

Second-Party Opinion

Fantasia Sustainable Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Fantasia Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, Social Bond Principles 2020, and Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Affordable Housing, and Access to Essential Services – are aligned with those recognized by both the Green Bond Principles, Social Bond Principles, and Green Loan Principles. Sustainalytics considers that the eligible categories are expected to provide social benefits and reduce the environmental footprint of Fantasia’s buildings portfolio while advancing the UN Sustainable Development Goals, specifically SDG 6, 7, 9, 11, and 12.



PROJECT EVALUATION / SELECTION Fantasia’s Sustainable Finance Committee (“the Committee”) will be responsible for the project evaluation and selection. The Committee will meet quarterly to ensure project selection is in line with the Framework’s eligibility criteria and manage any future updates to the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS Fantasia’s Treasury team will be responsible for the management of proceeds. The net proceeds will be deposited in the Company’s general funding account and tracked using a register. Fantasia intends to reach full allocation within 12 months after issuance. Pending allocation, unallocated proceeds will be held in short-term investments in line with Fantasia’s liquidity management policy or used to repay existing indebtedness. This is in line with market practice.



REPORTING Fantasia intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the allocated amounts per category, geographical distribution, the share of financing vs refinancing, the amount of unallocated proceeds. In addition, Fantasia is committed to reporting on relevant impact metrics. Sustainalytics views Fantasia’s allocation and impact reporting as aligned with market practice.

Evaluation Date	March 25 th , 2021
Issuer Location	Shenzhen, People’s Republic of China

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Introduction

Fantasia Holdings Group Company Limited (“Fantasia”, the “Company”, or the “Issuer”) is an investment holding company primarily engaged in developing, selling, and leasing commercial and residential properties in first and second-tier cities in China. The additional business segments of Fantasia include providing services related to property operation, hotel management, and travel agency.

Fantasia has developed the Fantasia Sustainable Finance Framework (the “Framework”) under which it intends to issue debt instruments, including sustainability bonds and loans, convertible bonds, and hybrid debt securities, and use the proceeds to finance and/or refinance, in whole or in part, existing and future projects that are expected to provide social benefits and reduce the environmental footprint of Fantasia’s buildings portfolio. The Framework defines eligibility criteria in six green and two social areas:

Eligible Green Projects

1. Green Buildings
2. Energy Efficiency
3. Renewable Energy
4. Pollution Prevention and Control
5. Sustainable Water and Wastewater Management
6. Clean Transportation

Eligible Social Projects

1. Affordable Housing
2. Access to Essential Services

Fantasia engaged Sustainalytics to review the Fantasia Sustainable Finance Framework, dated March 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2018 (GBP), Social Bond Principles 2020 (SBP), Sustainability Bond Guidelines 2018 (SBG)¹, and Green Loan Principles 2021 (GLP)². This Framework has been published in a separate document.³

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁴ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020, as administered by ICMA, and the Green Loan Principles 2021 as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.7, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Fantasia’s management team to understand the sustainability impact of their business processes and planned use of

¹ The Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

² The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#>.

³ The Fantasia Sustainable Finance Framework is available on Fantasia Holdings Group Company Limited’s website at: <http://en.cnfantasia.com/>

⁴ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

proceeds, as well as management of proceeds and reporting aspects of the Framework. Fantasia representatives have confirmed (1) they understand it is the sole responsibility of Fantasia to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Fantasia.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Fantasia has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Fantasia Sustainable Finance Framework

Sustainalytics is of the opinion that the Fantasia Sustainable Finance Framework is credible, impactful and aligns with the four core components of the SBG, GBP, SBP, and GLP. Sustainalytics highlights the following elements of Fantasia's Sustainability Bond Framework:

