



大发地产集团有限公司

DAFA PROPERTIES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 6111

2018

Environmental, Social and Governance Report

環境、社會及管治報告



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ABOUT THIS REPORT

Overview

This report is the first Environmental, Social and Governance (hereinafter referred to as “**ESG**”) Report of DaFa Properties Group Limited (hereinafter referred to as “**the Company**”). This report discloses the Company’s performance on ESG from January 1 to December 31, 2018 (hereinafter referred to as the “**reporting period**”). Some information relates to prior years.

Basis of Preparation

This report is prepared in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” to *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* issued by the Stock Exchange of Hong Kong Limited (hereinafter referred to as “**HKEX**”).

This report identifies and ranks important stakeholders and important ESG issues, determines the boundaries of the ESG report, collects relevant materials and data, prepares the report based on the data, and reviews the information in the report to determine the content of the report and ensure its integrity, substance, authenticity and balance.

Reporting Boundaries and Scope

Policies, statements, materials, and data in this report cover the practice of the Company and its subsidiaries (hereinafter referred to as “**the Group**”, “**DaFa Properties**” or “**we**”). Monetary values in this report are in RMB unless otherwise stated.

Data Source and Reliability Assurance

Information and cases included in this report are mainly from the Group’s statistical reports and relevant documents. We promise that this report does not contain any false or misleading statement and are responsible for the authenticity, accuracy, and completeness of its contents.

Confirmation and Approval

Upon confirmation by the management, this report was approved by the Board of Directors on June 5, 2019.

Access and Response to This Report

This report is available in Traditional Chinese and English. The electronic version of the report is available in the “Financial Statement/Environmental, Social and Governance Information” section of DaFa Properties on the HKEX website and on our website.

We attach great importance to the opinions of stakeholders and appreciate it if readers would contact us through the following methods. Your comments will help us further improve this report and our ESG performance.

E-mail: ir@dafaland.com

Mailing address: Room 2805-06, 28/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong

SET OUT FROM HEART

About Us

DaFa Properties is a premium real estate provider that offers quality-oriented customers with immersive experience and cost-efficient products through operational excellence. The Yangtze River Delta is our base for core operations. Our strategy is to proactively explore main regions and expand nationwide. Therefore, we focus on the Yangtze River Delta, the Greater Bay Area, and Central and West China, and deploy projects in golden city clusters nationwide. Dedicated to the development and sale of residential properties, we engage in property development and sale as well as commercial property investment and operation. We enhance the property value of region and the living environment of our customers and grow together with cities through an organic combination of residential and commercial properties.

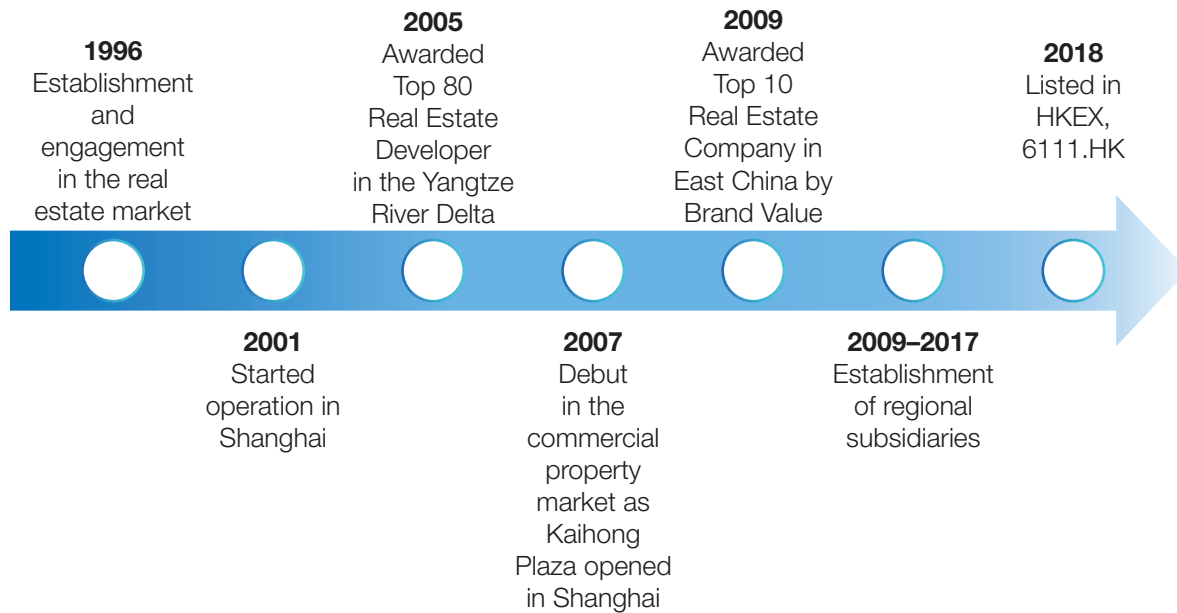
Development Strategy

We aim to be a leading residential property developer in China. To this end, we implement the following strategies:



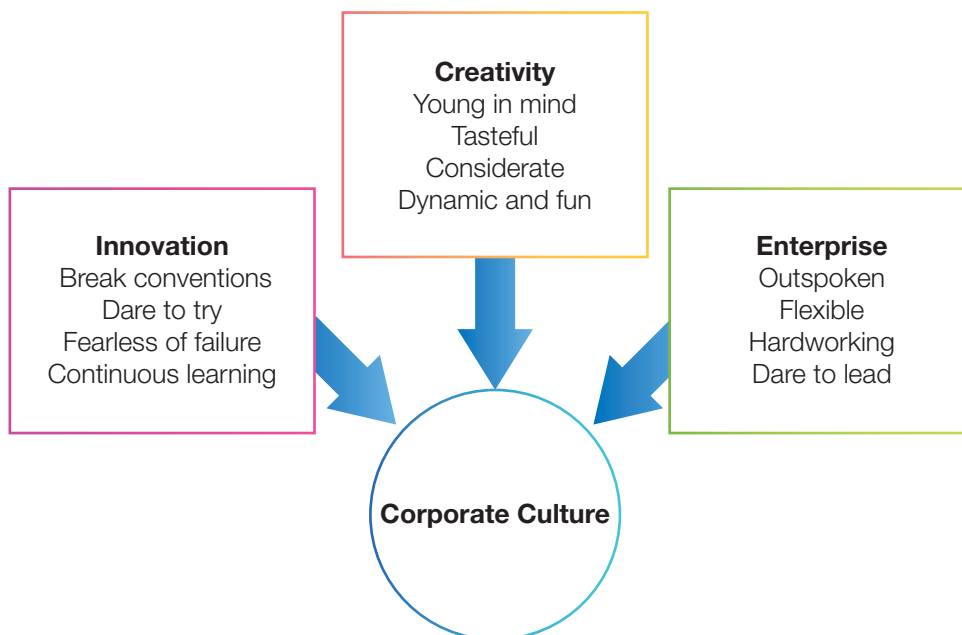
SET OUT FROM HEART

History



Corporate Culture

Our corporate culture is shaped by I.C.E, which stands for innovation, creativity, and enterprise. I.C.E forms the basis for our expansion and development.



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Public Approbation

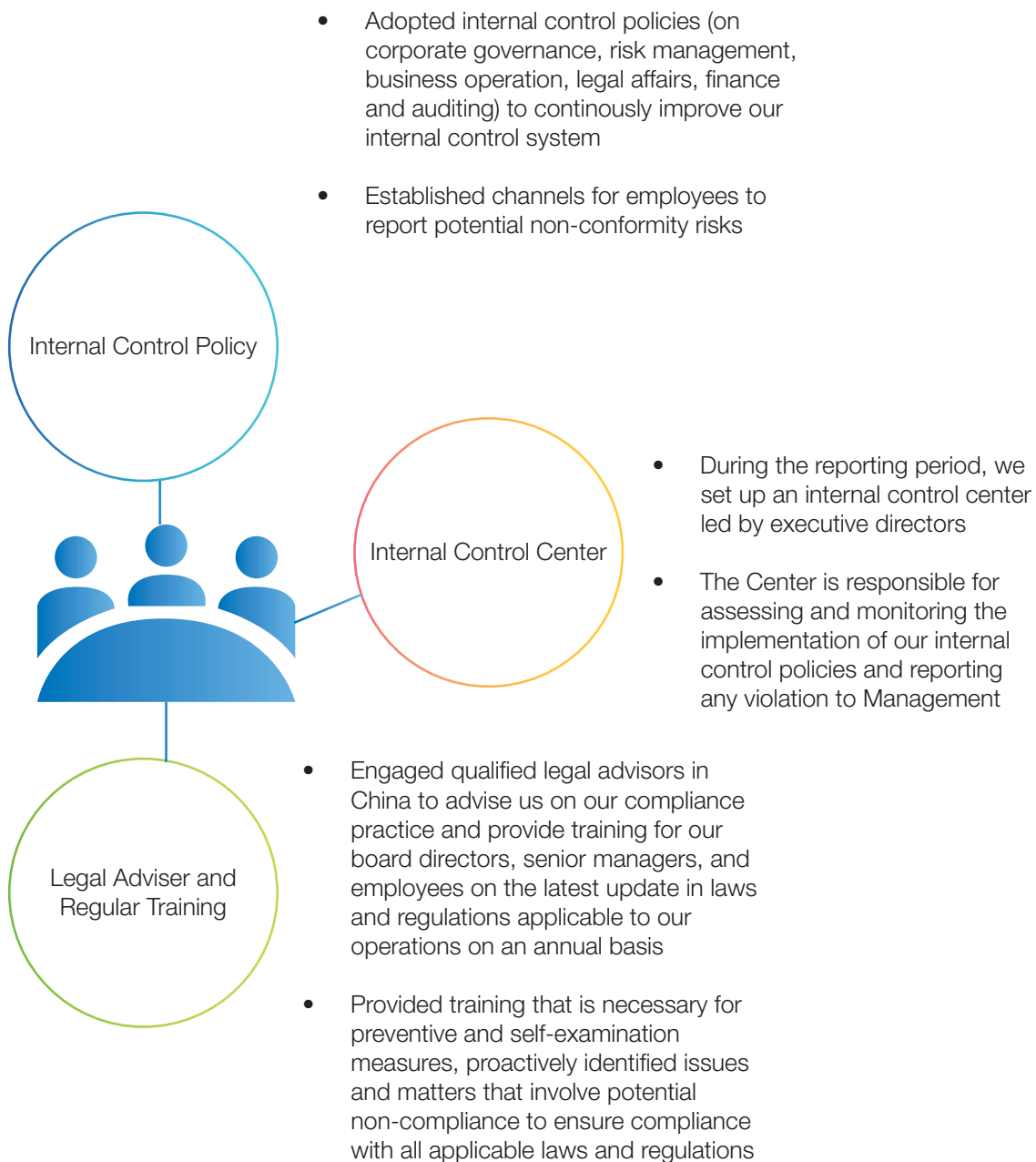
During the reporting period, the Group has received numerous awards and honors as recognition for our property development projects as well as our brand and overall reputation in the property development industry in China.



SET OUT FROM HEART

Corporate Governance

The Group has established an audit committee, a remuneration committee, and a nomination committee in accordance with Appendix 14 Corporate Governance Code and Corporate Governance Report to HKEX Listing Rules and identified their terms of reference. In order to improve the efficiency of the Board of Directors and maintain high standard corporate governance, we adopt a Board Diversity Policy to achieve diversity on the Board by considering factors including gender, skillset, professional experience, ethnicity, length of service, etc. Currently, the Board consists of four executive directors and three independent non-executive directors. During the reporting period, in order to further improve our corporate governance practice and the effectiveness of internal control procedures, we took the following steps and measures:



* For more detailed disclosure of corporate governance, please refer to the Corporate Governance section of DaFa Properties' 2018 Annual Report.

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Anti-corruption Management

We strictly observe laws and regulations against corruption such as *Audit Law of the People's Republic of China*, *Regulation on the Implementation of the Audit Law of the People's Republic of China* and *National Auditing Standards of the People's Republic of China*, and formulated internal rules such as *Anti-corruption Supervision System*, *Employee Self-discipline Code of Conduct*, and *Corporate Reporting System* to regulate corporate anti-corruption practice in order to effectively prevent bribery, extortion, fraud and money laundering.

The Audit Center is the Group's anti-corruption supervision agency. Under the leadership of the Board of Directors, the Center supervises and inspects corruption in the following three stages.



The Group established a reporting system to encourage real-name reporting of employees. Any employee may report any conduct in violation of anti-corruption provisions to the Audit Center or the Board of Directors. We will ensure the anonymity of the informer.

