Yancheng High-tech Zone Investment Group Co., Ltd.

Second-Party Opinion | Sustainable Finance Framework

Report Type
Sustainable Finance Framework Second-Party Opinion

Analytical Standards
- Sustainability Bond Guidelines (SBG) (June 2021 Edition)
- Green Bond Principles (GBP) (June 2021 Edition)
- Social Bond Principles (SBP) (June 2023 Edition)
- Green Loan Principles (GLP) (February 2023 Edition)
- Social Loan Principles (SLP) (February 2023 Edition)
- United Nations Sustainable Development Goals (SDGs)

Industry
Local Investment and Development Companies

Country/Region
China

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Summary

Lianhe Green Development Company Limited ("Lianhe Green") has reviewed a series of documents including the "Sustainable Finance Framework of Yancheng High-tech Zone Investment Group Co., Ltd.", and 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. The Group's Sustainable Finance Framework has received a "Complete" assessment opinion from Lianhe Green. Lianhe Green considers that the Framework is in compliance with the Sustainability Bond Guidelines (SBG) (June 2021 Edition), the Green Bond Principles (GBP) (June 2021 Edition), the Green Loan Principles (GLP) (February 2023 Edition), the Social Bond Principles (SBP) (June 2023 Edition), and the Social Loan Principles (SLP) (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), the Green Loan Principles (GLP) (February 2023 Edition), and the United Nations Sustainable Development Goals (SDGs); the eligible social projects listed in this Framework are in line with the Social Bond Principles (SBP) (June 2023 Edition), the Social Loan Principles (SLP) (February 2023 Edition), and the United Nations Sustainable Development Goals (SDGs).

About the Company

Yancheng High-tech Zone Investment Group Co., Ltd. (the "Company" together with its subsidiaries, the "Group") was established on 23 September 2009, the Group is a state-owned company ultimately and wholly-owned by the Municipal Government of Yancheng. The Group is a key infrastructure construction and state-owned capital operation platform within the Yancheng High-tech Zone, a national-level high-tech industry development zone located within Yancheng City, Jiangsu Province, the PRC. Positioned north of the Yangtze River Delta and bordering the Yellow Sea, Yancheng City is the largest city in Jiangsu Province and has experienced rapid social and economic growth in recent years which in turn led to strong growth and development of the Yancheng High-tech Zone. Leveraging the development of the Yancheng High-tech Zone in recent years, the Group has established itself as a leading state-owned company in the Yancheng High-tech Zone and plays an important role in the development of Yancheng High-tech Zone.

The Group has a diversified business portfolio and is primarily engaged in various business operations in Yancheng City including infrastructure construction, primary land development, property leasing and management and material trading. In addition, the Group also carries out other operations including provision of guarantees and greening and landscape engineering. In recent years, the Group is focusing on construction of green industrial parks, industrial transformation and upgrade, efficient utilisation of energy and improvement of ecological environment, the Group has continuously deepened the adjustment of industrial, energy and service structure, accelerated the development of ecological civilisation, and achieved remarkable results in green development.

About the Framework of the Company

The company has prepared the Sustainable Finance Framework (hereinafter referred to as the "Framework" or “SFF”), which is intended to provide overarching principles and guidelines for all sustainable financing opportunities for the company.

The sustainability bonds, green bonds, social bonds, sustainability loans, green loans, social loans, or any other similar forms of debt instruments (“Sustainability Financing Transactions” or “SFTs”) issued under the Framework will comply with the International Capital Market Association's (ICMA's) Sustainability Bond Guidelines (SBG) (June 2021 Edition), Green Bond Principles (GBP) (June 2021 Edition), and Social Bond Principles (SBP) (June 2023 Edition), as well as the Green Loan Principles (GLP) (February 2023 Edition) and the Social Loan Principles(SLP) (February 2023 Edition) published by the Loan Market Association (LMA), the Loan Syndications and Trading Association (LSTA) and the Asia-Pacific Loan Market Association (APLMA).

In this Second-Party Opinion, Lianhe Green has specifically examined the Framework but has not reviewed any transaction-specific legal documents or marketing materials. Nevertheless, the framework does provide a description of the qualifying projects as described in the legal documentation of the framework.

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 SFT 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 and Social Project Categories, as defined below.

The Group expects each issuance under this framework to be fully allocated within 24 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. The proportion of the finance and refinance to the Eligible Green and Social Projects will be disclosed.

