



Tian Shan Development (Holding) Limited
天山發展(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2118



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT **2020**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PRINCIPLE

The board of directors (the “Board”) of Tian Shan Development (Holding) Limited (together with its subsidiaries, the “Group”) is pleased to present its Environmental, Social and Governance (“ESG”) Report for the year ended 31 December 2020 (“Year 2020”) with an aim to demonstrate the effectiveness of the Group’s efforts in promoting sustainable development to both internal and external stakeholders.

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and focuses on the measures and activities in the ESG aspects of the Group for Year 2020. For further information about the Group’s corporate governance, please refer to the 2020 Annual Report of the Group.

The Group is committed to maintaining sustainable development of its business and supporting environmental protection in communities where its operations are located. The Group prudently manages its business and provides high-quality products and services to customers through reasonable decision-making procedures. The Group and its stakeholders (including the shareholders, employees, government and regulatory authorities, customers, suppliers and communities) have maintained close relationships and the Group strives to balance the views and interests of related stakeholders through communications to determine the direction of the Group’s long-term development. The Board is responsible for assessing and identifying risks associated with the ESG matters of the Group and ensuring that the relevant risk management and internal control systems are operated properly and effectively. The management of the Company has provided confirmation to the Board on the effectiveness of the Company’s ESG-related risk management and internal control systems.

The Group adheres to the operation philosophy of “Quality and integrity are the priorities”. As one of the leading property developers in the Bohai Rim, the Group is well-recognised and appreciated for its premium products and services through consistent and intensive efforts.

In Year 2020, the projects held by the Group through its subsidiary, Tian Shan Real Estate Development Group Company Limited (“Tian Shan Real Estate”), are primarily based in Shijiazhuang, Hebei Province, Tianjin, Ningxia and Yangzhou of the People’s Republic of China (the “PRC” or “China”). The projects are classified into three types, namely (i) properties under development; (ii) properties held for investment; and (iii) properties held for sale.

“Tianjin • Tian Shan Waterside View”, “Yinchuan • Tian Shan Guan Lan Yuan”, “Tian Shan • Guo Xi Fu”, “World No. One”, “Yangzhou • Rui Hu Hua Fu”, and “Tian Shan • Chuangye City” (collectively the “Properties under Development”) are major projects of the Group in Year 2020. These projects which include residential and commercial properties are also Properties under Development with considerable scale and of higher class of the Group in Year 2020. Therefore, the said projects have higher relevance to the ESG matters. Hence, this Environmental, Social and Governance Report will primarily focus on the disclosure of the policies and performance regarding to three environmental and eight social aspects of the said projects in Year 2020.

In addition, in view of the new ESG reporting regime which took effect for financial years commencing on or after 1 July 2020, the Group has commenced works to comply with and address the new ESG related issues which will be reflected in the ESG report for the year ending 31 December 2021.

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STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a core part of the Group's sustainable development. The Group focuses on the establishment of a regular communication mechanism with its stakeholders. Having set up online and offline communication channels between the Group and the stakeholders, the Group effectively communicates to them its strategic plan for and performance in sustainable development, and consults them on their opinions and needs in a timely manner, so that the Group's business practices align with their expectations.

The Group's stakeholders include the shareholders, employees, government and regulatory authorities, customers, suppliers and communities, etc. The Group will communicate with its stakeholders about the content of relevant issues through various channels. Set out below are the relevant communication channels, as well as the expectations and demands of its stakeholders:

Stakeholders	Expectations	Practices of the Group
Shareholders	Positive financial results	Increase profitability
	Corporate transparency	Make regular information disclosure
	Adequate risk control	Optimize risk management and internal control
Employees	Career development platform	Implement promotion mechanism
	Salary and benefits	Provide competitive salary and employee benefits
	Safe working environment	Enhance health and safety awareness
	Training activities	Provide employee training
Government and regulatory authorities	Compliance with laws and regulations	Ensure operation's compliance
	Compliance with tax obligations	Pay taxes in full and on time

