

## Radiance Holdings (Group) Company Limited

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Reference no.: 14761124-CA

Certification date: 16 April 2021

Radiance Holdings (Group) Company Limited  
documented Environmental Method Statement for this Green Finance Certification Scheme (GFCS) application. It  
states Radiance Holdings (Group) Company Limited  
effect of the specified Green Note.

Green Finance Framework serves as the  
hieve the intended positive environmental

Radiance Capital Investments Limited is a subsidiary of Radiance Holdings (Group) Company Limited; Radiance  
Capital Investments Limited is the issuer of this Green Note to raise fund for financing green assets.

Radiance Holdings (Group) Company Limited

Green Finance Framework

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## **Radiance Holdings (Group) Company Limited**



April 2021



## 1. Introduction

Radiance Holdings (Group) Company Limited (“the Group”) is a leading large property developer with a focus and leading positions in select cities. Radiance focuses on providing quality residential properties to first-time homebuyers and first-time home improvers. Radiance has expanded its operations into five regions with strong economic growth potential in China, namely the Yangtze River Delta, Southern China, Southwestern China and Northwestern China. Radiance was listed in the Main Board of the Hong Kong Stock Exchange in 2020.

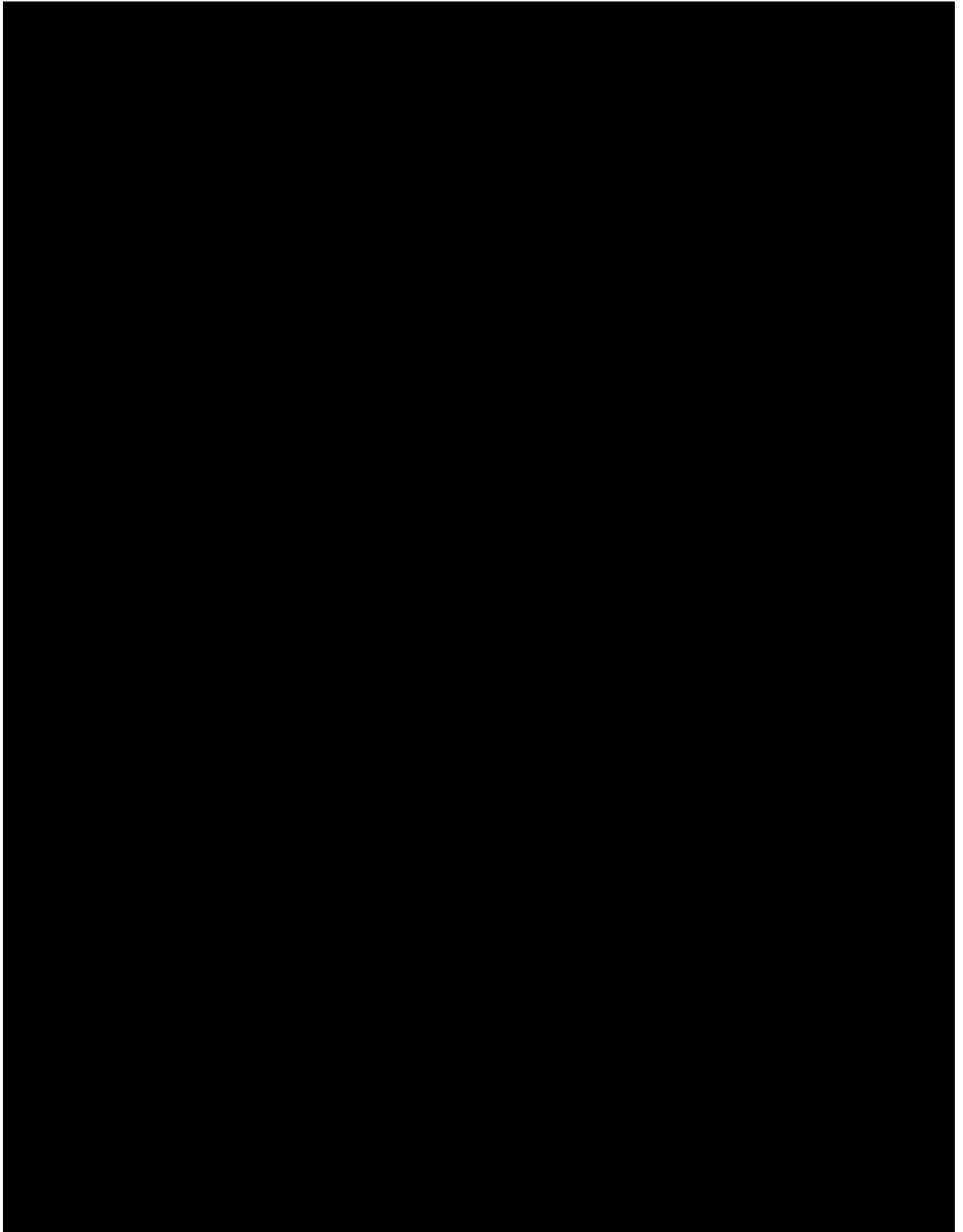
in terms of comprehensive strengths among “2020 China’s Top 10 Real Estate Developers” and was ranked as one of “China’s Top 10 Real Estate Development Strength” by the China Real Estate Association and the Center of E-house China Research Institute in 2020.

