



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

2021

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 fourth Environmental, Social and Governance (“**ESG**”) Report of DaFa Properties Group Limited (the “**Company**”), which describes the ESG performance of the Company and its subsidiaries (the “**Group**”, “**DaFa Properties**”, “**we**” or “**us**”) from 1 January 2021 to 31 December 2021 (the “**Reporting Period**”), with some information tracing back to prior years and the first quarter of 2022.

Basis of Preparation

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* as set out in Appendix 27 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Stock Exchange**”). In this report, we identify and rank important stakeholders and ESG issues, define the boundaries of the ESG report, and collect relevant information and data, based on which we prepare the report, and review the information therein to determine the contents of the report and ensure its integrity, substance, authenticity and balance.

Reporting Boundaries and Scope

Policies, statements, materials, and data in this report apply to the Group. Monetary values in this report are denominated 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 warrant 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

Subsequent to the confirmation of the management of the Company, this report was approved by the Board of Directors on 25 May 2022.

Access and Feedback on this Report

This report is available in both Traditional Chinese and English, and 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 as well as on our website.

We value and appreciate the opinions of our stakeholders, and we welcome the readers of this report to contact us through the following methods. Your comments will help us further improve this report as well as 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

CHAIRMAN'S STATEMENT

After forging our way forward unwaveringly for over 25 years in pursuit of our dreams, guided and driven by our motto known as “Design for Life”, we have grown from a small company, just like a spark on the vast grassland, into a renowned real estate developer in China. Along such a marvelous journey, we have turned our brand concept “Design for Life” into a unique trademark of DaFa Properties, which has later evolved into an unswerving mission and responsibility of every Dfer (大发人). The year 2021 that we have just waved off is bound to be an extraordinary year. With the trust and support of our shareholders and under the inspirational leadership of the Board of Directors, we continued to build up our growth momentum while striving to uphold our original aspiration of “Design for Life”, insisting on compliant operation, keeping abreast of social development and movements, and doing our part to promote the sustainable development of green construction and ecological environment. We took an active part in public welfare undertakings such as education, medical care, and environmental protection, enthusiastically responding to our country's call for sustainable development, making our best efforts to be a “Blissful Living Service Provider that Provides Situational Experience, High-quality and Cost-effective Products”.

Sharing mission and responsibility. We are committed to promoting sustainable development of the Group by means of excellent corporate governance, a diversified corporate governance structure for risk control, strengthening integrity and honesty, and creating a healthy and fair business environment. In addition, we have established a three-tiered governance structure for managing ESG issues to ensure the perfect implementation of our ESG guidelines, while actively building diversified and effective communication channels with our stakeholders to better address their concerns and ensure the sustainable development of DaFa Properties.

Striving for quality life together. Through excellent operation and high-quality product research and development, as well as business development powered by product iteration, we have constructed “Four Blissful Living Systems” consisting of a 24H happy gathering club – community living system, a 24-solar terms energy ring – community health system, a 24 °C home of love – family time system, and a 24K golden housekeeping – community intelligent service to provide our customers who are in pursuit of superior living experience with high quality residential products, while upholding our original aspiration of sincere services and striving for quality life together with our customers.

Building a green future together. We are in constant pursuit of the harmonious coexistence of human, building and environment, while relentlessly improving our environmental management mechanism relying on energy-saving technologies and eco-friendly design to empower the transformation of our products, and promoting the efficient application of natural resources, with which we have realized our goal with all our projects meeting the energy-saving standards, and our design complying with the relevant provisions of the current national and provincial energy-saving standards, achieving a perfect synergy between our buildings and the environment.

Creating value together with our employees. We fully understand that high-quality workforce is the foundation for the stable and sound development of the Group, and as a result, we uphold our principle of “bringing out the most talent of employees with the best treatment” while insisting on developing a talent team in line with our own needs, continuously improving the management and professional skills of our employees, making remarkable efforts to ensure fair and just employment for them, protect their rights and interests, optimize our talent cultivation system, and organize diverse and exciting employee caring activities, aiming to promote the development of our employees together with the Group.

Painting the future of the industry together. We believe in open cooperation that will bring us a win-win outcome, and strive to maintain a cooperative relationship featuring mutual trust and achievement with our industrial partners in our endeavor for sustainable development, while actively advocating and promoting eco-friendly procurement, defending our principle of “no environmental compliance, no procurement”, and urging our upstream suppliers to reduce the negative impact on the environment when carrying out raw material procurement, production and processing, and end consumption through “green procurement”, and joining hands with them in pursuit of high quality development and ensuring that the industry develop in a long-term, high-quality and stable manner.

Sharing the welfare of society. We regard our society as the fertile ground for the survival and development of the Group, and remain enthusiastic in fulfilling our social responsibility, and continue to participate in charity activities, while continuously expanding the scale of our social benefit investment by mobilizing our employees to participate in such activities as the combat against COVID-19 and floods, promoting the valuable Chinese tradition of solidarity and mutual assistance, joining hands with all walks of life to make our homeland a better place, and promote the improvement of social welfare.

Looking forward, we will remain true to our original aspiration of “Design for Life” while pursuing our mission of improving the quality of our habitat and serving the society by maintaining excellent operational management capabilities and a sustainable development model, continuing to strive for the realization of a better life and a brighter future together with our employees, clients, shareholders, customers and other stakeholders.

ABOUT DAFA PROPERTIES

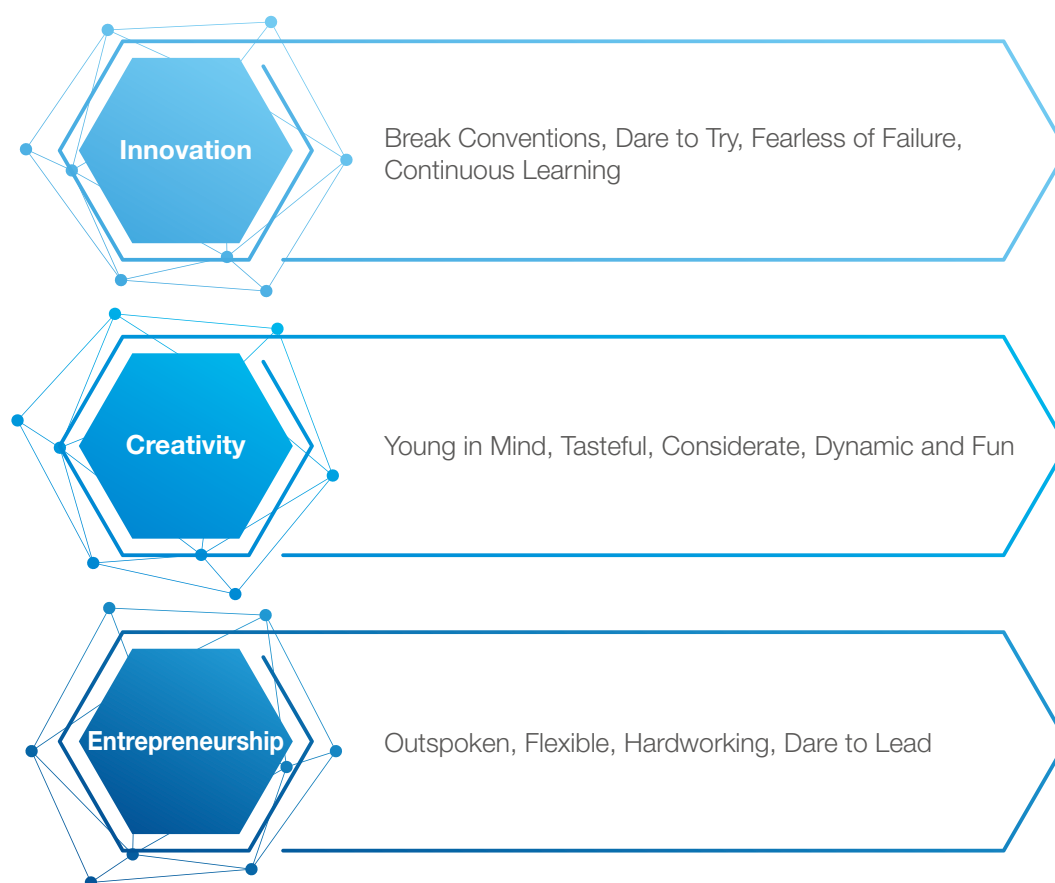
About Us

DaFa Properties Group Limited was established in Shanghai, PRC in 1996 and officially listed on the main board of the Hong Kong Stock Exchange in 2018 (stock code: 6111.HK). It is a property developer focusing on property development and sales, committed to providing its customers with high-quality properties and creating customized life scenarios.

Corporate Culture

In the course of its operation, the Group is guided by three core values, i.e. “Innovation, Creativity and Entrepreneurship (I.C.E.)”. With meticulous operation and careful management, we actively integrate all the resources, striving to become a Blissful Living Service Provider that provides situational experience and cost-effective products through operational excellence to meet customers’ needs for high-quality living.

During the Reporting Period, the Group demonstrated a good momentum for the overall acceleration of its development and efficiency. While maintaining high-quality performance and rapid growth, we remained true to our original aspiration, fulfilled our social responsibilities, and continued to create greater value for our stakeholders.

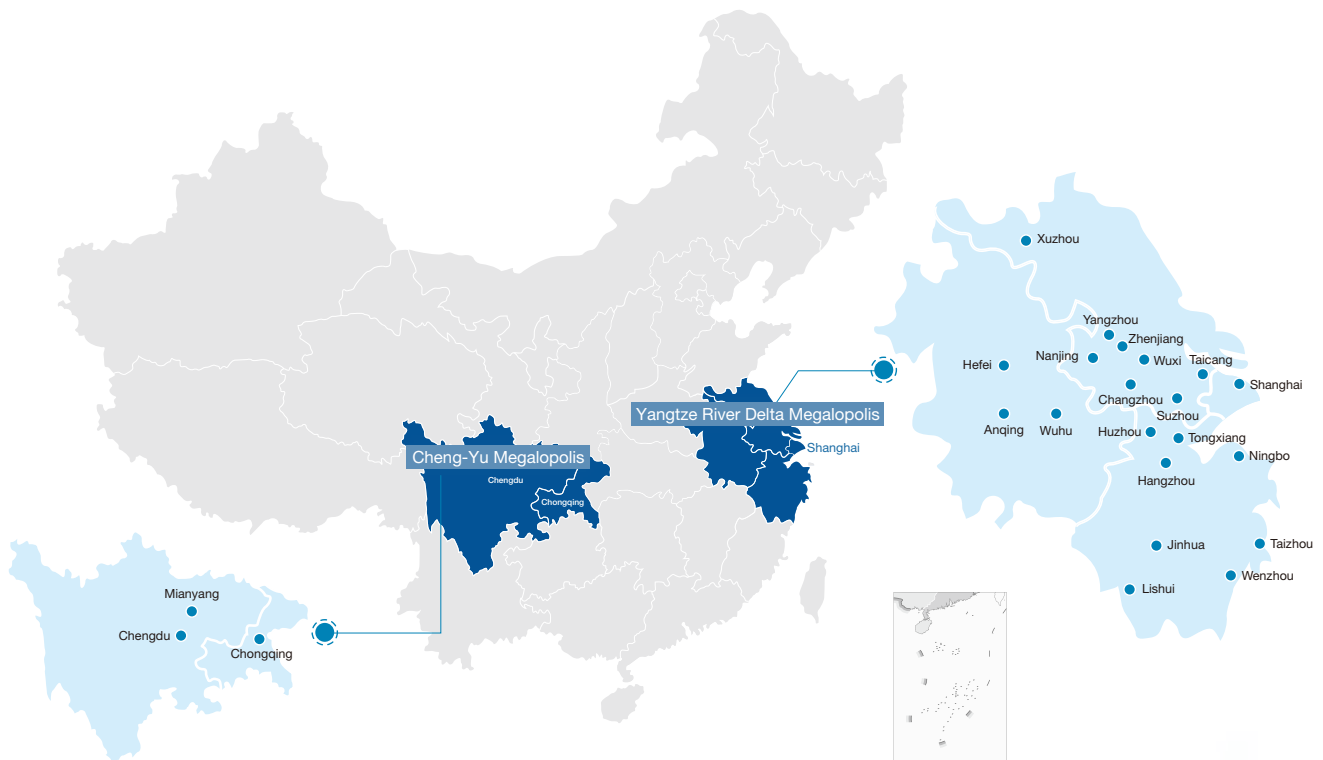


I.C.E. – Core corporate values

History of Development

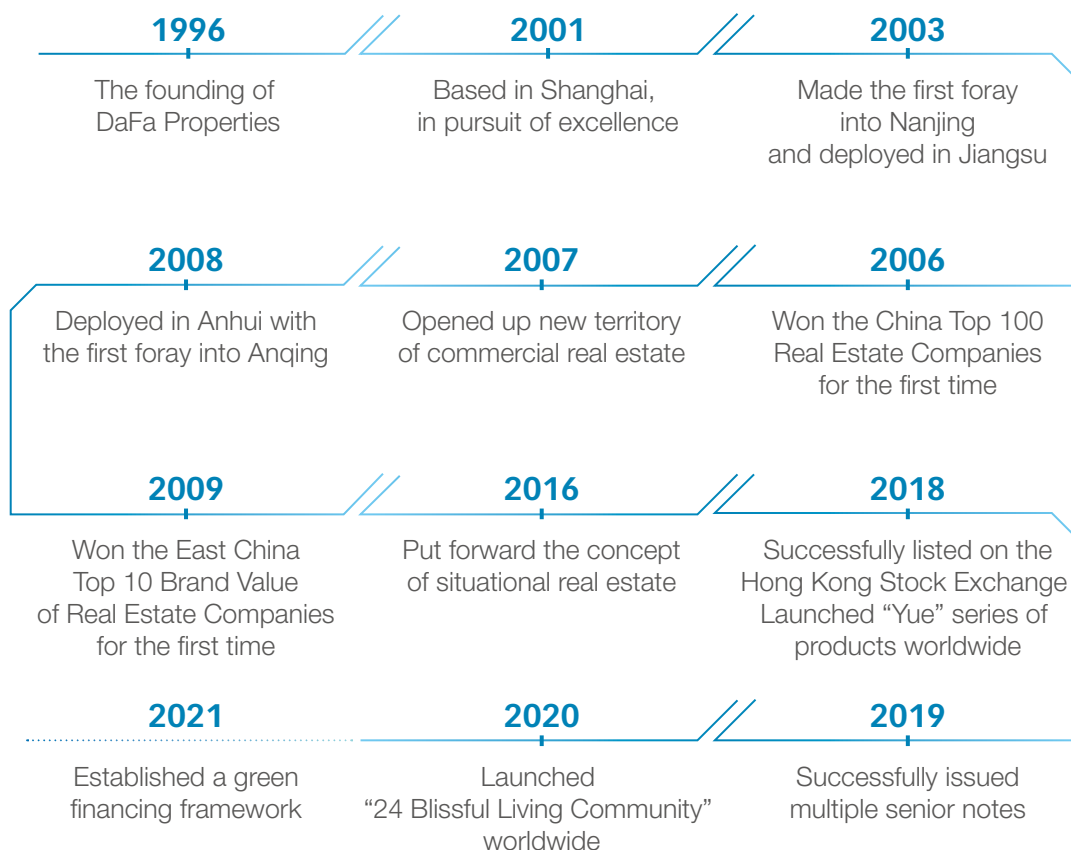
While forging its way forward unwaveringly for over 25 years in pursuit of “in-depth regional exploration and active expansion”, DaFa Properties has been keeping track of industry trends in line with its “1+1+X” strategy, relentlessly cultivating the core area of the Yangtze River Delta region based on its own needs, with its influence radiating to the Chengdu-Chongqing Metropolitan Area, while maintaining strategic focus on other key cities with high development potential.

As of now, the Group has been constructing 80 projects in 28 cities across China, including Shanghai, Nanjing, Wenzhou, Chengdu, Ningbo, Hefei, Wuxi, and Changzhou. Owing to the excellent quality of its product portfolio, DaFa Properties has won a number of distinguished awards, including the “2021 Excellent Investment Value Award for Listed Companies”, “Award for Chinese Property Enterprises of Supreme Excellence”, “2021 Best Value Real Estate Listed Companies”, “The Most Valuable Small and Mid-Cap Company on the Fifth Golden Hong Kong Stocks List”, and “2021 Real Estate Development Enterprise with Best Investment Value”, which has further consolidated its leading position in the industry.



DaFa Properties' Business Layout

ABOUT DAFA PROPERTIES



DaFa Properties' History of Development

Awards and Honors

Award category	Awarding organization	Award name
Corporate Governance	CRIC Research Center	2021 TOP 67 China Real Estate Enterprises in Human Capital Value
	Hexun.com	2021 ESG Leading Model Enterprise in Real Estate Industry
	The Economic Observer	Top 100 Blue Chip Enterprises, Top 10 Enterprise in terms of Comprehensive Growth Potential
	21st Century Business Herald	2021 Excellent Investment Value Award for Listed Companies
	Leju Financial	2021 Award for Chinese Real Estate Enterprises with Growth Brand
	Shanghai Enterprise Confederation, Shanghai Entrepreneurs Association and Jiefang Daily	44th in Top 100 Private Enterprises & 37th in Top 100 Growth Enterprises in Shanghai of 2021
	China Real Estate Finance Journal	2021 Real Estate Development Enterprise with Best Investment Value
	Organising Committee of China Property Award	Award for Chinese Property Enterprises of Supreme Excellence

ABOUT DAFA PROPERTIES

Award category	Awarding organization	Award name
Business Innovation	International Financial News	2021 Best Innovative Brand
	Liepin	Annual Extraordinary Employer in Shanghai of 2021
	National Business Daily	2021 Best Value Real Estate Listed Companies
	Zhitong Finance, RoyalFlush Finance	The Most Valuable Small and Mid-Cap Company on the Fifth Golden Hong Kong Stocks List
	chinalou.cn	Listed Real Estate Enterprise with Best Investment Value
	Yidian Zixun	2020 Leading & Pioneer Real Estate Brand in Innovation
	house.163.com	Medal of 2020 Pioneer Brand in the Market of Yanxuan Best Real Estate
	china.com.cn	2020 China Real Estate Honor List of Brand Influential Enterprise
Supply Cooperation	CRIC Research Center	2021 TOP 100 China Real Estate Enterprise in terms of Customer Satisfaction
Community Engagement	chinalou.cn	The Most Socially Responsible Real Estate Enterprise
Product Design	Leju Financial	2021 Top 10 Annual Marketing Cases in Real Estate Sector of China
	The Economic Observer	2020 High Quality Residential Model Project (Puyue Binhu Wang of Dafa Deshang)

Performance Highlights



- **0** corruption lawsuits
- Improved the whole-process anti-corruption control mechanism composed of **“ex-ante, in-process, and ex-post steps”**
- Formed the three-tiered management structure under the leadership of the Board of Directors with the ESG Committee and ESG Working Group at the center

- Developed the new idea for Yue Living to construct the **“4 Blissful Living Systems”**
- A total of **19** trademarks held, and no involvement in any litigations in relation to intellectual property rights
- Established a quality assessment system consisting of **4** major dimensions and improved the quality of our projects ranging in the aspects of design, construction and delivery
- Total investment in safety production of approximately RMB**57** million, a total of **90** safety drills with **7,799** participants, and employee safety training with **100%** coverage rate



Quality Living



Green Future

- Environmental assessment compliance rate of new projects **100%**, with no environment-related violations or major incidents
- **100%** of our projects met the energy-saving standards
- A total of **13** projects won the national two-star Green Building Design Label or design approvals, of which **10** projects have a **65%** building energy saving rate and **3** projects have reached **75%**

- Staff training coverage rate **100%**
- Staff physical examination coverage rate **100%**
- Continuously operated **4** training schools including **“Design A&D Institute”**, **“Operation Institute”**, **“Engineering Institute”** and **“Marketing Institute”** to strengthen the implementation of systematic, standardized and specialized knowledge, skills and systems in each business line



Employee Value



Industry Blueprint

- Established a cooperative relationship with **5,096** suppliers
- Formulated the Green Procurement Policy to identify the environmental and social risks in the supply chain

- The cumulative donation has exceeded RMB**150** million
- Initiated the **“Book Donation for Children”** public welfare activity, inviting all employees of the Company to donate idle children’s books; organized **“Run for Love”** public welfare activity, in which Dafa Charity Foundation will donate RMB**10** for every kilometre run by employees to support charity undertakings



Social Welfare

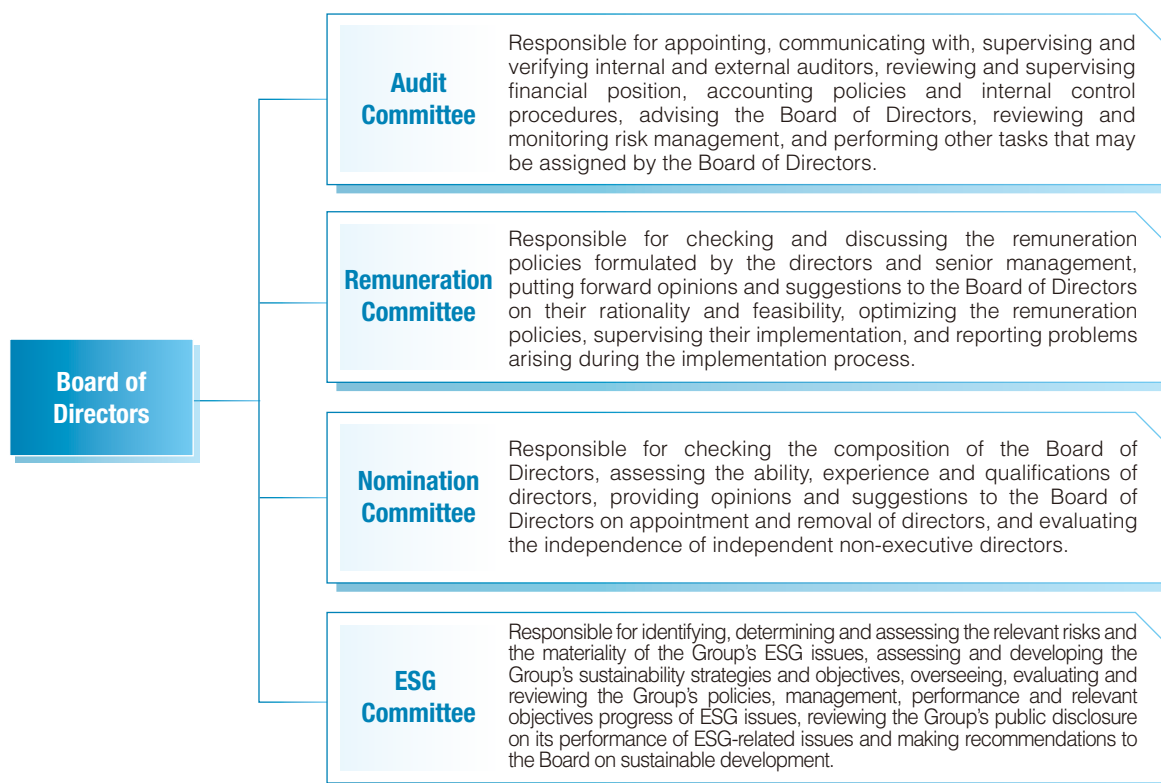
GROW WITH RESILIENCE AND SHARE MISSION AND RESPONSIBILITY

DaFa Properties has been striving to achieve better corporate governance performance while developing its corporate culture based on the principles of integrity and fairness, aiming to create a fair and agreeable business environment. In order to achieve progress and improvement, we focus on sustainability management and strive to create value for our communities and stakeholders through better corporate governance.

