



Ji'an Chengtuo Holding Group Co., Ltd.

Second-Party Opinion | Green Finance Framework

Framework Type

Green

Analytical Standards

- » Green Bond Principles (GBP) (June 2021 Edition)
- » Green Loan Principles (GLP) (February 2023 Edition)
- » United Nations Sustainable Development Goals (SDGs)

Industry

Local Investment and Development Companies

Country/Region

China

Report Date

30th January 2024

Summary

Lianhe Green has reviewed a series of documents including the "Green Finance Framework of Ji'an Chengtuo Holding Group Co., Ltd.", and in conjunction with due diligence, assessed the company's relevant work in respect of the use of proceeds, project evaluation and selection process, management of proceeds, reporting, and external review. Lianhe Green considers that the Framework is in compliance with the Green Bond Principles (GBP) (June 2021 Edition) and the Green Loan Principles (GLP) (February 2023 Edition). In addition, the eligible green projects listed in this Framework are in line with the Green Bond Principles (GBP) (June 2021 Edition), Green Loan Principles (GLP) (February 2023 Edition), and the United Nations Sustainable Development Goals (SDGs).

About the Company

Ji'an Chengtuo Holding Group Co., Ltd. (hereinafter referred to as "Ji'an Chengtuo", the "Company", or the "client", together with its subsidiaries, the "Group") was established in May 2016, the Group is a state-owned enterprise located in Ji'an City and is controlled by the Ji'an SASAC. The Ji'an SASAC is a government institution controlled and managed by the Government of Ji'an. The Group is the largest state-owned assets operation platform in terms of total assets of the Ji'an SASAC for primary land development and infrastructure construction within Ji'an City. As a state-owned enterprise controlled by the Ji'an SASAC, the Group plays a key role in promoting the social, economic and urban development of Ji'an City and is designated to carry out the Ji'an SASAC's directions, plans and policies for development in Ji'an City.

The Group takes sustainable development very seriously, and integrates the philosophy of sustainable development into its overall business strategy, investment, construction, and operations. The Group will actively explore and provide products and services to support the development of the green and sustainable economy, while having adopted strict environmental and social measures and assessments to ensure compliance with national laws and regulations on sustainable development.

About the Framework of Ji'an Chengtuo

Ji'an chengtou has prepared the Green Finance Framework of Ji'an Chengtuo Holding Group Co., Ltd. (hereinafter referred to as the "Framework"), which is intended to provide overarching principles and guidelines for all green development financing opportunities for Ji'an chengtou.

The green bonds or loans issued under the Framework will comply with the International Capital Markets Association's (ICMA's) *Green Bond Principles (GBP) (June 2021 Edition)*, and the *Green Loan Principles (GLP) (February 2023 Edition)* published by the Loan Market Association (LMA), the Loan

Contacts

Ada Dai
Chief Executive Officer
+852 9716 9268
ada.dai@lianhegreen.com

Polex Lam, CESGA® CEnv
Managing Director
+852 6340 1771
polex.lam@lianhegreen.com



Syndications and Trading Association (LSTA) and the Asia-Pacific Loan Markets Association (APLMA).

This framework addresses the five pillars including use of proceeds, project evaluation and selection, management of proceeds, reporting, and external review.

A. Use of Proceeds

Company Materials

The Group will allocate an amount at least equivalent to the net proceeds of the Green Financing Transactions (hereinafter referred to as the “GFTs”) issued under this framework to finance or refinance, in whole or in part, new or existing projects which meet the eligibility criteria of the following eligible green project categories, as defined in Table 1.

The Group expects each issuance under this framework to be fully allocated within 36 months from the date of issuance, and on a best-efforts basis. And a maximum of 36 months look-back period would apply for refinanced projects.

Eligible Green Project Categories	Qualified Green Projects
Renewable Energy	» Investment, acquisition and expenditures related to design, manufacture, construction, installation, and operation of renewable energy systems, dedicate to photovoltaic (solar) and wind power facilities and solar system for rooftops of the property sites.
Clean Transportation	» Investment, acquisition and expenditures related to purchase, construction, installation and maintenance of 1) public transportation system (i.e. subways, light railways, tram, public transportation vehicles and other urban rail transportation facilities) in urban and rural areas, » 2) new energy vehicles (i.e. electric buses, electric trucks, etc.), and 3) its infrastructure such as electric vehicle charging stations.
Terrestrial and Aquatic Biodiversity	» Investment, acquisition and expenditures related to river, lake, water system and environment management projects (i.e. remediation and treatment of urban black and malodorous water, clean up the rubbish and carry out dredging activities), restoration and conservation of public wetland reserve.
Sustainable Water and Wastewater Management	» Investment, acquisition and expenditures related to construction, development, upgrade, installation, operation and maintenance the facilities of water supply infrastructure, wastewater treatment infrastructure, urban drainage systems, flood control and defences, pumping stations, distribution network, climate resilient infrastructure and recycling systems (i.e. drinking water, recycling or reuse water, rainwater collection, treatment, urban water networks) to saving water, improve the water leakage performance and the efficiency.
Climate Change Adaptation	» Investment, acquisition and expenditures related to construction and operation of infrastructure for flood protection and mitigation, such as rivers works, dams and dykes, “sponge cities”, drainage system and others for flood control, waterlogging prevention in order to mitigate the physical climate change risk and improve the environmental resilience.