Eligible Green Project Category	Qualified Green Projects
Green Buildings	Design, development, construction, refurbishment, redevelopment, maintenance, operations of buildings that meet national or international third-party environmental certifications, such as but not limited to, • Chinese Green Building Evaluation Label: ‘1-Star’ or above (Within one year after completion acceptance of construction); • Leadership in Energy and Environmental Design (LEED) - minimum certification of Gold • BEAM Plus - minimum certification of Gold • BREEAM - minimum certification of Excellent Technical screening criteria and/or actions prior the investment:

	1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m^2, upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m^2, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.
Renewable Energy	Investment, acquisition and expenditures related to design, manufacture, construction, installation, and operation of 1) renewable energy systems, including photovoltaic solar and wind power (onshore/offshore), 2) renewable electricity energy storage system (i.e. batteries, capacitor). Technical screening criteria and/or actions prior the investment: • The minimum of 85% of power generation from the facility is derived from solar energy sources; • The energy storage system dedicated connection to a power production plant eligible under the low carbon power threshold of 100g CO_2/kWh.
Clean Transportation	Investment, acquisition and expenditures related to purchase, manufacture, 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), hybrid vehicles, and 3) its infrastructure such as electric vehicle charging stations. Technical screening criteria and/or actions prior the investment: • The transportation assets will have zero direct tailpipe CO_2 emission; or • The low emission transportation assets (i.e. hybrid vehicles) will have a direct GHG emission under 50g CO_2eq/p-km until 31 December 2025, and zero emission 2026 onward.
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

	defenses, pumping stations, distribution network, water recycling systems (i.e. recycling or reuse water, rainwater collection) to save water, improve the water leakage performance and the efficiency. Technical screening criteria and/or actions prior the investment: • The waste water discharge standard will meet the national and/or regional pollutants discharge standard for municipal wastewater treatment plant (i.e. GB 18918-2002); or • The flood defenses and climate resilient projects that implement chronic and acute physical climate risks identification and vulnerability assessments, and the corresponding adaptation and resilience solutions can reduce the most water related physical climate risks.
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 of public wetland reserve, and conservation of terrestrial and river biodiversity and ecosystems and greening of landscapes. Technical screening criteria and/or actions prior the investment: • The wetland restoration and management plan should at least contain consideration and assessment of local hydrological and pedological conditions.
Climate Change Adaptation	Investment, acquisition and expenditures related to construction, refurbishment and operation of infrastructure for urban flood protection and mitigation such as rivers works, dams and dykes1[1], "sponge cities" projects and others for flood control, waterlogging prevention in order to mitigate the physical climate change risk and improve the environmental resilience. Technical screening criteria and/or actions prior the investment: • The investment and projects that implement chronic and acute physical climate risks identification and vulnerability assessments, and the corresponding adaptation and resilience solutions can reduce the most water related physical climate risks.

Eligible Social Project Category	Qualified Social Projects
Affordable Housing — Resettlement Houses and Shanty Town and Houses[2]	Investments and expenditures in projects that provide affordable housing for the general public and vulnerable groups, including indemnificatory public rental housing, economically affordable housing, construction projects and government-supported

[1] For the avoidance of doubt, the dams and dykes will not serve the purpose of generating hydropower.
[2] Housing for the general public and vulnerable groups in accordance with local government and regulatory definitions, in order to improve quality of life, safety of living and independence for vulnerable groups and underprivileged population. The housing will not go for market for profit and the interest rate of housing will be in line with standard market rate.

	affordable housing construction projects. These include urban renewal/old city reconstruction, resettlement houses, shanty town and houses projects to improve the living conditions of residents living in shantytowns, as well as construction of new community agglomeration projects, which are for the purpose of providing affordable housing units for resettled populations.
Access to Essential Services — Healthcare and Education	Investment and expenditures of projects related to provide, construction and operation the affordable and access to healthcare and education for the general public and vulnerable groups. These include nursing homes and supporting medical facilities to improve the living conditions, healthcare accessibility, additional care and support to elderly people, as well as the school facilities and educational resources to improve the accessibility and affordability of the regional teenagers population to education resources ratio, provide more teenagers with educational opportunities, in order to help address the issue of inadequate educational resources allocation and enables more teenager to receive an education.

Based on the latest International Finance Corporation Exclusion List, the Group has added the following activities to the Exclusion List. In any case, Eligible Green and Social Projects under this SFF will exclude the following activities from consideration for eligibility:

- 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).
- 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 any international financial company considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent.
- Drift net fishing in the marine environment using nets over 2.5 kilometers in length.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Commercial logging operations for use in primary tropical forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Projects related to nuclear production.
- Projects related to fossil fuel production.
- Projects related to coal mining.
- Projects related to hydropower which installed capacity >25MW.

Opinion of Lianhe Green

Lianhe Green has reviewed a number of documents, including the Framework, and has conducted a comprehensive review of the company's policy.

Lianhe Green compared the green project categories listed in this framework with the Green Bond Principles (GBP) (June 2021 Edition), the Green Loan Principles (GLP) (February 2023 Edition), China's Green Bond Endorsed Projects Catalogue (2021 Edition), Hong Kong Taxonomy, EU Taxonomy and the United Nations Sustainable Development Goals (SDGs) respectively. Besides, Lianhe Green also has compared the eligible social projects listed in this framework with the Social Bond Principles (SBP) (June 2023 Edition), Social Loan Principles (SLP) (February 2023 Edition), and the United Nations Sustainable Development Goals (SDGs).