Responsible Governance

DaFa Properties is committed to achieving sustainability by means of corporate governance, relying on a diversified corporate governance framework to prevent and manage risks. We insist on our senior management making themselves a good example of integrity and honesty so as to create a healthy and fair corporate environment.

We have established a corporate governance structure under the leadership of the Board of Directors in accordance with the *Company Law of the People's Republic of China*, and the *Securities Law of the People's Republic of China*, and the relevant requirements of the *Corporate Governance Code in Appendix 14* of the Listing Rules of the Stock Exchange. Under such a structure, each department is expected to undertake their own duties with an open, fair and transparent management model to maximize our corporate value. The Board of Directors is composed of four executive directors and three independent non-executive directors, and responsible for the decision-making, management and supervision of production and operation. Under the Board of Directors, we have established an Audit Committee, a Remuneration Committee, a Nomination Committee and an ESG Committee, which are responsible for the overall governance, supervision and regular review of the Company's performance to ensure timely, comprehensive and effective decision-making.



DaFa Properties Corporate Governance Structure

(For more information, please refer to the Corporate Governance Report in the Group's 2021 Annual Report)

Integrity and Honesty

Based on the laws and regulations such as *Anti-Unfair Competition Law of the People's Republic of China*, the *Law of the People's Republic of China on Anti-Money Laundering* and the *Interim Provisions on the Prohibition of Commercial Bribery*, we have set up our own *Reporting System*, *Employee Code of Integrity and Self-Discipline*, and *Integrity Inspection System* to regulate our employees' behavior. New recruits are advised to sign an *Integrity Agreement* when they join the Company, with the aim of eliminating all kinds of bribery, money laundering, fraud and other illegal acts. During the Reporting Period, we improved our internal control mechanism by conducting joint inspections in cooperation with our marketing department to verify the sales records, channels and corporate management of those key projects, and fixed a number of system errors and loopholes. In addition, we revised the "*Channel Utilization and Management Methods 3.0 of DaFa Properties*" in collaboration with the marketing center, aiming to strengthen the audit and clarify the punitive measures. In addition, we posted corruption-fighting notices at our marketing sites and signed agreement on integrity with our marketing suppliers, aiming to create a clean business environment. During the Reporting Period, the Group did not record any corruption lawsuits.

Ex-ante control



- Revising the property marketing system to enhance management of marketing, finance and engineering;
- Revising the "*Channel Utilization and Management Methods 3.0 of DaFa Properties*";
- Improving the management of materials and gifts at the marketing sites, clarifying responsibilities and penalties;
- Retrieving the receipts and seals from the marketing sites and putting them under the custody of designated finance personnel.

In-process handling

- Adding brands of materials, quality, duration and scope in the list of monthly and quarterly inspection;
- Taking steps to recover the economic losses caused by errors found in the engineering audit;
- Urging the marketing department to revise the relevant rules and policies and conduct trainings on compliance to address the non-compliance problems found in the joint inspection.



Ex-post accountability



- Accountability: the Audit Management Department submits processing suggestions to the management for decision-making; In case of violation of laws and regulations, the case will be transferred to the judiciary.

Reporting and Complaining Mechanism

We have set up a secure reporting and complaint mechanism, with a variety of reporting channels to ensure that the whistleblower get feedback at the earliest time. We have established a dedicated whistleblowing hotline, with a wide range of additional reporting channels, such as online reporting, report by scanning QR code, email and letter, etc. We have also assigned dedicated staff to receive and classify information, which will be regularly sorted and aggregated with timely feedback given to the whistleblowers. We strictly forbid blackmail, intimidation and other illegal acts against the whistleblowers, and do our best to keep the identities of the whistleblowers under good protection to ensure their interests and fair treatment. In addition, we will offer considerable rewards to whistleblowers according to the nature, timing and impact of the cases as well as the degree of their cooperation.



In order to foster a culture of integrity, as of the end of the Reporting Period, we have organized the integrity swearing, compliance training and integrity promotion activities for the key regions, board members, senior management and section managers of the Group. During the Reporting Period, we conducted a total of 5 training sessions, with a total of 202 participants and 230 hours of training.



DaFa Properties organized the integrity and compliance training and integrity oath activity

ESG Management

With regard to ESG management, the Group regards employee care, repaying the society, and pursuit of sustainability as the foundation of its survival and development, and considers eco-friendliness and humanistic care as an indispensable part of its growth.

ESG Working Mechanism

The Group has established a three-tiered management structure under the leadership of the Board of Directors with the ESG Committee and ESG Working Group at the center to continuously promote the implementation of its ESG policies and enhance its performance of ESG governance. As the highest authority, the Board of Directors is responsible for leading and overseeing the Group’s ESG governance related matters; as the core of the ESG governance structure, the ESG Committee is responsible for the implementation of ESG policies with the approval of the Board of Directors; and as a major coordinator and executor, the ESG Working Group is responsible for implementation of all ESG related issues.



ESG Management Structure of DaFa Properties

GROW WITH RESILIENCE AND SHARE MISSION AND RESPONSIBILITY

General responsibilities of the Board of Directors	Implementation of ESG-related work	Identification and management of material ESG risks
<p>The Board of Directors, as the highest authority for the management and public disclosure of ESG issues of the Company, shall assume all responsibilities therefor and establish an ESG Committee under its supervision, which shall meet at least twice a year to set strategic goals for sustainable development in accordance with the Group's sustainable development framework and report to the Board of Directors on the fulfillment of the goals, plans and strategies, identify, determine and evaluate the risks lying in the ESG issues of the Company and materiality thereof, and review and examine ESG-related issues of the Company.</p>	<p>The ESG Working Group is the main coordinator and executor under the ESG structure of the Company, responsible for the implementation of ESG-related decisions and reporting to the ESG Committee of the Company; the ESG Working Group is responsible for communicating with the relevant departments and subsidiaries of the Company to promote the implementation of ESG-related decisions. The ESG Working Group is composed of the heads of the departments involved in ESG tasks, responsible for policy formulation on related issues and the follow-ups thereof, and holds regular meetings with the ESG Committee to provide feedback; and the ESG Working Group is responsible for implementation of the opinions of the ESG Committee.</p>	<p>The ESG Committee holds regular internal and external activities every year, communicates closely with the stakeholders, determines the ESG-related risks and opportunities arising in the Company's operation, considers the opinions of the stakeholders, and makes judgement on materiality of the identified ESG risks and opportunities, and submits them to the Board of Directors for consideration, which will then make decisions on strategies to tackle the ESG-related risks and oversees the implementation of the corresponding policies.</p>

Statement of the Board of Directors of DaFa Properties

Communication with Stakeholders

In order to better address the concerns of our stakeholders on sustainability issues, we have established a regular and effective two-way communication mechanism with our stakeholders and launched deeper and more extensive communication and exchanges with them through various channels, so as to understand their needs and expectations in a timely manner and help the Group achieve long-term sustainability.

GROW WITH RESILIENCE AND SHARE MISSION AND RESPONSIBILITY

The stakeholders we have identified include our customers/property owners, contractors, government agencies, shareholders/investors, employees, suppliers and communities. The following table lists the concerns of different stakeholders during the Reporting Period and the corresponding communication channels.

Stakeholders	Issues of Concern	Ways of Communication
Customers/Property owners	Product quality control	Customer/market research and sales communication
	Product R&D innovation	Notifications before delivery
	Compliance marketing	Site Open Day
	Customer service and satisfaction	Post-delivery housing maintenance
	Customer privacy protection and information security	Customer communication activities “YUE+” service platform DaFa Properties customer service center Customer satisfaction survey
Contractors	Product quality control	Routine exchanges on design changes, construction, etc.
	Safety management	
	Project impacts on ecological environment	
Government agencies	Anti-corruption and operation in compliance	Meetings and discussions
	Anti-unfair competition	Establishment of rules and exchanges on implementation
	Discharge management	
	Use of resource and energy	
	Employment opportunities and local economy	
Shareholders/ Investors	Compliance	Shareholders meeting
	Economic performance	Investor summit
	Green building	Results announcement Roadshow
		Email, conference call and meeting Media and news

GROW WITH RESILIENCE AND SHARE MISSION AND RESPONSIBILITY

Stakeholders	Issues of Concern	Ways of Communication
Employees	Employee training and development Fair promotion and protection of employee rights Employee health and safety Employee care	Chairman’s mailbox WeChat public platforms and groups “Fasheng” platform “Complaints Pool” system
Suppliers	Anti-corruption and compliance operation Supply chain management	Transparent procurement Qualification review Supplier training and annual commendation conference Supply and demand docking meeting Supplier innovation exhibition Supplier brand review meeting WeChat tendering and procurement platforms
Community	Employment opportunities and local economy Charity and volunteer service Project impacts on community environment	Charity events Activities to promote community development Meeting

Responding to the concerns of investors and protecting their rights and interests

We attach great importance to the concerns and requirements of our shareholders/investors and have established an omni-channel online/offline communication platform to facilitate our investors in obtaining information, raising opinions, and obtaining timely and comprehensive feedback.



- Investors can keep abreast of the Group's information, financial performance, monthly reports on changes in securities and other important information through the annual report released via the Stock Exchange, the annual results, announcements and circulars regularly released on the official website.



- Through the media center module of the official website, investors can obtain brief and vivid news alerts, and more easily and intuitively understand the dynamics of DaFa Properties at any time, which covers information that is closely related to daily business operations and strategic decisions.



- Investors can communicate with us through offline channels such as press conferences, roadshows, investment seminars, and project site visits. They can also visit DaFa Properties' offices around the country directly or contact us by phone or email.

During the Reporting Period, we actively carried out all-round and high-frequency communication with investors through the above channels, which further narrowed the distance with investors and achieved good results.

- Held an interim results conference for 2021 and an annual results conference for 2020;
- Participated in more than **20** investor summits (online and offline);
- Participated in more than **30** non-deal roadshows (online and offline);
- Held more than **50** meetings and telephone conversations with credit and stock analysts;
- Exchanged more than **1,500** emails, phone calls and face-to-face meetings with investors;
- Updated more than **20** corporate business newsletters and press releases;
- Accepted media interviews and cooperated to produce more than **100** reports.

ESG Materiality Analysis

During the Reporting Period, based on our communication with our stakeholder by various means, we started to identify material issues. On the one hand, we made reference to the Stock Exchange’s disclosure guidelines, and our external stakeholders’ concerns on sustainability issues, and conducted benchmarking analysis of our peers’ disclosures. On the other hand, we conducted nearly 10 in-depth interviews with our internal stakeholders to understand their expectations of our addressing and disclose of ESG issues, so as to organize, analyze and summarize the concerns of our stakeholders.

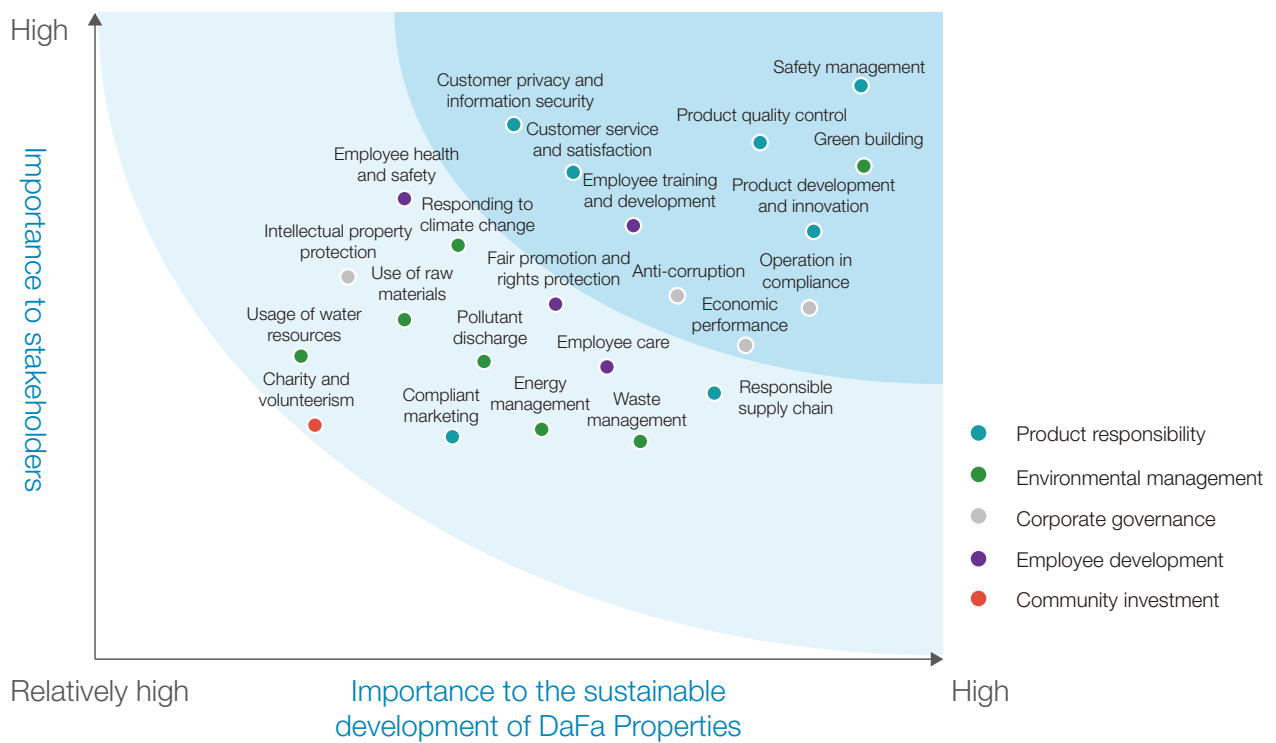
No.	Category	Topics	No.	Category	Topics
1	Product Responsibility	Safety management	13	Environmental Management	Responding to climate change
2		Product quality control	14		Usage of water resources
3		Customer service and satisfaction	15	Corporate Governance	Anti-corruption
4		Customer privacy protection and information security	16		Economic performance
5		Responsible supply chain	17		Operation in compliance
6		Product development and innovation	18		Intellectual property protection
7		Marketing compliance	19		Employee health and safety
8	Environmental Management	Green building	20	Employee Development	Staff training and development
9		Waste management	21		Fair promotion and protection of employee rights
10		Pollutant discharge	22		Employee care
11		Usage of raw material	23	Community Investment	Charity and volunteer service
12		Energy management			

Note: issues in bold types are highly important issues we identified during the Reporting Period

GROW WITH RESILIENCE AND SHARE MISSION AND RESPONSIBILITY

During the Reporting Period, we identified a total of 23 material issues in respect of environment, society and governance, including 10 highly important issues and 13 moderately important issues.

Based on the results of our analysis, we updated the materiality of the issues in accordance with its materiality to DaFa Properties' sustainable development as well as to the stakeholders. Specifically, based on the in-depth communication with our internal and external stakeholders and information collected from various sources, we have consolidated the issues and added three new important issues: responding to climate change, green building and intellectual property protection. The highly important ESG issues will form the key part of this report and will be disclosed in detail in each chapter of this report.



Green Finance

DaFa Properties attaches extraordinary importance to sustainable development and upholds its concept of eco-friendly development known as “harmonious coexistence of city, architecture, and nature”. We hope to further improve our sustainability management mechanism and enhance our environmental management capability and performance through the establishment of a green framework and the second-party opinion from international authoritative green certification agencies.

In July 2021, DaFa Properties established a green financing framework, designed to promote the Group’s sustainable development through the issuance of green bonds, raising of green loans and other forms of financing, which was backed by Vigeo Eiris, an international provider of independent research and services in the field of environment, society and corporate governance for investors and public and private institutions. On 28 October 2021, DaFa Properties successfully issued its first batch of green bonds with a term of 1.5 years, which was subscribed by high quality investors. The proceeds from the issuance will be used to refinance the Group’s green projects in such areas as eco-friendly management, eco-friendly design, eco-friendly construction, discharge management, energy and resource management.

DaFa Properties advocates environment-friendly and resource-saving development and pursues the harmonious coexistence of city, architecture, and nature. To this end, DaFa Properties has been continuously improving its environmental management mechanism, enhancing its environmental management capability and performance in all aspects, and striving to fulfil its responsibility as a corporate citizen for making China a beautiful country.

GROW WITH RESILIENCE AND STRIVE FOR QUALITY LIVING

Leveraging our excellent operation and quality product development, as well as our sincerity and enthusiasm, compliant marketing and constantly upgraded services, we provide our customers who are in pursuit of quality living with scenario-based experience and high-quality and cost-effective residential products, hoping to extend our blissful living service to every one of our customers and strive for quality living together with them.

Product Innovation

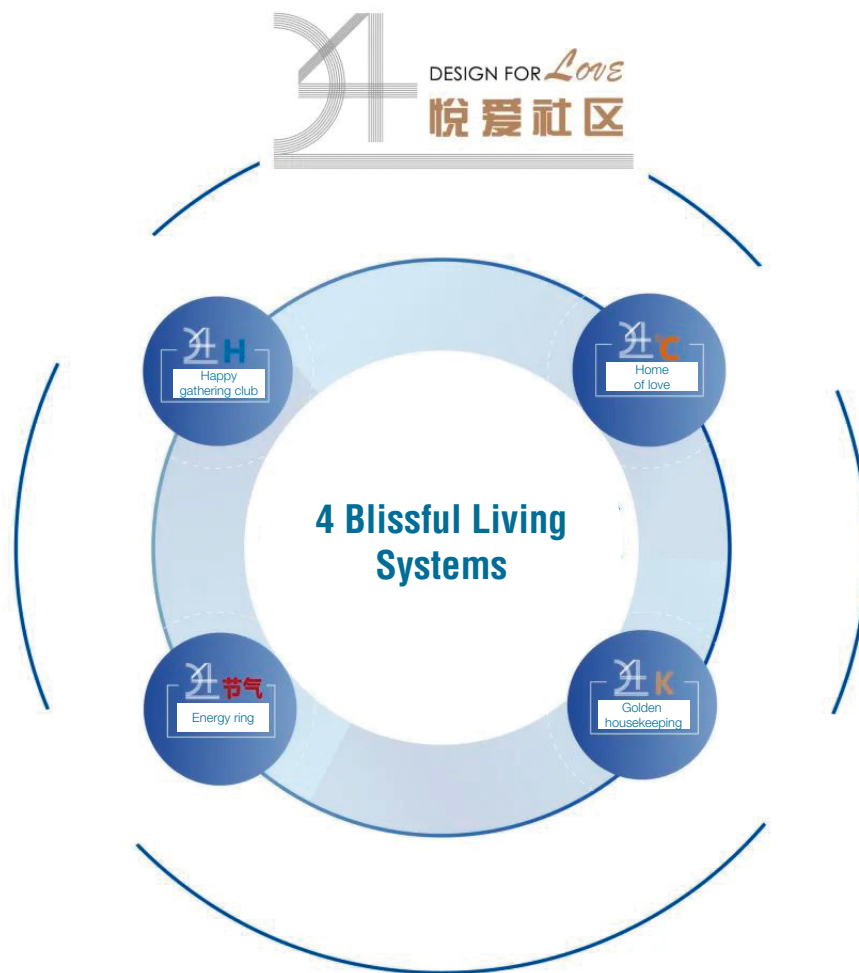
We are committed to driving product innovation with a sound system to help our customers realize their dreams of a better life. Through the establishment of the 11 professional major categories of design management systems, e.g. the *“Guidance Manual for Management and Control throughout the Entire Process of Standardized Project Design”*, the *“Design Management Practice Guidelines”*, and the *“Design and Management of Forced Discharge Solutions”*, we exercised strict control over the design processes and standards to ensure superior R&D performance.

