



Pujiang State-Owned Capital Investment Group Co., Ltd.

Second-Party Opinion | Green Finance Framework

Report Type
Green Finance Framework
Second-Party Opinion

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
16th August 2024

Summary

Not Aligned	Aligned	Good	Excellent
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Pillar	Alignment
Use of Proceeds	Good
Process for Project Evaluation and Selection	Excellent
Management of Proceeds	Excellent
Reporting	Good
External Reviews	Aligned

Lianhe Green Development Company Limited ("Lianhe Green") has reviewed a series of documents including the "Green Finance Framework" of Pujiang State-Owned Capital 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 Green Finance Framework has received a Good assessment opinion from Lianhe Green. 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), the Green Loan Principles (GLP) (February 2023 Edition), and the United Nations Sustainable Development Goals (SDGs).

About the Company

Pujiang State-Owned Capital Investment Group Co., Ltd. (the "Company" together with its subsidiaries, the "Group") was established in April 2015. As a state-owned enterprise, 100% of its equity is held by the State-Owned Assets Supervision and Administration Office of the People's Government of Pujiang County. The company is an important entity for urban construction and state-owned asset management in Pujiang County. Currently, it is mainly engaged in engineering construction, commodity sales, property leasing, petroleum retail, tap water sales, intermediary services, and transportation.

Company Sustainability Strategy

In accordance with the State Council's overall guidance on green development and the national "14th Five-Year" Strategic Plan of "Environmental Protection and Development of Low-Carbon Economy", the Group is committed to ensuring that its economic performance is conducive to the green development of the environment. The Group regards green development as its business foundation and ensures that

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its economic development is beneficial to the environment. The company adheres to a positive sense of environmental responsibility, and integrates the spirit of green development into its rules, regulations and business development plans. The Group actively integrates green principles into the economic development of Pujiang County and is committed to making contributions in the fields of green building and infrastructure. Meanwhile, the Group also insists on reducing the negative impact on the environment during the engineering design and construction process, in doing so, ensuring it applies its principle of environmental protection to every work stage.

As a state-owned enterprise, Lianhe Green believes the Group's strategies to align with the Chinese government's strategies and relevant policies, such as China's pledge to peak carbon emissions by 2030 and achieve carbon neutrality by 2060.

After media review, Lianhe Green did not find any significant negative ESG news or controversial issues about the Group.

About the Framework of the Company

The Group adheres to high environmental standards with sustainable development at low carbon emissions and regards environmental protection and sustainable development as its core values. The Group is acutely aware of the need to control and mitigate the impact of its actions on the environment and the communities in order to fulfill its green commitment towards creating long-lasting value. The Group's Board is responsible for leading and guiding the Group's policies on sustainable development at low carbon emissions and working together with management to identify, evaluate and address environmental issues on an ongoing basis.

The company has prepared the Green Finance Framework (hereinafter referred to as the "Framework" or "SFF") aims to describe how the Group could, with Green Financing Transactions (each an "GFT", the issuance of Green Financing Instruments, each an "GFI", including green bonds, green loans, or any other debt-like Green Financing Instruments), to finance the projects that have positive environmental impact and align with its business strategy and goals (the "Eligible Projects"). The net proceeds of GFTs will be applied exclusively to the Eligible Projects that will deliver environmental benefits, and support the Group's business strategy and sustainability commitment.

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 including the June 2022 Appendix 1) and the Green Loan Principles (GLP) (February 2023 Edition) published by the Loan Market Association (LMA), the Loan Syndications and Trading Association (LSTA) and the Asia-Pacific Loan Markets 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 GFIs issued under the GFF to finance and/or re-finance, in whole or in part, new and/or existing projects which meet the eligibility criteria of the following Eligible Green Project Categories ("Eligible Green Projects"), as defined below.

A maximum 3-year look-back period would apply for refinanced projects and the Group expects each issuance under the GFF to be fully allocated within 2 years from the date of issuance.



Eligible Green Project Categories and Description/Conditions of Eligible Green Projects are set out below:

