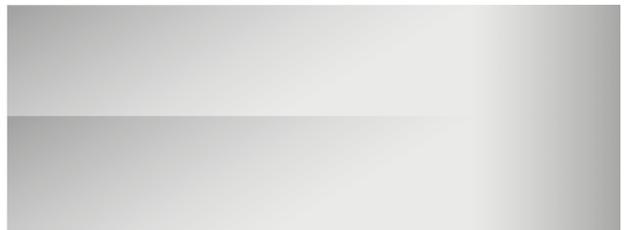




Spring No.7, partial screen | Zhou Li | 2020 | Mixed media on canvas | 250 x 600 cm | BAO COLLECTION
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2021 Environmental, Social and Governance Report

花
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FANTASIA



花樣年控股集團有限公司
FANTASIA HOLDINGS GROUP CO., LIMITED
Stock Code: 01777.HK

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DEFINITIONS

| | |
|-------------------------|---|
| “Fantasia” or “Company” | Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司) (stock code: 1777), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange; |
| “subsidiary(ies)” | has the meaning prescribed to it under the Listing Rules; |
| “Group”, “we” or “us” | the Company and its subsidiaries; |
| “Colour Life” | Colour Life Services Group Co., Limited (彩生活服務集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange; |
| “Report” | the eighth Environmental, Social and Governance Report issued by the Group; |
| “Reporting Period” | 1 January 2021 to 31 December 2021; |
| “Year” | this fiscal year; |
| “Board” | the board of directors of the Company; |
| “Director(s)” | the director(s) of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Guide” | the “Environmental, Social and Governance Reporting Guide” contained in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “China” | the People’s Republic of China; |
| “COVID-19” | the Coronavirus Disease 2019; |
| “%” | per cent. |

ABOUT THIS REPORT

Fantasia, together with its subsidiaries (collectively referred to as the “Group”, “we” or “us”) are pleased to publish the eighth Environmental, Social and Governance (“ESG”) Report of the Group, aiming to present stakeholders with the strategy, direction and performance in relation to the sustainable development of the Group over the past year, so as to respond to the concerns and expectations of various stakeholders regarding the Company’s sustainable development.

Fantasia cherishes the opinions of all stakeholders, and recognises that listening to everyone’s voices can help us establish a more comprehensive sustainable development strategy. Should you have any thoughts on the Report or the sustainability performance of the Group, you are encouraged to submit to us through ir@cnfantasia.com or +852 3521 1446.

Reporting Period and Scope

The Reporting Period of the Report is from 1 January 2021 to 31 December 2021. Unless otherwise stated, the scope of the Report covers the operating offices of Fantasia Group (China) Co., Ltd., Shenzhen Fantasia Real Estate Group Company Limited and Chengdu Fantasia Real Estate Co., Ltd. (成都市花樣年房地產開發有限公司) under the Group. With regard to the Environment, Social and Governance Report issued by our subsidiary, Colour Life Services Group Co., Limited (01778.HK), please refer to its company’s website.

Reporting Principles

The Report discloses environmental key performance indicators and social key performance indicators in accordance with the mandatory disclosure requirements and the “comply or explain” provision of the “Environmental, Social and Governance Reporting Guide” (the “Guide”) contained in Appendix 27 of the Listing Rules of the Stock Exchange.

The Report is prepared in accordance with the following reporting principles:

| Principles | Definitions | Responses from the Group |
|---------------------|---|--|
| Materiality | The issues covered in the Report should reflect the significant impacts of the Group on the environment and society, or the scope of assessments and decisions of stakeholders. | Through engaging with stakeholders as well as considering the Group’s business nature and development, material sustainability issues and ESG issues to be disclosed in a focused manner in the Report are identified by materiality assessment. |
| Quantitative | The Report should disclose key performance indicators in a measurable manner. | The information cited in the Report derives from the official documents and statistical data of the Group, which have been reviewed by the relevant departments of the Group and we have continuously recorded and disclosed business-related quantitative indicators in accordance with the requirements of the Guide, Appendix II “Reporting Guidance on Environmental KPIs” and Appendix III “Reporting Guidance on Social KPIs” to “How to Prepare an ESG Report” published by the Stock Exchange. |
| Consistency | The Group should confirm that the preparation methods of the ESG Report is consistent with those used in previous year(s), or state the revised reporting methods, or illustrate other relevant factors that will affect meaningful comparison. | The reporting scope and reporting method of the Report is substantially consistent with those for last year. Unless otherwise stated, the Report adopts data statistics and calculation methods consistent with previous reports so as to make meaningful comparisons for quantified environmental and social performance. |

Versions of and 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.



ABOUT FANTASIA

Established in 1998 and listed on the Main Board of the Hong Kong Stock Exchange in November 2009, Fantasia has been engaged in the real estate industry for over two decades and is known as one of the leaders in the industry. Being widely recognised and praised in the industry, the Company has successively won the “Top Ten Brand Enterprises” (十大品牌企業), “Low-Carbon Model for China Real Estate Enterprises” (中國房地產低碳榜樣企業), “China Outstanding Real Estate Developer” (中國傑出房地產商), “Best 50 of China Real Estate Listed Companies in terms of Comprehensive Strength” (中國房地產上市公司綜合實力50強), “China Blue Chip Real Estate” (中國藍籌地產), “China Outstanding Real Estate Developer” (中國傑出房地產商) and many other honors, and received the title of “China Top 100 Real Estate Enterprises” for 13 consecutive years. In addition, we have received an “AA+” rating from China Chengxin International in international credit rating.

At present, the Company has comprehensively completed its business strategy layout on the foundation of future mobile internet and big data era. Through the dual-driven strategy of “real estate + community” with balanced development of light assets and heavy assets, we are committed to building one of the leading real estate community intelligent developers and community O2O service platforms in China, and we have devoted ourselves to becoming the leader of a joyful, colourful and meaningful living space and experience, aiming to deliver living space and experience of unique taste and great culture to value-oriented customers. The Company focuses on expanding its business into core first- and second-tier cities and metropolitan areas including the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area.

Fantasia’s real estate business joins hands with the property management services of Colour Life Services Group Co., Limited under the Group to provide customers with a one-stop living experience.



Corporate Vision

Committing to be the leader of a joyful, colourful and meaningful living space and experience and aiming to deliver living space and experience of unique taste and great culture to value-oriented customers.

Corporate Mission

Provide living space and experience characterized by unique tastes and great culture to clients that pursue value through resources integration and innovation; and provide inclusive growth and competitive return to shareholders; realize the constant growth of strategic cooperative partners and employees; and keep giving back to the society.

Brand Culture

Brand Slogan: Creating Value with Aspirations

Brand Concept: Joyful, Colourful and Meaningful

Brand Character: Powerful, Prosperous, Valuable

Brand Proposition: Creates and Enriches User Value

Product Connotation

Product Strategy: Art + Technology

Product Means: Locality + Contemporaneity

Value and Product Proposition

Joyful: Curious, Exuberant, Fearless; Choices

Colourful: Universal, Insightful, Evolving; Advanced Balance

Meaningful: Original, Entertaining, Free; Art Is Life



Joyful • Curious, Exuberant,
Fearless



Colourful • Universal, Insightful,
Evolving



Meaningful • Original,
Entertaining, Free

HONORS

- Best 100 of China Real Estate Listed Companies in terms of Comprehensive Strength (中國房地產上市公司綜合實力100強) for 13 consecutive years (Ranked 50th)
- 2021 China Top 100 Real Estate Enterprises – Top 10 in Financing Capacity (2020中國房地產百強企業-融資能力TOP10)
- 2021 China Top 100 Real Estate Enterprises – Top 10 in Resilience (2021中國房地產百強企業-穩健性TOP10)
- 2021 Top 50 Most Valuable Real Estate Brands in China (2021中國房地產公司品牌價值TOP50)
- 2021 China Leading Real Estate Brands in Urban Renewal (2021中國房地產城市更新領先品牌)
- Quality China Real Estate Enterprises Award 2021 – Property Management Award (優質中國房地產企業大獎2021物業管理大獎)



SUSTAINABILITY STRATEGY

While pursuing business development, Fantasia implements the brand slogan of “creating value with aspirations” and hopes to integrate the concept of sustainable development into its strategic development, so as to strike a balance between environmental, social and economic aspects and create the same value. We strive to offer considerate services to customers, promote positive development for suppliers, provide a high-quality working environment to our employees, bring meaningful contributions to the community and create a green environment for our planet. During the Reporting Period, Fantasia launched the “Sustainable Finance Framework”, which was authoritatively certified by Sustainalytics, a leading international independent rating company. By issuing green financing tools including bonds and loans, the framework was intended to further promote green, environmentally friendly and sustainable elements in business and to lead a green life, thereby contributing to China’s goal of carbon neutrality.

In addition, the Group appointed Riskory Consultancy Limited as a professional consultant to provide us with ESG and sustainable development consulting services so as to help promote our sustainable development.

“*Fantasia builds dreams in the buildings it builds, and spreads love and care in the communities it establishes.*”

*Ms. Zeng Jie, Baby, Founder and Chairlady of
the Strategic Planning Committee of Fantasia Holdings Group*”

花样创造价值。

CREATING VALUE WITH ASPIRATIONS.

