

花样年
FANTASIA

F A N T A S I A

20

Anniversary
1998-2018

2018 Environmental, Social and Governance Report

花样年控股集团有限公司
FANTASIA HOLDINGS GROUP CO., LIMITED

Stock Code: 01777



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ABOUT THIS REPORT

Purpose of the Report

This report is the fifth Environmental, Social and Governance Report (the “Report”) published by Fantasia Holdings Group Co., Limited (together with its subsidiaries, collectively referred to as “Fantasia”, the “Group”, “we” or “us”) since 2014, aiming to summarize the direction, strategy and performance regarding the sustainable development of the Group’ businesses.

Reporting Period and Scope

The reporting period of the Report is from 1 January 2018 to 31 December 2018 (the “Reporting Period”). Unless otherwise stated, the scope of the Report covers the real estate development business of the Group, including Fantasia Group (China) Co., Ltd., Shenzhen Fantasia Real Estate Group Company Limited, Shenzhen Fantasia Real Estate Co., Ltd* (深圳市花樣年房地產開發有限公司) and Chengdu Fantasia Real Estate Co., Ltd.* (成都市花樣年房地產開發有限公司). With regard to the Environment, Social and Governance report of our subsidiary, Colour Life Services Group Co., Limited (01778.HK), please refer to its company’s website.

Reporting Standards

The Report is prepared in accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) as set out in the Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“the Stock Exchange”), and was passed and approved by the board of directors of the Group in June 2019.

Reporting Principles

During the course of preparation, the Group adhered to the following reporting principles: materiality, quantitative, balance and consistency. Please refer to the table below for details.

Principle	Definitions	Responses from the Group
Materiality	The issues covered in this Report should reflect the significant impacts of the Group on the economy, environment and society, or the scope of assessments and decisions of stakeholders being affected.	Through engaging with stakeholders as well as considering the Group’s business nature and development, material sustainability issues are being identified.
Quantitative	This Report should disclose key performance indicators in a measurable manner.	The Group will disclose its key environmental and social performance indicators quantitatively where appropriate.
Balance	This Report should present the positive and negative information of the Group in an objective manner, reflect a comprehensive picture of the sustainability performance of the Group.	The Group has identified and disclosed the environmental, social and governance issues that have significant impact on the Group’s business, including the results and challenges faced by the Group.
Consistency	The Group should confirm that the preparation of ESG report is consistent with the one(s) used in previous year(s), or state the revised reporting methods, or illustrate other relevant factors that will affect meaningful comparison.	The reporting scope of this Report is substantially consistent with those in last year. This Report added the content of case sharing and had indexed content of the environmental, social and governance reporting guide to improve readability.



Information Collection Method

The information cited in the Report comes from the official documents and statistics of the Group and has been reviewed by relevant departments of the Group.

Access to the Report

The Report is available in both traditional Chinese and English. An electronic version of the Report can be downloaded from the website of the Stock Exchange as well as the official website of the Group (www.cnfantasia.com). In the event of any conflict or inconsistency between the Chinese and English versions, the Chinese version shall prevail.

Your Feedback

We highly value opinions from our stakeholders. You are encouraged to give suggestions regarding this Report or the Group's overall performance in terms of sustainable development. Please contact us by email at ir@cnfantasia.com or +852 3521 1446.

ABOUT THE GROUP

Established in 1998, Fantasia Group is headquartered in Shenzhen and was listed on the main board of Hong Kong Stock Exchange in November 2009 (HKEx stock code: 01777.HK). At present, it has comprehensively completed its business strategy layout on the foundation of future mobile internet and customer big data era. Through the dual-driven strategy of real estate + community with balancing the development of light assets and heavy assets, Fantasia Group is committed to becoming as the first-class real estate community intelligent manufacturer and the largest community O2O service platform in China. Currently, business layout of Fantasia is mainly present in the core first- and second-tier cities and metropolitan areas such as the Pearl River Delta, the Yangtze River Delta, the Beijing-Tianjin-Hebei, the Chengdu-Chongqing Economic Zone and the Central China region. Fantasia also holds a controlling interest in Colour Life Services Group Co., Limited (HKEx stock code: 01778.HK), which has become the largest residential community service operator in the world.

Corporate Vision

Corporate vision of Fantasia is committing to be the leading industry participant which provides a joyful, colourful and meaningful living space and experience and aims to deliver unique and inspiring living space and experience to value-oriented customers.

Corporate Mission

Provide life space and experience characterized by unique tastes and abundant contents to clients that pursue value through resources integration; provide inclusive increase and competitive return to shareholders; realize the sustainable growth of strategic cooperative partners and staff; and keep giving back to the society.

Brand Concept

Brand concept: Fantasia creates values

Brand personality: powerful, prosperous, valuable

SUSTAINABLE DEVELOPMENT APPROACH

The Group believes that good corporate governance is the cornerstone of achieving sustainable development. We adhere to the principle of governance, and under the leadership of the senior management, various highly-efficient work departments have formulated sustainable management principles in four major segments, namely environmental protection, quality products, talent management and community care, and monitor the implementation of relevant policies. We also optimize our governance and development strategies for the benefit of stakeholders as and when required. At the same time, we are keen to listen to the views from internal and external stakeholders to rationalize our work objectives and expectations, formulate more effective strategies for the Group's services and works, and continuously enhance the confidence and trust of stakeholders in our governance, which thereby promote the Group to become a leading intelligent community provider and commercial asset integrated service operator.

CORPORATE GOVERNANCE AND MONITORING

The Board assesses environmental, social and governance risks and opportunities and has adopted a series of risk management procedures to ensure that stakeholders' major concerns are in line with the Group's long-term value. The Board determines the content and long-term values that are essential to the Group. The various departments of the Group continuously collect internal and external data and stakeholders' opinions through different channels, historical data, future forecasts and cases, and information of other domestic and foreign companies. The Group develops environmental, social and governance-related control measures to address significant environmental, social and governance risks, and such control measures are implemented effectively at the applicable business level. The Board oversees environmental, social and governance issues and is committed to creating long-term value for stakeholders.

The Group is committed to maintaining a high standard of corporate governance to ensure the integrity of the management of the Company and to safeguard the interests of all shareholders. The board of directors established the Audit Committee, the Remuneration Committee and the Nomination Committee. The board of directors and its committees regularly assess and review the effectiveness of their work based on their terms of reference. As a result, there is continuous improvement in enhancing overall efficiency and strengthening internal audit and risk control. The Group will continue to review and enhance its corporate governance standard.

For more information regarding the corporate governance of the Group, please refer to the Corporate Governance Report section in our 2018 Annual Report.

INTEGRITY PROTECTION

The Group is committed to creating a good working environment for its employees, creating a simple, direct, healthy and transparent interpersonal relationship and working atmosphere. We have zero tolerance for bribery, extortion, fraud and money laundering. To this end, we have established a sound and rigorous internal control policy that is stringently enforced to prevent corruption and fraud. The internal audit department of the Group conducts regular independent audits to promote the overall mechanism to be more effective and comprehensive.