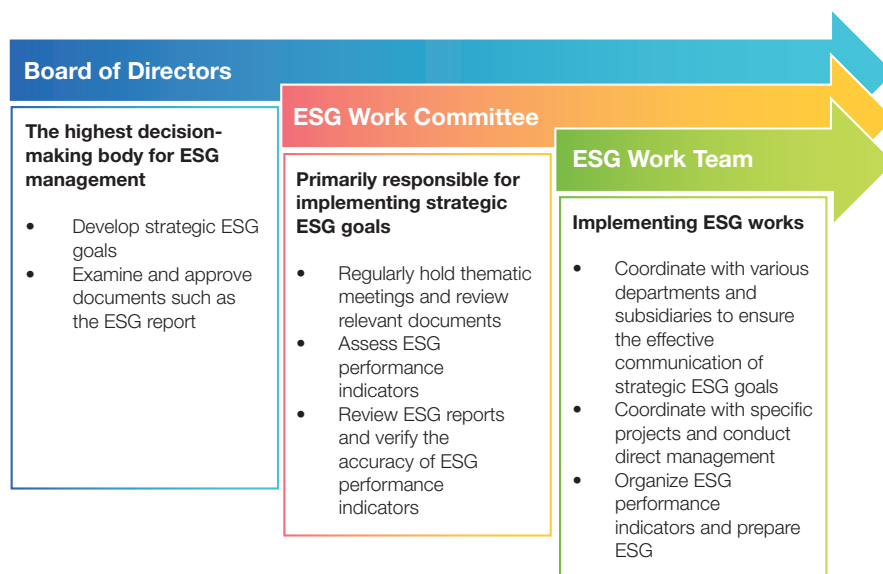
- Reporting address: Audit Department, Building No.2, Lane 1188, Shenhong Road, Minhang District, Shanghai
- Hotline: 021-23100395
- Fax: 021-23100221
- E-mail: jubao@dafaland.com

During the reporting period, the Group conducted anti-fraud and anti-money laundering training once, and there was no corruption-related lawsuit.

SET OUT FROM HEART

ESG Management

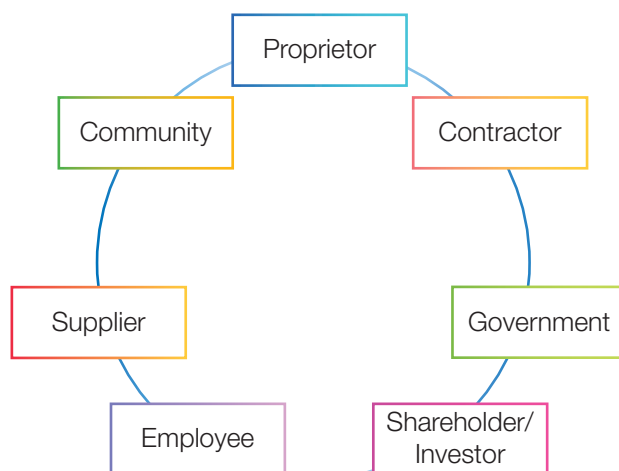
The Group has initially established its internal organizational structure and methodology for ESG work to fully implement ESG management requirements. During the reporting period, we continued to focus on ESG risks in operation. Guided by the Board of Directors, the ESG Work Committee was primarily responsible for our ESG performance, and the ESG Work Team was responsible for implementing the ESG management structure.



ESG Management Structure

Stakeholder Communication

The Group attaches great importance to communication with stakeholders. We actively organize regular, effective and multilateral communication and exchanges with stakeholders, and factor their opinions and requests in our long-term sustainable development strategy. The seven major stakeholders we identify are our employees, shareholders/investors, government agencies, suppliers, proprietors, contractors, and the communities. We reinforce the orientation and focus of ESG management based on the needs of these stakeholders.



Seven Major Stakeholders of the Group

SET OUT FROM HEART

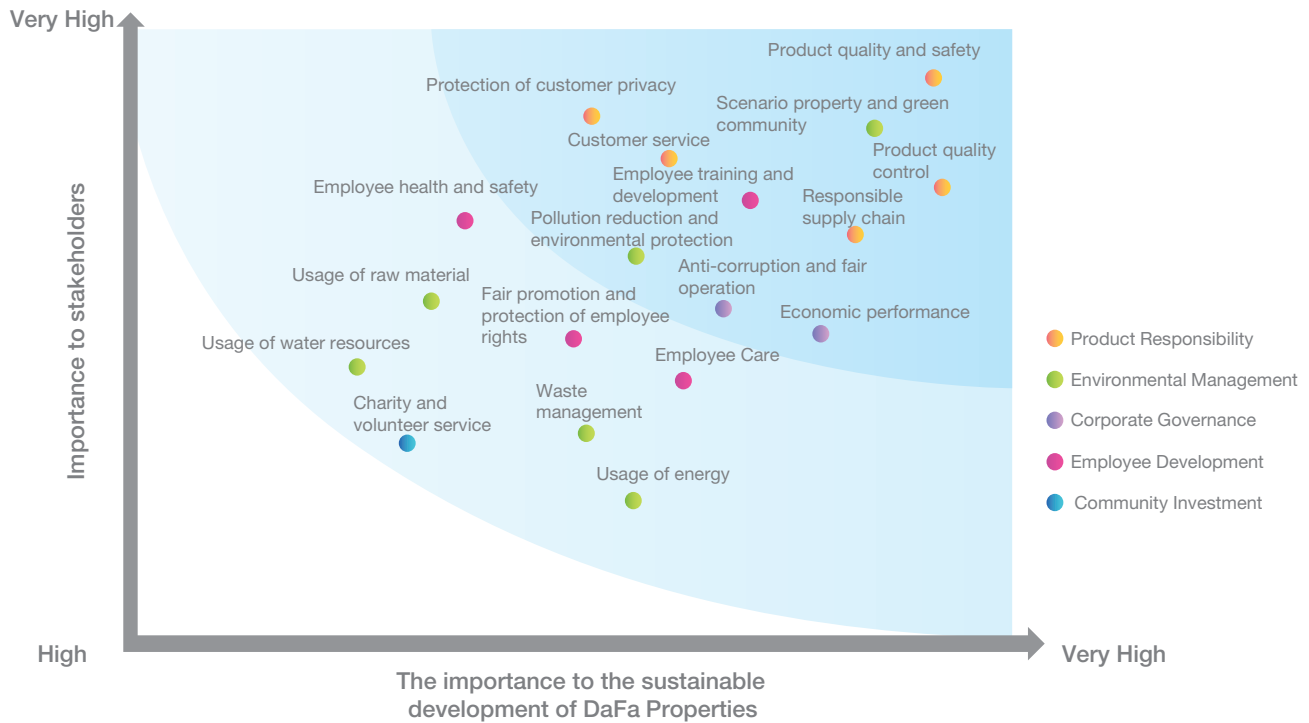
We actively communicate with different stakeholders to understand their issues of concern and incorporate the expectations of different stakeholders into our roadmap and priority list. We regularly review the effectiveness of ESG-related actions to improve communication channels for stakeholders to have a more complete picture of their opinions. The following table lists the issues of concern of different stakeholders during the reporting period.

Stakeholder	Issue of Concern	Way of Communication/Response
Proprietor	Product quality and safety Customer service Protection of Customer Privacy	Customer/market research Sales communication Notifications before delivery Open house House repair after delivery Customer satisfaction survey
Contractor	Product quality and safety Project environmental impact	Routine exchanges on design changes, construction, etc.
Government	Compliance Pollution reduction and environmental protection Employment opportunities and local economy	Meetings and discussions Establishment of rules and exchanges on implementation
Shareholder/ Investor	Compliance Economic performance	Shareholders Meeting Performance announcement Roadshow
Employee	Employee training and development Fair promotion and protection of employee rights	Chairman's mailbox WeChat public platforms and groups
Supplier	Anti-corruption and fair operation Supply chain management	Transparent procurement Qualification review Supplier training and annual commendation conference
Community	Employment opportunities and local economy Project environmental impact	Charity events Activities to promote community development

SET OUT FROM HEART

Material Issues

During the reporting period, we had eight in-depth interviews with stakeholders. We also gathered their views and concerns on our ESG work through routine communication with different stakeholder groups. We benchmarked the results against the 2017 ESG reports of our peer companies and developed a matrix of material issues in the reporting period. The results are as follows:



SET OUT FROM HEART

No.	Category	Issue	No.	Category	Issue
1	Product Responsibility	Product quality and safety	10	Environmental Management	Usage of raw material
2		Product quality control	11		Pollution reduction and environmental protection
3		Customer service	12	Corporate Governance	Economic performance
4		Protection of customer privacy	13		Anti-corruption and fair operation
5		Responsible supply chain	14	Employee Development	Employee health and safety
6	Environmental Management	Scenario property and green community	15		Employee training and development
7		Usage of energy	16		Fair promotion and protection of employee rights
8		Usage of water resources	17		Employee care
9		Waste management	18	Community Investment	Charity and volunteer service

DaFa Properties 2018 ESG Material Issues

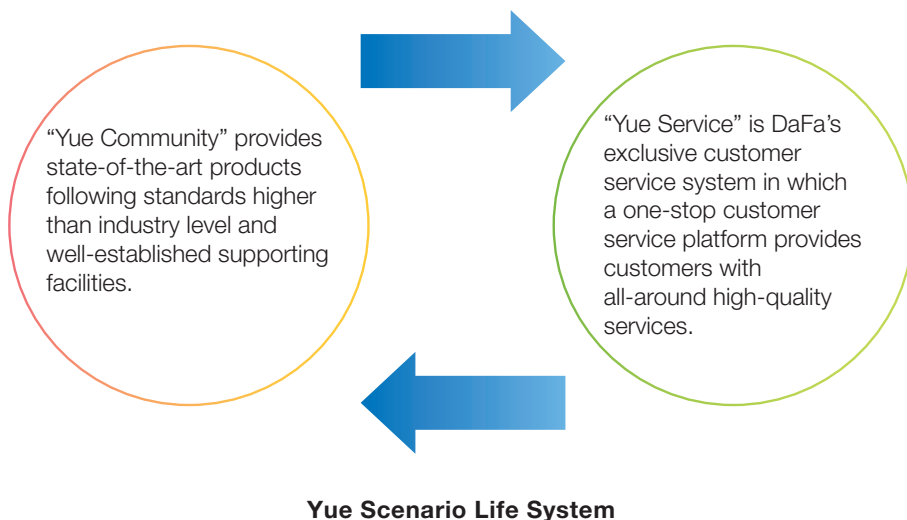
Note: In the table, issues in bold are of high materiality.

CRAFTSMANSHIP: PURSUIT OF QUALITY DEVELOPMENT

DaFa Properties is an advocate of scenario property and a practitioner of quality property. Oriented to “Create for Life”, we aim to create a life scenario system featuring “enjoyment” (yue) in order to provide our customers with quality property management services and specific life scenarios. Committed to “integrity, innovation, and pursuit of excellence”, we are determined to forge ahead, deliver continuous innovation, and develop more premium properties.

Enjoyable Property

The Yue Scenario Life System is our exclusive high-end life value system. We hope that customers in pursuit of scenario experience and cost-efficiency can enjoy it all in DaFa’s housing estates.



Core Design Concept

As we advocate the concept of “scenario property”, we carry out surveys of a city, its people and their lifestyles, analyze the pain points, and make targeted designs. Then we incorporate our understanding of time, space and emotions into the products for the ideal life of residents.

Building Design

- Our projects have a Neo-Asian undertone, which is a blend of traditional local culture and western hints. The essence of the style is integration, inheritance and innovation.
- We incorporate Asian elements into modern structures, integrate traditional artistic atmosphere with modern charm, and employ modern design to metaphorize regional traditions. As a result, we carry forward the traditional culture of Asia as we offer the coziness of modern life.

Landscape Design

- We focus on scenario experience and set up our system with eight scenarios: returning home, taking walks, work and rest, children’s growth friendship with neighbors, companion, smart control, and sports. We perform landscape design on the basis of the eight scenarios to construct an enjoyable life scenario system.

Floor Plan Design

- Our efforts can be seen in the lobby, front porch, kitchen and bathroom, storage, master room and bedrooms. We make a meticulous, high-standard, systematic and humanized design of the internal space. Highlights of our products include joint kitchen and dining room (equal width), built-in kitchen, independent front porch, separate bathroom and toilet, etc. to provide users with ideal living experience.

CRAFTSMANSHIP: PURSUIT OF QUALITY DEVELOPMENT

The Yue Series as our Leading Product

It is customary for companies to offer three grades of products. The Yue Series also consists of three brands, i.e. Longyue, Rongyue and Xiyue. They vary in land, customer, and the configuration of the eight scenarios.

- **Longyue:** DaFa's boutique series for middle class families in third-tier and fourth-tier cities who seek to improve their living environment;
- **Rongyue:** DaFa's high-end series for middle class families in second-tier cities that pursue quality and tasteful life;
- **Xiyue:** DaFa's statement series for elites in first-tier and second-tier cities that need socials and networking.



DaFa • Longyue Four Seasons (Yingde)



DaFa • Rongyue East (Wuhu)



DaFa • Xiyue Lake Mansion (Ningbo)

Intellectual Property Protection

As we continue to improve our product design abilities, we attach great importance to our brand image and intellectual property protection. As for product innovation and design, we strictly abide by the *Intellectual Property Law of the People's Republic of China*. During the reporting period, we were not aware of any intellectual property lawsuit brought by any third party against us or any infringement of any third party's intellectual property rights.

During the reporting period, the Group applied for registration of 36 kinds of "scenario property" trademarks, which have been initially examined and announced. As of December 31, 2018, we have registered 19 trademarks in Mainland China and two trademarks in Hong Kong respectively. Besides, we have filed 25 trademark applications in Mainland China.

