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德信中国控股有限公司

Dexin China Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2019



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2018

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I. About This Report

1. INTRODUCTION TO THE REPORT

Dexin China Holdings Company Limited (hereinafter referred to as “Dexin”, the “Company” or “we”, together with its subsidiaries, the “Group”) is pleased to announce the first environmental, social and governance report (hereinafter referred to as “this report” or “ESG Report”), which aims to set out the Group’s system construction and work performance in respect of environmental, social and governance (hereinafter referred to as “ESG”) in 2018, objectively disclose the Group’s management and effectiveness in sustainable development in response to the expectations of stakeholders and the public. This report has been reviewed and approved by the board of directors of Dexin.

2. SCOPE AND BOUNDARY OF THE REPORT

This report discloses the Group’s management and results in sustainable development during the period from January 1, 2018 to December 31, 2018 (hereinafter referred to as the “reporting period” or “this year”). This report covers the Group’s main business, including property development and sales. For details of the Group’s business, please refer to the Group’s 2018 Annual Report.

3. REPORTING STANDARD

This report has been prepared in strict compliance with the requirements of the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Reporting Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “HKEx” or “Hong Kong Stock Exchange”). The content index of the ESG Reporting Guide is listed in Appendix I to this report for the convenience of readers.

4. SOURCE OF INFORMATION

The information and data disclosed in this report are derived from the Group’s internal official documents, reports and relevant public information. The settlement currency of the monetary amount involved in this report is RMB.

5. FORM OF PUBLICATION

This report is published in both Chinese and English. If there is any discrepancy between the Chinese and English versions of this report, the Chinese version shall prevail. Readers can access the official website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) or the official website of the Group (<http://www.dothinkgroup.com>) for electronic versions.

II. The Group's Management in Sustainable Development

Dexin China Holdings Company Limited (stock code: 2019.HK) was listed on the Hong Kong Stock Exchange in February 2019. It is a leading comprehensive property developer based in Zhejiang Province, the People's Republic of China (hereinafter referred to as the "PRC" or "China"), focusing primarily on the development of residential properties and the development, operation and management of commercial and mixed-use properties. In 2018, the Group continued to adhere to its corporate culture and values of "developing high-quality products in proper manners while strictly complying with laws and regulations" ("樹正氣、走正道、做正品"). While paying attention to performance, the Group adhered to the corporate tenet of "being virtuous to undertake social commitment, and building credibility for the long term" ("厚德載物、誠信致遠"), and stuck to its original aspiration to focus on the needs of, and create value for, its customers.

Since its establishment, the Group has been adhering to the strategy of sustainable development and has formulated a series of systems and measures to integrate sustainable development into the daily management and decision-making of the Group. The board of directors of Dexin assumes full responsibility for the Group's environmental, social and governance strategies and reporting, and leads and co-ordinates the disclosure of the information regarding the Group's management in sustainable development and ESG, which are jointly implemented by various departments. We regularly review the progress of sustainable development, and continuously improve the sustainable development system and increase employee participation through continuous advocacy, to improve the planning and management level of sustainable development from top to bottom.

The Group has established a well-structured risk management and internal control system with clear responsibilities, and identified, analyzed, responded to and monitored various risks regarding business, finance and ESG through the formulation of internal systems including the Internal Auditing System of Dexin Real Estate Group (《德信地產集團內部審計制度》), the Auditing System for Economic Responsibility of Dexin Real Estate Group (《德信地產集團經濟責任審計制度》) and the Auditing Guidelines for Employees of Dexin Real Estate Group (《德信地產集團員工審計指引》), to promote and improve the Group's internal control, risk management and financial revenue and expenditure, and enhance the Group's operational efficiency and internal control quality. In addition, for the risks identified after Dexin's listing, we gave priority attention and implemented the supervision and management policies and corporate governance measures for these risks to ensure the Group's efficient and compliant operation. The Group has an audit risk control center, which conducts risk management work on a regular basis, cooperates with various business departments to conduct risk assessment and due diligence on major projects, and timely develops solutions to problems and obstacles identified to ensure the Group's sustainable and steady business development.

III. Engagement Plan for Stakeholders and Materiality Assessment

1. COMMUNICATION MECHANISM FOR STAKEHOLDERS

The opinions of stakeholders are critical to the sustainable development of the Group's business. We attach great importance to communication and exchanges with stakeholders, actively set up various channels to listen to the feedback and voices of stakeholders during the daily operation of the Group, and respond to their feedback and appeals in a timely manner.

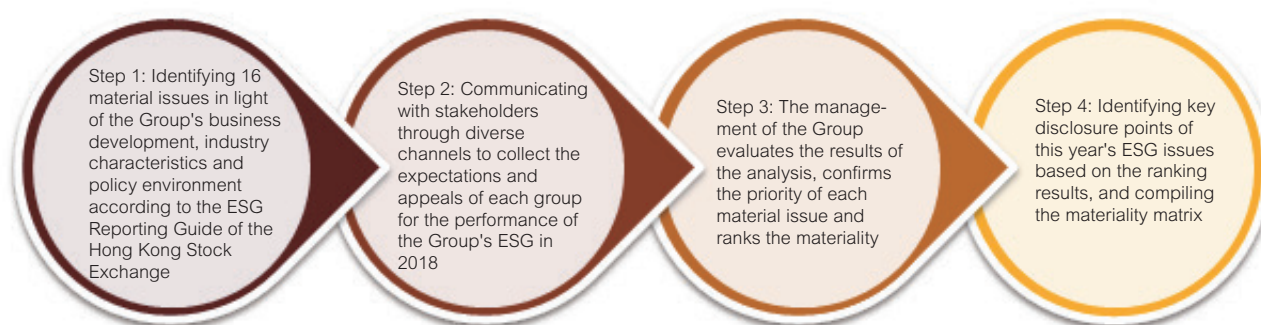
The Group's communication mechanism for stakeholders is as follows:

Stakeholders	Expectation and appeals	Communication and response
Customers	Customer information and privacy protection Customer satisfaction and complaint handling Service quality and satisfaction Compliant operation	Strengthening risk management and control Improving customer communication mechanism Strengthening the construction of service system Strengthening the publicity and implementation of laws
Employees	Employee recruitment and team building Employee development and training Labor rights and protection Production safety and occupational health	Improving the talent recruitment system Improving the employee training system Strict compliance with laws and regulations Strengthening occupational health and safety management
Investors and shareholders	Financial performance Guarantee of rights and interests Standardized corporate governance	Increasing profitability Periodic reports and information disclosure Improving risk management and internal control system
Government and regulatory agencies	Compliance with legal regulatory rules Lawful operation Tax payment by law Employment promotion	Accepting government supervision Strengthening the implementation of combating corruption and upholding integrity Active tax payment Creating career opportunities
Suppliers and partners	Transparency and fairness Win-win cooperation Growing together	Improving supplier management mechanism Optimizing project management Building a supplier communication platform
Industry association	Promoting industry progress Industry experience exchange	Improving innovation ability Actively participating in industry communication
Community	Protecting the community environment Devoting to community welfare Building a harmonious community	Comprehensive practice of green operation Carrying out public welfare projects Participating in community building

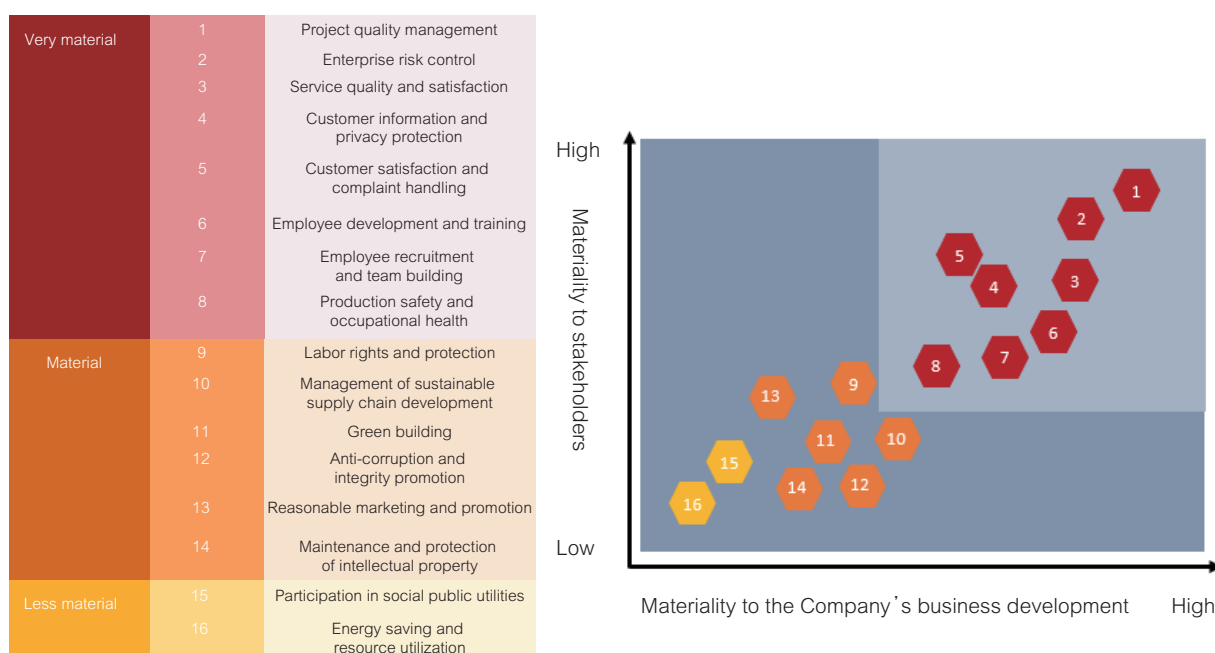
III. Engagement Plan for Stakeholders and Materiality Assessment