Creating Values for Customers

Fulfill the brand proposition of “creating and enriching user value”, construct the best property projects and create a brilliant life for customers

Creating Values for Supply Chain

Strengthen collaboration with partners, and promote positive development of the supply chain through effective communication and integration of resources

Creating Values for Employees

People oriented, making employees’ work valuable by growing with employees

Creating Values for the Community

Actively participating in public welfare, giving back to society and creating a better future together

Creating Values for the Environment

Demonstrating the vitality of the brand, committed to building a green city, creating a sustainable future for the next generation

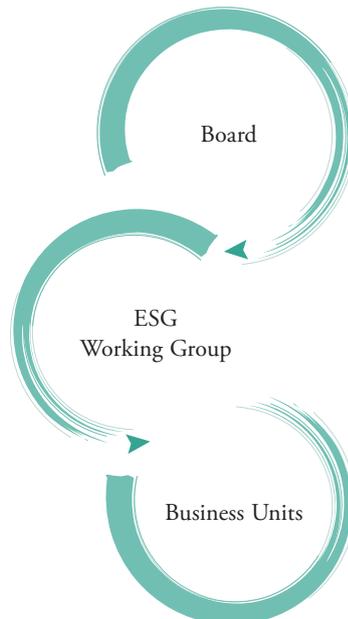
CORPORATE GOVERNANCE

The Group focuses on maintaining a high standard of corporate governance and a robust and transparent governance structure. The Group has established three committees under the Board, which regularly assess and review the effectiveness of their work based on their terms of reference. The Group will continue its assessment and review, hoping to continuously improve the level of its corporate governance. For other matters regarding the corporate governance of the Group, please refer to the “Corporate Governance Report” in our 2021 Annual Report.



SUSTAINABILITY GOVERNANCE

The Board takes the ultimate responsibility for setting the Group’s ESG targets, assessing, overseeing and managing the ESG risks and monitoring the actual risks within the Group. In addition, the Board plays the role of driver for sustainable development, and leads the Group to set clear goals and visions. Meanwhile, the ESG Working Group has been established under the Board, and the Board leads the ESG Working Group to identify, assess and determine relevant ESG risks, formulate relevant risk countermeasures, and effectively promote the concerted efforts of all business units of the Company to achieve its sustainable development goals. The Board will also hold meetings from time to time to monitor and review the progress of accomplishing various environmental targets, at the same time continuously monitor the implementation of risk countermeasures to ensure that they are effective, and continue to listen to the opinions of various stakeholders to further improve the governance over our sustainable development strategy.



ANTI-CORRUPTION

Anti-corruption work of the Group is mainly in the charge of the Supervision Division under the Audit and Supervision Department to proactively prevents all acts that violate business ethics and integrity, and severely cracks down on corrupt behaviors including corruption, bribery, extortion, fraud and money laundering. At the same time, the Group strictly complies with the relevant laws and regulations, including but not limited to the Criminal Law of the PRC (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and the Company Law of the PRC (《中華人民共和國公司法》). During the Reporting Period, the Group was not aware of any material violations of the relevant laws and regulations on corruption, bribery, fraud, extortion and money laundering of its subsidiaries and employees, and there was no concluded legal case regarding corrupt practices brought against the Group or its employees.

All employees are required to abide by the following eight “Fantasia Regulations”:

| | | | |
|--|----------------------------------|---------------------------------------|---|
| 1. No corruption or bribery | 2. No falsification | 3. No embezzlement of corporate funds | 4. No unauthorised guarantees or investments |
| 5. No disclosure of commercial secrets | 6. No misconduct due to omission | 7. No conflicts of interest | 8. No spread of negative message internally or externally |

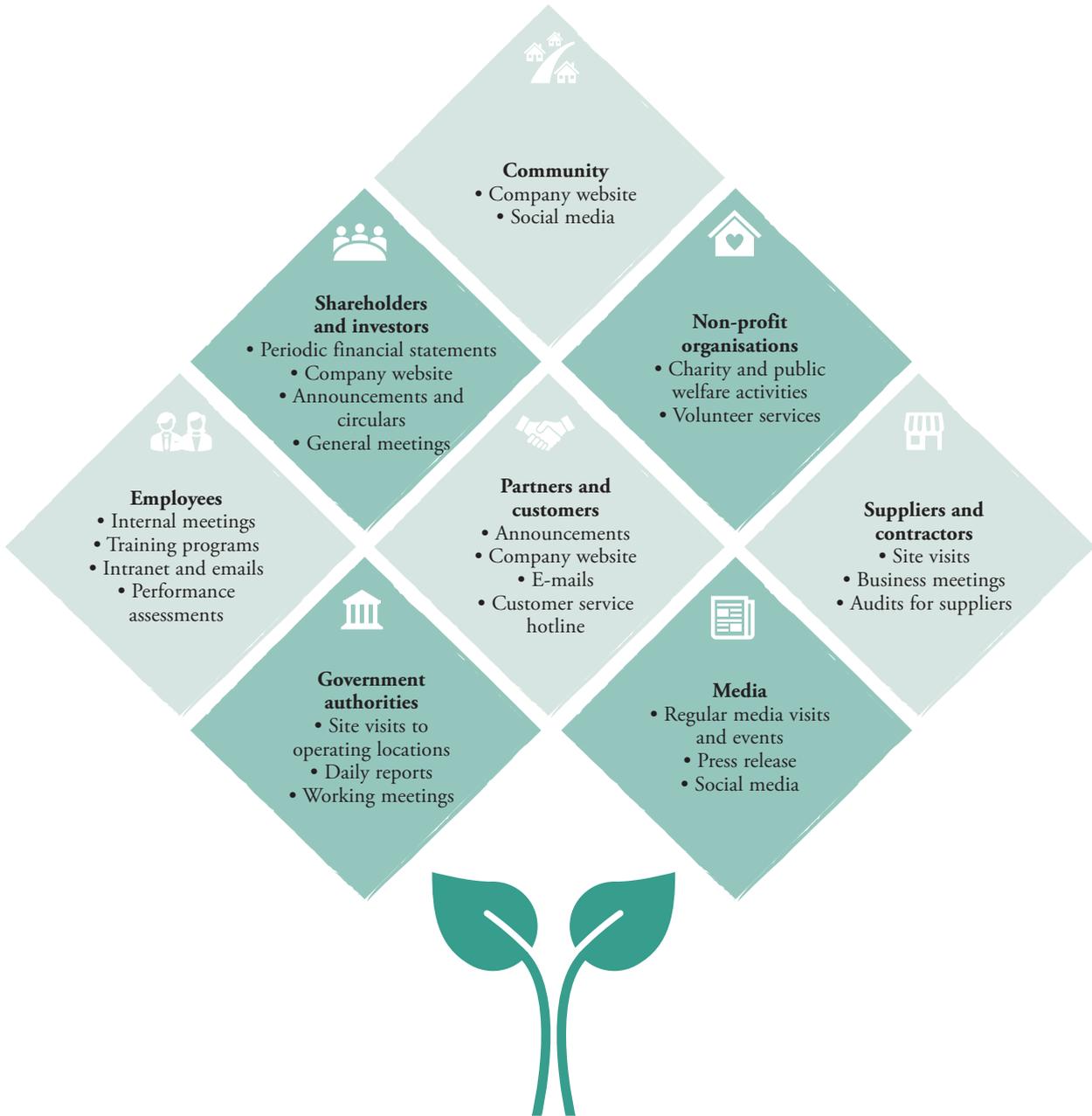
The Group has formulated the Accountability Management Guide (《問責管理工作指引》), the Blacklist Management Guide (《黑名單管理工作指引》) and the Staff Non-participation System (《全員回避制度》) to implement its supervision efforts. The Staff Non-participation System (《全員回避制度》) sets out various types of circumstances that require no participation, including those of personnel, business and relatives. We encourage the recommendation of talents regardless of whether they are relatives or not, but employees are required to declare their relationship with the recommended in advance, and shall abstain from providing any interview or hiring opinions to the recommended. When working with business partners, if any employee is a relative to any supplier or customer, he/she shall take the initiative to report to the superior and shall not participate in any work flows involving his/her relative. We state in the Employee Handbook that all employees shall be prohibited from bribery. Employees shall not take advantage of their position to illegally occupy any property of the Company, and are prohibited to solicit or accept any money (or money equivalents and services) from customers, partners or other business management parties in any name or form. Externally, we add integrity clauses to the contracts with partner suppliers, and encourage them to report suspected cases to the Group’s Audit and Supervision Department and cooperate in the investigation.

In addition, we have set up multiple whistle-blowing channels to receive valid reporting and complaints filed by employees and third parties both with real names or anonymously. Such channels include whistle-blowing reporting hotline, company website, emails and our WeChat official account – Integrity Fantasia (花樣清風). We also offer cash rewards to whistle-blowers, aiming to eliminate all corrupt behaviors.

The Group actively organises anti-corruption training programs and classifies them as part of its induction training. New employees are required to complete anti-corruption training and understand Fantasia’s integrity corporate culture. A total of 7 anti-corruption trainings were held for our Directors and employees during the Reporting Period.

STAKEHOLDER ENGAGEMENT

The Group has attached great importance to the opinions of stakeholders and maintained constant communication with all parties, in an effort to develop a better understanding of their expectations for Fantasia's ESG performance and to exchange opinions and feedbacks. Therefore, we have established the following communication channels to respond to various stakeholders. Key stakeholders include employees, shareholders and investors, business partners and customers, government agencies, media, suppliers and contractors, non-profit organisations and the community, etc.