1) Eligible Green Projects: Green Buildings

Eligible Green Projects

Design, development, construction, refurbishment, redevelopment, maintenance, operations of buildings that meet national or international third-party environmental certifications, such as but not limited to,

- Chinese Green Building Evaluation Label: '1-Star' or above (Within one year after completion acceptance of construction);
- Leadership in Energy and Environmental Design (LEED) - minimum certification of Gold
- BEAM Plus - minimum certification of Gold
- BREEAM - minimum certification of Excellent

Technical screening criteria and/or actions prior the investment:

1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC).
2. For buildings larger than 5000 m^2, upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing.
3. For buildings larger than 5000 m^2, the life-cycle Global Warming Potential (GWP) of the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.

Green Standards

- GBP: Green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance;
- GLP: Green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance;
- SDGs: Goal 11 - Sustainable Cities and Communities.

Lianhe Green Findings / Suggestions

In May 2021, Yancheng Housing and Urban-Rural Development Bureau released the "Yancheng

'14th Five-Year' Construction Industry Development Plan". The plan mentioned that at the end of the "14th Five-Year Plan", the newly started prefabricated building area should account for 50% of the newly started building area in the same period, the proportion of new urban buildings implementing green building standards should reach 100%, and the newly built residential buildings should strictly implement the 75% energy saving standards.

The sample green building certifications included in the framework are all recognized at national or international levels. However, international standards, for example the Hong Kong standard (BEAM Plus) and European standards (technical screening criteria), are more stringent than the selected requirements for the China Green Building Evaluation Level outlined in the framework.

Lianhe Green is in view that this type of project meets the "5. Sustainable Upgrade of Infrastructure - 5.2 Sustainable Buildings - 5.2.1 Energy-Saving Buildings and Green Buildings - 5.2.1.2 Green Buildings" under the Green Bond Endorsed Projects Catalogue (2021 Edition).

Lianhe Green considers the criteria for the construction of new commercial and residential buildings in Hong Kong is partially aligned with the Hong Kong Taxonomy's criteria for BEAM Plus certification with a minimum certification of gold. However, the Hong Kong Taxonomy has additional thresholds regarding the Energy Use component of the BEAM Plus certification, including minimum credits under the EU2 (Reduction of CO_2 Emissions) and minimum scores in the Energy Use category, as well as minimum energy savings percentages against the relevant BEC baselines. Also, for the construction of new commercial and residential buildings in Mainland China to be eligible for Hong Kong taxonomy, projects should be rated '3-Star' for Mainland China's Green Building Evaluation Label, which is more stringent than the framework's criteria requiring a '1-Star' rating or above.

Lianhe Green considers these types of projects are eligible for the EU taxonomy, as the technical screening criteria for green buildings mentioned in the framework meet the substantial contribution (or technical screening) criteria for the construction of new buildings under the climate change mitigation objective in the EU taxonomy.

2) Eligible Green Projects: Renewable Energy

Eligible Green Projects

Investment, acquisition and expenditures related to design, manufacture, construction, installation, and operation of
1) renewable energy systems, including photovoltaic solar and wind power (onshore/offshore),
2) renewable electricity energy storage system (i.e. batteries, capacitor).

Technical screening criteria and/or actions prior the investment:

- The minimum of 85% of power generation from the facility is derived from solar energy sources;
- The energy storage system dedicated connection to a power production plant eligible under the low carbon power threshold of 100g CO_2/kWh.

Green Standards

- GBP: Renewable energy (including production, transmission, appliances and products)
- GLP: Renewable energy (including production, transmission, appliances and products)
- SDGs: Goal 7 - Affordable and Clean Energy

Lianhe Green Findings / Suggestions

In September 2021, the Yancheng government published the "Yancheng '14th Five-Year' New Energy Industry Development Plan". The plan aims to boost the scale of the new energy industry by 2025 and become a pillar industry with Yancheng characteristics. New energy industry sales should reach 200 billion yuan, of which, new energy power generation 20 billion yuan, wind power equipment 50 billion yuan, photovoltaic equipment 130 billion yuan; The capacity of wind power machine should reach 3,350 units (sets)/year, and the capacity scale of photovoltaic modules and batteries should exceed 100 GW. The energy structure should also be optimized. By 2025, the cumulative installed capacity of new energy should double, and the energy structure will continue to be optimized. The cumulative installed capacity of new energy should reach 20 million kilowatts, of which wind power is 15.38 million kilowatts, photovoltaic is 4.15 million kilowatts, and biomass is 470,000 kilowatts. The installed capacity of new energy power generation should account for about 68% of the installed capacity of electricity, and the proportion of new energy generation should account for about 60% of the total electricity consumption of society.