- Use of Proceeds:
 - The eligible categories – Green Buildings, Energy Efficiency, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Affordable Housing, and Access to Essential Services – are aligned with those recognized by the GBP, SBP and GLP. Sustainalytics considers that the eligible categories are expected to provide social benefits and reduce the environmental footprint of Fantasia's operations.
 - Fantasia has defined a look-back period of 24 months for refinancing activities, which Sustainalytics considers to be in line with market practice.
 - Under the Green Buildings category, intends to invest in the development, acquisition, and refurbishment of commercial buildings that meet one the following eligibility criteria:
 - Buildings that receive or are expected to receive recognized third-party certifications and levels, namely Chinese Green Building Evaluation Label (2 Star or above), LEED (Gold or above) BREEAM (Excellent or above), BEAM Plus (Gold or above), or equivalent. See Appendix 1 for Sustainalytics' assessment of the green building standards.
 - Buildings that fall within the top 15% most energy-efficient buildings in the region based on absolute emissions performance or primary energy demand, which Sustainalytics considers to be consistent with market practice. In case of following this criterion, Sustainalytics encourages Fantasia to provide further disclosure on the methodology to be used in determining the top 15% most energy-efficient buildings.
 - For the Energy Efficiency category, Fantasia may finance the refurbishment of buildings that achieve a minimum of 30% energy efficiency improvements or grade improvement according to

- local certifications. Sustainalytics views the Framework's inclusion of a defined energy efficiency threshold for building refurbishment positively.
- For the Pollution Prevention and Control category, Fantasia may finance the installation of recycling facilities and equipment that aim to reduce waste and environmental pollution during construction and building operation. Fantasia has confirmed to Sustainalytics that projects related to the prevention of air pollution that results directly from fossil fuel production or technologies that are inherently reliant on fossil fuels are excluded under the Framework.
 - Under the Sustainable Water and Wastewater Management category, Fantasia intends to invest in the installation of water management systems that improve water quality or water efficiency through the collection, conservation, treatment, and recycling of water, rainwater and wastewater. Fantasia has confirmed to Sustainalytics that the Company excludes treatment of waste from fossil fuel operations under the Framework.
 - Under the Affordable Housing category, Fantasia intends to invest in the construction and refurbishment of low-cost housing⁵ defined and operated by regional governments. Fantasia has clarified to Sustainalytics that its role in affordable housing projects is limited to the development of housing units, and the Company does not have control on the management or operation of properties. Nevertheless, Sustainalytics encourages Fantasia, where feasible, to promote access to affordable housing for disadvantage groups, especially low-income households, provide further disclosure on the affordable housing programs financed, relevant beneficiaries defined by regional governments, and to report on the social impacts achieved.
 - Within the Access to Essential Services category, Fantasia may finance the construction and/or refurbishment of public infrastructure in urban renewal target areas,⁶ such as public schools, public parks, and green spaces that are accessible to all.
 - Sustainalytics notes that the Framework excludes the financing of buildings where the main purpose/operations is related to fossil fuel, weapons, gambling, alcohol or tobacco.
- Project Evaluation and Selection:
 - Fantasia's internal process for project evaluation and selection will be overseen by the Sustainable Finance Committee ("Committee"), comprised of members from the Treasury, Investor Relations, Property Management, Corporate Responsibility and Legal departments. The Committee will meet quarterly to review and select eligible green projects in line with the Framework's eligibility criteria and manage any future updates to the Framework.
 - Based on the establishment of a formal committee, Sustainalytics considers this process to be in line with market practice.
 - Management of Proceeds:
 - The net proceeds of the sustainable financing transactions will be deposited in the Company's general funding account and tracked using a register. Fantasia's Treasury team will be responsible for overseeing this process. In the event that proceeds cannot be fully allocated immediately after issuance, unallocated proceeds will be held in short-term investments in line with Fantasia's liquidity management policy or used to repay existing indebtedness subject to the exclusion criteria.⁷ Fantasia intends to reach full allocation within 12 months after issuance.
 - Based on the disclosures around management processes and allocation timeframe, Sustainalytics considers this process to be in line with market practice.
 - Reporting:
 - Fantasia intends to report allocation proceeds on its website on an annual basis until full allocation. Allocation reporting will include the allocated amounts per category, geographical distribution, the share of financing vs refinancing, and the amount of unallocated proceeds.
 - In addition, Fantasia is committed to reporting on relevant impact metrics, including building energy intensity (kWh/m²), building energy consumption (kWh), certification level, waste that is prevented minimized, reused, or recycled (total % of waste or tonnes p.a.), waste that is separated and/or collected, and treated or disposed of in an environmentally sound manner, annual gross water use (m³ p.a.) reduction in water use (%), annual gross wastewater treated, reused, or avoided (m³ p.a. and %), nr. of EV charging stations installed, nr. of persons provided

⁵ Low-cost housing criteria is defined by regional governments per program.