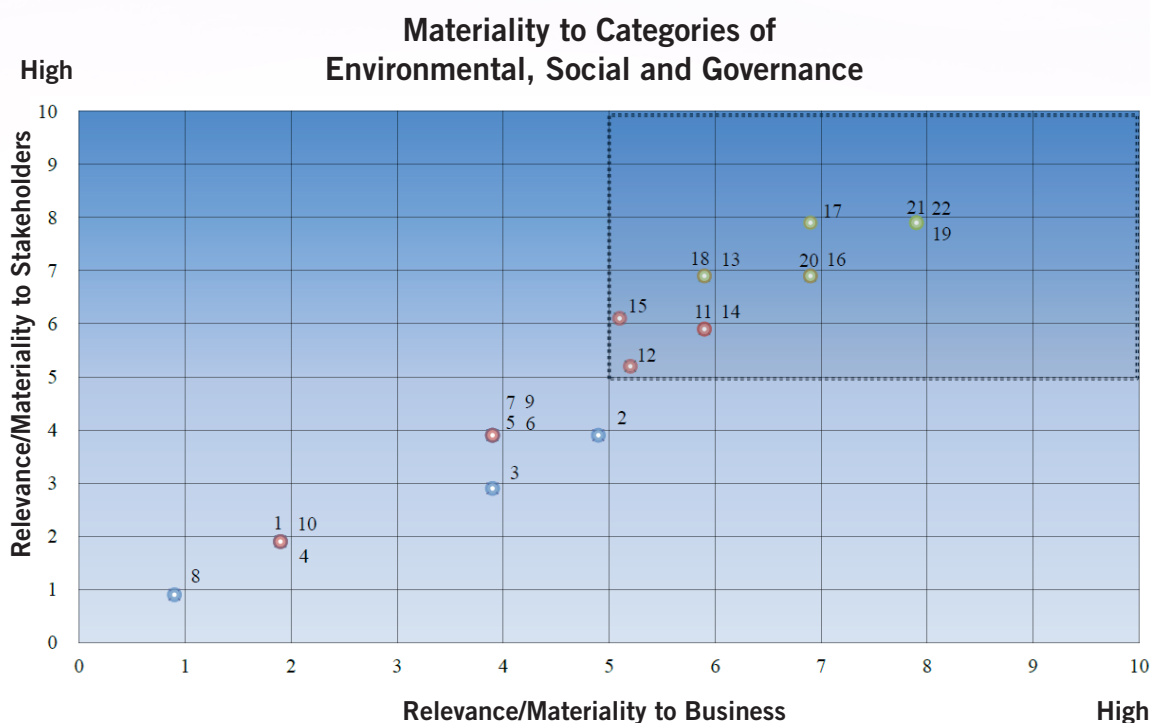
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Stakeholders	Expectations	Practices of the Group
Customers	Effective interaction	Enhance communication with customers
	Customer information security	Ensure customer privacy protection
	Customer rights and interests protection	Ensure compliance in marketing
Suppliers	Cooperation and integrity	Build a responsible supply chain
	Business ethics and credibility	Perform contracts in accordance with law
Communities	Environmental protection	Use environmentally friendly energy-saving equipment
	Employment opportunities	Provide employment opportunities
	Investment and donation	Promote community development

MATERIALITY ASSESSMENT

In Year 2020, the Group conducted a comprehensive materiality assessment, which involved conducting group discussions, interviews with and a survey on both internal and external stakeholders to identify “material issues” being issues that reflect the most significant economic, environmental and social impacts of the Company’s business and that matter the most to its stakeholders.

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With reference to the disclosure requirement under the Environmental, Social and Governance Reporting Guide, as well as taking into consideration the business characteristics of the Group, the Group has identified and determined 22 issues, which cover the environmental impacts of business, greenhouse gas emissions, employee welfare, occupational health and safety, training and development, labour standards in supply chain, customer privacy, anti-corruption, and community investments. The graph above illustrates the relevance/materiality of the 22 issues to the stakeholders and business of the Group:

Environmental area	Social area	Operational area
1. Greenhouse gas emissions	9. Local community engagement	17. Economic value generated
2. Energy consumption	10. Community investment	18. Corporate governance
3. Water consumption	11. Occupational health and safety	19. Anti-corruption
4. Waste	12. Labour standards in supply chain	20. Supply chain management
5. Environmental impact of business	13. Training and development	21. Customer satisfaction
6. Green buildings certification	14. Employee welfare	22. Customer privacy
7. Customer engagement in environmental issues	15. Inclusion and equal opportunities	
8. Use of chemicals	16. Talent attraction and retention	

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Subject to the disclosure requirements of the Environmental, Social and Governance Reporting Guide, this report shall set out in greater details the issues which stakeholders are more concerned about. In addition, the result of materiality assessment shall be used to guide the strategic goals and plan for the Environment, Society and Governance made by the Group in the next year, thereby driving the continuous progress of sustainable development.

