

Attestation Report on Pre-issuance of China Construction Bank Hong Kong Branch's 2020 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 2020 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 (V3.0)* 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 (V3.0)*, 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 (V3.0)*.

Assurance Practitioner's Responsibility

We conducted our limited assurance engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* 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 2020 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 2020 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 2020 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 2020 Green Bond; and
- Reviewing eligibility of all the nominated projects for inclusion in the China Construction Bank Hong Kong Branch's 2020 Green Bond.

Assurance Conclusion

Based on our procedures performed, as described in this report as of 22 July 2020, 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 2020 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 (V3.0)*'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 2020 Green Bond issuance, and did not include statutory financial statements. Our assurance is limited to policies and procedures in place as at 22 July 2020, ahead of the issuance of the China Construction Bank Hong Kong Branch's 2020 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 2020 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.

A handwritten signature in black ink that reads 'Ernst & Young Hua Ming LLP'.

Ernst & Young Hua Ming LLP

Beijing, China

22 July 2020

Appendix I

Description on China Construction Bank Hong Kong Branch's 2020 Green Bond

In accordance with the *Green Bond Principles 2018* published by the International Capital Market Association and *Climate Bonds Standard (V3.0)* 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 (V3.0)*. The Bank nominated 6 projects, with total value of RMB 9,094.74 million, approximated USD 1,298.45 million¹. Nominated green projects list is as follows.

Eligible Green Projects List

No.	Region	Project	Category	Loan Amount (RMB million)	Loan Amount (USD million)
1	Sichuan Province	Metro Project	Clean transportation	444.00	63.39
2	Sichuan Province	Metro Project	Clean transportation	311.00	44.40
3	Sichuan Province	Metro Project	Clean transportation	419.00	59.82
4	Sichuan Province	Metro Project	Clean transportation	4,282.00	611.34
5	Yunnan Province	Metro Project	Clean transportation	2,438.74	348.18
6	Yunnan Province	Metro Project	Clean transportation	1,200.00	171.32
Total Loan Amount				9,094.74	1,298.45

¹ The exchange rate is calculated as 7.0043, the same below.

Examples of expected environmental benefits are as follows:

- A metro project located in Sichuan Province of Western China. The total length of the metro is 49.02km with 41 stations, and the expecting capacity of this line is 252.22 million passengers/year in primary stage. This line is expected to reduce CO₂ by 66,887 tons/year. The Bank's loan to this project accounted for approximately 11.75% of the total project investment, which is expected to reduce CO₂ by 7,862 tons/year.
- A metro project located in Yunnan Province of Western China. The total length of the metro is 42.1km with 31 stations, and the expecting capacity of this line is 56.59 million passengers/year in primary stage. This line is expected to reduce CO₂ by 15,008 tons/year. The Bank's loan to this project accounted for approximately 10.54% of the total project investment, which is expected to reduce CO₂ by 1,582 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, 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 Green, Social and Sustainability Bonds Annual Report on the Bank's official website, which will provide information on the allocation of the proceeds and the environmental impacts of the eligible projects. The following contents will be disclosed in the Green, Social and Sustainability Bonds Annual 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





Climate Bonds^{INITIATIVE}

Climate Bonds Standard

Version 3.0

Pre-Issuance Certification Checklist

Climate Bonds Standard Version 3.0 Pre-Issuance Certification Checklist

1. Use of Proceeds		
Climate Bonds Standard Requirement	Findings	Requirement Met
1.1 The Issuer shall document the Nominated Projects & Assets which are proposed to be associated with the Bond and which have been assessed as likely to be Eligible Projects & Assets. The Issuer shall establish a list of Nominated Projects & Assets which can be kept UpToDate during the term of the Bond.	The Issuer has established a Nominated Projects & Assets List for Eligible Projects & Assets. The list of projects will be continuously updated during the term of the bond.	Yes
1.2. The expected Net Proceeds of the Bond shall be no greater than the Issuer's total investment exposure to the proposed Nominated Projects & Assets, or the relevant proportion of the total Market Value of the proposed Nominated Projects & Assets which are owned or funded by the Issuer.	After interviewing with person in charge of issuer, the expected Net Proceeds of the Bond shall not exceed equivalent USD 1 Billion. The total amount of the listed project is USD 1.29845 Billion. Therefore, it is expected that the Net Proceeds of the bond will not exceed the Issuer's debt obligation to the proposed Nominated Projects & Assets.	Yes
1.3 Nominated Projects & Assets shall not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments (such as social bonds or SDG bonds) unless it is demonstrated by the Issuer that:	Nominated Projects & Assets was not nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments. And after interviewing with person in charge of issuer, Nominated Projects & Assets will not be nominated to other Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bonds, green loans or other labelled instruments.	Yes
1.3.1 Distinct portions of the Nominated Projects & Assets are being funded by different Certified Climate Bonds, Certified Climate Loans, Certified Climate Debt Instruments, green bond, green loans or other labelled instruments or;		
1.3.2 The existing Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument is being refinanced via another Certified Climate Bond, Certified Climate Loan or Certified Climate Debt Instrument.		