Lianhe Green believes that these types of projects align with the "Green Bond Endorsed Project Catalogue (2021 Edition)":

1. Category 3: Clean Energy Industry - 3.2 Clean Energy - 3.2.1 Production of New Energy Equipment and Clean Energy Equipment - 3.2.1.1 Production of Wind Generators

2. Category 3: Clean Energy Industry - 3.2 Clean Energy - 3.2.1 Production of New Energy Equipment and Clean Energy Equipment - 3.2.1.2 Production of Solar Generators

3. 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

4. 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

5. Category 3: Clean Energy Industry - 3.2 Clean Energy - 3.2.3 Efficient Operation of Clean Energy - 3.2.3.2 Operation and Construction of Energy Efficient Storage Facilities

Lianhe Green considers projects such as electricity generation using concentrated solar power technology and wind power are eligible for the Hong Kong taxonomy, as these projects meet the criteria under Hong Kong taxonomy.

Lianhe Green considers these types of projects are eligible for the EU taxonomy, as electricity generation using solar photovoltaic technology, electricity generation from wind power and the manufacture of batteries meet the substantial contribution (or technical screening) criteria for the climate change mitigation objective under EU taxonomy.

3) Eligible Green Projects: Clean Transportation

Eligible Green Projects

Investment, acquisition and expenditures related to purchase, manufacture, 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), hybrid vehicles, and 3) its infrastructure such as electric vehicle charging stations.

Technical screening criteria and/or actions prior the investment:

- The transportation assets will have zero direct tailpipe CO_2 emission; or
- The low emission transportation assets (i.e. hybrid vehicles) will have a direct GHG emission under 50g CO_2eq/p-km until 31 December 2025, and zero emission 2026 onward.

Green Standards

- GBP: Clean transportation (such as electric, hybrid, public, rail, non-motorised, 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 11 - Sustainable Cities and Communities

Lianhe Green Findings / Suggestions

In August 2023, Yancheng government published the "Notice on Policy Opinions on Accelerating the High-quality Development of New Energy and Intelligent Connected Automobile Industry". The plan aims to offer subsidies to attract new energy vehicle manufacturers, support research and development, innovation, merger and acquisition, IPOs and new energy vehicle sales. The plan also offers subsidies for new energy vehicle companies to expand overseas and improve charging infrastructure.

Lianhe Green is in view that this type of project meets the "5. Sustainable Upgrade of Infrastructure - 5.5 Green Transport (Infrastructure) - 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" under the Green Bond Endorsed Projects Catalogue (2021 Edition).

Lianhe Green considers these types of projects are partially eligible for the Hong Kong taxonomy. The main criteria and threshold for "Construction and operation of public transportation system in urban and rural areas" under Hong Kong taxonomy is that the trains and passenger coaches have zero direct (tailpipe) CO_2 emissions. Meanwhile, the technical screening criteria and/or actions prior the investment under the company's framework mentioned that 1) the transportation assets will have zero direct tailpipe CO_2 emission; or 2) the low emission transportation assets (i.e. hybrid vehicles) will have a direct GHG emission under 50g CO_2eq/p-km until 31 December 2025, and zero emission 2026 onward. Therefore, only the first technical screening criteria in the framework is eligible for Hong Kong taxonomy, but the second criteria is not.

Lianhe Green considers these types of projects are eligible for the EU taxonomy, as transportation assets are required to have zero direct tailpipe CO_2 emission; or the low emission transportation assets (i.e. hybrid vehicles) will have a direct GHG emission under 50g CO_2eq/p-km until 31 December 2025, and zero emission 2026 onward both meet the substantial contribution (or technical screening) criteria for the climate change mitigation objective under EU taxonomy.

4) Eligible Green Projects: 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 defenses, pumping stations, distribution network, water recycling systems (i.e. recycling or reuse water, rainwater collection) to save water, improve the water leakage performance and the efficiency.

Technical screening criteria and/or actions prior the investment:

- The waste water discharge standard will meet the national and/or regional pollutants discharge standard for municipal wastewater treatment plant (i.e. GB 18918-2002); or
- The flood defenses and climate resilient projects that implement chronic and acute physical climate risks identification and vulnerability assessments, and the corresponding adaptation and resilience solutions can reduce the most water related physical climate risks.

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 / Suggestions

In September 2023, Yancheng government released the “Notice on Further Standardizing and Strengthening the Integrated Construction and Operation Management of Urban Domestic Sewage Treatment Facilities in The City”. The notice mentioned that by 2025, the centralized collection and treatment rate of urban domestic sewage in Yancheng City will reach 70% (calculated by chemical oxygen demand factor); More than 60% of the built-up areas of cities above the county level will be built into "sewage treatment quality and efficiency up to standard areas", and the sewage treatment capacity will increase to 206,000 tons/day.