THE GROUP'S AWARDS

Looking back at Year 2020, in spite of the impact caused by the COVID-19 pandemic, the Group was still able to achieve good performance. Tian Shan Real Estate Development Group Company Limited, a wholly-owned subsidiary of the Group, was awarded as the “Top 100 Real Estate Development Enterprises in China for 2020” and “TOP10 Brand of Real Estate Companies of Beijing-Tianjin-Hebei Region in China for 2020 (2020年中國京津冀城市群房地產公司品牌價值TOP10)”; the project Tian Shan World No. One was awarded as the “2020 Typical Urban Sample Project (2020年城市典型樣本項目)”.

A. ENVIRONMENTAL PROTECTION

To fulfill its commitment to sustainable development and comply with the requirements under the relevant laws and regulations related to environmental protection, the Group has been dedicated to reducing the impact of its operating activities on the environment.

A1: EMISSIONS

For the Properties under Development of the Group, waste gas produced mainly includes emissions from machinery and vehicles as well as road dust during construction, which produce inhalable particles.

In addition, natural gas fuel emissions, automobile exhaust and fumes during operation of the projects have adverse impacts on the surrounding air quality. Among them, the major pollutant is gas, which produces Nitrogen oxides (NO_x), Sulphur oxides (SO_x) and Particulate matter (PM).

During the reporting period, air pollutant emissions were as follows:

Type of emission	Unit	2020	2019
Nitrogen oxides (NO _x)	kg	15.3	15.4
Sulphur oxides (SO _x)	kg	0.2	2.7
Particulate matter (PM)	kg	1.1	1.1

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Greenhouse gas (GHG) is considered as one of the major contributors to climate change and global warming. In the operation of the Group, energy consumption accounts for a major part of its GHG emission. The Group places great emphasis on improving energy efficiency and reducing energy consumption. During the reporting period, GHG emissions were as follows:

GHG emissions	Unit	2020	2019
GHG emissions (Scope 1)	kgCO ₂ e	26,591	483,016
GHG emissions (Scope 2)	kgCO ₂ e	3,622,627*	7,010,631
GHG emissions (Scope 3)	kgCO ₂ e	176,214	295,698
Total GHG emissions	kgCO ₂ e	3,825,432	7,789,345
Per unit of production	m ²	871,633	619,842
GHG intensity	kgCO ₂ e/m ²	4	13

* The above emission factors are calculated based on the 2019 China Regional Power Grid Baseline Emission Factor, and relevant data is calculated according to the Reporting Guidance on Environmental KPIs.

Scope 1: Representing the diesel and fuel consumed by vehicles.

Scope 2: Representing the electricity purchased from power suppliers.

Scope 3: Representing the waste paper and water consumed.

During the reporting period, the GHG reduction data for newly planted trees of the Group was as follows:

Environmental performance	Unit	2020	2019
Extra trees planted during the year	tree	669	11,134
Carbon dioxide reduced	kg	15,387	256,082

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During the reporting period, the emission of hazardous and non-hazardous waste was as follows:

Emission of hazardous and non-hazardous waste	Unit	2020	2019
Total hazardous waste	kg	Note 1	Note 1
Hazardous waste intensity	kg/m ²	Note 1	Note 1
Total non-hazardous waste	kg	113,500	160,500
Non-hazardous waste intensity	kg/m ²	0.13	0.26

Note 1: The amount of hazardous waste produced by the Properties under Development was so small that there were no quantifiable figures.

In order to effectively prevent and control dust pollution, improve air quality and protect public health, the construction sites of all Properties under Development of the Group are equipped with bare soil covering, dust suppression sprinkler system, dust suppression spraying system and vehicle washer to control dust pollution. Dregs and waste produced in the construction site of the Properties under Development are delivered by transportation companies to the construction waste disposal sites designated by the relevant urban management administrative law enforcement authorities on a daily basis.

Waste classification facilities with the classification of “Recyclable”, “Non-recyclable” and “Hazardous”, are in place in the sites of the Group’s Properties under Development to encourage residents and employees to develop green living habits. After their collection, hazardous wastes are treated by a qualified company engaged by the Group.

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Some of the Group’s Properties under Development are installed with solar panels, which can generate electricity from the sun and insulate heat to effectively lower temperatures in the buildings.



