesses operations. Whistleblowers can make complaints by means of hotline, letter, online e-mail or face-to-face compliant. The Legal Audit Department shall be responsible for handling the case and the "Complaint and Whistle-blow Form" (《投訴舉報匯總表》) and the "Complaint Handling Report" (《投訴舉報處理報告》) shall be completed. The Legal Audit Department will report the handling results to the whistleblower who made the compliant in person. During the Reporting Period, the Group, its subsidiaries and employee had not involved any corruption, bribery, extortion, fraud and money laundering lawsuits and complaints.

Trademark and intellectual property rights management

Our Legal Audit Department has established the "Trademark Management System" (《商標管理制度》) in accordance with the Trademark Law of the People's Republic of China. Under the System, our trademarks are protected by lawful means and liabilities can be pursued in case of violations of the trademarks of the Group. In addition, in order to protect the interests of the Group, original copies of the registered trademarks will be kept in the President's Office of the Group and cannot be borrowed, copied, smeared or damaged without the consent of the President's Office of the Group. As for the intellectual property rights, we clearly distinguish the ownership of intellectual property rights with the service providers, as to protect the interests of the Group.

Procurement Management

During the Year, the suppliers of the Group including material and equipment, exterior construction, electromechanical equipment and etc, are mainly located at Yangtze River Delta Megalopolis, with 291 in total.

The Group strictly manages all suppliers from various categories involved in the projects (including decoration contracting, professional subcontracting engineering, consulting services, materials and equipment) to ensure the procurement system is fair, just and open and to achieve a win-win situation with suppliers. In addition, we encourage our suppliers to report and disclose the environmental and social risks in an open and transparent way taking into account the environmental, social and compliance issues. In this regard, the Group has formulated the Supplier Management System to clarify the following management processes:



Prequalification inspection

Suppliers are required to register with the Group's procurement management information platform, fill in the "User Information" (《用戶信息》) and "Company Information" (《公司信息》) and provide relevant qualification documents for prequalification. The Procurement Management Department will form an inspection team, together with the heads of the Demand Department and related professional (such as landscape, fine decoration and curtain wall fields) engineers to examine the selected suppliers. The qualified suppliers will be selected and approved in accordance with the scores under the Supplier Examination Report and Supplier Qualification Review. Meanwhile, the suppliers on the list have not established cooperative relationship with the Group within two years will be subject to re-examination and review. In order to prevent any bribery, extortion, fraud and money laundering, the suppliers are also required to sign the Integrity Agreement with the Group.

Process management and performance assessment of suppliers

In response to problems identified in the compliance process, the procurement management team assists the suppliers to make immediate performance improvement by adjusting engineering functions. Moreover, in order to maintain the quality of our suppliers, we will arrange semi-annual performance assessments and return our feedbacks to them. In case there is unqualified item found in the assessment, our engineering function team and the procurement function team will arrange face-to-face meeting to provide further feedbacks. The Group will also organize supplier conference in every two years to play a role of maintaining and enhancing the suppliers' motivation.

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Relationship with Customers

Complaints handling

We attach great attention to the proper handling of customer complaints, so as to reduce the frequency of receiving complaints and increasing customer satisfaction and loyalty. We standardize the process of handling customer complaints according to the "Customer Complaint Handling Practice Guidelines" (《客戶投訴處理作業指引》). Complaints are divided into general complaints and group complaints. The Customer Service Department is responsible for assisting relevant departments in formulating solutions and handling the feedbacks or contacting the customers. The guidelines stipulate that relevant departments shall handle general complaints with assistance of the Customer Service Department within 30 minutes and shall formulate solutions and handle feedbacks; the management shall handle group complaints within 2 hours and shall formulate solutions and report to the customers the results until the complaint files are closed. In addition, we will arrange a return visit within one week after the solution approval of the client to ensure that the customer is satisfied with the complaint processing results. The process and results of the general complaints will be recorded in the CRM system and the group complaints will be summarized and re-described in terms of four aspects, namely the review, strategy summary, analysis of gain and loss, reflection and summary. During the Reporting Period, the Group did not receive customer complaints. We will continue to meet the needs of our customers in different channels, and at the same time, identify what we have to improve to increase their satisfaction.