Lianhe Green believes that these types of projects align with the "Green Bond Endorsed Project Catalogue (2021 Edition)":

1. Category 1. Energy Saving and Environmental Protection Industry - 1.5 Comprehensive Utilization of Resources - 1.5.3 Comprehensive Utilization of Biomass Resources - 1.5.3.3 Comprehensive Utilization of Sludge from Urban Sewage Treatment Plants

2. 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

3. 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

Lianhe Green considers that the construction and maintenance of water supply infrastructure, wastewater treatment infrastructure, and water recycling systems, partially eligible with the Sewage Sludge Treatment activity in the Hong Kong Taxonomy and the Anaerobic Digestion of Sewage Sludge activity in EU Taxonomy. Both the Hong Kong Taxonomy and EU Taxonomy have more stringent criteria, requiring a monitoring and contingency plan to minimize methane leakage at the facility. Additionally, the produced biogas should be utilized directly for electricity or heat generation, upgraded to bio-methane for injection into the natural gas grid, or used as vehicle fuel or feedstock in the chemical industry.

5) Eligible Green Projects: 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 of public wetland reserve, and conservation of terrestrial and river biodiversity and ecosystems and greening of landscapes.

Technical screening criteria and/or actions prior the investment:

- The wetland restoration and management plan should at least contain consideration and assessment of local hydrological and pedological conditions.

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 / Suggestions

In December 2023, Yancheng government published the "Yancheng Ecological Civilization Construction Plan (2022-2030)". The plan noted that by 2025, steady progress will be made in the restoration of mountain, water, forest, farmland, lake, grass and sand systems, the forest coverage rate will be stabilized at more than 25 percent, the natural wetland protection rate will reach 63 percent, biodiversity will be effectively protected, and the ecological quality index will remain stable.

Lianhe Green believes that these types of projects align with the "Green Bond Endorsed Project Catalogue (2021 Edition)":

1. Category 1. Energy Saving and Environmental Protection Industry - 1.3 Pollution Prevention - 1.3.2 Treatment of Sewage Water - 1.3.2.3 Remediation and Treatment of Urban Black and Malodorous Water

2. 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

3. 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

The Hong Kong Taxonomy currently does not include activities for terrestrial and aquatic biodiversity.

Lianhe Green generally considers these types of projects to positively contribute to the environment, as restoration of wetlands activities are included in the EU taxonomy. However, Information relevant to EU taxonomy's substantial contribution criteria will be required after project commencement or completion to determine EU taxonomy eligibility, in Lianhe Green's opinion.

6) Eligible Green Projects: Climate Change Adaptation

Eligible Green Projects

Investment, acquisition and expenditures related to construction, refurbishment and operation of infrastructure for urban flood protection and mitigation such as rivers works, dams and dykes1[3], "sponge cities" projects and others for flood control, waterlogging prevention in order to mitigate the physical climate change risk and improve the environmental resilience.

Technical screening criteria and/or actions prior the investment:

- The investment and projects that implement chronic and acute physical climate risks identification and vulnerability assessments, and the corresponding adaptation and resilience solutions can reduce the most water related physical climate risks.

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 13 - Climate Action

Lianhe Green Findings / Suggestions

In March 2024, the Jiangsu provincial government released the "Climate Change Action Plan for Jiangsu Province". The plan mentioned that by 2025, the policy system and institutional mechanism for adapting to climate change will be gradually established, the monitoring and early warning capacity of climate change and extreme weather and climate events will continue to be enhanced, the level of adverse impacts and risk assessment of climate change will be effectively improved, and major progress will be made in modernizing the system and capacity for preventing and controlling climate-related disasters such as rainstorms, droughts, typhoons and high temperatures. Actions to adapt to climate change will be effectively carried out in all key areas, advanced adaptation technologies will be applied and popularized, and the construction of climate-resilient pilot cities will officially launch. An environment in which the whole society consciously participates in actions to adapt to climate change should take shape.

Lianhe Green believes that these types of projects align with the "Green Bond Endorsed Project

[3] For the avoidance of doubt, the dams and dykes will not serve the purpose of generating hydropower.

Catalogue (2021 Edition)":

1. 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

2. 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

The Hong Kong Taxonomy currently does not include activities for climate change adaptation.

Lianhe Green views river works, dams, dykes, 'sponge cities' projects, and other flood control and waterlogging prevention projects as generally making a positive contribution to climate change adaptation. However, Information relevant to EU taxonomy's substantial contribution criteria will be required after project commencement or completion to determine EU taxonomy eligibility, in Lianhe Green's opinion.

1) Eligible Social Projects: Affordable Housing — Resettlement Houses and Shanty Town and Houses

Eligible Social Projects

Investments and expenditures in projects that provide affordable housing for the general public and vulnerable groups, including indemnificatory public rental housing, economically affordable housing, construction projects and government-supported affordable housing construction projects. These include urban renewal/old city reconstruction, resettlement houses, shanty town and houses projects to improve the living conditions of residents living in shantytowns, as well as construction of new community agglomeration projects, which are for the purpose of providing affordable housing units for resettled populations.