2. THE ASSESSMENT OF MATERIAL ESG ISSUES IN 2018

In the preparation process of this year's ESG report, we comprehensively assessed and ranked the material ESG issues during this year through industry research and analysis and communication with stakeholders, etc. in light of the expectations of stakeholders and the Group's own business development, industry characteristics and policy environment.



The assessment results and materiality matrix of the material issues in 2018 are as follows:



The ranking of the material issues in 2018 shows that the most material issues of greatest concern to stakeholders include project quality management, enterprise risk control, service quality and satisfaction, etc. The Group fully respected the opinions of internal and external stakeholders and actively responded to the appeals of all parties. In 2018, we conducted standardized management and process monitoring for the whole life cycle of the project, and strove to provide customers with high-quality products. We continued to strengthen the risk management and internal control, and regularly held special audit training to comprehensively control the project risks. At the same time, we continued to improve the "companionate confidant" ("相伴知己") customer service system, actively maintained customer relationships, timely handled customer complaints, and strove to improve customer satisfaction.

We are convinced that maintaining good communication with stakeholders is the foundation for a corporate's long-term development. We will use the results of this material issue assessment as a reference for the ESG work in next year, and continuously improve and enhance the Group's sustainable development.

IV. Product and Service Responsibilities

Dexin takes “Hangzhou workmanship” (“杭派精工”) as its brand positioning, adopts strict construction standards, continuously innovates technology, and implements high-standard engineering quality management system. In addition, we have also established a “Your Life Companion” (“你的生活知己”) customer service system to provide high-quality products and services that are closest to the needs of our customers and to enhance the Group’s core competitiveness in sustainable development.

1. MANAGEMENT AND CONTROL OF PROJECT QUALITY

The Group has established a sound management and control system for project quality, and formulated and implemented internal systems such as the Operating Guidelines for Product Quality Control of Dexin Real Estate (《德信地產產品質量控制操作指引》), the Management Rules for Joint Review of Construction Drawings of Dexin Real Estate (《德信地產聯合審圖管理細則》) and the Management Regulations for Red Lines of Design Management and Control (《設計管控紅線管理規定》) to conduct standardized management for the whole life cycle of the project and comprehensively control project quality risks.

1) Standardized online management platforms for the whole life cycle of the project

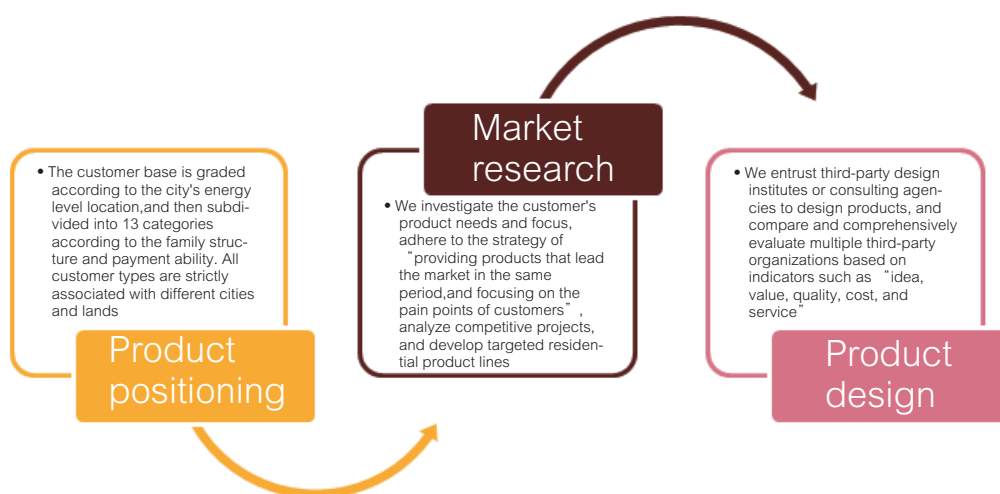
The Group has established standardized online management platforms, including internal online platforms of various functional departments, group data processing cloud-based platform, business analysis platform and project planning online management system, in order to integrate resources across departments, optimize project management and control processes, and realize the monitoring and quality improvement of the whole-life-cycle processes of the project.

Departmental internal online platform	Data processing cloud-based platform	Business analysis platform	Project planning online management system
<ul style="list-style-type: none"> • Standard system of functional department • Case and study tutorial • Resource database • Product standardization information 	<ul style="list-style-type: none"> • Cloud-based customer platform • Cloud-based customer service platform • Cloud-based delivery platform 	<ul style="list-style-type: none"> • Management cockpit • Smart conference board • Mobile terminal statement • Autonomous analysis platform 	<ul style="list-style-type: none"> • Project planning • Execution report • Conference management • Assessment management

IV. Product and Service Responsibilities

2) Project development and management

We know that the research and development (hereinafter referred to as “R&D”) and innovation of the project are the driving force behind the high-quality development. In order to establish a standardized and orderly project development process, the Group has developed internal systems such as the Operation Guidelines for the Management of Project Development Plan of Dexin Real Estate 《德信地產項目開發計劃管理作業指引》 to promote professional collaboration among various functional departments and improve the R&D quality and management effectiveness of various project developments. Our projects need to go through three important stages of product positioning, market research and product design from R&D to construction, so as to ensure the quality of the products we provide and fulfill the enterprise’s social responsibility of providing quality products.



IV. Product and Service Responsibilities

3) Project quality management

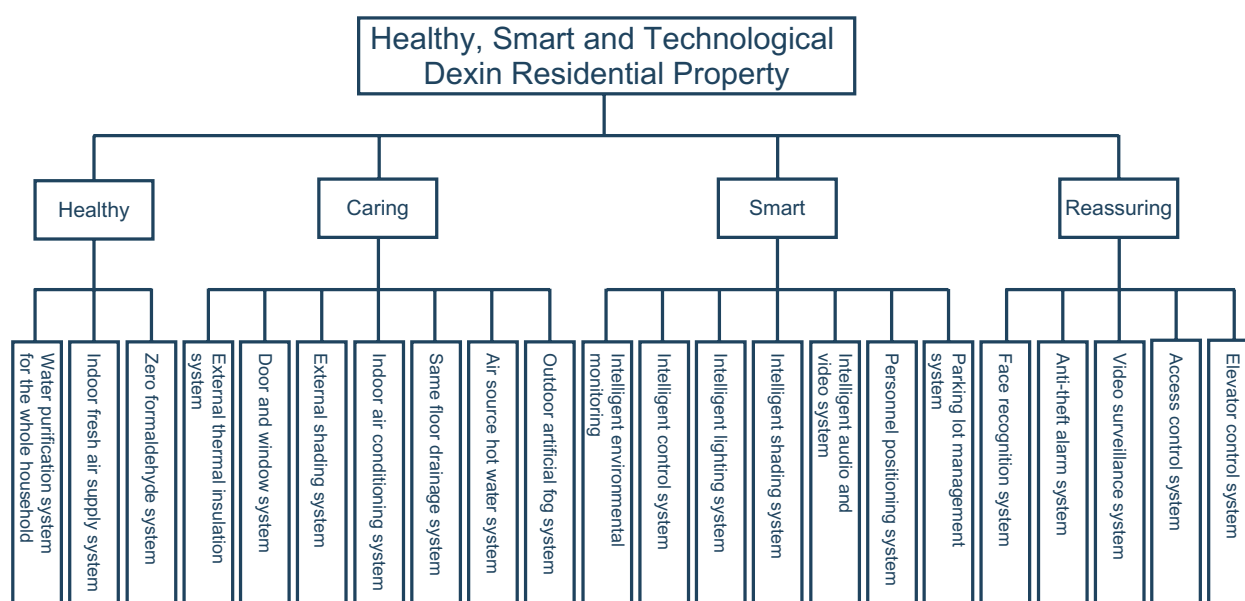
The Group strictly follows the laws and regulations such as the Construction Law of the People's Republic of China 《中華人民共和國建築法》 and the Regulations on the Quality Management of Construction Projects 《建設工程質量管理條例》 during construction, and has adopted a series of measures to improve the quality management of the project.