Radiance was ranked 36th in the Top 50 Real Estate Developers of Comprehensive China Real Estate Appraisal

to make our homes better. A large number of Radiance’s projects are qualified two stars or above on Chinese Green Building Evaluation Label and Platinum on U.S.G.B. Leadership in Energy and Environmental Design (LEED). In the near future, Radiance plans to build more green buildings. With the corporate vision of “being a quality-driven, consistently innovative and trustworthy leading enterprise”, the Group insists and perseveres to contribute to environmental development in China.

### 1.2 Green Commitment at Radiance



Radiance adheres to high environmental standards and regards environment protection as its core values. Radiance is aware of control and mitigation of its impact on the environment and the communities to create long-lasting green commitment. The Group Board is responsible for leading and guiding the Group’s environmental policies and works together with management to identify, evaluate and address environmental issues on an ongoing basis.

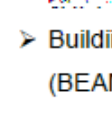
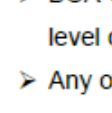
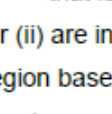


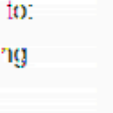




### 2.1.1 Eligible Green Projects

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping
	<ul style="list-style-type: none"> <li>Acquisition, construction or refurbishment of buildings which (i) meet one or more recognized standards, such as but not limited to:                             <ul style="list-style-type: none"> <li>U.S. Leadership in Energy and Environmental Design (LEED): minimum 'Gold'; or</li> </ul> </li> </ul>	 

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping
<ul style="list-style-type: none"> <li>Green Buildings</li> <li>Building Research Establishment Environmental Assessment Method (BREEAM)</li> <li>Building Environmental Assessment Method (BEAM Plus)</li> <li>BCA Green Mark</li> <li>Any other appropriate green building label, standard as the above; or</li> <li>Buildings within the top 15% of buildings performance in building label, standard as the above; or</li> <li>Buildings within the top 15% of buildings performance based on absolute emissions or primary energy demand</li> </ul>	<ul style="list-style-type: none"> <li>Green Buildings</li> <li>Building Research Establishment Environmental Assessment Method (BREEAM)</li> <li>Building Environmental Assessment Method (BEAM Plus): minimum 'Gold'; or</li> <li>BCA Green Mark – minimum level of Gold; or</li> <li>Any other appropriate green building label that is an equivalent standard</li> </ul>	  

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping
<ul style="list-style-type: none"> <li>Energy Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Renovations or refurbishment of existing buildings</li> <li>Installation/replacement of equipment in buildings such as LED lighting, smart</li> </ul>	



	metering, heating ventilation and air conditioning systems	
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Investments and expenditures in projects that prevent and reduce waste as but not limited to:

- Equipment and tech

- Implementing waste and recycling facilities
- Sustainable water and wastewater management by installation of rainwater collection systems, water conservation systems, water recycling and treatment systems
- Enforcement of dust control and noise reduction, during construction and/ or operation of buildings

**Pollution Prevention and Control**



<b>Climate Change Adaptation</b>	<ul style="list-style-type: none"> <li>Investments to develop "sponge cities" that aim to reduce flood risk and replenish groundwater</li> </ul>	 
	<ul style="list-style-type: none"> <li>Installation of renewable energy systems and associated infrastructure, including but not</li> </ul>	