Solar Panels outside Tianjin • Tian Shan Waterside View

The Group adopted a series of energy saving and emission reduction measures in respect of its Properties under Development in Year 2020. The specific measures and relevant effectiveness assessment are as follows:

Energy saving and emission reduction measures	Particulars of measures and relevant effectiveness assessment
<p>Time-lapse energy-saving lamps</p>	<p>The Group’s Properties under Development have used time-lapse energy-saving lamps, which can save electricity by approximately 75%. Outdoor lighting can realize intelligent management, where the control center decides the number of lighting tools to be turned on at different hours during the night according to different situations to improve the usage efficiency of lamps and further save electricity.</p>

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Energy saving and emission reduction measures	Particulars of measures and relevant effectiveness assessment
Water-saving sanitary ware and overall toilet standardization technology	<p>The Group's Properties under Development have applied flush toilets with two levels of flushing volume, which can reduce water consumption by approximately 30% and save water resources effectively. With overall toilet standardization technology, the ability to prevent dripping and leakage can be improved and achieve easy maintenance.</p>
Passive house	<p>The Group's Properties under Development have adopted passive house designs. The concept of passive house was first applied abroad. It is known for its comfortable, green, energy saving and environment-friendly nature and emphasises environmental protection. It has five major features, including constant temperature, constant humidity, constant oxygen level, quietness and cleanliness and can save energy and reduce carbon emissions to create a comfortable living environment without consuming energy such as coal, natural gas and petroleum gas. Compared with other ordinary constructions, passive house can reduce energy consumption by approximately 75% to achieve energy saving and emission reduction.</p>
Variable frequency pressure pumps	<p>In order to ensure the water needs of users are satisfied, the Group's Properties under Development have adopted variable frequency pressure pumps, which, compared with tank pressurizing system, greatly cut down the water consumption of residents and avoid the possibility of secondary contamination. By applying the latest frequency conversion technique, the pumps can save energy by about 17%. All pumps are collectively controlled by the community central control center through intelligent equipment, which can avoid idling and achieve energy conservation to a greater extent.</p>
Faucets with aerators and ceramic valve core faucets	<p>The Group's Properties under Development are equipped with faucets with aerators and ceramic valve core faucets, of which the former can reduce water consumption by approximately 25% and the latter can reduce water consumption by approximately 20-30%. Time-lapse self-closing faucets and photoelectric control valves are used in public areas, and water-saving showers are used for the design of the interior.</p>

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Energy saving and emission reduction measures	Particulars of measures and relevant effectiveness assessment
Enhanced variable frequency elevator system	The Group's Properties under Development adopt enhanced variable frequency system, which can reduce power consumption by approximately 20% as compared with general elevator systems, thus saving energy effectively. Elevator control can enter the central monitoring center through the integrated wiring system for the collective control of the center to avoid empty load, improve elevator utilization rate and shorten waiting time as much as possible. Once elevator failure occurs, the monitoring center will be informed immediately and carry out examination and repair in a timely manner, thus minimizing the occurrence of accidents.
Reducing non-hazardous waste emissions	The Group's Properties under Development adopt environment-friendly building materials which will generate less non-hazardous waste, reduce waste and achieve more efficient use of valuable and limited resources, and at the same time, help to stimulate innovation in design, materials and procedures.

Compliance with relevant laws and regulations

In Year 2020, the Group was not aware of any non-compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste and which have significant impact on the Group. The Group strictly complied with local laws and regulations relevant to emissions, such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) and Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》). Furthermore, no significant fines or non-monetary sanction for non-compliance with relevant laws and regulations were imposed on the Group in Year 2020.

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A2: USE OF RESOURCES

The Group understands that materials used in construction have direct impact on the quality of the buildings and surrounding environment, and hence, it sources and selects environmentally friendly outdoor and indoor building materials. The Group seeks to provide a comfortable living environment for residents and at the same time, save natural resources upon the completion of the projects.

The Group not only strictly abides by the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》), but also encourages employees to develop resources saving and recycling habits in daily life. To protect natural resources and increase operation efficiency, the Group closely monitors the use of resources to ensure full use of resources and avoid wasting. Each department of the Group has to regularly report on the use of resources and take corrective actions for issues arising in a timely manner.

Figures of emission during the operation of the Group during the Reporting Period are as follows:

Environmental performance	Unit	2020	2019
Power consumption	kWh	5,088,674	9,833,962
Fuel consumption	kWh	98,488	1,788,861
Total energy consumption	kWh	5,187,162	11,622,823
Energy consumption intensity	kWh/m ²	6	19
Water consumption	m ³	241,370	450,882
Water consumption intensity	m ³ /m ²	0.3	0.7
Total packaging materials	Kg	Note 1	Note 1
Intensity of packaging materials	Kg/m ²	N/A	N/A

Note 1: Since the sale of Properties under Development did not involve packing materials, the Group does not have any quantifiable figures.