Table 1: Qualified Green Projects

Meanwhile, Ji’an Chengtou declares that the proceeds will not be used for the following purposes:

- 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,



- polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- 2) Production or trade in weapons and munitions;
 - 3) Production or trade in alcoholic beverages (excluding beer and wine);
 - 4) Production or trade in tobacco;
 - 5) Gambling, casinos and equivalent enterprises;
 - 6) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where any IFC considers the radioactive source to be trivial and/or adequately shielded;
 - 7) 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%;
 - 8) Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
 - 9) Production or activities involving of forced labor and child labor;
 - 10) Commercial logging operations for use in primary tropical moist forest;
 - 11) Production or trade in wood or other forestry products other than from sustainably managed forests;
 - 12) Palm oil related activities;
 - 13) Projects related to nuclear energy production;
 - 14) Projects related to fossil fuel production;
 - 15) Projects related to coal mining.

Opinion of Lianhe Green

Lianhe Green has reviewed a number of documents, including the Green Finance Framework, and conducted a comprehensive review of Ji'an Chengtou's policy for the use of proceeds in conjunction with its due diligence.

Lianhe Green compared the green project categories listed in this framework with *the Green Bond Endorsed Projects Catalogue (2021 Edition)*, *Green Bond Principles (GBP) (June 2021 Edition)*, *Green Loan Principles (GLP) (February 2023 Edition)*, and the *United Nations Sustainable Development Goals (SDGs)* respectively and the projects' compliance with the green criteria is detailed in below.

1) Green Project Categories: Renewable Energy

Eligible Green Projects

Investment, acquisition and expenditures related to design, manufacture, construction, installation, and operation of renewable energy systems, dedicate to photovoltaic (solar) and wind power facilities and solar system for rooftops of the property sites.

Green Standard

- » GBP: Renewable energy - including production, transmission, relevant equipment and products.
- » GLP: Renewable energy - including production, transmission, relevant equipment and products.
- » SDGs: Goal 7 - Affordable and Clean Energy; Goal 13 – Climate Action

Lianhe Green Findings

In May 2022, Jiangxi Province issued the "Jiangxi Province 14th Five-Year Energy Development Plan", which clearly states that during the 14th Five-Year Plan period, it will strive to add more than 16 million kilowatts of new photovoltaic power generation capacity, with cumulative installed capacity reaching more than 24 million kilowatts by 2025. It will develop "self-generated



and self-consumed, surplus electricity grid-connected" distributed photovoltaics by utilizing building rooftops, sewage treatment plants, landfills, highway toll stations, gas stations, etc. It will promote pilot projects for distributed photovoltaic development across entire counties (cities, districts). In addition, during the 14th Five-Year Plan period, it will strive to add more than 2 million kilowatts of new wind power capacity, with cumulative installed capacity reaching more than 7 million kilowatts by 2025. It will actively promote the development and construction of approved wind power projects, and timely carry out preliminary approval work for a batch of planned projects. Combining the rural revitalization strategy, it will thoroughly implement the national "Ten Thousand Towns and Villages Harness the Wind Program". It encourages owner units to carry out technical transformation and replacement of old wind farms through technical renovation and replacement. It will focus on technical renovation and upgrading of wind turbines with single unit capacity below 1.5 megawatts.

Lianhe Green believes that these types of projects align with the "Green Bond Endorsed Project Catalogue (2021 Edition)": Category 3: Clean Energy Industry - 3.2 Clean Energy - 3.2.2 Construction and Operation of Renewable Energy Facilities - 3.2.2.1 Construction and Operation of Wind Power Facilities; Category 3: Clean Energy Industry - 3.2 Clean Energy - 3.2.2 Construction and Operation of Renewable Energy Facilities - 3.2.2.2 Construction and Operation of Solar Energy Utilization Facilities.

2) Green Project Categories: Clean Transportation

Eligible Green Projects

Investment, acquisition and expenditures related to purchase, construction, installation and maintenance of

- 1) public transportation system (i.e. subways, light railways, tram, public transportation vehicles and other urban rail transportation facilities) in urban and rural areas
- 2) new energy vehicles (i.e. electric buses, electric trucks, etc.), and
- 3) its infrastructure such as electric vehicle charging stations.