Social Standards

- SBP: Affordable housing;
- SLP: Affordable housing;
- SDGs: Goal 1 - No Poverty; Goal 11 - Sustainable Cities and Communities

Lianhe Green Findings / Suggestions

In August 2022, Yancheng government released the "Measures for Yancheng City Development of Affordable Rental Housing Implementation". The measures aim to encourage the construction of affordable rental housing in all types of new housing projects, increase credit support for the construction and operation of affordable rental housing, and issue affordable rental housing loans to banks, etc.

Lianhe Green is in view that this type of project can increase the number of affordable housing and apartments, and solve the housing problems of low-income/homeless families, which is an urgent need for China's real estate industry and social and economic development. It not only can meet the housing needs of special communities, but also promote sustainable economic and social development.

2) Eligible Social Projects: Access to Essential Services — Healthcare

and Education

Eligible Social Projects

Investment and expenditures of projects related to the provision, construction and operation of affordable access to healthcare and education for the general public and vulnerable groups. These include nursing homes and supporting medical facilities to improve the living conditions, healthcare accessibility, additional care and support to elderly people, as well as the school facilities and educational resources to improve the accessibility and affordability of the regional teenagers population to education resources ratio, provide more teenagers with educational opportunities, in order to help address the issue of inadequate educational resources allocation and enables more teenager to receive an education.

Social Standards

- SBP: Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)
- SLP: Access to essential services (e.g. education and vocational training, public health/healthcare, public health emergency response energy (including electricity), financing and financial services, other governmental offices servicing select populations (and/or in low /low-middle income countries))
- SDGs: Goal 3 – Good Health and Well-being; Goal 4 - Quality Education

Lianhe Green Findings / Suggestions

In Jan 2024, the Yangcheng government announced the "Yancheng City 2024 Livelihood Project". On education, the project includes Improving and upgrading 34 primary and secondary schools, expanding three schools and improving tutoring and guidance services. On healthcare, the project aims to improve medical and healthcare capabilities by constructing medical institutions, as well as improving medical services and improved emergency rescue capacity.

Lianhe Green is in view that healthcare projects will help promote people's health and well-being. Meanwhile, education projects will contribute to improving the quality of education for vulnerable groups with limited access to education or special educational needs, thereby contributing to sustainable economic and social development.

B. Project Evaluation and Selection Process

Company Materials

The Group has strict internal control mechanism to ensure that the environmental and social risks are well managed and mitigated. The all-eligibility criteria and projects will compliance with the national standards. And all the projects will undergo a flexibility study, environmental/social impact assessment to ensure the effective environmental protection, pollution control and safety measures as well as the positive social impacts.

The project evaluation and selection process of the Group will ensures that an amount equivalent to net proceeds from each SFT will be allocated to projects that meet the criteria set out in the use of proceeds under this framework. The Group has set up a Sustainable Financing Working Group

(the "SFWG") to govern the process, consisting of senior members in various departments such as Board of Director Office, Strategy and Investment Management Department, Operation and Management Department, Financing Department, and Legal and Audit Department of the company. The SFWG will meet at least every 12 months or whenever necessary to discuss, assess and select Eligible Green and Social Projects according to the eligibility and exclusion criteria under this framework. The SFWG will select the projects that comply with Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of People's Republic of China, Energy Saving Regulations of People's Republic of China, Water Pollution Prevention and Control Action Plan, Urban Black and Odorous Water Bodies Remediation Work Guidelines, Green Bond Endorsed Projects Catalogue (2021 Edition), and other related regulations and policies in China related to the sustainable development. The strategy and investment management team will submit the potential eligible projects to the SFWG for further review. Then the SFWG will assess each project by its feasibility study report, Environment Impact Assessment Report etc., and the senior members from each department in the SFWG will represent to evaluate whether the project fulfil the eligibility and exclusion criteria from their professional and expertise, for instances, the representative from operation and management department will evaluate from the perspective of the environment, health and safety, and the representative from legal and audit department will evaluate from the perspective of the effectiveness of internal control procedure and system, the projects compliance status etc. Then the selected 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 in the Eligible Green and Social Projects list.

SFWG will ensure that each Eligible Green and Social Project complies not only with this framework but also the environmental guidelines which are applicable to the Group, as well as all applicable national environmental standards and local laws and regulations. The Eligible Green and Social Projects will also be selected with reference to the United Nations Sustainable Development Goals.

The SFWG will be responsible for managing any future updates of the framework, including any expansion of requirements of the use of proceeds.

Opinion of Lianhe Green

Lianhe Green has reviewed the Framework and other series of documents, and the company's policies on project assessment and screening process.

The company has established a complete assessment process for the selection and identification of green and/or social projects, and at the same time, a complete communication system for project assessment and screening has been established, whereby sustainability financing working group meet at least 12 months to discuss and provide opinions on the eligible green and social projects.