Increasing customers' satisfaction

The Customer Satisfaction Improvement Management Measure (《客戶滿意度提升管理辦法》) is designated to effectively collect feedbacks on a regular basis and improve various projects of the Group. The Customer Relationship Center engages a third party in annual basis to review the Satisfaction Survey Score Sheets collected. The companies and related centers of the Group are required to submit the "Customer Satisfaction Enhancement Plan" (《客戶滿意度提升計劃》) for preparing the "Yincheng International Annual Satisfaction Enhancement Proposal" (《銀城國際年度滿意度提升計劃》) for the chief executive's review. In the meantime, all departments are required to report the effectiveness of executing the customer satisfaction enhancement plan to the Customer Relationship Center on a quarterly basis, reviewing the progress of the plan for the first half of the year and reporting the satisfaction plan for the second half of the year.

Privacy Protection

We are committed to protecting the collected personal information of our customers according to the protection of "Information Management System" (《信息化管理制度》) and the "Data Management System" (《檔案管理制度》). Employees collect and use customer information in a legal manner according to the contract. We continue to monitor the privacy risks and regularly organize training on privacy practices for employees to avoid from data leakage and enhance their awareness to comply with the Law of the People's Republic of China on Guarding State Secrets and the Implementation Measures of the Privacy Law of the People's Republic of China.

As for the Group's information system, we will manage the installation of firewall, Kingdee EAS, core database, behavior and VPN and make improvement based on the regular inspection results. In addition, we will regularly back up data and properly keep the data in anti-fire, anti-dust and anti-theft facilities. As for filing management, we will standardize the collection, arrangement, storage and utilization of files, and divide them into three levels according to the confidentiality levels. We will arrange different personnel to handle the files separately.

The Group's development relies on its cohesive team. In addition to complying with the laws and regulations related to employment and labor standards, such as the Labor Law, the Labor Contract Law, the Law on the Protection of Minors and the Provisions on the Prohibition of Using Child Labor of the People's Republic of China, the Group also builds a communion with respectful and safe working environment. It always endeavors to offering welfare benefits and on-the-job training opportunities for employees to attract and retain talents.

Employment Practices

The Human Resources Management Center is responsible for establishing and improving the Group's recruitment management system and standardizing the recruitment system and procedures in accordance with the "Yincheng International Recruitment Management System" (《銀城國際招聘管理制度》). We collect the information of suitable candidates in different channels in recruitment and review their academic requirements, industry experience and a fair process in regardless of their ethnicity, race, gender, religious belief, disability and nationality to avoid unfair treatment. In addition, the Group prohibits hiring of child labor and conduct strictly verification during the recruitment process to ensure that all candidates and newly recruited employees satisfy the requirements of the legal minimum working age. In order to protect the rights and interests of both parties, the Group signs labor contracts with its employees to fulfill the requirements of the laws and regulations of the Labor Contract Law. The contracts clarify the major terms including their duties, working time and benefits to prevent from forced labor. The newly hired employees can learn about our corporate culture, rules and regulations through the "New Employees Induction Handbook" (《新員工入職手冊》) to adapt to the new workplace. During the Year, the Group had not been involved in any non-compliance incidents related to discrimination, employment of child labor or forced labor.