**Renewable Energy**

- Solar photovoltaic





	<ul style="list-style-type: none"> <li>Expenditures from sourcing of renewable energy through long-term (5 years or longer) project-tied power purchase agreements.</li> </ul>	
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	<ul style="list-style-type: none"> <li>Installation of electric vehicle charging stations and construction of dedicated parking spaces for electric vehicles</li> </ul>	
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**2.1.2 Exclusion Criteria**

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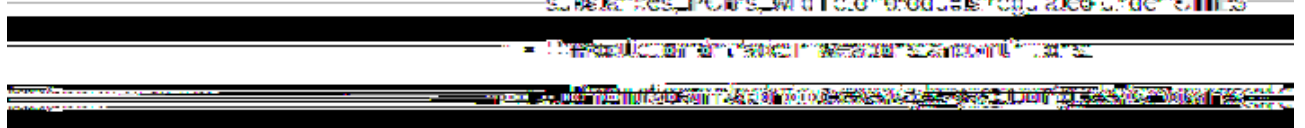
In any case, eligible assets/projects exclude the type of activities listed in International Finance Corporation (“IFC”) Exclusion List (2007)1:

st country laws

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, or

t to

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- Production or trade in tobacco
- Gambling, casinos and equivalent enterprises
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment used in the production of radioactive substances for medical and/or industrial purposes
- Production or trade in unbonded asbestos fibers. This does not apply to the production and use of bonded asbestos cement sheeting where the asbestos content is less than 20%
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length
- Production or trade in fossil fuel

urchase of

quipment

adequately shielded

to apply to purchase

asbestos content is less

of 2.5 km. in length

**2.2 Process for Project Evaluation and Selection**

policy during its normal

Radiance imposes strict environmental and risk management policies during its normal course of business.



The Eligible Green Projects are identified and selected via a process that involves participants from various functional areas. An Environmental Working Group (“EWG”) has been set up, composed of the senior members including various departments:

- Finance;
- Design and architecture;
- Building engineering; and
- Internal audit and risk management;

EWG will meet at least every 12 months to discuss and select eligible green projects according to the Eligible Green Projects defined in this Framework. The shortlisted projects will be presented to the board for approval.

EWG will ensure that the selected Eligible Green Project to comply not only with the section Use of Proceeds section of this Framework but also the environmental guidelines which are applicable for Radiance.

In addition, EWG will be responsible for managing any future updates of the Framework,

including any expansion or reduction of use of proceeds in case of a voluntary or involuntary change of Green Project, with effect from the subject criteria. The funds will be used for the following Eligible Green Projects:

### 2.3 Management of Proceeds

Radiance intends to allocate, over time, an amount equal to the net proceeds to finance or refinance Eligible Green Projects selected in accordance with the Eligible Green Project criteria and selection process outlined above.

The net proceeds from each Green financing will be managed by Radiance's finance team and the proceeds from each Green financing will be deposited in general funding accounts and be earmarked to Eligible Green Projects. Radiance will maintain a register to keep track of the use of proceeds for each Green financing.

The register will contain the following information:

- (1) Type of Funding Transaction:

<p>date, tranche(s) / size, profile, maturity / SIN number)</p>	<ul style="list-style-type: none"> <li>• Key information including, issuer/borrower entity, transaction information, principal amount, use of proceeds, repayment or maturity date, and interest on coupon (and in the case of bonds, the ISIN)</li> </ul>
<p>1 Projects to which the 1 accordance with this  allocating proceeds allocated to each project allocated proceeds yet to be earmarked such as information of temporary investment for</p>	<p>(2) Allocation of Use of Proceeds:</p> <ul style="list-style-type: none"> <li>• Name, description and green certification of Eligible Green proceeds of the Green financing have been allocated in accordance with the Green Framework</li> <li>• Amount and date of Green financing</li> <li>• The remaining balance of unallocated proceeds</li> <li>• Other relevant information of unallocated proceeds</li> </ul>
<p>s which are not yet allocated to Eligible Green Projects 'advance' liquidity guidelines for short term time deposits its not to invest unallocated proceeds to any high that are in conflict with the eligibility criteria under the  ing issued, if the designated Eligible Green Projects , the net proceeds will be re-allocated to replacement ply with the eligibility criteria, as soon as reasonably maintain an amount of Eligible Green Projects at least all Green financing outstanding</p>	<p>Any balance of issuance proceeds will be held in accordance with Radiance's Green Framework or investments. Radiance commences investments in eligible green projects or pollution activities or any projects under the Green Framework.</p> <p>During the life of the Green financing, Radiance will ensure that the net proceeds will cease to fulfil the eligibility criteria of Eligible Green Projects that come to the end of their useful life as soon as practicable. Radiance strives to ensure that the net proceeds of the Green financing are equal to the total net proceeds of the Green financing.</p>