Green Standards

- » GBP: Clean transportation (such as electric, hybrid, public, rail, non-motorized, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions);
- » GLP: Clean transportation (such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions);
- » SDGs: Goal 9 - Industry, Innovation and Infrastructure; Goal 11 - Sustainable Cities and Communities; Goal 13 - Climate Action

Lianhe Green Findings

In December 2022, Ji'an City issued the "Ji'an City Carbon Peak Implementation Plan", which points out the following regarding the low-carbon transportation field:

Promote low-carbonization of transportation vehicles. Expand the application of new energy and clean energy such as electricity, hydrogen, natural gas, and advanced biofuels in the transportation sector. Promote the application of new energy vehicles, and gradually reduce the proportion of traditional fuel vehicles in new car sales and the automobile fleet. Carry out new energy replacement actions in the public domain, and increase the substitution of new energy for buses, government agency office vehicles, sanitation vehicles, postal vehicles, etc., and



increase the proportion of new energy taxis and online-hailing vehicles. Promote heavy-duty freight vehicles powered by electricity and hydrogen. By 2025, new energy vehicles will account for 75% of buses and 30% of taxis (including online-hailing vehicles). By 2030, carbon emissions intensity of operating vehicles and ships calculated by unit turnover will drop by 10% and 3% respectively compared to 2020.

In addition, in terms of green low-carbon transportation infrastructure, Ji'an City will promote the construction of new energy vehicle charging infrastructure in large shopping malls, public parking lots, bus terminals, highway service areas, etc., improve residential community self-use charging systems, and build an appropriately advanced, pile-following, smart and efficient charging and battery swap infrastructure system.

Lianhe Green believes that this type of project is in line with the "Green Bond Endorsed Project Catalogue (2021 Edition)": Category 5: Sustainable Upgrade of Infrastructure - 5.5 Green Transportation - 5.5.1 Public Passenger and Freight Transportation in Urban and Rural Areas - 5.5.1.5 Construction and Operation of Public Transportation System in Urban and Rural Areas; Category 5: Sustainable Upgrade of Infrastructure - 5.5 Green Transportation - 5.5.4 Clean Energy Vehicle Facilities - 5.5.4.1 Construction and Operation of Charging, Battery Replacement, Hydrogen Refueling and Gas Refueling Facilities.

3) Green Project Categories: Terrestrial and Aquatic Biodiversity

Eligible Green Projects

Investment, acquisition and expenditures related to river, lake, water system and environment management projects (i.e. remediation and treatment of urban black and malodorous water, clean up the rubbish and carry out dredging activities), restoration and conservation of public wetland reserve.

Green Standards

- » GBP: Terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments);
- » GLP: Terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments);
- » SDGs: Goal 6 - Clean water and sanitation; Goal 14: Life below Water

Lianhe Green Findings

In 2021, Ji'an City issued the "Ji'an City 14th Five-Year Ecological Environment Protection Plan", which mainly adopts the method of implementing key regional watershed governance for water ecological governance. Focusing on the main stream of Ganjiang River, Wujiang River, Yijiang River, Gujiang River, Helu River and Suichuanjiang River source area, accelerate the construction of engineering projects such as source protection, point and non-point source pollution control, and river course ecological governance and restoration, to ensure regional water environmental quality. Fully promote ecological environment protection for Wan'an Reservoir and other hilltop reservoirs, and enhance the stability of lake ecosystems and ecosystem service functions. Consolidate the governance achievements of black and odorous waters such as the downtown Houhe Park and Ji'an No.3 Middle School section, prevent "black and odorous recurrence", and orderly promote investigation and governance of black and odorous waters in county-level cities and rural areas. Implement urban river and lake ecological restoration projects, systematically carry out governance and restoration of urban rivers, lakes, wetlands, coastlines, etc., and restore connectivity and flow of river and lake systems.



Lianhe Green believes that this type of project is in line with the "Green Bond Endorsed Project Catalogue (2021 Edition)": Category 1: Energy Saving and Environmental Protection Industry - 1.3 Pollution Prevention - 1.3.2 Treatment of Sewage Water - 1.3.2.2 Treatment and Control of Water Pollution in Major River and Sea Area and 1.3.2.3 Remediation and Treatment of Urban Black and Malodorous Water; Category 4: Ecology and Environment-related sector - 4.2 Ecological Protection and Construction - 4.2.1 Conservation and Restoration of Natural Ecosystems - 4.2.1.6 Protection and Restoration of Rivers, Lakes and Wetlands; Category 5: Sustainable Upgrade of Infrastructure - 5.4 Water Saving and Non-conventional Water Resources - 5.4.2 "Sponge" City for Flood Prevention - 5.4.2.5 Restoration of the Natural Ecology of Urban Water Bodies.