MATERIALITY ASSESSMENT

| Material Issue | | Materiality Assessment Score (Most important/Important/Issue considered) |
|--|---|---|
| Responsibility for Environment | | |
| 1. | Management of air pollutants and greenhouse gas emissions | Issue considered |
| 2. | Wastewater discharge and waste management | Important |
| 3. | Water resources management | Important |
| 4. | Energy management | Important |
| 5. | Other resources management (including papers) | Important |
| 6. | Environmental impact of other business activities | Issue considered |
| 7. | Risks associated with climate change (such as typhoon, floods, etc.) | Important |
| Operating Practices | | |
| 8. | Supply chain environmental and social risk monitoring and management | Most important |
| 9. | Supplier selection and review | Most important |
| 10. | Anti-corruption system | Most important |
| 11. | Service quality (including health and safety, quality inspection) | Most important |
| 12. | Protection of intellectual property rights | Important |
| 13. | Complaints and advertising management | Important |
| 14. | Customer data privacy and information security | Important |
| Employment and Labour Practices | | |
| 15. | Employment arrangements (including recruitment, promotion and dismissal procedures) | Issue considered |
| 16. | Employee benefits (including salary, working hours, leaves and benefits) | Issue considered |
| 17. | Occupational safety and health | Important |
| 18. | Training and development | Most important |
| 19. | Prevention of child labour and forced labour | Important |
| 20. | Diversity and equal opportunities, as well as prevention of discrimination and harassment | Important |
| Community | | |
| 21. | Participation in volunteer activities | Issue considered |
| 22. | Charitable donations | Important |
| 23. | Community inclusive activities | Important |

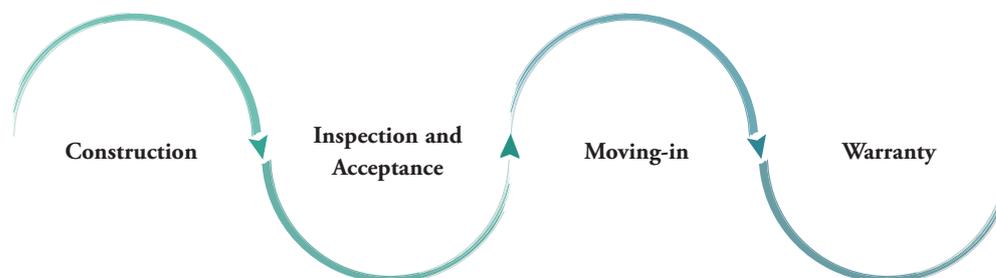
CREATING VALUES FOR CUSTOMERS

We have always insisted on delivering the best service experience to customers and creating sustainable value for customers, and consistently implemented the concept of constructing heart-warming, high-quality and warranted real estate projects. We strive to abide by the laws and regulations in relation to the health and safety, advertising and privacy of products and services, in a bid to be responsible to the customers. During the Reporting Period, the Group strictly complied with relevant laws and regulations, including but not limited to:

| | |
|---|--|
| Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) | Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) |
| Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) | Regulations on the Administration of Development and Operation of Urban Real Estate (《城市房地產開發經營管理條例》) |
| Product Quality Law of the PRC (《中華人民共和國產品質量法》) | Work Safety Law of the PRC (《中華人民共和國安全生產法》) |
| Fire Control Law of the PRC (《中華人民共和國消防法》) | Measures for the Management of Advance Sale of Urban Commercial Houses (《城市商品房預售管理辦法》) |
| Advertising Law of the PRC (《中華人民共和國廣告法》) | Provisions on the Release of Real Estate Advertisements (《房地產廣告發佈規定》) |
| Regulatory Measures on the Sale of Commercial Houses (《商品房銷售管理辦法》) | Trademark Law of the PRC (《中華人民共和國商標法》) |

During the Reporting Period, the Group was not aware of any major violation of relevant laws and regulations in respect of health and safety, advertising and privacy of products and services, and there were no products and services related complaints received. By virtue of the business nature, the Group was not involved in any product labelling issues.

In terms of the quality inspection process of products and services, Fantasia has been striving to achieve perfection from the following four aspects:



Construction

We have formulated the Management Rules for Project Engineering (《項目工程管理細則》) to ensure efficient, safe and orderly operation of projects. We evaluate the design from construction organisations before project construction, which covers construction schedule, quality control, technology standards (including underground construction, rebar construction, concrete construction, redecoration construct, etc.), safe production and civilised construction. We strictly monitor the quality of the whole construction process. To standardise the construction process, we have also formulated the Atlas of Safe and Civilised Standardisation (《安全文明標準化圖集》) to allow the construction party to clearly understand the safety and civilised construction matters that require attention during the construction process, such as the correct wearing method and specifications of safety helmets.

Inspection and Acceptance

We have formulated the Guide for the Inspection, Acceptance and Handover of New Properties (《新建物業驗收、移交工作指引》) to standardise the takeover, inspection and acceptance of new properties and to ensure the safe use of various facilities and equipment before delivery. The items to be inspected include the building body, public facilities and equipment, landscape greening, cleaning facilities, community and public supporting facilities, etc. For the inspection and acceptance of public areas, we have formulated the Checklist for Handover, Inspection and Acceptance of Public Areas of Newly-built Properties (《新建物業公區移交驗收清單》) to allow responsible personnel to check the detailed items of each area.

Moving-in

In terms of engineering, we have formulated the Operational Guide for Delivery and Assessment (《交付評估操作指引》) to conduct comprehensive assessment on indoor quality (appearance and actual measurement), public utilities, façades and garden landscapes respectively. so as to develop an understanding of the delivery quality level, supervise the proper arrangement for work process and strictly monitor the quality of relevant projects, and clarify quality requirements of refined decoration for relevant projects by assessing the refined decoration process on a quarterly basis. Within one month before delivery, projects are required to improve the quality of the overall decoration to pass through delivery assessment, so as to optimise customers' moving-in experience and satisfaction.

On the customer side, we ensure that the necessary documents for moving-in as required by the national and local laws and regulations as well as the relevant documents related to the Commodity House Purchase and Sale Contract (《商品房買賣合同》) are obtained, and that the Move-in Notification (《入伙通知書》), the Residence Quality Warranty (《住宅質量保證書》) and the Residence User Guide (《住宅使用說明書》) are issued to property owners. The whole delivery process are carried out in accordance with the Administrative Measures for Delivery Work (《交付工作管理辦法》) to ensure that the delivery work is carried out smoothly.

In addition, we hold an open day event for the construction site approximately two months prior to delivery. In the later stage of project construction and when the construction site meets the conditions to open, we will invite customers to experience the process of product construction, aiming to relieve customers' anxiety when waiting for delivery, reduce the possibility of product defects during moving-in and release product delivery pressure in advance.

Finally, we conduct delivery and post-service satisfaction surveys at centralised delivery sites and upon three months after delivery respectively. which are intended to measure product quality, design, and service satisfaction, so that we can improve our overall service quality.

Warranty

We undertake to assume warranty responsibility for our completed units by formulating various systems including the Operation Guide for Engineering Warranty (《工程保修操作指引》) and the Management Rules for Warranty Maintenance (《保修期內維修管理制度》). We have also established the standard of time for completion of indoor repairs which sets out different standard repair period based on the types of problems, such as cracks, shedding, leakage, damage of electrical appliance, damage of sanitary ware, etc.

During the Reporting Period, we provided warranty services covering more than 30 communities, with a completion rate of repair cases exceeding 96%. We have established multiple channels for property owners to inform us about their needs for warranty services, including community warranty service centres, on-line submission of repair requests via our WeChat public account as well as our 400 telephone hotlines. We provide warranty services by adhering to our principle of responding to repair requests within one hour, completion of repair tasks through one site visit and 100% repair service satisfaction during our follow-up survey. Afterwards, we also take the initiative to get in touch with the property owners and detailedly answer the questions raised during the repair process, allowing the property owners to enjoy our one-to-one warranty service.

Beautiful Community Program 2.0

During the Reporting Period, Fantasia Customer Service launched the Beautiful Community Program 2.0, a new customer service system and community renewal program with the brand initiative of “Excellence in Community Service”, with its service mainly focusing on the needs of community customers during the occupancy stage. Customers’ living experience is improved and various living services are provided through the renovation and functional improvement of basic infrastructure and equipment in the old community, house maintenance during the occupancy period and the development of community activities. A total of 104 customer service quality improvement plans have been proposed to address customer concerns including outer walls, fire protection facilities, elevators so as to meet customers’ diversified needs for convenience, safety, health and comfort at different stages from house inspection, purchase, repossession to occupancy, thereby providing exquisite services.

In addition to the renovation of community construction, we will not miss indoor maintenance. During the Reporting Period, we provided free indoor maintenance services to more than 7,000 households, enabling every household to feel the meaning of the “Beautiful Community” program. The maintenance items include wall repairs, oil fume cleaning, air conditioner cleaning and maintenance. We spare no efforts to meet all kinds of maintenance requirements, and share daily maintenance tips with property owners.

Customer and After-sale Services

We have established a series of systems to regulate service quality, including the Customer Service Management System (《客戶服務管理制度》), the Administrative Measures for Customer Satisfaction (《客戶滿意度管理辦法》). Regarding the handling of complaints, we have formulated the Guide for the Management of Customer Complaints (《客戶投訴管理工作指引》), which sets out some frequent customer problems and response methods, so that employees can handle complaints more conveniently in their practical work. We have set up 400 customer service hotlines and the official online customer service of Fantasia Customer Service public account, mainly accepting complaints about engineering management, planning and design, sales management, maintenance management, property services, etc. After receiving a complaint, the responsible person is required to record in the system within 2 hours, and hand the case over to the appropriately designated person(s) to handle according to the type of the complaint. If we receive a complaint that requires to be dealt with in a timely manner outside of our office hours, we will immediately notify the responsible department on duty to arrange for handling, and record the customer’s complaint in the system within the same day.

In order to develop a deeper understanding of customers’ opinions and needs, we commissioned an independent third-party organisation during the year to listen to customers’ voices through random telephone interviews. The opinions of customers are of great importance to us. We can continue to refine the quality of our service by addressing their feedbacks to accurately target customer needs.

Privacy Protection Management

The daily operations of the Group involve certain privacy information, including customer personal data, financial information, and group confidential information. Therefore, we handle such information very carefully and strictly implement our confidentiality system. All employees are required to sign the Trade Secret Protection Agreement (《商業秘密保護協議》) with the Company upon recruitment. Any transmission and storage involving electronic files shall be encrypted in the form of computer automatic encryption in the Company’s data leakage prevention system to reduce the risk of information leakage.