- **Project management:** the Group has formulated the Work Guidelines for Project Management in the Whole Life Cycle 《項目全週期工程管理工作指引》, which sorts out the work nodes in the preparation stage, construction stage and later stage of the project construction, and clarifies the key points of management and control to ensure the supervision is in place;
- **Construction management:** the Group has prepared the Standardization Guide Booklet for Safe and Civilized Construction 《安全文明施工標準化指引圖冊》, which makes strict requirements for civilized construction, safety protection, inspection and monitoring of hidden danger, and standardizes construction site management, to ensure safe production on the construction site;
- **Inspection system:** the Group conducts internal inspections and third-party quality assessments of the projects under construction of the Group and regional subsidiaries on a regular basis, and issues inspection reports after the inspections, tracks and rectifies the problems found, and develops preventive and control measures, which will be strictly implemented in subsequent construction to eliminate potential quality hazards;
- **Acceptance and delivery evaluation:** the Group pre-evaluates the project delivery in the later stage of the project, organizes multiple departments to conduct joint delivery risk inspections. When the project is completed for delivery, we entrust a third party to conduct project delivery evaluation, and check potential product quality hazards, to reduce customer complaint risk after delivery. After the project is delivered, we track, classify and analyze the engineering quality problems recorded by the customer service center, and timely track and rectify the discovered problems;
- **Performance management:** the Group has formulated the Letter of Responsibility of Project Management Objectives in 2018 《2018年工程管理目標責任狀》 and the Scorecard System for Project Lines of Dexin Real Estate Group Co., Ltd. 《德信地產集團有限公司工程線人員積分卡制度》 to promote the quality and safety management of the Group and regional subsidiaries through the method of scoring assessment and clear rewards and punishments and strengthen the sense of responsibility of managers at all levels for quality and safety management;
- **Project risk control:** the Group has established a three-level risk management and control mechanism of “group operation management center-regional subsidiary-project” to identify and classify potential risks in the project, and conduct the star rating according to the degree of risk. Meanwhile, the Group has identified the risk investigation nodes, and the responsibilities and measures of risk management and control, alerted and controlled project risks, and enhanced the risk prevention capability of the project in the whole process.

IV. Product and Service Responsibilities

4) Smart community management

The Group has vigorously developed and applied intelligent and informatization-based technologies. In 2018, it focused on the R&D of the Dexin smart technology residential product system with technological innovation as its starting point, and spared no effort to enhance the living experience of its customers. By making full use of a new generation of information technologies such as the Internet of Things, cloud computing, and mobile Internet, the Group is committed to improving the quality of living in the four dimensions of healthy, caring, smart, and reassuring, creating a modern, intelligent community that is safe, comfortable, and convenient, and optimizing community support facilities and service capabilities in all aspects.



5) Intellectual property management

The Group has actively carried out the protection and management of intellectual property and strictly abided by the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》) and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》) and other laws and regulations, and formulated and implemented the Management System for Intellectual Property of Dexin Real Estate (《德信地產知識產權管理制度》). The Group has an intellectual property center responsible for the application, use and protection of intellectual properties such as trademarks, copyrights and patents. The Group strictly investigates infringements and focuses on strengthening relevant personnel's awareness of intellectual property protection in daily management to ensure that the Group's intangible assets are not infringed.

IV. Product and Service Responsibilities

2. MANAGEMENT OF SERVICE QUALITY

Listening to customers' needs and feedback attentively is the core of Dexin's service philosophy. We have established internal systems such as the Customer Service Specification of Dexin Real Estate (《德信地產客戶服務規範》) and the Management Regulations on Customer Service System Platform of Dexin Real Estate (《德信地產客服系統平台管理規定》) to standardize the operating procedures of customer service. We have created a "companionate confidant" ("相伴知己") customer service system, which is divided into three sectors, i.e. "companionate escort, companionate advancement, and companionate life" ("相伴護航、相伴進階、相伴生活"), covering maintenance, service, planning, and risk control, to effectively solve customer problems, actively maintain customer relationships, and strive to provide high-quality services to customers.

1) Property service

The Group has established ShengQuan Property Service Co., Ltd. (hereinafter referred to as "Shengquan Service"), which is responsible for the property management and service of the Group's projects. Shengquan Service has created high-quality, personalized products for the different needs of the customer group, including the Exclusive One-to-One Butler (管家專屬一對一), the Jutong Parking (桔通停車), the Meiju Education (美居教育) and other services. At the same time, Shengquan Service has focused on the smart service model of "modern service + smart technology", integrated biometric technology, Internet of Things technology, face recognition technology, etc., and launched the "Julin Smart Community" ("桔鄰智慧社區") application software, which enables customers to conveniently and quickly operate the functions such as mobile phone access control, payment of property fee, and express service online, and leads the transformation and upgrading of traditional property service methods and service content.

In order to further improve the quality of property service, Shengquan Service has established a quality joint inspection work mechanism with the Group's customer service center to conduct quarterly inspections of property service quality for projects that were delivered 1 year to 5 years ago. Shengquan Service has established a joint inspection team with the Group's customer service center to inspect and evaluate nine aspects, including image management, order maintenance, environmental sanitation, green maintenance, public facilities and equipment management, decoration management, safety management, customer service, and special management. At the same time, the property quality supervisor who is also the property owner is designated in each inspection project. The supervisor evaluates the overall service of the project property objectively and fairly and makes recommendations every quarter according to the contents of the Property Service Quality Supervision Mark Sheet (《物業服務質量督導評分表》). Based on the above inspection scores, the joint inspection team summarizes the problems and suggestions for the quality and services of projects delivered, and communicates with the relevant personnel of each project to supervise and urge the rectification and improvement of the project, in order to continuously improve the level of property services and improve customer satisfaction.

2) Customer care

We attach great importance to customer care and are committed to providing our customers with the intimate service throughout the process. Before the project is delivered, we will organize the construction progress of each project every month, and send the progress information of the project regularly by SMS and WeChat, so that the customer can understand the progress of the project construction in time. For the customers that have moved in our properties, we have customized the "442 Customer Relationship Maintenance Model" which includes four activity themes, four active services and two wonderful plans from three dimensions, i.e. customer thinking, customer belief and customer perception. The four activity themes include Friends (老友記), Children's Club (童事會), Ode to Joy (歡樂頌), and Happy Season (幸福季), which are caring activities for customers of all ages and different festivals. The four active services include elevator safety action, vacuum cup action, gold wrench action and water control action on the roof to address the needs of customers' lives. The two wonderful plans include a rejuvenation plan (runway repair, floor paint repair, broken glass replacement and clothesline transformation) and knocking plan (home visits and holiday greetings), dedicated to providing customers with intimate home services to further enhance the quality of life of customers.

IV. Product and Service Responsibilities

Case Sharing: Mid-Autumn Festival Fun Sports Meeting

From October 27 to November 4 in 2018, the Group organized the Mid-Autumn Festival Fun Sports Meeting with the theme of “life companion, friends and neighbors” (“生活知己·友鄰相伴”), which covered three major regions, i.e. Hangzhou, North Jiangsu and Wenzhou, and was held concurrently in nearly 20 projects. The sports meeting was held in the forms of parent-child fun interactions, adult ball games, etc., creating opportunities for the property owners who participated in the event to walk into the outdoors and sweat together. Through this event, the participating families experienced the fun of parent-child activity, and the property owners also became familiar with each other through interaction, which enhanced the relationship between the neighbors.



Case Sharing: Children's Day Community Activities

From June 1 to June 2 in 2018, the Group's Xishan Luxury (溪山美墅), Rose Manor (玫瑰莊園) and Shang Cheng Project (上城項目) conducted Children's Day Community Activities with the theme of “To Children's Day Getting Back to the 1980s and 1990s” (“致六一·80·90復古派”) for families with children aged 0 to 10 in the community. The activities were carried out in the forms of games, parent-child interactions, and round-the-world concerts in the 1980s and 1990s, which created more time and memories for family affection and companion of the property owners. The Group received favorable comments from the participating property owners after the activities.