any material and critical controversies emerge in relation to a specific project, Radiance will ensure that the net proceeds will be re-allocated to replacement projects that comply with the eligibility criteria, as soon as reasonably practicable. Additionally, if a project ceases to be an Eligible Green Project, Radiance will ensure that the net proceeds will be re-allocated to replacement projects that comply with the eligibility criteria, as soon as reasonably practicable.

**2.4 Reporting**

Radiance will provide information on the allocation of the net proceeds from each Green Project to the Green Framework. Radiance will provide information on the allocation of the net proceeds from each Green Project to the Green Framework. Radiance will provide information on the allocation of the net proceeds from each Green Project to the Green Framework. Radiance will provide information on the allocation of the net proceeds from each Green Project to the Green Framework.



The allocation of the net proceeds will be reviewed by an independent third party verifier and the information disclosed will contain the following details:

### 2.4.1 Allocation Reporting

- Details of each Green financing that is outstanding
- Aggregate amount of proceeds from each Green financing that has been allocated to

Eligible Project Categories	Allocation
Balance of Unallocated proceeds from each Green financing and its temporary treatment	
List of Eligible Projects to which proceeds from each Green financing have been allocated, including information necessary to determine alignment with the Eligibility criteria and energy performance needed	

### 2.4.2 Impact Reporting

Eligible Project Categories	Impact Indicators
Annual greenhouse gas (GHG) emissions reduced/avoided in tonnes of CO <sub>2</sub> equivalent	Greenhouse Gas
Annual energy savings in MWh/GWh	Energy Efficiency
Annual reduction in water consumption (litres/m <sup>2</sup> )	Water Conservation
Annual energy savings in MWh/GWh	Energy Efficiency
Annual Greenhouse Gas (GHG) emissions reduced/avoided in tonnes of CO <sub>2</sub> equivalent	Greenhouse Gas
Waste that is prevented, minimized, reused or recycled before and after the project in % of total waste and/or in absolute amount in tonnes per annum	Waste Management
Waste that is separated and/or collected and treated (including composted) or disposed of in an	Waste Management



	environmentally sound manner before and after the project
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>Annual absolute (gross) water use before and after the project in m<sup>3</sup> p.a., reduction in water use in %</li> <li>Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m<sup>3</sup> p.a. and as %</li> </ul>
	<ul style="list-style-type: none"> <li>Area covered by sponge city-related projects in km<sup>2</sup></li> </ul>
	Number of properties fitted with reduced food associated benefits of sponge city-related project
	Annual GHG emissions reduced (avoided) in tonnes CO2 equivalent
	Annual renewable energy generation in MWh/GWh
<b>Urban Transportation</b>	<ul style="list-style-type: none"> <li>Number of electric vehicle charging stations installed</li> </ul>
	Cle

**External Assessment**

to evaluate the appropriateness of external credentials, and fulfilment with it. Document(s) will be available on

**2.4.3**

Radianse engages HKQAA as an external assessor Green Finance Framework, readiness of environment the Green Bond Principles. The assessment results Radianse's website.

**Breakdown of Environmental Method Statement:**

HKQAA obtained below information in assessment stage. This serves as a breakdown of above Environmental Method Statement against relevant requirement.

Use of Proceeds	
<b>Green Projects category 1: Green Buildings</b>	
<b>Category in Green Project Classification<sup>1</sup></b>	<input checked="" type="checkbox"/> Green Track <input type="checkbox"/> Red Track <i>Please specify the project technology and justification</i>
<b>Major related environmental dimensions<sup>2</sup></b>	<ul style="list-style-type: none"> <li>● Reduce Pollution &amp; Waste</li> <li>● Live &amp; Prosper Sustainably</li> </ul>
<b>Indicator(s)<sup>3</sup></b>	<p>SDG9: Industry, innovation and infrastructure</p> <p>Target 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> <p>Indicators: CO2 emission per unit of value added</p> <p>SDG11: Sustainable cities and communities</p> <p>Target 11.6: By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p>Indicators: Percentage of urban solid waste regularly collected and wit</p>