⁶ Urban renewal is a program of land redevelopment that has been used to address urban decay in Chinese cities by improving living conditions, developing quality basic infrastructure & essential services and restoring economic viability.

⁷ Exclusionary criteria: Fantasia will not finance buildings where main purpose / operations is related to fossil fuel, weapons, gambling, alcohol or tobacco.

- access to low-cost housing, nr. of educational facilities financed, and nr. of students that have been granted access to essential services.
- Based on these commitments, Sustainalytics considers this process to be in line with market practice.

Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the Fantasia Sustainable Finance Framework aligns with the four core components of the GBP, SBP and GLP. For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

Section 2: Sustainability Strategy of Fantasia

Contribution of Framework to Fantasia's sustainability strategy⁸

Fantasia is committed to integrating sustainability considerations into its business operations and strategy under the concept of "Fantasia Creates Value". As part of this concept, Fantasia aims to create sustainable values in five areas, two of which are material to the objectives of the Framework, namely creating values for the environment and creating values for the community.

Fantasia's environmental efforts include a commitment to improving environmental protection in the areas of emission reduction, energy-saving, and water-saving, and building green cities. In relation to building green cities, Fantasia focuses on the use of recyclable materials and assembled products for improved environmental protection standards. Furthermore, green buildings that receive credible third-party certification standards financed under the Framework may further allow Fantasia in the realization of its goal of building green cities.

Related to Fantasia's focus on communities, the Company's urban renewal business is dedicated to improving living conditions, developing quality basic infrastructure and essential services, and overall restoring economic viability. Currently, the Company has 43 urban development projects in place. Moreover, 10-12% of residential developments within Fantasia's urban renewal program are low-cost housing, which is provided by the Government to eligible families and individuals based on income and family poverty status.

Sustainalytics is of the opinion that the Fantasia Sustainable Finance Framework is aligned with the Company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities. Sustainalytics recognizes the importance of the above-outlined ambitions and encourages Fantasia to develop quantifiable and time-bound sustainability targets to strengthen its sustainability performance.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, community relations/public opposition, land-use change, biodiversity loss, and effluents and waste generated in construction, and supply-chain risks. Sustainalytics is of the opinion that Fantasia is able to manage and/or mitigate potential risks through implementation of the following:⁸

- Fantasia has implemented occupational health and safety measures such as training its employees on occupational health and safety risks, natural disaster prevention, organizing annual medical examinations, and providing personal protective equipment to its employees. Fantasia has confirmed that the Company obliges its contractors to follow the same health and safety standards, ensuring worker health and safety during buildings' development and construction.
- To minimize potential environmental harm during the development stage of its real estate projects, Fantasia avoids investing in projects that are located in water source protection areas or areas with fragile ecological environments. When applying for development projects, Fantasia seeks the approval of local authorities on the environmental impact reports, and water and soil conservation plans in line with local regulations. Moreover, the Company obtains pollutant discharge permits to protect the environment at its construction sites.

⁸ Fantasia Holdings. "2019 ESG Report", at: <https://doc.irasia.com/listco/hk/fantasia/annual/2019/esr.pdf>

- To minimize the negative environmental impact of its projects during the construction stage, the Company requires its contractors to sign and adhere to Fantasia's environmental protection code and resource conservation statement as well as to implement measures aimed at reducing emissions, waste, water use, and energy use. Fantasia has established environmental protection measures on construction sites, including waste management and dust suppression measures.
- Specifically focused on the sustainability of its supply chain and contractors, Fantasia has appointed third-party organizations to monitor compliance with environmental requirements at its construction sites. Furthermore, to minimize injuries at Fantasia's development sites, the Company requires its contractors to purchase work-related injury insurance for those employees that engage in dangerous activities, eliminate child and forced labour, and comply with the Construction Law of PCR.