IV. Product and Service Responsibilities

3) Customer satisfaction survey and complaint handling

We attach great importance to customer satisfaction and related complaints, and have formulated internal documents such as the Management Measures for Examination and Evaluation of Customer Satisfaction of Dexin Real Estate 《德信地產客戶滿意度考核評價管理辦法》 and the Management Requirements for Major and Hot Customer Complaint Information of Dexin Real Estate 《德信地產重大、熱點客戶投訴信息管理要求》 to ensure that customers' voices are heard and help us to examine the effectiveness of our services and improve the quality of customer service.

We have set up sales service, delivery service, property service and other examination indicators for the house's sales period, delivery period and move-in period. We conduct customer satisfaction surveys on a regular basis mainly through online questionnaires with telephone interviews as supplement to collect customers' ratings and feedback. The results of the satisfaction surveys are linked to the project's profit bonus. The customer service center will analyze the collected problems and send them to relevant functional centers, regional subsidiaries and projects for subsequent rectification and improvement.

Customers can make complaints and feedback through diversified channels such as customer service center service hotline, website platform, WeChat official account, and reception, etc. The customer service center will classify the complaints into daily complaints, major complaints, group complaints, etc., and handle them according to the timeliness and circulation procedures specified in the internally-developed Dexin Real Estate's Customer Complaints/Recommendations Handling and Circulation List 《德信地產客戶投訴／建議處理流轉單》. For the opinions and suggestions put forward by the customers, the customer service center will also designate special personnel for follow-up and subsequent communication to ensure that the customer's appeals are resolved in a timely and sound manner.

4) Customer privacy and information security

The Group highly values the privacy and information security of its customers. We strictly abide by the relevant national laws and regulations such as the Network Security Law of the People's Republic of China 《中華人民共和國網絡安全法》 and the Provisions on the Protection of Personal Information of Telecommunications and Internet Users 《電信和互聯網用戶個人信息保護規定》, and issue the Notice on Doing a Good Job in Security of Customer Information 《關於做好客戶資料保密工作的通知》 and other documents internally, which set forth strict regulations on the use, storage and handover of customer's data. We irregularly check the customer data management work of the customer service center and marketing center department, impose severe punishments for violations, and transfer the personnel who commit crimes to the judicial authorities for handling.

At the same time, the Group strictly maintains and manages the computer room. It is stipulated that only personnel from the information department can have access to the computer room and need to register. The rest of the personnel are not allowed to enter without permission. The Group regularly conducts troubleshooting and inspections on various types of software and system servers used daily, to discover potential safety hazards in a timely manner and further strengthen information security management.

V. Employment and Labor Practices

We firmly believe that excellent talents are the most important capital and driving force for the sustainable development of the Group. We adhere to labor standards, protect the rights and interests of employees, and attach great importance to the occupational health and safety of employees; we attach importance to the development and promotion of employees, and have developed a variety of employee development and training programs according to the career development needs of employees at different levels and positions; we care for employees, and have carried out a variety of employee care activities to create a harmonious and warm working environment and constantly improve the happiness of employees.

1. TALENT ECHELON CONSTRUCTION

1) Recruitment

In strict compliance with the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and other laws and regulations, we have formulated and implemented internal systems such as the Recruitment Management System of Dexin Real Estate Group Co., Ltd. (《德信地產集團有限公司招聘管理制度》) and the Recruitment Standards of Dexin Real Estate Group (《德信地產集團招聘標準》) to regulate the recruitment process and recruitment standards. The Group develops a recruitment plan each year to select outstanding talents through campus recruitment, social recruitment and internal competition. We adhere to the principles of fairness, justice, and merit-based recruitment to ensure that the recruitment process is not affected by factors such as nationality, ethnicity, marital status, age, gender, and religion, and that any discriminatory act is eliminated. At present, Dexin's employees cover various ages with diversified backgrounds, whom the Group treats equally and guarantees the legitimate rights and interest thereof in all aspects.

Case Sharing: “New Force” Campus Presentation

In September 2018, we launched the annual campus recruitment of “New Force of Management Trainees” (“新生力管培生”), and held campus presentations in more than 20 outstanding universities across the country to recruit elite fresh graduates. In the course of the presentation, we provided the fresh graduates with a detailed introduction of the culture, values and management trainee development system of the Group, and conducted in-depth exchanges and interactions with them. After the campus presentations, we received a large number of resumes from excellent fresh graduates. We selected 40 outstanding graduates through resume and interview screening to form the 2018 “New Force” of the Group.



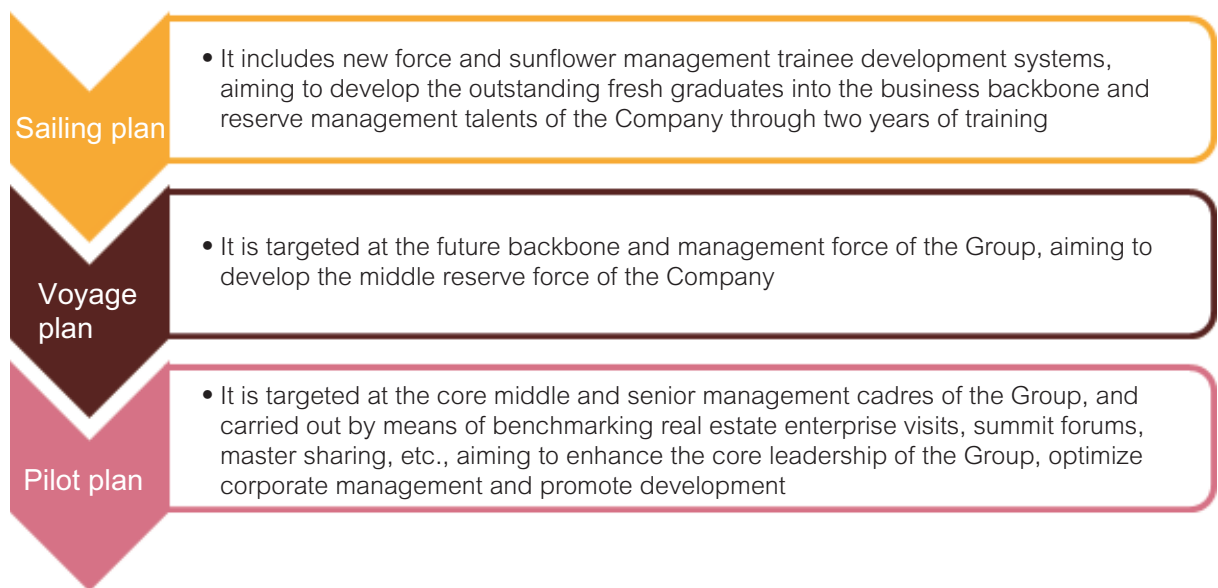
V. Employment and Labor Practices

2) Employee training system

We advocate continuous personal improvement and development. We have established internal systems such as the Training Management System of Dexin Real Estate Group (《德信地產集團培訓管理制度》) and established a multi-level and extensive employee training system to provide employees with opportunities to add value and to inject momentum into their career development.

i. “Three Plans” of talent echelon

The Group has set up three talent echelon development plans, i.e., sailing plan (啟航計劃), voyage plan (遠航計劃) and pilot plan (領航計劃), and has developed corresponding training programs for different groups of employees.



V. Employment and Labor Practices

Case Sharing: the “New Force” Management Trainees Program

The Group has established the “New Force” management trainees program to construct a sound management trainee development mechanism by integrating the optimal resources of the Group, so as to cultivate a group of young, specialized, professional and innovative talents in two years and deliver excellent fresh blood to the Group’s professional and technical positions and management team.

The Group pays close attention to the growth and development of the members of the New Force Program. In the two-year period, the development nodes such as the new force training camp, post training, staged theme activities, quarterly assessment and oral defense are set up, and the “271 Rule” (i.e., combining 20% mentor guidance and 70% post training with 10% training and learning) is adopted to provide detailed guidance to new force members and help them improve in all aspects. At the end of the half-year probationary period of the New Force Program, a regularization defense meeting is set up to review the new force members by the persons-in-charge of relevant departments. Those who have passed the defense can be officially appointed to the post. At the end of the two-year development period of the program, a question-and-answer session is set up, at which the program members will report and summarize their work performance for the two-year period. Those of members with outstanding performance can be included in the “Voyage Plan” of the Group.



V. Employment and Labor Practices

ii. Internal trainer system

The Group has established an internal trainer system to advocate internal sharing among employees, and built an internal trainer team consisting of 17 members to promote independent personal training and sustainable development. We have formulated the Internal Trainer Management System of Dexin Real Estate Group 《德信地產集團內部講師管理制度》 to clearly define the selection process and responsibilities of the internal trainers. The Group conducts qualification certification and pre-job training for the selected internal trainers, and grades them according to their qualifications. The Group provides incentives such as fee subsidies and performance bonuses to internal trainers, regularly carries out training and internal communication and provides external learning opportunities to continuously improve the teaching level of the internal trainer team.

