

Attestation Report on Pre-issuance of China Construction Bank Hong Kong Branch's 2019 Green Bond

To China Construction Bank Hong Kong Branch

We have been engaged by China Construction Bank Hong Kong Branch (the “Bank”) to examine the assertions in the accompanying the *Description on China Construction Bank Hong Kong Branch's 2019 Green Bond* (the “Description”), and expressed a limited assurance opinion on the Description.

Criteria

The Description is prepared in accordance with the *Green Bond Principles 2018* published by International Capital Market Association, the *Climate Bonds Standard (V2.1)* published by the Climate Bonds Initiative and Climate Bonds Sector Criteria.

Management's Responsibility

The management of the Bank (the “Management”) is responsible for:

- Preparation of the Description in accordance with the *Green Bond Principles 2018* and the *Climate Bonds Standard (V2.1)*, and to ensure the fair presentation, accuracy, completeness and validity of the information contained in the Description;
- Preparation, presentation and implementation of internal controls in relation to project evaluation and selection, use and management of proceeds, and information disclosure and reporting in accordance with the *China Construction Bank Green, Social and Sustainability Bond Framework* and to meet the criteria as set out in the *Green Bond Principles 2018* and the *Climate Bonds Standards (V2.1)*.

Assurance Practitioner's Responsibility

We conducted our limited assurance engagement in accordance with *International Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (“ISAE 3000”) issued by the International Auditing and Assurance Standards Board.

Our responsibility is to express an independent limited assurance conclusion as to whether anything has come to our attention to cause us to believe that the Description, in all material respects, does not meet the Criteria.

Our Procedures

Our assurance procedures performed included, but were not limited to:

- Assessing policies and procedures established by the Bank related to the issuance of the China Construction Bank Hong Kong Branch's 2019 Green Bond;
- Interviewing selected business unit personnel to understand the key issues in relation to the Bank's policies and procedures;
- Reviewing the Bank's policies and procedures in relation to the use and management of proceeds for the China Construction Bank Hong Kong Branch's 2019 Green Bond;
- Reviewing the Bank's policies and procedures in relation to how Management evaluated and selected appropriate project(s) for the China Construction Bank Hong Kong Branch's 2019 Green Bond;
- Reviewing the Bank's policies and procedures in relation to how Management compiled information and disclosed appropriately in the relevant documentation for the China Construction Bank Hong Kong Branch's 2019 Green Bond; and
- Reviewing eligibility of all the nominated projects for inclusion in the China Construction Bank Hong Kong Branch's 2019 Green Bond.

Assurance Conclusion

Based on our procedures performed, as described in this report as of 8 October 2019, nothing has come to our attention that causes us to believe that the assertions in the Description on the use and management of proceeds, project evaluation and selection and information disclosure and reporting of the bond issuance process of the China Construction Bank Hong Kong Branch's 2019 Green Bond are concerned, in all material respects, does not meet the criteria as set out in the *Green Bond Principles 2018* and the *Climate Bonds Standards (V2.1)*'s pre-issuance requirement.

Limitations

There are inherent limitations in performing assurance, for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to Description are subjective and will be interpreted differently by different stakeholder groups.

Our work is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board. Accordingly, we do not express an audit opinion.

Our assurance work and report will not express an opinion on the effective and performance of the Bank's management system and procedure.

Our assurance was limited to the China Construction Bank Hong Kong Branch's 2019 Green Bond issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 8 October 2019, ahead of the issuance of the China Construction Bank Hong Kong Branch's 2019 Green Bond.

Use of Report

Our responsibility in performing our assurance activities is to the Directors of the Bank only and in accordance with terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the China Construction Bank Hong Kong Branch's 2019 Green Bond issuance is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third party purpose.

Our Independence, Quality Control and Assurance Team

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants. We have complied with the quality control requirements of the *International Standard on Quality Control 1* issued by the International Auditing and Assurance Standards Board. Our team has required competencies and experience for this assurance engagement.



Ernst & Young Hua Ming LLP

Beijing, China

8 October 2019

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 million¹. 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 CO₂ 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 CO₂ 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 CO₂ 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 CO₂ 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,

¹ 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
Total Loan Amount			11,019.75	1,556.46

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%
Total		9	11,019.75	1,556.46	100.00%