Advertising and Promotion Management

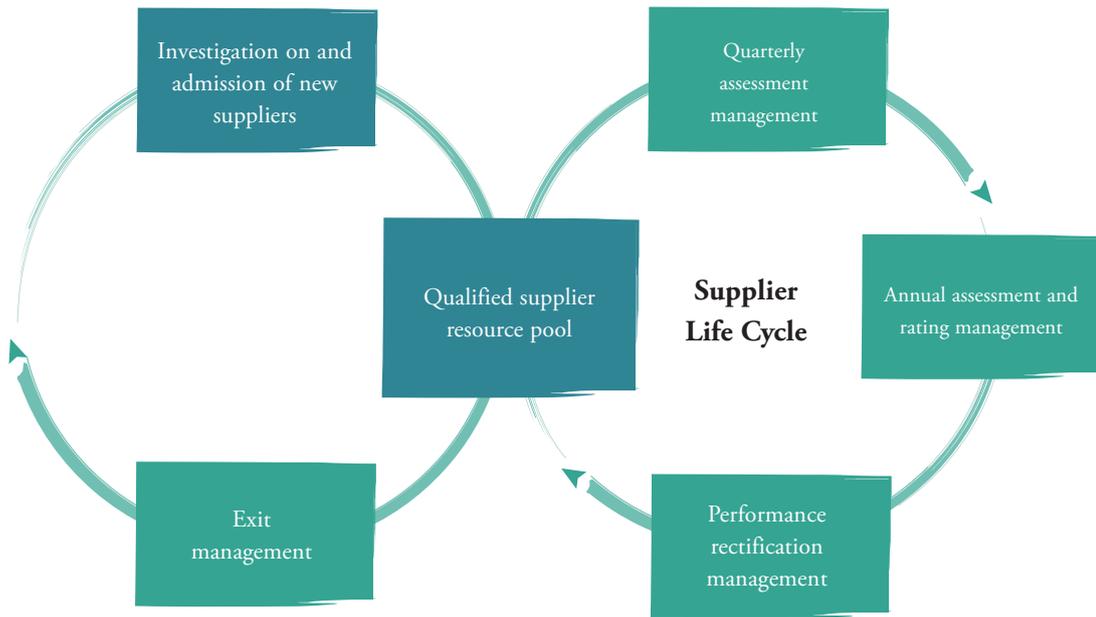
As for advertising and promotion, the Group has formulated the Manuscript Review System (《審稿制度》). The person in charge of our Sales Management Department is required to conduct internal review in accordance with the VI Design Code Manual (《VI設計規範手冊》) and the Advertising Law, and assess various risks before publication, including those associated with laws, complaints, picture brands and the VI code. In addition, the Group formulated the Administrative Measures for Information Output (《信息輸出管理辦法》) to regulate the output of various types of promotional information, and ensure its compliance with laws and regulations such as the Advertising Law, as well as the culture and brand image of the Company. Furthermore, the Group also provides marketing and brand training programs to responsible personnel and advertising partners, such as training on WeChat operation skills, so that they can continuously develop their marketing skills.

Intellectual Property Rights Management

The Group has provided comprehensive protection and integrated management of the Group’s intellectual property rights including copyright, trademark rights and patent rights. We have registered trademarks of the Group within the scope of the registration permit and obtained the registration certificate. In order to regulate the Company’s trademark management, we have formulated the Trademark Management System (《商標管理制度》), which sets out the procedures for trademark registration, transfer and use. In addition, we have commissioned a third-party trademark agency company to review the materials to be registered. We apply for trademark registration in accordance with laws, and we assess the needs for renewal before the expiration of the trademark validity period so as to ensure that intellectual property rights are protected in a timely manner. When cooperating with suppliers, we require suppliers to provide proof of using construction patents in the bidding process to ensure that their patents are valid during the cooperation period.

CREATING VALUES FOR SUPPLY CHAIN

Fantasia continues to collaborate with more supply chain partners, striving to create a mutually beneficial and win-win partnership. The Group strictly regulates and assesses suppliers through a series of policies and systems, and implements unified procedures to monitor the operation of the supply chain, such as the Administrative Rules for Engineering Suppliers (《工程供應商管理細則》) and the Administrative Rules for Project Engineering Management (《項目工程管理細則》). During the Reporting Period, the Group had a total of 3,420 suppliers, all of which were located in Mainland China, and we assessed all suppliers during the Reporting Period.



Investigation on and admission of new suppliers: All suppliers are required to pass the credit documents review, and allow us to conduct on-site inspections to strictly control the source and qualifications of suppliers. In the process, we focus on whether the supplier has the qualification certificate within the validity period required by the state, the safety production license, and whether the inspection site uses materials and equipment that are clearly prohibited by the state or locality, such as non-airtight mixing insulation mortar and thermal barrier strips. Suppliers that have passed the review will be included in the qualified supplier resource pool of the Group.

Quarterly evaluation management: All suppliers' performance during the process of cooperation is assessed in stages. At the end of each quarter, the suppliers of the projects under construction in the current quarter will be assessed. Afterwards the Procurement Department will feed back the assessment results to the suppliers.

Annual assessment and rating management: At the end of each year, the cooperation with each supplier is assessed, summarised and rated for management. Suppliers are managed according to their rating results based on their respective qualifications, scale, capabilities, quality, performance, environmental and social risks, etc. The highest rating is Grade A, followed by Grade B, C and D. We hope to retain high-quality suppliers by allowing suppliers of the same grade to compete healthily with each other, thus reducing project cooperation, environmental and social risks.

Performance rectification management: Based on the annual and quarterly assessment results, we will submit an improvement plan to the respective suppliers to supervise and urge their improvement.

Exit management: We review suppliers in accordance with the Assessment Criteria for Abnormal Conditions (《異常狀態評審標準》) so as to determine whether the suppliers shall be listed as locked, unqualified or blacklisted suppliers.

In terms of selecting engineering contractors, the Group takes environmental and social risks into consideration in accordance with its established Atlas of Standardisation of Safe and Civilised Operation (《安全文明標準化圖集》), which sets out the precautions for environmental protection for construction contractors during construction. Contractors are required to sign and abide by the environmental protection code, restrict the discharge of exhaust gas, dust, sewage and waste during construction, for example, setting up pipes for water spray and dust reduction and arranging sprinklers to reduce dust in the areas where dust is likely to be produced. Contractors are required to implement energy and water conservation measures and reduce pollution during construction. In addition, in order to monitor the contractor's performance and ensure that the construction process meets environmental protection requirements, we will arrange third-party organisations to inspect the contractors regularly and convene regular meetings. In terms of social risks, we comply with the Construction Law of the PRC (《中華人民共和國建築法》), require contractors to purchase work-related injury insurance for employees engaged in dangerous operations, and take reasonable measures to eliminate child labour and forced labour.

In order to maintain good two-way communication with its suppliers, during the Reporting Period, a supplier conference was held at Shenzhen Funian Plaza, the headquarters of Fantasia, where we gave presentations on various topics including strategic business, procurement planning, interesting material product lines, engineering management mechanism, supplier cooperation mechanism, and a total of 67 outstanding suppliers received certificates of honor, trophies and medals. At the meeting, Pan Jun, chairman of the board of Fantasia Group, signed strategic contracts with 14 new strategic cooperation suppliers. In addition, we organise an annual supplier satisfaction survey, hoping to understand suppliers' satisfaction towards all aspects of their cooperation with the Group through the survey. We will summarise and are receptive to suppliers' feedback to continuously improve the management level of relevant departments, thereby achieving more effective cooperation with suppliers in the future.



CREATING VALUES FOR EMPLOYEES

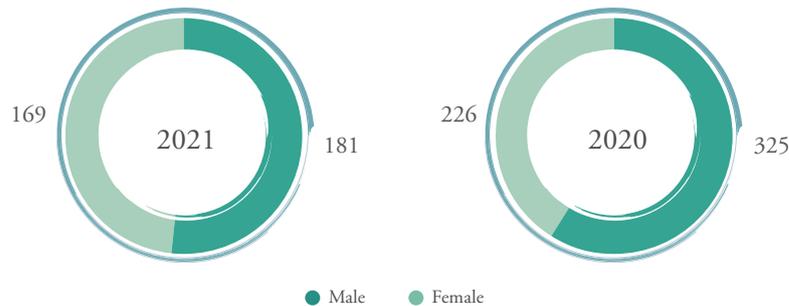
The Group cherishes each and every employee and regards them as the most important assets of the Company. We look forward to growing with our employees and sharing with them the operating results reaped through hard work. Fantasia’s achievements today are attributable to the concerted efforts of all employees and their contribution to our sustainable development. Therefore, we have continuously refined the Group’s employment system, hoping to provide employees with the best working environment. The Group strictly complies with various employment-related laws and regulations, including but not limited to:

| | |
|--|--|
| Labour Law of the PRC 《中華人民共和國勞動法》 | Labour Contract Law of the PRC 《中華人民共和國勞動合同法》 |
| Social Insurance Law of the PRC 《中華人民共和國社會保險法》 | Regulations on the Administration of Housing Accumulation Funds 《住房公積金管理條例》 |
| Law of the PRC on the Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》 | Provisions on Prohibition of Using Child Labour 《禁止童工規定》 |

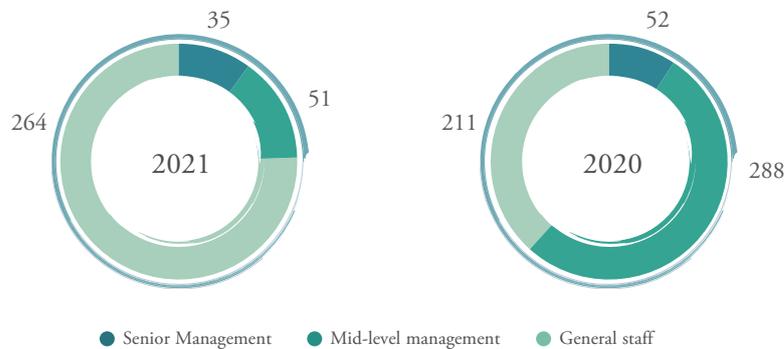
During the Reporting Period, the Group was not aware of any material violations of the relevant laws and regulations on employment, compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

