



Longfor Group Holdings Limited

Green Finance Framework

December 2020

Introduction

Longfor Group Holdings Limited (“Longfor Group” or the “Company”, Hong Kong stock code: 00960) commenced property development business in Chongqing in 1993. Our core business areas include property development, commercial property, rental housing and smart service. We also proactively engage in innovative areas such as elderly-care and urbanization projects. As of 2020, we have been awarded “Fortune China 500” for eleven years, and awarded “Best 10 of Comprehensive Strength of China Real Estate Developers” for 9 consecutive years, and selected as one of the “Top 50 Listed Companies in the Asia-Pacific Region” by Forbes three times, and ranked in the list of “The World's 2,000 Largest Public Companies” by Forbes three times.

Since the development of our first residential project, we have accumulated more than 900 development projects with a total development area of over 100 million sq.m.. As one of the earliest shopping mall developers in China, we have developed three major brands: “Paradise Walk”, “Starry Street”, and “MOCO”.

Longfor Group Green and Sustainability Vision

With significant business development in recent years, our concerns over corporate social responsibilities and sustainable development also grew. In addition to providing customers with quality products and services, Longfor Group is dedicated to taking on social responsibility in our role as an outstanding corporate citizen. In August 2020, Longfor Group formally established the Environmental, Social and Governance (ESG) Committee, setting up an organization-wide ESG working group to systematically carry out ESG control work, and gradually embed the international standards of sustainable development into the organization and the strategic structure. In view of our outstanding performance in environmental protection, social responsibility and corporate governance, Longfor Group has recently been included as one of the 50 constituent stocks of the HSCEI ESG Index.

Framework Concept

This bespoke Green Finance Framework (“GFF” or the “Framework”) has been developed to demonstrate how our Company and its entities intend to enter into Green financing transactions to fund projects and developments that will deliver environmental benefits to support Longfor Group’s business strategy and green and sustainability vision, particularly those related to improving the environmental performance of buildings, landscapes and the communities in which they are located, as well as the health of their respective users.

Fundraising will include bonds and loans with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Projects as defined in this Framework.

Green Financing Transactions (“GFT”) will include bonds, loans and other debt or financing structures tailored to contribute to clean energy development and low carbon economy by application of the proceeds to Eligible Projects as defined in this Framework.

- With respect to **bonds**, bonds issued under GFF will be in alignment with the Green Bond Principles (GBP June 2018)¹ or as they may be subsequently amended.

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

- With respect to **loans**, loans issued under GFF will be in alignment with the Green Loan Principles (GLP May 2020)² or as they may be subsequently amended.
- **Other forms of financing** also conform to GBP and GLP.

GFT may be done in any currency or tenor and with other terms and conditions including covenants, to reflect the financing strategy and plan of Longfor Group as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender.

GFT may be done in any jurisdiction and market reflecting Longfor Group's current and future business needs.

Longfor Group's Green Finance Framework

For each GFT, Longfor Group management asserts that it will adopt the following principles:

- I. Use of Proceeds
- II. Project Evaluation and Selection
- III. Management of Proceeds, and
- IV. Reporting

The GFF will be in force as long as there is live GFTs. Longfor Group may update this GFF and commits that any new version will keep or improve the current level of transparency and reporting.

I. Use of Proceeds

The proceeds of each GFT will be used exclusively for the financing and/or re-financing of Eligible Projects at Longfor Group, in whole or in part, including the acquisition, construction, development or re-development of such projects that provide clear environmental and sustainability benefits explicitly recognized by GBP and GLP.

The Eligible Projects means projects that comprise financing which fall within the categories below, which are or have been originated by the various business units of Longfor Group.

Eligible Projects for Longfor Group	Description and Examples
Green Buildings	<ul style="list-style-type: none"> ● New construction or renovation of existing commercial and residential buildings certified in accordance with any one of the following selected certification systems: <ul style="list-style-type: none"> - Chinese Green Building Evaluation Label (GBL)³ – 2 star or above - U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above - HK BEAM PLUS – Gold or above - Building Research Establishment Environmental Assessment Method (BREEAM) – Very Good or above - Other equivalent green building label

² <https://www.ista.org/content/green-loan-principles/>

³ Chinese Green Building Evaluation Label" is reference to "绿色建筑评价标识管理办法 (试行) (建科[2007]206 号) Assessment standard for green building GB/T 50378". http://www.mohurd.gov.cn/wjfb/200708/t20070827_158564.html