Eligible Green Project Category	Qualified Green Projects
<p>Green Buildings</p>	<p><u>Acquisition, construction, maintenance and renovation of building that have received, or expect to receive certified the below recognized green building certifications:</u></p> <ul style="list-style-type: none"> - Chinese Green Building Evaluation Label – 2 Star or above (Design / Operations Label); or - Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or - U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or - Hong Kong BEAM Plus – Gold or above; or - Building and Construction Authority (BCA) Green Mark – Gold or above; or - Construction of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and systems in the public and residential building as well as the acquisition of consumption. The technical indicators of the building shall meet the requirements of the “Technical Standard for Near-Zero Energy Building” (GB/T 51350) which is commonly used in China and broadly equivalent to the international standards; or - Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national green building codes and standards, for which they have obtained national green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of 2 Star or above of the “Green Warehouse Requirements and Evaluation” (SB/T 11164) which is commonly used in China and broadly equivalent to the international standards; or - Any other green building label, that is an equivalent standard of the above (Note: To determine the equivalency of other green building labels, the Company can compare their criteria with established standards, check for benchmarking, third-party validation, regulatory acceptance, and industry recognition.); - A maximum 3-year timeframe would be required for properties/buildings to obtain the green certification under this framework. All eligible properties/buildings will have a pre-design green certification. (Note: The 3-year timeframe is based on typical construction and certification processes, which include design, construction, and post-construction review. This duration allows for potential delays and adjustments in the project. If buildings do not receive the green certification within 3 years, they would no longer be eligible under this framework. The Company should consider extending the deadline on a case-by-case basis, considering reasons for delay, but ultimately, the goal is to promote timely compliance with green certification standards.) - In terms of energy performance, renovations should aim to achieve at least a 15% reduction in energy consumption compared to the baseline, which is the building's energy consumption before the renovations. - As for green certification, the renovations are expected to lead to an improvement in the building's green certification level. The green certification level should be upgraded by at least one level



according to a recognized green building certification system, such as LEED or BREEAM.

Eligible Green Projects will exclude the type of activities listed in the latest International Finance Corporation Exclusion List:

- 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 fibres. 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 kilometres in length;
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour;
- Commercial logging operations for use in primary tropical forest; or
- Production or trade in wood or other forestry products other than from sustainably managed forests.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed a number of documents, including the Framework, and has conducted a comprehensive review of the company's policy based on assessment criteria.

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.

After the assessment, the eligible green projects align with China's "Green Bond Support Project Catalogue (2021 Edition)" and partially align with the Hong Kong Taxonomy and the EU Taxonomy. Lianhe Green considers that the Group's Use of Proceeds is Good, which is in line with the requirements of the assessment criteria.

1) Eligible Green Projects: Green Buildings

Eligible Green Projects



Acquisition, construction, maintenance and renovation of building that have received, or expect to receive certified the below recognized green building certifications:

- Chinese Green Building Evaluation Label – 2 Star or above (Design / Operations Label); or
- Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or
- U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or
- Hong Kong BEAM Plus – Gold or above; or
- Building and Construction Authority (BCA) Green Mark – Gold or above; or
- Construction of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and systems in the public and residential building as well as the acquisition of consumption. The technical indicators of the building shall meet the requirements of the “Technical Standard for Near-Zero Energy Building” (GB/T 51350) which is commonly used in China and broadly equivalent to the international standards; or
- Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national green building codes and standards, for which they have obtained national green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of 2 Star or above of the “Green Warehouse Requirements and Evaluation” (SB/T 11164) which is commonly used in China and broadly equivalent to the international standards; or
- Any other green building label, that is an equivalent standard of the above (Note: To determine the equivalency of other green building labels, the Company can compare their criteria with established standards, check for benchmarking, third-party validation, regulatory acceptance, and industry recognition.);
- A maximum 3-year timeframe would be required for properties/buildings to obtain the green certification under this framework. All eligible properties/buildings will have a pre-design green certification. (Note: The 3-year timeframe is based on typical construction and certification processes, which include design, construction, and post-construction review. This duration allows for potential delays and adjustments in the project. If buildings do not receive the green certification within 3 years, they would no longer be eligible under this framework. The Company should consider extending the deadline on a case-by-case basis, considering reasons for delay, but ultimately, the goal is to promote timely compliance with green certification standards.)
- In terms of energy performance, renovations should aim to achieve at least a 15% reduction in energy consumption compared to the baseline, which is the building's energy consumption before the renovations.
- As for green certification, the renovations are expected to lead to an improvement in the building's green certification level. The green certification level should be upgraded by at least one level according to a recognized green building certification system, such as LEED or BREEAM.

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 2023, Pujiang County [issued](#) the "Implementation Opinions on Reform, Innovation, and High-Quality Development of the Construction Industry in Pujiang County." It strictly implements the requirements for peaking carbon dioxide emissions and achieving carbon neutrality, incorporating green building-related indicators into the conditions for the transfer and allocation of state-owned construction land. It will increase the application of green building materials, green technologies, and green processes, and increase the application of renewable energy such as solar power. The proportion of green buildings in new civil buildings in the county will reach 100%, the proportion of green buildings of two-star rating or above in new buildings will exceed 25%, the proportion of prefabricated buildings in new buildings will exceed 30%, the proportion of steel structure buildings in



prefabricated buildings will reach 30% or above, the digital application capability will be further improved, the coverage rate of smart construction sites will reach 100%, and more than one provincial-level or above enterprise technology center will be built.