In accordance with the Company Law of the People's Republic of China and Anti Unfair Competition Law of the People's Republic of China and other relevant requirements for honest transactions, we have circulated employee handbooks, Guidelines for Management of Conflicts of Interest, Supervision Management System and other relevant working systems and disciplines to every employee to clearly explain the policy of receiving benefits between them and their suppliers/partners.

Related working system	Management scope
Guidelines for Management of Conflicts of Interest	To guide employees in identifying and handling conflicts of interest at work
Supervision Management System and its attachment, Employee Responsibility Commitment	To provide integrity policy guidance for employees as well as regular audit accountability mechanism
Blacklist Working Guidelines	To provide cooperative access and process management for suppliers, prevent commercial bribery, and enhance risk management

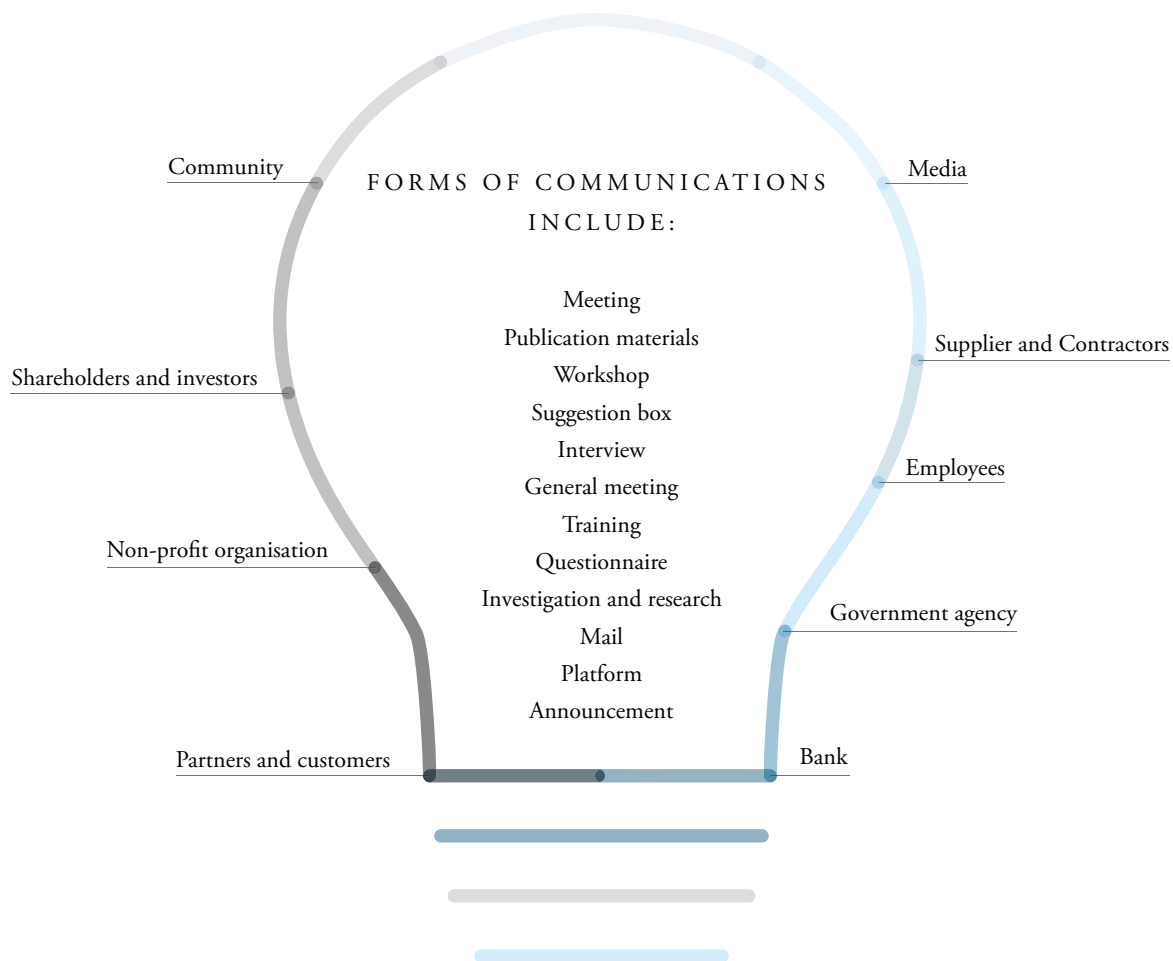
At the same time, the Group has also added the consented integrity cooperation terms in the contracts with cooperating suppliers and service providers to enable them to understand the requirements of the Group.

The Group provides channels for complaints and whistle-blowing, including email, telephone, WeChat public account and postal mail, and requires employees to report any events that have violated the professional ethics. In addition, any event or suspected event will be controlled and monitored by business units. If necessary, it shall be reported to the audit committee and the executive management. Significant events shall be subject to investigation by the internal audit department. During the Reporting Period, the Group was not aware of any submitted and concluded corruption litigation cases against the Group and its employees.

STAKEHOLDERS ENGAGEMENT

The Group endeavours to create sustainable growth and long-term value for its stakeholders, who comprise the Group's employees, investors, contractors, customers and other wider community. We continue to interact with our stakeholders on an on-going basis to understand their views and collect their feedback.