Product Philosophy

We practice our guiding principle known as “design for life, design for beyond” by combining the density of time and space with the heat of emotion, and connecting time and space to create a perfect blissful-living community enjoyable for all time and all ages.

GROW WITH RESILIENCE AND STRIVE FOR QUALITY LIVING

In 2021, as a leading blissful-living service provider, while making constant efforts to consolidate our existing operations, we took a new start to capture the trend of future lifestyle, focusing on the emotional connection between people, and striving to revitalize the beauty of life with passion and love. To show our sincere respect to love, we integrated the notion of our “Yue” series of products into the design of living space to build a warm and harmonious community meant to be prosperous throughout its whole life cycle, based on which we developed the new idea for Yue Living, to be used in the construction of the “4 Blissful Living Systems” comprising a 24H happy gathering club – community living system, a 24-solar terms energy ring – community health system, a 24°C home of love – family time system, and a 24K golden housekeeping – community intelligent service.





4 Blissful Living Systems of DaFa Properties

Product Standardization

In 2021, the four of our regional offices conducted a systematic analysis of the environment for project application and approval in the cities where they had intense operations, and formulated a differentiated application process according to the characteristics of the regions, which developed into a “one form for one city” approach. The process has clearly sorted out the achievements, time nodes and deliverables corresponding to each link of the project approval process, from land acquisition, planning consultation, review by expert committee, bureau, planning committee, technical review to construction planning permit and drawing review certificate, and specified the things to note at each node, forming a standardized application process for different regions. The establishment of the system has served as a guide for the smooth implementation of project approval process, and ensured the smooth and efficient implementation of related work.

In addition, based on the product system under the theme of “Originating from Culture with True Love of Life (發於文化 · 大愛生活)” in 2020, we further deepened and improved our Landscape Soft View Standardization 5.0, Landscape Hard View Standardization 5.0, Elevated Floor Standardization 1.0 and Underground Garage Standardization 5.0, while sorting out the spots of sensitivity of our customers to whom we have delivered the projects in 2021, so as to form a product standardization defect database, laying a solid foundation for further product enhancement in 2022.

In 2021, we established a total of 11 standard demonstration zones. On top of the original standard demonstration zones, we chose seven of our projects, namely Ningnan, Liangzhu, Jiangmen, Zhenglu, Binhuwang, Nanshansi and Xining, and had their demonstration zones reorganized and upgraded to produce a new set of standardization documents for demonstration zones, with which we had a total of 11 standardized sales offices.



Achievements of DaFa Properties in product standardization

New Product Development

We are committed to creating a distinctive style of residential community, where we integrate the essence of Chinese aesthetic design into our DNA and continuously renew our four product lines, namely “Puyue, Xiyue, Rongyue and Mingyue” in 2021.



The Collection of Time
Returning to the tranquility of life



The Light of Time
Quietly hoping for the light within



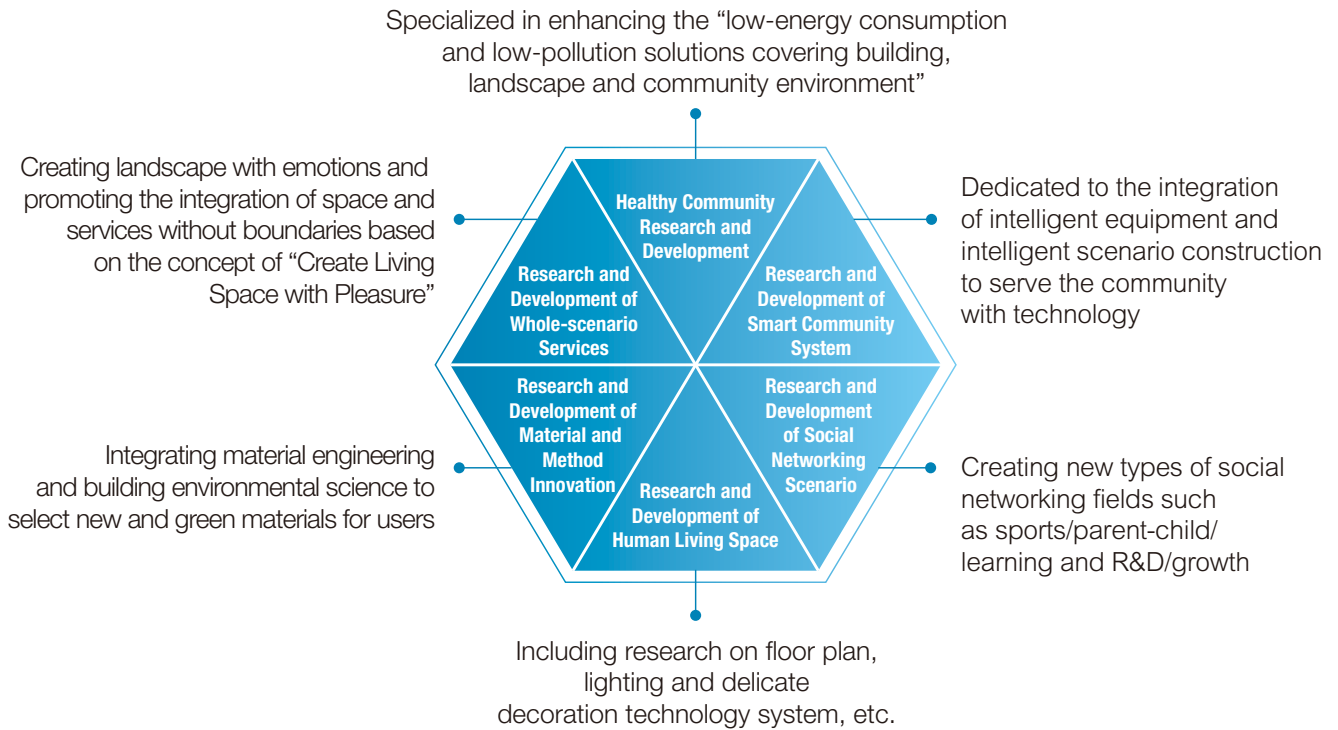
The Intersection of Time
Creating the convergence of emotions



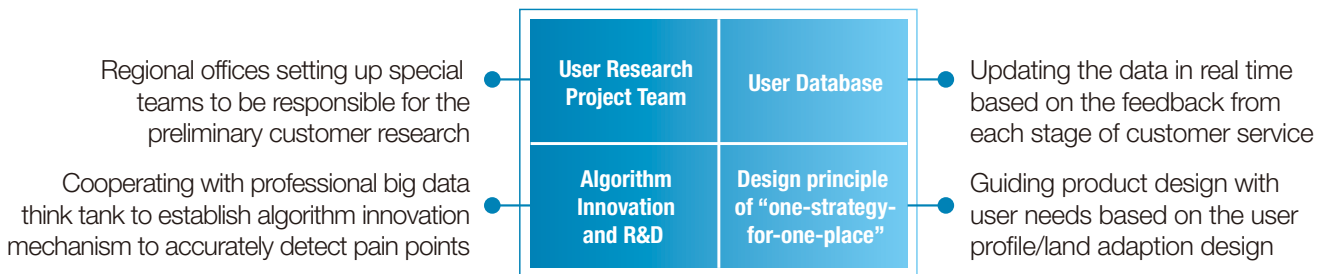
The Scale of Time
Shaping a better self

We have established a real “user-oriented” product development mechanism through the collaboration of six product strength research and development groups, namely, healthy community, Smart Community system, social networking scenario, human living space, material and method innovation, and whole-scenario services, as well as four user-oriented design approaches, namely, user research project team, user database, algorithm innovation research and development, and “one-strategy-for-one-place” design principle.

GROW WITH RESILIENCE AND STRIVE FOR QUALITY LIVING

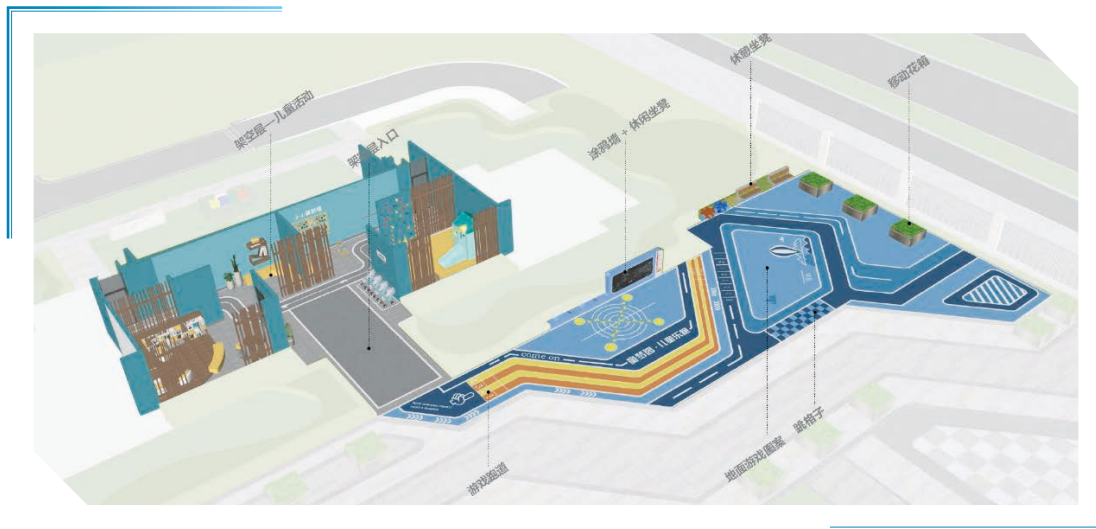


DaFa Properties’ 6 product strength research and development groups



DaFa Properties’ 4 user-oriented design approaches

We constantly improved our product innovation capabilities, and in 2021, we introduced the design of the elevated floor, aiming to create a new paradigm which integrated the elevated floor with the outdoor landscape. The elevated floor is a space for interaction between indoor and outdoor elements, for which we proposed integration by extending the outdoor space inwards, so as to enable spatial continuity and complementation, and combination of the children's playground with the adjacent elevated floor, which has significantly extended the playground and solved the problem of children being unable to do outdoor activities in rainy weather. In our "Lishui - Tianzuan" project in Lishui, Zhejiang, the elevated floor next to the swimming pool has been made into a changing room, which has effectively compensated for the lack of necessary functions in the outdoor swimming pool and provided better convenience for the users for using the swimming pool. In our Yangzhou project in Jiangsu, we combined the outdoor sports field with the sports space of the elevated floor, with the outdoor area used as sports field and the indoor area as equipment room, which effectively complemented each other in function.



Elevated floor plan

We focus on construction and digital upgrade of smart communities to provide our customers with a safe, healthy and secure living space. With the environmental monitoring system, data such as the CO (carbon monoxide) concentration, temperature and humidity, noise, PM2.5, etc. can be displayed in real time on the big screen in the complex, so that our property owners can obtain such information in a timely manner. With the facilities monitoring system, we can monitor and control the power supply facilities, lighting facilities, public assets and water in the basement in real time, so that the failure can be detected and handled quickly, and the safety accidents can be prevented. With the big screen with "Smart Track" system installed in the complex, our property owners can read the information about their physical conditions in real time and share such information via the social media. The system can also tailor training programs for the users based on their age, height, gender and other basic information, and by comparing their training data at different times, the users can change their fitness program at any time, so as to have a personalized training experience. Through the touchless access system, our property owners can complete identity verification and temperature check at the same time, which gives them convenience while protecting their safety. Through our family care system, our property owners can learn the status of their children and the whereabouts of the elderly in a timely manner, helping them ensure the safety of their family members. Through the falling object monitoring system, our security staff in the complex can monitor the falling objects in real time to track video recording and thus protect the safety of our property owners.

GROW WITH RESILIENCE AND STRIVE FOR QUALITY LIVING

We have won a number of design awards in 2021 in recognition of our innovative design capabilities, which indicates that our achievements have been highly acknowledged by industry experts.

Design awards DaFa Properties received during the Reporting Period	
Awarded Projects	Name of Award
Chengdu Puyue Longshan	2021 SYDNEY DESIGN AWARDS – GOLD AWARD from Sydney International Design Association
Wenzhou Puyue ONE	Most Anticipated Real Estate Project (最值得期待樓盤) in 2021 from Rui'an Daily
Wenzhou Hanlin Jiuqing	Benchmark Project for Smart Community in 2021 (2021智慧社區標桿項目) from CRIC
Zhoushan Rongyue Xinjie	GBE Real Estate Design Awards – Best Innovative Design Award for 2021 (GBE地產設計大獎 – 最佳創新設計獎) from GBE Real Estate Design
Yujing Yunxi (Chengdu)	The 6th REARD Global Real Estate Design Awards – Gold Award for Architecture (第六屆REARD全球地產設計大獎 – 建築金獎)
Jingyue Xingchen Exhibition Center (Yangzhou)	The 6th REARD Global Real Estate Design Awards – Honor Award for Interior Design (第六屆REARD全球地產設計大獎 – 室內設計榮譽獎)

Intellectual Property Protection

While working relentlessly on product iteration and brand innovation, we attach great importance to the protection of our intellectual property rights and ensure that we do not infringe upon the intellectual property achievements of others. We comply strictly with the relevant provisions of the *Intellectual Property Law of the People's Republic of China* and register and file our intellectual property rights in accordance with the relevant requirements. During the Reporting Period, we obtained 2 trademarks which added up to a total of 19 trademarks, and were not involved in any litigations in relation to intellectual property rights.

Quality and Safety

We regard product quality and safety as the foundation of our survival and development, and through stringent quality control and perfect safety management, we provide our customers with state-of-the-art products, create a healthy and comfortable living space for them, and help them realize their dreams of quality living with products of high cost-effectiveness.

Optimization of Quality System

We abide strictly by the laws and regulations such as the “Product Quality Law of the People’s Republic of China” and the “Law of the People’s Republic of China on Management of Urban Real Estate”, and have established a complete project quality management system of our own to fulfill our promise to our customers i.e. the “quality of living (悦居品质)” by continuously improving our quality management measures, and ensuring the quality of each project through the three-tiered (headquarters-region-project) safety and quality management system.



DaFa Properties’ three-tiered safety and quality management system

During the Reporting Period, we further optimized our quality management system by adjusting the quality assessment system and taking a number of measures to improve the quality of our projects ranging in the aspects of design, construction and delivery. We have established a quality assessment system consisting of 4 major dimensions, and conducted data analysis on the quality-related risks identified in the first and second quarters of 2021, and screened out a total of 22 items with higher frequency of occurrence and higher proportion in the assessment, and adjusted the assessment proportion in the third quarter of 2021 by increasing the weight of quality risk from 25% to 35%. Meanwhile, we organized targeted trainings, and formulated technological standards, based on which we offered rewards and imposed penalties. Through the third-party evaluation in 2021, performance of the some of the dimensions improved significantly, including a 0.22-point improvement in the quality dimension.

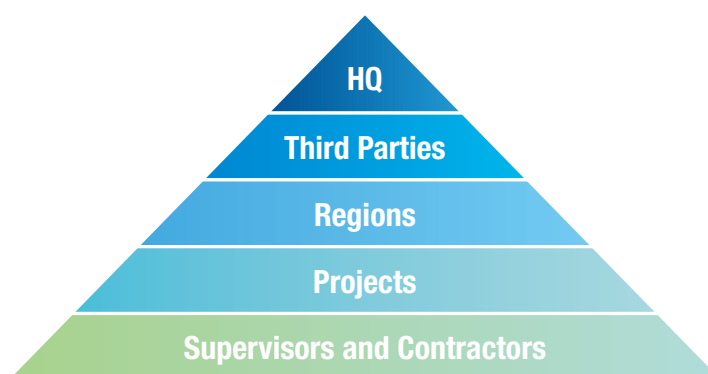


Four dimensions of DaFa Properties’ quality assessment system

We linked product quality standards to the performance of the relevant personnel, so that rewards and assessments can be implemented to specific regional functions and corresponding individuals, with which we have realized quality management across all levels and systems, and improved our product quality significantly.

Quality Assessment and Management

We relied on our “five-tiered inspection” covering the whole project cycle as an important means of quality inspection, and conducted numerous quality and safety inspections during the Reporting Period. After each inspection, a summarization meeting was held, during which we required the regional project companies and relevant staff to attend the meeting together, where we analyzed the findings of the inspection and shared with them, made specific suggestions for each inspected project, and demanded rectification within the specified time, and after the rectification was completed, we re-inspected them until they were fully qualified. During the construction process, we conducted group-level fly-in safety random checks, material sampling and leakage inspections. During the stage of project delivery, we conducted comprehensive inspections to ensure the quality of delivery.



DaFa Properties' five-tiered Inspection

Fly-in safety random checks

- Focus on normalized management of the project in terms of safety, civilization and standardization

Material sampling

- Focus on the front-end inspection of materials. The quality of materials is ensured in three aspects: actual test, acceptance check, and brand requirements

Anti-leakage inspections

- Aiming to discover leakage as early as possible and make rectification in a timely manner so as to eliminate risks of leakage before delivery to the greatest extent

Promotion of Quality Awareness

In order to enhance the quality awareness and quality risk management ability of our staff, we organized regular project training for our construction units. We actively carried out various types of trainings in relation to quality, safety standards and process. Participants of our training sessions covered the engineering platform, project managers, engineers and employees of Qihangxing Project (啓航星項目), achieving full coverage of the relevant personnel.



DaFa Properties' Quality Training Sessions

Safety Management

We fully understand that providing a safe environment and peace of mind for our customers, property owners and commercial tenants is a prerequisite for our high-quality development and a basic requirement for ourselves. During the Reporting Period, we invested a total of approximately RMB57 million in safety production, and conducted 90 safety drills with 7,799 participants, with a 100% coverage of our staff. The Group did not incur any fatalities due to work-related injuries in the past three years. During the Reporting Period, the Group did not incur any work-related injuries and lost zero working days due to work-related injuries.

Construction Safety Management

The Group attaches remarkable importance to safety management in the course of project construction, and conducted overall safety inspection on its construction sites and delivered projects by carrying out the theme activity of the “Month of Safety Production and Civilization” to ensure safe and civilized production on the construction sites and a peaceful mind for our property owners.



DaFa Properties' Overall Safety Inspection

Operational Safety Management

We also pay attention to the operational safety of malls, and formulate internal safety management systems, including *Mall Management System*, *Merchant Safety Management System*, *Warehouse Safety Management System* and *Business Environment Management Policy* to fully protect the safety of merchants and customers. In order to ensure the continuous safe operation of the mall, we set up a safety production team and a fire safety officer, clarify the fire safety responsibilities of all employees, sign a safety responsibility letter with all employees, and link all employees' performance with safety performance. Once a safety accident occurs, a one-vote veto system is implemented. In 2021, we invested RMB0.2 million in business operational safety and organized 4 times of safety drills with 675 participants and no safety accidents occurred.

Our commercial complexes in Shanghai have carried out the following measures to eliminate safety hazards :

Intensify safety inspections, and set up an inspection system that combines 9 fixed-time safety inspections and flexible inspections within 24 hours.

Implement monthly fire safety inspections, implement rectification of hidden dangers, and prevent safety accidents.

Improve the performance standards and increase the service items of various positions.

Conduct pre-job training and planned training for new employees, including theoretical training and on-site practice, and they could not take up their jobs until passing the training assessment.

Improve emergency response capabilities, conduct monthly emergency equipment inspections and various emergency response drills for safety incidents outbreak, and conduct two evacuation drills every year.

Set up various safety reminders and emergency contact methods in critical areas.

Evening clearance stores must be inspected by the clearing staff to ensure that there are no safety hazards before closure.