The certification standards that meet the requirements of this framework are nationally or internationally recognized green building certifications. Each green building certification requires that the project achieve at least the second highest level of rating or above, which is in line with market practices and consistent standards. Lianhe Green believes that projects that achieve these certification levels will have a positive impact on the environment.

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

1. Category 5: Sustainable Upgrade of Infrastructure - 5.2 Sustainable Buildings - 5.2.1 Energy-Saving Buildings and Green Buildings - 5.2.1.1 Construction of Ultra-Low Energy Consumption Buildings
2. Category 5: Sustainable Upgrade of Infrastructure - 5.2 Sustainable Buildings - 5.2.1 Energy-Saving Buildings and Green Buildings - 5.2.1.2 Green Buildings
3. Category 5: Sustainable Upgrade of Infrastructure - 5.2 Sustainable Buildings - 5.2.1 Energy-Saving Buildings and Green Buildings - 5.2.1.6 Green Warehousing Logistics

Also, Lianhe Green considers the criteria for the construction of new commercial and residential buildings in Hong Kong align with the Hong Kong Taxonomy's criteria for BEAM Plus certification to gold or above. 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 CO₂ Emissions) and minimum scores in the Energy Use category, as well as minimum energy savings percentages against the relevant BEC baselines; but the framework does not mention these additional thresholds.

Lianhe Green generally considers these types of projects to positively contribute to the environment, as the construction of new buildings and renovation of existing buildings are included in the EU taxonomy. However, the EU taxonomy focuses on specific energy performance indicators rather than green building certification schemes. 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.

B. Project Evaluation and Selection Process

Company Materials

In terms of the process for project evaluation and selection, the Group has established a relatively refined control system. The process for green project evaluation and selection consists of two parts, namely project screening and project review.

The Group's Green Finance Working Group ("GFWG") collect compliance documents of the proposed green projects and check whether the documents are complete, thereafter examining the compliance documents to assess the green features of the projects against the Green Bond Principles (GBP) 2021 (with June 2022 Appendix I) released by International Capital Market Association (ICMA) or the Green Bond Endorsed Projects Catalogue (2021 Edition), or the Green Loan Principles 2023 (GLP). For the potentially qualified green projects, the GFWG will perform a preliminary calculation on its environmental impact, and submit the compliance documents and preliminary calculation results to the GFWG for project review.

Accountability Mechanism for the Group's Green Finance



The GFWG is responsible for the management of this GFF and the compliance of all financing instruments issued under the GFF. The GFWG consists of representative of senior management at the Group's level and senior representatives from the following departments, including

- Investment Department: Responsible for the Company's investment project planning and feasibility plans, and establish and improve the internal control system for investment and external guarantee management.
- General Department: Responsible for the Company's administrative logistics service guarantee and office secretarial work.
- Finance Department: Responsible for the Company's financial management and planning.
- General Office, Discipline Inspection and Supervision Office: Responsible for implementing the national guidelines, policies, laws and regulations, formulating and organizing the implementation of the Company's administrative supervision annual or phased work plans and work measures.

The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams.

The GFWG will:

- Meet at least two times each year, endeavored to be distributed evenly throughout the year
- Ratify Eligible Green Projects, which are initially proposed and submitted by the members from other departments of the Group
- Undertake regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out in the Group's GFF Section 1, Use of Proceeds, whilst replacing any ineligible Green Projects with eligible new Green Projects
- Facilitate regular reporting on any Green issuance in alignment with our Reporting commitments
- Manage any future updates to this Framework
- Ensure that the approval of Eligible Green Projects will follow the Company's existing credit/loan/investment approval processes.

The GFWG has standard process for project evaluation and selection of eligible green projects.

The GFWG will

- Discuss and select Eligible Green Projects according to the eligibility and exclusion criteria defined in section 1 of this Framework.
- Prioritize selecting projects that comply with Energy Saving Regulation of the People's Republic of China, Green Building Evaluation Standard and other related Policies and Regulations enforcing sustainability considerations.
- Measure each project by its feasibility report. The feasibility report measures project by assessing its investment necessity, feasibility in terms of both technical and financial aspects, the ratio of return against cost, potential environmental impact and metrics in the framework section 1 to measure eligibility of green projects. The feasibility report is usually conducted by the third party agent or professional consultant team. The report scope will generally cover the sections included above.
- Identify and manage the environmental risks related to eligible green projects based on the feasibility reports mentioned above.
- Nominate green projects for the Board of Directors' final decision. The shortlisted projects will be presented to the Board of Directors for final approval to take into effect. After receiving the Board of Directors' assessment and approval, the projects which are selected will become the Eligible Green Projects.

