



# Dexin China Holdings Company Limited

(2019-HK)

## Green Finance Framework



**February 2021**

## About Dexin China Holdings

Founded in 1995 Dexin China Holdings (the "Company" or "Dexin") is one of the leading comprehensive property developers in the PRC and listed at SEHK on 26 February 2019. The Company is principally engaged in property development and the provision of property construction and management services, hotel operations and commercial properties leasing in PRC. The Company is enlisted among top 100 Real Estate enterprises of China. The Company is deeply rooted in Zhejiang province with a presence in the Yangtze River Delta region and key cities hub in China. The Company focuses on the development of residential properties (High-rise residences, multi-story residences, townhouses, stacked villas and mixed-use complex projects), commercial properties and industrial parks. As of 30 June 2020, the Company had 149 projects with land banks amounting to c.15.7m sq.m.

In recent years, the Company has increased its geographic footprint and has also enhanced its outlook towards business development. The Company is based in Zhejiang province and is continuing to focus in expanding in the key cities hub of China which enables the Company to seize structural and short-window opportunities expanding its business focus and increasing attributable ratio of JV projects. The Company has clear objectives when it comes to business development, the Company determines production based on sales and determines investment based on return and capabilities. The Company design products for enhanced capabilities and cost control.

## Dexin's Corporate Social Responsibilities ("CSR") philosophy and strategies

The Company has always been committed to integrating social responsibility into all aspects of enterprise Management. Based on Company's own business and development, the Company continuously try to optimize management in the aspects of achieving win-win with customers, product quality, employee development, and environmental protection, actively carried out stakeholder communication, and continuously strengthened corporate governance, in order to achieve sustainable economic, social and environmental development. At the same time, by building a social responsibility management structure, the Company translated its responsibility of concept and commitment to stakeholders into concrete actions

- **Quality First**

Focus on quality improvement and product standardization system construction, established a three-level risk management and control mechanism of "group operation management center-regional subsidiaries-project" to identify and classify potential risks in the project, and conduct the star rating according to the degree of risk, project development and project quality management, improvement in the operation efficiency

- **Constant innovation**

Promotes the development of intelligence and digitalization, builds Dexin intelligent technology residential product system, and integrates the new generation of information technologies. The Company has an intellectual property center responsible for the application, use and protection of intellectual properties such as trademarks, copyrights and patents. The Company investigates infringements and focuses on strengthening relevant personnel's awareness of intellectual property protection in daily management to ensure that the Company's intangible assets are not infringed

- **Customer services**

Close attention to the individual meticulous needs of each confidant, effort to understand and constantly interpret the ideal of bosom friend, improve product construction, and enrich more warm-hearted concomitance. Created a "companionate confidant" customer service system,

constant improvement of services through customer communication in different stages and customer demand analysis. Customer satisfaction survey and importance to customer privacy and information security

- **Win-win and sharing**

Standardization of the supply chain management, actively carrying out supplier communication and support activities, and continuously improving the management level and supply quality of suppliers. Share cutting-edge information technology with industry partners while achieving its own development to jointly promote the progress of the industry

## **Dexin's CSR philosophy and strategies and alignment with UN Sustainable Development Goals ("UN SDG")**

- **Good health and well being**

The Company tries to maintain a healthy office environment and cares for the well-being of the people. The Company tries to take small steps in achieving that like creating a Green office environment. The Company promotes the recycling of office waste, try methods to consume less electricity and takes care of the proper disposal of hazardous and non-hazardous waste. These small steps create a low carbon emission environment which in turn keeps the people healthy and fulfils its responsibility towards the society

- **Quality education**

The Company promotes the sustainable development of enterprises and core competitiveness of the healthy development of enterprises. The Company has made various changes in the training system, rationalization and systematic development of training work and achieve the best results through Dexin academy. The Company also has an education foundation which uplifts the education standards of rural youth. Additionally the Company provides assistance to scholar from poor families and college students

- **Gender equality**

The Company treats every employee the same way and does not differentiate based on gender. The Company gives equal weightage to the individuals with talent. As of 31 Dec 2019, the Company has 1,617 employees among which 36% were females. The Company tries to create openness in term of diversity and this factor helps the Company to build a strong team and maintain the overall business growth

- **Clean water and sanitation**

The Company pays attention to the green nature of the project and tries to bring importance to clean water and sanitation aspect of the project. The Company has implement various methods to achieve that