Regular communications between Fantasia and stakeholders

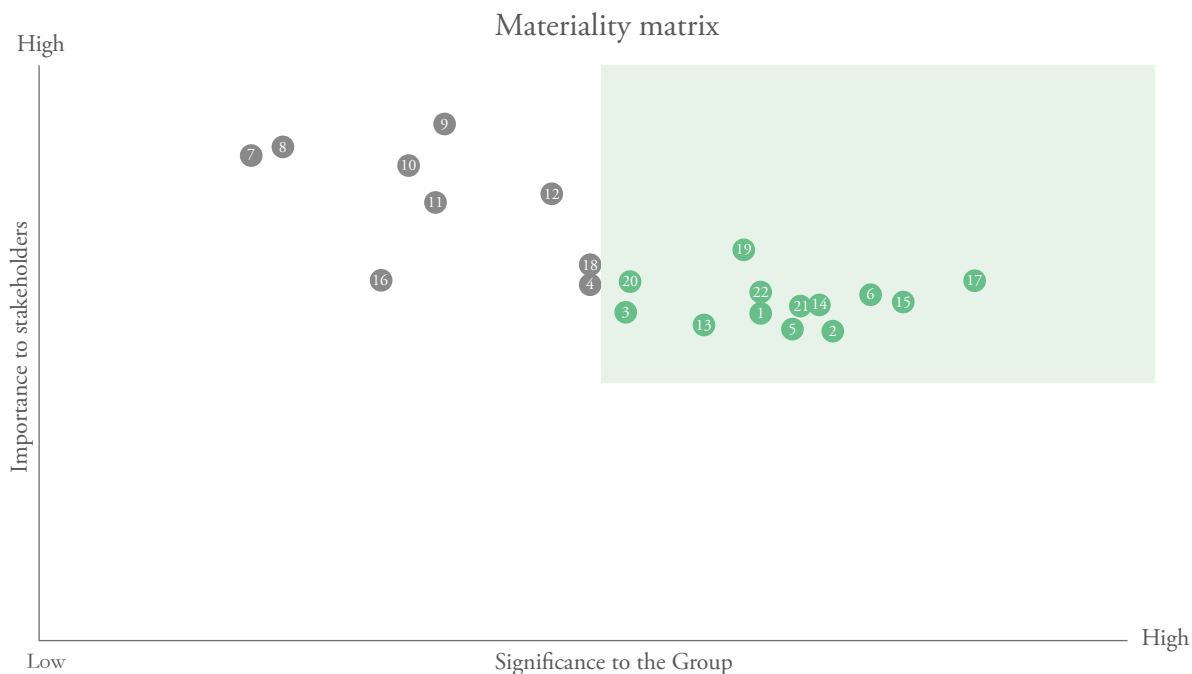




Materiality Assessment

During the Reporting Period, for the first time we entrusted an independent third-party consultant to conduct an online opinion survey to collect the expectations and opinions of our stakeholders regarding the sustainability issues of the Group. Based on the results of our communication activities with existing and past stakeholders, industry trends and environmental, social and governance reporting guidelines, we have concluded 22 issues that are applicable to the Group. We invited stakeholders on an anonymous basis to prioritize the issues that we have identified. At the same time, the management of the Group conducted an internal assessment regarding the importance of these issues to the Group.

We mapped the results of our materiality analysis onto a matrix to reflect the relative importance and impact of the 22 issues to our stakeholders and our business. A total of 13 issues were considered as material this year. The materiality matrix is formed according to the opinions of the stakeholders we have collected, and the results of the analysis will be used as a reference for the Group's strategic planning and risk management assessment, and also form the basis for our preparation of this Report.



The vertical axis of the materiality matrix is “Importance to stakeholders” and the horizontal axis is “Significance to the Group”. The upper right quadrants in the figure are considered to be the most important issues.

List of important issues

- | | |
|---|---|
| 1 Employment arrangements (including: recruitment, promotion and dismissal procedures) | 14 Supply chain environment and social risk monitoring and management |
| 2 Employee benefits (including: salary, working hours, leaves and benefits) | 15 Anti-corruption system |
| 3 Diversity and equal opportunities, as well as prevention of discrimination and harassment | 19 Customer data privacy and information security |
| 5 Prevention of child labour and forced labour | 17 Service quality (health and safety, quality inspection) |
| 6 Training and development | 20 Participation in volunteer activities |
| 13 Supplier selection and review | 21 Charitable donations |
| | 22 Community inclusive activities |

Other issues considered

- | | |
|---|--|
| 4 Occupational safety and health | 11 Other resources management (including papers) |
| 7 Management of air pollutants and greenhouse gas emissions | 12 Environmental impact of other business activities |
| 8 Wastewater discharge and waste management | 16 Intellectual property protection |
| 9 Water resources management | 18 Complaints and advertising management |
| 10 Energy management | |

CREATING VALUES FOR THE ENVIRONMENT

As a leading real estate enterprise in China, the Group has adhered to the principle of sustainable development. We are committed to be the leading green corporation in the domestic property market while developing property projects. The Group has implemented internal environmental protection policies to minimize the impact of its business operation on the environment, such as exhaust gas, sewage and wastes, and carried out a number of environmental measures in this regard.

We value the compliance with the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Regulations on the Administration of Construction Project Environmental Protection, Regulations on the Administration of City Appearance and Environmental Sanitation and other applicable laws and regulations relating to environmental protection. Our staff and construction contractors are required to comply with such environmental laws and regulations to meet our standards and specifications. All administrative departments organised publicity and educational activities on energy-saving electricity, water use, and office consumables, so that our employees will establish a scientific consumption concept and cost-saving awareness, and advocate a new office concept of civilization and environmental protection.

Exhaust Gas, Greenhouse Gas Emissions and Electricity Management

The Group mainly operates in the office. Apart from electricity, it does not involve the use of other fuels and therefore does not involve direct exhaust gas and greenhouse gas emissions. Indirect greenhouse gas emissions are generated from externally purchased electricity. In order to conserve electricity and its related gas emissions to reduce the impact on the environment, we are actively looking for ways to conserve electricity.

- We have formulated the Energy Conservation and Consumption Reduction Management System, set up a light switch on/off schedule to use lighting equipment reasonably, and promote using energy-saving light sources. When employees leave the office and under good daylight conditions, they do not turn on or reduce using lighting equipment, and thus form a good habit of "not turning on lights without people, turning off lights when off duty". Every property management department conducts regular inspections on the lobby, public areas of each office floor and independent offices, stairways, corridors, toilets and other office areas, reducing the use of lighting equipment according to needs, and turning them off immediately after use;
- Reduce the standby energy consumption of computer equipment, employees should turn off their personal computers in time before leaving for the day; property personnel on duty are required to conduct inspections on employees' computers every day, and turn off idle computers in time;
- Strictly implement the air conditioning temperature control standard. In summer, the indoor air conditioning temperature is set at not lower than 24°C. When no one is in the office, the air conditioner is not turned on. When air conditioner is turned on, doors and windows are not opened, and office doors should be closed when entering or leaving office;
- On every Friday and the day before the statutory holidays, close the elevators on lower floors according to their actual conditions, encourage employees to reduce the frequency of taking elevators, strengthen their own health management awareness by walking the stairs, and promote the concept of sports;
- When no one is in the office on weekends and at nights, property personnel will turn off electrical equipment such as electrical appliances, printers, and air conditioners in office area to reduce energy consumption.

Indicators	Unit	2018
Total energy consumption (purchased electricity)	MWh	1,537.59
Intensity of total energy consumption	MWh/sq.m.	0.12
Total greenhouse gas emissions	tonnes of CO ₂ equivalent	810.23
Indirect emissions (Scope 2)	tonnes of CO ₂ equivalent	810.23
Intensity of total greenhouse gas emissions (Scopes 1 and 2)	tonnes of CO ₂ equivalent/sq.m.	0.07



Fantasia Funian Plaza is designed with natural lighting to reduce the use of electric lights.

Water Management

The Group mainly operates in the office. The tap water is purchased from municipal water supply entities and property management companies. Therefore, we did not encounter any problems in obtaining applicable water source and water consumption is not significant. Nevertheless, we still strive to implement measures to improve water efficiency, and the domestic sewage is discharged through central drain pipes.

