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Assurance Report on Pre-issuance of China Construction Bank Corporation Hong Kong Branch's 2024 Green Bond

To the China Construction Bank Corporation Hong Kong Branch

We have been engaged by China Construction Bank Corporation Hong Kong Branch (the "Bank") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the Bank's use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank's 2024 Green Bond issuance (the "Subject Matter") as of 8 July 2024 in the accompanying the *Description on China Construction Bank Corporation Hong Kong Branch's 2024 Green Bond* (the "Description").

Criteria applied by the Bank

In preparing the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank's 2024 Green Bond issuance in the Description, the Bank applied the *Green Bond Principles 2021* published by International Capital Market Association (the "Criteria").

The Bank's Responsibility

The Bank's management is responsible for selecting the Criteria, and for presenting the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank's 2024 Green Bond issuance in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Assurance Practitioner's Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)')*. The standard require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Management

We have maintained our independence and confirm that we have met the requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the use of proceeds, process for project evaluation and selection, management of proceeds, reporting of the Bank's 2024 Green Bond issuance and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with personnel to understand the business and reporting process;
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter in the Description;
- Checked the eligibility of the nominated projects of the Bank's 2024 Green Bond issuance in accordance with the principles in the Criteria;
- Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified;
- Identified and testing assumptions supporting calculations;
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of the Bank's 2024 Green Bond issuance as of 8 July 2024 in the Description, in order for it to be in accordance with the Criteria.

Restricted Use

Our responsibility in performing our procedures and reporting thereon is to the Bank only and in accordance with terms of reference for this engagement as agreed with them. The report may not be suitable for another purpose. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance of any such third party may place on the Bank's 2024 Green Bond issuance is entirely at its own risk.

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

Ernst & Young Hua Ming LLP

8 July 2024

Beijing, China

Appendix I

Description on China Construction Bank Corporation Hong Kong Branch's 2024 Green Bond

China Construction Bank Corporation (the "Bank") has established the *China Construction Bank Green, Social, Sustainability and Sustainability-Linked ("GSSS") Bond Framework* (the "GSSS Bond Framework"). In preparing the use of proceeds, process for project evaluation and selection, management of proceeds, and reporting of China Construction Bank Corporation Hong Kong Branch's 2024 Green Bond, the Bank applied the *Green Bond Principles 2021* published by International Capital Market Association (the "Criteria").

Use of Proceeds

All the net proceeds of the Green Bond will be allocated to the Eligible Projects as defined in the *Green Bond Principles 2021*.

The following sectors will be excluded from Green Eligible Categories:

- Sectors which are prohibited by laws and regulation in China, such as gambling industry, adult entertainment, child labor and corporations involved in illegal activities
- Luxury sectors such as precious metals, precious artworks & antiques, golf course services
- Distillation, rectification and mixed alcoholic beverages
- Production of tobacco and tobacco products
- Hydro power with installed capacity >20MW
- Biomass which is suitable for food source
- Mining, quarrying and fossil fuels related assets
- Nuclear fuels
- Weapons and ammunitions
- Companies or activities involved in the production, distribution or storage of hazardous chemicals and radioactive substances

Process for Project Evaluation and Selection

1. Preliminary Screening

The Bank established a "GSS Bond Working Group" ("GSSBWG") to review the preliminary list of Green Projects proposed by the business lines and domestic branches of the Bank. The GSSBWG will select the Eligible Green Projects that meet the Criteria in the Use of Proceeds section under the GSSS Bond Framework of the Bank, and best reflect the characteristics of the Bank, by considering the following factors:

- Whether the technology used in Green Projects is more advanced than other available technologies
- The pre and post certification for the Green Projects
- Whether the Green Projects comply with the development policy and strategy of the Bank
- Whether the characteristics of the Bank are reflected by the Green Projects

If a project is identified as Eligible Project under the GSSS Bond Framework of the Bank by the GSSBWG, the project will be “marked” as Eligible Green Project.

2. Establishing Project List

A list of projects financed by “GSS bonds” is established to facilitate bond duration management. The GSSBWG is responsible for the bookkeeping and tracking of eligible projects and for ensuring all information is true and accurate in the process.

