



Changsha Jinzhou Xincheng Investment Holding Group Co., Ltd.

Second-Party Opinion | Green Finance Framework

Framework 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

13th September 2024

Summary

Not Aligned	Aligned	Good	Excellent
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Pillar	Alignment
Use of Proceeds	Excellent
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 "Changsha Jinzhou Xincheng Investment Holding Group Co., Ltd. Green Finance Framework", 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 an Excellent 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

Changsha Jinzhou Xincheng Investment Holding Group Co., Ltd. (the "Company", together with its subsidiaries, the "Group") is wholly-owned by Ningxiang High-Tech Industrial Park Management Committee and was established in 2017. The Group's main businesses include (i) infrastructure construction, (ii) land consolidation and development, (iii) property leasing and (iv) trading. The Group also expanded its business into other sectors such as property management, property sales, wastewater treatment and land sales.

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Company Sustainability Strategy

According to the National Environmental Plan for the 14th Five-Year Plan for Environmental Protection and Improvement, the Group is committed to ensuring that the environmental development benefits from its economic performance. The Group takes green development as the cornerstone of its business operations. Coupled with development strategies and operating models, the Group strives to promote green responsibilities and meet the expectations of stakeholders, including the government, industry, employees, business partners and communities. The Group also aims to accelerate structural reform of the city and clean up the environment.

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 Group

The Group has prepared the Green Finance Framework (the "Framework"), which aims to provide the Group with an opportunity to emphasise its strategy for environmental protection. The Framework has also been developed to demonstrate how the Group could fund projects that would deliver positive environmental impacts in support of its green strategy through green financing transactions ("GFTs").

The Group will adhere to the principle of green development, and finance eligible green projects ("EGPs") in accordance with the Framework.

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

For each GFT, the proceeds and/or commitments will be used exclusively to finance and refinance (with a maximum look-back period of 3 years) the EGPs under construction and operation by the Group based on the criteria below (the "Eligibility Criteria"). The Group expects the proceeds and/or commitments to be allocated in full within 3 years from the date of the issuance of such GFT.

The categories of Eligible Green Projects that may be utilised under the Framework, together with associated selection criteria are set out below:



Eligible Green Project Categories	Qualified Green Projects
<p>Green Building and Energy Efficiency</p>	<p>Development, construction, refurbishment, maintenance, and operations of buildings (including the factories in the industry park) that meet the following regional, national or internationally recognised criteria</p> <ol style="list-style-type: none"> standards for environmental performance (such as “PRC Green Building Evaluation Standard - GB/T50378-2019” or “Evaluation standard for green industrial building - GB50878-2013”, “Design Standard for Energy Conservation of Public Buildings - GB50189-2015”); “Assessment standard for green retrofitting of existing building - GB/T 51141”; or certifications ¹ for environmental performance (such as “Chinese Green Building Evaluation Standard: two-star or above”, or other similar recognised standards). <p>Remarks:</p> <ul style="list-style-type: none"> Location: The location of the project will be approved by the planning department authority in accordance with national laws and regulations to avoid construction in protected areas; In order to offset negative impacts on the environment, the Group will adopt the measures including but not limited to: <ul style="list-style-type: none"> Use permeable ground. It can enhance the water permeability of the ground and reduce the heat island effect; Control light pollution. Reduce the visible light reflectance of building surfaces, rationally select lighting fixtures, take measures to prevent overflow, and rationally design nightscape lighting designs; Adopt a high-efficiency light source and lighting intelligent system to achieve the purpose of energy saving; Adopt water-saving irrigation and use water-saving appliances, along with simple decorative components to conserve material resources; Sound insulation and noise reduction. Combined with landscape design, an effective sound barrier is formed to effectively improve environmental noise conditions and create a quiet and comfortable teaching and working environment; Use insulating building materials to make the temperature more comfortable, reduce the use of air conditioning, and save energy.
<p>Sustainable Water Resources and Sewage Management</p>	<ol style="list-style-type: none"> Water supply infrastructure such as laying and renovation of water pipe network and installation and renovation of household meters Construction and maintenance of sewage treatment stations, supporting facilities and sewage collection pipes. Construction, operation and upgrading of sewage treatment and recycling facilities <p>Remarks:</p> <ul style="list-style-type: none"> Lay pipe network to provide a safe and stable water environment Pipe system with separation mechanism for rain water and sewage. Set up interception and drainage ditches, collect oily wastewater through interception ditches and organize it to be