During the Reporting Period, the Group recruited 836 employees in total from East China, and other employees are summarized as below:





Total workforce by age group

The Human Resource Management Center will meet the departing employees to understand their reasons for leaving, which enables the management to identify the problems occurred in our operation and adopt effective and feasible improvement measures. Below is the turnover rate of the Group for the year:

Indicator	Turnover rate
Male	32.2%
Female	11.1%
Below 30	20.3%
30–50	19.0%
Above 50	0.0%
The Group (Employees from East China)	19.3%

Welfare and Remuneration

Remuneration

Employees are entitled to a comprehensive remuneration and benefits incentive system, including basic wages, allowances, performance bonuses, various special incentives, investment income, social welfare and company benefits. We adjust the annual salary on a regular basis based on market level, value of position, experience, qualification requirements and development stage. In addition, we set a working goal for all employees according to the "Individual Performance Management System" (《個人績效管理 制度》) and we summarize their achievements in their performance appraisals. The evaluation results will directly affect their appointment, promotion, development opportunities, bonuses and salary adjustment.

As for welfare, the Group provides "five social insurances and one housing fund" (「五險一金」) including legal benefits such as: endowment insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund, national statutory holidays, paid holidays (annual leave, marriage leave, maternity leave, family planning leave, abortion leave, nursing leave, funeral leave, study leave, examination leave and sick leave) etc. The group also offers additional benefits such as working meal allowance of RMB400/month, communication subsidy, annual body check, group travel, festive gifts, stock option and share award scheme and transportation subsidy, striving for providing employees with competitive benefits and working environment to enhance their sense of belonging to the Group.

On-the-job Training

The Group formulates the following training programs for Yincheng International based on the development direction of the Year and the "Yincheng International Talent System Scheme" (《銀城國際人才體系方案》):



In order to enhance the business, the Group offers various workshops and micro-learning courses under the following academies to employees with different job duties; not only does it benefit more employees and improve their skills, but also enhance their effectiveness:



Induction program

The induction program aims at helping the new employees understand and immerse themselves in the company in short period of time. As to let new employees get familiar with the company and reduce confusion caused by information asymmetry, we will delegate senior employees who have a good understanding of the Group's business, culture and values as the mentors to guide new employees to get familiar with job responsibilities and master the correct working methods.



Individual development plan

We use individual development plan (IDP) as a communication tool to enhance communication between individuals, superiors and the company, which is conducive to identify and evaluate individual development needs. In this regard, the Company can provide employees with the structured learning experience that is intertwined with organizational, personal and work needs. The staff training of this year is depicted as follows:

Indicator	Unit	2018
Percentage of employees trained by gender		
Female	%	59.1
Male	%	69.0
Percentage of employees trained by employee category		
Junior	%	60.7
Intermediate management	%	74.4
Senior management	%	87.0
Average training hours completed per employee		
 by gender 		
Female	hours	64.1
Male	hours	59.2
Average training hours completed by employee — by employee category		
Junior	hours	42.6
Intermediate management	hours	47.0
Senior management	hours	33.7

Safety Management

The Group outsources construction works of all our property development projects to qualified thirdparty construction contractors. To safeguard the health and safety of the construction personnel and adhere to the Group's principle "safety first, prevention crucial" (「安全第一,預防為主」), the Group strictly complies with various laws and regulations, such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Work Safety Law of the People's Republic of China, Regulations on Environmental Protection of Construction Projects, Regulations on the Administration of Work Safety of Construction Projects, Regulations on the Safety Technical Operation of Construction Workers and Regulation on the Reporting, Investigation and Handling of Work Safety Accidents.

The contractors will provide the construction personnel with the "Specific Plan on Occupational Health and Safety Management" (《職業健康安全管理專項方案》), which contains measures on work safety and occupational health. The construction personnel is also required to ensure that the environment and equipment of the construction site comply with the "Standardized Technical Criteria on Construction Sites" (《現場文明化技術標準》). Before entering the construction site, the contractors will arrange safety lessons for all the personnel as to raise their awareness of self-protection, let them understand the geography and climate of the construction site, and the characteristics of infectious diseases and epidemic diseases and the preventive measures. Besides, each department establishes leading groups, which comprises a safety officer who is also responsible for environmental protection work, to ensure that the above-mentioned measures will be implemented effectively and will be improved continuously via regular meetings. Each of our projects comes with the "Contingency Plan on Safety Accidents in Construction Sites" (《施工地現場安全事故應急預案》), setting out the standard handling procedures for potential accidents.