- Encourage employees to develop a good habit of saving water and electricity. During the washing process, properly control the flow of water to prevent the occurrence of “long-flowing water” and “dripping”, and turn it off immediately unless needed;
- Water dispenser is only available during office hours, for drinking purposes only and not for other use. Employees are encouraged to fill pots of drinking water according to their needs and reduce the occurrence of pouring away overnight water;
- When discovering water dripping or leakage, it shall be reported to the engineering department in time, and arrange for maintenance by the engineering department to reduce waste of water resources.

Indicators	Unit	2018
Total water consumption	m ³	14,152.40
Intensity of total water consumption	m ³ /sq.m.	1.15

Office Supplies Management

- Promote paperless office, transfer and circulate documents to each other by network sharing, office automation system approval, e-mail, third-party internet communication software and etc. to reduce printing and distribution of paper documents. No one shall be permitted to print and copy private materials at the office of the Group;
- Encourage double-sided copying and printing, reuse single-sided printed waste paper to reduce waste of resources; employees need to check documents before printing to avoid re-printing due to clerical errors, reduce unnecessary losses in paper and ink;
- During an internal meeting, employees attending are encouraged to bring their own cups, so as to reduce disposable cups;
- Reasonably planning in using office supplies, and abide the process of using office supplies. For reusable office pens, the sheaths of pen should be properly preserved and replaced with refills. Resigned personnel's office supplies that can be recycled should be collected and managed in a timely manner and then reused.

Waste Management

The Group's waste mainly comes from real estate business and office operations, which do not generate hazardous waste.

Indicators	Unit	2018
Total amount of non-hazardous waste produced	tonnes	2.55
Papers disposed of	tonnes	0.54
Other domestic waste disposed of	tonnes	1.62
Other domestic waste recycled	tonnes	0.39
Density of total non-hazardous waste produced	kg/sq.m.	0.21

Use of Resources

The Group has improved its water consumption efficiency in three aspects, namely: industrial planning, monitoring of contractors and provision of construction guidelines. The Group also has corresponding office water-saving measures, including performing regular inspection and maintenance on water pipes to avoid leakage; washing water tank regularly to reduce wastage of water resources.

The office building has used intelligent air conditioning temperature control and lighting switches to automatically adjust indoor environment to reduce power consumption. The Group attaches great importance to publicity and education to enhance the saving awareness of every employee.

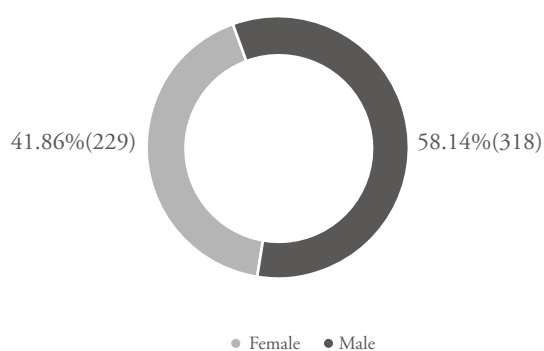
Environmental Management of Construction Projects

In accordance with the Urban and Rural Land Planning Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China and other relevant laws, we follow the principles of urban and rural planning, rational layout, land conservation, intensive development and planning first and then constructing to improve the ecological environment and facilitate the saving and comprehensive utilization of resources and energy, and avoid selection of projects located in water source protection or ecologically fragile areas for development during the project acquisition phase. Our construction projects have obtained approval from the construction project environmental impact report form issued by the environmental protection department, approval of the soil and water conservation plan, and pollutant discharge permit. In the operation and construction, the Group has standardized the management, civilized construction, and comprehensively supervised the implementation of dust pollution prevention and control measures on construction site to reduce effectively the volume of dust generated at the construction site as well as its concentration to meet the discharge standards. For construction land that cannot be commenced temporarily, it is being covered; and if the site is idle for more than three months, it shall be greened, paved or covered.

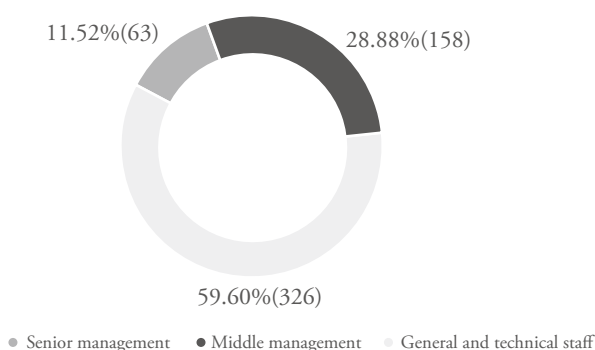
CREATING VALUES FOR STAFF

Employees create tremendous value for our business and are our most valuable assets. In facing the fierce competition and ever-changing business environment, excellent talents are essential for a company to improve their operational management standard and competitiveness. The Group adheres to the people-oriented principle and is committed to building and developing an efficient team that is dedicated, innovative and professional. To build an outstanding staff team, we pay attention to diversity, equality and respect for human rights, providing employees with competitive compensation and benefits, adequate training and promotion prospects, and a healthy and safe working environment. We continue to review and improve existing mechanisms according to the market and industry environment and standard so that every employee can grow with us.

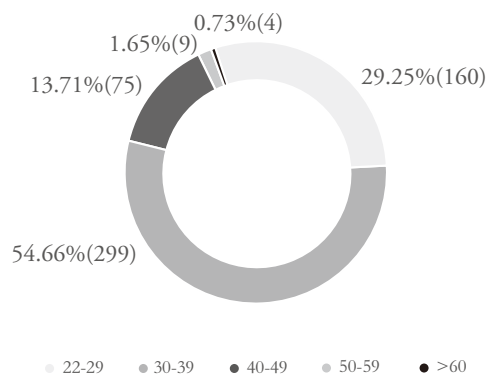
Total Workforce by Gender



Total Workforce by Employment Type



Total Workforce by age group



Protection of Employee Interests

The Group has formulated a series of personnel employment systems of the Group in accordance with the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, and Provisions on Prohibition of Child Labour. We sign labour contracts with newly joined employees, and distribute a staff handbook to each employee, which will provide detailed rules on employment, salary and allowance, leave holiday, benefits, attendance, etc., and we will also notify every employee for any update, if any, on such handbook. We have a five-day work system with an average working time of no more than 40 hours per week and a two-hour lunch break per working day. If an employee works overtime at a statutory limit, we shall pay overtime to them. When an employee resigns, we will arrange a formal exit interview with the employee to understand the true thinking of employee's resignation and reason for resignation, and will respect employee's opinions and suggestions.