Energy Efficiency	<ul style="list-style-type: none"> ● Investments in facilities and technology to achieve at least a 10% improvement compared to baseline in energy efficiency including: <ul style="list-style-type: none"> - Energy efficient air conditioners - Variable speed drivers for air handling units - T5 lighting panels - LED lights - Lighting with sensors - Variable voltage variable frequency (VVVF) type lift power system
Pollution Prevention and Control	<ul style="list-style-type: none"> ● Recycling facilities installed in commercial and residential buildings ● Expenditure for recycling of food waste ● Expenditure for construction waste recycling during construction stage ● Rainwater management
Renewable Energy	<ul style="list-style-type: none"> ● Expenditure for rechargeable batteries and toner/cartridge ● Development, deployment, and generation of energy from renewable sources (wind and solar) and the ancillary infrastructure including but not limited to development of land, transmission lines and sub-stations for each project: <ul style="list-style-type: none"> - Distributed assets that are used to reduce the curtailment of renewable energy into the grid - Electrical grid development, maintenance, etc. is fully eligible if: <ul style="list-style-type: none"> - Dedicated to connecting renewables to the power grid - Supporting/integrating at least 90% renewable electricity - Otherwise pro-rata approach will be used to determine green allocation

Longfor Group considers that all of the above Eligible Project are in line with People's Bank of China (PBoC)'s Green Bond Catalogue 《中国人民银行绿色债券支持项目》

II. Project Evaluation and Selection

Longfor Group has established a Green Finance Working Group with responsibility for governing and implementing the GFF. Our Green Finance Working Group gathers at least once a year (subject to the construction plan of our new projects) for the purpose of governing and implementing the GFF. The Green Finance Working Group is made up of senior representatives from the below departments (the "Project Team"):

- Research and Development Department
- Property Management Department
- Finance Department

Respective Project Team mentioned above will identify potential Eligible Projects based on the eligibility criteria outlined in the GFF's Use of Proceeds section.

III. Management of Proceeds

Longfor Group commits to allocating an equivalent amount of proceeds of each GFT to finance Eligible Projects (the "Settlement Period") within 3 years after such GFT and/or refinance existing Eligible Projects originated within 3 years prior to such GFT. The proceeds of each GFT will be deposited in the general funding accounts and to be earmarked to Eligible Green Projects.

Longfor Group will maintain a register to keep track of the use of proceeds for each GFT. The register will contain the following information including:

(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: Information including:

- Name, description and green certification of Eligible Projects to which the proceeds of the GFT have been allocated in accordance with this Framework.
- Amount of GFT 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 Longfor Group's normal liquidity management policy. Longfor Group commits not to invest unallocated proceeds to any high pollution activities or any projects that are in conflict with the eligibility criteria under the GFF.

Longfor Group aims to maintain a substantial buffer of Eligible Projects which ensure that if an Eligible Project in a Green bond / loan is sold or become ineligible; there will be a correct replacement.

In case of divestments or if an Eligible Project (as defined above) no longer meets the Eligible Criteria (as defined above), the funds will be reallocated to other Eligible Project within 24 months.

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

IV. Reporting

Longfor Group will provide information on the allocation of the net proceeds of its GFTs on Longfor Group's website: <https://www.longfor.com/en/> and in the Company's Environmental, Social and Governance Report. Such information will be provided on an annual basis until all the net proceeds have been fully allocated. Longfor Group will also report periodically on the website when new green projects that fit under the framework are funded.

(1) Allocation Reporting: Longfor Group will provide below information for the net proceeds of the all GFTs during the period:

- The aggregate amount allocated to various Eligible Green Projects
- The remaining balance of funds which have not yet been allocated and type of temporary investment
- Examples of Eligible Green Projects (subject to confidentiality disclosures)

(2) Impact Reporting: Where possible, Longfor Group will report on the environmental and social (where relevant) impacts resulting from Eligible Projects. Subject to the nature of

Eligible Projects and availability of information, Longfor Group aims to include, but not limited to, the following Impact Indicators

Eligible Green Project Categories	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> • Amount of energy saved (kWh) • CO₂ (or other GHG) emissions avoided (tons of CO₂e) • Number and type of certification of green buildings
Energy Efficiency	<ul style="list-style-type: none"> • Amount of energy saved (kWh) • CO₂ (or other GHG) emissions avoided (tons of CO₂e)
Pollution Prevention and Control	<ul style="list-style-type: none"> • Amount of waste recycled (kg) • Number of recycling facilities provided
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy generation (MWh) / capacity (MW) • CO₂ (or other GHG) emissions avoided (tons of CO₂e)

Assurance

Longfor Group has engaged with Sustainalytics to provide a Second Party Opinion (“SPO”) on this Framework. Both the Framework and the SPO will be published on Longfor’s website: <https://www.longfor.com/en/>.