Indicators: Mortality due to unintentional poisoning; mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (exposure to unsafe WASH services); mortality rate attributed to unintentional poisoning

SDG6: Clean Water and Sanitation

Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of





Use of Proceeds	
<b>Green Projects category 6: Clean Transportation</b>	
<b>Category in Green Project Classification<sup>1</sup></b>	<input checked="" type="checkbox"/> Green Track <input type="checkbox"/> Red Track <i>Please specify the project technology and justification</i>
<b>Major related environmental dimensions<sup>2</sup></b>	<ul style="list-style-type: none"> <li>● Live &amp; Prosper Sustainably</li> </ul>
<b>Indicator(s)<sup>3</sup></b>	SDG11: Sustainable cities and communities  Target 11.2: By 2030, provide access to safe, affordable accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, child, persons with disabilities and older persons.  Indicators: Proportion of population that has convenient access to public transport, by sex, age and persons with disabilities
<b>Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>● Installation of electric vehicle charging stations and construction of dedicated parking spaces for electric vehicles</li> </ul>
<b>Significant / major environmental and social impact constituted by this type of project activities</b>	External reviews were conducted by third party professional bodies to identify environmental and social impact, controls and mitigation measures as well as stakeholder engagement.

Use of Proceeds	
<b>Refinancing (if applicable)</b>	
<b>An estimate of the share of proceeds for re-financing</b>	100%
<b>Which investments or project portfolios may be refinanced</b>	Wuxi Xidong New City Project, the green buildings project - the land area is 128379.40 square meters, and the total construction area is 321668.99 square meters. Among them, the above-ground construction area is 231082.92 square meters, and the underground construction area is 89786.07 square meters. The main construction content is residential and supporting houses.
<b>Expected look-back period for refinanced Green Projects.</b>	Normally 3 years to match with the green bond maturity

### Green Project Evaluation and Selection

<b>Mechanism</b>	<p>Radiance would follow the procedures below to evaluate and select potential financing of Eligible Green Projects:</p> <p>Eligible Green Projects are identified and selected via a process that involves participants from various functional areas. An Environmental Working Group from various departments, to select Eligible Green Projects as defined in this Framework. The shortlisted projects will be presented to the board for approval.</p>
<b>Process to determine Green Projects</b>	<p>Preliminary screening of potential projects would be conducted in accordance with the criteria and standards set out in Eligible Green Projects. A list of nominated projects would be submitted to EWG for review.</p> <p>EWG is composed of the senior members of relevant departments, which include: Finance, Design and Architecture, Building Engineering, and Internal Audit and Risk Management. EWG shall review each of the nominated projects for approval as Eligible Green Projects. The approved projects would form an eligible projects list. EWG will ensure that the selected Eligible Green Project to comply not only with the Use of Proceeds section of this Framework but also the environmental guidelines which are applicable for Radiance.</p>

### Management of Proceeds

<b>Mechanism</b>	<p>A separate register would be established to record and keep track of the allocation of proceeds.</p>
<b>Process for tracking proceeds</b>	<p>The proceeds of each green bond would be deposited in the general funding accounts and earmarked pending allocation. The register would contain information on: type of funding transaction, and allocation of Use of Proceeds. The former is referred to issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon; while the latter is referred to name, description and green certification of Eligible Green Projects to which the proceeds of the Green financing have been allocated in accordance with this Framework, amount and date of green financing proceeds allocated to each project, the remaining balance of unallocated proceeds yet to be earmarked, and other relevant information such as information of temporary investment for unallocated proceeds.</p>
<b>Intended type of temporary investment instruments</b>	<p>Any balance of issuance proceeds which are not yet allocated to Eligible Green s liquidity guidelines for short term time deposits or investments. Radiance commits not to invest unallocated proceeds to any high pollution activities or any projects that are in conflict with the eligibility criteria under the Framework.</p>

### Information Disclosure and Reporting

<b>Mechanism</b>	<p>Radiance will provide information on the allocation of the net proceeds from each</p>
<b>Types of information will be reported</b>	<ul style="list-style-type: none"> <li>● Details of each Green financing that is outstanding</li> <li>● Aggregate amount of proceeds from each Green financing that has been allocated to Eligible Projects and geographical distribution</li> <li>● Balance of unallocated proceeds from each Green financing and its temporary treatment</li> </ul>