Case Sharing: Training on Common Pain Points in Real Estate Fine Decoration Construction Technology 《房產精裝施工技術常見痛點》

On April 18, 2018, the Group's fine decoration management department and human resources center held an internal training of "Fine Workmanship Plan: Common Pain Points in Real Estate Fine Decoration Construction Technology 《房產精裝施工技術常見痛點》". The "Fine Workmanship Plan" was a talent development program for full decoration launched by the Group in 2018, which aimed to cultivate a fine decoration management team and form the fine decoration management mode of Dexin. In this training, nearly 90 participants attended the training, including all employees in the fine decoration management line, all managers of the fine decoration project engineering department and some civil engineers and installation engineers of the Group and regional subsidiaries. Through this internal training, employees have learned the industry-leading fine decoration management practices, and improved the technical control ability and risk prevention awareness of fine decoration.



iii. Professional knowledge training

In order to enhance the knowledge and skills of various functional departments and professional lines, the Group regularly provides professional knowledge training opportunities by different ways and channels.

- Internal training of professional lines: internal training organized by various functional centers of the Group under the support of human resources center, such as training of new employees in professional lines and sharing sessions of professional lines;
- Dexin lectures: systematic publicity, experience sharing, knowledge and skills training, general course learning, etc. organized by the human resources centers of the Group and regional subsidiaries;
- External expert training: lectures given by external experts hired by the human resources center of the Group according to the needs of employees in each department.

V. Employment and Labor Practices

Case Sharing: Customer Service Lectures

In July 2018, the customer service center of the Group launched Phase II training activities of Customer Service Lectures (《客服大講堂》), and conducted special training on Project Delivery Management (《項目交付管理》) for all members of the customer service system. In this training, the staff from the customer service centers of the subsidiaries in different cities shared their detailed experience in various work links such as project delivery preparation, delivery risk control, delivery implementation and deliverables assurance from the practical perspective. This training has enhanced the understanding of customer service staff on all aspects of project delivery, which is conducive to improving the work level of the staff and further improving the customer service quality of the Group.



iv. New employee training

In order to enable new employees to better and faster integrate into the family of Dexin, the human resources center of the Group has organized a series of training for new employees. In the week of new employees' entry, the human resources center of the Group organizes training on the introduction of the Group, office systems and processes, and various regulations and systems for the new employees. The Group also holds a quarterly new employee exchange meeting to provide the new employees enrolled in the quarter with opportunities to communicate and familiarize themselves with each other, thus accelerating their adaption to and integration into the Group.

Case Sharing: New Employee Exchange Meeting

From April 26 to 28, 2018, the Group held the new employee exchange meeting of the first quarter of 2018. 64 new employees from the Group and regional subsidiaries enrolled in the first quarter participated in the event. The exchange meeting kicked off in the opening ceremony. The new employees got familiar with each other and integrated into the Group through targeted outdoor activities, and gained a deeper understanding of the Group's culture and various systems and regulations through participating in diversified courses. At the end of the exchange meeting, the Group organized a knowledge contest to help the new employees deepen their impressions on various knowledge points, and awarded prizes to the winning team, which brought the exchange meeting to a close with laughter.



V. Employment and Labor Practices

3) Compensation and benefits

In strict compliance with the Minimum Wage Regulations (《最低工資規定》) of the PRC, the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) and other laws and regulations with respect to employees' social security, as well as such corresponding regulations in Hong Kong as the Employment Ordinance, the Group has formulated a complete compensation and benefit system. Employee compensation consists of basic salary, bonus and subsidy. In terms of employee benefits, besides the statutory five social insurance and one housing fund, the Group also provides universal benefits including holiday benefits, high-temperature labor insurance benefits, traveling benefits, physical examinations, work meal subsidies, communication subsidies, and gifts (giving birth and birthday), gift money on funeral, injuries condolences, house purchase incentives and supplementary commercial insurance. The Group conducts annual survey on salaries of peer enterprises across the region, and adjusts the compensation plan according to the survey results, so as to ensure a competitive compensation system for the employees.

4) Performance appraisal

The Group has formulated and implemented the Regulations on Employee Performance Management of Dexin Real Estate Group (《德信地產集團員工績效管理規範》), aiming to promote two-way communication and feedback between the employees and the Group through mechanism incentives and management measures, so as to improve the performance level of individuals, teams and the Group. The performance appraisal is conducted on a quarterly and annual basis. The employees and their superiors jointly set performance targets in accordance with the principle of effectiveness, challenge and SMART (specific, measurable, attainable, relevant and time-bound). The appraisal content and procedures are carried out in accordance with the regulations of the Group. The appraisal results are an important basis for employees' salary increase, promotion, selection, cultivation and dismissal. Managers at all levels conduct coaching and interviews with employees on the appraisal results, and propose improvement measures to motivate employees to continuously improve their personal abilities.

V. Employment and Labor Practices

5) Labor rights and interests

i. Employee satisfaction survey and employee complaints

The Group values the voice of employees and encourages employees to provide feedback and opinions. We regularly conduct employee satisfaction surveys through online questionnaires every year, which covers aspects such as happy work, happy life, happy leadership and improvement suggestions. The human resources center sorts out and analyzes the survey results, and prepares survey reports to propose suggestions on the improvement of employee management, so as to optimize the management mode of the Group and improve employee satisfaction. In addition, employees who have objections to the results of performance appraisals may also appeal to their superiors or human resources center by telephone or mail. The human resources center of the Group will conduct an investigation based on the content of the complaint, and propose rectification opinions to the Group after confirming the validity of the complaint, so as to effectively protect the rights and interests of employees.

ii. Prohibition of child labor and forced labor

We strictly abide by such laws and regulations as the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), the Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》) and the corresponding regulations in Hong Kong such as the Employment Ordinance, and resolutely prohibit the employment of child labor and forced labor. We make sure to employ staff above legal working age as stipulated in our Recruitment Standards and restrain from employing child labor. We have formulated and implemented the Attendance and Leave Management System of Dexin Real Estate Group Co., Ltd. (《德信地產集團有限公司考勤及休假管理制度》), and implemented a flexible working system. We do not encourage employees to work overtime, and provide overtime pay or vacation for employees who have to work overtime. During the Reporting Period, the Group did not have any employment of child labor and forced labor.

iii. Dismissal and resignation management

We strictly follow the relevant laws and regulations, and according to the Regulations on Employee Performance Management of Dexin Real Estate Group (《德信地產集團員工績效管理規範》), the Group has the right to determine the employee who has failed the performance appraisal twice in succession as “incompetent” and negotiate the dismissal of the employee.

For employees who resign voluntarily, the human resources center will conduct a resignation interview with them, to talk about the reasons for resignation, working experience in the Group, future planning, etc. Meanwhile, we will provide the employees with warm tips to remind them of social security, provident fund, commercial insurance and salary settlement considerations, and help them make a smooth transition to new jobs.

V. Employment and Labor Practices

2. OCCUPATIONAL HEALTH AND SAFETY

The Group has always adhered to the people-oriented concept and attached great importance to the occupational health and safety of the employees. We strictly abide by such laws and regulations as the Production Safety Law of the PRC (《中華人民共和國安全生產法》), the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) as well as the corresponding regulations in Hong Kong such as the Occupational Safety and Health Ordinance, and strive to create a comfortable, healthy and safe working environment for employees.

1) Construction safety

We have formulated and implemented the Standardization Guide for Safe and Civilized Construction (《安全文明施工標準化指引》), and made relevant regulations on construction safety to prevent potential safety hazards and reduce the possibility of safety accidents.

- **Electrical safety protection:** providing strict protection for external cable, power distribution, grounding and neutral earthing, grounding for lightening, cable laying, electric equipment, etc., and posting electricity management regulations at the construction site;
- **Machinery safety protection:** using protective covers for construction machinery and tools, steel bar, protective sheds for woodworking and other equipments to protect construction safety;
- **Labor protection appliance:** requiring the constructors to properly use helmets and other personal protective equipments and safety precautions, and to fasten safety belts when working at high altitudes, cliffs and steep slopes without wearing protective equipment;
- **Safety education:** establishing a sound safety production education and training system at the construction site to conduct three-level safety education for new workers entering the construction site; carrying out pre-shift “Three Pre-work” (“三上崗”) (pre-work disclosure, pre-work inspection and pre-work education) safety activities and post-shift safety inspection at the construction site, and conducting monthly evaluation and assessment;
- **Construction fire protection:** establishing a sound fire control responsibility system and management system, setting up a fire control leading group, allocating adequate and appropriate fire equipment (fire hydrants, fire extinguishers, fire pools, fire pipes, etc.) and voluntary firefighters, and strictly approving the use of open fire at the construction site.