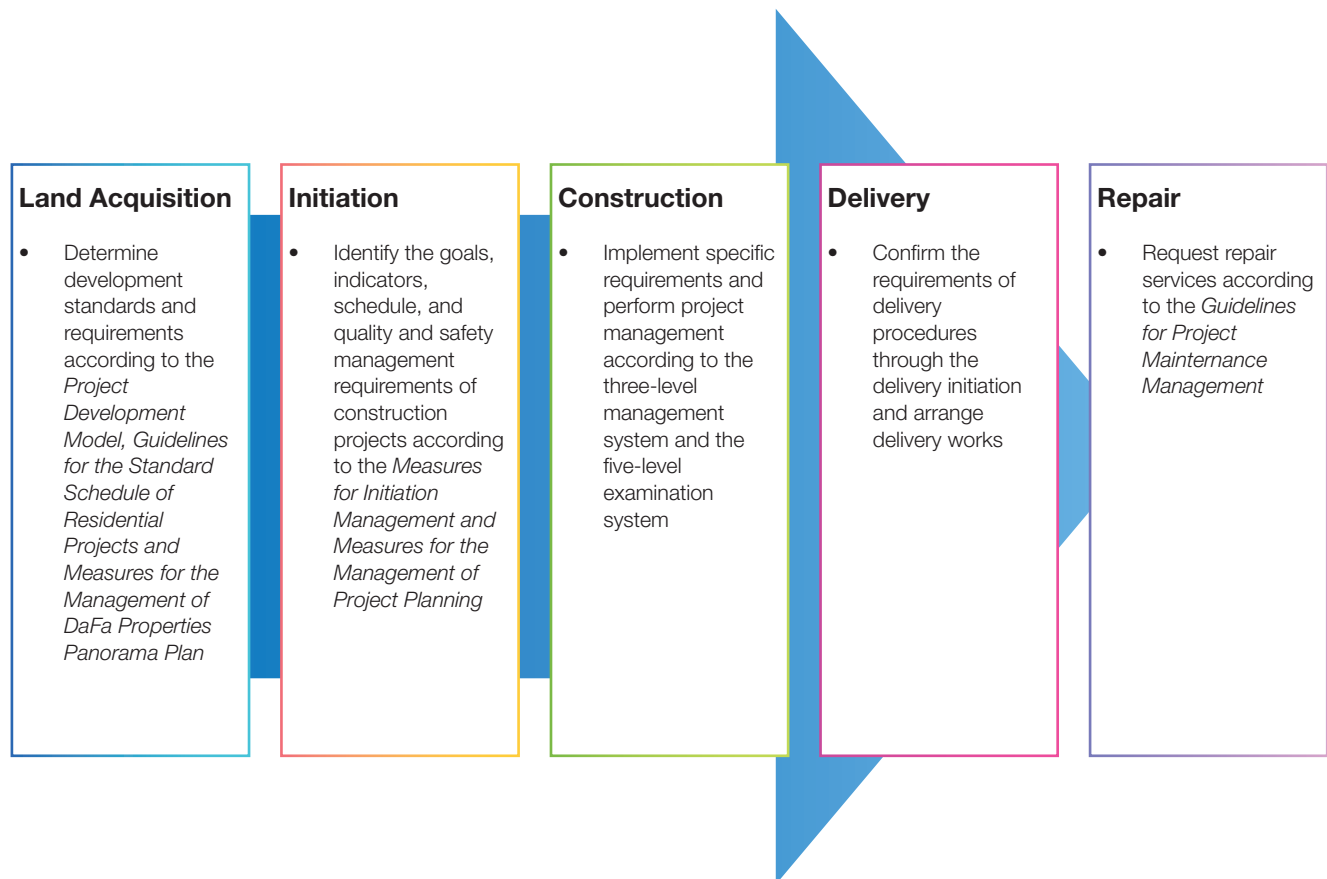
DaFa in Pursuit of Quality

Committed to providing proprietors with residential experience that scores 100 out of 100, the Group proposed the slogan of "Quality 100+". We developed and launched 15 quality management policies including *Measures for the Management of Project Process Assessment*, and *Measures for the Management of Project Delivery Assessment*. We aim to ensure project quality through improved project management rules and system, enhanced full process quality management system, clarified quality requirements for materials, processes, products, and delivery, strict selection of contractor and construction supervisor and strict implementation of quality control procedures.

CRAFTSMANSHIP: PURSUIT OF QUALITY DEVELOPMENT

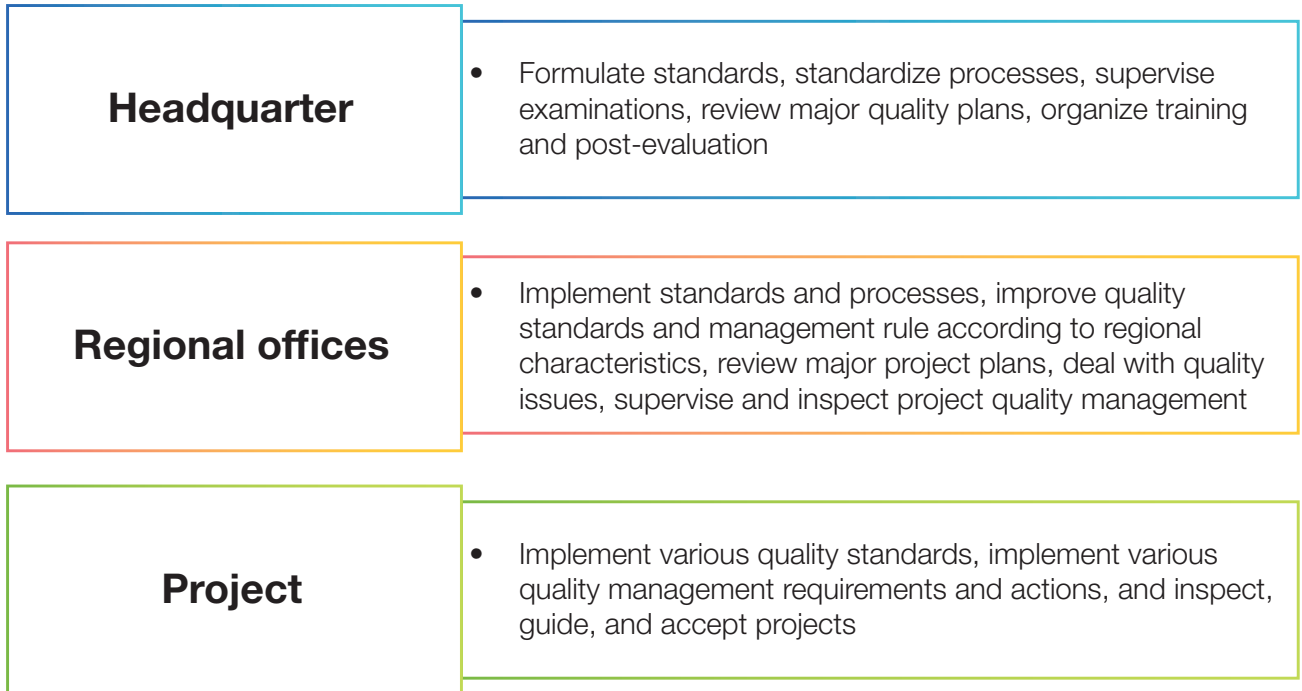
Full Process Quality Management System

We perform closed-loop management of the entire construction process based on a full process quality management system covering underground work, main structure, furnishing and decoration, and delivery. We establish and improve the headquarter-regional office-project three-level management structure, and the headquarter-third party-regional office-project-construction supervisor five-level quality assurance system to improve quality level, quality management compliance and quality management of contractors.

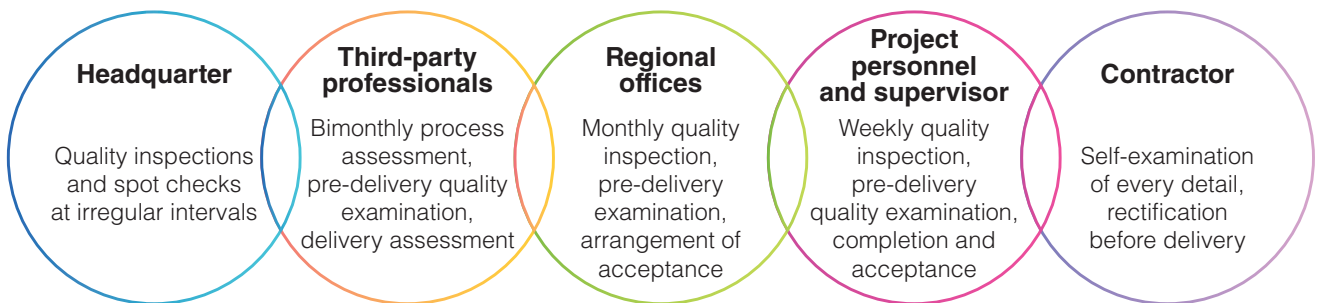


Closed-loop Management of Construction Process

CRAFTSMANSHIP: PURSUIT OF QUALITY DEVELOPMENT



Three-level Management Structure

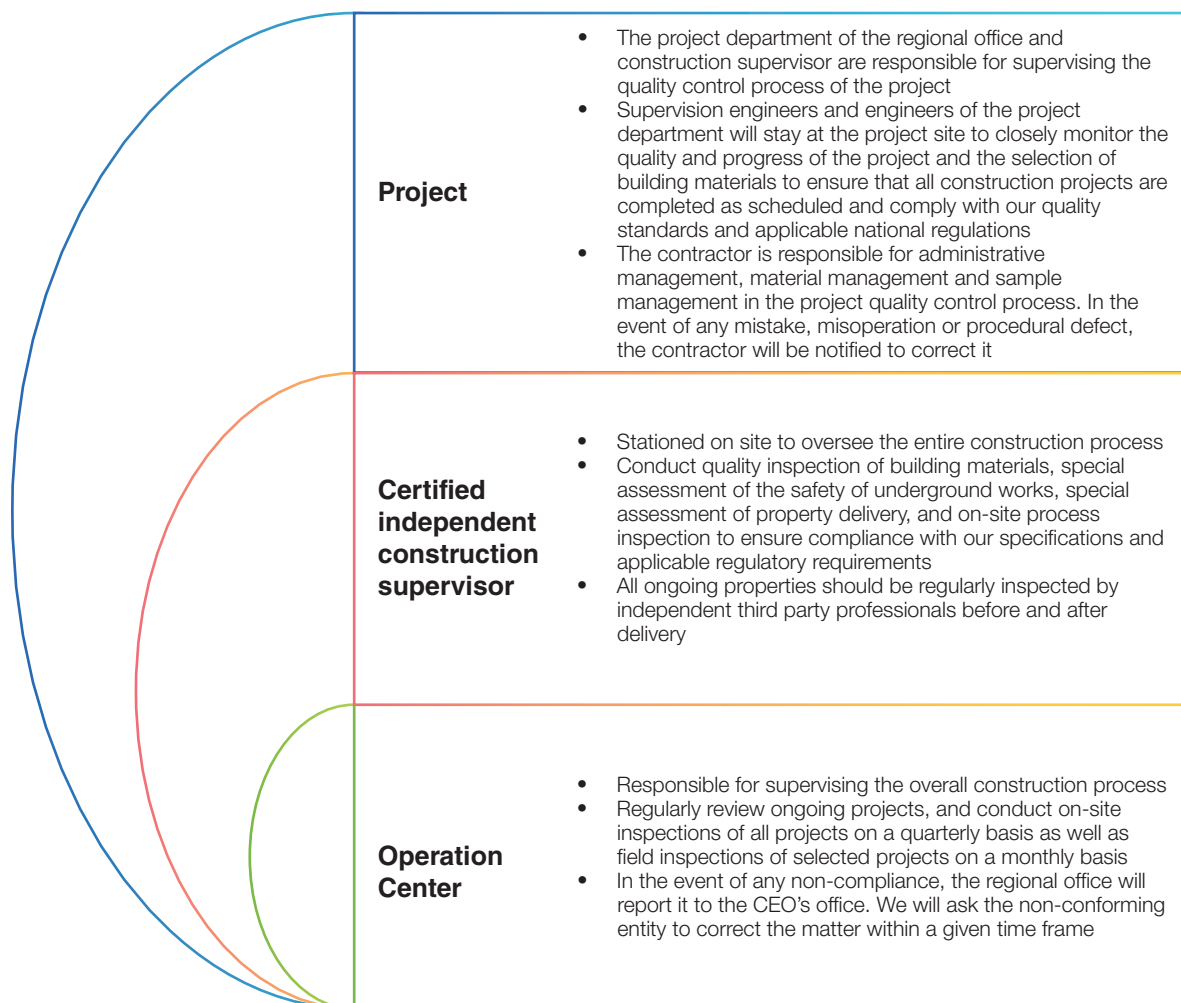


Five-level Quality Assurance System

CRAFTSMANSHIP: PURSUIT OF QUALITY DEVELOPMENT

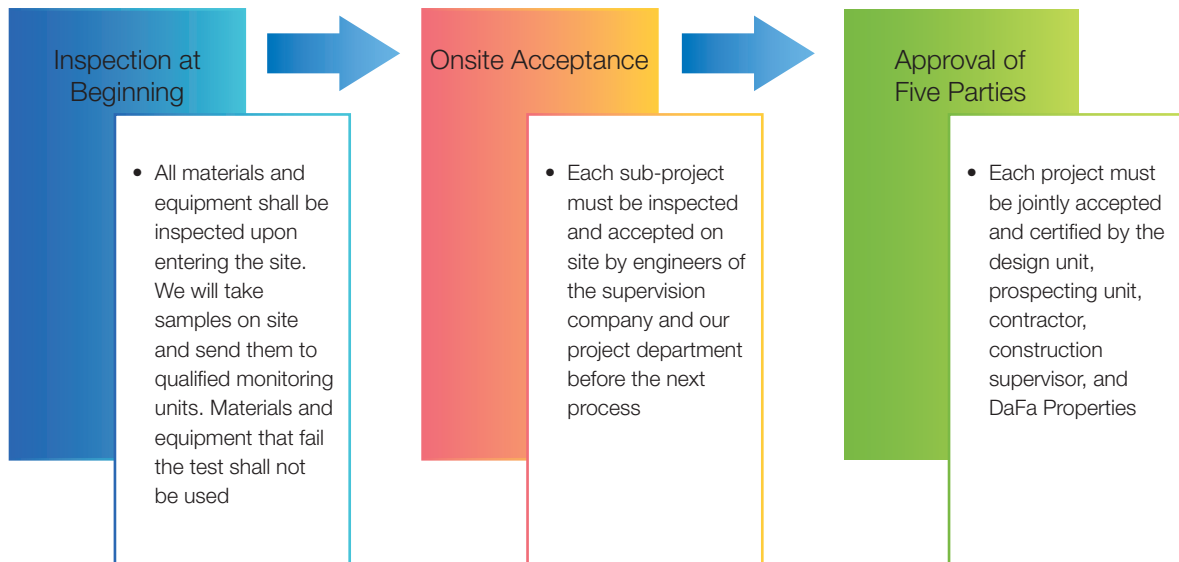
Quality Control

Quality control is critical to our brand reputation. It is our long-term goal to provide high-quality, comfortable living spaces. We attach great importance to the quality control of construction and management. To ensure the quality of the property and comply with relevant laws and regulations, we have established a series of quality control policies and procedures to standardize all aspects of the development process.