Operational Safety Protection Measures for Shanghai IST Mall



DaFa Properties Emergency Safety Drill

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In 2021, we have taken various measures to ensure a safe and reliable operating and shopping environment for our merchants and customers at our commercial complex in Nanjing, as follows:

Set up a safety production team and a fire safety officer, clarify the fire safety responsibilities of all employees, sign a safety responsibility letter with all employees, and link all employees' performance with safety performance. Once a safety accident occurs, a one-vote veto system is implemented

Set up an inspection system that combines 9 fixed-time safety inspections and flexible inspections within 24 hours, including 5 fixed route inspection, 2 times inspection of the back kitchen safety after meals and sign in, 2 times electricity well safety inspection during the peak electricity consumption

Evening clearance stores must be checked by the clearance staff to ensure that the water, electricity and gas valves are closed, photographed and uploaded before closing the store to leave, start clearing at 22:00, check and sign one by one, and conduct the second clearance at 00:00, to ensure that there are no safety hazards in the mall overnight

Improve emergency response capabilities and evacuation capabilities of employees by conducting various emergency response drills for sudden safety incidents every month, and conducting two evacuation drills every year

Conduct pre-job training and planned training for new employees, including theoretical training and on-site practice, and conduct assessment after training

Set up various safety reminders and emergency contact methods in critical areas

Operational Safety Protection Measures for Nanjing IST Mall

We attach great importance to consumer food safety. In 2021, Nanjing IST Mall launched a large-scale food safety inspection of merchants in accordance with the provisions of the internal *Business Environment Management Policy* (《商業環境管理政策》) to strictly prevent and control food safety risks, with the following specific measures:

Strengthen food safety management, enhance the control over personnel health, environmental hygiene, food raw materials, production process, factory inspection, food storage and other key aspects to ensure that the food produced meets national food safety standards

Strictly examine the imported food epidemic prevention and testing reports, and cold chain food handling personnel complete nucleic acid testing twice a week before they are allowed to work normally

Require the merchant to regularly clean the kitchen exhaust equipment and ducts, with no less than one time every month, one time every two months and one time every three months for heavy-smoking merchants; light-smoking merchants and ultra-light-smoking merchants, respectively. Professional staff of the mall would conduct inspection after cleaning, and register the account after passing the inspection, and issue rectification notice to the merchants who fail to pass the cleaning inspection and require them to clean again until they pass the inspection

Strengthen the supervision of indoor environmental inspection of merchants, requiring all merchants to complete indoor environmental inspection within one month after the completion of renovation and provide proof of passing the inspection

During the resurgence of the epidemic in 2021, we actively responded to the government's call to fulfill our epidemic prevention and control responsibilities to eliminate the risk of epidemic transmission and ensure that there were no epidemic prevention failures in our two commercial complexes.

Conduct nucleic acid testing and vaccination for all staff, as well as monitor the health status of staff on duty daily

Mall-wide disinfection before opening and after closing everyday

Temperature testing for employees before opening, and for suppliers when they deliver goods to the mall all people entering the mall must wear masks and conduct body temperature tests

Set up an emergency isolation room at the entrance to quarantine customers with abnormal body temperature or abnormal travel QR code

Medical surgical masks, hand sanitizer and medical alcohol are available for customers at each entrance without charge

All merchants conduct real-name registration and secondary temperature testing for customers entering

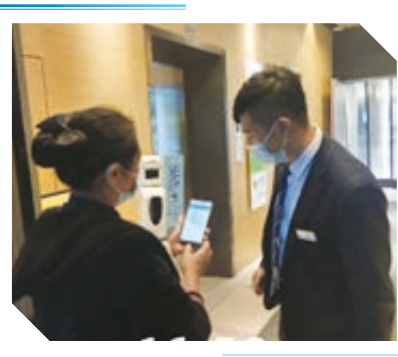
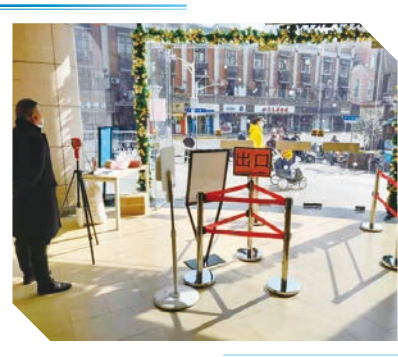
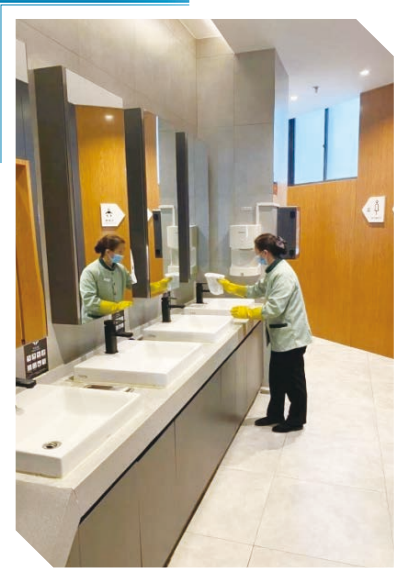
Set up special garbage recycling bins for anti-epidemic supplies to specifically dispose of discarded masks and other items

Established an emergency contact channel with the community grid administrator and the epidemic prevention office, in order to promptly deal with abnormalities once found

Implement annual central air conditioning cleaning and disinfection, air disinfection testing, etc. in shopping malls and obtain reports

Epidemic Prevention and Control Measures for Commercial Complexes

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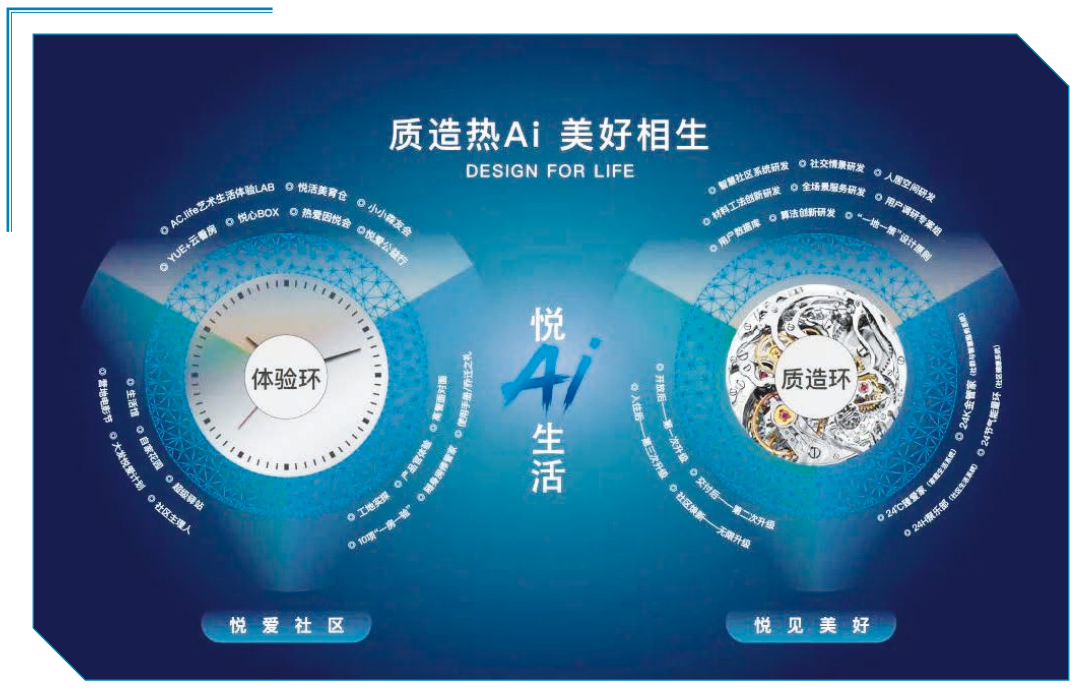


Quality Service

DaFa Properties has always adhered to the brand concept of “Design for Life” and the orientation of customer service, providing customers with blissful living, and is committed to providing each property owner with quality, warm, and speedy services for a better life.

Residential Service

Through humanized design, we care about every bit of life. Focusing on products and prioritizing users, we have refined the whole life cycle service proposition of “Blissful Ai Life” from the surface to the interior, from the inside to the outside with three dimensions of time, space and emotion, and will continue to explore the Blissful Life for Chinese, aiming to create an infinite energy circle for mutual influence and growth, and to deeply connect with customers to sincerely deliver the beauty of every moment of life. The “Blissful Ai Life” consists of two major energy circles: the “Experience Circle” and the “Quality Circle”. The “Blissful Ai Life” consists of two major energy circles: the “Experience Circle” and the “Quality Creation Circle”. “Blissful Ai” is a practice of “more experiential” life cycle. Driven by the “Experience Circle” and “Quality Circle”, we expect “Blissful Ai Life” to provide all-age care for different stages of life, to fulfill the beautiful vision of Blissful Living Community, and realize the integrated strength of Blissful Products, providing more value-added emotions to the living space, so that the devotion lasts forever and Blissful Living is continuously renewed.



DaFa Properties Full Service Lifecycle

GROW WITH RESILIENCE AND STRIVE FOR QUALITY LIVING

In order to facilitate users to see properties anytime and anywhere without being on site, we display the activities, benefits and latest news of the site through the “Online Sales Office” of YUE+ applet, which includes six main features: real estate information display, activities, games, content sharing, realtor recommendation, and channel AI business cards. As of now, DaFa Properties has put 100% projects and 100% activities online, which has significantly improved the efficiency and quality of customer service.



Preferred house resources

Selected hot real estate
More reliable official presentation



Preferential benefits

Exclusive online discount
Multiple user privileges



Quality service

Online + offline house selection
Fast and caring service



Generous perks

Online membership
More benefits in the future after joining the system

Main Functions of YUE+

For the future “Blissful Ai Life”, we strive to meet our customers’ expectations and are committed to providing warm, dedicated, and thoughtful services to our proprietors through quality services that open up their beautiful perceptions of “Blissful Ai Life”.

Case : Little Forest Friends Party (小小森友會)

For the “Wonderful Forest” children’s playground area after delivery, we provide a dedicated “community companion officer” and an aesthetic education curriculum to take children to read picture books, do crafts, play games, and build Lego, so parents can leave their children in this area and watch the house without worries.



Case : AC.life LAB

Based on art, we add coffee, handicraft, floral art, light food and designer toys and other beautiful lifestyles into the sales office style experience space. We also build urban internet celebrity destinations to create heartwarming visits and project differentiation experiences.



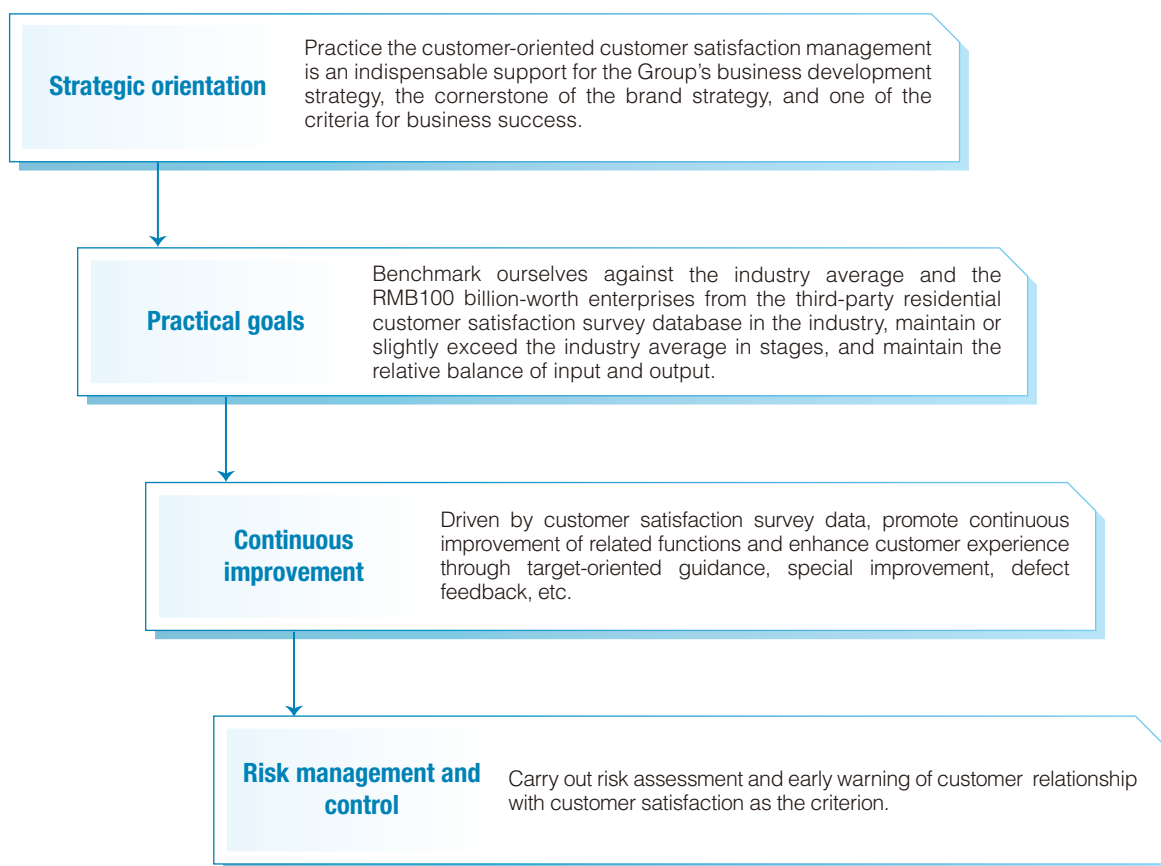
We continuously improve the quality of service, listen to the voices of customers, constantly optimize customer feedback channels and collect customer opinions and advices through channels such as 400 hotline, web, and WeChat official account. The 400 hotline provides manual service 24 hours a day, 365 days a year to provide customers with timely and accurate inquiries, maintenance reporting, complaints and suggestions services. Our convenient channel ensures objective recording and tracking of issues received, real feedback on the progress of handling and communication of the progress to our customers, providing them with a high quality interactive experience. During the Reporting Period, we received a total of 2,574 complaints, with the complaint handling rate of 96%.

Customer Complaint Channels

Customer Service Hotline : 400-188-6111

WeChat official account: DaFa Properties Customer Service Center

We always pay attention to enhance customers' feelings and evaluations, and we have established and released an on-the-spot standardized service system, and through the formulation of the *Project Sales Questionnaire*, we collected customer's feedback. In addition, we clarified the customer satisfaction management indicators of the Group and each region, standardized management responsibilities, promoted customer service awareness, addressed product and service issues that caused customer dissatisfaction, and achieved steady enhancement of customer satisfaction with DaFa Properties.



DaFa Properties Customer Satisfaction Improvement Process

Commercial Services

We continue to enhance the service quality of our commercial centers and our commercial centers both in Shanghai and Nanjing offer our customers a quality shopping environment and avant-garde lifestyle with different regional characteristics. We have built boutique IST Mall in Nanjing and Shanghai, featuring “young, fashionable and creative” and integrating shopping, leisure, dining, entertainment and art, bringing a unique shopping and dining experience to consumers, and enabling the “young – style – fashion – fun” concept to be manifested in this innovative fashion stage, thus presenting a refreshing scene to the local business district.



IST Mall

Commercial Tenant Service

In 2021, in order to enhance the satisfaction of commercial tenants and fulfill our corporate social responsibility, we organized three online “100 valued to 150” activities in Nanjing commercial center to support the operation of commercial tenants, with 61 participants, which effectively drove the customer flow of commercial tenants and improved the performance of stores. We offered staff management services, assisted commercial tenants in providing 202 training sessions on fire safety, on-site management and service to their staff, with 2,536 participants, improved the basic quality of the staff working in the stores, organized cross-industry collaboration among stores, organized restaurant brands to combine seasonal new products and conducted promotional activities using online third-party brands. Through these measures, we were able to achieve annual store sales of RMB1.08 billion in 2021 despite the impact of the epidemic.

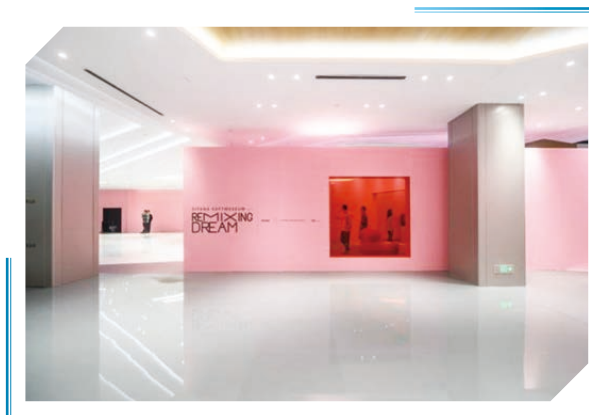
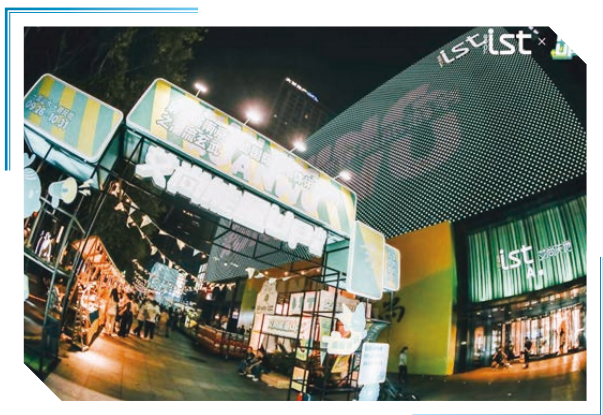
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Consumer Service

In addition to providing quality services to our commercial tenants, we have innovated in business formats to meet consumers' increasingly diversified consumption needs and launched a wealth of commercial activities to create promotional space for more brands and enrich the consumer life of citizens in the post-epidemic era.

During the Reporting Period, seven representative highlight activities were held in Nanjing mall.

May 2021	Nanjing Sports Carnival First Stop – IST “Skateboard Unlimited” Game (南京體育嘉年華首站艾尚極限滑板賽)
May 2021	IST x Sifang Super Soft-museum Art Festival (IST x 四方軟核藝術節)
May – July 2021	IST x Sifang Art Museum Remixing Dream Exhibition (IST x 四方當代美術館 夢境重混展)
September 2021	2021 Nanjing Xuanwu International Urban Leisure Tourism Festival Opening Ceremony (2021 南京玄武國際城市休閒旅遊節開幕式)
October 2021	The 5th Nanjing Xuanwu International Urban Leisure Tourism Festival – Vital Xuanwu, Xuanwu Sports Carnival (第五屆南京玄武國際城市休閒旅遊節之活力玄武·玄武體育嘉年華活動)
October 2021	The 5th Nanjing Xuanwu International Urban Leisure Tourism Festival – Fashion Xuanwu, IST Mall Energy UP Market (第五屆南京玄武國際城市休閒旅遊節之潮流玄武, 艾尚能量UP市集)
October 2021 – February 2022	National Geographic’s Classic Image Exhibit (國家地理經典影像大展)



Highlights of the Activities

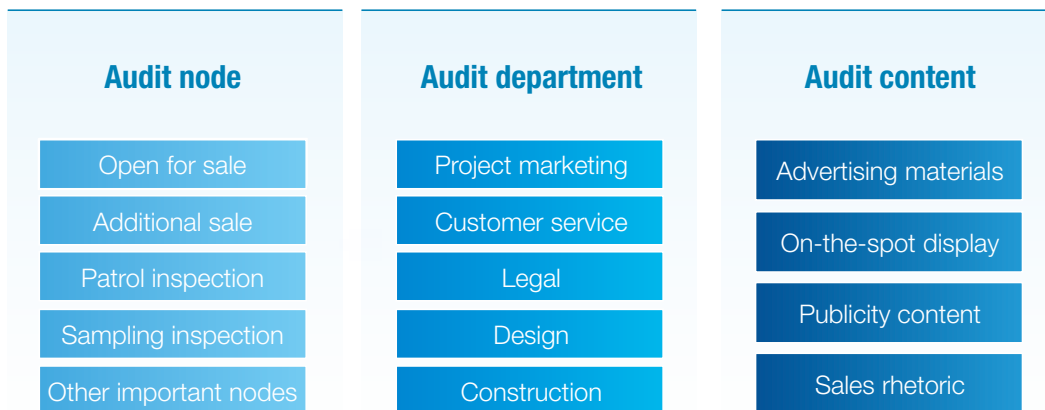
The mall in Shanghai actively responded to the “Honest and Reliable Merchant Quality Consumption” campaign, and six commercial tenants applied for the “Hongkou District Outstanding Unit of Reliable Consumption (虹口區放心消費優秀單位)”. In the year of 2021, Shanghai IST Mall declared its participation in the “Shanghai Outstanding Consumption Unit for Safe Consumption (《上海市放心消費創建等級》)” and promised to participate in the “seven-day no-reason return service” for offline retail enterprises in Shanghai to provide consumers with quality after-sales service.

During the Reporting Period, our commercial complexes in Shanghai and Nanjing received a total of 34 times of customer complaints, with a complaint handling rate of 100%. Our commercial complexes in Nanjing and Shanghai received a satisfaction of 95% and 93% from the tenants respectively.

Marketing Compliance

We strictly abide by the *Advertising Law of the People’s Republic of China*, *Property Law of the People’s Republic of China*, *Law of the People’s Republic of China on Protection of Consumer Rights and Interests*, *Personal Information Protection Law of the People’s Republic of China* and other policies and regulations, and always prohibit false propaganda and deceit of consumers, but comprehensively protect customer privacy.

Through the formulation of *DaFa Properties Archived Marketing Materials Management System*, we implement three-level management and review (Project – Regional Office – Group) on the use of marketing materials to strictly control the content of materials and ensure their compliance. We take the *Guidelines for Legal Risk Control of Sales Material Advertising and Display (《銷售物料廣告宣傳展示法律風險控制指引》)* as the unified requirement, clarify the business red line, and form a material control system of “regional platform – customer service function – project team” with the regional function platform as the main body, so as to ensure the compliance of advertising materials without risk.