3. Update and Maintenance

The GSSBWG reviews the allocation of funds raised by GSS bonds annually to ensure appropriate allocation to Eligible Green Projects, and to assist with the preparation for disclosures in annual reports.

Management of Proceeds

1. Management of Separate Register

The proceeds of each bond will be deposited in the general funding accounts. The Bank will maintain a register to keep track of the use of proceeds from each bond. The register will contain the following information:

- Type of Funding Transaction
 - Key information includes transaction date, (net) amount of proceeds, maturity date, coupon, type of bond, pricing date and the ISIN number.
- Allocation of proceeds
 - Name and description of Eligible Projects to which the proceeds of GSS bonds have been allocated in accordance with the GSSS Bond Framework
 - Allocation of the proceeds from GSS bonds to Eligible Projects
 - The balance of unallocated proceeds
 - Use of unallocated proceeds

2. Use of Unallocated Proceeds

Any balance of issuance proceeds which are not yet allocated to Eligible Green Projects will be held in accordance with the Bank’s normal liquidity management policy. The Bank undertakes not to invest unallocated proceeds in sectors as set out in excluded sectors above.

Reporting

The Bank will publish reports on the use of proceeds from the issuance of GSS bonds on an annual basis on the official website of the Bank. The report will contain information on allocation and environmental impacts.

Eligible Project List

The Bank has established a list of eligible projects, with total value of USD 1,547.96 million¹. Nominated projects list may evolve over time. The following is detailed information of the eligible projects.

Eligible Project List

No.	Region	Project	Eligible Project Categories	Loan Amount (USD Million)
1	Southern China	Offshore wind power project	Renewable energy	463.65
2	Eastern China	Offshore wind power project	Renewable energy	133.78
3	Eastern China	Photovoltaic power project	Renewable energy	128.71
4	Northwest China	Photovoltaic power project	Renewable energy	126.74
5	Central China	Sewage treatment and river regulation project	Sustainable water and wastewater management	126.60
6	Northwest China	Photovoltaic power project	Renewable energy	87.22
7	Eastern China	Offshore wind power project	Renewable energy	73.71
8	Eastern China	Lake regulation project	Sustainable water and wastewater management	71.88
9	Northern China	Photovoltaic power project	Renewable energy	67.80
10	Northern China	Wind power project	Renewable energy	66.68
11	Central China	River regulation project	Sustainable water and wastewater management	61.90
12	Northwest China	Photovoltaic power project	Renewable energy	58.26
13	Central China	River regulation project	Sustainable water and wastewater management	45.72
14	Northern China	Wind and photovoltaic power project	Renewable energy	35.31
Total Loan Amount				1,547.96

¹ The USD/RMB exchange rate as of May 31, 2024 is used.

Category	Loan Amount (USD million)	Number of Projects	Loan Proportion
Renewable energy	1,241.86	10	80.23%
Sustainable water and wastewater management	306.10	4	19.77%
Total	1,547.96	14	100.00%

The following set forth certain information of sample eligible projects:

- The offshore wind power project is located in Southern China, with total capacity of 600 MW, installing 25 wind turbines with per-turbine capacity of 8 MW capacity and 40 wind turbines with per-turbine capacity of 10 MW capacity, The project generates 2,159,607 MWh electricity annually, reducing carbon dioxide emissions about 1,352,238 tons/year.
- The Sewage treatment and river regulation project is located in Central China. It includes the construction of 6 wastewater treatment plants and 346 village-level domestic wastewater treatment stations. The sewage treatment capacity of the project is 18.60 million tons annually, with 1,026.726 kilometers of new sewage collection pipelines and river regulation length 232.32 kilometers.
- The Photovoltaic power project is located in Northwest China, with total capacity of 3,500 MW, The project generates around 6,088,313 MWh of electricity annually and reduces carbon dioxide emissions about 4,884,349 tons/year.

China Construction Bank Corporation Hong Kong Branch

(China Construction Bank Corporation is a company incorporated in the People's Republic of China with limited liability)



8 July 2024