CRAFTSMANSHIP: PURSUIT OF QUALITY DEVELOPMENT

Quality control standards set by the local government are the insuperable bottom line. We are developing higher standards for internal quality control. In order to meet the quality control standards of local governments, we established a complete construction project inspection process.

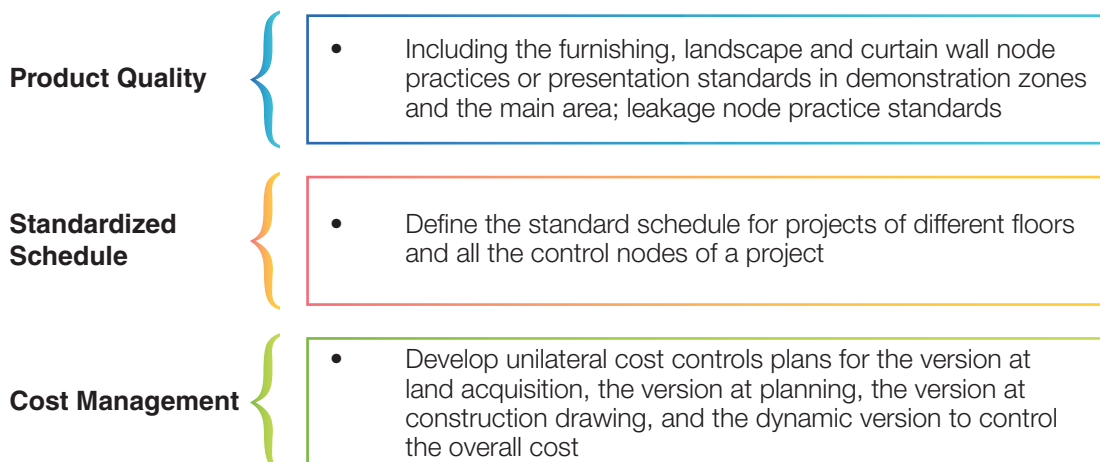


Construction Project Inspection Process

In addition, we engage a third-party quality assessment agency to conduct a process quality assessment every two months in accordance with the Group's quality management requirements. Quality assessment will be conducted no later than two months prior to delivery to identify key defects for rectification and delivery. Delivery assessment is performed 20 days prior to delivery to ensure delivery quality. We will reward or punish the contractor according to assessment results, and control quality requirements and reward and punishment measures in the Subcontracting Agreement, and have an impact on contract performance.

Product Standardization

The Group developed a management process for product standardization which includes the following three aspects:



CONSIDERATE AND WHOLEHEARTED SERVICE

Customer is the important part of the developing strategy of DaFa Properties. By virtue of abundant property developing experience, innovative design and high-quality service, the Group is making every effort to provide better service to our customers under the goal of To Be Integrating Operator of Community Life and the motto of Creating for Life.

Customer Rights and Interests

With the resolution of providing quality service and satisfactory shopping experience to our customers, we are strictly complying with relevant laws and regulations and the interior management system during the whole process from bidding and tendering to property delivery to ensure the service quality, as well as protect the rights and interests of customers.

Delivering by contract

The Group will draft the model purchasing contract in conformity with relevant provisions of the *Contract Law of People's Republic of China* and *Urban Real Estate Administration Law of the People's Republic of China*. And the delivery time will be stipulated by contract and the purchasing agreement. During the report period, the Group has never been involved in any delayed delivery of property.

Advertising in legal ways

The Group will launch advertising and publicizing activities in accordance with relevant laws and policies of the *Advertising Law of the People's Republic of China*, *Property Law of People's Republic of China*, *Law of the People's Republic of China on Protection of Consumer Rights and Interests*. We will enact standard model clauses and demonstration requirements in sales office. Relevant personnel at customer service center and legal personnel will be arranged to supervise and check the whole process of advertising. We are also going to provide training programs on relevant laws and regulations and the marketing strategy to our staff to raise their awareness of publicizing in legal methods.

Customer Complaint Handling

The Group will pay continuous attention to customer feedback and complaints, and adopt multiple customer complaining channels (including telephone, official website, WeChat official account, customer interview, and satisfaction survey) to collect and to deal with the customers' complaint and feedback. We've set clear management requirements for customer complaints handling according to the *Complaint Handling Guidelines of DaFa Properties*. At the same time, we will actively the reconstruction of complaint channels through informatization and platformization, and we will be dedicated in providing our customers with more convenient and efficient communication channels. During the reporting period, the Group received 683 complaints about products and services, with complaint handling rate of 93.4%.

In order to increase the efficiency of complaint handling, customers' complaints will be classified by types and the degrees of emergency. We will appoint corresponding personnel to follow up the complaints in different types and levels. For the complaints that cannot be settled by our staff, we will promptly report them to the line manager, service center and coordinating department and a professional group will be established thereby to give proper solutions to customers in time. What's more, we will issue our analysis results on customer complaints, efficiency increasing methods and improving opinions on our Weekly and Monthly Newspaper of Customer Complaint.

Privacy Protection

The Group strictly abides by the *Law of the People's Republic of China on the protection of Consumers' Rights and Interests*, respects customer's privacy and the information protection has been set as an important link of customer relationship management. For the purpose of privacy protection, all the office equipment of the Group has been installed with background monitoring software, so as to carry out informatization management for customer's information at the same time. Customer information will be managed orderly and normatively by setting permission for corresponding position and demand with the background monitoring software.

CONSIDERATE AND WHOLEHEARTED SERVICE

Service Optimization

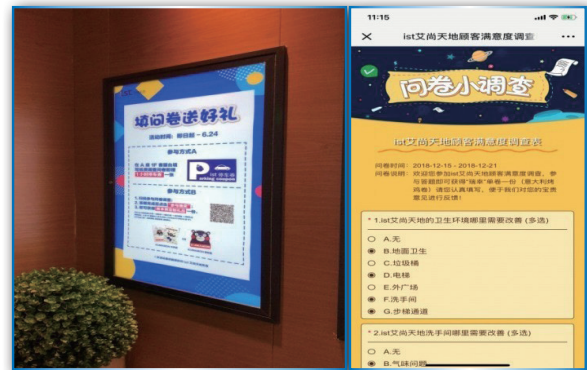
We will take customer's demand as our guideline and provide our customer with sustainable and high-quality services through strengthening the cooperation and interaction with customers. The Group will offer professional, high-efficient, sustainable and diversified service to our customers at the basis of our product line while taking standard service as the main part and the personalized service as the supplement. Except the essential services such as reception, sales, property delivery and after-sales service in the real estate industry, the Group will also provide guarantee measures for better customer experience on the premise of improving its own service quality through establishing pre-market trading risk inspection mechanism and mysterious customer inspection management system and so on.

Customer Satisfaction Management

The Group adopts industrial standard model and invites a third company to conduct the customer satisfaction surveys on different service nodes for customers in different stages (owner-to-be, adapting period, stable period, old owners). Scope of the satisfaction survey covers the whole service process including sales service, product design, engineering quality, delivery service, and properties management.

Satisfaction Survey on Tenants and Owners (Consumers)

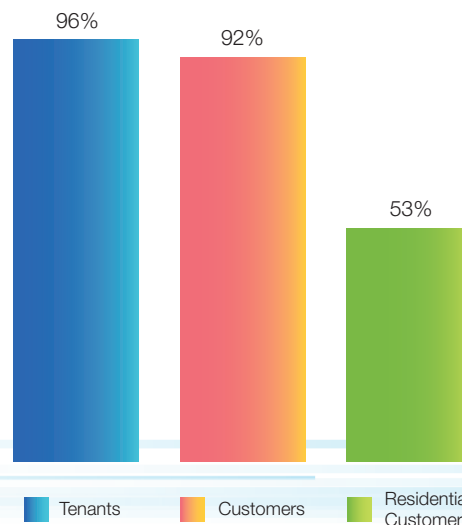
In 2018, our center of has organized twice surveys on tenant and customer satisfaction. The satisfaction questionnaire was conducted through WeChat platform and on-site filling, with a total number of 3,000 copies (including 2,000 online questionnaires and 1,000 offline questionnaires). 2,841 copies of questionnaires have been collected actually, with a collection rate of 95%.



Note: Online and Offline Satisfaction Survey

The average rate of Customer Satisfaction Survey in 2018 was 80.33%. More details are included in the following chart:

The Result of Customer Satisfaction Survey



CONSIDERATE AND WHOLEHEARTED SERVICE

For the purpose of increasing customer satisfaction, the following improving measures have been proposed by the Group according to the opinions of customer:

The improvement measures of the Market Center	The improvement measures of the Commercial Center
<ol style="list-style-type: none"> 1. Standardized the onsite management and the process of reception; 2. Established a risk management mechanism at the nodes of project startup and delivered; 3. Established three-level satisfaction management system and management objective for the group, region, as well as project; 4. Set up a department for the customer satisfaction management; 5. Set up a fund for customer satisfaction management; 6. Established the inspection and assessment mechanism for customer satisfaction management. 	<ol style="list-style-type: none"> 1. Sent the information about promotional activities for the tenants to promote the brand to them; 2. Involved tenants to participate the activities that organized by the commercial center to help promote brand and attract customer flow (attracting); 3. Divided the toilet into staff restroom and customer restroom; 4. Set up the publicity information bar from December 2018 for informing the recruitment massage and the recently development of commercial center; 5. Organized safety and health management training for tenants and staffs.

The improvement of restroom guidance

In 2018, the Group's commercial center has improved the unclear restroom guide signs in response to customers' feedback. The guide sighs have been set up at the key positions of the mall.



CONSIDERATE AND WHOLEHEARTED SERVICE

The Mysterious Customer System

In order to standardize the service of sales office, improve the quality of the Experience Zone, and prevent the risks caused by the illicit commitments made by the sales staff, we have set the inspection system of mysterious customer in combination with the current situation of the sales office. DaFa entrusts a third party to organize the secret inspection in each season, and issues the rating form in the next month. We will check and evaluate the overall hardware and service quality (including hardware configuration, sales service and on-site property service) of the project sale office from the stand of customer, so as to objectively identify problems and rectify promptly.

Customer Relationship Management

In order to provide after-sales service for the residents in time, we have set a Public Maintenance Fund to pre-pay for the customers who are in need of emergency maintenance. In addition, in order to increase the effective contact with customers, and listen the feedback from customers, as well as constantly improve satisfaction, we've specially drafted the *DaFa Customer Care System*. Relevant information will be provided to customers before and after property delivery, such as:

**Project progress report**

- After the customer finishing the transaction process, the customer serviceman of the department of sales planning will inform the progress of the project every three months with short report or simple words of SMS, so that the customer can regularly know the progress of the house construction;

**Activities and greetings**

- Send activities notifications and holiday messages to the residents;
- Send greetings to the customers on New Year's Day, Lantern Festival, Dragon Boat Festival, Mid-Autumn festival, National Day and other holidays to make the customers feel warm;

**Warm reminder**

- Seasonal changes, special weather, safety tips, etc.;
- Tips for residence and active maintenance of the house: such as the rainy season, the warranty period of each stage, etc.;

**Emergency notice**

- Emergency notice about temporary water and power failure, equipment maintenance, etc.;

**Promotion information**

- Timely inform customers the promotion information and activities of the cooperated merchants.