Marketing Review Process

Customer Information Protection

We strictly protect the security of customer information. By formulating *DaFa Properties Archived Materials Management System*, we enhance confidentiality management of customer information to avoid the loss of customer information caused by random export. During the Reporting Period, the Group did not have any customer information leakage incident.

The customer information ledger is stored in a designated folder of the CNC computer for encrypted management

Access privileges are limited to core personnel, and projects and regional offices cannot export the customer's complete phone number

One needs to file offline and apply online to use customer information

If customer information is leaked due to improper management, the marketing manager shall be held directly responsible

Measures for Customer Information Protection of DaFa Properties

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

We always pursue the harmonization of people, buildings and the environment, integrate our green and sustainable vision into our DNA, continuously improve our environmental management mechanism, enhance our environmental management capability and environmental performance, and strive to become a more environmentally friendly “Blissful Living Service Provider”.

Green Management

We strictly abide by the *Environmental Protection Law of the People’s Republic of China*, the *Law of the People’s Republic of China on Prevention and Control of Pollution From Environmental Noise*, the *Law of the People’s Republic of China on Appraising of Environment Impacts*, the *Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People’s Republic of China on Prevention and Control of Water Pollution*, *Regulations on the Administration of Construction Project Environmental Protection* and other laws and regulations, and on this basis, we have formulated a number of policies and systems, such as the “*Guidelines on Green and Civilized Construction Management of Projects*”, to minimize the negative impact on the environment in every link of the entire life cycle of construction, evaluate the environmental impact of projects under construction in accordance with relevant national regulations, and carry out project construction in strict accordance with the requirements of environmental assessment approval. During the Reporting Period, the environmental assessment compliance rate of the Group’s new projects was 100%, and there were no environment-related violations or major incidents occurred.

DaFa Properties takes the response to climate change as an important environmental management direction and considers the control of climate change risk as a necessary capability of the Company. During the Reporting Period, we followed the recommendations of the guidelines of TCFD (Task Force on Climate-Related Financial Disclosures) to identify the physical and transformation risk parameters affecting the Group based on comparative scenarios under two typical greenhouse gas concentration pathways (RCP 2.6 and RCP 8.5), and assessed the level of impact and response measures for each type of risk to gradually integrate climate change responses with business operations and support future sustainable development of the Group.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

Risk Type		Risk Parameters	Response Measures
Transformation Risk	Policy and law	Higher greenhouse gas emission pricing	<ul style="list-style-type: none"> • Take low carbon into account during the product development and design stages, and use renewable energy or other low energy technologies, low carbon technologies wherever possible; • Advocate and increase green procurement to drive upstream suppliers to reduce negative environmental impacts; • Keep promoting green supply chain through industry alliances and giving priority to green suppliers.
		Enhance emission reporting obligations and compliance requirements	<ul style="list-style-type: none"> • Continue to track the disclosure standards for carbon emissions by regulatory and investment institutions and regulate information disclosure in accordance with the Stock Exchange's <i>Environmental, Social and Governance Reporting Guide</i>; • Improve internal emission control, emission reduction measures and reporting process to ensure the accuracy of disclosure information.
		Product regulatory requirements and standard changes	<ul style="list-style-type: none"> • Continuously improve the product standards of the Group, and regulate design management and project construction strictly in accordance with national green building standards; • Take a wide range of measures to improve energy efficiency and reduce emissions, such as the extensive use of technologies such as air heat pumps and solar energy, and strictly comply with various national and provincial building energy-saving design standards.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

Risk Type		Risk Parameters	Response Measures
	Technology	Replace existing products and services with low-emission options, and adopt low-emission technologies and building materials	<ul style="list-style-type: none"> Promote the product design concept of integrating building and environment, incorporate the dual carbon target into the product design consideration, and explore the product solutions of eco-friendly building; Adopt low-carbon design, such as optimizing natural lighting, natural ventilation, and select high thermal performance materials; Apply energy-saving technologies and materials for suitable projects (e.g. Zhejiang regional project), such as extruded polystyrene panels (XPS), insulated metal profiles LOW-E insulating glass, and other energy-saving and consumption-reducing technologies; Reduce the risks of investment failure and unstable results by assessing the feasibility of using low-emission technologies for projects.
	Market	Consumer's preference for green products and uncertainty of market sentiments	<ul style="list-style-type: none"> Explore the development of green products, such as "smart communities", to meet consumer needs; Actively participate in green building and green R&D design competitions, and well recognized by the industry and consumers; Adjust the transformation progress towards green products so as to minimize market risks; Continuously carry out product energy consumption and carbon emission data monitoring as well as market energy price monitoring, and develop emission reduction and consumption reduction plans.
		Increase in raw material costs	<ul style="list-style-type: none"> Build strategic partnerships with peers and suppliers through participation in procurement alliances and supply chain exchange activities to reduce procurement risks; Analyze the price difference and trend of raw materials for green products to reduce the risk of cost increase.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

Risk Type	Risk Parameters	Response Measures
	Reputation	<p>Increase in consumer awareness of corporate responsibility and stakeholder concern about negative feedback</p> <ul style="list-style-type: none"> • Continuously improve the information disclosure related to sustainable development and response to climate change, for example, consistently promote ESG-related content to consumers on the official WeChat account, including the green chain initiative, green financing framework, green building achievements, etc.; • Continuous public disclosure of information on green and low-carbon products to create a favorable market perception; • Accelerate the transformation to green products to satisfy consumer demand; • Strengthen communication with stakeholders to understand their concerns about ESG issues, and respond to the concerns of investors, media and other stakeholders about corporate responses to climate change through publication of year-end ESG summary; • Continuously pay attention to and participate in international and domestic green certifications and initiatives with high market recognition or applicability to enhance the competitiveness in the industry; • Continue to focus on and enhance the competitiveness within the capital market rating results.

Risk Type		Risk Parameters	Response Measures
Physical Risk	Acute	Typhoons, floods and extreme heat	<ul style="list-style-type: none"> • Adopt sponge measures for construction in areas with high typhoon and flooding risk to reduce the risk of internal flooding; • Implement flood prevention facilities, such as permeable paving on community floors, rainwater reuse ponds, and the adoption of sinking green spaces and drought-tolerant plants, in order to increase infiltration areas, mitigate peak water flows, and reduce flood damage; • Develop emergency plans for extreme weather (heavy rain and floods, typhoons, etc.), release work notices for extreme weather, and be prepared for emergencies; • Implement measures to prevent heatstroke according to the high temperature warning, adjust and reduce operating hours, and distribute cooling materials and medicines etc.
	Chronic	Extreme fluctuations in rainfall and weather patterns, rising average temperatures, and sea level rise	<ul style="list-style-type: none"> • Through analysis of regional hydrogeological information and survey of actual water level data, enhance the product's ability to withstand climate change risks and reduce extreme rainfall and flood-related risks, such as: permeable paving on community floors, rainwater reuse ponds, sinking green spaces, etc.; • Develop emergency plans for extreme weather (heavy rain and floods, typhoons, etc.), release work notices for extreme weather, and be prepared for emergencies to safeguard employee's safety; • Develop a green financing framework to incorporate the chronic risks associated with climate change trends in future planning areas into asset development considerations.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

In order to establish a target-oriented management mechanism and promote the closed loop and enhancement of green development, DaFa Properties has set environmental targets in a targeted manner as approved by the Board of Directors, and has defined the implementation path in line with its own situation, implementing effective targeted management in four areas, namely carbon emission, waste reduction, energy use and water efficiency, so as to further enhance the performance of the Group in environmental and sustainable development.

Emission Targets

Gradually enhance carbon emission data management capabilities, and strive to reduce carbon emissions year by year through various carbon emission reduction measures

- Increase the application of low-carbon technologies to reduce carbon emissions
- Expand the proportion of product design with low carbon concept in the product design side
- Promote low-carbon awareness and training within the Company to enhance employees' awareness of carbon reduction
- Reduce unnecessary travel

Waste Reduction Targets

Increase the efforts of various waste reduction measures to enhance the proportion of waste recycling

- Continue to explore and implement waste reduction initiatives within its own operations (including property development and commercial complexes)
- Strengthen the promotion of waste reduction internally and externally
- Actively promote green office and paperless office to reduce the use of office consumables
- Actively explore recyclable materials for iteration

Energy usage efficiency targets

Accelerate the construction of energy usage system and improve the efficiency of energy usage

- Phase out high energy consumption electrical appliances and adopt electrical equipment with lower energy consumption label
- Launch energy saving training for employees
- Reduce "useless lighting" in the mall area and increase the proportion of energy-saving design
- Actively increase the proportion of clean energy usage

Water Efficiency Targets

Gradually increase the investment in water conservation technology and techniques to improve water efficiency

- Actively explore the introduction of water-saving facilities and water treatment technologies, while strengthening the promotion of water-saving awareness among employees
- Improve the application of water-saving design in product design
- Strengthen the promotion of water conservation awareness internally and externally

Green Design

We adhere to the organic integration of architecture and environmental protection, adapt measures to local conditions, and adopt reasonable technical solutions to minimize effects on the environment. We have integrated green building technology into the sponge city to improve the city's ability to conserve water and resist floods, and embed solar and air source heat pumps technologies into building to improve the environmental protection performance of buildings.

At present, 100% of our projects met the energy-saving standards, and the architectural design complied with the current national and provincial energy-saving related standards for buildings. As of the end of the Reporting Period, a total of 13 projects won the national two-star Green Building Design Label or design approvals, of which 10 projects have a 65% building energy saving rate and 3 projects have reached 75%.

Green Technology in Project Design



Air source heat pump

The project design employs green technology to construct a renewable energy system, and utilizes an air source heat pump hot water system to provide energy.



Solar energy technology

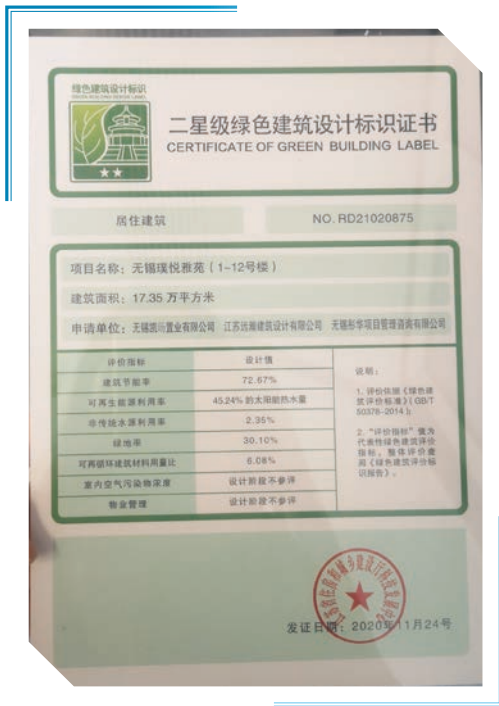
In the project design, the solar energy hot water supply system is installed on the roof to reduce the consumption of electricity and natural gas for hot water production and reduce carbon emissions.



Rainwater recycling system

Rainwater collection system is used to recycle rainwater for greening and irrigation thus reducing the consumption of water resources.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER



Certificates of Green Building Design Label for Some Projects



Green Technology Application Case: Wuxi Puyue Binhu Wang Project in Area around Shanghai

The project adopts a building envelope with better thermal performance, which saves energy by 10% compared to non-green buildings and saves electricity consumption for heating and air conditioning. According to the building model, the outdoor wind environment, indoor lighting and indoor ventilation are optimized for a more comfortable living environment.

- Improve the safety protection level of balconies, exterior windows, and protective railings, and use safety-protected glass and doors and windows with anti-clip function to increase building safety performance.
- The building entrances and platforms, public corridors, elevator foyers, kitchens, bathrooms, toilets and other rooms are designed to be non-slip to ensure the safety of the proprietors.
- By choosing green building materials, the concentration of major indoor air pollutants, including ammonia, formaldehyde, benzene, total volatile organic compounds, radon, respirable particulate matter, etc., is 20% lower than that required by the national standard “*Indoor Air Quality Standard*”.
- Use Level II sanitary water appliances to improve water saving efficiency.
- Rainwater collection system is used to recycle rainwater for greening and irrigation thus recycling water resources.
- Adopt permeable pavement with permeable parking space to achieve higher efficiency of water infiltration and drainage and eliminate the occurrence of internal floods.
- Rain gardens and sunken green areas are designed to retain rainwater, regulate soil humidity and optimize the wet environment of the community.
- Rainwater storage ponds are designed to store surface water flow during rainstorms, reducing the risk of flooding in the community.



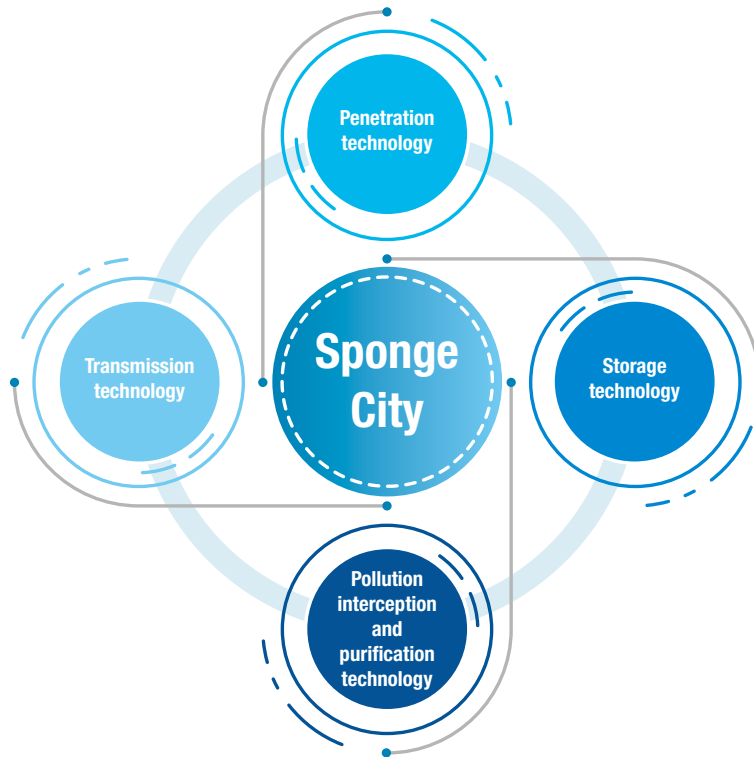
Green Technology Application Case: Zhejiang Hanlin Jiuqing Project

The project is carried out in accordance with the “Implementation Opinions on Accelerating the Planning and Construction of Future Communities” (《關於加快未來社區規劃建設的實施意見》), and is laid out in accordance with the relevant requirements of the nine scenes of future communities by the provinces and cities and the requirements of the “Copy List of the Office of the People’s Government of Wenzhou City” (《溫州市人民政府辦公室抄告單》), with two scenes of future communities, such as care, education, and custodian region, and city reading rooms.

- The project reserves the port of the community intelligent service platform and sets up the software, and implements the digital service content of the relevant scenes;
- Build a 12-classes nursery school;
- Provision of community service rooms, educational service facilities, cultural and entertainment facilities, medical and health facilities, elderly care and maternity assistance facilities, 150 social public parking spaces, public toilets and other public facilities;
- The application of BIM information technology in the project has reached the requirements of “Building Information Model (BIM) Application Unified Standard” level 2 or above in depth in Zhejiang Province.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

In addition, we have incorporated the risk factor of climate change into the design of the building, and have used the sponge city technology to support the green building, making use of the technology's flexibility in adapting to environmental changes and responding to natural disasters brought about by heavy rainfall to construct a new building with unique characteristics. During the construction process, through such facilities as permeable pavement, biological retention facilities, energy dissipation pools, sinking green spaces, reservoirs, and grass covering ditches, which can significantly reduce the "heat island effect" of the building complex, avoid urban water-logging disasters under extreme weather, and effectively respond to climate change.



Technical Areas Included in Sponge City of DaFa Properties

Green Construction

In order to implement the concept of sustainable development and reduce the negative effects of production and construction on the environment, we have formulated and implemented the *Requirements for Green Building Construction Management*, which proceeds from various aspects such as energy conservation and emission reduction, water resources management and pollution emission management to implement green and civilized construction in all aspects of project construction.

Discharge Management

We strictly follow national laws and regulations and industry-related standards, such as the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and the *Environmental Protection Law of the People's Republic of China*, adopt a full set of measures, and effectively monitor and manage waste, dust particles, wastewater and noise pollution generated on the construction site.

In terms of construction waste management, we formulate construction waste reduction and resource recovery process to meet the requirement for a recyclable construction waste recovery rate of not less than 80%. Additionally, we carry out refined management on waste and set waste storage yard at the construction site, and require that the waste should be sorted and stacked in the corresponding storage yard in time for subsequent disposal; moreover, cofferdams, fences as well as eye-catching signs are set up at the waste storage yard.

Construction waste	<ul style="list-style-type: none">For crushed stone, earth-rock construction waste, try to use foundation landfilling, paving, etc. to increase the recycling rate; for those that cannot be reused, sort out hazardous wastes and treat them separately
Hazardous waste	<ul style="list-style-type: none">Conducting special sorting and collection of hazardous waste and entrusting professional qualified units for transportation and disposal
Domestic garbage	<ul style="list-style-type: none">Closed garbage containers are set up in the living area of the construction site, and the domestic garbage is sorted, cleaned and transported regularly on time
Expired and discarded canned liquid substances	<ul style="list-style-type: none">Such substances are further sorted and disposed of as solid waste

DaFa Properties Construction Waste Management

In terms of dust and particulate matter management, we control the impact of dust and particulate matter on the surrounding environment to the maximum extent through dust reduction measures such as sprinkling water on construction roads, showering before transporting vehicles on the road, using finished mortar, covering bare soil and shielding.



DaFa Properties Construction Site Vehicle Spraying Operations

Dust and Particulate Matter Control Standards

- Ensure 100% bare soil coverage in non-construction areas during construction;
- The enclosure rate of construction site is 100%;
- Ensure 100% road hardening rate on site;
- Ensure the 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 greening rate of temporarily non-construction areas is 100%.

In terms of wastewater discharge, we increase the recycling rate of wastewater through process improvements, and strictly abide by relevant regulations for strict three-stage precipitation to ensure that the water is discharged after reaching the standard and to avoid water pollution.

In terms of noise management, we give priority to the selection of construction equipment with lower noise levels, carry out real-time noise measurement and recording at construction sites, and adopt effective noise reduction measures to prevent serious disturbance to the people and meet the current national standards.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

Energy and Resource Management

We take the following measures to reduce the intensity of water consumption at the construction level through efficient and circular use of water resources, while enhancing the economic efficiency of the project and reducing the waste of resources:

Optimize the construction plan and adopt water-free and water-saving techniques as far as possible

The pipeline strength test in public works uses air pressure instead of water pressure

The hydraulic pressure test of equipment and pipelines reuses water multiple times

Use rainwater recycling devices and sedimentation tanks to collect rainwater and use it for temporary site water, vehicle washing and road cleaning

In terms of energy conservation, we actively adopt energy-saving and environmental building materials and equipment, and eliminate the use of high-energy-consuming vehicles or diesel generators during the construction process; advocate employees to take public transportation to and from work, use solar energy storage for outdoor night lighting in office areas, and set up solar water heaters on site for employees' use.



On-site Photovoltaic Energy Storage and Solar Hot Water System of DaFa Properties

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

During the Reporting Period, our environmental performance in the construction and building process was as follows:

Category	Indicator	Unit	Projects under construction
Energy consumption	Liquefied petroleum gas	Standard cubic meter	295
	Diesel	Liter	84,854
	Gasoline	Liter	1,857,641
	Natural gas	Cubic meter	91,438
	Purchased electricity	kWh	35,987,424
Comprehensive energy consumption¹	Directly energy consumption	Ton of standard coal	2,208
	Indirectly energy consumption	Ton of standard coal	4,423
	Comprehensive energy consumption	Ton of standard coal	6,631
Greenhouse gas emissions²	Total greenhouse gas emissions	Ton of carbon dioxide equivalent	29,257
Water resources	Water consumption	Ton	2,351,136
Non-hazardous waste	Food waste	Ton	1,011
	Construction waste	Ton	39,306
	General waste	Ton	1,863
	Total non-hazardous waste	Ton	42,180
Wastewater discharge		Ton	1,638,014

1 The calculation of comprehensive energy consumption referred to the *GB/T 2589-2020 General Principles of Comprehensive Energy Consumption Calculation*.

2 The calculation of greenhouse gas emissions referred to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Industrial and Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China.

3 Other wastes without specific classification were uniformly counted as general wastes, which were generated in daily offices, commercial center, and projects under construction.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

Green Operation

We are committed to creating a green and sustainable development ecology, and implement the principle of environmental sustainability in the whole process of our daily office and shopping mall operations, and respond to the national “double carbon” goal with our own actions.

At the commercial operation level, we focus on harmony with the surrounding communities, respond to community concerns, and take corresponding measures in terms of pollutant emissions, noise control, and light pollution to reduce the negative impact of the mall operation on the surrounding residents and the environment, thus achieving low-carbon and efficient operation.


