

Green Finance Report 2020



About the Report

This report is the first green finance report published by CIFI Holdings (Group) Co. Ltd. (SEHK: 00884, hereinafter referred to as "CIFI" or "we"). As one of the Top 20 real estate enterprises in China in terms of comprehensive strength, CIFI has been committed to promoting the philosophy of green growth, and developed the "green competitiveness" with its accumulated experiences in green buildings, visible construction, green finance, etc.

This report is prepared with reference to the *Green Finance Framework* published by CIFI in April 2020, reporting the use of proceeds and the environmental impacts generated from the USD500 million 5.25-year green bond (ISIN: XS2205316941) issued in July 2020, being CIFI's first green bond, and the management and allocation of those proceeds during the period from 1 January 2020 to 31 December 2020. This report mainly consists of five parts, including the commitment to sustainable development, eligible green project standards, allocation of proceeds, environmental impacts, and the independent assurance report from the third party.

Our ESG Working Group supervises and implements the relevant provisions of the Green Finance Framework, and regularly report to the ESG Management Committee on the use of funds for and environmental impact on the eligible green projects. In May 2021, CIFI issued its second green bonds with an aggregate amount of USD500 million, setting the record long duration of CIFI's offshore USD bonds. We will disclose details of the use of proceeds, environmental impacts and other information of such bonds in our future green finance report.

We will continue to explore diversified green financing approaches to facilitate the green growth of CIFI. For further information about our "green actions", please go to CIFI's official website (www.cifi.com.cn) or our 2020 Environmental, Social and Governance Report.

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Commitment to Sustainable Development

Building upon the corporate mission of "Building for a Better Life" and formulating strategies for our sustainable development. Under the guidance of the United Nations 2030 Sustainable Development Goals (SDGs), we interpret "better life" as "quality life", "green life", "wonderful life" and "harmonious life", and introduce sustainable development elements to the processes of our operation and business decision-making with an effort to facilitate our sustainable development and realise infinite possibilities of better lives.

Pursuing for higher standards and requirements and making commitment to our sustainable development. As a part of our efforts to find the balance between product competitiveness and environmental impact of the entire life cycle of a building, we require that all of our residential products to fulfill at least one-star green building standards, and all newly acquired commercial complex projects must meet the two-star green building standards, striving to transform us into a low-carbon and efficient enterprise with sustainable growth.

In 2020, 97.4% of our completed projects met the green building standards. Among them, The Roof in Shanghai has obtained certification of Green Building Two-star Label, LEED (Gold) and WELL (Gold).

Integrating the sustainable development philosophy into our financing mechanism and driving the positive cycle of

corporate growth and sustainable development. In April 2020, we published the Green Finance Framework with the intention to obtain green financing through diversified channels such as green bonds and green loans, which will be served as the key support for building our "green" competitiveness. We will invest in eligible green projects, covering the areas of green buildings, clean transportation, energy efficiency, renewable energies, water management, waste treatment, and climate change adaptation.

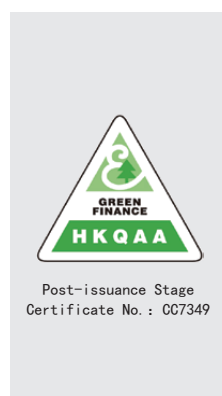
Our exploration and practice on the road of sustainable development have made achievements and obtained recognition. In July 2020, we issued the first USD500 million 5.25-year offshore green bonds. In May 2021, we issued the second green bonds with an aggregate amount of USD500 million, consisting of USD350 million 4.45% 5.25-year bonds and USD150 million 4.8% 7-year bonds. Our MSCI ESG Rating has been upgraded to BB, and we have been added to the Hang Seng Corporate Sustainability Benchmark Index for the first time.

Looking forward, CIFI will continue to advocate and undertake the responsible development philosophy, consider the sustainable development as a step-by-step systematic project and a long-term planning, and remain steadily on the path for pursuing green, low-carbon, high-quality and sustainable development.