4) Green Project Categories: Sustainable Water and Wastewater Management

Eligible Green Projects

Investment, acquisition and expenditures related to construction, development, upgrade, installation, operation and maintenance the facilities of water supply infrastructure, wastewater treatment infrastructure, urban drainage systems, flood control and defences, pumping stations, distribution network, climate resilient infrastructure and recycling systems (i.e. drinking water, recycling or reuse water, rainwater collection, treatment, urban water networks) to saving water, improve the water leakage performance and the efficiency.

Green Standards

- » GBP: Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation);
- » GLP: Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation);
- » SDGs: Goal 6 - Clean water and sanitation

Lianhe Green Findings

In terms of water supply, the water resource security of Ji'an City has continued to improve. The "Ji'an City 14th Five-Year Water Security Guarantee Plan" clearly proposes water supply guarantee objectives, emphasizing that Ji'an will steadily advance the construction of a water-saving society, with significant improvements in water use efficiency and benefits, and a remarkable enhancement of water conservation awareness across the whole society. The city's total water use will be controlled within 3.191 billion cubic meters, and the water use per 10,000 yuan of GDP and the water use per 10,000 yuan of industrial added value will be controlled within the indexes issued by higher authorities. The efficient utilization coefficient of farmland irrigation water will be increased to above 0.54. The urban and rural water supply guarantee will be further enhanced, with comprehensive standard attainment of water quality in urban water sources, further improvements in the urban water supply assurance rate and emergency water supply capacity, the water supply security coefficient raised from 1.27 to 1.33, the rural tap water popularization rate reaching over 88%, and the proportion of population with centralized water supply reaching over 90%. The follow-up construction and water-saving renovation tasks for medium-sized irrigation areas will be basically completed, improving irrigation area of 500,000 mu of farmland.

In terms of disaster prevention and mitigation, Ji'an City has implemented 42 flood control projects on five rivers and 31 small and medium river regulation projects, fully completed the pilot construction tasks for integrated renovation of key small and medium rivers in Yongfeng



County, reinforced 97 dangerous reservoirs and 1,613 key dangerous hilltop reservoirs, treated 3 key mountain torrent gullies, and basically completed non-engineering measures for mountain flood disaster prevention; implemented 105 km of emergency reinforcement for 10,000-mu dykes, 290 km of emergency reinforcement for 1,000-mu dykes, treated 21 1,000-mu dykes, and comprehensively started reinforcement and renovation of 18 10,000-mu dykes. The flood control and disaster mitigation capacity of key river sections has continued to increase, playing an important role in flood control and disaster reduction.

Lianhe Green believes that this type of project is in line with the "Green Bond Endorsed Project Catalogue (2021 Edition)": Category 4: Ecological Environment Industry - 4.2 Ecological protection and construction - 4.2.1 Protection and restoration of natural ecosystems - 4.2.1.6 Protection and restoration of rivers, lakes and wetlands; Category 4: Ecology and Environment-related Sector - 4.2 Ecological Protection and Construction - 4.2.1 Conservation and Restoration of Natural Ecosystems - 4.2.1.11 Drought and Flood Management for Water-Related Ecosystem.

In terms of sewage treatment and urban drainage, Ji'an City has gradually established and improved the drainage system to protect the environment and meet the requirements of sustainable urban development. Sewage sludge is effectively treated, while the comprehensive utilization of reclaimed water is gradually increased. An intelligent management system is actively built to realize the informatization management of Ji'an's drainage system.

For rural domestic sewage treatment, it is planned that by 2025, rural domestic sewage treatment will achieve full coverage, with the rural domestic sewage treatment rate reaching over 60% across all counties. At the same time, combined with rural toilet renovation, methods such as three-standardization septic tank renovation and fecal sludge resource utilization will be adopted to effectively treat domestic sewage in villages with smaller and dispersed populations, promoting the overall improvement of the rural human settlement environment.

Lianhe Green believes that this type of project is in line with the "Green Bond Endorsed Project Catalogue (2021 Edition)": Category 1: Energy Saving and Environmental Protection Industry - 1.4 Water Conservation and Unconventional Water Resources Utilization - 1.4.1 Unconventional Water Resources Utilization - 1.4.1.2 Rainwater Collection, Treatment, and Utilization; Category 5: Sustainable Upgrade of Infrastructure - 5.3 Pollution Prevention - 5.3.1 Urban Environmental Infrastructure - 5.3.1.1 Construction and Operation of Facilities for Sewage Treatment, Recycling, and Sludge Treatment and Disposal; Category 5: Sustainable Upgrade of Infrastructure - 5.4 Water Saving and Non-conventional Water Resources - 5.4.2 "Sponge" City for Flood Prevention - 5.4.2.4 Construction, Operation and Renovation of Up-to-standard Urban Drainage Facilities.