At the end of 2017, one employee from project department was injured during the work, resulting in a total loss of 233 days of workdays during the Reporting Period. The Group is very concerned about the incident. The general manager and the head of the Human Resources Management Center visited the staff from time to time to express their condolences, he had gradually recovered now. In these years, the Group has been assisting employees in litigation as to show the support to him. Furthermore, we pay close attention to employees' health and provide support to avoid recurrence of the same type of incident.

The Group announced the "Notice on the Works related to Cost Control and Efficiency Improvement" (《關於開展控費提效相關工作的通知》). It does not only enhance the management efficiency of the Group's offices, but also convey the messages on energy conservation and resource efficiency to the employees and reduce the negative impacts on the environment. As for the construction projects, we will conduct an assessment on the projects for its environmental impacts as to comply with the Environmental Protection Law of the People's Republic of China. The Environmental Protection Law of the People's Republic of China regulates the planning of the projects, the limits of various types of emissions, the impacts on the environment and people when the constructions are in progress.

Carbon Audit

China is the world's largest emitter of greenhouse gases ("GHG"), has increased approximately 500 million tons in carbon emissions due to the relaxed policies on air pollution and carbon emissions in some local governments. Acting as one of the responsible companies in China, we adhere to the National Plan for Tackling Climate Change (2014–2020) and National Strategies for Adapting to Climate Changes, and strive to reduce emissions significantly in the hope of preventing natural disasters. The Group fully utilizes this ESG Report to review its GHG emissions during operation.

Management of greenhouse gas emissions

As to advocate corporate social responsibility and green competitiveness, we conducted the first carbon audit for the Suzhou headquarters and laboratory, offices located in Beijing and Shanghai. The audit is based on the "Greenhouse Gas Protocol" (《溫室氣候盤查議定書》) developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 set by the International Standards Organization. The emissions generated during the Reporting Period are summarized as follows:

Summary of GHG Emissions	Unit	2018		
Scope 1 Direct GHG emissions	Tonnes of CO2 equivalent (CO2e)	18.0		
Scope 2 Indirect GHG Emissions	Tonnes CO ₂ e	401.0		
Scope 3 Other Indirect GHG Emissions	Tonnes CO ₂ e	23.0		
Total GHG Emissions	Tonnes CO ₂ e	442.0		
GHG emissions intensity	Tonnes CO ₂ e/m ²	0.2		
(per square meter of floor area)				
GHG emissions intensity (per staff)	Tonnes CO2e/staff	1.1		

Scope 1: The direct GHG emissions generated from sources owned and controlled by the Group.

Scope 2: GHG emissions indirectly generated by electricity generation, heating and cooling or steam purchased by the Group.

Scope 3: Emissions include GHG emissions indirectly generated by sources that are not owned or directly controlled by the Group but related to the Group's business activities.

After the audit, the sources of direct GHG emissions are from combustion of fuels in mobile sources (Scope 1); indirect GHG emissions are from the consumption of electricity (Scope 2); other indirect GHG emissions due to water consumption, flight emissions during employees' overseas business trips, waste disposal and paper consumption (Scope 3), emitting GHGs of carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and Sulphur hexafluoride (SF₆).

During the Year, the GHG emissions of the Group were 442.0 tonnes CO_2e , while the GHG emissions intensity was 0.2 tonnes CO_2e per square meter of floor area. Through the understanding of each indicator and the emission sources, we will pay close attention to the changes in the data and prepare ourselves for the next year's emissions reduction target.