2) Employee health

We organize the annual physical examination for all employees every autumn, and provide additional commercial insurance for the employees. In addition, we also attach great importance to the mental health of our employees. We have set up a psychological counseling room within the Group to provide psychological counseling services to our employees. In September 2018, we launched the “Listen-to-Employee Month” to listen to the voice of the employees through different channels and provide psychological counseling. Meanwhile, we regularly invite external training institutions to conduct mental health training for the employees of the Group, and set up lounges and bookshelves in the Group to provide the employees with a leisure and relaxation area and promote a balance between work and life.

V. Employment and Labor Practices

3. Employee care

We adhere to the people-oriented concept, regularly hold a variety of employee activities, care for the life of employees, and strive to improve the sense of belonging and happiness of employees.

Case Sharing: “Women’s Day” Event

On March 8, 2018, the Group invited the female employees to participate in the “Women’s Day” workmanship experience event held at the Workmanship Demonstration Pavilion in Hangzhou. A total of 20 female employees of Dexin signed up to participate in the experience event. During the event, the female employees got acquainted with the workmanship of traditional utensils such as knives and scissors, oil-paper umbrellas and silk parasols, and experienced the handmade wood carving on the spot. They relaxed their bodies and minds while feeling the beauty of Chinese traditional art.



Case Sharing: Fun Sports Meeting

On July 6, 2018, regional subsidiaries in Wentai of Dexin Real Estate launched a one-day fun sports meeting for all employees. This fun sports meeting was held at the campus of Wenzhou University, providing employees with an opportunity to exercise and relax outdoors. This fun sports meeting enabled employees to get more familiar with each other, enhanced mutual trust and unity and cooperation among the employees, improved the collective cohesion, and responded to the vision of building a better future for Dexin.



V. Employment and Labor Practices

Case Sharing: Employee Travel

In the autumn of 2018, the Group organized 185 Dexin employees to travel to 7 cities at home and abroad, including Daocheng Yading, Snow Mountain, Hulun Buir Grassland in Inner Mongolia, Angkor Wat, Phnom Penh, Bintan Island, Singapore and other famous attractions and cities. This tour allowed the employees to get close to nature and experience life after busy work, and enhance the friendship between each other and promote the harmonious relationship during the joyful journey full of laughter.



VI. Green Operation

The Group adheres to the concept of green development and actively practices corporate environmental responsibility. We strictly abide by the Energy Conservation Law of the People's Republic of China 《中華人民共和國節約能源法》, the Environmental Protection Law of the People's Republic of China 《中華人民共和國環境保護法》 and other laws and regulations, vigorously advocate green building, green construction and green office in the operation, and constantly improve the Group's environmental management system with energy conservation and emission reduction as the core. During the year, we did not encounter any problems in finding the proper water sources.

1. GREEN BUILDING

In response to the requirements of the national Green Building Action Plan 《綠色建築行動方案》, we vigorously develop low-carbon green buildings, actively explore the use of energy-saving equipment and environmentally-friendly materials, and strive to maximize environmental protection, resource conservation and pollution reduction during the whole life cycle of the buildings.

(1) Environmental impact assessment and energy conservation assessment

We have strictly followed the laws and regulations such as the Environmental Impact Assessment Law of the People's Republic of China 《中華人民共和國環境影響評價法》 and the Green Building Regulations of Zhejiang Province 《浙江省綠色建築條例》, and conducted environmental impact assessment and energy conservation assessment for all projects of the Group. The dust generated during the construction and development of our projects may pollute the atmosphere; the wastewater generated during construction may cause pollution to water resources; the noise from construction may also affect the neighboring residents. We analyze these possible impacts and potential hazards, prepare an environmental impact assessment report and submit it to the relevant PRC environmental protection departments for approval and acceptance. The energy conservation assessment of projects is carried out by a third party. After on-site inspection and verification, an evaluation report is issued to provide urban environmental databases of different regions for the development of subsequent projects and promote the construction of energy-saving projects.

(2) Environmental protection and energy conservation measures

In order to develop green and low-carbon buildings in an all-round way, we start from the product-design end and vigorously advocate the use of environmentally-friendly alternative materials, energy-saving and environmental protection technology and equipment.

Environmentally-friendly alternative materials

- Sand aerated block: replacing fly ash with quartz sand as siliceous material to improve the block strength and resistance to leakage, drying shrinkage and gamma ray exposure
- Wood-plastic composite board: new high-tech environmental protection decorative material that combines the performance and properties of wood and plastic
- Artificial stone: green building material made of unsaturated polyester resin as binder, inorganic powder, appropriate flame retardant and color curing agent

Energy-saving and environmental protection technology

- Reflective thermal insulation coating: a new type of cooling coating that combines reflection, radiation and hollow microbead insulation, with such functions as waterproof, moisture-proof, anti-UV aging, acid and alkali resistance
- Building insulation system: wall insulation design, low-radiation glass with broken insulation window frame to achieve insulation and energy saving
- Ground source heat pump system: using ground source heat pumps as winter heat sources and summer cold sources, plus high-density capillary or ceiling pipes laid intensively to keep the indoor temperature at the best

Energy-saving and environmental protection equipment

- Air-source heat pump heater: absorbing and converting the low-temperature heat in the air into high-temperature heat through a compressor and using heat to produce hot water. The air-source heat pump heater can heat 4-6 times more water than the ordinary heater at the same power and is therefore energy-efficient
- Solar water heater: converting solar energy into heat and using clean energy as energy supply
- Light guide lighting: efficiently collecting outdoor natural light through the dome skylight and introducing the light into the system, and then redistributing the illumination through the light pipe to save energy
- Rainwater reuse: collecting and treating the rainwater to the usability standard for reuse, so as to save water resources

VI. Green Operation

Case Sharing: Green Building Rating Project

The Group's Ningbo East Mansion Project is a typical project that combines local cultural deposits, modern amenities and energy conservation and environmental protection measures. The project adopted energy-saving insulation technology and equipment such as exterior wall insulation, roof insulation, floor insulation, low-radiation glass and air-source heat pump heaters, which met six standards (i.e., land saving and outdoor environment, energy saving and energy use, water saving and water use, material saving and material use, and indoor environmental quality and operation) stipulated in the Evaluation Standard for Green Building 《綠色建築評估規範》 (GB/T50378-2006), and obtained the two-star green building rating of Ningbo. The project integrated the green development concept into the architectural design to reduce the environmental impact of the project. It is a successful exploration of the Group in the field of low carbon green buildings.



2. GREEN CONSTRUCTION

We attach great importance to the environmental management of the construction site, and have formulated and implemented the Standardization Guide Booklet for Safe and Civilized Construction 《安全文明施工標準化指引圖集》, and clarified a series of measures related to environmental protection in the construction process.

- Sewage management: building drainage ditches to keep drainage smooth and strictly prohibiting mud, sewage and wastewater outflow; and setting up sedimentation tanks to ensure that construction sewage can be discharged into municipal pipe network or river channels only after precipitation (sewage discharge permission is required). The sediment in the sedimentation tank should be cleaned up in time;
- Dust control: preventing dust generation by means of watering, ground hardening, enclosure, dense mesh covering, sealing, etc., and sealing or covering cement and other easy-to-fly fine-grained building materials for storage;
- Noise reduction measures: using low-noise, low-vibration equipment, and adopting sound insulation and vibration isolation measures at the construction site. High-noise equipment is set at the side far away from residential areas and noise reduction measures are taken. If it is necessary to carry out construction in excess of the noise standard at night due to special requirements, it should be approved by the relevant department before proceeding;
- Waste disposal: establishing a cleaning system at the construction site and setting up full-time cleaners to classify, dispose of, timely clean up and transport the construction waste. It is forbidden to burn all kinds of waste.

VI. Green Operation

3. GREEN OFFICE

The Group implemented the “green office” concept and developed various green office measures to help the employees implement the sustainable development concept in daily life.

(1) Energy saving and resource utilization

- We adopted office automatic system across the Group, covering expense reimbursement, contract management and information communication modules, and promoted office automation to reduce the consumption of paper;
- We promoted the use of energy-saving products. In 2018, we replaced all the lamps in the Group offices with LED energy-saving lamps to reduce the power consumption while extending the service life of the products;
- We required that the office air conditioning temperature shall be no less than 26 degrees in summer and higher than 18 degrees in winter, thus reducing unnecessary electricity consumption;
- We made great effort to promote environmental protection education and posted green signs in the office areas to promote energy saving, power saving and water saving concepts, as well as promoted resource saving among staff members, which made achievements in reducing energy, power and water consumption.