Based on these policies, standards, and assessments, Sustainalytics is of the opinion that Fantasia has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All eight use of proceeds categories are aligned with those recognized by GBP, SBP, or GLP. Sustainalytics has focused on green buildings and affordable housing below where the impact is specifically relevant in the local context.

Importance of Promoting Green Buildings in China

Being responsible for 39% of global CO₂ emissions in 2019, and one-third of global final energy consumption, the building sector has an important role in achieving global climate goals.^{9,10} The IEA estimates that direct CO₂ emissions from the building sector would need to decrease by 50% by 2030 to keep global warming below 1.5 Celsius degrees.¹¹

In 2018, China was the largest CO₂ emitter globally, accounting for 28.5% of global emissions.¹² In 2020, the Chinese government announced its ambition to scale up its efforts in addressing climate change and targets to hit peak emissions before 2030 and reach carbon neutrality before 2060.¹³ In order to meet the targets announced by the government, significant effort will be required from all sectors and industries. According to the 2020 IEA Building Report, the building sector accounts for 20% of total primary energy consumption and 25% of greenhouse gas emissions in China.¹¹ With a building floor area of approximately 58 billion m² which is expected to increase by over 30% in the next 30 years, decarbonizing China's building sector has an important role in meeting China's climate ambitions and global climate goals.¹⁴ China's building sector has significant opportunities with an estimated USD 12.9 trillion in potential low carbon building investments by 2030.¹⁵

Sustainalytics is of the opinion that the projects financed under the Green Buildings and category are impactful and could help to reduce the environmental footprint of China's building sector, as well as assisting China in reaching its climate goals.

Importance of Affordable Housing in China

In recent decades, China has experienced rapid rate of urbanization and economic growth with millions of migrants moving into cities each year.¹⁶ China's urban population rose from 13% to almost 60% between 1950

⁹ Global Alliance for Buildings and Construction, "Towards zero-emission efficient and resilient buildings: Global Status Report (2016), at: https://www.worldgbc.org/sites/default/files/GABC_Global_Status_Report_V09_november_FINAL.pdf

¹⁰ Global Alliance for Buildings and Construction, "2020 Global Status Report for Buildings and Construction", at: https://globalabc.org/sites/default/files/inline-files/Buildings%20GSR_Executive_Summary%20FINAL_0.pdf

¹¹ IEA, "Tracking Buildings 2020", at: <https://www.iea.org/reports/tracking-buildings-2020>

¹² ChinaPower, "How is China Managing its Greenhouse Gas Emissions?", (2020), at: <https://chinapower.csis.org/china-greenhouse-gas-emissions/#:~:text=Greenhouse%20gas%20emissions%20from%20human,carbon%20dioxide%20emissions%20in%202018.>

¹³ WRI, "4 Questions About China's New Climate Commitments", (2020), at: <https://www.wri.org/blog/2020/09/4-questions-about-chinas-new-climate-commitments>

¹⁴ C40 China Buildings Programme, "Constructing a New, Low-Carbon Future", at: <https://www.c40.org/researches/constructing-a-new-low-carbon-future-china>

¹⁵ The International Finance Corporation, "Climate Investment Opportunities in Emerging Markets Report", (2016), at: https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=IBLd6Xq

¹⁶ China Dialogue, "Lack of affordable housing threatens China's urban dream", September 2013, at: <https://chinadialogue.net/en/cities/6365-lack-of-affordable-housing-threatens-china-s-urban-dream/>

and 2019.¹⁷ Simultaneously, the national average house price quadrupled since 2000.¹⁸ Today, properties in China have become one of the most expensive in the world.¹⁹ In 2018, in some of China's top cities, the average price-to-income ratio for a house was around 35 years, which means that a person with an average salary would need 35 years to pay for the average house.¹⁸ Especially in China's tier-one and tier-two cities, housing prices are significantly out of proportion to the regional incomes.¹⁹