Emissions reduction measures

The Group performs maintenance on the company's vehicles on a regular basis to avoid the emissions of more pollutants due to the overuse of fuels and make sure that the engines are stopped when the vehicles are not in motion. The Group also provides low-carbon driving trainings to the drivers to teach them how to use the vehicles properly. Besides, the Group pays attention to the flight emissions from business trips (Scope 3) and reduces unnecessary business trips; the Group implements strict approval procedures for business trips and encourages the use of modern technology for communication. However, for necessary business trips, to further reduce the GHG emissions from operation, the Group encourages the employees to take the second-class seat in the high-speed train or consider the economy class in the plane.

Emissions management in construction sites

We implement green construction and formulating the following six objectives:



In addition, we focus on dust prevention and control. For our projects, we form a dust control team, conduct the dust control work at the construction sites and put the following specific measures in place in a responsible manner:



In addition, through the implementation of the inspection and evaluation system, we can ensure that the dust control work can be steadily improved, so as to achieving our management goals.

Green Building

Our building design blends with the concept of energy saving, health and greening, such adopting energy-saving facilities like temperature control systems, ventilation systems, water purification devices, heat and sound insulation equipment. "Life in the Sunshine" (「君頤東方」) and "Honor Mansion" (「雲 台天境」) were awarded the Certificate of Healthy Building Design Label (「健康建築設計標識證書」) in 2017 and 2018 respectively, being recognized by the industry and the public.

Case Study: Airport Exhibition Town Phase 1 Complex in Lishui district in Nanjing

This project aims at getting the green construction 2-star design label, thus embeds the following green building elements to reduce carbon footprint:

Geographical environment of Projects

- The south-facing buildings make outdoor flow more comfortable and provide itself with natural ventilation
- Technologies such as adjusting buildings orientation and staggering buildings from each other
- Introduce natural wind effectively so that each building of the project can obtain better natural ventilation and natural lighting
- Reduce energy consumption of heating system and air-conditioning
- Lower indoor temperature and remove pollutants with natural ventilation to improve microclimate condition

Outdoor permeable paving

- Permeable paving rate of outdoor paved ground using materials with permeability of not lower than 50% and characteristics such as freezing and thawing resistance
- Allow rainwater to infiltrate through ground surface so as to replenish groundwater to ease the urban heat island effect
- Protect urban natural water systems from damage
- Solved the runoff problems on road

Energy-saving lighting design

- Use lighting with more than 75% energy-efficiency
- Adopt energy saving control measures such as energy-saving delay switch control, time control, brightness adjustment in corridors, stairwells, underground garages, etc.
- Adopt central control switch-on system at emergency and energy-saving automatic switch-off system for emergency lighting

• Reduce energy consumption

Utilization of renewable energy

- Set up a solar energy water heating system which is available for consumption of not less than 6 floors
- Reduce energy consumption
- Reasonable ways for utilizing renewable energy with economic of scale
- · Reduces operating costs of buildings

Adjustable shading design

- Provide full shading during summer using shades
- Prevent the heat from solar radiation to indoor area during summer as to reduce energy consumption of air conditioning
- · Allow the heat from sunlight to indoor area during winter

Green Operation

In addition to integrating the concept of green buildings into the Group's projects, we always put the following measures in practice to our daily operation:

Energy management

We consume the most energy in our operation and we have to save energy by effective control and usage.

Before commencing the construction, we reasonably arrange the construction sequence and working scopes to reduce the number of machines used in the sites and share the machines with the adjacent sites. We give priority to construction process that consumes less power or energy, and avoid from the power rating over power usage or overload. In addition, for managing the large-scale air-conditioning systems, we install the systems away from the direct sunlight and clean the filter regularly to improve the

energy efficiency of the systems. We will set the minimum temperature of the systems at 25.5 degrees Celsius. Our employees are allowed not to wear ties and full suits in hot weather and put on casual wear every Friday for reducing the energy consumption of air conditioners.

During the Year, the Group's total electricity consumption was 570,000.0kWh, with an intensity of 195.2kWh per square meter of floor area and an average of 1,390.2kWh per employee.