- **Waste water discharge management:** The Company attaches great importance to waste water discharge management at the construction site, and is committed to reducing waste water generation and discharge through source control. The Company has set up sedimentation tanks to ensure that construction sewage can be discharged into municipal pipe network or river channels only after precipitation
- **Waste management:** For all kinds of wastes generated at the construction site, the Company has established a management system to clarify the requirements for the classification, collection, storage, transfer and disposal of wastes

- **Affordable and clean energy**

The Company uses various energy conservation techniques and environmental protection equipments

- **Rain water reuse:** Collecting and treating the rainwater to the usability standard for reuse, to save water resources
- **Air-source heat pump heater:** Converting the low temperature heat absorption in the air into high temperature heat through a compressor and using heat to produce hot water
- **Light guide lighting:** Efficiently collecting outdoor natural light through the doom and introducing it into the system, and then redistributing the illumination through the light pipe to save energy
- **Solar water heater:** Converting solar energy into heat and using clean energy as energy supply

- **Industry, innovation and infrastructure**

Dexin attaches great importance to the ability training of engineering talents to ensure the quality of engineering projects

The Company constantly makes new exploration in such aspects as community planning, architectural design, garden building, scientific and technological intelligence and hardcover, continue to engage in research and development, so as to provide each family member with continuously improved products and services, and create a warm and rich life experience for the owners

The Company continuously promotes the development of intelligence and digitalization, builds Dexin intelligent technology residential product system, and integrates the new generation of information technologies such as Internet of things, cloud computing and mobile internet, in order to create a safe, comfortable, convenient modern smart community, comprehensive optimization of community facilities and service capabilities for the customers

- **Sustainable cities and communities**

Dexin and Alibaba Group made a joint statement to build the AIOT digital platform of Dexin smart community and embrace the future of Internet of everything with 5G + AI technology

Through vision consensus and expert consultation, the Company has determined the application matrix of 115 scenarios in 8 scenarios domains to comprehensively reshape the safety, experience, cost and efficiency of the community

- **Climate action**

Dexin strictly follows the environmental protection laws, regulations and industrial standards of the country and the place of operation. The Company pays attention to the omni-directional environmental management from the design to the construction of the project, and continuously improves the environmental protection management system through the environmental protection management measures of each link, trying to reduce the environmental impact brought by its own business

## **Dexin's Green Operation**

The Company believes that sustainable products can not only provide customers with high-quality life, but also beautify the ecological environment of surrounding communities by introducing the concept of green environmental protection, and promote the harmonious coexistence between human and nature. Dexin strictly follows the environmental protection laws, regulations and industrial standards of the country and

the place of operation. The Company also pays attention to the omni-directional environmental management from the design to the construction of the project, and continuously improves the environmental protection management system through the environmental protection management measures of each link, trying to reduce the environmental impact brought by its own business

- **Development of Green products**

The Company not only satisfies the quality and functionality of the project products but also take environmental protection attribute of the products as an important factor. The Company actively uses environmental friendly alternative materials and energy-saving and environmental friendly technologies, and adopts energy-saving and environmental friendly equipment. The Company carries out environmental impact assessment and energy conservation assessment, and strives to build green building projects.

The Company also carries out the construction and maintenance of Electric Vehicle ("EV") and EV charging infrastructure which provides EV charging facilities and EV dedicated parking space

- **Green construction**

The Company sees environmental management during the project construction as of great importance towards the green nature of the project. The Company follows *Standard Guidelines for Safe and Civilized Construction* to regulate the environmental protection management process during the project construction. The Company sees every process in construction projects as a resource saving opportunity and a step towards green construction. Some of the steps towards green constructions by Company are mentioned below

- Waste water discharge management
- Waste management
- Dust management
- Noise reduction management
- Pollution prevention and control

- **Green office**

The concept of green environmental protection is followed through every detail of the daily office works. The Group have taken various green office initiatives

- Promoted recycling of office waste paper
- Adopted techniques or electronic appliances to reduce power consumption
- Adopted recycling of electronic waste
- Adopted water saving appliance to promotes green office

### **Dexin's Green Finance Framework (the "Framework")**

Dexin has developed a Green Finance Framework as a basis for entering into future Green financing via bonds where proceeds will be deployed towards contribution to sustainable development.






The format of the Green financing will depend upon market conditions and will reflect the Company's business needs as well as align with its CSR philosophy and strategies.