2. Process for Evaluation and Selection of Projects and Assets

Climate Bonds Standard Requirement	Findings	Requirement Met
2.1. The Issuer shall establish, document and maintain a decision-making process which it uses to determine the eligibility of the Nominated Projects & Assets. The decision-making process shall include, without limitation:	By reviewing the <i>China Construction Bank Green, Social and Sustainability Bond Framework</i> (the “Framework”), and interviewing with relevant personnel of Issuer, we found that the issuer has established the responsibilities and decision-making process.	Yes
2.1.1. A statement on the climate-related objectives of the Bond.	The statement on the climate-related objectives of the Bond is specified in the Introduction part of the Framework.	Yes
2.1.2 How the climate-related objectives of the Bond are positioned within the context of the Issuer’s overarching objectives, strategy, policy and/or processes relating to environmental sustainability.	Specified in the Introduction part of the Framework.	Yes
2.1.3 Issuer’s rationale for issuing the Bond.	Specified in the Introduction part of the Framework.	Yes
2.1.4 A process to determine whether the Nominated Projects & Assets meet the eligibility requirements specified in Part C of the Climate Bonds Standard.	Specified in the Use of Proceeds, Project Evaluation and Selection part of the Framework.	Yes
2.2 Issuer should include under Clause 2.1 further aspects of the decision-making process, including:	By reviewing the Framework, and interviewing with relevant personnel of Issuer, we found that the issuer has include under Clause 2.1 further aspects of the decision-making process.	Yes
2.2.1 Related eligibility criteria, including, if applicable, exclusion criteria or any other process, applied to identify and manage potentially material environmental, social or governance risks associated with the Nominated Projects & Assets.	Specified in the Use of Proceeds part of the Framework.	Yes
2.2.2 Green standards or certifications referenced in the selection of Nominated Projects & Assets.	Specified in the Use of Proceeds part of the Framework.	Yes
2.2.3 The issuer shall assess that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.	By reviewing the Framework, checking Projects & Assets list, and interviewing with relevant personnel of Issuer, we found that all proposed Nominated Projects & Assets to be associated with the Bond meet the documented objectives as stated under Clause 2.1.1 and are likely to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard.	Yes

3. Management of Proceeds		
Climate Bonds Standard Requirement	Findings	Requirement Met
3.1 The systems, policies and processes to be used for management of the Net Proceeds shall be documented by the Issuer and disclosed to the Verifier, and shall include arrangements for the following activities:	By reviewing the Framework and interviewing with relevant personnel of Issuer, the issuer has engaged a qualified independent third party to conduct pre-issuance assurance, also the issuer will engage a qualified independent third party to conduct post-issuance assurance. The systems, policies and processes to be used for management of the Net Proceeds are documented by the Issuer and disclosed to the third party.	Yes
3.1.1 The Net Proceeds of the Bond can be credited to a sub- account, moved to a sub-portfolio, or otherwise tracked by the Issuer in an appropriate manner and documented.	In accordance with the Framework, the issuer has defined the responsibility on the use and management of proceeds. The issuer will maintain a register to keep track of the use of proceeds.	Yes
3.1.2 The balance of unallocated Net Proceeds can be managed as per the requirements in Clause 7.3.	In accordance with the Framework, the balance of unallocated Net Proceeds will be tracked in the register. Any balance of issuance proceeds which are not yet allocated will be held in accordance with issuer's normal liquidity management policy. The issuer commits not to invest unallocated bond proceeds in sectors covered in 2.1.3 Exclusions in the Framework	Yes
3.1.3 The earmarking process can be used to manage and account for funding to the Nominated Projects & Assets and enables estimation of the share of the Net Proceeds being used for financing and refinancing.	By reviewing the Framework and interviewing with relevant personnel of Issuer, the issuer will maintain a register to manage and account for funding to the Nominated Projects & Assets and enable estimation of the share of the Net Proceeds being used for financing and refinancing;	Yes

