



Radiance Holdings (Group) Company Limited

Green Finance Framework

April 2021

1. Introduction

1.1 About Radiance

Radiance Holdings (Group) Company Limited (“Radiance” or the “Company”, and together with its subsidiaries, the “Group”) is a reputable large property developer with national presence, regional focus and leading positions in select cities. Radiance focuses on providing quality residential properties to first-time homebuyers and first-time upgraders. With over 20 years’ experience, Radiance has expanded its operations into five regions with strong economic growth potential in China, namely, the Yangtze River Delta, the Bohai Economic Rim, Southern China, Southwestern China and Northwestern China. Radiance was listed on the Main Board of the Hong Kong Stock Exchange in 2020 (9993.HK).

Radiance was ranked 36th in terms of comprehensive strengths among “2020 China’s Top 50 Real Estate Developers” and was ranked as one of “China’s Top 10 Real Estate Developers of Comprehensive Strength” by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute in 2020.

Radiance is driven by its mission of “to build high-quality houses with diligent heart and to make our home 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. 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.

Strictly abiding by the Company Law of the People's Republic of China and the regulatory requirements of the Hong Kong Stock Exchange, Radianc has established a robust governance structure and strict risk management and control processes, and continuously promote management transparency and responsibility traceability to improve company value to guarantee the interests of shareholders and other stakeholders.

Radianc's Environmental Commitments:

- Design green building since research and development stage of projects
- Use environmental-saving materials
- Upgrade and utilize green processes
- Implemented energy and water-saving at any stage of the construction
- Reduce direct and indirect impacts on the environment

With its mission of “to build high-quality houses with diligent heart and to make our home better”, Radianc is involved in the green supply chain in real estate, research on green housing, and constant innovation in green real estate. The Board of Radianc oversees environmental affairs and plans the long-term environment-friendly development goals.

2 Green Finance Framework

The Green Finance Framework (“Framework”) sets out how Radianc intends to issue Green bonds, loans or any other debt-like instruments to finance projects that have a positive environmental impact and synergize its business strategy and mission, and in doing so contribute to positive environmental impacts. The proceeds of Green financing will be applied exclusively to eligible green projects that will deliver environmental benefits to support Radianc's business strategy and green mission.

The framework aligns with International Capital Markets Association (“ICMA”) Green Bond Principles (2018) or as they may be subsequently amended.

Loans issued under the Framework will be aligned to Loan Market Association (“LMA”) Green Loan Principles (2020) or as they may be subsequently amended.




Other forms of financing may conform to other well-established green finance principles as may have been established at the time. The Framework adopts the following key parts:







- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review


2.1 Use of Proceeds

The net proceeds raised under this Framework will be used to finance or refinance in whole or in part, new or existing eligible green projects that meet one or more of the following categories of eligibility criteria set out below. Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance.

2.1.1 Eligible Green Projects

Eligible Project Categories	Eligibility Criteria & Examples	UN SDG Mapping
<p>Green Buildings</p>	<ul style="list-style-type: none"> • 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"> ➢ U.S. Leadership in Energy and Environmental Design (LEED): minimum ‘Gold’; or ➢ Chinese Green Building Evaluation Label: minimum ‘2-Star’; or ➢ Building Research Establishment Environmental Assessment Method (BREEAM): minimum ‘Excellent’; or ➢ Building Environmental Assessment Method (BEAM Plus): minimum ‘Gold’; or ➢ BCA Green Mark – minimum certification level of Gold; or ➢ Any other appropriate green building label, that is an equivalent standard as the above; Or (ii) are in the top 15% of buildings within the region based on absolute emissions performance or primary energy demand 	 
<p>Energy Efficiency</p>	<ul style="list-style-type: none"> • Investments and expenditures in projects that improve energy efficiency and reduce energy consumption in buildings and facilities by a minimum of 15%, such as but not limited to: <ul style="list-style-type: none"> ➢ Renovations or refurbishment of existing buildings ➢ Installation/replacement of equipment in buildings such as LED lighting, smart 	