Construction projects of the Group incorporates elements which use natural resources, for instance, it installed solar lights outdoors to supply the lighting of the car parks during the daytime, so as to save energy and promote environmental protection.

With respect to administrative office, employees are provided with low-energy consumption laptops, and energy-efficient lights are installed in the office. In addition, the Group enhances employees' awareness of energy conservation through channels such as e-mails and bulletins, to encourage employees to turn off lights and air-conditioners after work. The Group increases the number of video equipment in the office and encourages the use of video conferencing for communication to reduce business travels, thus reducing the carbon emissions arising from fuel consumption in transportation.

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A3: THE ENVIRONMENT AND NATURAL RESOURCES

The Group has taken into consideration of environmental factors for the planning and design aspects of the projects. The Group has actively taken measures to protect the environment, such as planting trees in and landscaping for the communities after the completion of Properties under Development to improve the green ecological environment in the projects. The Group planted trees and shrubs in these projects extensively to achieve the effect of cooling, purifying air and noise reduction, as well as carbon emission reduction. The green coverage ratios of “Tianjin • Tian Shan Waterside View”, “Yinchuan • Tian Shan Guan Lan Yuan”, “Tian Shan • Guo Xi Fu”, “World No. One”, “Yangzhou • Rui Hu Hua Fu”, and “Tian Shan • Chuangye City” are approximately 35%, 35%, 35%, 39%, 35% and 20%, respectively.



Greenery Landscape of
Tianjin • Tian Shan Waterside View



Interior of World No. One

For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. To conserve water resources, the Group has put a man-made pool in place in the Properties under Development, and use automatic circulation cleaning system in combination with the regular use of sewage suction machine to absorb the sediment in the pool to reduce frequency for pool cleaning exercise, while pool water can also be used for irrigation thus reducing the consumption of tap water. Since the water in the pool of the community is not from the underground in the area, there will be no impact on the flow field or the level of underground water. Other measures to conserve water, such as water-saving sanitary ware and faucets, are detailed in page 9 of this report.

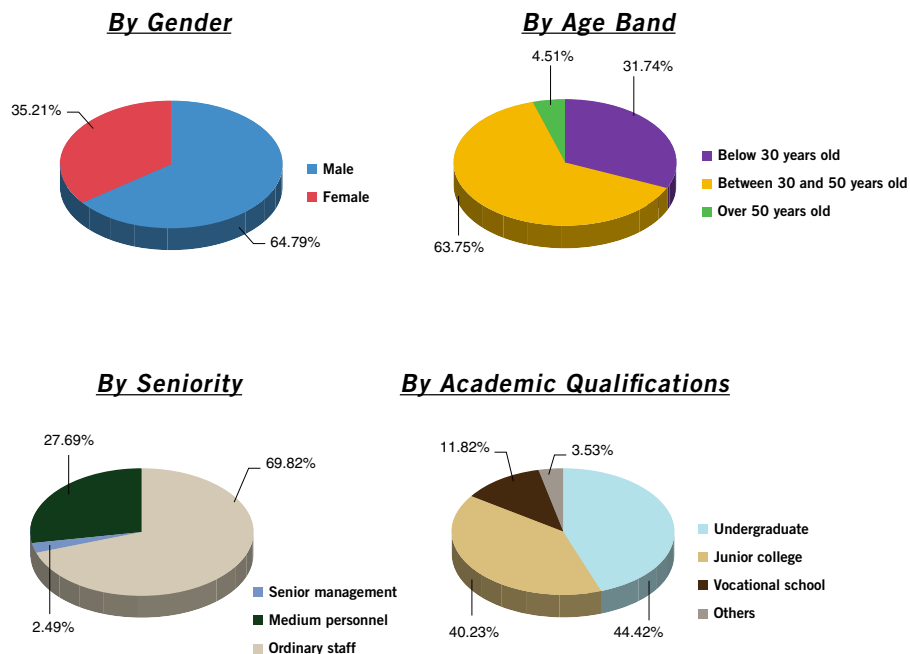
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B. SOCIAL RESPONSIBILITY

The Group believes that maintaining good relationships with its employees is one of the keys to success. To enhance employees' satisfaction, the Group provides employees with competitive remunerations and benefits and comprehensive training programs to encourage them to show their strengths and potential in full play. The Group organizes staff meetings for employees annually to enhance their sense of belonging and create a friendly and harmonious working environment.