	<ul style="list-style-type: none"> <li>● A list of Eligible Projects to which proceeds from each Green financing have been allocated, summary information on such projects, including information necessary to determine alignment with the Eligibility Criteria such as building certifications and energy performance data</li> <li>● Environmental impact indicators (e.g. level of certification, annual Greenhouse Gas (GHG) emissions reduced/avoided, annual energy savings, annual reduction in water consumption, annual absolute amount of wastewater treated, etc.)</li> </ul>
<b>Method to disclose information</b>	Annual report and Environmental Report which would be published on the official website of Radiance
<b>Reporting frequency</b>	On the annual basis

### Green Project Monitoring

<b>Mechanism</b>	A list of projects financed by Green Bonds will be prepared and maintained to facilitate bond duration management. The EWG is responsible for the bookkeeping and tracking of Eligible Green Projects and for ensuring all information is true and accurate in the process.
<b>Performance indicator (KPI)</b>	<ul style="list-style-type: none"> <li>● <u>Green Buildings</u>: level of certification; annual greenhouse gas (GHG) emissions reduced/avoided; annual energy savings; annual reduction in water consumption</li> <li>● <u>Energy Efficiency/ Pollution Prevention and Control</u>: annual energy savings; annual Greenhouse Gas (GHG) emissions reduced/avoided; waste that is prevented, minimized, reused or recycled before and after the project in % of total waste and/or in absolute amount in tones p.a.; waste that is separated and/or collected, and treated (including composted) or disposed of in an environmentally sound manner before and after the project</li> <li>● <u>Sustainable Water and Wastewater Management</u>: annual absolute (gross) water use before and after the project in m3 p.a., reduction in water use in %; annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3 p.a. and as %</li> <li>● <u>Climate Change Adaptation</u>: area covered by sponge city-related projects in km<sup>2</sup>; number of people benefitted from reduced flood risk and associated benefits of sponge city-related projects</li> <li>● <u>Renewable Energy</u>: annual GHG emissions reduced/avoided in tones of CO<sub>2</sub> equivalent; annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy); capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> <li>● <u>Clean Transportation</u>: number of electric vehicle charging stations installed</li> </ul>
<b>Underlying methodology for KPI</b>	
<b>KPI measurement Reference standard</b>	<p>International Standard</p> <p>National Standard</p> <p>Industry Standard</p> <p><input type="checkbox"/> Self-development Standard</p> <p><input type="checkbox"/> Others, Please specify:</p> <p>_____</p>

### Impact Assessment

<b>Mechanism</b>	Impact Reporting (IR) for all Eligible Green Projects would be conducted to ensure all green requirements are fulfilled.
<b>Method</b>	IR is applicable to all Eligible Green Projects.
<b>Time frame</b>	IR is conducted on the annual basis.
<b>Identification of negative impacts and mitigation measures</b>	Negative impacts and mitigation measures are given in IR.

### Stakeholder Engagement

<b>Mechanism</b>	Through External Review by independent consultant.
<b>Method</b>	Stakeholder engagement would be conducted according to the methodology required by External Review which may include survey, interview and meetings.
<b>Time frame</b>	During External Review.

### Remarks:

Reference Number	Title
1	HKQAA, Green Finance Certification Scheme Handbook: Green Project Classification
2	United Nations Environmental Programme (UNEP), Sustainable Development Goals: United Nations Environment Programme: Annual Report 2015  <a href="https://wedocs.unep.org/bitstream/handle/20.500.11822/7506/-Sustainable_Development_Goals_-_UNEP_annual_report_2015-2016UNEP-AR-2015-SustainableDevelopmentGoals.pdf.pdf?sequence=3&amp;isAllowed=y">https://wedocs.unep.org/bitstream/handle/20.500.11822/7506/-Sustainable_Development_Goals_-_UNEP_annual_report_2015-2016UNEP-AR-2015-SustainableDevelopmentGoals.pdf.pdf?sequence=3&amp;isAllowed=y</a>
3	UNEP, About the Sustainable Development Goals  <a href="https://www.unenvironment.org/explore-topics/sustainable-development-goals/about-sustainable-development-goals">https://www.unenvironment.org/explore-topics/sustainable-development-goals/about-sustainable-development-goals</a>