Opinion of Lianhe Green



Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed the Framework and other series of documents, and the company's policies on project assessment and screening process based on assessment criteria.

After the assessment, the Group has established a comprehensive process for screening, identifying, and evaluating green projects. Each eligible green project will be identified and managed for its associated environmental risks based on the feasibility report provided by a third-party agent or professional advisory team. At the same time, a comprehensive project evaluation and selection communication mechanism has been established. The green financing working group holds at least two meetings per year to discuss and evaluate the qualified green projects. Lianhe Green considers that the Group's project assessment and screening system is Excellent, which meets the requirements of the assessment criteria.

C. Management of Proceeds

Company Materials

The proceeds of each of the Group's GFT can be managed through using an earmarked account or keeping a GFT Register. Under the GFT Register method, the proceeds 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. Green Finance Allocation Register will be established to ensure and monitor the allocation of green finance proceeds.

The Register will contain, for each GFT launched, information including:

1. GFT Details: ISIN (if applicable), Pricing Date, Maturity Date and etc.
2. Eligible Green Project Allocation List: Information including:
 - The Eligible Green Projects List, including for each Eligible Green Project, the Eligible Green Project Category, project description, project location, Group's ownership percentage, total project cost, amount allocated, settled currency, etc.
 - Amount of unallocated proceeds

It is Group's intention to deploy proceeds of each Group's GFT to Eligible Green Projects within 2 years. Any balance of issuance proceeds not allocated to Eligible Green Projects will be temporarily held in cash deposits. Specifically, The Group will reallocate proceeds to another Eligible Green Project as soon as practical when a project ceases to be eligible.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed a series of documents such as the Framework and the company's policies on the management of proceeds based on assessment criteria. After the assessment, the Group will manage the proceeds of each of the Group's GFT in an earmarked account or ledger, and allocate



them to eligible projects according to the provisions of the framework. The group aims to ensuring that the funds raised from each green financing transaction are invested in eligible green projects within two years. If it is found that a previously identified project does not meet the green criteria, the group will quickly reallocate the funds to another eligible green project. Lianhe Green considers that the Group's management of proceeds is Excellent, which meets the requirements of the assessment criteria.

D. Reporting

Company Materials

Allocation Reporting

The Group will consolidate information on the allocation of the net proceeds of its GFIs. Such information will be prepared on an annual basis until all the net proceeds have been allocated. The information will contain at least the following details:

1. List of Eligible Green Projects for the current year
2. The amount of proceeds allocated to each Eligible Green Project category
3. Descriptions of the Eligible Green Projects financed, such as project locations, amount allocated, etc.
4. Selected examples of projects financed
5. Percentage of financing vs. refinancing
6. Amount of unallocated proceeds

Furthermore, the Group will confirm that the use of proceeds of the GFT conforms to this GFF.

Impact Reporting

The Group will report on the environmental benefits of the Eligible Green Projects potentially with the following environmental impact indicators. In addition, calculation methodologies and key assumptions will be disclosed, subject to data availability. Such information will be prepared on an annual basis until all the net proceeds have been allocated and such information will be project portfolio-based. The Group commits to disclosing the expected and actual qualitative impact of projects financed and/or refinanced and quantitative impact when data is available.

Eligible Project Category	Impact Indicators
Green building	<ul style="list-style-type: none"> • Type and level of green building certifications obtained • Annual energy savings (in MW) • Annual greenhouse gas (GHG) emissions reduced / avoided (in t CO₂ eq p.a.) • Annual reduction in water consumption (in m³)

The allocation and impact reporting mentioned above will be published on the Group's website.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed a series of documents, including the Green Finance Framework and the company's policy, following the relevant requirements for information disclosure and reporting under the evaluation criteria. After the assessment, the Group will disclose an annual report on green financing instruments each year, until all the net proceeds have been allocated. At the same time, the



Group will prepare an environmental impact report for eligible green projects, and publish it publicly on the official website. Lianhe Green considers that the Group's information disclosure and reporting is Good, which meets the requirements of the assessment criteria.

E. External Review

Company Materials

The Group has engaged Lianhe Green to assess this GFF and its alignment with Green Bond Principles, ICMA 2021 (GBP) (with June 2022 Appendix I) / Green Loan Principles, LMA/LSTA/APLMA, 2023(GLP) and issue a Second-party Opinion (SPO).

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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After the assessment, 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. Compared to best market practices, there is no mention of the Group hiring an independent third party to conduct post-issuance certification and verify the allocation of the proceed for eligible green projects after issuance. Lianhe Green considers that the Group's management system for external evaluation is Aligned and meets the requirements of the assessment standards.

Analysis of Environmental 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 environmentally 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.



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 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 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 Green 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 Green 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.

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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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