Although the Government has introduced measures and policies that aim to improve rent control and housing assistance, affordability remains a significant challenge in many cities. Despite targeted measures and policies in place, affordable housing made up less than 5% of the housing stock in one-third of Chinese cities in 2011.²⁰ The Chinese government has introduced additional measures to increase the number of affordable housing units available. These measures include providing subsidies for commercial housing purchases and offering low-rent public or social housing to middle- and low-income families.²¹

Sustainalytics is of the opinion that the projects financed under the Affordable housing category are impactful and could help to increase the number of affordable housing units available to low-income populations and assist the Chinese government in solving the problem of affordable housing in Chinese cities.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) issued under the Fantasia Sustainable Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Energy Efficiency	7. Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Renewable Energy	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Pollution Prevention and Control	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in

¹⁷ The Guardian, "Percentage of global population living in cities, by continent", at: <https://www.theguardian.com/news/datablog/2009/aug/18/percentage-population-living-cities>

¹⁸ Forbes, "China Now Has An Answer To Its Housing Crisis - It's Called Rent", at: <https://www.forbes.com/sites/wadeshepard/2019/10/29/china-now-has-an-answer-to-its-housing-crisisits-called-rent/?sh=4971e90b1a60>

¹⁹ Forbes, "How People in China Afford their Outrageously Expensive Homes", at <https://www.forbes.com/sites/wadeshepard/2016/03/30/how-people-in-china-afford-their-outrageously-expensive-homes/?sh=3b45120aa3ce>

²⁰ Lincoln Institute of Land Policy, Affordable Housing in China, January 2011, at: <https://www.lincolnst.edu/publications/articles/affordable-housing-china#:~:text=One%2Dthird%20of%20the%20cities.China%20further%20aggravates%20this%20problem>

²¹ Ministry of Housing and Urban-Rural Development, "Opinions of the four departments on further regulating the development of public rental housing", 2019, at: http://www.gov.cn/xinwen/2019-05/19/content_5392886.htm

		vulnerable situations, women, children, persons with disabilities and older persons
Affordable Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Access to Essential Services	11. Sustainable Cities and Communities	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

Conclusion

Fantasia has developed the Fantasia Sustainable Finance Framework under which it will issue debt instruments, including sustainability bonds and loans, convertible bonds, and hybrid debt securities, and use the proceeds to finance a wide range of green and social activities, such as renewable power generation and affordable housing. Sustainalytics considers that the projects and activities funded by the bond proceeds are expected to provide social benefits and reduce the environmental footprint of Fantasia’s buildings portfolio.

The Fantasia Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Fantasia Sustainable Finance Framework is aligned with the overall sustainability strategy of the Company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 6, 7, 9, 11, and 12. Additionally, Sustainalytics is of the opinion that Fantasia has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Fantasia is well-positioned to issue green, social, and sustainability bonds and that the Fantasia Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the GBP and SBP.

Appendices

Appendix 1: Overview of Green Building Certification Schemes

	Chinese Green Building Evaluation Label (China Three Star)	LEED	BEAM Plus	BREEAM
Background	The Chinese Green Building Evaluation Label is a Certification System used in China for residential and public buildings (including commercial, hotel and government-owned) that was introduced in 2006 by MOHURD (Ministry of Housing and Urban-Rural Development).	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	BEAM Society Limited (BSL), owner of the Building Environmental Assessment Method (BEAM), is a public body established in 2010. It owns BEAM Plus - a green building assessment tool tailor-made for the high-rise, high density-built environment of sub-tropical climate in Hong Kong.	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.
Certification levels	1-Star 2-Star 3-Star	Certified Silver Gold Platinum	Bronze Silver Gold Platinum	Pass Good Very Good Excellent Outstanding
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> Land savings and outdoor environment; Energy savings and utilisation; Water savings and utilisation; Material savings and utilisation; Indoor environment; Operations and management. 	<ul style="list-style-type: none"> Energy and atmosphere Sustainable Sites Location and Transportation Materials and resources Water efficiency Indoor environmental quality Innovation in Design Regional Priority 	<ul style="list-style-type: none"> Site Aspects (location and design of building, emissions from the site, site management) Materials Aspects (selection of materials, efficient use of materials, waste disposal and recycling) Energy Use (annual CO2 emissions or energy use, energy efficient systems and equipment, energy management) 	<ul style="list-style-type: none"> Energy Land Use and Ecology Pollution Transport Materials Water Waste Health and Wellbeing Innovation