	metering, heating ventilation and air conditioning systems	
Pollution Prevention and Control	<ul style="list-style-type: none"> • Investments and expenditures in projects that prevent and reduce waste and pollution, such as but not limited to: <ul style="list-style-type: none"> ➢ Equipment and technologies for reducing resource consumption and pollution emission ➢ Implementing waste sorting 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 	  
Climate Change Adaptation	<ul style="list-style-type: none"> • Investments to develop “sponge cities” that aim to reduce flood risk and replenish groundwater 	 
Renewable Energy	<ul style="list-style-type: none"> • Installation of renewable energy systems and associated infrastructure, including but not limited to: <ul style="list-style-type: none"> ➢ Solar photovoltaic ➢ Solar hot water ➢ Wind 	

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

2.1.2 Exclusion Criteria

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

- 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, ozone depleting substances, PCB's, wildlife or products regulated under CITES
- Production or trade in weapons and munitions
- Production or trade in alcoholic beverages (excluding beer and wine)
- 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 where IFC considers the radioactive source to be trivial and/or adequately shielded
- Production or trade in unbonded asbestos fibers. This does not apply to purchase 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

2.2 Process for Project Evaluation and Selection

Radiance 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. 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 of requirements of use of proceeds. In case of divestments or if an Eligible Green Project no longer meets the eligibility criteria, the funds will be reallocated to other Eligible Green Projects.

2.3 Management of Proceeds

Radiance intends to allocate, over time, an amount equal the net proceeds to finance or refinance Eligible Green Projects, selected in accordance with the eligibility criteria, and using the evaluation 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:

- Key information including, issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)

(2) Allocation of Use of Proceeds:

- 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
- Other relevant information such as information of temporary investment for unallocated proceeds

Any balance of issuance proceeds which are not yet allocated to Eligible Green Projects will be held in accordance with Radiance' 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.

During the life of the Green financing issued, if the designated Eligible Green Projects cease to fulfil the eligibility criteria, the net proceeds will be re-allocated to replacement Eligible Green Projects that comply with the eligibility criteria, as soon as reasonably practicable. Radiance strives to maintain an amount of Eligible Green Projects at least equal of the total net proceeds of all Green financing outstanding.

Additionally, if any material and critical controversies emerge in relation to a specific project, Radiance commits to substitute that project with an alternative Eligible Green Project.

2.4 Reporting

Radiance will provide information on the allocation of the net proceeds from each Green financing in the Group's Annual Report, Environmental Report or website. Such information will be provided on an annual basis until substantially all the net proceeds have been allocated and in the event of any material changes until the relevant maturity date.

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 Projects and geographical distribution
- Balance of unallocated proceeds from each Green financing and its temporary treatment
- 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

2.4.2 Impact Reporting

Eligible Project Categories	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> • Level of certification • Annual Greenhouse Gas (GHG) emissions reduced/avoided (t CO₂ eq p.a.) • Annual energy savings (MWh p.a.) • Annual reduction in water consumption (in m³)
Energy Efficiency/ Pollution Prevention and Control	<ul style="list-style-type: none"> • Annual energy savings in MWh/GWh • Annual Greenhouse Gas (GHG) emissions reduced/avoided in tones of CO₂ equivalent • 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
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • 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 %
Climate Change Adaptation	<ul style="list-style-type: none"> • Area covered by sponge city-related projects in km² • Number of people benefitted from reduced flood risk and associated benefits of sponge city-related projects
Renewable Energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided in tones of CO₂ 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
Clean Transportation	<ul style="list-style-type: none"> • Number of electric vehicle charging stations installed

2.4.3 External Assessment

Radiance engages HKQAA as an external assessor to evaluate the appropriateness of Green Finance Framework, readiness of environmental credentials, and fulfilment with the Green Bond Principles. The assessment result document(s) will be available on Radiance’s website.