5) Green Project Categories: Climate Change Adaptation

Eligible Green Projects

Investment, acquisition and expenditures related to construction and operation of infrastructure for flood protection and mitigation, such as rivers works, dams and dykes, "sponge cities", drainage system and others for flood control, waterlogging prevention in order to mitigate the physical climate change risk and improve the environmental resilience.

Green Standards

- » GBP: Climate change adaptation (including efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems, such as climate observation and early warning systems);
- » GLP: Climate change adaptation (including efforts to make infrastructure more resilient to impacts of climate change, as well as information support systems, such as climate



- observation and early warning systems);
- » SDGs: Goal 11: Sustainable Cities and Communities; Goal 13: Climate Action

Lianhe Green Findings

Regarding flood and waterlogging prevention, the "National Strategy for Adapting to Climate Change 2035" mentions strengthening urban flood defense and water supply guarantee capabilities. Build urban flood prevention and drainage systems integrating source reduction, retention, drainage hazard removal, and emergency response for exceeding standards. Systematically promote sponge city construction across the board. By 2025, effectively respond to rainfalls within urban waterlogging prevention standards, completely eliminate low-lying waterlogging points that have seriously affected production and living order in history, and new cities will no longer see the "flooded cities" phenomenon. By 2035, urban drainage and waterlogging prevention engineering systems will be further improved, with drainage and waterlogging prevention capabilities better matched with climate-adaptive, sponge, and resilient city requirements. Establish urban multi-source water supply systems, and strengthen construction of backup water sources for water supply emergencies. Promote water-saving city construction, control water leakage in urban public water supply pipelines, and promote reclamation and utilization of urban sewage.

Lianhe Green believes that this type of project is in line with the "Green Bond Endorsed Project Catalogue (2021 Edition)": Category 4: Ecology and Environment-related sector - 4.2 Ecological Protection and Construction - 4.2.1 Conservation and Restoration of Natural Ecosystems - 4.2.1.11 Drought and Flood Management for Water-Related Ecosystem. Category 5: Sustainable Upgrade of Infrastructure - 5.4 Water Saving and Non-conventional Water Resources - 5.4.2 "Sponge" City for Flood Prevention - 5.4.2.4 Construction, Operation and Renovation of Up-to-standard Urban Drainage Facilities.

B. Project Evaluation and Selection Process

Company Materials

Ji'an Chengtou will establish a Green Financing Working Group (hereinafter referred to as the "GFWG"), which is responsible for ensuring that proceeds from GFTs or an equivalent amount will be allocated to the eligible projects under the framework. The GFWG will also be responsible for managing any future updates of the framework, including any expansion of requirements of the use of proceeds. For the potential eligible green projects, the project related department will pre-select and evaluate green projects according to its feasibility study report, environment impact assessment report, project preliminary design etc. and will submit the potential eligible green projects to the GFWG to further assess and evaluate whether the project fulfils the eligibility and exclusion criteria of this framework and also to ensure that the mitigation measures against environmental and social risks are in place. The endorsed projects will be shortlisted and presented to the Board of Directors of the Company for final approval. After receiving the assessment and approval from the Board of Directors, the selected projects will be included in the eligible green projects list.

The GFWG is responsible for the management and compliance of all the financings issued under this framework. The GFWG consists of senior management members from various departments of the Group, including the Investment and Financing Department and Financial Department. The GFWG will meet at least every 12 months or whenever necessary to discuss, assess and select



eligible green projects according to the eligibility and exclusion criteria under this framework.

The GFWG will undertake regular monitoring of the asset pool to ensure the eligibility of green projects with the criteria set out in section 1.1 and 1.2, whilst replacing any ineligible green projects with eligible new green projects and facilitate regular reporting on any GFTs issuance in alignment with the reporting commitments.

Opinion of Lianhe Green

Lianhe Green has reviewed the Green Finance Framework and other series of documents, comprehensively reviewed Ji'an Chengtou's policies on project assessment and screening process.

Ji'an Chengtou has established a sound assessment process for the selection and identification of green projects, and at the same time, a sound communication mechanism for project assessment and screening has been established, whereby each participating department submits a list of potential projects and elaborates on whether or not the nominated projects are in line with the categories of green projects in the Framework. The GFWG will be responsible for reviewing and approving potential green projects.

After the assessment, Lianhe Green considers that Ji'an Chengtou has established a relatively complete project assessment and screening system, which meets the requirements of the assessment criteria.

C. Management of Proceeds

Company Materials

The company will use internal assessments and criteria to select qualified green projects. The net proceeds of each GFT will be deposited in the general funding accounts and earmarked for allocation towards the eligible green projects. The Group will maintain a GFT register to track the use of proceeds for the GFT. A green finance allocation register will be established to record the allocation of proceeds.