			<ul style="list-style-type: none"> • Water Use (water quality, water conservation, effluent discharges) • Indoor Environmental Quality (IEQ) 	
Requirements	<p>Prerequisites:</p> <p>The system functions on a checklist basis, with 1-Star buildings meeting 26 criteria, 2-Star an additional 43 items, and 3-Star on a further 14 items. Criteria and weighting differ for public and residential buildings. In public buildings, more weight is given to energy and material savings, while the standard for residential buildings places greater importance on urban land saving and outdoor environments.</p>	<p>Prerequisites (independent of level of certification) + Credits with associated points</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Prerequisites for each performance area + Credits with associated points</p> <p>Detailed compliance with legal requirements is a prerequisite for the award of credits.</p> <p>For every performance area BEAM prescribes different prerequisites. Every applicable prerequisite in every BEAM category must be achieved for the project to be assessed.</p> <p>Credits are allocated for each performance area, and every area is weighted as per international consensus.²² The Overall Assessment Grade is determined by the percentage (%) of the applicable credits gained under each performance category and its weighting factor.</p> <p>Verification of compliance with BEAM criteria is done by an independent BEAM Assessor.</p>	<p>Prerequisites depending on the levels of certification + Credits with associated points</p> <p>This number of points is then weighted by item²³ and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREEAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>

²² BEAM Plus New Buildings, at: <https://www.beamsociety.org.hk/files/download/download-20130724174420.pdf>.

²³ BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item.

Performance display				
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Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Fantasia Holdings Group Company Limited
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	Fantasia Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 25 th , 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.
 The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Green Buildings, Energy Efficiency, Renewable Energy, Pollution Prevention and Control, Sustainable Water and Wastewater Management, Clean Transportation, Affordable Housing, and Access to Essential Services – are aligned with those recognized by both the Green Bond Principles, Social Bond Principles, and Green Loan Principles. Sustainalytics considers that the eligible categories are expected to provide social benefits and reduce the environmental footprint of Fantasia’s buildings portfolio while advancing the UN Sustainable Development Goals, specifically SDG 6, 7, 11, and 12.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input checked="" type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBPs:

Use of proceeds categories as per SBP:

- | | |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Fantasia's Sustainable Finance Committee ("the Committee") will be responsible for the project evaluation and selection. The Committee will meet quarterly to ensure project selection is in line with the Framework's eligibility criteria and manage any future updates to the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Fantasia's Treasury team will be responsible for the management of proceeds. The net proceeds will be deposited in the Company's general funding account and tracked using a register. Fantasia intends to reach full allocation within 12 months after issuance. Pending allocation, unallocated proceeds will be held in short-term investments in line with Fantasia's liquidity management policy or used to repay existing indebtedness. This is in line with market practice.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- | | |
|--|---|
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

Fantasia intends to report on the allocation and impact of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the allocated amounts per category, geographical distribution, the share of financing vs refinancing, the amount of unallocated proceeds. In addition, Fantasia is committed to reporting on relevant impact metrics. Sustainalytics views Fantasia's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify):
geographical distribution, share of financing vs refinancing, amount of unallocated proceeds | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators (please specify): building energy intensity (kWh/m ²), building energy consumption (kWh), certification level, waste that is prevented/minimized, |

reused, or recycled (total % of waste or tonnes p.a.), waste that is separated and/or collected, and treated or disposed of in an environmentally sound manner, annual gross water use (m³ p.a.) reduction in water use (%), annual gross wastewater treated, reused, or avoided (m³ p.a. and %), nr. of EV charging stations installed, nr. of persons provided access to low-cost housing, nr. of educational facilities financed, and nr. of students that have been granted access to essential services.

Frequency:

- Annual Semi-annual
 Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
 Information published in ad hoc documents Other (please specify): Sustainable Finance Report
 Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Consultancy (incl. 2nd opinion) Certification
 Verification / Audit Rating
 Other (please specify):

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP

- i. **Second-Party Opinion:** An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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