(2) Waste disposal

The wastes from the daily operation of the Group are mainly harmless wastes, mainly including office wastes and sundries, which were regularly collected and recycled by the property management company. The office waste paper was recycled to reduce resource consumption. The waste electric and electronic equipment from our operation was classified and collected by the professional institution. When the printer cartridges ran out of ink, we would have them refilled by the supplier to realize recycling, avoid the production of hazardous waste and reduce the impact on the environment.

Key Environmental Performance Data for 2018

Key Performance Indicators	Unit	Consumption/Emission for 2018
SOx	Kg	0.04
NOx	Kg	24.57
Particulate matter	Kg	1.14
Greenhouse gas emissions (Scope I)	Tonnes	8.34
Greenhouse gas emissions (Scope II)	Tonnes	237.13
Total greenhouse gas emissions	Tonnes	245.46
Total hazardous wastes (ink cartridge/toner cartridge)	Tonnes	0.01
Total harmless wastes	Tonnes	1.86
Office paper consumption	Tonnes	0.64
Gasoline consumption	Liter	3,012.00
Liquefied petroleum gas	Kg	60.00
Direct energy consumption	GJ	97.06
Total electricity consumption	kWh	294,712.00
Indirect energy consumption	GJ	1,060.96
Total energy consumption	GJ	1,158.03
Energy consumption intensity	GJ/m ²	0.01
Total water consumption	m ³	38,977.00
Water consumption intensity	m ³ /m ²	0.41

VI. Green Operation

Description of environmental data:

- The collection time of environmental data covers from January 1, 2018 to December 31, 2018; the scope of collection includes the energy utilization in the office area, real estate sales center and staff canteen of Zhejiang Dechen Real Estate Project Co., Ltd. and Wenzhou Dexin Jintian Real Estate Project Co., Ltd.
- Emissions are generated from the gasoline consumption of the Group's official vehicles. The main source of greenhouse gas emissions (Scope I) is the above-mentioned consumption of gasoline and the liquefied petroleum gas in the staff canteen; Greenhouse gas emission (Scope II) comes from the purchased electricity. The relevant emission factors are referenced from Appendix 2: Reporting Guidance on Environmental KPIs in How to Prepare an ESG Report of the Stock Exchange, the greenhouse gas emission coefficient of purchased electricity refers to the Ministry of Ecology and Environment's China Regional Grid Baseline Emission Factor for Emission Reduction Project for 2017 (《2017年度減排項目中國區域電網基準線排放因子》).
- The types of energy consumed by the Group in 2018 include purchased electricity, the gasoline used in official vehicles, and the liquefied petroleum gas used in the staff canteen; the energy consumption factors are referenced from the national GB2589-2008T General Principles of Comprehensive Energy Consumption Calculation (《GB2589-2008T 綜合能耗計算通則》).
- The harmless wastes are the harmless waste generated from the office area and the staff canteen.
- The density data are calculated based on the project land area.

VII. Compliance Operation and Anti-corruption

The Group strictly complies with the Construction Law of the People's Republic of China (《中華人民共和國建築法》), the Regulations on the Implementation of the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法實施條例》), and the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) as well as other relevant laws and regulations, operates in a lawful way, has formulated and implemented internal systems for anti-corruption and integrity promotion, and constantly improves its corporate governance level.

1. REASONABLE PROMOTION AND MARKETING

(1) Review of brand promotion

We strictly comply with the Advertisement Law of the People's Republic of China (《中華人民共和國廣告法》). Promotion materials are reviewed by the marketing management center, legal department and customer service center jointly, and could be released only when they have passed the review. The Group provides systematic training for salespersons, and has formulated such internal systems as Expressions for Reception Process in the Marketing Cycle (《營銷全銷售週期接待流程說辭》) and Q&A Center (《百問百答》), so as to regulate the promotion works of salespersons and strictly control the brand promotion, avoid the improper promise, false advertising and misleading practices, strictly ensure correct labeling and positioning of our products and services and practically safeguard the legal rights and interests of consumers.

(2) Marketing audit system

To further enhance the supervision on the sales and promotion activities of the Group, we have developed the Audit System for Marketing System of Dexin Real Estate (《德信地產案場營銷系統稽查制度》), and established a two-way audit system between the Group and city subsidiaries. Each quarter, the Group audits each sector, while the city subsidiaries audit the projects under their supervision. The audit works are carried out through internal sales review, mystery customer visit and evaluation and telephone follow-up with customers, in order to get the picture of the sales and promotion compliance status of the Group. If any practice involving improper promise is detected, the Group will provide notification for general information and implement corresponding punishments.

2. ANTI-CORRUPTION

The Group strictly complies with the Law of against Improper Competition of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Interim Provisions on Banning Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》) and other relevant laws and regulations, has formulated and implemented such internal systems as Internal Audit System of Dexin Real Estate Group (《德信地產集團內部審計制度》) and the Economic Responsibility Audit System of Dexin Real Estate Group (《德信地產集團經濟責任審計制度》), and regularly carries out promotion and education activities, so as to regulate the practices of employees and improve its capability of preventing and controlling such improper practices as fraud, extortion, corruption and money laundering. The Group also investigates and punishes the violations according to law and regulations.

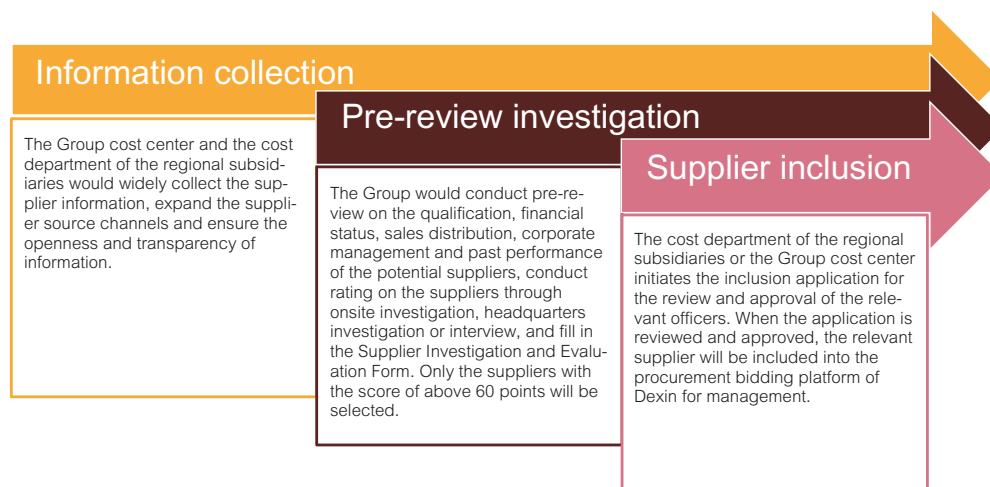
The Group has established various reporting channels, including telephone, email, office website and WeChat account, and ensures the smoothness of each reporting channel. After receiving a report, the risk audit center of the Group will carry out investigation on the reported information and handles the issue independently and objectively, in order to ensure the orderly and compliant operation of the Group. The Group did not have any corruption or malpractice lawsuit in 2018.

VIII. Supply Chain Management

The Group pays great attention to the supply chain management. We have developed and implemented the Measures for Administration of Suppliers of Dexin Real Estate Group 《德信地產集團供方管理辦法》 to regulate the supplier access and evaluation, prevent and control purchase risks and ensure the product and service quality. Meanwhile, we have active communication and exchange with the suppliers through various channels, so as to maintain harmonious relationship and realize win-win cooperation with the suppliers.

1. SUPPLIER ACCESS

The Group has developed and strictly implemented the supplier access process, including information collection, pre-review investigation and supplier inclusion processes. The suppliers can be included into the list of suppliers of the Group only when they have successfully passed all the three processes.



2. SUPPLIER EVALUATION

The Group has established a strict supplier performance evaluation system which includes process evaluation and delivery evaluation. The functional centers of the Group, the regional subsidiaries and the subordinate project companies would evaluate the suppliers according to the standards in the Supplier Performance Evaluation Form of Dexin Real Estate 《德信地產各類供應商履約評估表》 and based on the principles of fairness, justice and matter of fact. The process evaluation is carried out each quarter. The cost department of the regional subsidiaries arranges relevant departments to evaluate the product and service quality, process and degree of coordination of the supplier. The delivery evaluation would be completed within 1 month after the completion of a project. The delivery evaluation score would be added up with the process evaluation score. The Group would classify the suppliers into three classes: excellent, qualified and unqualified. Excellent suppliers would have the priority to become our strategic partner, while the unqualified suppliers would have their bidding qualification suspended and be removed from the list of qualified suppliers.

VIII. Supply Chain Management

3. COMMUNICATION WITH SUPPLIERS

The Group focuses on the communication with suppliers. We communicate with suppliers through various means in our cooperation. The Group has communication meeting with the existing strategic and collective procurement suppliers each year, and promotes the interaction with excellent suppliers in good time, in order to enhance the cooperation and mutual trust between the two parties.