We had a total of 350 employees for the year, of which all are full-time employees and are from the PRC. The distribution of employees of the Group by gender, employee category and age during the Reporting Period and 2020 is as follows:

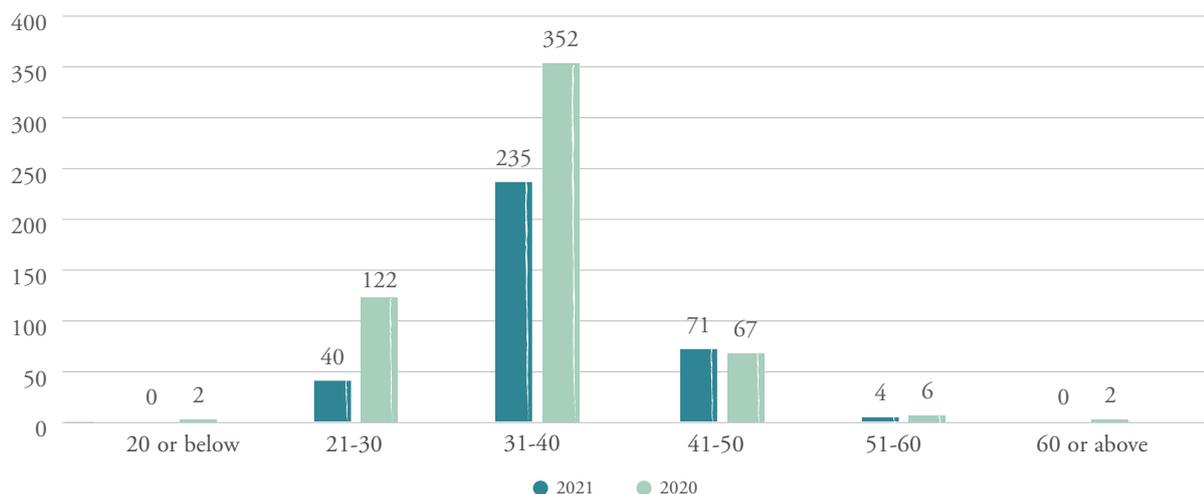
Total employees by gender



Total employees by employee category



Total employees by age group during the Reporting Period and in 2020



The following sets forth the employee turnover rate by gender, age group and geographical region during the Reporting Period:

| Employee turnover Rate | 2021 |
|-------------------------------|-------|
| By age | |
| 20 or below | 0% |
| 21-30 | 55.0% |
| 31-40 | 54.5% |
| 41-50 | 52.1% |
| 51-60 ¹ | 125% |
| 60 or above | 100% |
| By gender | |
| Male | 57.5% |
| Female | 52.7% |
| By geographical region | |
| Hong Kong | 0% |
| Mainland China | 55.1% |

¹ The employee turnover rate of each category takes into account the employees who left the company throughout the Reporting Period, and is calculated as: number of employee turnover of the category during the Reporting Period/total number of employees of the category as of the end of the Reporting Period x 100%. As a result, a turnover rate higher than 100% may occur.

Protection of Rights and Interests of Employees

The Group's Employee Handbook details arrangements concerning remuneration, dismissal, working hours, holidays and benefits, and clearly sets out the procedures for establishing and terminating employment relations, aiming at safeguarding the rights and interests of employees. The remuneration of employee consists of fixed salary, performance bonus and benefits. We conduct employee performance assessment each year and make personnel adjustments based on the assessment results. In terms of working hours, we adopt a five-day work week with an average of no more than 40 working hours per week. In addition to statutory holidays and public holidays, all employees may apply for marriage leave, maternity leave, bereavement leave, etc. Meanwhile, in accordance with the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and the Regulation on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), we will provide "Five Social Insurances and One Housing Fund", namely pension insurance, maternity insurance, medical insurance, work injury insurance, unemployment insurance and housing provident fund, for employees in Mainland China. In addition, we also provide employees with ample and diversified benefits and activities:

| | | | |
|--|---|---|---|
|  <p style="text-align: center;">Cash Benefits</p> <ul style="list-style-type: none"> • Festival fee • Transportation subsidy • Red packet for Chinese New Year • Off-site subsidy • Trainee housing allowance |  <p style="text-align: center;">Employee Care</p> <table border="0"> <tr> <td style="vertical-align: top; padding-right: 20px;"> <ul style="list-style-type: none"> • Annual physical examination • Departmental gatherings • Group-level annual dinner • Annual commendation conference • Birthday greetings • Free parking </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Afternoon tea break • Staff canteen • Gym room • Travel • Dinner gatherings • Club </td> </tr> </table> | <ul style="list-style-type: none"> • Annual physical examination • Departmental gatherings • Group-level annual dinner • Annual commendation conference • Birthday greetings • Free parking | <ul style="list-style-type: none"> • Afternoon tea break • Staff canteen • Gym room • Travel • Dinner gatherings • Club |
| <ul style="list-style-type: none"> • Annual physical examination • Departmental gatherings • Group-level annual dinner • Annual commendation conference • Birthday greetings • Free parking | <ul style="list-style-type: none"> • Afternoon tea break • Staff canteen • Gym room • Travel • Dinner gatherings • Club | | |

Emphasis on Two-Way Communication

Fantasia believes that communication is an important guarantee for maintaining normal work efficiency, therefore, we attach great importance to employee feedback, commit to the promotion of friendship at work, and expect to provide employees with a simple, open and transparent working environment to enhance inclusive and sincere relationships. In addition, we encourage employees to think constantly and work together for the benefit and development of the Company.

At the same time, the superior will communicate about employees' work performance, results and career development. Employees may lodge work complaints through different channels such as directly submitting to their superiors or the Human Resources Department and reporting to the Audit Department. Employees can also conduct office procedures via the automated office system, including making announcements, issuing policies, handling entry and resignation matters, approving compensation packages and applying for leaves. If an employee tenders a resignation application, the Human Resources Department will arrange a resignation interview and understand the reason(s) for resignation and the thoughts of the employee, so as to consider his/her advisable opinions and continuously improve the Group's employment system.

Create a Diverse Working Environment

To cooperate with the Group's strategy of restarting a business, Fantasia has continuously optimized the organizational competitiveness, further clarified the principles and requirements of the organization's talent allocation, thereby accurately matching and building the most powerful, interesting and valuable team for the organization. The Group firmly adheres to the principles of openness, fairness and justice in recruitment, promotion and other employment-related processes, and strive to eliminate discrimination due to differences in geography, gender, education, etc., thereby striving to create a diversified and equal working environment with an organisational atmosphere of "simplicity, result-orientation, honesty, and equal opportunities". We have formulated the Recruitment Management System (《招聘管理制度》) to standardise the Group's recruitment and employment standard. We welcome talents from all walks of life to join the Group to enliven our working environment. To this end, we choose to recruit employees via multiple channels such as head-hunting companies, online networks, employee recommendations, job fairs and WeChat mini programs, hoping to secure talents of different types. During the Reporting Period, the "Zhaocaibao Headhunting Company (「招才寶獵頭公司」)" WeChat mini program, a play-and-earning talent recommendation platform specially created by Fantasia, was launched to mobilize the internal talent reserve force to attract and tap more treasured talents around us.

In terms of labour standards, we adopted the principle of “zero tolerance” for the employment of child labour and forced labour. We will confirm the identities of newly recruited employees to ensure that their age, education and background meet the requirements of the Group and avoid child labour and forced labour. If a child labour or forced labour is found, we will immediately take the person involved away from the workplace, and notify the Human Resources Department to verify their identities and arrange health checks for them, and will also promptly check for loopholes in the human resources process and make rectification to avoid re-occurrence of the same issue in the future. During the Reporting Period, we were not aware of any significant violations of laws and regulations relating to labour standards, preventing child and forced labour by the Group.

Joining Hands and Growing with Fantasia

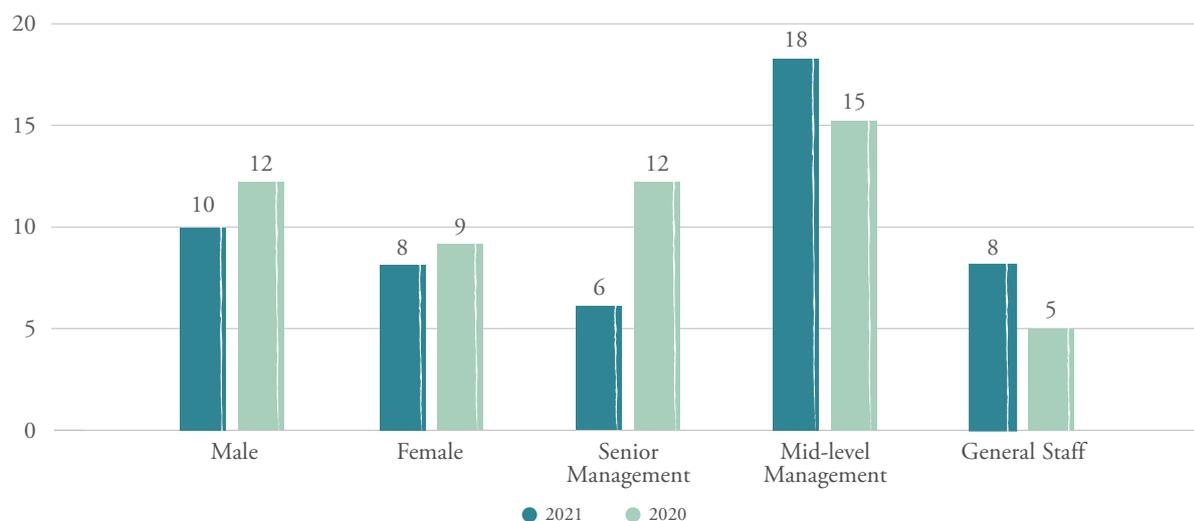
The Group firmly believes that only learning can enrich the knowledge and skills for both current and future positions continuously, we shall give priority to the development of comprehensive abilities that are beneficial to career paths, and consistently implement the philosophy of “training is motivation, operation, and the future”. We are willing to invest our resources in the career development of our employees, because Fantasia believes that training is not only a benefit for the Company and employees, but also an investment. We attach great importance to the return on investment, i.e., the achievement of training and the improvement of competence and work performance, hoping to witness the improvement of our employees’ competence in the end, not just their promotion of ranks.