Details of First Green Bond

In July 2020, we issued the first USD500 million 5.25-year offshore green bonds. We invested the proceeds from green financing into eligible green projects to improve our performance in environmental protection and promote the low-carbon urban development.

The first green bonds were admitted to the "Sustainable and Green Exchange (STAGE)" by HKSE, making CIFI become the only property developer in China among the first batch of enterprises on the STAGE.



Size	US\$500 million
Tenor	5.25 years
Issue Date	20 July 2020
Maturity Date	20 October 2025
Coupon Rate	5.95%
Issue Price	99.968%
Ratings	Fitch BB S&P BB-
Listing	Hong Kong Stock Exchange
Certification	HKQAA Green Finance Certification(Post-issuance Stage)

Our Performance Highlights



Green Finance Framework

published according to Green Bond Principles 2018
and Green Loan Principles 2018, etc



Issuance of USD500 million 5.25-year Bond in 2020

**Becomes CIFI's 1st Offshore Green Bond
and Included on Sustainable & Green Exchange
(STAGE)**



Green bond proceeds allocated to
2 Eligible Green Projects



Shanghai LCM
Green Building Label (2 Star)



Jinan Olympic Stadium · Boyue Mansion
Green Building Label (3 Star)



Engaged EY to give
Independent 3rd Party Assurance

Assurance Report



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Independent accountant's assurance report

To the Board of Directors of CIFI Holding (Group) Co. Ltd.:

Scope

We have been engaged by CIFI Holding (Group) Co. Ltd. (the "Company") to perform a limited assurance engagement, as defined by International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, here after referred to as the engagement, on Green Finance Report 2020-Allocation of Proceeds (the "Subject Matter") as at 31 Dec 2020.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Reporting Criteria

In preparing the Subject Matter, the Company applied the Green Bond Principles 2018 published by the International Capital Market Association (the "Reporting Criteria").

The Company's responsibilities

The Company's management (the "Management") is responsible for selecting the Reporting Criteria, and for presenting the Subject Matter in accordance with that Reporting 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.

EY's responsibilities

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 the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Company. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Reporting 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

We are in compliance with the Ernst & Young Global Independence Policy which was designed to comply with the requirements of the IFAC Codes of Ethics for Professional Accountants (the IFAC



Code). We believe that there were no events or prohibited services provided which could impair our independence.

Description of procedures performed

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion. A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Reviewed the implementation of policies and procedures established by the Company related to the management of green finance;
- ▶ Interviewed selected eligible projects personnel to understand how they identified any risk associated with the situation which could not meet the Reporting Criteria and how they implemented the policies and procedures to address these risks;
- ▶ Reviewed the implementation of the Company's policies and procedures in relation to how the Management used and managed proceeds appropriately in the relevant documentation for the Subject Matter;
- ▶ Reviewed the implementation of the Company's policies and procedures in relation to how the Management evaluated and selected eligible projects for the Subject Matter;
- ▶ Reviewed the project documents and confirmed the eligibility of all the allocated projects;
- ▶ Reviewed the accuracy of environmental performance calculations performed;
- ▶ Reviewed the implementation of the Company's policies and procedures in relation to how the Management compiled information and disclosed appropriately in the relevant documentation for the Subject Matter; and
- ▶ Obtained and reviewed relevant evidence to support the Subject Matter in compliance with the Reporting Criteria.

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 Subject Matter as at 31 Dec 2020, in order for it to be in accordance with the Reporting Criteria.

Restricted use

This report is intended solely for the information and use of the Company for this engagement as agreed and is not intended to be and should not be used by anyone other than those specified parties.

Ernst & Young

Ernst & Young

24 June 2021

Hong Kong

Eligible Green Project Standards

As of 31 December 2020, the proceeds from the first green bonds with the aggregate amount of USD500 million issued by CIFI had been allocated to the eligible green projects, the details of which are stated in the section "Allocation Report" of this report. The eligible green projects contain the residential projects or commercial projects under construction or in operation by 31 December 2020.