The register will contain information including the following:

1. Type of funding transaction: ISIN (if applicable), pricing date, maturity date etc.; and
2. Eligible green projects allocation list, information including:
 - » the eligible projects list, including for each eligible green project category, project description, project location, ownership percentage, total investment amount, amount allocated, settled currency, etc.;
 - » the balance of unallocated proceeds; and
 - » the information of temporary investment for unallocated proceeds.

Any balance of issuance proceeds which are not yet allocated to eligible green projects will be temporarily held in accordance with the Group's liquidity guidelines on cash, cash equivalents or short-term deposits, and the Group commits not to invest such unallocated net proceeds to the projects which are subject to exclusions criteria under this framework. For each issuance under this framework, the Group will review the register on an annual basis.

During the life of the GFT(s) issued, if the designated projects cease to fulfil the eligibility criteria,



the net proceeds will be re-allocated to replacement projects that comply with the eligibility criteria as soon as reasonably practicable. In addition, if a specific project no longer meets the criteria of this Framework or if there is any material dispute, the company commits to replace the project with another eligible green project.

Opinion of Lianhe Green

Lianhe Green has reviewed the series of documents such as the "Green Finance Framework" in accordance with the relevant requirements for management of proceeds in the assessment criteria, and combined with due diligence, fully examined Ji'an Chengtou's policies for management of proceeds.

Ji'an Chengtou will use the general fund account for the receipt, storage, transfer and repayment of principal and interest of the proceeds, and ensure the smooth operation of the proceeds in terms of investment, application and auditing. The receipt, storage, use, management and supervision of the proceeds will be in strict compliance with the relevant provisions in the Framework and the approval procedures will be carried out. In addition, the company will track and regularly allocate and adjust the balance of the proceeds according to the placement of the green projects, and will track and record and manage the unallocated proceeds.

Upon assessment, Lianhe Green considers that Ji'an Chengtou has established a relatively perfect system on management of proceeds, which is in line with the requirements of the assessment criteria.

D. Reporting

Company Materials

Regarding each use of GFT raised funds, Ji'an Chengtou will disclose a usage report and an environmental impact report on its official website or other official platforms. The disclosure frequency is once a year until all raised funds are fully utilized. Additionally, any significant changes before the expiration date will be disclosed as well. The company's working group will review and approve the allocation and impact report. The disclosed information will include but not limited to the following:

- » The net proceeds of each GFT outstanding;
- » List of eligible green projects with descriptions and the amount that has been allocated and earmarked;
- » The proportion of the proceeds allocated to refinancing of existing eligible green projects, with clarification on which investment or project portfolios will be refinanced;
- » The balance of unallocated proceeds held in cash, cash equivalents or short-term deposits and its temporary treatment (if any); and
- » The types of temporary unallocated funds placements and uses.

Impact Reporting:

Ji'an Chengtou will disclose the impacts of qualified green projects. Depending on the availability of data, the disclosure will include, but not limited to, the information below:

Eligible Project Categories	Impact Indicators
Renewable Energy	» Annual renewable energy generation (GWh for electricity)



	and GJ for other energy) » Annual GHG emission reduced/avoided (tonnes of CO ² equivalent/a)
Clean Transportation	» Number of new energy vehicles deployed (e.g. electric) » Number and type of new energy transportation infrastructure built Annual GHG emission reduced/avoided (tonnes of CO ² equivalent/a)
Terrestrial and aquatic biodiversity	» Maintenance/safeguarding/increase of natural landscape area in m ² and in % for increase » Restored, conserved or newly developed wetland in m ²
Sustainable Water and Wastewater Management	» Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project (m ³ /a) » Amount of rain water collected and reused (m ³ /a) » Annual absolute amount of water supplied (m ³ /a) » Annual reduction in water consumption (m ³ /a)
Climate Change Adaptation	» Additional water availability and/or increased water catchment (m ³ /a) » Reduction in number of operating days lost due to floods

Table 2: Impact Indicators for Eligible Green Projects

Opinion of Lianhe Green

Lianhe Green has reviewed the relevant disclosure and reporting requirements in accordance with the assessment standards, scrutinized the series of documents including the Green Finance Framework, and conducted a comprehensive review of Ji'an Chengtou's policies on disclosure and reporting, in conjunction with due diligence.

Ji'an Chengtou will annually disclose its annual report until the proceeds are fully utilized, and will disclose any relevant changes in the event of significant developments before the maturity. The annual report disclosure will include the use of proceeds and the environmental benefits of the investment projects. The disclosure indicators for environmental benefits comply with the requirements of ICMA's "Handbook – Harmonised Framework for Impact Reporting (2023)".