Water resources management

In planning the construction projects, we take thorough consideration on cherishing water resources. In this regard, the following facilities and measures are installed and adopted in the Airport Exhibition Town Phase 1 Complex in Lishui district in Nanjing:

Rainwater harvesting

- Rainwater interception system and infiltration as ecological community rainwater utilization system for using rainwater for pavement irrigation and greenland irrigation, etc.
- Collect rainwater within the sites and using it for greening irrigation and road cleaning after treatment

Water saving irrigation

- Green irrigation in the site means using efficient water-saving irrigation methods such as sprinkler irrigation, micro-sprinkler irrigation, drip irrigation, etc.
- Use non-traditional water sources, such as rainwater, reclaimed water, etc.
- Use the least amount of water to ensure normal plant growth

For the water treatment at the construction sites, we take the following measures:

- Set up the sedimentation tank, grease trap and septic tank, and the produced sewage can be discharged after three stages of sedimentation
- Groundwater in the foundation pit should be treated during the construction process to avoid from changes and pollution of the surrounding groundwater level
- The mud generated during the construction process shall be treated by sedimentation. If it is not treated by sedimentation, it shall not be discharged directly into municipal drainage facilities
- A car wash drainage system is installed for the vehicles going in or out from the sites. The water used for cleaning will flow into the municipal pipe network

In offices that consume less water, water-saving reminders are posted in the toilets to increase employees' awareness of environmental protection. We check for the water meter readings and potential leakage on a regular basis for conducting timely maintenance. During the Year, the Group's total water consumption was 2,300.0 cubic meters and the total power consumption was 0.8 cubic meters per square meter of floor area, with 5.6 cubic meters per employee.

Waste treatment

We pay high attention to the collection and disposal of waste at our construction sites. We will teach employees to classify them correctly into hazardous or non-hazardous, toxic or non-toxic and recyclable or non-recyclable sectors. The site workers are required to sort the solid wastes and deliver them to stacking places to fulfill the requirements of on-site civilized construction. The person-in-charge of management shall arrange for the regular disposal of solid waste according to the standard of the storage amount and the storage place and adopt zero-tolerance approaches to littering and non-treatment of waste for long term. Non-toxic, non-hazardous and valuable wastes that can be reused in other projects will be recycled. Wastes that cannot be reused will be collected by the licensed waste recycling divisions. Non-toxic and non-hazardous solid wastes are treated by the units possessing hazardous material treatment license.

During the Year, the generation of Group's non-hazardous waste in Nanjing and Wuxi offices was 16,500.0kg, with the production per employee of 40.2kg.

Resource management

Paper is the largest component of waste in our office. We understand the paper usage through the conduction of counting and to formulate effective plans for reducing paper waste in the next year. During the Reporting Period, we consumed 102.0 reams of A3 paper and 200.0 reams of A4 paper, (302.0 reams of paper in total) and the amount of paper used per employee was 0.7 reams. We have implemented an electronic office system to reduce the use of paper. In addition, printing documents is subject to authorization, which helps reduce the printing of non-essential documents. We also set up recycling stations to collect waste paper, posters, letters and envelopes. Employees are required to apply for office supplies. We encourage them to use replaceable equipment and own water cups, reduce the use of disposable paper cups and reuse envelopes and bags to reduce waste of resources.

Contributing to the Community

For the sake of creating a socially responsible corporate image, the Group adheres to contribute to the public welfare. During the Year, it raised funds of RMB1.45 million from the entity and its employees. Looking forward, the Group will continue its contribution to the society. Our community investment has comprised of two major areas, which are education sponsorship and charity walkathon. We encourage our employees and the property owners to participate in such programs to help more people in needs.

Education Sponsorship



Donation from employee

"RMB1.00 campaign" (「1元計劃」)

This year marks the 25th anniversary of the Group. We have decided to celebrate this special day by contributing to the community and made the establishment date (22 April) as the Yincheng International Public Welfare Day. We have launched the "RMB1.00 Campaign", encouraging every employee to donate at least RMB1 a year to support the charity campaign.