Definition of Eligible Green Projects:

- 🌿 **LEED** minimum certification of Gold;
- 🌿 **BEAM Plus** minimum certification level of Gold;
- 🌿 **BREEAM** minimum certification level of Excellent;
- 🌿 **BCA Green Mark** minimum certification level of Gold;
- 🌿 **Green Building Label (GBL)** minimum certification level of 2 stars.

Among them, the Assessment Standard for Green Building (GB/T 50378-2014) is the main reference standard for the design of residential and commercial product lines of CIFI. The Assessment Standard for Green Building (GB/T 50378-2014) is a voluntary third-party certification standard prepared by the Ministry of Housing and Urban-Rural Development of China, which is used to evaluate residential buildings and public buildings such as office buildings and shopping malls.

The evaluation system includes the following six major indicators:

- 🌿 Land conservation and the outdoor environment
- 🌿 Energy saving and energy utilisation
- 🌿 Water saving and water resources utilisation
- 🌿 Material saving and material resources utilisation
- 🌿 Indoor environment quality
- 🌿 Operations management (residential buildings), life-cycle integrated performance (public buildings)

LEED, a voluntary and third-party building certification standard developed by the United States Green Building Council (USGBC), is the main reference for CIFI to benchmark the standard adopted by the international peers.

The standard includes the following aspects:

- 🌿 Evaluate the environmental performance from a whole-building perspective over a building's life cycle;
- 🌿 Provide a definitive standard for what constitutes a "Green Building";
- 🌿 Enhance environmental awareness among architects and building contractors;
- 🌿 Encourage the design and construction of energy-efficient and water-saving buildings that use sustainable or green resources and materials.

Allocation Report

The green bonds issued by CIFI comply with the requirements of the Green Bond Principles (GBP) 2018 of the International Capital Market Association (ICMA), covering four aspects including use of proceeds, process for project evaluation and selection, management of proceeds, and reporting.

Use of Proceeds

Net proceeds of CIFI's green finance transactions will be used to fund or refinance, in whole or in part, new or existing eligible green projects that meet GBP 2018 to address environmental issues such as climate change, depletion of natural resources, loss of biodiversity, and air, water and soil pollution.

The aggregate amount of green bonds issued by CIFI in July 2020 is US\$500 million, and all proceeds are used for refinancing Shanghai LCM and the Jinan Olympic Stadium · Boyue Mansion.

Jinan Olympic Stadium · Boyue Mansion

USD **177** million

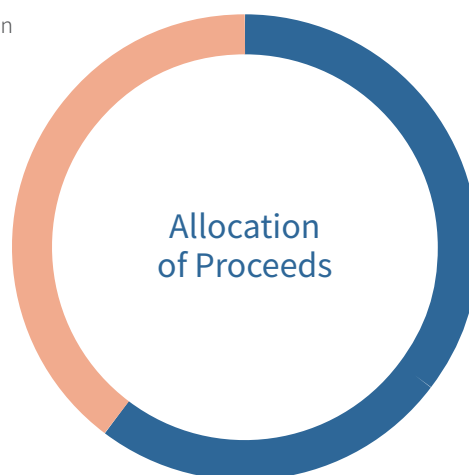
35.4%



Shanghai LCM

USD **323** million

64.6%





Process for Project Evaluation and Selection

CIFI imposes strict environmental and risk management policy during its normal course of business. The eligible green projects are identified and selected via a process that involves participants from various functional areas.

After discussion and selection of projects according to the definition of eligible green projects, the ESG Working Group has confirmed that Shanghai LCM and Jinan Olympic Stadium · Boyue Mansion satisfy the requirements of use of proceeds under the Green Finance Framework. The ESG Working Group has submitted these two projects to the ESG Management Committee, which has granted the approval.

Management of Proceeds

The net proceeds from each green finance transaction will be managed by CIFI's finance team and the proceeds of each green finance transaction will be deposited in the general funding accounts. CIFI will maintain a register of green finance transaction to keep track of the use of proceeds for each transaction. The register will contain the following information.

Type of Funding Transaction

Key information includes issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number in case of bond transaction.