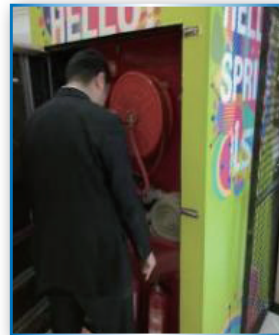
CONSIDERATE AND WHOLEHEARTED SERVICE

Security Operation Management

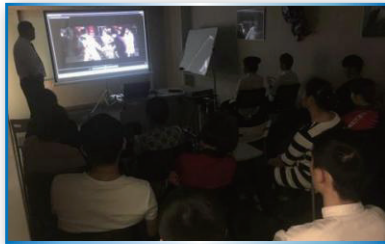
In order to ensure the security operation in shopping mall, a series of security management systems have been established in accordance with relevant laws and regulations, including the *Management System in Shopping Mall*, *Safety Management System for Commercial Tenant*, *Safety Management System for Warehouse*, *Safety Management System for Office Area*, *Construction Management System*, *Management System for Operation With Fire*, *Management System for Working Aloft* and so on.



Routine security check of warehouse area



Routine check of fire-fighting equipment



Fire safety theory training



Fire safety practice training

We've also set up a safety management department to implement the security operation management system. The general manager of the Group has been appointed as the leader of the safety leading group to solve various safety problems. A safety record will be established and we will update and regularly check the rectification system and equipment operation status, staff safety awareness and practice training every month. And the alarm equipment will be connected to the management and control system of municipal firefighter to ensure the normal operation of equipment and facilities in shopping mall.

The Joint Fire Drill in 2018

In order to enhance the fire protection consciousness, comprehensively eliminate potential safety hazard, and create a safe and stable business environment, our subsidiary Nanjing Commercial Company, the subsidiary, and Nanjing Property Company, its affiliated property company have organized a joint fire drill on June 22, 2018 to teach employees and commercial tenants and others how to correctly understand the fire, how to use fire blanket and fire extinguisher for their enhanced abilities to fight the fire, survive and evacuate themselves, and handle calmly the emergency when the fire emerges.

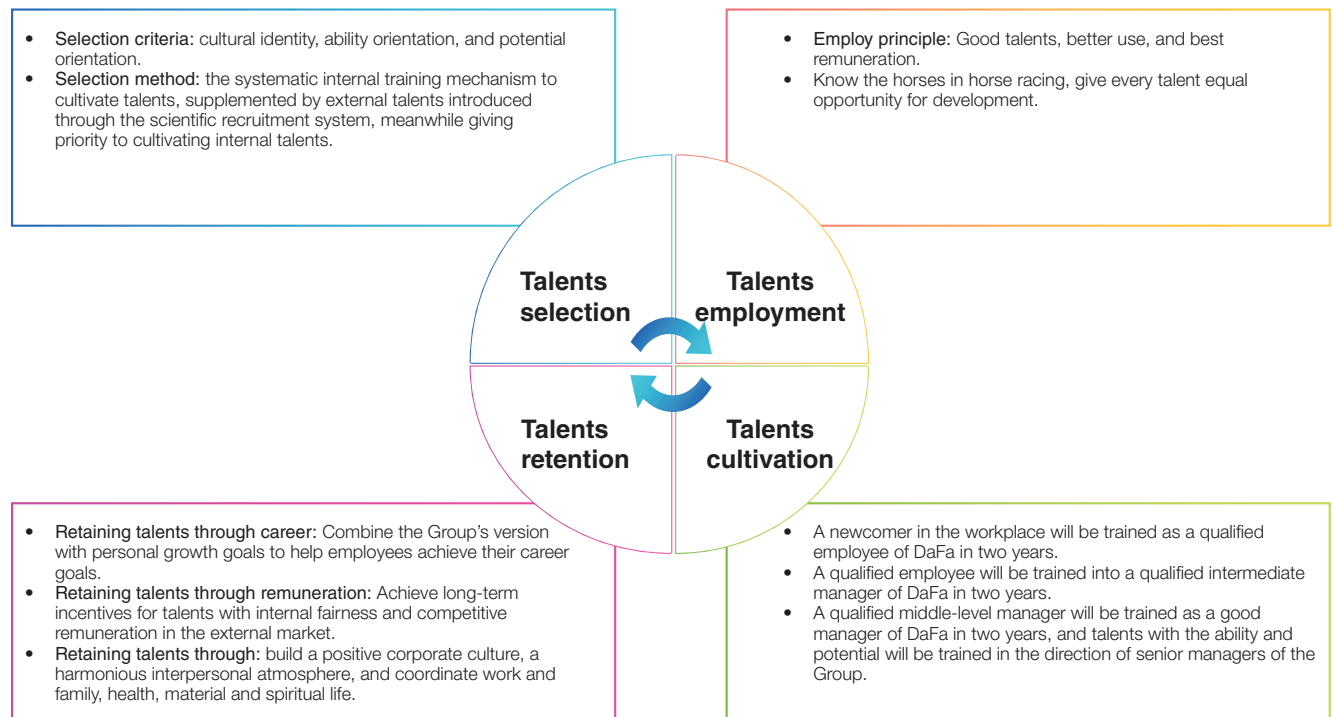


DEVOTED TO EMPLOYEE DEVELOPMENT

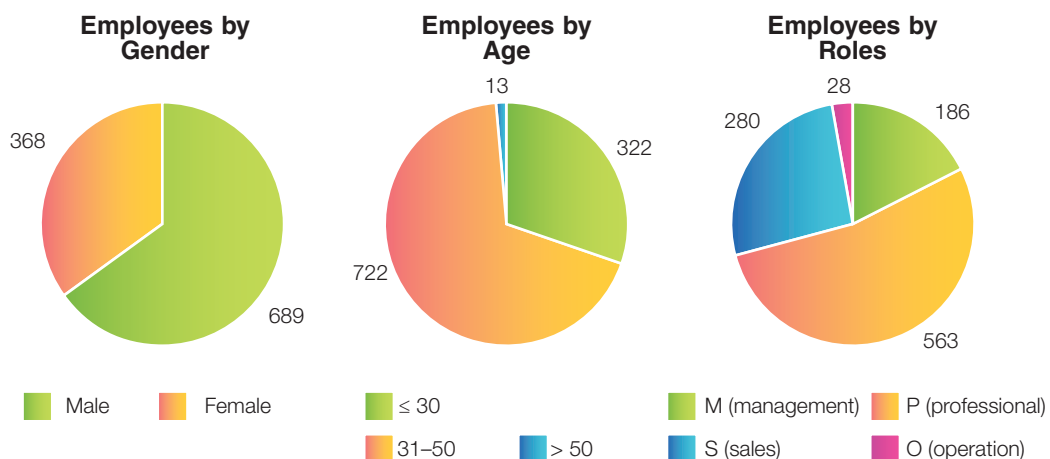
DaFa Properties cares for employees and pays attention to listening to their voices. Devoted to employee development, we provide a well-organized staff training system as well as open and fair promotion channels, so that employees can enjoy a healthy, happy, colorful and ambitious life, and achieve self-worth while contributing to the Group.

Pursue Your Dream at DaFa

We attach great importance to talents. It is our employment philosophy to value talents, cultivate talents and evaluate people by their abilities. It is our employment strategy to select, employ, cultivation and retain talents.



As of the end of the reporting period, the Group had 1,057 employees and the turnover rate was 32.92%. Employee distributions were as follows.



DEVOTED TO EMPLOYEE DEVELOPMENT

Protection of Employee Rights

Compliance recruitment is the bottom line of our human resource management work. The Group strictly abides by laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, and anti-discrimination and other benefits and welfare such as the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China as well as internal regulations including the *Recruitment Management System, Measures for Labor Contract Management, Employee Compensation Management System, Employee Benefits Management System, Employee Absence & Leave Management System, Employee Attendance Management System, Performance Management System, and Position Grade Level System*. We fully respect the backgrounds, beliefs, genders, and mindsets of our employees from the regulatory and policy levels, and resolutely oppose discrimination in any form, as well as provide them with equal, diverse development opportunities. We arrange the employee's work plan and duration reasonably, pay reasonable compensation for the inevitable overtime work. We strictly prohibit child labor or forced labor and will immediately suspend responsible personnel from office if any violation is found. The legitimate rights and interests of employees concerning recruitment and induction, compensation and benefits, professional development, etc. are fully guaranteed.

During the reporting period, the Group verified the identity and age information when recruiting new employees and signed labor contracts with all employees, and there was no illegal hiring or child labor.

Compensation and Benefits

The Group is deeply concerned about the wellbeing of its employees and continues to improve its compensation and benefits system to provide employees with competitive salaries and benefits compared to industry level. The Group also adopted policies and strictly complied with relevant laws and regulations in the People's Republic of China relating to providing a safe working environment and protecting employees from occupational hazards. Our employee benefits mainly include holiday benefits, high-temperature subsidies, regular physical examinations, commercial insurance, and redeemable online benefits. We pay basic medical insurance, pension insurance, maternity insurance, unemployment insurance, employment injury insurance, the Housing Provident Fund and other premiums for employees in accordance with *Social Insurance Law of the People's Republic of China*. During the reporting period, 100% of employees received physical examinations.

At the same time, in order to further cultivate a sense of accomplishment in employees, we designed a co-founding plan and a win-win plan. The co-founding program allows employees to invest in our project companies and receive dividends after certain conditions are met. The win-win program rewards employees with bonuses based on their position and performance. We believe that the two reward programs can boost the morale and dedication of employees and link their personal growth with the development of the Group.

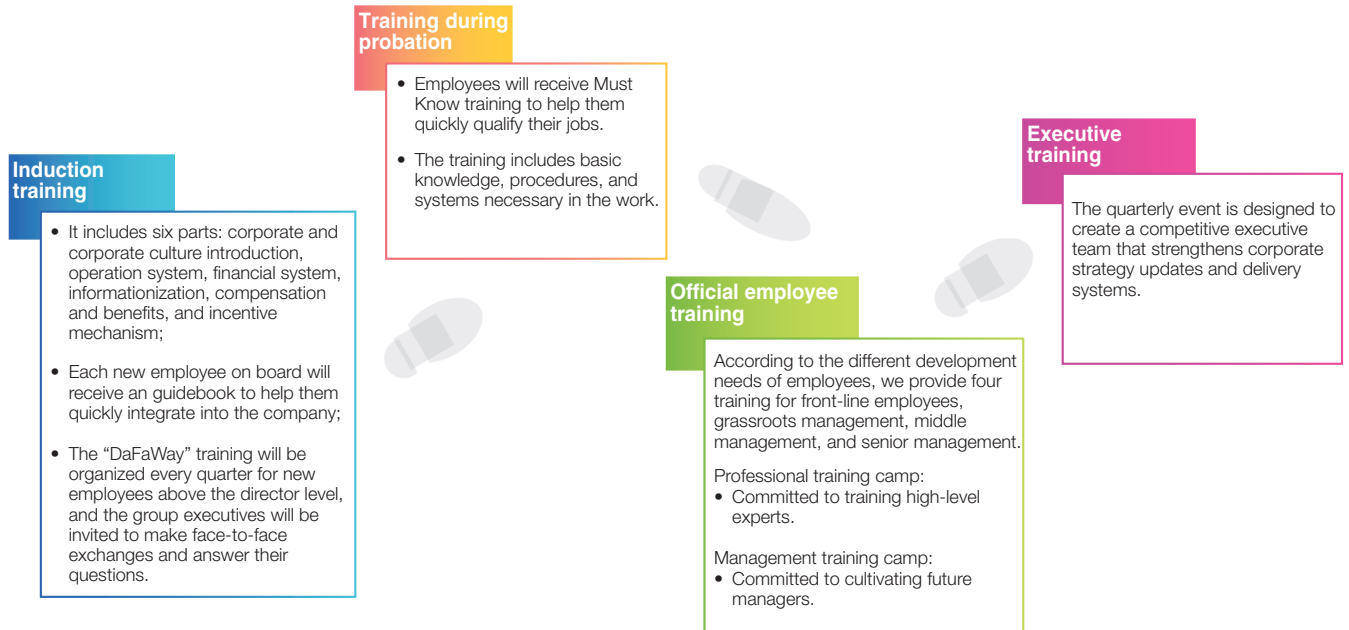
Value and Cultivate Talents

We endeavor to provide a broad platform for "elites and people who aim to be elites". In light of our business needs and long-term development, we established a training and professional development system that matches the characteristics and duties of our employees to make both of the dreams come true.

DEVOTED TO EMPLOYEE DEVELOPMENT

Staff Training

The main purpose of staff training is to improve the skills of employees. We developed continuous and systematic training programs for employees at different levels and with different duties to enhance their abilities and understanding of the industry. In addition to in-house training, we also engage external experts to train our employees.

**Staff Training Roadmap**

DEVOTED TO EMPLOYEE DEVELOPMENT

Double Star Plan to Cultivate the Future Pillars of the Group

We set up two plans, namely the Morning Star Plan and the Sailing Star Plan, to provide young employees with more opportunities and enrich our talent pool for future development.

Morning Star Plan

Talent strategy programme of DaFa Marketing Center conducts a five-year training programme for Morning Star and gives proposals on annual promotion and development to achieve the fastest and best development;

Training objectives: senior marketing management talents with great responsibility and great potential in DaFa Properties;

Training methods: apprenticeship, on-the-job training, group view exchanges and regular debriefing.

Sailing Star (Management Trainee) Plan

Oriented to the training of professional leaders and future managers for DaFa Land, this three-year training programme for the Sailing Star is divided into specific tasks to gradually improve their comprehensive capabilities;

Training objectives: foster the habits and abilities of active learning, being the keeper and communicator of corporate culture, determine career planning, and build personal brand within the organization;

Training method: series of core measures, such as centralized training, on-the-job practice and debriefing to help management trainee gradually grow from a grassroots salesperson to senior management talent.