Recruitment and Promotion of Talent

In order to unify and standardize the recruitment and employment standards of the Group at all levels, we have formulated the Recruitment Management System so as to state clearly the process and operational standards of the human resources departments at all levels in the recruitment process, and provide professional, continuous and stable human resources protection for the sustainable development of the Group. The Group is committed to improving and promoting the construction of the recruitment management system and the recruitment target system. We formulated annual human resources plan and recruitment plan to recruit talents through internal recruitment, social recruitment and campus recruitment. The Group adheres to the principle of openness, fairness and impartiality in recruitment and promotion. It introduces an equal competition mechanism in the interview assessment process to prevent discrimination caused by different regions and gender, and ensures the quality of talents being introduced into the Group. The Group follows the principle of fair and voluntary when recruiting employees. It does not recruit person who are under local legal working age, nor does it recruit employees by means of forced/deceptive methods such as detaining their identity cards or other valid documents. We strictly abide laws and regulations as well as rigorous recruitment procedures, including identity verification procedures, verification of identity cards and academic credentials, etc., to prevent child labour or forced labour. The human resources department of the Group reviews its recruitment practices annually to avoid child labour and forced labour.

If there is a child labour under the legal minimum working age within the Group, we will always take the following measures from the perspective of the best interests of the child labour and in accordance with requirements of relevant laws:

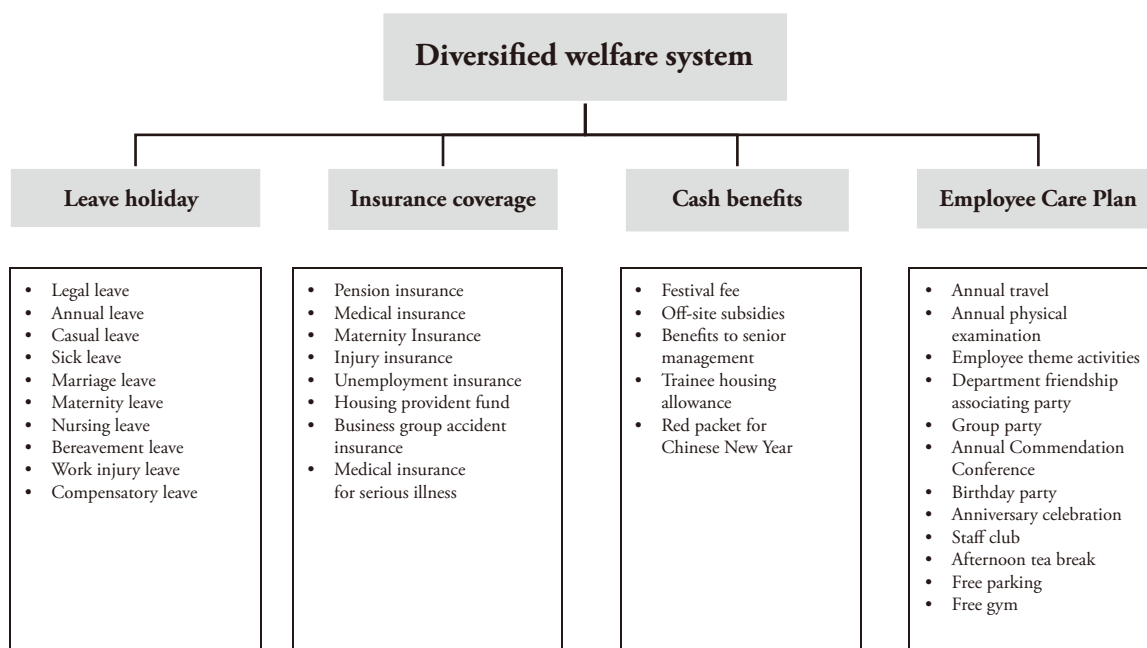
- immediately take the child labour away from the workplace;
- immediately notify the human resources department to verify whether such labour is a child labour. If found to be true after investigation, we will terminate the labour relationship with him/her and inform the local social welfare agency, and also will take remedial measures that provide the maximum protection to his/her interests;
- the child labour shall be sent to a specialized occupational health check-up institution for a medical examination to confirm the child's physical and mental health conditions, and to conduct an investigation and visit to fully understand his/her situation;
- when the child reaches the legal minimum age for employment, he/she will be provided with re-employment opportunity; and
- immediately identify problems in the recruitment process and take improvement measures within 30 working days.

If there is a forced labour within the Group, we will take the following measures in accordance with requirements of relevant laws:

- immediately take the labour away from the workplace to ensure the his/her safety;
- immediately notify the human resources department to verify that he/she is a forced labour;
- the child labour shall be sent to a specialized occupational health check-up institution for a medical examination to confirm the child's physical and mental health conditions, and to conduct an investigation and visit to fully understand his/her situation; and
- immediately identify problems in the recruitment process and take improvement measures within 30 working days.

Salary and Benefits

We are committed to providing and maintaining competitive remuneration packages to our employees and actively protecting their interests and benefits. The remuneration of employees consists of fixed wages, floating wages and benefits. Fixed wages are implemented by the Group with a fixed monthly salary system, which is comprehensively assessed based on factors such as market standard, job nature, position level and competency. The floating wages are linked to operating performance of the Group and individual performance, including monthly performance bonus and year-end performance bonus. The actual results are determined based on the salary performance plan for the year. Full-time employees are entitled to paid leave, insurance coverage, cash benefits and employee care plans. The Group also conducts annual review of the Company's overall staff remuneration and benefits and understands their needs and concerns timely to enhance their employment and welfare standards in retaining outstanding talents and consolidating the competitive advantages of the Group.



Development and Training

It is a very important part of the Group's sustainable development to constantly invest in talents and promote the growth of our employees with the Company. We encourage and support employees to propel self-improvement and lifetime learning. While meeting the development needs of the Group, our employees actively equip themselves to adapt to market changes. We have formulated the Training Management System to build a comprehensive staff training and development system, and provide practical guidance for staff training and development.

Gold of Desert King Outward Course

In order to further enhance the management team's management and decision-making ability, we organised the Gold of Desert King to arrange the Gold of Desert King outward course in Shenzhen on 8 September 2018. The Gold of Desert King outward course is that under a simulated desert environment, various participating groups shall cope with different challenges and summarize different information in a real project process, and continuously making decisions to get the best development plan for the team. This course is to mainly train the leadership and organizational ability of team, team division and coordination skills, team decision-making ability, etc. to help the team grow better through real simulation.



Macroeconomy, corporate development and negotiation skills courses

In order to improve the management's insight of macroeconomy, understanding of corporate development, and enhance negotiation ability, our Shenzhen regional office invited our management to conduct a course and share his experience. The management (1) shared the way of business operation management with us from different perspectives of historical development, macroeconomy and essence of real estate; (2) leader talked about traditional culture and business philosophy from the perspective of Chinese traditional culture. He gave an overview regarding the achievements of the forty years of reform and opening up of China, and described the nature of real estate in the development; and (3) explained the ways to improve negotiation skills by summarising the real estate transaction models, and arranged all members to participate in the simulation negotiation, so that everyone can really understand the psychological game in negotiations, and provide an effective method for real negotiations.