During the Reporting Period, the total number of training hours of the Group was approximately 3,231. The following sets forth the percentage of employees trained by gender and employee category during the Reporting Period:

| Percentage of trained employees | 2021 |
|---------------------------------|-------|
| By gender | |
| Male | 94.5% |
| Female | 97.6% |
| By employee category | |
| Senior management | 60.0% |
| Mid-level management | 100% |
| General staff | 100% |

The following sets forth the average number of training hours by gender and employee category during the Reporting Period and 2020:

Average number of training hours by gender and employee category during the Reporting Period and 2020



“Fantasia Training”, a comprehensive training system established by Fantasia on training, which provides different training respective to the levels of employees, including decision-making level, executive level, backbone level, new employees and prospective talents (i.e., fresh graduates), with the aim to care for employees of each level. In addition to internal training, we also arrange external training to provide opportunities for employees to learn professional knowledge and skills so as to further meet the needs of business development. For example, during the Reporting Period, we arranged employees to participate in the training program on legal employment risks organised by Jingtian & Gongcheng Law Firm.

New employees will participate in induction training, and we enable employees to quickly understand and adapt themselves to their posts through our “apprenticeship” program. During the Reporting Period, we held two sessions of two-day induction trainings covering five categories, namely ice-breaking, strategy and business, brand and manpower standards, Fantasia Regulations and study of business issues. For the executive level, we focus on the training of management skills, team leading knowledge, etc. by combining both internal and external trainings.

The “Prospective Talent Training Program”, an annual marketing management trainee brand project established by Fantasia, is intended to train fresh graduates to become outstanding talents at Fantasia. Outstanding prospective talents will be trained by the founder to become the most distinguished talents, thus laying a human resources foundation for accomplishing the strategic goals of the Fantasia Group. According to the plan, they are required to be in charge of marketing positions, complete a three-year full-cycle follow-up training program, and be responsible for supporting education at Fantasia Hope Primary School. Upon completion of all training programs, we will ask employees to fill out a questionnaire to give feedback on whether the training programs are effective in improving their work performance. We will continuously improve the training content based on their feedback.





Occupational Health and Safety

We strive to implement various measures to protect the health and safety of our employees. The Group strictly complies with the relevant laws and regulations, including but not limited to the Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Work Safety Law of the PRC (《中華人民共和國安全生產法》). During the Reporting Period, the Group was not aware of any major violations of laws and regulations by the Group in providing a safe working environment and protecting employees from occupational hazards. No major work-related injuries or fatal accidents were involved, with 116 lost days due to work injury. Statistics for the past three years are as follows:

| Statistical indicators | 2021 | 2020 | 2019 |
|-------------------------------|------|------|------|
| Number of work-related deaths | 0 | 0 | 0 |
| Rate of work-related deaths | 0% | 0% | 0% |

Occupational Health and Safety Measures

We will arrange annual medical examinations for our employees to help monitor their occupational health and safety conditions. We will also purchase business group accident insurance and medical insurance for critical illness for our employees; and provide personal protective equipment, such as helmets and gloves, to employees in need.

In addition, we arrange occupational health and safety training for employees for them to master relevant knowledge, improve emergency response skills and enhance accident prevention and emergency response capabilities. For example, all employees are required to participate in training on natural disaster prevention and treatment measures during the Reporting Period. Meanwhile, we also welcome employees to make reasonable suggestions on the Company's emergency response and handling work.

Fight Against the Pandemic

In the face of COVID-19, the pandemic situation in 2021 remained unstable. In terms of pandemic prevention and control, Fantasia strictly abided by the state's pandemic prevention guides such as the "Guidance Notes on the Public Protection of Pneumonia Associated with COVID-19" (《新型冠狀病毒感染的肺炎公眾防護指南》), and vigorously cooperated with the state's pandemic prevention efforts. The Group uses infra-red body temperature detection to measure the body temperature of each employee, and provide anti-pandemic supplies such as face masks. Regular disinfection is regularly carried out across the Company in the morning, afternoon and evening to maintain environmental sanitation. At the same time, we require employees to dine separately during dining time to reduce the risk of disease transmission.

CREATING VALUES FOR THE COMMUNITY



Fantasia established the Shenzhen Fantasia Charity Foundation, a non-public offering charity foundation in 2013, aiming to fully capitalise on the Group's strengths and resources in all aspects, promote charitable activities in a more organised manner, and earnestly make contributions to the society. With "enjoy the public welfare" as its core concept, and for the purpose of "promoting the development of public welfare undertakings, building an amusing, interesting, rich and happy life", the charity foundation encourages to help others and proactively improve ourselves.

During the Reporting Period, our charitable focus areas included anti-pandemic, education welfare, elderly care and poverty alleviation and art welfare, in order to make Fantasia's value penetrate from corporate vision to community service.

We promise that all the funds we raised will only be used for public welfare, and in order to show the public our determination to practice charity, we publish the monthly report of the charity foundation on the website of the Company each month, covering monthly work summary, donation profile, income and expenditure particulars and the expenditure budget for the coming month. All data are presented to the public in an open, fair and transparent manner, and clearly disclose how the foundation makes good use of donations and its financial position, thereby improving donors' confidence in the operation of our foundation.

Joining Hands to Fight Against the Pandemic



Since the outbreak of the pandemic, in order to prepare for winning this “protracted war”, the Group has responded to the call immediately and actively carried out pandemic prevention and anti-pandemic work to ensure the health and safety of property owners in the community. In August, the pandemic situation in Yangzhou was severe, with all roads and communities closed for control. The employees of the Group consistently stayed at the front line, quickly carried out comprehensive disinfection and environmental cleaning, issued pandemic prevention notices to strengthen promotion, and proactively provided owners with door-to-door food delivery, garbage collection and other services. The Group has made thoughtful and orderly measures for pandemic prevention. At these critical moments, it gave play to the spirit of fraternity of Fantasia Charity Foundation, which has been well recognized by property owners in the community.

Contributing to Education Welfare

Since 2006, Fantasia has made donations to build and operate Ji'an Fantasia Hope Primary School and Chengdu Fantasia Qixiang School (成都花樣年其相學校). Over the years, we have continued to organise different charity activities for local children and students. With “art + sports” as the care strategy, we have comprehensively improved the hardware conditions and “soft power” of schools through the implementation of our employee volunteer education program, the establishment of teacher training and reward funds, and the launch of one-to-one paired interactive care activities, including teacher training program, caring education program, summer camp, city tour, caring white sneakers and shoe box gifts, etc. We hope this will help create a “new hope model” for left-behind children in rural areas, which is known as “a model for new rural construction”.

Thanks to the continuous care of Fantasia, the property owners and our partners, Ji'an Fantasia Hope Primary School has gradually expanded from one teaching building to a garden-style boarding school with five buildings including teaching building, student apartment, second teaching building, preschool education building, etc. We built and improved gardens and ponds for the Hope Primary School, renovated student toilets, and donated to build student bathhouses and environmentally-friendly water-based plastic runways, with a total of more than RMB10 million of “hardware” being donated and constructed continuously. In the summer of 2021, Longnian Building, a brand new kindergarten teaching building, was officially put into use. With its teaching hardware facilities and teaching level continuously improved, it has become the most beautiful village primary school.

As a result of our years of hard work, the development of hardware of the school has gradually matured. Looking forward, in terms of the “soft power”, we plan to devote more resources to improve the quality of teachers, hoping to improve the overall teaching quality and continuously build positive values for children in rural areas, thereby creating a beautiful environment for them to grow.





Contributing to Education Welfare

In February: The foundation launched the “Left-behind Children’s Dream Protection Program for Fantasia Hope Primary School” (「花小留守兒童夢想守護計劃」), which raised approximately RMB12,000 to contribute to the Hope Primary School, so as to provide thunderstorm prevention and safety facilities for the teaching building and protect the safety of teachers, students and school property.

From May to September: The foundation launched the “Student-Caring Program” (「護花使計劃」) and the “Rural Left-behind Children’s Dream Protection Program” (「鄉村留守兒童夢想守護計劃」) charity fund-raising activities. A total of approximately RMB45,000 was raised from approximately 800 donators. The proceeds helped reduce or exempt the living expenses of 59 left-behind children in distress for one year, and were used to organize visits, summer camps, caring scholarships, visits to left-behind children in need and campus construction for the students of the Hope Primary School, and successively received toys, picture books and other materials.

In June: On Children’s Day on 1 June, the foundation organized the “Best Gift for Children’s Day” event at the Hope Primary School to present children with a happy Children’s Day.

In August: The colourful summer camp opened from 13 August to 23 August, where the children received 10 days of military training and extracurricular training. Various courses covering gymnastics, art, music, dance, musical instruments and psychological counselling were also available for choice according to interests. At the same time, tutors also took the children to visit the Wentianxiang Memorial Hall and Revolutionary Martyrs Memorial Hall, visited left-behind children in distress and presented them with caring scholarships.