We cooperated with the Jiangsu Children Welfare Foundation to launch the "Spring Buds Program" (「微笑春蕾基金」), which

provides sponsorship to the students. A Student can attend school for one year if he or she receives a donation of RMB600 to RMB800. We received an overwhelming response to the event once it is launched, attracting over 12,000 participants to widespread this message.

"Love Donation Special Event" (「愛心捐贈專場活動」)

On 1 July 2018, Yincheng Real Estate and the Adult Volunteer Team held the "Love Donation Special Event" (「愛心捐贈專場活動」) of 2018 Yincheng Sichuan Deyang Public Welfare in the sales office of Yincheng Sheltered Mansion (「銀城·東樾府」), and as a sponsor, the Group donated RMB20,000 to the Adult Volunteer Team for supporting the public welfare program in Deyang in Sichuan. Many local schools in the city have also participated in the donation and collected more than 100 books, which will be donated to the students as gifts. Those books give them hopes and make their learning dreams come true.

Contributing to the Community

Charity Walkathon

"City Will Move, Walk for Love" (「城會動 愛在行」)

During the period between April to May this Year, Yincheng launched a charity event called "Walk for Love" to raise funds sponsoring the surgery cost for children with congenital heart disease through charity donation. Yincheng also promised to donate RMB1 for every 10,000 steps in the walkathon and set 5 billion steps as a challenge to help the children get back to a normal life. During the two-week period, almost 550,000 netizens have participated in the event and the cumulative steps in walkathon have exceeded 10 billion.



Participating the walkathon

Thousands joining walkathon at Mountain Nanshan

The owners of Tang Dynasty Mansion and the community of Zhenjiang have organized a charity walk that integrates "sports + public welfare" to convey caring. Before the walk, the participants drew a hand-painted picture with a hope in the hand-painted wall area. After that, they joined others to start the walkathon. They enjoyed the beautiful scene along the walk and were provided with energy supplements at three stations, so that their tired body can be recovered instantly. With the encouragement of the cheerleading team, all the participants continued to finish their walk. They lived up to high expectations and raised RMB10,000 in the event and donated all the amount to the Zhenjiang Charity Federation. The owners of Tang Dynasty Mansion and the community of Zhenjiang have helped the people in need with their love and caring, fulfilling their commitment to contribute to the community.

Appendix I: Sustainability Data Statements

	Unit	2018
Environmental ¹		
The fuel consumption from mobile sources		
Gasoline	tonnes	3.6
GHG emissions		
Direct GHG emissions (Scope 1)	tonnes CO ₂ e	18.0
Indirect GHG emissions (Scope 2)	tonnes CO2e	401.0
Other Indirect GHG emissions (Scope 3)	tonnes CO2e	23.0
Total GHG emissions (Scope 1, 2 & 3)	tonnes CO2e	442.0
Per square meter of floor area (Scope 1, 2 & 3)	tonnes CO ₂ e/m ²	0.2
Per staff (Scope 1, 2 & 3)	tonnes CO,e/staff	1.1
Non-hazardous waste	2	
Total non-hazardous waste	kg	16,500.0
Intensity of the non-hazardous waste	kg/staff	40.2
Paper consumption	reams	302.0
Intensity of paper consumption	reams/staff	0.7
Energy Consumption		
Total electricity consumption	kWh	570,000.0
Total electricity consumption intensity	kWh/m ²	195.2
(per square meter of floor area)		
Total electricity consumption (per staff)	kWh/staff	1390.2
Water consumption		
Total water consumption	m ³	2,300.0
Total water consumption intensity	m ³ /m ²	0.8
(per square meter of floor area)		
Total water consumption (per staff)	m³/staff	5.6