B1: EMPLOYMENT

The Group has implemented a rigorous recruitment procedure to select and attract outstanding talents for the Group through a combination of external recruitment and internal training. During the staff recruitment process, only knowledge, ability, integrity and job requirements are used as the selection standards, and candidates are not discriminated against because of their gender, age band, sexual orientation, ethnicity, race, disability, marital status, pregnancy, religious beliefs and referrals. As at the end of Year 2020, the percentages of employees (calculated based on numbers of employees (excluding independent non-executive directors)) by gender, age band, seniority and academic qualifications were as follows:



At the end of Year 2020, there were 1,531 staff in the Group, among which 7% held postgraduate degrees, 25% held undergraduate degrees and 100% possessed junior college and above qualifications. The rate of employment with certificate reached 100%.

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The Group has formulated and implemented the “Code of Conduct for Employees of Tianshan Group” to comprehensively regulate the behaviors of all employees of the Group in daily activities. In addition to comply with the Labor Law (《勞動法》), the Labor Contract Law (《勞動合同法》) and the Regulation on Work-Related Injury Insurance (《工傷保險條例》) of the PRC, the Group formulated management rules in respect of recruitment, promotion, dismissal, working hours, holidays, remuneration, benefits, retirement and other aspects. The Group provides employees with competitive salaries and benefits and makes adjustments to salaries and benefits in a timely manner according to the prevailing market conditions, to attract and retain talents and enhance their incentive.

The Group provides equal employment opportunities (including provision of benefits, promotion, performance appraisal, training and career development) for employees free from any form of discrimination. The Group is committed to creating a corporate culture and a working atmosphere of equality, respect, diversity and mutual support.

Compliance with relevant laws and regulations

The Group was not aware of any material violation of the relevant laws and regulations relating to the Group’s compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare in Year 2020. The Group strictly complied with relevant local laws and regulations relating to employment, including the Labor Law of People’s Republic of China (《中華人民共和國勞動法》) and the Labor Contract Law of People’s Republic of China (《中華人民共和國勞動合同法》). In addition, no significant fines or sanction were imposed on the Group due to non-compliance with the relevant laws and regulations in Year 2020.

B2: HEALTH AND SAFETY

The Group strictly requires the construction unit of Properties under Development to comply with the regulations of the Site Environmental Sanitation System (《工地環境衛生制度》), the Site Civilization Construction Certificate (《工地文明施工牌》), the Safety Production Certificate (《安全生產牌》), the Fire Protection Certificate (《消防保衛牌》) and the Safety Regulations for Entry into Construction Areas (《進入施工區安全規則》), which are placed at obvious spots in the construction sites. Workers who enter the construction sites are strictly required to wear helmet, and fasten seat belts in the case of work at height. Dangerous areas in the construction sites are preset with warning signs and light warning at night. The Group regularly conducts check on the adequacy of the fire-fighting equipment on the sites and fire drills.

The Group’s construction units of Properties under Development have abided by the requirements of the Work Safety Law (《安全生產法》), the Administrative Regulations on the Work Safety of Construction Projects (《建設工程安全生產管理條例》), the Decision on Further Strengthening Safety Production of the State Council (《國務院關於進一步加強安全生產工作的決定》) and other laws and regulations of the PRC.

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In addition, the Group has formulated and implemented “Measures Governing the Physical Examination of Managers”. The Group attaches great importance to employees’ health and provides free annual physical checkups for all employees in the Great Wall Medical Center in Shijiazhuang (石家莊長城體檢中心) and other medical checkup centers where the employees are located.

In order to implement the work of the national and relevant departments in epidemic prevention and control, the Group took the initiative to conduct intensive training on epidemic prevention knowledge for gatekeepers and cleaners.

In addition to improving the epidemic prevention and control work of employees, the epidemic prevention and control command group of the Group has been dedicated to strengthening the epidemic prevention and control work in all public areas and property communities under management of the Group. The epidemic prevention and control command group put forward strict requirements for various protection and disinfection work. It not only set up isolation rooms according to the requirements of the epidemic prevention department of the government and conducted temperature checking and detailed registration for all personnel in and out, but also carried out disinfection four times per day in all key areas, including the headquarters of the Group, all property sites, living communities, operating subsidiaries of the park and office buildings, twice in the morning and afternoon respectively. The elevator is equipped with cotton swabs and disinfectant alcohol to ensure non-contact passage.