4. Reporting Prior To Issuance		
Climate Bonds Standard Requirement	Findings	Requirement Met
4.1 The Issuer shall prepare a Green Bond Framework and make it publicly available prior to Issuance or at the time of Issuance. The Green Bond Framework shall include, without limitation:	On 7 September 2018, the issuer established and published a green, social and sustainability bond framework and made it publicly available via CCB's website.	Yes
4.1.1 Confirmation that the Bonds issued under the Green Bond Framework are aligned with the Climate Bonds Standard. This may include statements of alignment with other applicable standards, such as the EU Green Bond Standard, the ASEAN Green Bond Standard, Chinese domestic regulations, Japanese Green Bond Guidelines, etc.	By reviewing the Framework, checking the pre-issuance assurance report and offering circle, and interviewing with relevant personnel of Issuer, we found that the bond issued is aligned with the Climate Bonds Standard.	Yes
4.1.2 A summary of the expected use of proceeds, as defined under Clause 1.1, and the expected contribution of the relevant sectors or sub-sectors to the rapid transition required to achieve the goals of the Paris Climate Agreement.	The summary of the expected use of proceeds is disclosed in the pre-issuance assurance report and offering circle.	Yes
4.1.3 A description of the decision-making process, as defined under Clause 2.1, with particular reference to the requirements in Clause 2.1.2.	A description of the decision-making process is specified in the Introduction part of the Framework.	Yes
4.1.4 on the methodology and assumptions to be used for: confirming, where required by relevant Sector Eligibility Criteria, the characteristics or performance of Nominated Projects & Assets required to conform to the relevant eligibility requirements under Part C of the Climate Bonds Standard; and any other additional impact metrics that the issuer will define.	Specified in the Framework. -	Yes
4.1.5 A summary of the approach to the management of unallocated Net Proceeds in accordance with Clause 3.1.	A summary of the approach to the management of unallocated Net Proceeds is specified in the Management of Proceeds part of the Framework and the pre-issuance assurance report.	Yes
4.1.6 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	The issuer will engage a qualified independent third party to conduct post-issuance assurance to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding	Yes

4.1.7 The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall. Where there are limits on the amount of detail that can be made available about specific Nominated Projects & Assets, information shall be presented on the investment areas which the Nominated Projects & Assets fall into, provided in Clause 9.1, and the Issuer shall provide an explanation of why details on Nominated Projects & Assets is limited.	The list of proposed Nominated Projects & Assets associated with the Bond and the investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall is disclosed in the pre-issuance assurance report.	Yes
4.1.8 Where a proportion of the Net Proceeds are used for refinancing, an estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced. This may also include the expected look-back period for refinanced Nominated Projects & Assets.	The estimate of the share of the Net Proceeds used for financing and refinancing, and the relevant Nominated Projects & Assets or investment areas which may be refinanced is disclosed in the offering circle.	Yes
4.2 The Issuer shall include in the Disclosure Documentation:	/	
4.1.1 The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall.	The investment areas, as provided in Clause 9.1, into which the Nominated Projects & Assets fall is disclosed in the Framework and pre-issuance assurance report.	Yes
4.1.2 The intended types of temporary investment instruments for the management of unallocated Net Proceeds in accordance with Clause 7.3.	The unallocated Net Proceeds will be held in accordance with issuer's normal liquidity management policy. The issuer commits not to invest unallocated bond proceeds in sectors covered in 2.1.3 Exclusions in the Framework. This is disclosed in the Framework and pre-issuance assurance report.	Yes
4.1.3 The Verifier engaged by the Issuer for the mandatory verification engagements.	The issuer has engaged Ernst & Young Hua Ming LLP to conduct pre-issuance assurance, also the issuer will engage Ernst & Young Hua Ming LLP to conduct post-issuance assurance	Yes
4.1.4 The intended approach to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding, including the location of the published documents.	The issuer will engage Ernst & Young Hua Ming LLP to conduct post-issuance assurance to providing Update Reports to reaffirm conformance with the Climate Bonds Standard while the Bond remains outstanding.	Yes
4.1.5 The CBI Disclaimer provided in the Certification Agreement.	The CBI Disclaimer provided in the Certification Agreement is specified in the offering circle.	Yes