Case sharing: Supplier Meeting for 2018

On March 30, 2018, the Group held the supplier meeting themed “go together with bosom friends, realize win-win cooperation” (“知己同行·合作共赢”), with the representatives of more than 100 suppliers participating in the event. The Group had in-depth communications with the suppliers at the meeting and elected 10 top excellent suppliers for 2017 according to the performance evaluation result. Through the supplier meeting, we enhanced the linkage and interaction between the Group and the suppliers, strengthened the confidence of the suppliers in their cooperation with the Group, and further expanded the industrial and social influence of the Group.



IX. Community-based Public Welfare Undertaking

The Group actively fulfills its corporate social responsibilities and participates in the public welfare undertakings of serving the society by organizing or sponsoring various activities, so as to do its part for building a harmonious society.

Case Sharing: Dexin Blue Charity Project – Bringing Coolness in Summer

The Group has established the “Dexin Blue” (“德信藍”) nonprofit foundation to actively assume its responsibilities as a corporate citizen and continue to repay the society. In July 2018, the “Dexin Blue” nonprofit foundation set up cooling supply stations in various areas of the Group, focusing on the city’s “temperature” and transferring positive energy. The cooling supply stations provided articles for preventing sunstroke such as water and fans to outdoor workers, including sanitation workers, green conservation workers, couriers, take-away deliverymen, traffic police, and road building workers. The public welfare activity organized by the Group and undertaken by the cooling supply stations warmed the “guardians” of the harmonious city in response to the Group’s philosophy for public benefit, that is, paying attention to people’s livelihood and working hard to repaying the society.



Case Sharing: Sponsoring the Deqing Marathon

On December 23, 2018, the Deqing Marathon sponsored by Deqing Dening Real Estate Co., Ltd. (德清德寧置業有限公司), a subsidiary of the Group, was successfully held in Moganshan, Deqing. The Marathon attracted a total of 3,000 players nationwide. All people there, whether contestants or the audience, spread the marathon feast in different ways, passing on the love of Deqing city for marathon and sports. The event also demonstrated Dexin’s enthusiasm for firmly fulfilling its social responsibilities.



X. Major Honors and Awards in 2018

In 2018, Dexin's quality products and services gained unanimous recognition in the industry and continuous improvement in brand value, winning the following awards:

SN	Award Name	Awarding Institution	Award Time
1	Top 100 Star of the 2018 China's Top 100 Real Estate Enterprises	Enterprise Institute of the Development Research Center of the State Council, Real Estate Institute of Tsinghua University, and China Index Academy	March 2018
2	Influential Real Estate Enterprise, Top 10 Enterprises in Zhejiang	Zhejiang Real Estate Association, and Institute of Transparent Real Estate Research (透明房地產研究院)	January 2019
3	"Annual Quality Seiko Real Estate Enterprise" on the 2018 China Real Estate Brand Value List	China Real Estate News Agency, China Real Estate Think Tank and China Real Estate Website	September 2018
4	"Vice President" of the Quality Alliance of Zhejiang Businessmen of Top 100 Real Estate Enterprises	Enterprise Institute of the Development Research Center of the State Council, Real Estate Institute of Tsinghua University, and China Index Academy	November 2018
5	Annual "Famous Enterprise" in the Real Estate Industry of China	China Real Estate News Agency, China Real Estate Think Tank, China Real Estate Website, and CIHAF Organizing Committee	January 2019
6	Top 40 China Real Estate Brands	China Real Estate News Agency, China Real Estate Think Tank, China Real Estate Website, and CIHAF Organizing Committee	January 2019

XI. The Group's Participation in Industry Associations

In 2018, the Group took an active part in industry association activities to promote peer exchanges and healthy and orderly development of the industry.

SN	Industry Association Name	Membership Level
1	China Real Estate Association	Member unit
2	Zhejiang Real Estate Association	Member unit
3	Hangzhou Real Estate Association	Member unit

Appendix I. Content Index of HKEx ESG Reporting Guide

SN	ESG Index	Disclosure Detail	Corresponding Chapter	Disclosure Responsibility
A1 General Disclosure	Information on the policies and 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.	Disclosed	VI. Green Operation	Comply or Explain
A1.1	The types of emissions and respective emissions data.	Disclosed	VI. Green Operation	Comply or Explain
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. Green Operation	Comply or Explain
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. Green Operation	Comply or Explain
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. Green Operation	Comply or Explain
A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed	VI. Green Operation	Comply or Explain
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Disclosed	VI. Green Operation	Comply or Explain
A2 General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Disclosed	VI. Green Operation	Comply or Explain
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. Green Operation	Comply or Explain
A2.2	Water consumption in total and Intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. Green Operation	Comply or Explain
A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed	VI. Green Operation	Comply or Explain
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Disclosed	VI. Green Operation	Comply or Explain

Appendix I. Content Index of HKEx ESG Reporting Guide

SN	ESG Index	Disclosure Detail	Corresponding Chapter	Disclosure Responsibility
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Undisclosed	N/A. This index is not disclosed as the Group's main business does not cover packaging materials.	Comply or Explain
A3 General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Disclosed	VI. Green Operation	Comply or Explain
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	VI. Green Operation	Comply or Explain
B1 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Disclosed	V. Employment and Labor Practices	Comply or Explain
B1.1	Total workforce by gender, employment type, age group and geographical region.	Undisclosed	–	Recommended to Disclose
B1.2	Employee turnover rate by gender, age group and geographical region.	Undisclosed	–	Recommended to Disclose
B2 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Disclosed	V. Employment and Labor Practices	Comply or Explain
B2.1	Number and rate of work-related fatalities.	Undisclosed	–	Recommended to Disclose
B2.2	Lost days due to work injury.	Undisclosed	–	Recommended to Disclose
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	V. Employment and Labor Practices	Recommended to Disclose

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SN	ESG Index	Disclosure Detail	Corresponding Chapter	Disclosure Responsibility
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	V. Employment and Labor Practices	Comply or Explain
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Undisclosed	–	Recommended to Disclose
B3.2	The average training hours completed per employee by gender and employee category.	Undisclosed	–	Recommended to Disclose
B4 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Disclosed	V. Employment and Labor Practices	Comply or Explain
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	V. Employment and Labor Practices	Recommended to Disclose
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	V. Employment and Labor Practices	Recommended to Disclose
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	VIII. Supply Chain Management	Comply or Explain
B5.1	Number of suppliers by geographical region.	Undisclosed	–	Recommended to Disclose
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Partially Disclosed	VIII. Supply Chain Management	Recommended to Disclose

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SN	ESG Index	Disclosure Detail	Corresponding Chapter	Disclosure Responsibility
B6 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Disclosed	IV. Product and Service Responsibilities VII. Compliance Operation and Anti-corruption	Comply or Explain
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Undisclosed	–	Recommended to Disclose
B6.2	Number of products and service related complaints received and how they are dealt with.	Partially Disclosed	IV. Product and Service Responsibilities	Recommended to Disclose
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	IV. Product and Service Responsibilities	Recommended to Disclose
B6.4	Description of quality assurance process and recall procedures.	Partially Disclosed	IV. Product and Service Responsibilities	Recommended to Disclose
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	IV. Product and Service Responsibilities	Recommended to Disclose
B7 General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Disclosed	VII. Compliance Operation and Anti-corruption	Comply or Explain
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.	Disclosed	VII. Compliance Operation and Anti-corruption	Recommended to Disclose
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	VII. Compliance Operation and Anti-corruption	Recommended to Disclose

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SN	ESG Index	Disclosure Detail	Corresponding Chapter	Disclosure Responsibility
B8 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.	Disclosed	IX. Community-based Public Welfare Undertaking	Comply or Explain
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	IX. Community-based Public Welfare Undertaking	Recommended to Disclose
B8.2	Resources contributed (e.g. money or time) to the focus area.	Undisclosed	–	Recommended to Disclose

Appendix II. Feedback Form

Dear readers:

Thank you for reading this report! This report is the 2018 ESG Report issued by the Group. We welcome your comments on this report and your valuable advice to help us continuously improve the management of sustainable development, raise the level of responsibility assumption, and create value for building green ecology and a harmonious society.

Your comments on this report: (Please select √ in the appropriate position)

	Excellent	Good	Average	Poor	Very poor
Do you think this report highlights the important information about the Group's fulfillment of environmental and social responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the information and indexes disclosed in this report are clear, accurate and complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the content arrangement and style design of this report are easy to read?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Do you have any comments or suggestions on the Group's ESG work and this report?

If it is convenient, please leave your personal information:

Name: _____

Work unit: _____

Contact number: _____

E-mail: _____