Pollution discharge management	Water resources management	Light pollution and noise management	Energy management
<ul style="list-style-type: none">• Implement garbage sorting and its publicity with rigor, carry out special inspections by dedicated personnel• It is stipulated that all catering merchants use a safe oil fume purification system, clean it regularly, and perform regular testing to ensure that the emission meets the standard• Ensure that kitchen waste and domestic waste are cleared daily to avoid storage producing peculiar odor that will damage the environment and threaten the health of residents• It is stipulated that grease traps and septic tanks are cleaned regularly to avoid overflowing and peculiar odor generation	<ul style="list-style-type: none">• Purchase of submersible water pumps to reduce water consumption by cleaning underground sewage and grease trap equipment with condensate water from air conditioners in summer• Establish a facility maintenance inspection schedule, replace damaged or dripping water supply equipment and water pump equipment, and replace and install water saving equipment in sanitary warehouses, etc. in a timely manner	<ul style="list-style-type: none">• It is stipulated that the external lighting that affects the residents be turned off at eight o'clock in the evening, so that no bright light will disturb the residents• Reduce light pollution while saving energy by dimming the lights on the outside of the commercial center by 20%• Facilities such as domestic garbage room and construction garbage room are all set up in the basement, so that the residents are not disturbed by the noise due to cleaning and transportation	<ul style="list-style-type: none">• Catering merchants are required to give priority to natural gas as an energy source for their daily operations to reduce carbon emissions from electricity consumption• Merchants are required to preferentially choose to connect to the public water circulating air-conditioning system to increase the energy efficiency of air-conditioning and reduce the waste of energy consumption caused by the use of independent air-conditioning• Replacement of operating area lighting (LED) and installation of time control devices

Commercial Center Green Operation Initiatives of DaFa Properties

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

At the office level, we attach great importance to incorporating the concept of sustainability into our corporate culture, and we strive to implement environmental protection concepts in our daily work, organize various training and awareness promotion activities, and establish a sound and green office system.

We have adopted the following measures to implement green office in three areas: water conservation, energy saving and waste reduction:





Water conservation

- Use water-saving toilets in office buildings to reduce drainage

Energy saving

- Promote the use of energy-saving office facilities, make special daily inspections at designated locations, and shut down building equipment and energy at designated time, as well as encourage employees to turn off the lights timely



Reduction of waste generation

- Reuse waste paper for printing; reduce packaging; choose environmentally friendly and renewable office supplies

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

During the Reporting Period, the Group's environmental performance in its daily office and commercial operations was as follows:

Category	Indicator	Unit	Daily office	Commercial center ⁴
Energy consumption	Gasoline	Liter	32,000	/
	Natural gas	Cubic meter	7,704	227,783
	Purchased electricity	kWh	1,800,000	15,894,519
Comprehensive energy consumption¹	Directly energy consumption	Ton of standard coal	44	303
	Indirectly energy consumption	Ton of standard coal	221	1,953
	Comprehensive energy consumption	Ton of standard coal	266	2,256
Greenhouse gas emissions²	Scope 1: direct greenhouse gas emissions	Ton of carbon dioxide equivalent	87	493
	Scope 2: indirect greenhouse gas emissions	Ton of carbon dioxide equivalent	1,266	11,182
	Total greenhouse gas emissions (Scope 1+ Scope 2)	Ton of carbon dioxide equivalent	1,354	11,674
Water resources	Water consumption	Ton	12,000	136,520
Non-hazardous waste	Food waste	Ton	13	1,296
	General waste ³	Ton	28	405
	Construction waste	Ton	/	60
	Office papers	Ton	15	/
	Total non-hazardous waste	Ton	56	1,761
Wastewater discharge		Ton	11,500	98,168

The Group's 2019–2021 environment-related performance is compared as follows:

- 1 The calculation of comprehensive energy consumption referred to the *GB/T 2589-2020 General Principles of Comprehensive Energy Consumption Calculation*.
- 2 The calculation of greenhouse gas emissions referred to the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Industrial and Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China.
- 3 Other wastes without specific classification were uniformly counted as general wastes, which were generated in daily offices, commercial center, and projects under construction.
- 4 The collection scope for environmental data of commercial center covered both tenants and non-tenants.

GROW WITH RESILIENCE AND BUILD A GREEN FUTURE TOGETHER

Indicator	Unit	2019	2020	2021
Total comprehensive energy consumption ⁵	Ton of standard coal	5,291	9,761	9,153
Comprehensive energy consumption intensity	Ton of standard coal/ square meter	0.0018	0.0016	0.0016
Total greenhouse gas emissions ²	Ton of carbon dioxide equivalent	19,561	43,792	42,285
Greenhouse gas emission intensity	Ton of carbon dioxide equivalent/square meter	0.0065	0.0072	0.0074
Total water consumption	Ton	1,624,491	2,722,756	2,499,656
Water consumption intensity	Ton/square meter	0.54	0.44	0.44
Total non-hazardous waste emission	Ton	50,193	47,592	43,997
Non-hazardous waste emission intensity	Ton/square meter	0.0166	0.0078	0.0077

5 The energy consumption indicators database of the Group contained the data of the headquarters of DaFa Properties, projects under construction, and commercial real estate projects in operation.

GROW WITH RESILIENCE AND CREATE EMPLOYEE VALUE TOGETHER

As always, DaFa Properties pays attention to the endogenous power, and through a well-established talent management mechanism and system, full-cycle training, three-dimensional and multi-dimensional assessment, and rich and colorful employee care activities, we promote the joint growth of talents and the Group, thus laying a solid foundation for DaFa Properties to achieve steady and sustainable growth.

Employee Profile

“Enhancing the talent pool” is one of the focuses for DaFa Properties to cope with the rapid development in the future. We strictly abide by the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China* and other relevant laws and regulations, and continue to optimize our internal management policies such as the *Talent Recruitment Management System of DaFa Properties* and *Measures for Labor Contract Management* to continuously strengthen our staff management. Meanwhile, based on the principles of diversity and tolerance, fairness and openness, we prohibit the recruitment of child labor, prohibit forced labor, and eliminate employee discrimination, actively create a healthy and transparent employment environment and cultivate a well-rounded talent team.

Employee Employment

In terms of talent recruitment, we adhere to the talent concept of “meritocracy”, continue to practice the employment philosophy of “cultivating talents and appointing them on merits”, and have established and continued to improve the employee management system.

Talent selection	Selection criteria: Cultural identity, ability, potential Selection method: Internal cultivation (mainly), external introduction (supplementary)
Talent employment	The principle of appointing talents: Bringing out the most talent of employees with the best treatment
Talent development	A newcomer → a qualified employee → a qualified middle-level manager → an excellent manager → a senior manager
Talent retention	Retaining talents by a bright future, retaining talents by best treatment and emotional retention

Talent management system of DaFa Properties

The Group conducts its talent recruitment process based on clear and transparent talent selection criteria, using professional and appropriate tools and approaches and complying with the standard workflow. During the Reporting Period, in order to promote the development and optimization of internal talent deployment and to attract more potential newcomers and build an elite team, we improved the talent recruitment mechanism and launched a recruitment plan with a combination of internal and external recruitment based on the principle of “bold appointments”, on the one hand, we conducted an open recruitment within the Company, and on the other hand, we launched a large-scale campus recruitment project.

Internal Recruitment of “Youth with Four Qualifications”

During the Reporting Period, we put forward the slogan of seeking “Youth with Four Qualifications” for our internal recruitment program, so that employees with “integrity, commitment, potential and loyalty” would have more development opportunities.



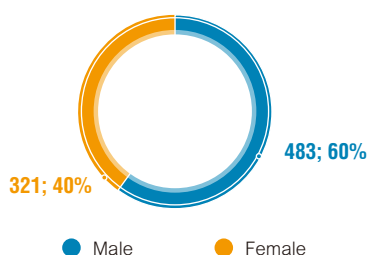
Poster for the Internal Recruitment of “Youth with Four Qualifications”

At the same time, we enhance the transparency and fairness of the internal recruitment mechanism by regularly uploading the available positions on the internal platform in the open recruitment section, and standardizing the internal recruitment process, making timely and sufficient public announcements of the results of the recruitment, with the employees supervising the entire process from the announcement to the interview arrangement, and from the notification of the results to the full public announcement, and extensively listening to the voices of all the employees to ensure the suitability, transparency and normalization of the personnel applying for the positions.

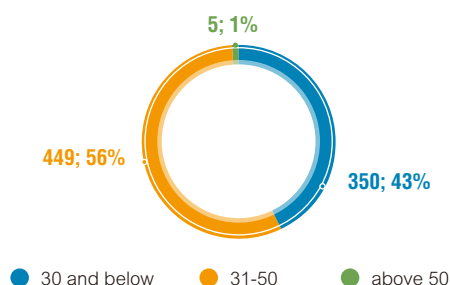
GROW WITH RESILIENCE AND CREATE EMPLOYEE VALUE TOGETHER

As of 31 December 2021, we had a total of 804 employees. The number of employees divided by gender, age, region and professional type is shown in the figure:

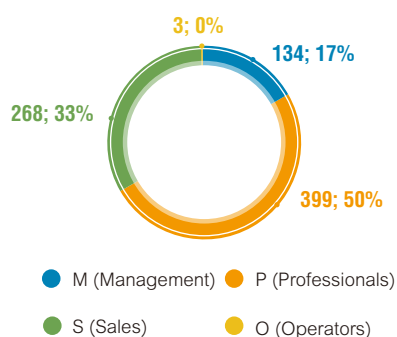
Number of employees by gender



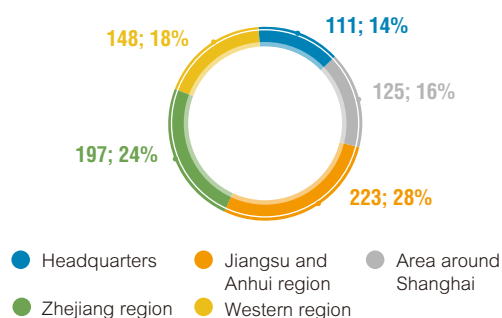
Number of employees by age



Number of employees by professional type



Number of employees by region



Employee Interests

In the recruitment and employment process, we insist on legal employment, and prohibit child labor and forced labor. We strictly abide by the requirements of the *Law of the People's Republic of China on the Protection of Minors* and the *Regulations on the Prohibition of Child Labor* and other laws and regulations to eliminate child labor and prohibit forced labor. DaFa Properties strictly examines the age-related information and identity documents of the candidates to ensure that all employees have reached the statutory age of employment to prevent child labor; we sign labor contracts with all employees through legal procedures, establish labor relations and the rights and obligations of both parties to eliminate forced labor, and strictly deal with acts that harm the rights and interests of employees.

Remunerations and Benefits

DaFa Properties has established a scientific remuneration and benefits system for its employees and implemented a “win-win, co-creation” talent incentive program. The Group continues to optimize its internal management policies and mechanisms such as the *Management System of Employee Salary*, the *Management System of Employee Benefit*, the *Management System of Employee Leave*, the *Management System of Employee Attendance* and the *Management System of Employee Performance*, to provide employees with various and competitive welfare and benefits.

During the Reporting Period, DaFa Properties made detailed improvements to its compensation system based on a combination of fixed salaries and variable pay, and adjusted employee performance management to the “Grand Operation Plan”. Through increasing the proportion of positive incentive assessment, adjusting the performance assessment coefficient, and expanding the coverage of performance subsidies, etc., to improve the motivation and initiative of employees, so that employees can “get what they deserve”.

Optimize the remuneration performance system

Increase the proportion of positive incentive assessment, while reducing the proportion of negative incentive to improve employee motivation

Adjust and optimize the structure of the performance assessment coefficients to improve the overall level of performance coefficients and ensure a higher performance benchmark for employees

Conduct a secondary review of various performance subsidy categories and increase the coverage rate of some subsidies for employees

GROW WITH RESILIENCE AND CREATE EMPLOYEE VALUE TOGETHER

We further improved our employee motivation system based on the adjustment of the remuneration system, and launched extensive employee motivation initiatives in various regions and projects nationwide. On the one hand, we demonstrate the great attention that of DaFa Properties pays towards employee value by maintaining a competitive incentive level compared to other companies, and on the other hand, we ensure that the incentive level is differentiated by region of operation to actively create a positive atmosphere for employees to work together.

DaFa Guinness

During the Reporting Period, we launched the “DaFa Guinness” staff awards and motivation program around the theme of “Dare to exceed and dare to win” to explore the outstanding staff records in terms of work achievements and work performance to create a benchmark and inspire the power of models.

We collected the work records of our employees across the Group, and finally assessed 50 DaFa Guinness records through standard establishment, project setup and record screening, and promoted them in the form of pictures and videos across the Group to give full recognition to our outstanding employees.



Let's Fight, DaFa People

In order to promote and fulfill the principle of timely motivation and recognition for outstanding employees, DaFa Properties carried out monthly evaluation activities during the Reporting Period, and awarded the regions, projects, teams or individuals with outstanding performance every month, and collected outstanding cases across the Group for internal award and promotion, so as to form an atmosphere of mutual learning among regions and show our high recognition of employees' contribution.



Poster of "Let's fight, DaFa People"

We deeply believe that the achievement of employees' value is the source of enterprise development and growth. We pay various basic insurances and related premiums for employees in accordance with the *Social Insurance Law of the People's Republic of China*. Meanwhile, we have set up a series of additional employee benefits such as holiday benefits and high temperature subsidies to create a more humanized working atmosphere for our employees.

DaFa Properties List of Employee Benefits

Statutory benefits	Basic medical insurance, endowment insurance, maternity insurance, unemployment insurance, work injury insurance and housing provident fund
Corporate welfare	Festival benefits, high temperature subsidies, regular medical examinations, commercial insurance, and vouchers redeemed for welfare via an online welfare platform

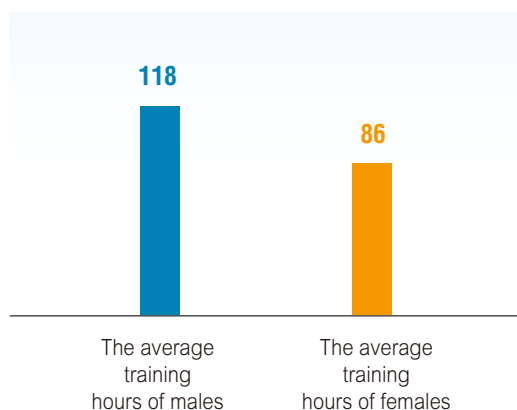
Talent Development

It is the Group's talent development goal to develop a "talent development plan for the rapid development of DaFa Properties". During the Reporting Period, we constantly improved our full-coverage talent training system, upgraded our training platform and enriched our training programs to enhance the working ability and management level of our staff at all levels, and at the same time, broadened the promotion paths and provided multiple career development opportunities for our staff.

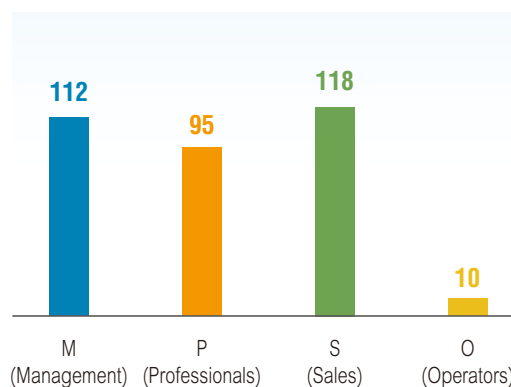
Training System

"Strengthening and promoting functional construction and empowering business" is an important guideline for DaFa Properties to continuously promote talent development. By improving the internal employee training system and continuously enriching training projects, we promoted the efficiency of employees and helped them achieve self-development. During the Reporting Period, the staff training coverage rate of the Group was 100%, the total number of staff training hours was approximately 84,600 hours, and the per capita training hours were approximately 105 hours.

The average training hours by gender

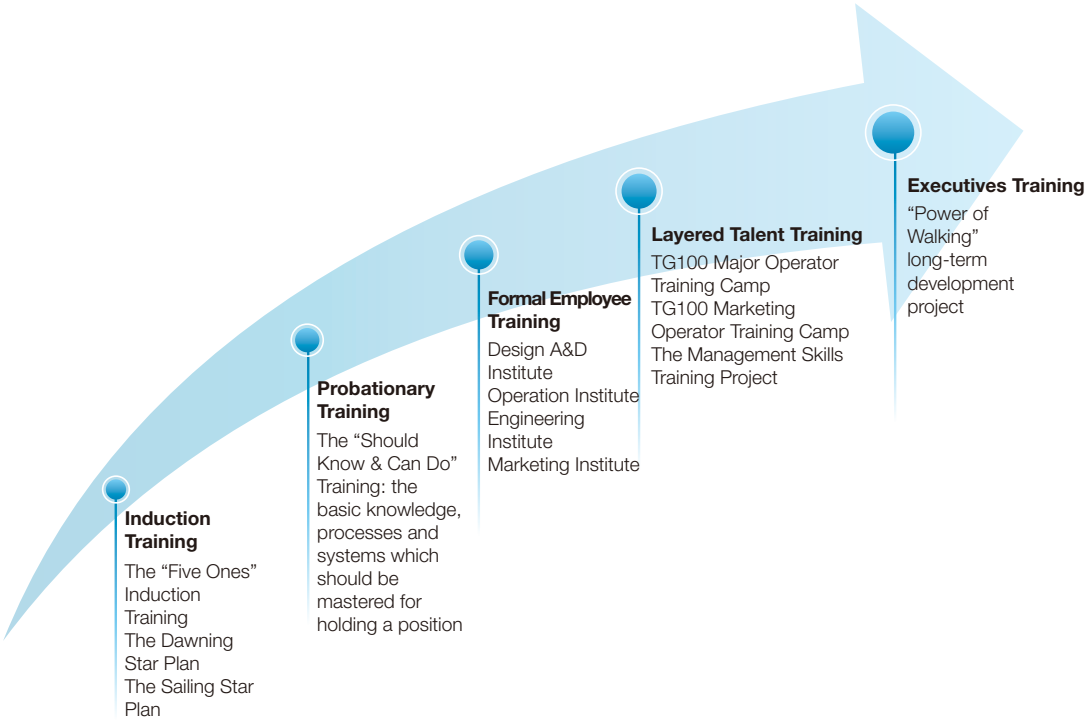


The average training hours by ranking



GROW WITH RESILIENCE AND CREATE EMPLOYEE VALUE TOGETHER

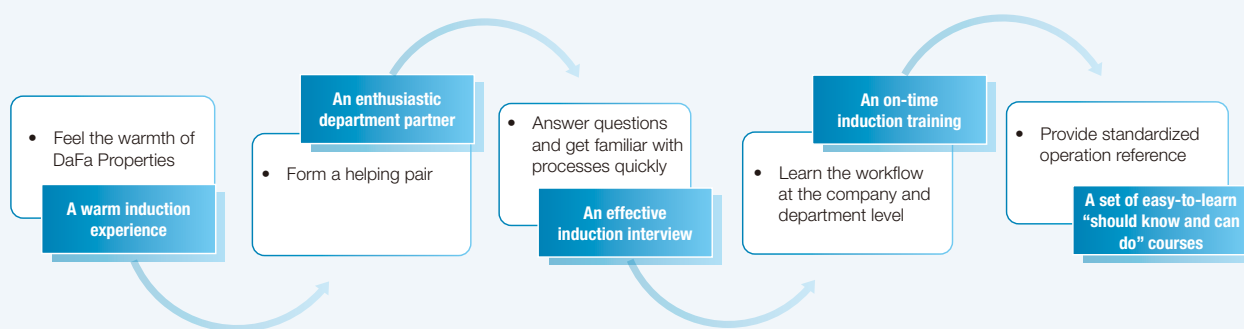
We have established a comprehensive staff training system including “Induction Training, Probationary Training, Formal Staff Training and Executives Training”. During the Reporting Period, for different employee groups, we added different internal training and external training programs, striving to improve the vocational and professional level of our team and promote the development of talents.



The Staff Training System of DaFa Properties

The “Five Ones” training plan for new employees

Focusing on the induction-related matters requiring attention from new employees, we have created a training process to help new employees get a better induction experience and integrate into the Company faster. We are committed to helping new employees adapt to the rhythm of DaFa Properties in terms of knowledge, process, environment, team atmosphere and other aspects faster through a series of phased actions, so as to work in a more efficient way.



The “Sailing Star (启航星)” and “Dawning Star (启明星)” Plan

The “Sailing Star” and “Dawning Star” Plan is initiated from the recruitment stage, selecting and reserving management talents from domestic and foreign universities for the future development of DaFa Properties. We help new employees grow steadily into the core backbone of the Group through a comprehensive and perfect training system to continuously improve their business capability and comprehensive strength.

Through the “Sailing Star” Plan, DaFa Properties classifies its new employees by functional lines, and makes a staged training plan according to the requirements of different positions such as engineering, design, cost, investment, etc., so as to realize the growth goal of “managing some of a business line” in one year, “managing part of a business line” in two years and “managing a business line” in three years.

DaFa Properties provides 30 days of refined training for the marketing backup talents of the “Dawning Star” Plan. It helps new employees to realize the transition from real estate marketing newcomers to independent working in practice, and quickly understand the specific work of each module of real estate marketing, thus creating an absolutely real and valuable first experience of real estate for new employees.