Health and Safety

The Group has established and developed an occupational safety and health system, implemented national rules and standards for occupational safety and health, educated employees on occupational safety and health, prevented work accidents and reduced occupational diseases. In accordance with the Labour Law of the People's Republic of China, Safety Production Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other relevant regulations, we insured work-related injury insurance for employees and have protective tools in place such as helmets and gloves.

Work-life Balance

Long-hours working can result in an imbalance in work and life of employees and cause deterioration of health. We organised and supported a variety of employee activities, and are committed to caring for the well-being of employees and promoting a balance between work and life. Here are some of the activities we have hosted during the reporting period:



Fantasia's Faith Day (花漾信念日)



“Vigorous Youth – Faithful Burning” Basketball Event



“Goddess Show – I’m Queen Today” Event

CREATING VALUES FOR CUSTOMERS

Real estate development is a manufacturing industry about home. We meticulously develop warm products from the humanistic care perspective and with heartfelt gratitude. Currently, Fantasia has shaped four product series, including Jitianxia, Xingfu Wanxiang, Huayang Jinjiang as well as the intelligent community. During the Reporting Period, Fantasia Real Estate focused on the layout of the four most active economic development regions, namely Pearl River Delta, Yangtze River Delta, Beijing-Tianjin Metropolitan Area and Chengdu-Chongqing Economic Zone as well as the central region, covered nearly 17 first-tier and second-tier core cities that are economically well-developed, possess strong rigid demand and have higher demand for improvement, such as Chengdu, Shenzhen, Wuhan, Beijing, Kunming and Nanjing.

In strict compliance with the requirements of the “Implementing Opinions for Further Accelerating the Development of the Residential Properties in Chengdu by the General Office of Chengdu Municipal People’s Government” and the “Implementation Rules for Further Accelerating the Development of the Residential Properties in Chengdu (Provisional)”, the Group guarantees that on delivering the housing property to the owner, the residential housing shall satisfy the livable conditions basically and completed the integration of design and construction of the civil engineering and interior decoration for those projects that meet the requirements.

Construction	In accordance with the laws and regulations such as the “Rules on the Administration of Construction Quality”, “Regulations on the Supervision and Administration of Construction Safety and Production” and “Measures on Administration Regarding Permission for Commencement of Construction Works”, we have put in place a set of stringent on-site supervision and management mechanism, adopted environmental-friendly construction materials that have less healthy impact on the environment to reduce construction wastes and dust pollution, shortened construction duration to improve project quality and construction quality to reduce potential safety hazards and better the construction site environment.
Acceptance	We carried out land development based on the existing land use planning in accordance with the “Urban and Rural Planning Law of the People’s Republic of China”, and performed the final acceptance of the infrastructures and ancillary facilities for commercial residential housing in strict compliance with the “Regulations on the Operation and Management of the Urban Property Development”, various laws and regulations on completion and acceptance and administrative regulations. We conducted stringent inspection to the housing to ensure its quality are in line with the “Guidelines on Risk Inspection Operation” and the “Guidelines on Project Simulation and Acceptance Operation” set up by the Property Group.
Delivery	We put utmost emphasis on delivery works; therefore, we carried out on-site delivery and its related works in strict accordance with the “Guidelines on Collective Product Delivery” and combined with mobile informatisation means to record customer’s experience and demands, so as to ensure them moving into their new homes peacefully. In accordance with the “Resource and Energy Conservation Law of the People’s Republic of China” and “Regulations on Energy Efficiency for Civil Buildings”, the Group abided the building energy conservation standards, thus, when selling housing property, we presented to home-buyers the information on energy-saving measures and warranty for the housing sold, of which they were set out in the housing sales contracts, quality certificate and instruction manual.
After-sales	We optimised the after-sales procedures through setting up 400 call centres, online complaint and repair claiming platform, and carried out after-sales services to ensure customers’ genuine demands are in strict compliance with the “Guidelines on Procedures and Operations for Repair Claiming Centre”.
Customers’ satisfaction	We pay constant attention to customers’ satisfaction and collected opinions from customers on such particular point of time in signing contracts, delivery and moving in so as to identify immediate shortfalls and make continuous improvement.

Product and Services Promotion and Marketing

When launching products and disclosing information, the Group bears in mind the principles of transparency and accuracy all the times so as to enable customers to make purchase decisions under informed circumstances. The Group adheres to the “Regulatory Measures on the Sale of Commercial Houses” for the delivery of all marketing and sales activities and materials and entrusts consultant to review housing sales contracts, quality certificate and instruction manual to ensure compliance with the requirements of such ordinances. The senior management of the Group is responsible for monitoring and approving all product information before public disclosures to ensure its accuracy. We have set up internal guidelines and organised trainings to provide information on sales and marketing promotion-related regulations to staff from different departments, and also offer detailed guidance and trainings to sales and customer service staff to make sure accurate information is provided to customers.

Protecting Customers’ Private Information

We strived to protect customers’ personal information. Each business unit and subsidiary set out corresponding guidelines, which limit the information available for inspection by staff under different responsibilities for work-related purposes, so as to ensure customers’ personal information is properly handled. All collected personal information will be handled confidentially and kept properly. Electronic document transfers such as e-mail and third-party internet communication software and storage in computer and USB etc. in relation to customers’ information shall be automatically encrypted by the data leakage-proof system of the Company to reduce the risk of information leakage. During the Reporting Period, we did not receive any complaints regarding the violation of customer’s right in privacy or customer’s information disclosures.

Observation and Protection of Intellectual Property

We have provided the comprehensive protection and management of the Group’s intellectual property rights including copyright, trademark rights and patent rights in accordance with the Trademark Law of the People’s Republic of China and other relevant requirements. We have registered trademarks of the Group within the scope of the registration permit and obtained the registration certificate. For key brand materials, we have applied for registered trademarks to protect them by law; when the trademark registration term expires, it will apply for renewal if it is needed to continue to use. In cooperation with our partners, if there is a matter involving ownership and protection of intellectual property rights and protection, we will clarify the ownership of intellectual property in the contract with the partner, require the partner to make non-infringement commitment, and pay attention to the implementation of commitments in the course of performance. In accordance with the actual situation, the Group will also register copyrights in time for copyrighted brochures, product drawings, appearance works and decorations. We regularly provide training to our employees to enhance their understanding of observation and protection of intellectual property through legal knowledge training and case discussions.

Fantasia Club – Exclusive Customer Platform of Fantasia Property

Life should be joyful and colourful. In the philosophy of “Creating Value with Aspirations” to provide users a unique and rich living space and experience, we established the “Fantasia Club” to organise various activities for club members so as to allow each member of the Fantasia Club to soak in the distinctive colourful lives. The following were some of the events held during the Reporting Period.