The disclosure of the environmental KPIs include Nanjing offices (including the headquarters, Nanjing Hongquan, Nanjing Hongyou, Nanjing Yinguang and Nanjing Yinzhuo and Wuxi office (Wuxi Century Garden)

	Unit	2018
Social ²		
Total workforce		
Total workforce	no. of people	836
Female	no. of people	513
Male	no. of people	323
Total workforce by employee type		
Junior	no. of people	723
Intermediate management	no. of people	90
Senior management	no. of people	23
Total workforce by age group		
Below 30	no. of people	360
30–50	no. of people	464
Above 50	no. of people	12
Employee turnover rate		
Overall turnover rate	%	19.3
Male	%	32.2
Female	%	11.1
Employee turnover rate by age group		
Below 30	%	20.3
30–50	%	19.0
Above 50	%	0.0

The disclosure of social KPIs include the data from the Group

	Unit	2018
Health and Safety		
Number of work-related fatalities and injuries		
Number of work-related fatalities	no. of people	0
Lost days due to work injury	lost days	233
Percentage of employees trained by gender		
Female	%	59.1
Male	%	69.0
Percentage of employees trained by employee category		
Junior	%	60.7
Intermediate management	%	74.4
Senior management	%	87.0
Average training hours completed per employee by gender		
Female	hours	64.1
Male	hours	59.2
Average training hours completed per employee by employee category		
Junior	hours	42.6
Intermediate management	hours	47.0
Senior management	hours	33.7

Appendix II: Content Index of Hong Kong Stock Exchange ESG Reporting Guide

Indicator

Related Chapter

A. Environmental			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Green property development
	A1.1	The types of emissions and respective emissions data.	Carbon Audit
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Carbon Audit Appendix I: Sustainability data statements
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	The Group had not produced hazardous waste during the Year
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Green operation Appendix I: Sustainability data statements
	A1.5	Description of measures to mitigate emissions and results achieved.	Carbon Audit Appendix I: Sustainability data statements
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Green operation

Indicator			Related Chapter
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green operation
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Green operation Appendix I: Sustainability data statements
	A2.2	Water consumption in total and intensity.	Green operation Appendix I: Sustainability data statements
	A2.3	Description of energy use efficiency initiatives and results achieved.	Green operation
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Green operation
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable (our Group's business does not involve packaging materials)
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Green Building
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Building

Indicator

B. Social			
B1: Employment	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,	Team Management
	B1.1	and other benefits and welfare. Total workforce by gender, employment type, age group	Employment practices Appendix I: Sustainability
	B1.2	and geographical region. Employee turnover rate by gender, age group and geographical region.	data statements Employment practices Appendix I: Sustainability data statements
B2: Health and Safety	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.	Safety Management
	B2.1	Number and rate of work- related fatalities.	Safety Management Appendix I: Sustainability data statements
	B2.2	Lost days due to work injury.	Safety Management Appendix I: Sustainability data statements
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Safety Management
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	On-the-job training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle	Appendix I: Sustainability data statements
	B3.2	management). The average training hours completed per employee by gender and employee category.	Appendix I: Sustainability data statements

Indicator			Related Chapter
B4: Labour Standards	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.	Employment practices
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment practices
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employment practices
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Procurement Management
	B5.1	Number of suppliers by geographical region.	Procurement Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Procurement Management
B6: Product Responsibility	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.	Brand recognition
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality properties
	B6.2	Number of products and service related complaints received and how they are dealt with.	Relationship with customers
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operation in compliance with laws
	B6.4	Description of quality assurance process and recall procedures.	Quality properties The recall procedures are not applicable to Group's business.
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Privacy protection

Indicator			Related Chapter
B7: Anti-corruption B8: Community Investment	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,	Operation in compliance with laws
	B7.1	fraud and money laundering. 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.	Operation in compliance with laws
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operation in compliance with laws
	General Disclosure	Policies on community engagement to understand the needs of communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Contributing to the community
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Education sponsorship Charity walkathon
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Education sponsorship Charity walkathon