During the Reporting Period, we have improved and upgraded the training contents and scale of the “Dawning Star” Plan. In 2021, a total of 43 “Dawning Stars” were trained with more than 60 regional development training courses, and their training time reached nearly 100 hours. In addition, the project leader would have face-to-face communication with the “Dawning Star” every month to collect feedback from new employees on the training plan. While helping new employees to solve work-related problems, they continuously improved the contents of the “Dawning Star” training system.

The “Dawning Star” Plan

By adopting the refined training including the internship eight-step training method and the supervising nine-step teaching method, we have set the induction goal for the “Dawning Star”

Through target dismantling and process training, we have improved the capability of employees in various marketing modules

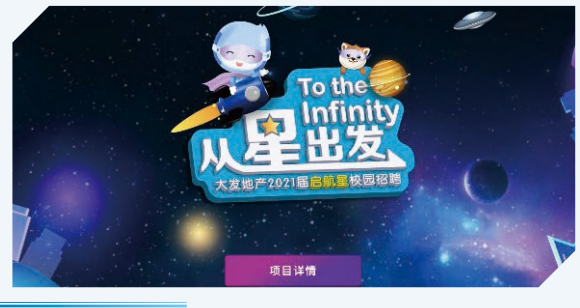
The “Sailing Star” Plan

By adopting the whole-process teaching system, the department/project leaders help outstanding employees grow as their tutors

Through staged professional learning and the setting of challenging tasks, we helped the “Sailing Star” achieve a leap from “managing some of a business line” to “managing part of a business line” and then “managing a business line”



The “Dawning Star” Plan of DaFa Properties



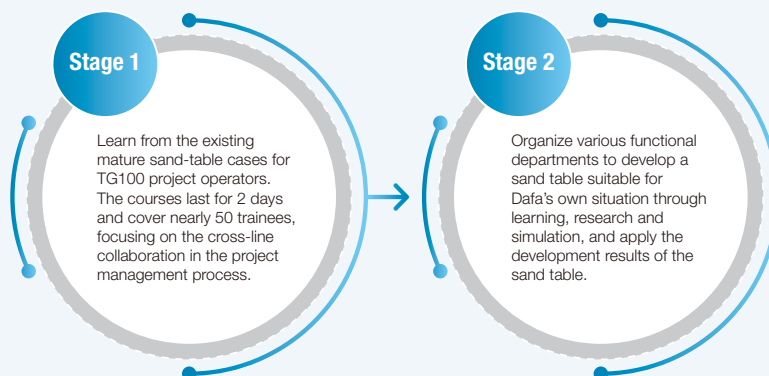
The “Sailing Star” Plan of DaFa Properties



Operation of Sand-table Project

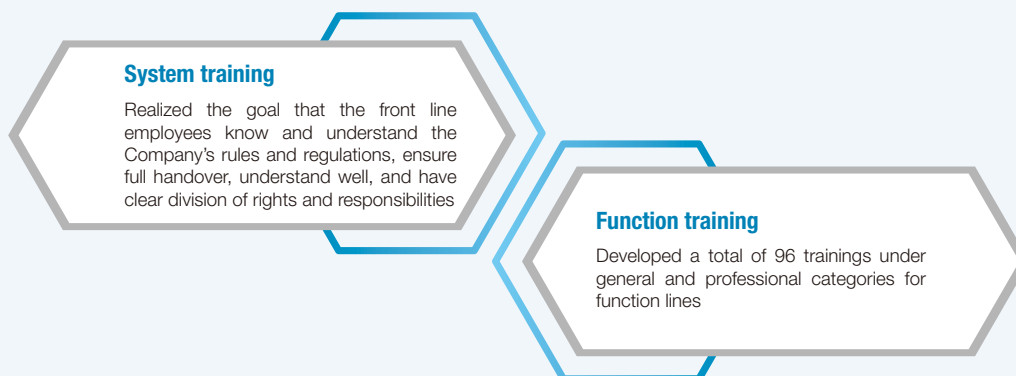
In terms of layered talent development, DaFa Properties independently developed the operation sand-table project during the Reporting Period. The project mainly aimed at middle management and layered backup talents, such as functional department heads and project leaders.

Through the sand-table platform, we have built in preset projects and assumptions, including different pre-set indicators and randomly formulated business conditions, to create a drill experience for students that simulates real project situations. The trainees learned to solve and deal with practical problems in various stages of property development by carrying out project activities in groups and simulating property development drills.



“Fafa Academy” Platform

In order to improve the learning efficiency of employees and the evaluation of learning outcomes, and cooperate with the Group to complete the construction of a learning-oriented talent system, DaFa Properties launched the “Fafa Academy” online learning platform during the Reporting Period, making the courses networked, online and daily. On the one hand, the courses involve the basic rules and regulations of the Group, which should be known and understood, and on the other hand, they include professional courses of various functional lines. In order to improve the learning results, we have implemented online examinations in the “Super Learner (大學霸)” column of the “Fasheng” platform on the DaFa Properties official account, in parallel with the offline examinations. As at the end of the Reporting Period, a total of more than 5,000 people had used the platform for online learning.



Power of Walking

The “Power of Walking” is a long-term development project for the management of DaFa Properties. It focuses on the weaknesses in the management and leadership of teams, and regularly holds seminars and other activities to improve the management level of management staff. The project was officially launched in 2018, and the projects such as “Camaraderie”, “Strategic Discussion” and “Fire in Heart” were completed.

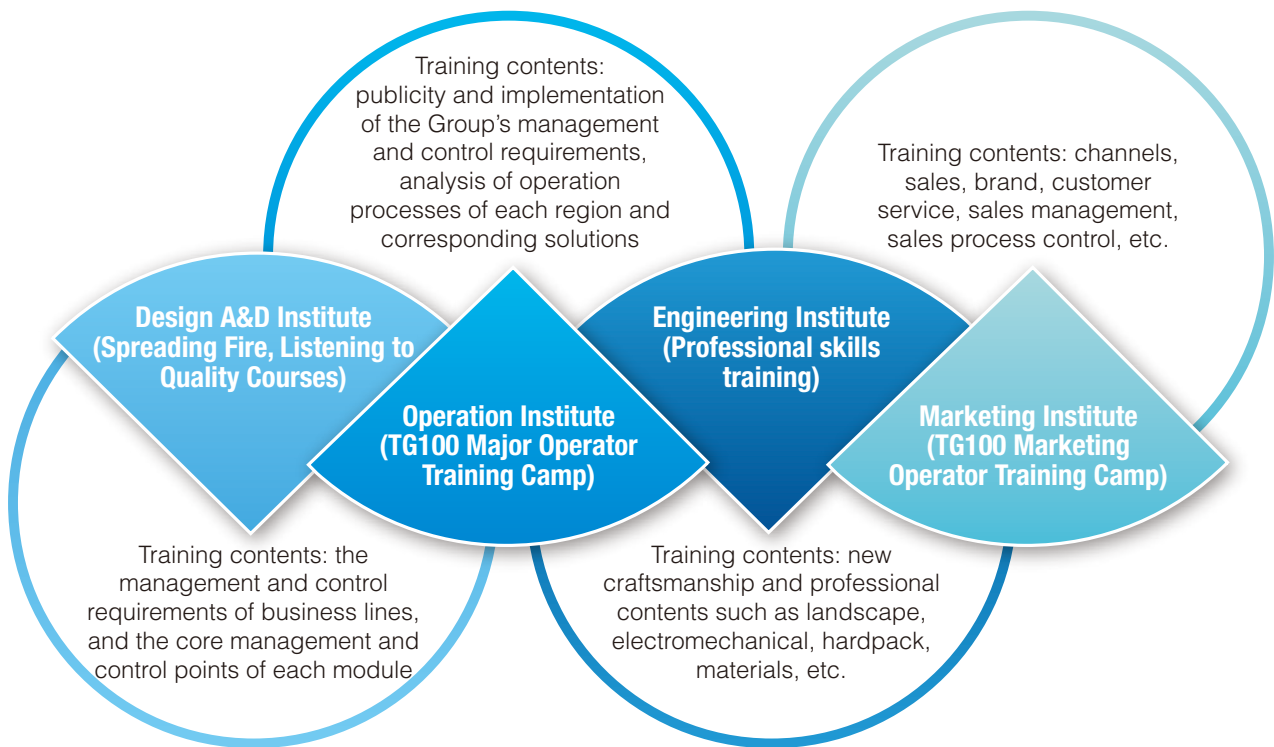
From 9 to 11 April 2021, the Power of Walking – “Walking Up” of DaFa Properties in 2021 was successfully implemented in Jiulong Lake, Ningbo. A total of more than 30 management personnel participated in the training. Through this project, they discussed enterprise development and exchanged industry views. By strengthening the communication among the management personnel of different departments, more opinions on enterprise management were exchanged.



The “Power of Walking” Project of DaFa Properties

Training School

We continuously operate and develop 4 training schools to strengthen the implementation of systematic, standardized and specialized knowledge, skills and systems in each business line. Among them, the Design A&D Institute aims to improve the overall ability of the design line, the Operation Institute focuses on the publicity and implementation of the Group's management and control system, the Engineering Institute is mainly responsible for professional and technical training of employees, and the Marketing Institute focuses on the introduction and management of marketing channels.



Training system of four schools of DaFa Properties

TG100 Major Operator Training Camp

The TG100 Major Operator Training Camp aimed at the heads or high-potential talents of various functions and projects. It aims to train the leading talents with a cross-professional perspective on major projects and efficient management thoughts and methods, improve the overall project team, and ensure talent supply in the development process.

During the Reporting Period, we set up a Nine-month TG100 Major Operator Training Camp. Centering on the core capabilities that must be possessed to achieve high turnover, high quality, profitable cash flow and contributing cash flow, 12 courses and 7 scenario simulation trainings were carried out. This training camp was carried out through the method of “online teaching + offline scene training”, inviting 12 senior lecturers from various lines to assist in course development, teaching, answering questions and scene training. 47 participants have successfully graduated in the first phase of the training.



The TG100 Major Operator Training Camp of DaFa Properties

TG100 Marketing Operator Training Camp

The TG100 Marketing Operator Training Camp aimed at the Group’s regional and project marketing heads, high-potential persons and “Dawning Stars” in planning and channel functions. It divides trainees into high-level and operator training in a targeted and customized manner, combining course teaching with subject practice, aiming to cultivate excellent marketing operators and improve the development of layered talents in the marketing line.

During the Reporting Period, we carried out a Six-month TG100 Marketing Operator Training Camp, which was grafted on the DaFa Art Cloud platform. Centering on operation logic, team management and advanced marketing training, two trainings with a total of 6 courses and 4 scenario simulation trainings were conducted for 44 employees.



TG100 Marketing Operator Training Camp of DaFa Properties

Promotion Mechanisms

We attach great importance to the development and promotion of internal talents, and are committed to opening up vertical promotion channels for various professional lines. During the Reporting Period, DaFa Properties launched an internal competition plan and a position transfer plan for management trainees. On the one hand, for vacancies, based on the principles of “prioritizing internal talents” and “fairness, impartiality and openness”, DaFa Properties gives priority to internal recruitment and internal promotion, and promotes the optimization of the flow and allocation of talents within the Group. Under the principles of “Bold Appointment” and “prioritizing internal talents”, we conducted open competitions within the Company. A total of 6 internal competitive recruitments for a total of 42 positions were carried out internally. 23 persons were successfully recruited, and young talents were vigorously promoted, which greatly improved staff retention rate. On the other hand, DaFa Properties has formulated a position transfer plan for management trainees, and organized the promotion and transfer of double-star talents, involving a total of 33 persons, including 3 Sailing Stars and 30 Dawning Stars, and all the 33 persons were successfully trained and transferred.

The “Internal Recruitment” Plan

- Carried out 6 internal competition activities
- A total of 42 positions were opened internally, and 23 candidates were successfully recruited

The Position Transfer Plan for Management Trainees

- The promotion plan spans the three departments of operation management, engineering management and marketing management
- A total of 33 persons were successfully transferred

Caring for Employees

DaFa Properties has always adhered to the talent responsibility concept of “focusing on the well-being of employees”, actively created an internal atmosphere of mutual respect and willingness to listen, and provided employees with a harmonious working environment that promotes physical and mental health by expanding employee communication channels and holding a variety of employee activities, so as to improve team cohesion, and help enterprises on quality development.

Employees Communication

During the Reporting Period, we continued to broaden the channels of employee communication, actively understood and responded to the demands of employees, and encouraged employees to make suggestions for the sustainable development of the Company. DaFa Properties has set up a staff meeting mechanism to build a new channel for employees to communicate with executives. Staff meetings are held at the end of each quarter to allow employees to participate in operations and keep abreast of the Company's status. Through face-to-face communication with executives, it helps employees to timely raise questions and get feedback. At the same time, the work results are summarized and the work plan for the next quarter is discussed at the staff meeting, and different meeting themes are formulated to help employees understand the challenges faced by the Company and the deployment of future work.



The staff meeting of DaFa Properties

We strengthened the construction of the existing employee communication platform, continued to develop the “Fasheng” platform and the “Complaints Pool”, and are committed to creating a harmonious working atmosphere through unimpeded communication channels. During the Reporting Period, in order to listen to the voices of front-line employees in various regions and projects, we launched an anonymous Q&A activity for all employees under the “Complaints Pool”, requiring responsible leaders to respond with a signature of their real names so as to effectively solve the concerns of employees, and publicized the progress of solving the problems. In 2021, the “Complaints Pool” collected and handled a total of 201 anonymous comments, which are widely praised by our employees.

Faster special plan

DaFa Properties is highly concerned about employees’ complaint on inefficient work processes. During the Reporting Period, we launched the “Faster” work improvement special action with the theme of “giving employees 24 hours more per month”. First of all, by collecting employees’ opinions, we understood and discovered ineffective and inefficient workflows, templates, systems and other problems, and carried out detailed problem sorting and analysis.

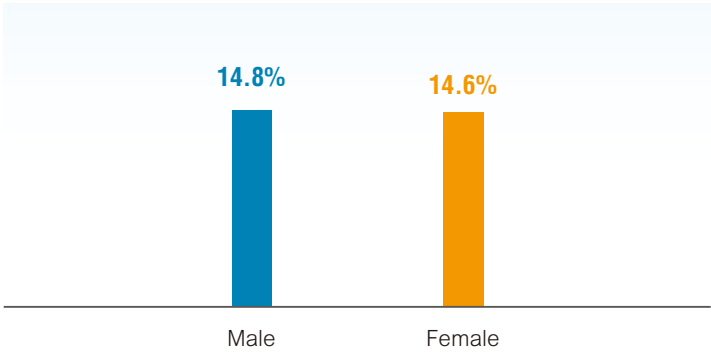
Based on the reasonable demands and suggestions of employees, we carried out special optimization, result inspection and re-optimization of some inefficient processes to simplify the ineffective processes and improve the work efficiency of employees. During the Reporting Period, we collected and simplified a total of 120 ineffective and inefficient work processes in the whole Group, and simultaneously formed three major special projects of the whole Group: optimization of cost bidding rules, optimization of travel reimbursement process and optimization of subsidy distribution process to achieve a substantial increase in employee work efficiency.



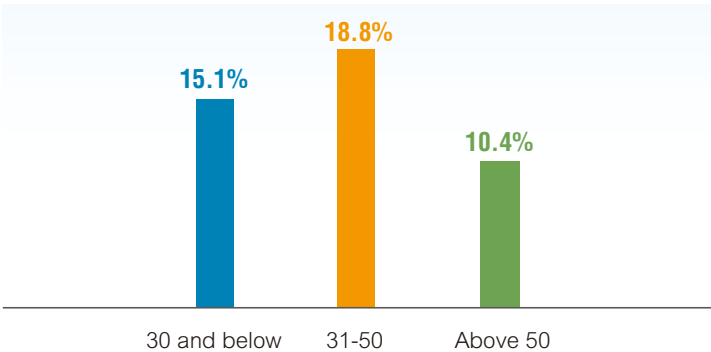
Promotional image of the “Faster” special plan of DaFa Properties

During the Reporting Period, the staff turnover of the Group is as follows:

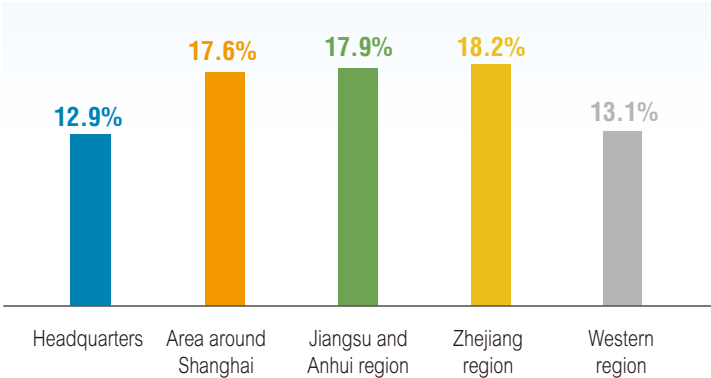
Turnover rate by gender



Turnover rate by age



Turnover rate by region



Caring for Health

We place the physical and mental health of our employees at an important position in corporate operation, strictly abide by the *Labor Law of the People's Republic of China* on providing a safe working environment and protecting employees from occupational hazards, and are committed to providing employees with a safe and healthy working environment. The Group cooperates with professional medical institutions to provide employees with regular physical examinations, so that our employees can understand their own health status on a timely basis and improve their awareness of healthy life. During the Reporting Period, the coverage rate of physical examination of our employees was 100%. Facing with repeated pandemic in some areas, we are always concerned with the health and safety of people in various regions and project sites. We have adopted various forms such as adjustment of officing forms, disinfection of office and living areas, control over entry into the Company, etc., to strictly prevent and control the pandemic and ensure the health of employees. At the same time, we attached great importance to the impact of the pandemic on the health of construction workers and the progress of construction projects. Through the implementation of the “Fang Yi Bao” project management software, we conducted epidemic prevention and control for each project construction personnel, and carried out disinfection work on the project site on time every day, thus ensuring the normal progress of each project after the resumption of work and production.

As of 31 December 2021, DaFa Properties has not experienced any work-related injury or death in the past three years, and the number of hours lost due to work-related injuries was 0 day.

Employee Activities

We hope to strengthen the communication between employees, enhance team cohesion, and convey the dynamic entrepreneurial spirit of DaFa Properties through various forms of team activities. During the Reporting Period, we established the D-Club employee club to continuously improve the physical fitness of employees and promote exchanges between employees and departments. We offer Zumba, fighting, yoga and other interest classes all year round, and carry out a variety of cultural and entertainment activities according to the needs of employees, so that employees can strengthen their bodies and relax after work. At the same time, we carried out warm holiday celebration activities for employees to encourage employees to better balance work and life through various forms such as small games, competitions and gift exchanges.

GROW WITH RESILIENCE AND CREATE EMPLOYEE VALUE TOGETHER

D-Club DaFa Properties Club

D-Club DaFa Properties Club was officially launched on 20 August 2021 with a total of six clubs, namely Zumba Club, Running Club, Kickboxing Club, Yoga Club, Basketball Club and Movie Club.



Colorful festival activity

During the Reporting Period, DaFa Properties carried out the “June 1st Activity” with the theme of “Explore a happy planet and return to childhood” at the headquarters of the Group on the Children’s Day. More than 80 people participated in the activity, which consisted of 3 sessions: the classic hoop game, the childhood iron hoop game, the bouncing ball game and the nostalgic snacks, which created an interesting nostalgic atmosphere for the employees, allowing them to experience the fun of the game.



The Group’s headquarters held a Christmas gift exchange activity with the theme of “Enjoy Life with Joy and Gifts” on 24 December 2021, with more than 70 people participated in the activity. Each participating employee prepared a Christmas gift, which was exchanged with others by lot, creating a warm and surprising festive atmosphere and increasing inter-departmental communication.



GROW WITH RESILIENCE AND PAINT THE FUTURE OF INDUSTRY TOGETHER

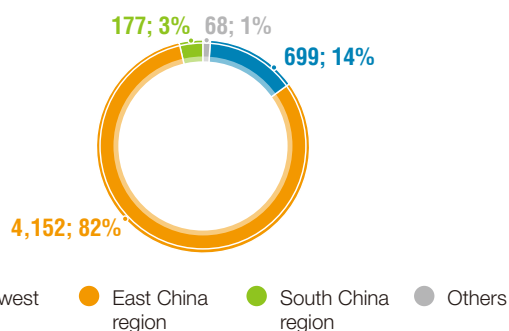
DaFa Properties insists on open cooperation, mutual benefit and win-win results. We carry out multi-dimensional supplier admittance assessment to strictly ensure the quality of supply chains. On the patch of sustainable development, we trust and support each other. During the pandemic outbreak, we helped some suppliers on-site, strictly controlled and supervised over quality of products, promoted continuous improvement of suppliers, and have established an efficient and stable cooperative relationship with suppliers. We actively joined the industry alliance platform for joint strategic procurement, and strengthened cooperation with quality suppliers, so as to achieve rational allocation of resources. We are committed to win-win cooperation with suppliers to support the quality and stable development of the industry for a long term.