Upon assessment, Lianhe Green considers that Ji'an Chengtou has established a relatively complete information disclosure and reporting system, which meets the requirements of the assessment criteria.

E. External Review

Company Materials

Ji'an Chengtou will engage an independent assessment and certification body to assess the compliance of the Framework with the relevant international and domestic standards and issue a second-party assessment opinion. The assessment document will publish on its official Webpage.

Opinion of Lianhe Green

Ji'an Chengtou has engaged Lianhe Green to assess the compliance of this framework with relevant international and domestic standards and to issue a second-party assessment opinion. In addition, an independent third party may be engaged to review and verify the internal tracking



and allocation of funds from the GFTs to eligible green projects, as well as the eligible projects expected and actual impact that is disclosed in the annual reporting.

Upon assessment, Ji'an Chengtou has established a relatively complete management system for external evaluation and meets the requirements of the assessment standards.

Analysis of Environmental Benefits and Social Benefits

Eligible Green Project: Renewable Energy

Environmental Benefits

Solar and wind energy have great potential for development in new energy due to their renewable and pollution-free characteristics. Solar and wind power generation does not produce atmospheric pollutants, reducing emissions of pollutants such as SO₂, NO_x and dust. At the same time, it saves coal resources and achieves energy conservation and emission reduction.

Renewable energy projects utilize building rooftops to install solar power generation devices to provide energy to buildings, i.e. using solar as energy in building energy design. Such projects will extensively apply renewable energy to building structures, with the building structures using solar panels for power generation, which can meet the daily electricity needs for office or residential use in the building, reducing environmental pollution while alleviating the pressure of energy shortage. The comprehensive benefits are considerable.

Eligible Green Project: Clean Transportation

Environmental Benefits

On one hand, energy and environmental issues are becoming increasingly severe. Vigorously developing new energy vehicles is an effective way to solve energy and environmental problems. Compared with traditional fuel vehicles, new energy vehicles have relatively lower carbon emission per unit of transportation, which is conducive to better promoting low-carbon development in cities. In addition, the new energy vehicle industry is a high-tech emerging industry. Its rapid development will inevitably drive the development of other emerging industries such as maintenance, energy conservation and environmental protection, information technology, parts and supporting infrastructure. At the same time, compared with traditional fuel vehicles, new energy vehicles have low noise during operation. Large-scale promotion of new energy vehicles will greatly reduce urban noise, which has a positive impact on reducing urban noise pollution. In the long run, it will help improve the living environment of urban residents.

On the other hand, such projects effectively improve the traffic conditions in the city and optimize the urban spatial structure by building urban and rural public transportation systems. New public transportation modes such as subways, light rails, trams and public transport vehicles can effectively divert traffic and passenger flow on congested roads. Developing rail transit, integrating spatial resources, can effectively alleviate pressure on ground transportation and has a strong diversion effect on motor vehicles. At the same time, building supporting infrastructure for clean transportation can help promote clean transportation tools, improve transportation operation systems, guide the public to adopt corresponding green transportation methods, and effectively enhance transportation operation efficiency.



Eligible Green Project: Terrestrial and Aquatic Biodiversity

Environmental Benefits

The implementation of such projects is a necessary means to protect and restore river and lake ecosystems and maintain ecological balance. By carrying out water environment management, dredging waterways, clearing river courses, and treating black and odorous waters, the projects can effectively regulate local river runoff and achieve sustained regulation of local water storage. At the same time, by conducting environmental management of the ecological environment along the river course, such projects are conducive to replenishing water sources around the riverbank and conserving soil and water. In addition, after project construction, the ecological environment will be improved, allowing aquatic vegetation and benthic organisms to recuperate and reproduce, thus greatly improving water environmental quality. After project completion, there will be no major impact on important habitats such as fish migration channels, and it will be beneficial to downstream aquatic organisms and ecological environment on both banks. It can increase the amount of species resources, enhance biodiversity of communities and the stability of ecosystems.

Eligible Green Project: Sustainable Water Resources and Sewage Management

Environmental Benefits

With economic development, urban population continues to grow, urbanization levels continue to increase, and water scarcity issues in many cities are becoming more and more prominent. Sustainable water resources and wastewater management projects, by constructing and installing sewage treatment plants and building supporting sewage collection pipelines, can reduce the possibility of sewage being randomly discharged and polluting groundwater. By collecting and utilizing rainwater and sewage through reuse systems, urban runoff can be reduced, and water use efficiency improved, achieving water resource conservation and water saving. Such projects can effectively alleviate urban drainage pressure, improve water supply capacity, enhance water landscapes, while promoting sustainable water circulation and reuse, effectively reducing combined rainwater-sewage overflows, improving sewage treatment efficiency, and increasing the assurance rate of quality water sources for living and production.