“Starry” Sky

During the reporting period, more than 150 people signed up for the Morning Star Program. They all took internships at project sites. Besides, more than 20 “2019 Sailing Stars” have officially joined the Group.

DEVOTED TO EMPLOYEE DEVELOPMENT

During the reporting period, the employee training performance of the Group was as follows.

Indicator		Unit	2018
Total person-times of training		Person-time	12,480
Total hours of training		Hour	18,860
Average hours of training per employee by gender	Male	Hour	17.52
	Female	Hour	18.45

Professional Development

We hope that all employees can make gains in experience and ability as they pursue professional development. We divide our employees into four categories, i.e. management, professional, sales, and operation, based on the principle of equality and the characteristics of their posts. We evaluate employee performance semi-annually and annually. Based on the evaluation results, excellent employees will be promoted according to a “Y” route or become an expert in their department.

Care for Employees

Two-way communication between employees and management and smooth communication channels are important to sustain employees’ confidence in the Group, as well as their morale and efficiency. We have established a variety of communication channels to collect employees’ opinions and convey them effectively to management.



Employee

Labor Union

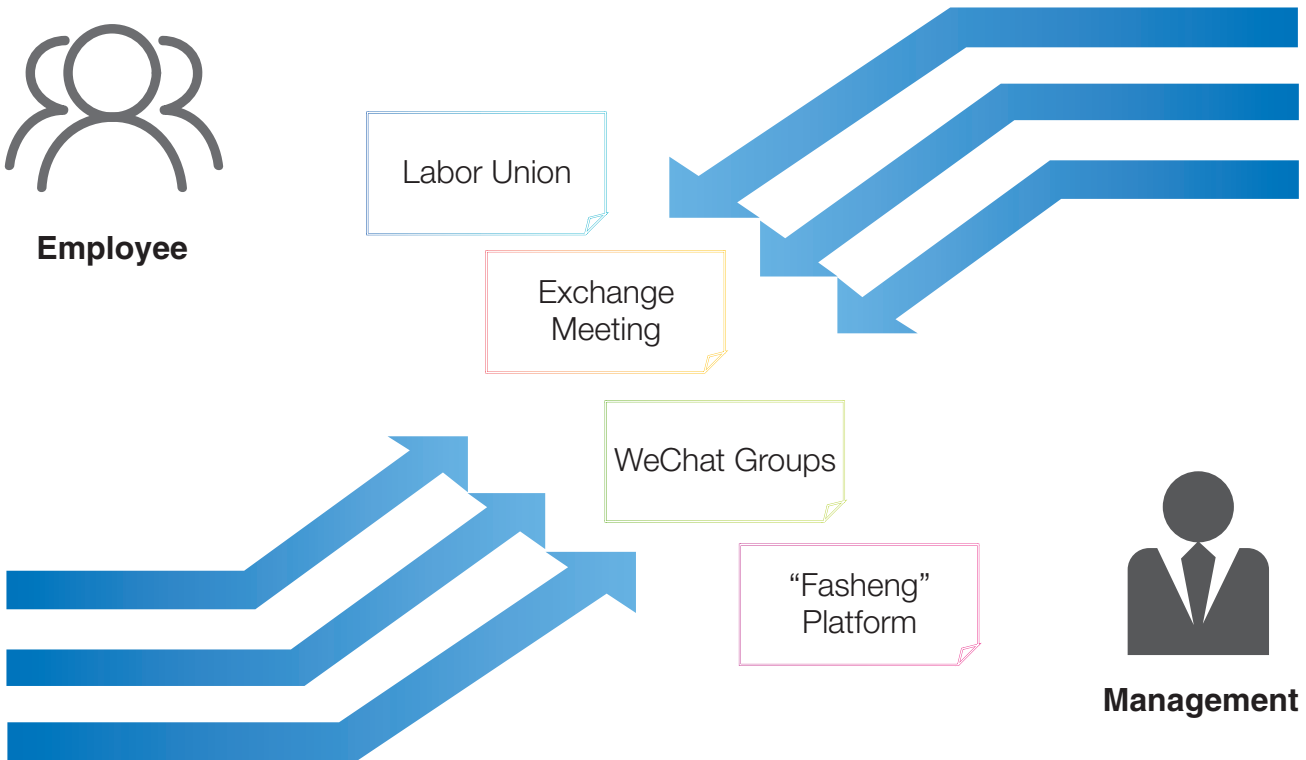
Exchange Meeting

WeChat Groups

“Fasheng” Platform



Management



DEVOTED TO EMPLOYEE DEVELOPMENT

“Fasheng” (news/voices) Platform as a Bridge of Communication

“Fasheng” is an important communication channel for employees of the Group. The platform regularly updates company news & media coverage, introduces excellent employees, releases information that employees are concerned with, helps employees with their problems and allow them to speak out.



Excellent employees are publicized on the cultural wall and rewarded by executives



Frontline employees spoke out about process system optimization

We not only provide employees with competitive compensation and benefits, but also organize various events and activities for employees including D-CUP basketball matches, Employee Sports Competition, outward bound, urban orienteering, and parent-child activities to help employees achieve life-work balance.



Employee Sports Competition

PURSUE GREEN DEVELOPMENT WITH SINCERITY

The operation of real estate enterprises is very much tied to environmental changes. DaFa Properties has always been committed to environmental friendliness, providing customers with a healthy and comfortable place to live. In property design, construction and operation, we aim to be in harmony with nature and effectively protect the environment.

Management System

The Group has adopted policies not only relating to greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, but also on minimizing the Group's impact on the environment and natural resources. The Group strictly abides by the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise*, *Law of the People's Republic of China on Appraising of Environment Impacts*, *Regulations on the Administration of Construction Project Environmental Protection*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other laws and regulations, and engages third-party agencies to assess the environment impacts of our projects to minimize negative impact on the environment and community. During the reporting period, new projects of the Group demonstrated a 100% EIA compliance rate. The Group was not punished for violating any law or regulation on the environment.

Green Building

The Group values design in harmony with nature and strictly controls the entire project process from development to design and construction. And the Group also strictly controls the change in design documents, to avoid the performance reduction of the Green Building, and the Group's impact on the environment and natural resources. In light of green building requirements on the conservation of energy, land, water and building materials, we keep a check on bidder qualification during the tendering process to improve afforestation, use of recycled materials and energy conservation, so that the architectural design meets national standards for green building. For example, we opted for green balconies to ensure ventilation, save energy and cut emissions.

On November 29, 2018, the DaFa Rongyue Four Seasons Project in Shanghai was awarded Certificate of Three-Star Green Building Design Label by the Ministry of Housing and Urban-Rural Construction of the People's Republic of China for its green, sustainable design.

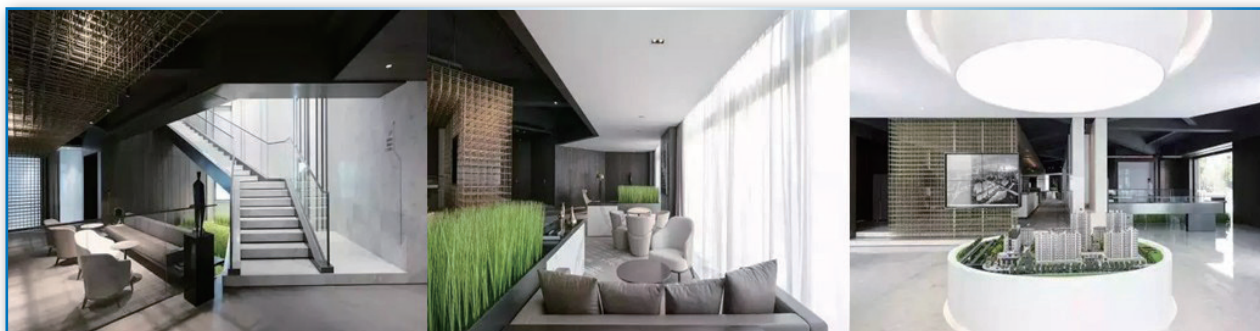


Certificate of Three-Star Green Building Design Label of the DaFa Rongyue Four Seasons Project

PURSUE GREEN DEVELOPMENT WITH SINCERITY

Rongyue Four Seasons Sales Center – Green Technologies

We adopt a winding line of flow in the courtyard, infusing the reinforced concrete structure with a sense of breath. Using a bridge connects the indoor and outdoor, and let green plants and wooden furniture bring out the best of each other. The bridge not only functions as a passage but also brings nature close to residents. LED glasses are adopted to integrate sound, light and shadow into the model, showing a sense of technology and future.



In addition, we opt for environmentally friendly designs to enhance the sustainability of our products. For example, we integrate the concept of sponge city in the Hangyong Yuyao Project and Fenghua Project. Through sponge city designs, the capture ratio of total annual runoff volume exceeds 80%, the reduction rate of suspended solids exceeds 50%, and the proportion of permeable area to hardened ground is no less than 40%.

Energy Conservation and Environmental Protection

The Group is well aware of the importance of natural resources and how energy shortage will hurt our economy. In order to protect the environment and promote sustainable development as we pursue economic growth we implement environmentally friendly measures in the whole business process. Moreover, we demand that our employees protect the environment in their everyday life.

During the reporting period, our energy consumption indicators were as follows:

Indicator	Unit	2018
Comprehensive energy consumption	Ton of standard coal	3,414.85
Category I: Direct greenhouse gas emissions	Carbon dioxide equivalent (kg)	14,376,431.21
Category II: Indirect greenhouse gas emissions	Carbon dioxide equivalent (kg)	871,800.00
Total greenhouse gas emissions	Carbon dioxide equivalent (kg)	2,308,231.21
Total greenhouse gas emissions for every RMB10,000 income value	Ton/RMB10,000 of income value	0.03
Electricity consumption	10,000 kWh	2,451.32
Gasoline consumption	Liter	358,253.00
Diesel consumption	Liter	16,340.00
Natural gas consumption	Standard cubic meter	17,750.00
Total water consumption	Ton	463,245.10
Total water consumption for every RMB10,000 income value	Ton/RMB10,000 of income value	0.78
Energy consumption for every RMB10,000 income value	Ton of standard coal/RMB10,000 of income value	0.93

(as of December 31, 2018)

Note: The data above covers our headquarters, regional company offices ongoing projects, sales centers in operation, and commercial property projects in operation.

PURSUE GREEN DEVELOPMENT WITH SINCERITY

Green Construction

The Group strictly abides by the *Guidelines for Project Safety and Green Construction and its annex the Guidelines for Green Construction* which provide control measures for dust, noise, light pollution, water pollution, to protect residents in the surroundings from disturbance, make efficient use of energies, and protect the ecological environment. Also, the Group established field safety and civilized practice standards and made it an annex to the agreement with the contractor. The standards set out precautions for processes that are vulnerable to safety risks to ensure the field safety.

Besides, the Group actively responds to national regulations, and subsidize all construction units for environmental protection, work safety, site cleaning, pollutant treatment compliance, etc. We demand that construction units implement all precautionary measures in accordance with our agreements to ensure field safety and environmental protection.

Environmental Protection

- Measure and record the noise level around the construction site, and take effective noise reduction measures to meet the current national standards;
- Take dust control measure, such as water spray and covering, including:
 - Ensure 100% bare soil coverage in non-construction areas during construction;
 - Ensure 100% construction site enclosure rate;
 - Ensure 100% road hardening rate on site;
 - Ensure wet operation rate is 100% for demolition site (non-blasting demolition) and construction waste loading;
 - Ensure 100% wheel washing rate of engineering vehicles leaving the site;
 - Ensure the green rate of the no construction site is 100%;
- Develop and implement plans to reduce and recycle construction waste, so that the recovery rate of recyclable construction waste is no less than 80%.

Energy Use

- Take measures to reduce steel bar as well as the premixed concrete consumption;
- Develop and implement energy saving and using plans, monitor and record construction energy consumption data, energy consumption data of building materials and equipment transportation from the source to the construction site, and transportation energy consumption data of waste materials from the construction site to the recycling center;
- Develop and implement plans to use and save water, monitor the water consumption data from the construction site and living area.

Construction Management

- Integrate civil work and furnishing;
- Implement the key part of green building requirements in the design documents;
- Take measures to ensure the durability of the buildings;
- Before completion and acceptance, the construction unit will organize relevant responsible units to commission and test the electromechanical system, and ensure that it meets the design requirements.

PURSUE GREEN DEVELOPMENT WITH SINCERITY

Green Operation

We employed energy-saving and emission-reducing facilities in the malls and office buildings, engaged dedicated personnel to check if the facilities are shut down in non-business hours, and promote environmental awareness to ensure low-carbon operation and environmental protection.

