

## Appendix I

### Description on China Construction Bank Hong Kong Branch's 2019 Green Bond

In accordance with the *Green Bond Principles 2018* published by the International Capital Market Association and *Climate Bonds Standard (V2.1)* published by Climate Bonds Initiative, China Construction Bank (the "Bank") established the *China Construction Bank Green, Social and Sustainability Bond Framework* (the "Framework"), which defined the use and management of proceeds, project evaluation and selection, as well as information disclosure and reporting.

#### Use and Management of Proceeds

In accordance with the Framework, the Bank has defined the responsibility on the use and management of proceeds. The Bank has established a green bond proceeds management and monitoring mechanism to ensure that the flow of proceeds can be traced, monitored and matched with the eligible projects.

The proceeds will be deposited in the general funding accounts and earmarked to eligible projects. The Bank will maintain a register to keep track of the use of proceeds. The register will contain the following information, including:

- 1) Proceeds information
  - Issuer/borrower entity
  - Transaction date, tranche(s) information
  - Principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon (the International Securities Identification Number (ISIN)).
- 2) Allocation of proceeds
  - Description of eligible projects to which the proceeds have been allocated in accordance with the Framework
  - The remaining balance of unallocated proceeds yet to be earmarked
  - Other relevant information such as information of temporary investment for unallocated proceeds.

Any balance of proceeds which are not yet allocated to eligible projects will be held in accordance with the Bank's normal liquidity management policy.

Projects which involve below activities will be excluded:

- Activities which are prohibited by laws and regulation in China, such as child labor, gambling industry, adult entertainment and corporations which are in association with illegal activities
- Luxury related activities: precious metals, mineral of precious metals, artworks & antiques, golf course services
- Distillation, rectification and mixed alcoholic beverages

- Production of tobacco and tobacco products
- Hydro power with installed capacity >20MW
- Biomass from land that competes with food production
- Mining and quarrying, as well as fossil fuel-related asset
- Nuclear
- Weapon
- Army vehicles leasing and operation
- Activities which are in relation to hazardous chemicals and radioactive substance

### **Project Evaluation and Selection**

In accordance with the Framework, the Bank defined the responsibility of Asset and Liability Management Department, Credit Management Department, Corporate Banking Department, Small Business Banking Department, Investment Banking Department, Public Relation Department and other relevant departments on project evaluation and selection, making sure that the selection of eligible projects is in accordance with national policies and requirements and international standards and practices. Besides, in accordance with the Framework, the eligible projects selected shall meet the specific industry and technology standards under the *Green Bonds Principles 2018* and the *Climate Bonds Standards (V2.1)*. The Bank nominated 9 projects, with total value of RMB 11,019.75 million, approximated USD 1,556.46 million<sup>1</sup>. Nominated projects list is attached to the report. Nominated projects belong to category of clean transportation. Examples of expected environmental benefits are as follows:

- A railway project located in Central China. The total length of the railway is 927km, and the expecting capacity of this line is 45 million passengers/year in primary stage. This line is expected to reduce CO<sub>2</sub> by 1,034,373 tons/year. The Bank's loan to this project accounted for approximately 2.91% of the total project investment, which is expected to reduce CO<sub>2</sub> by 30,090 tons/year.
- A metro project located in Eastern China. The total length of the metro is 53.47km with 31 stations, and the expecting capacity of this line is 238.64 million passengers/year in primary stage. This line is expected to reduce CO<sub>2</sub> by 316,398 tons/year. The Bank's loan to this project accounted for approximately 9.52% of the total project investment, which is expected to reduce CO<sub>2</sub> by 30,133 tons/year.

The Bank constantly focuses on global climate change, adheres to strategic approaches to use financial power to promote environmental protection and harmonized development of society. The Bank has made its transformation into a "green bank" in its medium and long-term business plan. The Bank seeks to continuously improve its green credit policies and institutional mechanisms, adjusts the allocation of its own credit resources, strengthens the management of environmental and social risks, and takes social responsibility on reducing greenhouse gas emissions and supporting development in the green field. In the credit area, the Bank clearly prioritizes the support in the fields of clean energy, clean transportation,

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<sup>1</sup> The exchange rate is calculated as 7.0800, the same below.

energy-saving and environmental protection service, pollution control, as well as the industries with low-carbon environmental characteristics such as advanced manufacturing industry and information technology industry. The Bank supports enterprises to use new equipment and new technology for energy-saving and emission-reduction, effectively promotes traditional industrial structure adjustment and technological upgrade.

### **Information Disclosure and Reporting**

In accordance with the Framework, the Bank has defined the responsibility on the information disclosure and reporting. Prior to the bond issuance, the Bank has engaged a qualified independent third party to conduct pre-issuance assurance so as to ensure that all proceeds are to be invested in eligible projects, the management of proceeds is in accordance with related requirements, and the environmental benefits of those projects meet the expectations of investors.

During the bond tenor, the Bank commits to publish an annual green bond report (the “Green Bond Report”) on the Bank’s official website, which will provide information on the allocation of the proceeds and the environmental and impacts of the eligible projects. The following contents will be disclosed in the annual Green Bond Report:

- 1) The aggregate amount allocated to eligible projects
- 2) The remaining balance and the type of temporary investment of unallocated proceeds
- 3) Examples of eligible projects (subject to confidentiality disclosures)
- 4) The expected environmental impacts, respectively, of the eligible projects to which the proceeds have been allocated.

China Construction Bank Hong Kong Branch

8 October 2019



### Eligible Green Projects List

No.	Region	Project	Loan Amount (RMB million)	Loan Amount (USD million)
1	Eastern China	Railway Project	1,678.00	237.01
2	Central China	Metro Project	994.00	140.40
3	Central China	Metro Project	425.10	60.04
4	Southern China	Metro Project	300.00	42.37
5	Eastern China	Railway Project	244.50	34.53
6	Central China	Rail Transit	1,301.40	183.81
7	Eastern China	Metro Project	2,000.00	282.49
8	Central China	Railway Project	3,807.25	537.75
9	Eastern China	Tram	269.50	38.06
<b>Total Loan Amount</b>			<b>11,019.75</b>	<b>1,556.46</b>

### Eligible Green Project Categories

Category	Location	Number of Projects	Loan Amount (RMB million)	Loan Amount (USD million)	Loan Percentage
Clean transportation	Eastern China	4	4,192.00	592.09	38.04%
	Central China	4	6,527.75	922.00	59.24%
	Southern China	1	300.00	42.37	2.72%
<b>Total</b>		<b>9</b>	<b>11,019.75</b>	<b>1,556.46</b>	<b>100.00%</b>