Allocation of Use of Proceeds

- Name and description of eligible green projects to which the proceeds of the green finance transactions have been allocated in accordance with the Green Finance Framework
- Amount of proceeds of green finance transactions allocated to each eligible green project
- The balance of unallocated proceeds
- Information of temporary investment for unallocated proceeds

According to the process for evaluation and selection, the use of proceeds of the first green bonds has been recorded in the register in accordance with the requirements of the Green Finance Framework.

Reporting

This report is prepared to disclose CIFI's compliance with the Green Finance Framework and contains information on the proceeds allocation and environmental impacts of the projects.

We provide more information about our green practices in CIFI's Green Finance Report, Annual Report, Environmental, Social and Governance Report and website.

Eligible Green Projects



Shanghai LCM



GFA
290,400 m³



Green bond proceeds allocated
64.6%

Project name	Shanghai LCM
GFA	290,400 m ³
Building type	Commercial and office
Location	Zhangyang Road, Pudong New Area, Shanghai
Project status	Operating
Green building certification	Green Building Label - 2 star
Green bond proceeds allocated	USD323 million

Environmental benefits

Building Energy Saving Rate ¹ 65%	Non-traditional water utilisation ² 0.37%	Green space ratio ³ 25.42%	Recyclable building material usage ratio ⁴ 10.09%
<ul style="list-style-type: none"> Reducing building's energy consumption with low-energy heating, ventilation and air conditioning systems Connecting to an intelligent lighting control system for centralised control of energy-saving lighting equipment Use of large-scale energy-saving equipment such as energy-saving transformers, elevators and escalators Use of heat recovery system 	<ul style="list-style-type: none"> To adapt to Shanghai's climate, adopting the rainwater recycling system for watering and irrigation of landscape and green lands, to enhance the utilization of non-traditional water sources based 	<ul style="list-style-type: none"> Integrated use of roof greening and vertical greening to enhance the greenery area 	<ul style="list-style-type: none"> Use of recyclable building materials such as concrete, insulation membranes and glass curtain walls

¹ Design with reference to the Shanghai Design Standards for Energy efficiency in Public Buildings (DGJ08-107-2012)

² Percentage of non-traditional water consumption over the traditional water consumption

³ Percentage of the green space area over the total site area

⁴ Percentage of the weight of recyclable building materials over the total weight of building materials

Jinan Olympic Stadium · Boyue Mansion



GFA
159,100 m³



Green bond proceeds allocated
35.4%

Project name	Jinan Olympic Stadium · Boyue Mansion
GFA	159,100 m ³
Building type	Residential
Location	Fengshan Road, Lixia District, Jinan, Shandong Province
Project status	Under construction
Green building certification	Green Building Label - 3 star
Green bond proceeds allocated	USD177 million

Environmental benefits

Building Energy Saving Rate ¹ 75%	100% renewable energy utilisation for domestic hot water	Reusable and recyclable material utilisation ² 8.76%	Total annual runoff control rate for the site ³ 75%	Proportion of industrialised prefabricated components ⁴ 22.22%
<ul style="list-style-type: none"> Reducing building's energy consumption with low-energy heating, ventilation and air conditioning systems Connecting to an intelligent lighting control system for centralised control of energy-saving lighting equipment Use of large scale energy-saving equipment such as energy-saving transformers, elevators and escalators Use of exhaust air heat recovery system 	<ul style="list-style-type: none"> Adopting centralised hot water supply mode, and using solar power to supply hot water 	<ul style="list-style-type: none"> Use of recycled timber, aluminium profiles and assembled components to enhance recycled material utilisation 	<ul style="list-style-type: none"> Use of depressed green space, landscape water and rainwater harvesting systems to control site stormwater drainage 	<ul style="list-style-type: none"> Use of prefabricated wall panels, prefabricated balcony panels and other components to reduce waste of raw materials

¹ Design with reference to Shandong Design Standards for Energy efficiency of Residential Buildings(DB37/5026-2014)

² Percentage of the weight of recyclable building materials over the total weight of building materials

³ Design with reference to Jinan's Requirements on the Pilot Work for Sponge City Building

⁴ Percentage of the weight of prefabricated elements over the total weight of the building



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