Luhu Cup Five-A-Side Soccer Competition



Fantasia’s 100-metre painting event



The Eleventh “Student Education Fund Tour”



The 2nd Badminton Friendly Match of Guilin Fantasia Community

CREATING VALUES FOR SUPPLY CHAIN

As a responsible corporate, not only has the Group strived to comply with all relevant laws and regulations concerning our operations, meanwhile, we also joined hands with our supply chain together to create a better and more environmental future. The Group adopts a full-fledged supply chain management mechanism including supplier assessment system, so as to monitor and evaluate the product and service quality of suppliers.

With respect to the environment and social risks concerning the supply chain, the Group has established contractor monitoring procedures to oversee their environmental and social performances regularly since the absolute majority of our construction works were outsourced to third-party construction contractors.

When signing a contract, contractors shall sign for and comply with the environmental protection code established by the Group, including the implementation of various emission reduction measures. The Group clearly stipulates the environmental protection requirements in the contractual construction agreement and contract to limit emissions and discharges of various kinds of exhaust, dust, sewage and wastes at construction sites. Regular inspections are carried out on the contractors according to the relevant requirements of the Group by a third-party inspection agency, which inspects, gives scores and rectifies the on-site emission items. The Group also sends personnel to monitor the environmental pollution of the projects under construction, and holds regular meetings on environmental compliance. The contractors are also required to report environmental data to the Group on a regular basis, which enables the Group to supervise the environmental performance and compliance of the projects under construction. In addition, the Group has developed a series of detailed construction instructions to control the exhaust emission and sewage discharge at construction sites, including: controlling the use of heavy polluting diesel engines at construction sites; installing catalytic converters or particulate filters and sensors on the exhaust pipes of mechanical equipment to measure air pollutant emissions; using finished materials (finished concrete and mortar); establishing indicators for pollutants and air quality with daily monitoring on the above data and follow-up immediately on any exceeding incidents by project construction supervisor; setting up environmental monitoring sensors throughout construction sites to monitor air quality at the sites and have real-time control over fine particulate matter, nitrogen oxides and sulphur dioxide; collecting all sewage at construction sites and discharging to designated port after sedimentation treatment.

Throughout the construction works, the Group has monitored the contractors closely, such as requiring them to sign the declaration of energy-saving to comply with the proposed water saving principle. Project construction manager also needs to monitor the data of water consumption at construction site regularly and formulate water-saving improvement measures accordingly. The Group propagates environmental awareness at construction site and communities and advocates water-saving. Water-saving faucets and sanitary ware have been adopted at construction sites to improve the use of water resources. The construction sites have also set up sewage sedimentation tanks and sewage return pipes to recycle wastewater from construction, living areas and rainwater runoff. For the purposes of recycling and reuse, sewage is pumped into water after sedimentation, and water collected is then used in vehicle cleaning and spraying on the road to reduce dust.

To further put into practice the idea of sustainability, we require construction contractors to sign a resources conservation statement and comply with the relevant energy conservation principles established by the Group. The project construction supervisor monitors the electricity usage data of construction sites regularly and formulates improvement measures for energy conservation accordingly.

The Group resolutely safeguards the human rights and labour rights, and child labour shall not be employed or forced to work. We also expect our contractors to hold the same principles too. Moreover, we require contractors to insure against work-related injuries for employees involving in hazardous operations and pay insurance premium in accordance with the Construction Law of the People's Republic of China.

CREATING VALUES FOR THE COMMUNITY

In 2018, the Group echoed actively to the call of the party and government and by taking Shenzhen Fantasia Charity Foundation as a platform, it carried out poverty alleviation measures innovatively and integrated resources to repay the society. It adopted Ji'an Fantasia Hope Primary School as a base to develop rural education to propel the construction of rural communities. Fantasia also initiated the "Fantasia Project for Retirement Life Service and Poverty Alleviation" in caring the poor rural elderly and supported the works of the "Poverty Alleviation Mission" in Gaoping Town, Suichuan County, Jiangxi Province; and by using the welfare brand of "Ankangnian Retirement Life Service Center", Fantasia continued to provide services of "Caring for and Respecting the Elderly" as well as a series of activities for urban elderly to deliver love and positive energy to urban communities..

Continuously paying attention to rural education with "Reading" as the theme of the year

In 2018, Fantasia Charity Foundation contributed approximately RMB470,000 to renovate the playground and runway cushion of Ji'an Fantasia Primary School, and jointly donated with Suzhou Mahayana New Eco-friendly Material Co., Ltd., to construct a water-based eco-friendly EAU full-plastic runway (with a value of RMB600,000). The runway delivered for use in January. With the support of the local education bureau and the government, it completed the renovation and upgrading of the dining shed for students, as well as the land acquisition and preparatory work (三通一平) for new school building, for which a total fund of nearly RMB2,000,000 had been spent. Such activities lay a foundation for the future re-planning and construction of the school.

At the same time, Fantasia Charity Foundation continued its focus on school operation and carried out a series of activities with "Reading" as the theme of the year, the purpose of which is to enhance the academic environment of the school:

- Initiated the reading promotion season of "Fantasia Reading – Study with Children" (花樣•愛閱•童心•鞋力), under which a three-month reading promotion event had been launched at the Group's shopping malls in Nanjing, Chengdu, Guilin, Lhasa and etc., and received 360 shoe box gifts (鞋盒禮物) for the students of Ji'an Fantasia Hope Primary School;
- Organised the Eleventh Student Education Fund Tour (愛心助學行), which was the student aid event of China Eastern Airline, and donated to help 20 poor students of the school;
- Delegated employee representatives and recruited retired teachers to visit Ji'an Fantasia Hope Primary School to support teaching, which mainly focused on those courses such as reading and students writing skills;
- Organised city experience tour of "Growth with Children" (與孩子益同成長), providing teacher reading training and Shenzhen coastal culture tour to 28 teachers and students from four schools, including Ji'an Fantasia Hope Primary School; and
- Organised the "Fantasia Funny Running" (花樣趣跑) event hosted by the property owners of Ningbo High-End Residential and every student of Ji'an Hope Primary School received a pair of white sneakers.



“Fantasia Reading – Study with Children” (花樣愛閱·童心鞋力) parent-child reading and sharing activities in Guilin



“Growth with Children” (與孩子益同成長) teacher training and urban experience tour in 2018

Starting with the Rural Elderly Care to Explore “Fantasia Elderly Care and Poverty Alleviation Mode in Suichuan”

In 2018, the Group joined hands with Gaoping town government in Suichuan County, Ji’an, Jiangxi Province, pushing the poverty alleviation efforts deeply for the locals by kicking off the elderly care services based in Gaoping town. We explored such elderly care modes as collective elderly care in rural institutions and distributed mutual elderly care, and targeted poverty alleviation measures including purchase in place of donation and industrial poverty alleviation, so as to promote the marketing for local agricultural products with original features and create one mode for not just lifting rural areas out of poverty, but also entitling the rural elderly with grace elderly care services, which will be proposed to spread across the nation in the future.