Implementation of epidemic prevention by the epidemic prevention and control command group



Temperature checking before entering office buildings

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Temperature checking before entering sales offices

To minimize risks posed the health and safety of the employees of the Group , the Group took quick actions at the beginning of the pandemic. For the purpose of enhancing our efforts on the safety prevention and control as well as information registration of all employees of the Group to take precautions, the Group has established a mode of the online information registration and declaration on mobile platform. Arranged by the epidemic prevention and control command group of the Group and led by the human resources department of the Group, all staff are required to register and declare information, including their residential address, whereabouts, their family’s whereabouts, means of transportation, accompanying person, physical condition and whether they had contact with personnel from infected areas.

As required by Hebei provincial government, the Group strictly abided by the decision and policy of the government and postponed the date of work resumption for local employees.



Fire extinguisher practice



Fire drill

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Compliance with relevant laws and regulations

In Year 2020, the Group was not aware of any material violation of relevant laws and regulations having a significant impact on the Group regarding the provision of a safe working environment and the protection of employees from the Group's occupational hazards. The Group strictly complied with relevant local laws and regulations relating to health and safety, including the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and Regulation on Work-related Injury Insurance of People's Republic of China (《中華人民共和國工傷保險條例》). In addition, no significant fines or sanction were imposed on the Group due to non-compliance with the relevant laws and regulations in Year 2020.

B3: DEVELOPMENT AND TRAINING

The Group provides training to staffs which covers professional knowledge and skills of various positions within the corporate and industry information. Training is conducted in different forms like training camp, lecture, seminar or exchanges.

On 17 May 2020, Hebei Province Immovable Property Association held a seminar on the study and implementation of the spirit of the speech delivered at the meeting of the Standing Committee of the Political Bureau of the CPC Central Committee at the Tianshan World Gate of Tianshan Group in Shijiazhuang, Hebei province, to discuss how to enhance the competitiveness of the industrial chain.



Seminar held by Hebei Province Immovable Property Association

In Year 2020, the practical training programs for employees included (i) training on the regulations and restrictions on the sale of property in Hebei Province; (ii) the performance training camps; and (iii) training on fire protection.

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“Responsibility of fire safety is of the utmost importance”. As November 2020 was a dry season, fire-fighting emergency drills and fire-fighting propaganda were carried out for each project. Such activities aimed to enable both the property owners and the in-house staffs to participate in the hands-on training for fire extinguishers, to learn and to acquire evacuation and escape skills and ensure that the evacuation access is free from obstruction.



Training on employment, labor and contractual relations



Fire knowledge quiz on World No. One

B4: LABOR STANDARDS

The Group views child labor and forced labor as serious breach of universal values. Therefore, the Group strives to prevent child labor and forced labor and is in strict compliance with all laws and regulations relating to the prohibition of employment of child labor and forced labor. The Group strictly complies with the labor contract system. All employees will sign a labor contract or employment agreement with the Group upon official employment, and the Group will check the relevant identity documents of the employees when they are officially employed.

Compliance with relevant laws and regulations

In Year 2020, the Group was not aware of any material violation of the relevant laws and regulations relating to the prohibition of child labor or forced labor. The Group strictly complies with relevant local laws and regulations relating to labor standards, such as Labor Law of the People’s Republic of China (《中華人民共和國勞動法》) and Provisions on Prohibition of Child Labour (《禁止使用童工規定》). In addition, there was no material penalty or sanction due to non-compliance with the relevant laws and regulations in Year 2020.

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B5: SUPPLY CHAIN MANAGEMENT

The Group strictly monitors the selection of construction materials by selecting suitable material suppliers via tender process in accordance with the Law of the People's Republic of China on Bid Invitation and Bidding (《中華人民共和國招標投標法》). The Group is deeply concerned about the material safety of suppliers and regards it as one of the most important conditions for the selection of suppliers. In addition to the technical capabilities, delivery time and price competitiveness of the business partners, the Group is also concerned about the environmental and social performance within the supply chain and from time to time prompts its business partners to pay more attention to updates in laws and regulations and sustainable development issues. The Group requires suppliers to use materials without or with low potential toxicity to protect the health of the property owners and residents. The Group also keeps close communication with suppliers so as to identify and monitor risks in its supply chain.

B6: PRODUCT RESPONSIBILITY

The Group abides by the Advertising Law (《廣告法》) of the PRC and other relevant laws and regulations. Pursuant to Article 26 of the Advertising Law of the PRC, an advertisement on real estate shall contain true information on the source of real estate, with the area thereof clarified 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 provisions of the state on price management; or (iv) any misleading publicity on transport, commerce, cultural and educational, and other municipal facilities in planning or under construction.

The Group has put in place limitations on the regular access to customers' personal data and strictly prohibits employees from disclosing customers' personal data without proper prior authorization. All sales brochures can only be released after necessary approvals have been obtained from relevant authorities.