Supplier Management

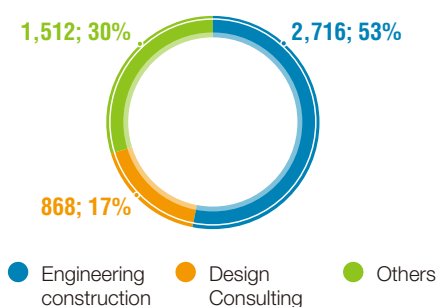
DaFa Properties continued to improve the supplier management system. A quality supply chain system is an important prerequisite for providing quality products and services. We strictly observed laws and regulations such as the *Law on Tender and Bidding of the People's Republic of China* (《中華人民共和國招標投標法》) and the *Rules on the Tender Scope and Criteria for Construction Projects* (《工程建設項目招標範圍和規模標準規定》), established a supply chain management system covering the whole process of cooperation, continuously improved the level of supplier management, supplier admittance assessment, and supplier communication and cooperation, constantly optimized the bidding system and the supplier management system. At the same time, we upgraded the internal cost procurement center system, increased the calibration principles, the number of shortlisted units and competitiveness, reduced the time cost of internal decision-making, and achieved mutual growth and progress with suppliers. Meanwhile, we conducted regular monthly and quarterly docking with supplier groups, and regular docking with the regions where our suppliers are located, mainly on implementation contracts, supply cycles, etc., to achieve regular communication.

During the Reporting Period, we had a total of 5,096 suppliers, and their distribution by region and type of procurement is as follows:

Number of suppliers by region (unit; %)



Number of suppliers by type of purchase (unit; %)



DaFa Properties has a central supplier database, which can improve the efficiency of supply chain management. Our suppliers are mainly suppliers and contractors, and we have different cooperation models with different suppliers.

Project	Cooperation Model	Scope of Supply
Contractor	The construction work of our project is outsourced to contractors	The contractors are responsible for purchasing the raw materials to be used in the construction process The Group designates brands for key materials
Direct procurement suppliers	Unified procurement of some equipment and fixtures through the bidding process	The scope of procurement is key household products

Supplier Admittance Management

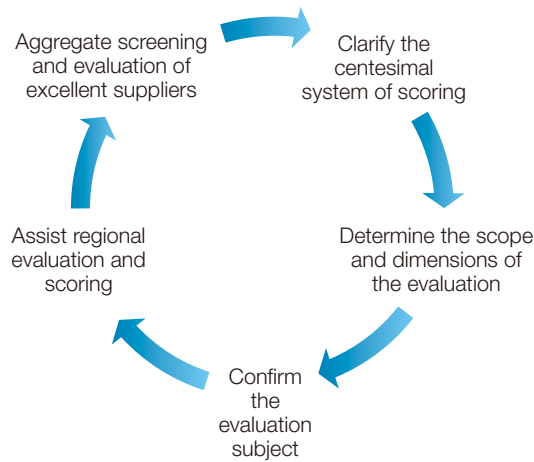
DaFa Properties conducts multi-dimensional supplier admittance assessments through various forms such as material review, corporate inspections, interviews and exchanges. Among them, for the suppliers in the supplier database that have cooperated or are in cooperation with us (construction suppliers and equipment and materials, cost consulting, construction supervision, suppliers with a contract value ≥RMB1 million), we mainly evaluate the supplier’s performance of contracts, product quality, supply and replenishment capacity, procurement cost, after-sales service, and performance process evaluation and post-performance evaluation.



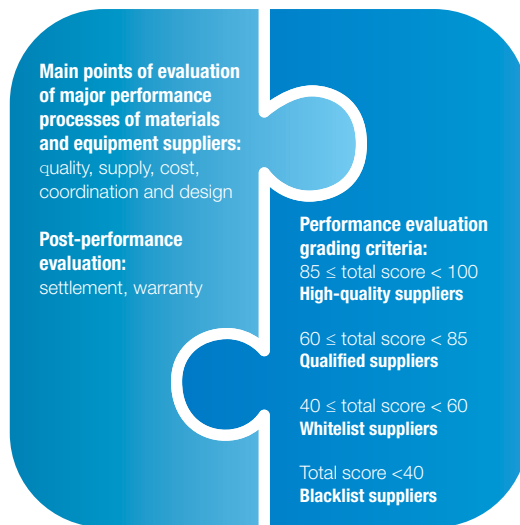
Supplier Admittance Evaluation Dimensions of DaFa Properties

Supplier Assessment Management

While improving the supplier admittance assessment mechanism, we actively carried out and improved the daily assessment and process assessment of suppliers, and continuously improved the level of supply chain management. By clarifying the scoring mechanism, confirming the evaluation scope and subject, assisting regional evaluation and scoring, etc., the excellent suppliers are finally screened out and selected.



Five steps for DaFa Properties to evaluate excellent suppliers



The Supplier Performance Process Evaluation and grading criteria of DaFa Properties

The “Engineering and Strategic” Supplier Assessment Work of DaFa Properties

In order to strengthen in-depth cooperation with outstanding suppliers, assist in the implementation of strategies, achieve rational allocation of resources, and achieve refined management, we carried out the “engineering and strategic” supplier assessment work of DaFa Properties. Adhering to the principles of quantification, comparability and traceability, and combined with multi-dimensional evaluations such as project performance evaluation and business cooperation, the evaluation indicators cover suppliers’ full-cycle business performance. Among them, the evaluation scope of strategic suppliers includes 42 material categories and 5 construction categories and all strategic categories, totaling 47 categories and 122 suppliers. The evaluation scope of engineering suppliers includes 24 delivered projects in 4 regions, totaling 19 subjects and 283 suppliers.

Through this supplier assessment work, we have broadened the scope of supply chain management and improved the supplier assessment system. At the same time, we have screened out suppliers that are more suitable for the Company’s development model, and attracted suppliers that better match the Company’s development direction to create business synergy, so as to improve procurement efficiency and cost management.

Strategic	Engineering
<ul style="list-style-type: none"> • Design contents • Performance of contracts • Acceptance and rectification • Bad record 	<ul style="list-style-type: none"> • Quality • Supply • Coordination • Construction period • Safety and civilization • Project amount

Dimension of process evaluation of strategic and engineering suppliers of DaFa Properties

Supplier Integrity Management

In the contract entered into between DaFa Properties and its suppliers, the requirements of integrity for both parties have been clearly stated, and in the marketing, tendering and procurement system, the suppliers are required to enter into the “*Supplier Integrity Notification Letter*” which shall, according to the level of the tendering and procurement activities, be filed in accordance with the “*DaFa Properties Achieved Marketing Materials Management System*”. In addition, in order to ensure open, fair and just procurement and create an open and transparent business environment, we have defined the “*Twelve Red Lines for Transparent Procurement*”, and adhered to the sunshine procurement concept of “win-win cooperation and mission-driven progress”. The “*Twelve Red Lines*” clearly states the “red lines” and penalties in the tendering and procurement process and supplier management process, providing policy guarantees for the construction of an open and transparent procurement system.

As a participating unit of New Hongqiao Procurement Alliance, we should strictly discharge our integrity responsibilities with supply chain units according to relevant requirements, take corresponding measures in a timely manner to stop the violation of integrity cooperation, and notify relevant leaders in a timely manner. To a serious extent, the relevant units shall be imposed an administrative penalty and notified. If a supplier has any comments on the tendering and bidding process, it can report and complain to us.

Supplier Support

In 2021, DaFa Properties worked out the statistics of resumption of work, production time and supply of various strategic suppliers during the epidemic period, so as to ensure to meet project demand, give early warnings, place orders in advance, and supply at staggered time. In response to factors such as late resumption of work, the uncertain time for workers to return to work, and logistics delays, we appropriately extended the production and supply cycle of suppliers.

For some manufacturers, on-site support was adopted to supervise product production, packaging, inspection, etc., especially the final inspection and test before leaving the factory. We strictly conducted quality control, focusing on the daily work of suppliers, process training and management to promote continuous improvement of suppliers and process capabilities.

Industry Contribution

DaFa Properties actively participates in industry activities, promotes green development of the industry, continuously strengthens external cooperation and communication, and jointly promotes the sustainable development of the industry and industry chain.

Supporting Green Supply Chains

DaFa Properties actively advocates and promotes green procurement and implements the concept of “no environmental compliance, no procurement”, drives upstream suppliers through “green procurement” to reduce negative impact on the environment and improve resource efficiency in raw material mining, production and processing, and final consumption, realizing the green upgrade of industrial chains to provide green, healthy and environmentally friendly products for end consumers. In response to the green chain action of the PRC real estate industry, we strictly observed the requirements on green procurement behaviors, and actively promoted supply chain enterprises to comply with pollution and emission related provisions, green production process, sustainable development of resources and provision of healthy living products.

According to the Green Procurement Policy above, DaFa Properties will monitor and evaluate its suppliers or service providers to identify the environmental and social risks in the supply chain. In this way, DaFa Properties will exclude all suppliers or service providers that fail the evaluation.

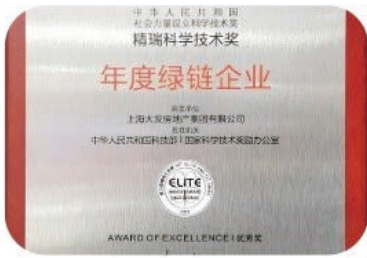
At the same time, as a CURA member, we actively participated in the in-depth cooperation and interaction between the “CURA Joint Procurement” and the “Green Chain Action” by attending various green chain training meetings of the “Green Chain Action” group, and actively promoted green procurement to raise the green procurement amount to nearly RMB10 billion, thus winning the honor of the “Eleventh Batch of Quality Green Procurement Enterprises”.



Participating in the green procurements launched by “CURA Joint Procurement” and “Green Chain Action”

GROW WITH RESILIENCE AND PAINT THE FUTURE OF INDUSTRY TOGETHER

During the Reporting Period, we had more than 10 green procurement categories, and all joint procurement categories (including green chain standard categories) were 100% promoted and applied across the Group. The suppliers for categories involved in the action need to be suppliers on the green supply chain white list or green list material suppliers, for which strict admittance criteria for green construction suppliers have been established. At the same time, we won the “Green Chain Enterprise Award” of Excellent Habitat; at the 4th Youcai Supply Chain Management Conference and the 10th Anniversary Meeting of the Youcai Platform (優採平台) with the theme of “New Pattern, New Start, New Journey”, we won the “Golden Procurement Award” from Youcai Platform. Together with other member units of New Hongqiao Procurement Alliance, we jointly built a “carbon neutrality supply chain” database with Youcai and Huace (華測), taking the lead in tracing the carbon emissions of supply chains from a data perspective and providing the basis for calculation of building carbon footprint. We have achieved the “dual carbon” goal for our main construction business, and won the award of the “Co-construction Units of Carbon Neutrality Supply Chain” of New Hongqiao Procurement Alliance.



The Green Chain Enterprise Award



The Youcai platform - “Golden Purchase Award”



The Co-construction Units of Carbon Neutrality Supply Chain



Certificate of Outstanding Member Unit in the 11th Batch of Green Procurement of CURA Joint Procurement

Participation in Industry Activities

We actively participated in industry activities, maintained frequent and stable communication with peers, continuously expanded cooperation with other enterprises, entered into strategic cooperation agreements, stayed open for cooperation, jointly realized efficient allocation of resources, and promoted innovation and creation in the industry, with a view to achieving mutual assistance for mutual benefit and common development.



In order to learn from excellent benchmark enterprises, and coordinate with each other to move forward, DaFa Properties participates in the 2021 CURA Cooperation and Exchange Salon.



In order to continuously improve project quality and carry out precise and in-depth cooperation with high-quality suppliers, DaFa Properties participated in the 2021 Supply and Demand Matchmaking Conference in Shanghai held by Ming Yuan Cloud Procurement.



DaFa Properties participated in the 2021 Annual Procurement Summit of China Real Estate, also known as the Expert Review Meeting (Shanghai Session) for the Sixth Selection of Top 10 Suppliers in terms of Industry Competitiveness.

GROW WITH RESILIENCE AND SHARE SOCIAL WELL-BEING

Society is the basic environment for an enterprise to establish and develop, just like the soil where an enterprise is rooted. Since its establishment, DaFa Properties has been actively involved in public welfare and charitable undertakings, actively devoting itself to the fields of teaching, education, social welfare and other fields, and sharing business results with the society. As of the end of the Reporting Period, DaFa Properties has donated more than RMB150 million in total, and decided to integrate public welfare resources and optimize the Company's public welfare management system. Through the establishment of DaFa Properties Public Welfare Foundation, we carried out poverty alleviation and teaching assistance activities, and anti-pandemic and disaster relief actions. We worked together with employees and all walks of life to fulfill social responsibilities and promote the sustainable development of public welfare undertakings.

Social Welfare

In its effort to realize dream over the past 25 years, DaFa Properties has always maintained its original aspiration to create a bright future. It interprets the brand concept of "creating for life" with admirable achievements, forging ahead all the way, constantly surpassing itself from start-up to maturity. At the same time, we always bear in mind the mission of our country, convey positive energy through public welfare trips, and actively carry out public welfare activities, so as to create a beautiful home full of love and warmth.

Holding "Run for Love" anniversary celebration with gratitude

Run for love, and grow as a caring enterprise. In the journey of caring about public welfare and promoting the positive energy of society, we have always spared no effort in these aspects. While seeking corporate development, actively undertaking social responsibilities has always been the long-term goal of Dafa people. On 18 May 2021, the Company's anniversary day, in order to better carry out the work in the field of public welfare, we set up Dafa Charity Foundation to gather donations from the Company and held the "Run for Love" public welfare activity to call on all employees to exert the positive energy of sports, practice the spirit of sports for good and become a "charity supporter" in society.

Trickles of water form an ocean, and small donations make huge contribution. Dafa people walked for love and practiced public welfare. We decided that, from 18 May to 18 June 2021, Dafa Charity Foundation will donate RMB10 for every kilometre run by employees to support charity undertakings, so as to spread more love and kindness to the society.



The Heart-warming “Book Donation for Children” program sponsored by the 99 Public Charity

Education is the foundation for a country’s development and has profound impact on a country’s destiny and future. In response to the advocacy of the government, we have actively supported teaching and education for a long time. In order to achieve the goal of balanced development of education, we practice the social responsibility concept, and rely on our strong corporate cohesion to contribute to the national education-based poverty alleviation campaign.

To this end, on 9 September 2021, we initiated the “Donate Books for Children” activity, and invited all employees of the Company to donate idle children’s books (such as children’s educational books, classic fairy tales, world famous books, science popularization books, etc.) to Jiamuge Primary School in Nijiao Town, Qiubei County, Wenshan Prefecture, Yunnan Province, letting the light of knowledge illuminate the world of children in mountainous areas, and using books to give children great hope. In the future, we will continue to carry out related activities, and strive to get more children nourished with spiritual food.



Anti-pandemic Disaster Relief

DaFa Properties always pays attention to the healthy and coordinated development of the society, actively implements its corporate social responsibility, and strengthens community environment construction. While providing customers with more professional and comprehensive high-quality services, we actively give back to the society. By organizing employees to participate in anti-pandemic and flood prevention work, we promoted the Chinese fine tradition of solidarity and mutual assistance, and joined hands with all walks of life to build a beautiful home.

While improving the economic benefits of the enterprise, we always pay attention to social hot topics, actively give play to the advantages of the real estate industry, continue to forge ahead on the path of public welfare, vigorously strengthen the ability of community construction and emergency response plans, strive to provide our supports to disaster-stricken areas at the earliest time, and try our best efforts to play an important part in building a better future for society.

Fight against the typhoon and flood in Jiangsu, Zhejiang, Shanghai and other places

In July 2021, the typhoon “Fireworks” crossed the region, resulting in a severe flood disaster which had serious impact on the personal safety and daily life of residents in Jiangsu, Zhejiang, Shanghai and other regions. Amid the severe flood situation, we actively responded to the call of the state and organized staff to visit the community at the earliest time to carry out typhoon and flood prevention work.

Before the arrival of the typhoon, we quickly prepared emergency supplies and related protective materials, and arranged for relevant community staff to visit the front line of anti-typhoon and flood control at the earliest time, and established a special team for anti-typhoon and flood control. While ensuring our own safety, we conducted a comprehensive investigation of the underground pipelines in the community, strengthened the flood control safety work in the community, and eliminated potential safety hazards for the property owners. At the same time, patrol teams are also set up to monitor typhoon trends in real time and improve typhoon defense strategies. We have also formulated a flood control plan after departure of the typhoon so as to minimize the property damage of residents.

With the comprehensive and meticulous service from the community staff, no casualties occurred in the affected areas during the Reporting Period.



APPENDIX I: LIST OF APPLICABLE LAWS, REGULATIONS AND INTERNAL POLICIES

Laws and Regulations:

Company Law of the People's Republic of China
Securities Law of the People's Republic of China
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
Anti-Unfair Competition Law of the People's Republic of China
Law of the People's Republic of China on Anti-money Laundering
Interim Provisions on the Prohibition of Commercial Bribery
Intellectual Property Law of the People's Republic of China
Product Quality Law of the People's Republic of China
Law of the People's Republic of China on Urban Real Estate Administration
Advertising Law of the People's Republic of China
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
Personal Information Protection 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
Law of the People's Republic of China on the Protection of Minors
Provision on Prohibition of Child Labor
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

APPENDIX I: LIST OF APPLICABLE LAWS, REGULATIONS AND INTERNAL POLICIES

Internal Policies:

Opinions on Disciplining Employees for Violating Corporate Rules
Employee Code of Integrity and Self-Discipline
Reporting System
Integrity Inspection System
Guide Book for the Standardized Control of Project Whole-Process Architectural Design
Design and Management of General Layout Plans for Maximum Profit
Design Management Operation Guidelines
Standardized Quality Control Process for Demonstration Areas (On-site Implementation Part)
Shopping Mall Management System
Merchant Safety Management System
Warehouse Safety Management System
Business Environment Management Policy
DaFa Properties Achieved Marketing Materials Management System
Guidelines for Legal Risk Control of Sales Material Advertising and Display
DaFa Properties Archived Materials Management System
Administrative Measures on Channel Use 3.0 of DaFa Properties
Requirements for Green Building Construction Management
Guidelines on Green and Civilized Construction Management of Projects
Talent Recruitment Management System
Measures for Labor Contract Management
Management System of Employee Salary
Management System of Employee Benefit
Management System of Employee Leave
Management System of Employee Attendance
Management System of Employee Performance
Twelve Red Lines for Transparent Procurement

APPENDIX II: CONTENT INDEX OF HONG KONG STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Aspects and General Disclosures and Key Performance Indicators (KPIs)		Sections
Environmental		
A1: Emissions		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p> <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>	Green Construction
A1.1	The types of emissions and respective emissions data.	Green Construction, Green Operation
A1.2	Direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Construction, Green Operation
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	During the Reporting Period, the hazardous wastes generated came from waste batteries and waste fluorescent tubes during office operation. With little generation, these hazardous wastes were directly disposed of by a qualified third party and we conducted no daily data statistics, so no relevant disclosure has been made. We are intended to disclose after intensive management in the future.
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Construction, Green Operation
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Management
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Management

APPENDIX II: STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Aspects and General Disclosures and Key Performance Indicators (KPIs)		Sections
A2: Use of Resources		
General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.</p>	Green Construction, Green Operation
A2.1	Direct and/or indirect energy (e.g. electricity, gas or oil) consumption by type in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Construction, Green Operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Construction, Green Operation
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Management
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Green Construction, Green Operation
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Our operation does not involve packing material
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Management
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Management
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Green Management
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Green Management

APPENDIX II: STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Aspects and General Disclosures and Key Performance Indicators (KPIs)		Sections
Social		
Employment and Labour Practices		
B1: Employment		
General Disclosure	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.	Employee Profile
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee Profile
B1.2	Employee turnover rate by gender, age group and geographical region.	Caring for Employees
B2: Health and Safety		
General Disclosure	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.	Caring for Employees
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Caring for Employees
B2.2	Lost days due to work injury.	Caring for Employees
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Caring for Employees
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Talent Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Talent Development
B3.2	The average training hours completed per employee by gender and employee category.	Talent Development

APPENDIX II: STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Aspects and General Disclosures and Key Performance Indicators (KPIs)		Sections
B4: Labour Standards		
General Disclosure	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 labour.	Employee Profile
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Profile
B4.2	Description of steps taken to eliminate such practices when discovered.	During the Reporting Period, no violation of regulations occurs.
Operating Practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Management
B5.1	Number of suppliers by geographical region.	Supplier Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Management

APPENDIX II: STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Aspects and General Disclosures and Key Performance Indicators (KPIs)		Sections
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.	Responsible Governance Marketing Compliance
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Our operation does not involve products recall
B6.2	Number of products and service related complaints received and how they are dealt with.	Quality Services
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Innovation
B6.4	Description of quality assurance process and recall procedures.	Quality assurance is disclosed in “Quality and Safety” but our business does not involve products recall.
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality Services
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.	Responsible 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.	Responsible Governance
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Responsible Governance
B7.3	Description of anti-corruption training provided to directors and staff.	Responsible Governance

APPENDIX II: STOCK EXCHANGE'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Aspects and General Disclosures and Key Performance Indicators (KPIs)		Sections
Community		
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.	Grow with resilience and Share Social Well-being
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Grow with resilience and Share Social Well-being
B8.2	Resources contributed (e.g. money or time) to the focus area.	Grow with resilience and Share Social Well-being



大发地产集团有限公司
DAFA PROPERTIES GROUP LIMITED