Energy Conservation



- LED lights for operation sites and office areas
- Request merchants to use LED lights as much as they can at renovation
- Turn on/off exterior lighting, ambient lights according to the season as well as summertime/wintertime
- Turn on all lights, escalators, and air-conditioners one minute ahead of the opening time from the first floor to higher floors



- Regulate the central air-conditioning system in real time according to room temperature. VRV air conditioners must be equipped with frequency converters



- Adopt automatic faucets for public toilets to control water usage



- Toilet paper and paper towels are provided by vending machines in the mall to reduce waste



- Set up two temporary waste storage points in commercial centers. Merchants transport classified wastes to the designated storage point following designated routes. Environmental sanitation departments arrange waste collection vehicles to transport classified wastes on a daily basis

Waste Disposal



- Classify wastes. Recyclable wastes are collected and processed together. Domestic waste, kitchen waste, slops, etc. are classified and stored at designated locations, and are disposed of by local environmental sanitation departments



- Set up two temporary waste storage points in commercial centers. Merchants transport classified wastes to the designated storage point following designated routes. Environmental sanitation departments arrange waste collection vehicles to transport classified wastes on a daily basis

Awareness Improvement



- Give each employee a pot of succulents, place green plants in public office areas to improve the mood and environmental awareness of employees



- Encourage employees to take the shuttle bus, and arrange shuttles to pick up and drop off employees at subway and bus stops to reduce private car exhaust emissions from commuting

PURSUE GREEN DEVELOPMENT WITH SINCERITY

During the reporting period, our waste discharge was as follows:

Indicator	Unit	2018
Construction waste	Ton	8,055
Office and kitchen waste	Ton	2,227.68
Total non-hazardous waste	Ton	10,282.68
Non-hazardous waste for every RMB10,000 income value	Ton/RMB10,000 income value	0.0172

CONCERTED EFFORTS FOR WIN-WIN RESULTS

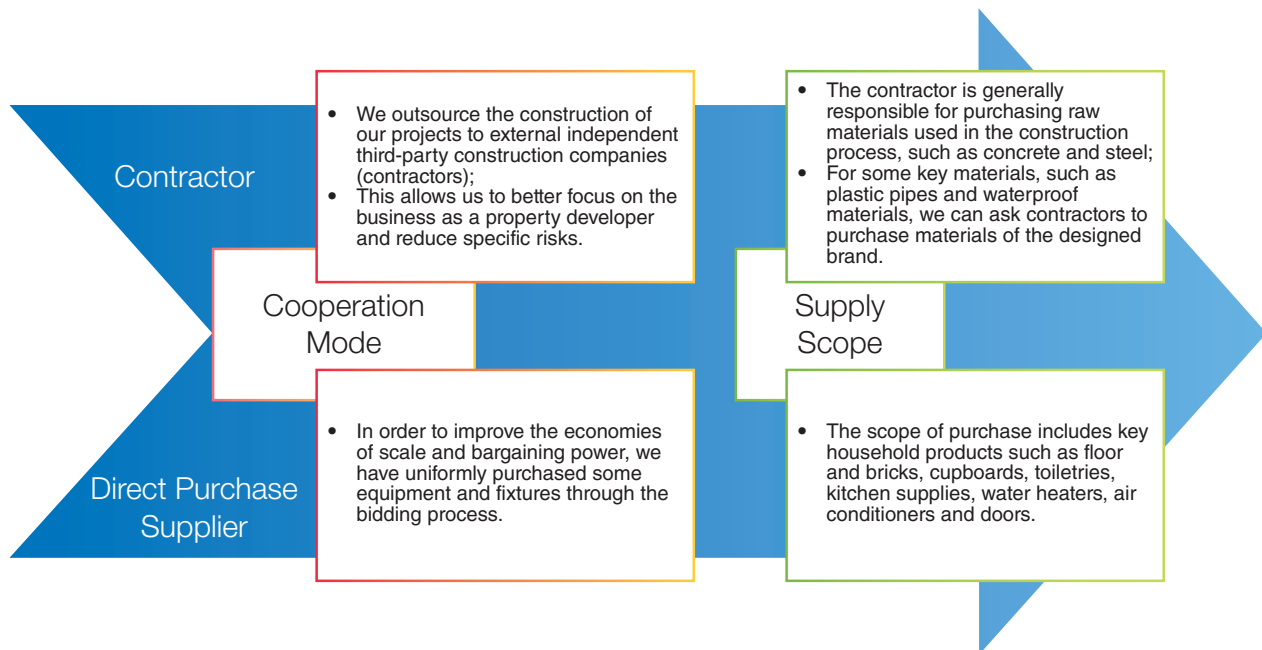
Only when we work with like-minded partners can we achieve high goals together. In order to introduce “scenario experience” to more cities and “enjoyable life” to more families, DaFa Properties persists in working high quality supply chain partners and actively fulfills its social responsibilities. The Group is committed to social welfare activities and shares its development results with society.

Win-Win Cooperation

We aim to establish stable, win-win cooperation with suppliers, trusting and supporting each other as we pursue sustainable development for a bright future. Moreover, in order to effectively control all links of the supply chain, we strictly followed *The Bidding Law of the People’s Republic of China, Provisions on the Scope and Threshold of Construction Projects for Bid Invitation* and other laws and regulations, and established a supply chain covering the entire cooperation process to ensure continuous improvement of supply chain management. The Group has listed the requirements for integrity in the contract with suppliers and announced the channels for complaints.

Cooperation with Suppliers

Our suppliers are mainly material suppliers and contractors. The following graph shows how we cooperate with suppliers.



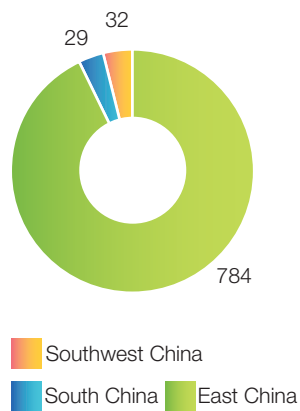
Model of Cooperation with Suppliers of DaFa Properties

Our projects are widely distributed. In order to control suppliers in a more effective way, we established a central supplier database. When individual suppliers fail to meet our needs, we opt for similar suppliers in the database instead, which reduce potential supply chain risks.

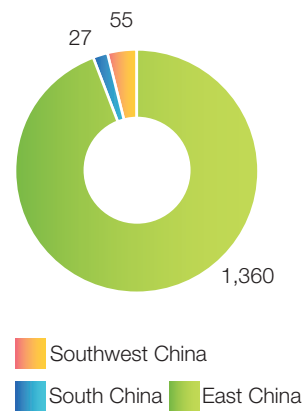
CONCERTED EFFORTS FOR WIN-WIN RESULTS

During the reporting period, most of our contractors and suppliers of raw materials, fixtures, and equipment were based in China. We had a total of 845 suppliers and 1,442 contractors, of which the regional distribution is as follows:

Material Supplier



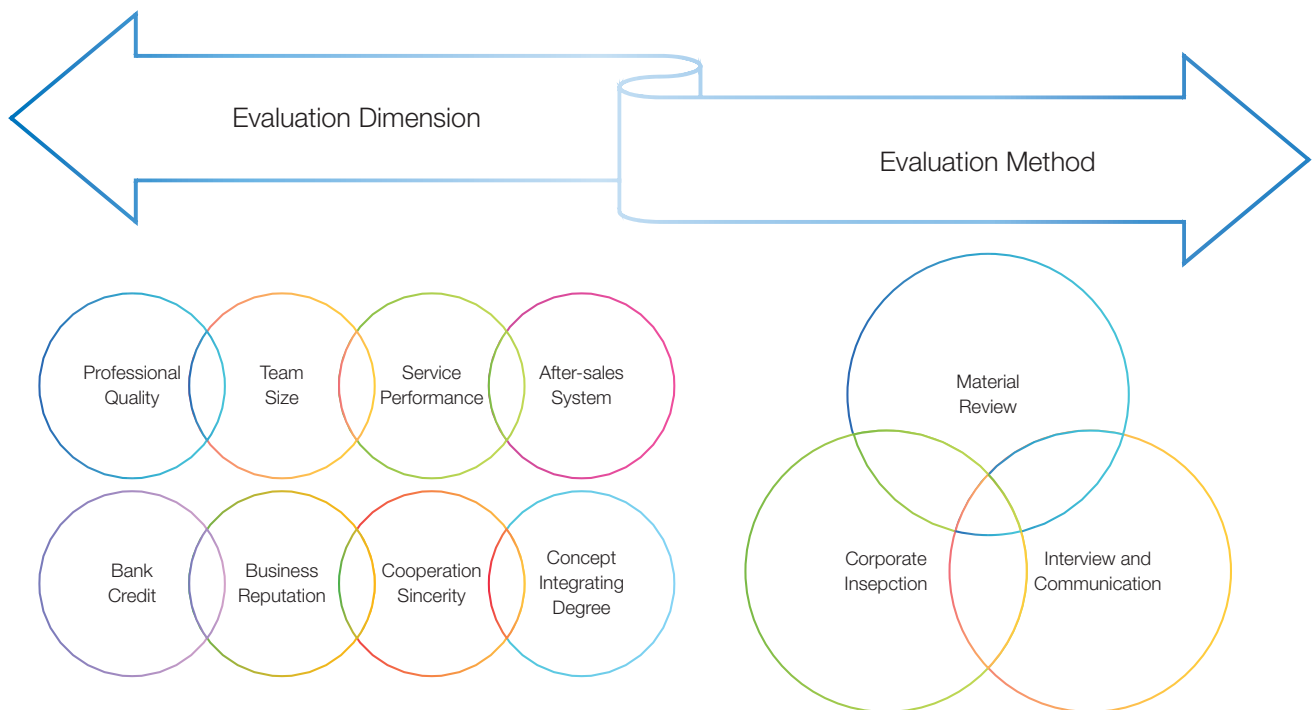
Contractor



Supplier Evaluation

Admission Evaluation

Before we sign a contract with a new supplier, we will perform a multi-dimensional and multi-form evaluation of the supplier to ensure that it meets the requirements of DaFa Properties for suppliers.



CONCERTED EFFORTS FOR WIN-WIN RESULTS

Transparent procurement and fair tendering

Committed to transparent procurement, we award contracts through public invitations for bid and invitation-based tenders for bid. To ensure the fairness of tenders, we release tender information on our official website and on the Mingyuan Cloud System (an online platform for information exchange between real estate developers and third-party suppliers). For the bidding process and follow-up procedures, we set out “12 red lines” and corresponding penalty standards to ensure transparent procurement.

“12 RED LINES” FOR TRANSPARENT PROCUREMENT

- ✓ It is strictly forbidden to embezzle money, take bribes, or misappropriate public funds. It is strictly forbidden to collude, cheat or damage the interests of the Group;
- ✓ It is required to observe corporate systems, procedures, guidelines, etc. It is strictly forbidden to exempt a project from bidding if it is supposed to be subject to bidding, break one project into parts or avoid bidding;
- ✓ It is strictly forbidden to sever the amount or select procedures in violation of the regulations to avoid approval and supervision;
- ✓ It is strictly forbidden to carry out bidding before it is approved;
- ✓ It is strictly forbidden to disclose to others the names, number or any other circumstance related to the bidding that might hurt fair competition;
- ✓ It is strictly forbidden to collude with bidders. Bidders are strictly forbidden to bribe staff at the procurement agency to win the bid;
- ✓ It is strictly forbidden to disclose to anyone other than tenderers the assessment and comparison of different bids, recommended bid winner, or any other circumstance related to the bid evaluation;
- ✓ It is strictly forbidden to start construction before the bid winner is identified or decide the bid winner without appropriate procedure. It is strictly forbidden to skip the tendering process to sign and perform any contract;
- ✓ Contractors must revise and implement plans according to the opinions of the examination and approval body. Contractors shall not cause adverse consequences to the Group;
- ✓ Contractors will provide truthful and accurate information for project settlement. Contractors shall not cause material damage to the Group;
- ✓ It is strictly forbidden to cause risks and losses to the Group due to explicitly unfair clauses;
- ✓ Contractors are strictly forbidden to give false reports on the variable cost occurred and changes to the project.

Process Evaluation

To ensure the quality and progress of our properties, we adopt rigorous evaluation criteria at procurement. As for cooperation with suppliers, to direct them to actively improve the comprehensive level of their products and services, we conduct an annual supplier process performance evaluation and post-performance evaluation. The evaluation covers quality, cost, coordination, design, project management, payment progress, safety, etc.

We divide suppliers into five grades according to the performance evaluation results, namely quality suppliers, qualified suppliers, whitelist suppliers, greylist suppliers and blacklist suppliers. Quality suppliers enjoy preferential treatment such as prioritized access to major orders. If we spot any problem when we evaluate a supplier (i.e. it is a greylist supplier and the problem does not involve defective product), we will suspend cooperation with the supplier help it with the problem until it is corrected. We will not work with suppliers blacklisted due to qualification issues.

To help suppliers continuously improve their product quality and service level, and eventually become quality suppliers, we invented a red list during the reporting period.

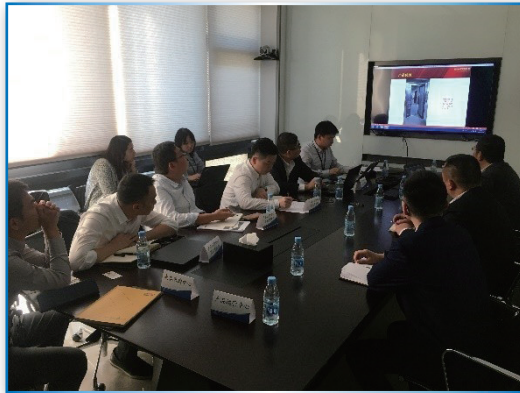
CONCERTED EFFORTS FOR WIN-WIN RESULTS

DaFa Properties Strategic Alliance and Partner Commendation Conference

Committed to transparent procurement, we award contracts through public invitations for bid and invitation-based tenders for bid. To ensure the fairness of tenders, we release tender information on our official website and on the Mingyuan Cloud System (an online platform for information exchange between real estate developers and third-party suppliers). For the bidding process and follow-up procedures, we set out “12 red lines” and corresponding penalty standards to ensure transparent procurement.