In September: The foundation launched the “Rural Teachers’ Rooted Growth Program” (「鄉村教師紮根成長計劃」). On the occasion of Teachers’ Day, holiday gifts were given out to the teachers and staff of the Hope Primary School, and 10 outstanding rural teachers of the Hope Primary School were selected for commendation, helping them approach urban donators for paired assistance, so as to work together to create a high-quality, happy and healthy learning environment for children.

Elderly Care and Poverty Alleviation

Fantasia has continued to explore elderly care models for remote villages such as institutional elderly care and distributed mutual elderly care. Since 2018, it has joined hands with the Government of Gaoping Town, Suichuan County, Ji'an City, Jiangxi Province to launch projects in Gaoping Town, aiming to carry out projects focusing on elderly care and poverty alleviation. These projects include targeted poverty alleviation paths such as purchase in lieu of donation and industrial poverty alleviation. Through practical methods, the sales of local agricultural products with original ecological characteristics have been opened up, so as to create a model that not only solves rural poverty issue, but also provides elderly care with dignity for the elderly in rural areas.

During the Reporting Period, we expanded our footprints and launched the “Purchase of Gougunao Tea in Lieu of Donation” program to help promote tea and other agricultural products for sale in cities, so that local elderly people can sell more diversified agricultural products and help tea farmers.





Elderly Care and Poverty Alleviation

In January: On the occasion of the Spring Festival, the foundation customized agricultural product charity gift boxes for the poverty alleviation initiative of “Purchase in Lieu of Donation”, while allowing customers to use public welfare products as a channel to attract more people to participate in Fantasia’s public welfare undertakings. This event helped the local area to destock approximately 100 kilograms of Gougunao tea, and also selected honey and dried sweet potatoes provided by Suichuan Jiuying Agriculture, another poverty alleviation industrial base, as the gifts.

In February: The foundation launched the “Commonwealth Auction Collection Activity Jointly Organized by Union China Group & Properties Group” (「聯合中國集團&地產集團舉辦的公益拍賣品徵集活動」), whereby Fantasia cared for the empty-nesters in rural areas during the severe winter.

In March: The foundation launched an online event with the theme of “In-App Purchase from Fantasia to Help the Orphaned Elderly” (「逛花樣內購，伴孤困老人」) to help the orphaned elderly in rural areas with the public welfare funds raised by way of “Purchase in Lieu of Donation”. The elderly care public welfare project operated by Fantasia Charity Foundation has received continuous attention and loving support from all parties. As at 19 March 2022, a total of approximately 5,100 views was recorded, and approximately 200 Fantasia charitable doers participated in the donation by way of purchase in lieu of donation, donating a total of approximately RMB51,190, exceeding the targeted fund-raising amount by 102%.

In April: The foundation launched the program of “Helping Gougunao Tea Reach Urban Markets” (「助力小鄉茶出村進城」), endeavouring to help tea farmers by way of purchase in lieu of donation. NanpingFu Gougunao Tea is an industrial poverty alleviation project designated by the Ministry of Civil Affairs of the PRC, and also a key industrial poverty alleviation base of Fantasia Charity Foundation, aiming to increase production and income of tea farmers in Nanping Village, Tanghu Town, which is known as a “deeply impoverished village”. This event raised approximately RMB20,000.

Art Welfare

Since 2006, Fantasia has launched “Fantasia • Journey for Love” (花樣年•發現幸福之旅), through which we invite artists each year to explore and discover the elements of happiness in daily life. Later, Fantasia built an art museum at the foot of Laojun Mountain in Chengdu, known as Zhi Art Museum. The art museum is the carrier of aesthetic education. It has held different art exhibitions and art activities for many years. Through cooperation with one famous artist each year, the art museum spreads aesthetics to the public and serves as a multi-dimensional reflection of corporate social responsibility, thereby making our contribution to social and cultural public welfare undertakings.

“A Chair,” (《一把椅子》) art exhibition was the key project of the year. Wang Xin’s “Chat • Chair” (「侃•椅子」), the prelude art project of the first season, officially opened in September; from October, the large-scale art project “Chair Season – A Chair,” (「椅(倚)子季」《一把椅子》) and the third act exhibition “One Man’s City – From Chandigarh Chair to the Legend of City-Building in the 20th Century” (《一個人的城邦——從昌迪加爾椅到20世紀的造城傳奇》) were also debuted one after another. The art exhibition invited 20 groups of artists, designers, dance artists and experimental musicians from more than 10 countries globally, using chair as the theme of creation.



CREATING VALUES FOR THE ENVIRONMENT



Recognising that the earth is the home shared by all mankind, we shall assume the responsibility of taking care of our planet while building ideal homes for our customers. Fantasia is engaged in real estate business, aiming to provide customers with a high-quality living environment. We hope that our business development will benefit the Company without having a serious impact on the environment. We implement green and low-carbon life into our business operations, in an effort to move towards sustainable development.

We have identified applicable laws and regulations which have significant impacts on the business of the Group, including but not limited to:

| | |
|---|--|
| Environmental Protection Law of the PRC 《中華人民共和國環境保護法》 | Law of the PRC on Environmental Impact Assessment 《中華人民共和國環境影響評價法》 |
| Regulations on Environmental Protection Management for Construction Projects of the PRC 《中華人民共和國建設項目環境保護管理條例》 | Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法》 |
| Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》 | Atmospheric Pollution Prevention and Control Law of the PRC 《中華人民共和國大氣污染防治法》 |
| Law of the PRC on Prevention and Control of Pollution from Environmental Noise 《中華人民共和國環境噪聲污染防治法》 | Regulations of Jiangsu Province on Urban and Rural Planning 《江蘇省城鄉規劃條例》 |

During the Reporting Period, the Group was not aware of any violation of laws and regulations on environment, air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, which had a significant impact on the Group.

Emissions Management

The air emissions and direct greenhouse gas emissions of the Group were mainly caused by fuel consumption of vehicles (Scope 1). In addition, each office of the Group consumes purchased electricity in the course of daily operations, which causes energy indirect greenhouse gas emissions (Scope 2). The air, greenhouse gas emissions and energy consumption data of the Group during the Reporting Period and 2020 are detailed as follows:

| Indicator | Unit | 2021 | 2020 |
|--|--|--------|--------|
| Total greenhouse gas emissions (Scopes 1 and 2) ² | Tonnes of CO ₂ equivalent | 848.60 | 731.33 |
| • Direct emissions (Scope 1) | Tonnes of CO ₂ equivalent | 52.96 | 52.88 |
| • Energy indirect emissions (Scope 2) | Tonnes of CO ₂ equivalent | 795.64 | 678.45 |
| Intensity of total greenhouse gas emissions | Tonnes of CO ₂ equivalent/sq.m. | 0.06 | 0.08 |
| Nitrogen oxides (NO _x) | Kg | 11.23 | 11.21 |
| Sulphur oxides (SO _x) | Kg | 0.29 | 0.29 |
| Particulate matter (PM) | Kg | 0.83 | 0.83 |

Energy Consumption

| Indicator | Unit | 2021 | 2020 |
|--|-----------|----------|----------|
| Total energy consumption | MWh | 1,485.43 | 1,468.50 |
| • Direct energy consumption– Unleaded petrol | MWh | 181.32 | 181.03 |
| • Indirect energy consumption– Purchased electricity | MWh | 1,304.11 | 1,287.47 |
| Intensity of total energy consumption | MWh/sq.m. | 0.11 | 0.16 |

In order to achieve the goal of minimizing air, greenhouse gas emissions and energy consumption, we have actively implemented energy-saving measures and formulated the Energy Conservation and Consumption Reduction Management System (《節能減耗管理制度》), and we set a monthly budget for electricity and water consumption to limit the consumption of power and water to some extent. According to the System, we require all offices and departments to strictly manage daily electricity consumption.



- Use lighting equipment reasonably, do not turn on lighting equipment or reduce using it when employees leave the offices and when there is enough lighting;
- Inspections are conducted every half an hour by the Property Management Department in the lobby, public areas of various office floors and independent offices, stairs, corridors, washrooms and other areas to reduce using and turn off lighting and other electrical equipment;
- Require employees to turn off their computers after work, and arrange regular inspections to ensure that employees' computers are turned off;
- Set the air conditioners at the offices to no lower than 24 degrees Celsius, turn off the air conditioners when vacated, cultivate a habit of closing the doors to reduce power consumption of the air conditioners; and
- Every Friday and the day before statutory holidays, companies are required to turn off the lifts on the lower floors according to the actual working conditions so as to encourage stair climbing among employees.

² According to the Greenhouse Gas Inventory Protocol – Corporate Accounting and Reporting Standards (Revised Edition) issued by the World Enterprise Sustainable Development Association and the World Resources Institute, Scope 1 direct emissions cover greenhouse gas emissions directly generated by businesses owned or controlled by the Group, whereas Scope 2 indirect emissions cover the indirect energy greenhouse gas emissions caused by the Group's internal consumption (purchased or acquired) of electricity, heat, refrigeration and steam.

Waste Management

The non-hazardous wastes involved in the Group are mainly general refuse generated from daily office work. Due to the nature of our business, we do not produce significant hazardous waste and packaging materials. The non-hazardous waste data of the Group during the Reporting Period and 2020 were as follows:

| Indicator | Unit | 2021 | 2020 |
|---|----------|--------|--------|
| Total non-hazardous waste produced | Tonnes | 15.603 | 28.322 |
| • Paper | Tonnes | 0.003 | 0.002 |
| • Other domestic waste | Tonnes | 15.600 | 28.320 |
| Intensity of total non-hazardous waste produced | Kg/sq.m. | 1.11 | 3.03 |

In order to achieve the goal of minimizing waste, the Group implements measures to reduce waste at the source and promotes the concept of paperless office. Employees are encouraged to use double-sided printing, collect reusable paper for reusing, use electronic channels for daily office communication where possible. We also encourage employees to bring their own cups and try not to use disposable paper cups. In addition, we properly manage and control waste collection, disposal and recycling.