Dexin's Green Finance Framework meets the core requirements of the ICMA Green Bond Principles and LMA Green Loan Principles as a basis, e.g. 1) Use of Proceeds, 2) Project Evaluation and Selection, 3) Management of Proceeds and 4) Reporting

## 1) Use of Proceeds

Financing proceeds raised under Company's Green Finance Framework will be used exclusively for funding or refinancing, fully or partially of "Eligible Projects" including without limitation the refinancing of existing debt relating to such projects. Dexin has established a three-year look-back period for its refinancing activities and intends to fully allocate the net proceeds within three years of issuance

Eligible Projects include the below

Eligible Project Categories	Criteria and examples	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	
Green buildings	<ul style="list-style-type: none"> <li>Commercial and residential buildings possessing environmental certification from LEED (minimum "Gold", ) or China Green Building Label ("minimum "Two Star" for China Green Building Operation &amp; Management Label and China Green Building Label)</li> </ul>		
Energy efficiency	<ul style="list-style-type: none"> <li>Adoption of technologies, equipment and systems generating [15]% improvement in energy efficiency or significant energy reduction</li> </ul>		
Pollution prevention and control	<ul style="list-style-type: none"> <li>Expenditure relating to waste water treatment, dust pollution prevention and treatment, treatment of solid wastes, recycling and reuse as well as resources conservation</li> </ul>		
Renewable Energy	<ul style="list-style-type: none"> <li>Continue investing in solar panel power generation, solar water heaters and air energy water heater</li> </ul>		

## 2) Project Evaluation and Selection

Eligible Projects will be screened and selected by the Sustainable Development Committee through an inclusive decision making process involving participants from various functional teams within the Company including from design department, construction, finance and treasury, risk management and legal teams.

The meeting would be conducted at least once for every 12 months. The selection of eligible projects would be based on major voting by unanimous decision based on the data and information of the eligible projects.

The Company may also from time to time hire external third parties to evaluate environmental impact for Eligible Projects to facilitate the decision making and selection of Eligible Projects.

### 3) Management of Proceeds

An amount equal to the proceeds raised from bonds or loans under the Green Financing Framework will be allocated to finance designated Eligible Projects. Payment of principal and interest under any bonds or loans financing under the Framework will not be directly linked to the performance of any one specific Eligible Project.

The below outline how Dexin intends to management proceeds raised from financing under the Framework

Process	Description
Tracking of Proceeds	<ul style="list-style-type: none"><li>• The Company will monitor the allocation of proceeds raised under the Framework via internal information systems. Dexin will create registers to facilitate the monitoring and reporting of net monies raised and deployed towards Eligible Projects under the Framework</li><li>• The register will include information such as<ul style="list-style-type: none"><li>- Details of loans and bonds raised under the financing including issue date, maturity date, principal amount, interest cost, identification codes such as ISIN / Common Codes</li><li>- Mapping of Eligible Projects against Eligible Categories and amount allocated towards each respective Eligible Projects</li><li>- Environmental certification or third party reports if applicable</li><li>- Balance of proceeds not yet allocated towards Eligible Projects</li><li>- Status of unallocated proceeds</li></ul></li></ul>
Allocation of Unused Proceeds	<ul style="list-style-type: none"><li>• Pending any allocation towards Eligible Projects, net proceeds from bonds or loans raised under the Framework may be invested in cash or cash equivalents as part of the Company's treasury and cash management policies of the Company</li></ul>
Reallocation of Proceeds	<ul style="list-style-type: none"><li>• Proceeds previously allocated to Eligible Projects will be actively monitored and reallocated in the event any Eligible Projects cease to become an Eligible Project as classified by the Company or in the event of assets / projects disposal by the Company from time to time</li></ul>



#### **4) Reporting**

The Company will publish on an annual basis the following information within the "Corporate Social Responsibilities" section of its Annual Report or issue a separate report which be published on Dexin's website:

- List of Eligible Projects and the corresponding proceeds raised from bonds or loans under the Framework earmarked towards such Eligible Projects
- Balance of unallocated proceeds raised from bonds or loans under the Framework
- Financing versus refinancing

On a best efforts basis, Dexin will also endeavour to provide additional information including building certifications, energy efficiency data, environmental performance indicators of funded Eligible Projects as well as case studies of certain Eligible Projects. Such data and indicators include:-

- Energy usage reduction (kWh/m<sup>2</sup> per annum)
- Reduction in greenhouse gases emissions (GHG) per annum
- Amount of solid waste treated and / or recycled (tonnes)
- Amount of waste water treated

The methodology for retrieving the calculated impact will be disclosed in the report.

#### **5) External Review**

To secure alignment with national and international guidelines Dexin has obtained an external review from an independent third party. The documents will be available on Dexin's webpage.

An appropriate independent assurance provider will annually assure Dexin's selection process for the financing of Eligible Projects and that such process and allocations are in accordance with Dexin's Green Finance Framework. The opinion of the assurance provider will be made available in the Annual Report.