The Group attaches significant importance to the communication with the property owners with a view to ensuring that the opinions and complaints from property owners are promptly dealt with and satisfactory responses are made. The Group has set up a service complaint hotline and guidelines for complaint handling so as to obtain a better understanding of property owners' opinions on the Group's property management services to continuously enhance operational procedures and service quality and improve property owners' satisfaction.

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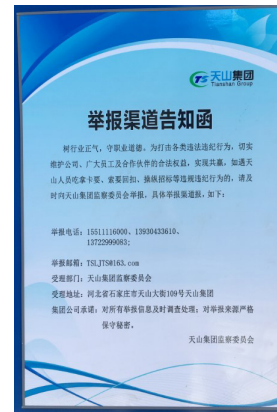
Project quality inspection conducted by WU Zhen Shan, the chairman of the Board of the Company



Customer service center of Tianshan Group



Complaint telephone numbers and email addresses are posted at the locations of all completed projects



The Group adheres to the principle of operating with integrity and has achieved rapid growth for each business line. As for operating with integrity, the Group strives to promote social harmony and corporate growth by building a brand of integrity. In addition, the Group takes integrity as part of its corporate culture and adheres to the principle of integrity in caring for employees, giving back to the society and contributing to social harmony.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Compliance with relevant laws and regulations

In Year 2020, the Group was not aware of any material violation of relevant laws and regulations in respect of health and safety, advertising, labelling and privacy that had material impacts on the Group. The Group strictly abided by local laws and regulations in relation to product responsibility, such as the Construction Law of the People's Republic of China (《中華人民共和國建築法》), the Regulation on the Quality Management of Construction Projects (《建設工程品質管制條例》) and the Administrative Regulations on the Work Safety of Construction Projects (《建設工程安全生產管理條例》). In addition, for Year 2020, the Group has not been subject to any material fine due to violation of regulations.

B7: ANTI-CORRUPTION

The Group places great emphasis on anti-corruption work. The code of conduct that all employees are required to follow are detailed in “Anti-corruption Policies” which is available for all employees. The Group has established a complaint handling department and set up dedicated hotlines and emails to allow people to report any illegal or fraudulent actions in confidence and all the persons who have made such reporting will be protected. The dedicated email address for anti-corruption reporting is set out on the Group's website at <http://www.tian-shan.com>.

The Group has also established a supervisory committee, which is responsible for reviewing the Group's code of business operation, anti-corruption measures against bribery, extortion, fraud or money laundering and relevant guidelines on a regular basis and investigating misconduct reported. The Group enters into Agreement on Cooperation under the Principle of Integrity (《廉潔合作協定書》) with its suppliers to maintain an environment of fairness and justice for cooperation and avoid transfer of benefits.

Compliance with relevant laws and regulations

In Year 2020, neither the Group nor any of its employees was involved in any legal cases in relation to bribery, extortion, fraud or money laundering. During Year 2020, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering including but not limited to the Law of the People's Republic of China against Unfair Competition (《中華人民共和國反不正當競爭法》) and Prevention of Bribery Ordinance.

B8: COMMUNITY INVESTMENT

The Group strives to make positive contributions to the community where it operates and keeps close communication and interaction with the community to contribute to the development of the community from time to time.

The Group is committed to improving its public image and perform its social responsibilities through community investments and encourages all of the employees to proactively provide help and support to the local community and neighborhood.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group took the initiative to organize donation activities, and was one of the first local group of companies making donations for epidemic prevention and control. During the critical period when the country was facing the challenges brought by the COVID-19 epidemic and the whole nation was fighting against the epidemic, the Group and its staff proactively made donations which were worth approximately RMB3.30 million in total, including six ambulances, approximately RMB3.00 million in cash contributed by the Group, and approximately RMB0.28 million raised by the staff, uncovering the spirit of repaying society by enterprise.

On 29 January 2020, with an aim to combat the COVID-19 epidemic and render assistance to the medical staff on the front line of the epidemic, the Group quickly took actions to organize all CPC Branches to call on staff to conduct online donations via digital bank or WeChat transfer under the leadership of Mr. WU Zhen Shan, the Secretary of the Party Committee of the Group and the chairman of the Board of the Company.



On 1 February 2020, a donation ceremony was held by the Group to Shijiazhuang Red Cross High-tech Zone Management Committee



On 2 February 2020, a handover ceremony was held for ambulance donation by the Group to Shijiazhuang Red Cross High-tech Zone Management Committee