**Supplier Ability Improvement**

As we standardize supplier management, we actively provide training for suppliers to improve their quality and service level. We mainly offer them our strategic procurement training and centralized on-site training to implement our standards and requirements.

**Supplier Training**

CONCERTED EFFORTS FOR WIN-WIN RESULTS

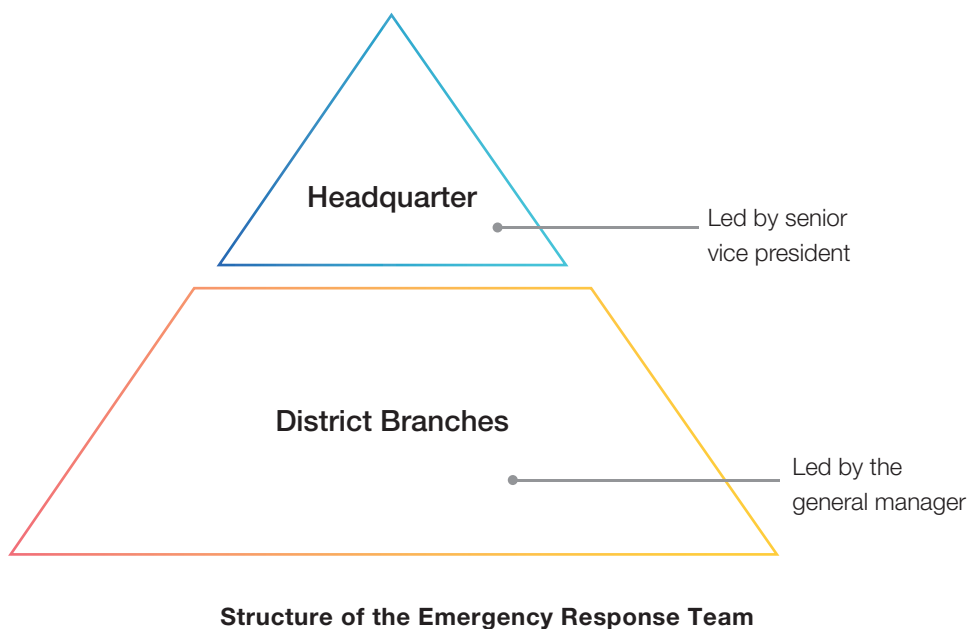
Contractor Safety Management

Our projects are all undertaken by contractors. The safety management abilities of the contractors are closely related to project safety risks. Therefore, project safety management is a key part of contractor evaluation. We strictly implement *the Work Safety Law of the People's Republic of China*, supervise contractors to improve occupational health and safety management, and effectively protect the health and safety of field personnel.

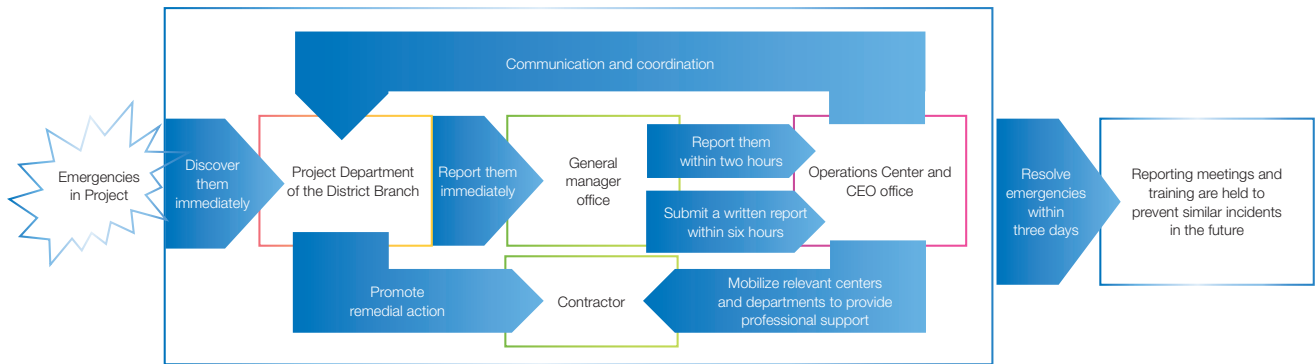
Contractor Safety Management Measures

- Develop a safety precautionary plan to implement a safety production responsibility system;
- Establish safety production targets and measures to systematically improve the working environment and conditions of workers;
- According to the national labor safety and health standards and protection work requirements, adopt corresponding construction site safety production protection measures at different construction stages;
- Purchase accident insurance for employees risking work injury, adopt effective occupational safety monitoring measures and provide regular medical examinations and training.

In order to address work safety accidents in a prompt and effective manner, we have established emergency response teams and developed standard response programs.



CONCERTED EFFORTS FOR WIN-WIN RESULTS

**Emergency Response Plan**

During the reporting period, there was no event or accident that caused casualty, and the Group was not punished for violating laws and regulations on labor, health and safety.

Charity Undertakings

As a corporate citizen, the Group has been a devoted supporter of charity work. We try our best to help children and promote the development of education and culture, doing our part for social harmony. During the reporting period, the Group spent a total of RMB10.9 million on charity activities and received 2018 Model Real Estate Enterprise for Poverty Alleviation in China, 2017 Corporate Social Responsibility Model Award and other honors.

Care for Children

The Group has been forward in helping children and protecting access to basic education for children in remote and poor areas. We have been sponsoring out-of-school children in poor mountainous areas since 2005 when we launched an Education Fund. After natural disasters such as Typhoon Saomai and Wenchuan Earthquake, we heeded to the government's call and made donations to reconstruct schools.

In September 2017, we worked with the Tencent Foundation and launched a crowdfunding program named "helping elves trapped in the mountains". We took the lead to donate RMB37,833 and raised RMB81,870 from all donors for five primary schools in Zuodeng Yao Autonomous Township, Tiandong County, Baise, Guangxi Province to purchase teaching materials.

In addition, we appealed to our employees and the proprietors of our real estate projects to provide poverty-stricken children with love and knowledge, donating books and materials to them.

CONCERTED EFFORTS FOR WIN-WIN RESULTS

“Look for the most beautiful teacher and discover positive energy”

Since 2017, the Group has been working with Tencent Shanghai on a charity event called “Look for the most beautiful teacher and discover positive energy” to foster the habit of giving. The event contains a series of activities such as “gather positive-energy stories”, “visit volunteers teaching in underdeveloped areas”, “offline exhibition”, etc. We aimed to find stories of selfless teachers and craftsmen that carry forward the best of our culture, encourage the public to value the true, the good, and the beautiful, and spread more positive energy.



CONCERTED EFFORTS FOR WIN-WIN RESULTS

Education and Culture

Education is a fundamental undertaking to a country that attracts the attention of everyone. As a responsible company, we've been supportive of education as a key part of our community investment. As of the end of the reporting period, we have donated RMB500,000 to East China Normal University Ideological and Political Education Fund, RMB450,000 to the School History Museum of Guangchang Road Primary School in Wenzhou, and RMB100 million to Wenzhou-Kean University Education Development Foundation.



Wenzhou-Kean University "Ge Hekai Building"

Donation to Tsinghua University School of Public Policy and Management Alumni Development Fund

As public management practitioners improve their theoretical depth and practical abilities, we have a strong sense of responsibility in promoting the sustainable development of public management in China and making due contributions to a harmonious society. In 2018, we set up a Public Management Fund for the Tsinghua School of Public Policy and Management to facilitate its Alumni Lifelong Learning Program in hope that the program could engage more excellent companies and alumni in the sustainable development of urban social services and public management.



APPENDIX I

APPLICABLE LAWS, REGULATIONS AND POLICIES

Laws and Regulations

Audit Law of the People's Republic of China
Regulation on the Implementation of the Audit Law of the People's Republic of China
National Auditing Standards of the People's Republic of China
Intellectual Property Law of the People's Republic of China
Contract Law of the People's Republic of China
Law of the People's Republic of China on Urban Real Estate Administration
Property Law of the People's Republic of China
Law of the People's Republic of China on the Protection of Consumers' Rights and Interests
Advertising Law of the People's Republic of China
Pricing Law of the People's Republic of China
Environmental Protection Law of the People's Republic of China
Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise
Law of the People's Republic of China on Environmental Impact Assessment
Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
Law of the People's Republic of China on Prevention and Control of Water Pollution
Regulations on the Administration of Construction Project Environmental Protection
Labor Law of the People's Republic of China
Labor Contract Law of the People's Republic of China
Social Insurance Law of the People's Republic of China
Law of the People's Republic of China on Tenders and Bids
Provisions on the Scope and Threshold of Construction Projects for Bid Invitation
Work Safety Law of the People's Republic of China




APPENDIX I

APPLICABLE LAWS, REGULATIONS AND POLICIES

Internal Policy Papers

Measures for the Management of Project Process Assessment
Measures for the Management of Project Delivery Assessment
Guidelines for Joint Acceptance of Demonstration Zones
Measures for Quality and Safety Management of Four Major Underground Processes
Measures for the Management of Foundation Pit Support and Precipitation Scheme
Measures for the Management of Earthwork Excavation
Measures for the Management of Project Test Pile
Operational Guidelines for Waterproofing
Guidelines for Process Handover
Guidelines for Project Management Acceptance
Measures for the Management of Project Planning
Guidelines for Prototyping Practice
Guidelines for the Protection of Furnished Houses
Guidelines for Construction Processes in Demonstration Areas
Guidelines for Material Typesetting Practice
Guidelines for the Standard Schedule of Residential Projects
Measures for the Management of DaFa Properties Panorama Plan
Anti-corruption Supervision System
Employee Self-discipline Code of Conduct
Corporate Reporting System
Guidelines for Marketing and Advertisement Design and Release
DaFa Customer Care System
Guidelines for Project Safety and Green Construction
Recruitment Management System
Measures for Labor Contract Management
Employee Compensation Management System
Employee Benefits Management System
Employee Absence & Leave Management System
Employee Attendance Management System
Performance Management System
Position Grade Level System



APPENDIX II

HKEX ESG REPORTING GUIDE CONTENT INDEX

ESG Subject Areas, Aspects, General Disclosures and KPIs			Chapter/Section
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	Pursue Green Development with Sincerity
	A1.1	The types of emissions and respective emissions data	Energy conservation and environmental protection
	A1.2	Greenhouse gas emissions in total and intensity	Energy conservation and environmental protection
	A1.3	Total hazardous waste produced and intensity	We plan to manage it in a lean manner in the future
	A1.4	Total non-hazardous waste produced and intensity	Energy conservation and environmental protection
	A1.5	Description of measures to mitigate emissions and results achieved	We plan to manage it in a lean manner in the future
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Energy conservation and environmental protection
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Pursue Green Development with Sincerity
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity	Energy conservation and environmental protection
	A2.2	Water consumption in total and intensity	Energy conservation and environmental protection
	A2.3	Description of energy use efficiency initiatives and results achieved	Energy conservation and environmental protection
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Energy conservation and environmental protection
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Our operation basically does not involve packaging
A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Pursue Green Development with Sincerity
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Pursue Green Development with Sincerity

APPENDIX II

HKEX ESG REPORTING GUIDE CONTENT INDEX

ESG Subject Areas, Aspects, General Disclosures and KPIs			Chapter/Section
Social			
B1: Employment	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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Devoted to Employee Development
	B1.1	Total workforce by gender, employment type, age group and geographical region	Pursue Your Dream at DaFa
	B1.2	Employee turnover rate by gender, age group and geographical region	We plan to manage it in a lean manner in the future
B2: Health and Safety	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 providing a safe working environment and protecting employees from occupational hazards	Considerate and Wholehearted Service
	B2.1	Number and rate of work-related fatalities	No work-related fatality
	B2.2	Lost days due to work injury	We plan to manage it in a lean manner in the future
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Service Optimization
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Devoted to Employee Development
	B3.1	The percentage of employees trained by gender and employee category	We plan to manage it in a lean manner in the future
	B3.2	The average training hours completed per employee by gender and employee category	Value and Cultivate Talents
B4: Labor Standards	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 preventing child and forced labor	Devoted to Employee Development
	B4.1	Description of measures to review employment practices to avoid child and forced labor	Pursue Your Dream at DaFa
	B4.2	Description of steps taken to eliminate such practices when discovered	Pursue Your Dream at DaFa

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HKEX ESG REPORTING GUIDE CONTENT INDEX

ESG Subject Areas, Aspects, General Disclosures and KPIs			Chapter/Section
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	Win-Win Cooperation
	B5.1	Number of suppliers by geographical region	Win-Win Cooperation
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Win-Win Cooperation
B6: Product Responsibility	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 health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	Craftsmanship: Pursuit of Quality Development Considerate and Wholehearted Service
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Our operation does not involve product recycling
	B6.2	Number of products and service related complaints received and how they are dealt with	Customer rights and benefits
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Enjoyable Property
	B6.4	Description of quality assurance process and recall procedures	DaFa in Pursuit of Quality
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Customer rights and benefits
B7: Anti-corruption	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 bribery, extortion, fraud and money laundering	Corporate Governance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Corporate Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Corporate Governance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Charity Undertakings
	B8.1	Focus areas of contribution	Charity Undertakings
	B8.2	Resources contributed to the focus area	Charity Undertakings



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