After the assessment, Lianhe Green considers that the company has established a complete project assessment and screening system, which meets the requirements of the assessment criteria.

C. Management of Proceeds

Company Materials

The Issuer intends to allocate, an amount equal to the net proceeds over time to finance or refinance the Eligible Green and Social Projects, which are selected according to the Eligibility Criteria, and using the evaluation and selection process outlined above.

The net proceeds of each SFT will be deposited in the general funding accounts and earmarked for allocation towards the eligible green and social projects. The Group will maintain an SFT register to track the use of proceeds for the SFT. Sustainable finance allocation register will be established to record the allocation of proceeds.

The register will contain the following information including:

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

Any balance of issuance proceeds which are not yet allocated to Eligible Green and Social Projects will be temporarily held the unallocated net proceeds in accordance with the Group's liquidity guidelines in cash, cash equivalents or short-term deposits, and commits not invest to the projects which 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 SFT(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.

Opinion of Lianhe Green

Lianhe Green has reviewed a series of documents such as the Framework and the company's policies on the management of proceeds.

The company will not use the unallocated proceeds for projects which are subject to exclusion criteria under this framework. In addition, the company will track the use of proceeds to ensure that the proceeds are allocated to eligible green and/or social projects.

Upon assessment, Lianhe Green considers that the company has established a solid system for the management of proceeds, which is in line with the requirements of the assessment criteria.

D. Reporting

Company Materials

For the SFT(s) issued under the framework, the Group will make and keep readily category level disclosure available reports via the Issuer's website, or the annual report on the allocation and impacts of the net proceeds raised under the framework or an amount equal to these net proceeds, on an annual basis starting at one year from the first SFT issuance until the full allocation of the net proceeds to the Eligible Green and Social Projects, and thereafter in the event of any material changes.

Allocation Report

The allocation report will include the following information at SFT and Eligible Category levels where applicable:

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

Impact Report

The Group will report the impacts arising from the Eligible Green and Social Projects and provide the methodology and assumptions used for calculation of the impact indicators.

The Group will commit to aligning the reporting with the project approach described in ICMA's "Handbook — Harmonised Framework for Impact Reporting (2023) and Harmonised Framework for Impact Reporting for Social Bonds (2023)" subject to the availability of suitable information and data.

Examples of impact reporting indicators:

Eligible Project Category	Impact Indicators
Green Buildings	• Level of certification by building • Gross building area ('GBA') with green building certification
Renewable Energy	• Annual renewable energy generation (GWh for electricity and GJ for other energy) • Annual GHG emission or standard coal equivalent reduced/avoided
Clean Transportation	• Number of clean vehicles deployed (e.g. electric) • Number and type of clean transportation infrastructure built • Annual GHG emission reduced/avoided (tonnes of CO_2 equivalent/a)
Sustainable water and wastewater management	• Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m^3/a • Amount of rain water collected and reused in m^3/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/green area in m^2
Climate Change Adaptation	• Additional water availability and/or increased water catchment in m^3/year • Reduction in number of operating days lost due to floods
Affordable Housing — Resettlement Houses and Shanty Town and Houses	• Number of dwellings constructed • Number of individuals/families benefiting from subsidized housing
Access to Essential Services — Healthcare and Education	• Number of people received education/training • Number of people received healthcare service

Opinion of Lianhe Green

Lianhe Green has reviewed a series of documents, including the Sustainable Finance Framework and the company's policy, following the relevant requirements for information disclosure and reporting under the evaluation criteria.

The company will regularly disclose the annual report of sustainable finance instruments until the proceeds come to maturity.

Upon assessment, Lianhe Green considers that the company has established a solid information disclosure and reporting system, which meets the requirements of the assessment criteria.

E. External Review

Company Materials

Pre-issuance:

The Group has engaged Lianhe Green and CCXGF to provide a second party opinion on the Sustainable Finance Framework to review and confirm its alignment with the GBP, SBP, SBG, GLP and SLP. Lianhe Green and CCXGF have reviewed the Sustainable Finance Framework and in June 2024 provided their Second Party Opinions. The objective of the Second Party Opinions is to provide investors with an independent assessment. The Second Party Opinions are statements of opinion, not statements of fact. No representation or assurance is given by the Issuer and the Joint Lead Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with the Bonds issued as Sustainability Bonds. The Second-Party Opinion together with the Sustainable Finance Framework will be published on the Group's website. Neither the Sustainable Finance Framework nor the Second Party Opinion is incorporated into this Offering Circular and neither the Sustainable Finance Framework nor the Second Party Opinion forms part of this Offering Circular.

Post-issuance:

An independent third party may be engaged to review and verify the internal tracking and allocation of funds from the SFTs to Eligible Green and Social Projects, as well as the Eligible Projects expected and actual impact that is disclosed in the Annual Reporting.