Donating “Winter Warmth Bag” and Caring the Poor Rural Elderly

Relying on the new nursing homes in Gaoping town, which are currently completed but forbidden to move in due to subpar fire prevention placement, Fantasia Charity Foundation donated RMB200,000 to purchase housing and office facilities including the whole set furniture, TV, washing machines and fitness equipment etc. More funding will also be provided to upgrade fire-fighting equipment, stretcher-fit elevator and lift shaft, make appropriate improvement in living space for the elderly, put in place management system and foster a happy age culture in the future, aiming to turn “nursing homes” in Gaoping town into “caring homes” best for the elderly to live their lives.

Relying on the “Poverty Alleviation Caring Houses” in Qingcao village and Shuikou village in Gaoping town, Fantasia Charity Foundation will transform “Poverty Alleviation Caring Houses” into “Micro Nursing Homes” through “Four-pronged Projects”, namely, leveling a vegetable plot and tea plantation, purchasing fitness equipment, hiring a management caretaker and giving out a caring concern on a regular basis, so as to make it suitable for the elderly to live peacefully in the village without leaving their homeland.

“Fantasia Elderly Care and Poverty Alleviation Mode in Suichuan” was also fully recognised by the leaderships from the Ministry of Civil Affairs, the Office of the National Committee for Elderly Affairs, the China Community Development Association, the Civil Affairs Departments at provincial and municipal level and the Elderly Office, and media including each of China Community News, Shenzhen Special Zone Daily, China News and CNR News reported relevant experience and measures. As a typical model engaging in social poverty alleviation undertakings, we attended “the Sixth China Charity Fair 2018” and received an outstanding project reward.



“Fantasia Elderly Care and Poverty Alleviation Mode in Suichuan” in China Charity Fair

Leveraging on Ankangnian Elderly Service Centers to Continuously Promote the Culture Concerning Respect for the Elderly in the Urban Community

Regarding public elderly care services in urban cities, Fantasia holds dear in its heart the philosophy “Expend the respect of the aged in one’s family to that of other families; expend the love of the young ones in one’s family to that of other families”, and proactively responds to “9073” pension scheme put forward by the government. Since 2012, Fantasia Charity Foundation had funded to register the private non-enterprise unit “Ankangnian Elderly Service Centers” in cities such as Chengdu, so as to provide assistance to the elderly public in financial trouble living in the city, render more convenient and caring services for the elderly in the community and establish an elderly service brand featuring “Professionalism Makes Life More Evergreen, While Caring Brings Family More Happiness”.

In 2018, based on daily care centers in the community, Ankangnian Elderly Service Centers carried out services to aid the elderly, the handicapped and children in the urban community, which entailed morning exercises, handcraft making activities, lectures on healthy living, fraud prevention and cooking and competition etc., with a total of more than 4,500 residents participating the events. In addition, Ankangnian Elderly Service Centers also partner with relevant government authorities in Hi-Tech Zone, Qingyang district, Chenghua district and Wuhou district in Chengdu. In 2018, a total of about 120,000 house-visit services were rendered for about 15,000 elderly in the community.



Community Events in Ankangnian Elderly Service Centers

ESG REPORTING GUIDE INDEX

Subject Areas, aspects, general disclosure and key performance indicators		Section/Statement	Pages
A. Environmental			
Aspect A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		Creating values for the environment	009–011
KPI A1.1	The types of emissions and respective emission data.	Creating values for the environment	009–011
KPI A1.2	Greenhouse gas emissions in total and intensity.	Creating values for the environment	009–011
KPI A1.3	Total hazardous waste produced and intensity.	Creating values for the environment	009–011
KPI A1.4	Total non-hazardous waste produced and intensity.	Creating values for the environment	009–011
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Creating values for the environment	009–011
KPI A1.6	Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved.	Creating values for the environment	009–011
Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.		Creating values for the environment	009–011
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Creating values for the environment	009–011
KPI A2.2	Water consumption in total and intensity.	Creating values for the environment	009–011
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Creating values for the environment	009–011
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Creating values for the environment	009–011
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	The Group's business does not involve packaging.	N/A

Subject Areas, aspects, general disclosure and key performance indicators		Section/Statement	Pages
Aspect A3: Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.		Creating values for the environment	009–011
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Creating values for the environment	009–011
B. Social			
Employment and Labour Standards			
Aspect B1: Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.		Creating values for staff	012–017
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Creating values for staff All staff within the reporting scope work in the Mainland China.	012
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Male: 21%; Female: 18%. All turnover employees were aged 30-39 with the turnover rate of approximately 37%. All turnover employees were those in Mainland China with the turnover rate of approximately 20%.	N/A
Aspect B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Creating values for staff	016
KPI B2.1	Number and rate of work-related fatalities.	During the reporting period, the Group was not aware of any incidents of death due to working relationships.	N/A
KPI B2.2	Lost days due to work injury.	During the reporting period, the Group was not aware of any working days lost due to work injury.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Creating values for staff	016

Subject Areas, aspects, general disclosure and key performance indicators		Section/Statement	Pages
Aspect B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Creating values for staff	015–016
KPI B3.1	The percentage of employees trained by gender and employee category.	During the Reporting Period, approximately 97% of female employees, approximately 96% of male employees, approximately 75% of senior management, approximately 98% of intermediate management, and approximately 99% of general and technical personnel were trained.	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category.	During the Reporting Period, the average number of hours of training for each female employee was approximately 33 hours, approximately 21 hours for each male employee, approximately 22 hours for senior management, approximately 28 hours for intermediate management, and approximately 26 hours for general and technical personnel.	N/A
Aspect B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Creating values for staff	013
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Creating values for staff	013
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Creating values for staff	013
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Creating values for supply chain	021
KPI B5.1	Number of suppliers by geographical region.	We cooperated with 18 suppliers during the reporting scope.	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Creating values for supply chain	021

Subject Areas, aspects, general disclosure and key performance indicators		Section/Statement	Pages
Aspect 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, labelling and privacy matters relating to products and services provided and methods of redress.		Creating values for customers	018–020
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group does not involve product recycling.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Number of products and services related complaints received: During the reporting period, the Group was not aware of and received any complaints about products and services.	N/A
		Responding methods to complaints about products and services received: Creating values for customers	018–020
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Creating values for customers	019
KPI B6.4	Description of quality assurance process and recall procedures.	Creating values for customers	018–020
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Creating values for customers	019
Aspect 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.		Integrity protection	005
KPI 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.	Integrity protection	005
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Integrity protection	005
Community			
Aspect 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.		Creating values for the community	022–026
KPI B8.1	Focus areas of contribution.	Creating values for the community	022–026
KPI B8.2	Resources contributed to the focus area.	Creating values for the community	022–026

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