Water Management

Due to the nature of our business, as the water consumption of the Group's business is insignificant, water consumption is not a major issue of the Group's operations. Nevertheless, the Group continues to endeavour, reduce water consumption and set targets to improve water efficiency. The water consumption of the Group is mainly provided by local municipal water supply agencies and property management companies. We have not encountered any issues in sourcing water that is fit for purpose. The water consumption data of the Group during the Reporting Period and 2020 are as follows:

| Indicator | Unit | 2021 | 2020 |
|--------------------------------------|-----------------------|-----------|-----------|
| Total water consumption | m ³ | 27,727.00 | 18,064.00 |
| Intensity of total water consumption | m ³ /sq.m. | 1.97 | 1.93 |

The issue of water shortage cannot be ignored. The Group hopes that all employees can do their best to save water in daily business activities. To maintain the target of low water consumption, employees are required to shut off the faucets right after use to prevent running water and dripping. In addition, we will also maintain the water appliances in a timely manner, so as to detect the problem of water leakage or damage in time, and immediately notify the Property Department for repairs.

Environment and Natural Resources

The earth which human beings live upon has precious natural resources. We have always encouraged our employees to pay attention to the ecological environment when developing our business to benefit mankind, and try not to cause serious negative impacts, thereby promoting sustainable real estate business. Therefore, Fantasia adopts stringent management and control over the impact of development and construction of real estate projects on the environment and natural resources:



Development

- When selecting the sites for projects, water source protection areas or areas with fragile ecological environment will be avoided to refrain from damaging the surrounding environment; and
- For application for development projects, get the approval of environmental impact reports and water and soil conservation plans by local environmental authorities, and obtain pollutant discharge permits to ensure that the development will not cause significant adverse impact on surrounding environment.

Construction

- Strictly manage the environmental protection measures at construction sites, require construction personnel to properly pile up construction waste, clean up construction waste and sewage in a timely manner, and at the same time properly implement dust suppression measures by covering or greening idle construction sites to reduce pollution;
- Contractors are required to sign and abide by environmental protection code and resource conservation statement, implement measures related to emission reduction, waste reduction, energy saving and water saving, and closely monitor the environmental performance and compliance during construction; and
- Use recyclable materials and assembled products as much as possible to improve the environmental protection standards of construction sites to ensure that the development does not pose a significant negative impact on the surrounding environment.



Combating Climate Change

The issue of climate change is aggravating and cannot be ignored. Therefore, we have begun to deeply understand and study the potential risks of climate change to the Group's operations. We need to consider more climatic factors during our building design. As such, we have formulated the Design Standards for Building Energy Efficiency (《建築節能設計標準》), which divides the building thermal design across China into five zones, namely severe cold, cold, hot summer but cold winter, hot summer and warm winter and mild zones. For the climate of each region, we will have different architectural design considerations. For example, the requirements of air conditioning and heating and the thermal functionality of the building envelope shall be considered for the zone with hot summer and warm winter.

In addition, extreme weather days are becoming increasingly frequent, such as floods caused by heavy rains, which have a greater impact on our business and customers. Therefore, we will make more preparations and preventative measures for our flood prevention efforts. For example, at the entrances and exits of buildings in particularly rainy areas, canopies are added to block rain and wind to facilitate owners to enter and exit the buildings when it rains, and we will instruct the Property Department to add sandbags at the entrances and exits of the underground parking garages to prevent excess rainwater on the ground from flooding into the garages.

During the Reporting Period, Henan encountered extreme torrential rains. Facing the floods, Fantasia mobilized our staff urgently to fight overnight on the front line of flood control to protect the life and safety of property owners.

Before the torrential rain hit, Fantasia promptly established a flood control emergency team, formulated emergency plans and carried out flood control deployment. Flood control preparations were fully implemented for each project through inspections to check potential safety hazards, increased purchase of and stockpiling of logistical materials. At the same time, we arranged employees to stay on call 24 hours a day to keep an eye on official information, keep communicating with communities and offices, distribute weather news to property owners in a timely manner, and issue flood prevention safety precautions.

After the flood occurred, we urgently launched our flood control plan. 14 projects in Henan Province and hundreds of employees went all out to build community safety barriers and strictly implement the various institutional requirements of the flood control plan, thereby ensuring effective response to various emergencies.



At the same time, China announced that it will strive to “achieve carbon peaking by 2030” and strive to “achieve carbon neutrality by 2060”. In response to the national call, Fantasia has been committed to integrating sustainable concepts into its project development, such as incorporating various environmental protection elements including emission reduction, energy saving and water conservation, and taking into account climate change in the entire life cycle of buildings, thereby striving to build a green home. During the Reporting Period, many projects including Foshan Guangyayuan and Ningbo Emerald Residence have obtained green building ratings in recognition of their introduction of green building assessment into the design stage with a view to promoting carbon neutrality.

Based on its brand concept of “creating value with aspirations”, Fantasia has been actively fulfilling its environmental responsibilities. We firmly believe that the key to promoting sustainable development is to integrate the concept of sustainable development with the Group's business and strategic development.

During the Reporting Period, Fantasia officially launched the “Sustainable Finance Framework” (the “Sustainability Framework”), which was authoritatively certified with the Second Party Opinion on Fantasia's Sustainable Finance Framework by Sustainalytics, a leading international independent rating company. The Sustainability Framework is an advanced version of the generally accepted international green finance framework, which specifies corresponding eligibility criteria in eight aspects of green finance and social finance. Specifically, the green finance category includes six eligibility criteria: namely green buildings, energy efficiency, renewable energy, pollution prevention and control, sustainable water resources and wastewater management, and clean transportation. Fantasia's Sustainable Framework aims to finance or refinance projects that comply with green and sustainable finance standards by issuing fixed-income green financing instruments including bonds and loans, so as to further promote green, environmentally friendly, energy saving and sustainable elements in business operations, lead a green life and contribute to the goal of carbon neutrality in China as soon as possible.

ESG REPORTING GUIDE CONTENT INDEX

| Aspect | Content | Section/Statement | Page |
|-----------------------------------|---|--|------|
| Mandatory Disclosure Requirements | | | |
| Governance Structure | A statement from the Board containing the following elements: <ul style="list-style-type: none"> i. a disclosure of the Board's oversight of ESG issues; ii. the Board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and iii. how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | Sustainability Strategy | 8 |
| Reporting Principles | A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative and Consistency) in the preparation of the ESG report. | Reporting Principles | 3 |
| Reporting Boundary | A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. | Reporting Period and Scope | 3 |
| "Comply or explain" Provisions | | | |
| A. Environmental | | | |
| A1 Emissions | | | |
| General Disclosure | Information on: <ul style="list-style-type: none"> (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 | 31 |
| A1.1 | The types of emissions and respective emissions data. | | 32 |
| A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity. | | 32 |
| A1.3 | Total hazardous waste produced in tonnes and, where appropriate, intensity. | The Group's business does not involve hazardous waste. | N/A |
| A1.4 | Total non-hazardous waste in tonnes produced and, where appropriate, intensity. | Creating Values for the Environment | 33 |
| A1.5 | Description of emissions target(s) set and steps taken to achieve them. | | 32 |
| 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. | | 33 |

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| A2 Use of Resources | | | |
| General Disclosure | Policies on the efficient use the resources, including energy, water and other raw materials. | Creating Values for the Environment | 32 |
| A2.1 | Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity. | | 32 |
| A2.2 | Water consumption in total and intensity. | | 33 |
| A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | | 32 |
| 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. | | 33 |
| A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | The business of the Group does not involve the production of major packaging materials. | N/A |
| 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 | 34 |
| A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | | 34 |
| 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. | Creating Values for the Environment | 35 |
| 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. | | 35 |

| Aspect | Content | Section/Statement | Page |
|---------------------------------|--|-------------------------------|------|
| B. Social | | | |
| Employment and Labour Practices | | | |
| B1 Employment | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare | Creating Values for Employees | 17 |
| B1.1 | Total workforce by gender, employment type, age group and geographical region. | | 17 |
| B1.2 | Employee turnover rate by gender, age group and geographical region. | | 18 |
| 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 Employees | 23 |
| B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | | 23 |
| B2.2 | Lost days due to work injury. | | 23 |
| B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | | 23 |
| 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 Employees | 20 |
| B3.1 | The percentage of employees trained by gender and employee category. | | 20 |
| B3.2 | The average training hours completed per employee by gender and employee category. | | 20 |

| Aspect | Content | Section/Statement | Page |
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| 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 Employees | 17 |
| B4.1 | Description of measures to review employment practices to avoid child and forced labour. | | 20 |
| B4.2 | Description of steps taken to eliminate such practices when discovered. | | 20 |
| Operating Practices | | | |
| B5 Supply Chain Management | | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Creating Values for Supply Chain | 15 |
| B5.1 | Number of suppliers by geographical region. | | 15 |
| B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | | 15 |
| B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | | 15 |
| B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | | 16 |
| 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 | 12 |
| B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | The Group is not involved in product manufacturing. | N/A |
| B6.2 | Number of products and service related complaints received and how they are dealt with. | Creating Values for Customers | 12 |
| B6.3 | Description of practices relating to observing and protecting intellectual property rights. | | 14 |
| B6.4 | Description of quality assurance process and recall procedures. | The Group is not involved in product manufacturing. | N/A |
| B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored | Creating Values for Customers | 14 |

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| 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. | Anti-corruption | 9 |
| 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. | | 9 |
| B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | | 9 |
| B7.3 | Description of anti-corruption training provided to directors and staff. | | 9 |
| 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 takes into consideration the communities' interests. | Creating Values for the Community | 24 |
| B8.1 | Focus areas of contribution. | | 24 |
| B8.2 | Resources contributed to the focus area. | | 25 |



Spring No.7, partial screen | Zhou Li | 2020 | Mixed media on canvas | 250 × 600 cm | BAO COLLECTION
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