Eligible Green Project: Climate Change Adaptation

Environmental Benefits

Such projects can effectively cope with floods and waterlogging disasters in aquatic ecosystems by building flood control and disaster mitigation infrastructure, playing a role in flood control and disaster mitigation, avoiding damage to the living environment and people's lives and property in the region caused by flooding, and greatly reducing major losses in manpower, materials and financial resources. This ensures that residents can live and work in peace and stability.

In addition, the construction of flood control and disaster mitigation infrastructure is beneficial to optimizing water quality and reducing pollution in aquatic ecosystems. Through long-distance water transfer or medium-, long- and short-term water storage, the water bodies can be fully re-oxygenated, thus enriching the potential environmental capacity resources and enhancing biodiversity of aquatic organisms, restoring ecosystem functions. At the same time, by carrying out ecological system protection and restoration of water areas during project implementation, such projects can effectively prevent deterioration of aquatic ecosystems, resolving aquatic ecosystem pollution issues, and further improving local water quality.



Appendix

About Lianhe Green

Lianhe Green Development Company Limited ("Lianhe Green") was established in 2023 and is a subsidiary of Lianhe Credit Management Co., Ltd. ("Lianhe Group") and Lianhe Equator Environmental Assessment Co., Ltd. ("Lianhe Equator"), which is a third-party consulting and certification service provider in China with multiple professional technical edges in "green finance, energy conservation and protection, and carbon testing/certification". Headquartered and registered in Hong Kong, Lianhe Green is an external reviewer recognized under the Hong Kong Monetary Authority's Green and Sustainable Finance Grant Scheme. Lianhe Green is mainly responsible for green and sustainable finance certification business in international markets, ESG reporting and consulting, ESG training services, and assists in operating carbon market-related businesses within and outside China.

Lianhe Green aims to become an internationally recognized external verifier for sustainable finance through cooperation with Lianhe Equator's professional and experienced team in this industry. With a goal of "shaping the origin of the earth and sky, and transmitting the civilization of mankind", Lianhe Green is committed to helping Chinese and foreign enterprises demonstrate their determination in sustainable development, and providing investors with independent and objective third-party certification services. Leaving green and oceans to future generation is our mission and ambition.

Scope of Analysis

Lianhe Green was engaged by Ji'an Chengtou to provide an assessment of the company's Green Finance Framework. The assessment is to provide a professional second-party opinion of the compliance of the Green Finance Framework and does not provide any financial indicators or judgement on the investment values of the company's issuance.

Responsibilities

The Company

Ji'an Chengtou's responsibilities are to accept the interviews from Lianhe Green's analytical team, to provide relevant data and institutional documents for the analysis, and to ensure that the data and institutional documents provided are true and effective.

External Reviewer

Lianhe Green's responsibilities are to collect data and documents provided by Ji'an Chengtou. Lianhe Green will review all important data and documents, and issue conclusions. In addition, Lianhe Green will disclose information collected from Ji'an Chengtou and relevant parties to demonstrate whether its Green Finance Framework meets the relevant requirements of the above standards.

Analytical Process

The main aspects of this assessment include the following:

- » Due diligence on the persons in charge of the relevant departments to understand the key matters related to Ji'an Chengtou's policies and processes;
- » Review the Green Finance Framework developed by Ji'an Chengtou;
- » Review relevant disclosure reports;
- » Obtain and review appropriate supporting documentation to support key findings.



Solicitation Status

The Second-Party Opinion was solicited and assigned or maintained by Lianhe Green at the request of the company.

Disclaimer

A Lianhe Green SPO is an assessment of the green and sustainable financing frameworks of entities. It is not a credit rating.

Please note that individuals identified in a SPO report are not responsible for the opinions stated therein and are named for contact purposes only. Our report is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of financial instruments and securities.

Lianhe Green receives compensation from entities and other market participants for conducting this service. None of the aforementioned entities nor its related parties participated in the review process aside from providing information requested by Lianhe Green.

Our assessments are not considered investment advice and they are not and should not be considered as a replacement of any person's own assessment of the ESG factors related to a financial instrument or an entity. Lianhe Green does not represent, warrant or guarantee that our report will fulfill any of your or any other person's particular purposes or needs. Lianhe Green does not recommend the purchase or sale of financial instruments or securities or give investment advice or provide any legal, auditing, accounting, appraisal or actuarial services.

Lianhe Green does not audit or verify the accuracy of the information provided to issuers by any third party for the purpose of issuing this opinion. Lianhe Green does not represent, warrant or guarantee the accuracy, correctness, integrity, completeness or timeliness of any part of our opinion.

All published press releases and reports are the intellectual property of Lianhe Green. Any reproduction, redistribution, or modification, in whole or part, in any form by any means is prohibited unless such user has obtained prior written consent from us.

Copyright © Lianhe Green Development Company Limited 2024