Opinion of Lianhe Green

The company 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.

Upon assessment, the company has established a Robust management system for external evaluation and meets the requirements of the assessment standards.

Analysis of Environmental Benefits and Social Benefits

Eligible Green Project: Green Buildings

Environmental Benefits

Green building is a new type of building that does not destroy the basic ecological balance conditions of the environment during the construction period, and consumes significantly less material and energy than traditional buildings during the operation period, which can also be called sustainable building, ecological building, back to nature building, energy-saving and environmentally friendly building and so on.

Compared with ordinary buildings, green buildings can use land resources more efficiently and provide relatively more centralized public service facilities, use a higher proportion of renewable and recyclable materials in the construction process, give fuller consideration to the natural conditions of the site, and set up air-cooling systems according to the principle of natural ventilation, so that the green building can effectively make use of the dominant wind direction in summer; reasonably design the building envelope, using energy-saving lighting and configure corresponding intelligent control systems during operation. Elevators are equipped with high-efficiency transformers, and energy-using equipment can be equipped with variable frequency functions.

The relevant technical indicators of buildings that have undergone energy-saving renovation shall meet the relevant national or local requirements for energy conservation and environmental friendly renovation of existing buildings. Such projects are conducive to reducing energy consumption, saving energy, and alleviating the shortage of energy demand; and can also contribute to sound insulation, dust reduction, and thermal insulation of buildings, thus reducing usage costs, and improving the comfort of the building's indoor environment. Moreover, the green lighting technology used during renovation is also conducive to reducing greenhouse gas emissions, mitigating air pollution and improving environmental quality.

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 SO_2, NO_X and dust. At the same time, it saves fossil fuels and achieve energy conservation and emission reduction. Solar energy, as the most abundant renewable energy source, is more evenly distributed across the globe compared to other energy sources. During peak daylight hours, which typically coincide with the highest electricity demand, solar power plants can significantly contribute to the grid, alleviating stress on electrical networks during these critical periods. By aligning energy production with peak usage times, solar energy provides an efficient solution to meet energy demands while minimizing the need for energy storage or additional grid infrastructure. Wind energy also plays a crucial role in sustainable power generation. Wind farms have a relatively small land footprint, as the space between turbines can be used for agricultural or recreational purposes. Additionally, offshore wind farms have the potential to generate large amounts of energy and can be located closer to areas with high energy demand, reducing transmission losses and visual impact on land.

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.

Eligible Green Project: Sustainable Water and Wastewater 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: 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: 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 reoxygenated, 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.

Eligible Social Project: Affordable Housing — Resettlement Houses and Shanty Town and Houses

Social Benefits

The affordable housing built in this type of project aims to provide housing for individuals across various demographics, addressing housing difficulties and contributing to enhanced living conditions. This initiative fosters the development of diverse communities, promoting environmental sustainability, health, and a sense of belonging. Moreover, expediting the construction of affordable housing will not only stimulate related industries but also drive the growth of supply chain industries associated with such projects, thereby creating favorable conditions for future consumption. By prioritizing cost reduction and control in construction, this project significantly impacts livelihood improvement and contributes to societal harmony and stability, benefiting a broad spectrum of individuals and families across China.

Eligible Social Project: Access to Essential Services — Healthcare and Education

Social Benefits

Access to quality healthcare and education can enhance residents' well-being and social equity. Better healthcare can improve health outcomes, and increase life expectancy. This will in turn lead to greater productivity due to healthier citizens, and more social cohesion and trust in the healthcare system. A better education system enhances human capital, leads to better employment prospects, and reduces income inequality and poverty.

Appendix

About Lianhe Green

Lianhe Green Development Company Limited ("Lianhe Green") was established in 2023 and is a subsidiary of Lianhe Equator Environmental Assessment Co., Ltd. ("Lianhe Equator") and Lianhe Credit Management Co., Ltd. ("Lianhe Group"). Lianhe Equator is the largest green and sustainable bond/loan certification provider in mainland China. As an external reviewer recognised under the Hong Kong Monetary Authority's Green and Sustainable Finance Grant Scheme, Lianhe Green is headquartered in Hong Kong, mainly responsible for green and sustainable finance certification business in international markets, ESG reporting and consulting, ESG training services, and assist 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. It is our mission to leave green and oceans to our future generations.

Scope of Analysis

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

Responsibilities

The Company
The company'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 the company. Lianhe Green will review all important data and documents, and issue conclusions. In addition, Lianhe Green will disclose information collected from the company and relevant parties to demonstrate whether its Sustainable Finance Framework meets the relevant requirements of the above standards.

Analytical Process

The main aspects of this assessment include the following:

- Performing a comprehensive review on the persons in charge of the relevant departments to understand the key matters related to the company's policies and processes;
- Review the Sustainable Finance Framework developed by the company;
- 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 an 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.

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