¹ if an eligible project falls into such sub-categories, the Company shall obtain the pre-rating certificate in due course, and manage to get an official green building certification by no later than 2 years since the completion of the building construction or other time frame requested by the law and regulations (if any).



	<p>discharged into oil separation tanks, and then enter outdoor biochemical treatment tanks for treatment</p> <ul style="list-style-type: none"> - The treated sewage will meet the relevant national discharge standards such as Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB18918-2002)
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<p>1. Urban greening</p> <p>Remarks:</p> <ul style="list-style-type: none"> - Invest in land greening and landscape protection or restoration of natural landscapes, The plant configuration is mainly based on local plants, which are coordinated locally according to seasonal changes and improve the local environment and microclimate.

In any case, eligible green projects (“EGPs”) (including the temporary placement of unallocated proceeds) 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.
- 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 Green Finance Framework, and has conducted a comprehensive review of the Group'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.

After the assessment, the eligible green projects align with China's "Green Bond Endorsed Projects Catalogue (2021 Edition)". In addition, the sustainable water resources and sewage management



category is partially align with the Hong Kong Taxonomy and the EU Taxonomy. And, the controversial project list has more coverage than market practices. Lianhe Green considers that the Group's Use of Proceeds is Excellent, which is in line with the requirements of the assessment criteria.

1) Eligible Green Projects: Green Building and Energy Efficiency

Eligible Green Projects

Development, construction, refurbishment, maintenance, and operations of buildings (including the factories in the industry park) that meet the following regional, national or internationally recognised criteria

1. standards for environmental performance (such as "PRC Green Building Evaluation Standard - GB/T50378-2019" or "Evaluation standard for green industrial building - GB50878-2013", "Design Standard for Energy Conservation of Public Buildings - GB50189-2015"); "Assessment standard for green retrofitting of existing building - GB/T 51141"; or
2. certifications² for environmental performance (such as "Chinese Green Building Evaluation Standard: two-star or above", or other similar recognised standards).

Remarks:

- Location: The location of the project will be approved by the planning department authority in accordance with national laws and regulations to avoid construction in protected areas;
- In order to offset negative impacts on the environment, the Group will adopt the measures including but not limited to:
 - Use permeable ground. It can enhance the water permeability of the ground and reduce the heat island effect;
 - Control light pollution. Reduce the visible light reflectance of building surfaces, rationally select lighting fixtures, take measures to prevent overflow, and rationally design nightscape lighting designs;
 - Adopt a high-efficiency light source and lighting intelligent system to achieve the purpose of energy saving;
 - Adopt water-saving irrigation and use water-saving appliances, along with simple decorative components to conserve material resources;
 - Sound insulation and noise reduction. Combined with landscape design, an effective sound barrier is formed to effectively improve environmental noise conditions and create a quiet and comfortable teaching and working environment;
 - Use insulating building materials to make the temperature more comfortable, reduce the use of air conditioning, and save energy.

Green Standards

- » GBP: Green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance;
- » GBP: Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products);
- » GLP: Green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance;
- » GLP: Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products);
- » SDGs: Goal 11 - Sustainable Cities and Communities; Goal 13 - Climate Action

Lianhe Green Findings / Suggestions

In July 2020, the Changsha city government [published](#) the "Measures for the Administration of Building Energy Efficiency and Green Buildings of Changsha City". The measures mentioned that construction projects such as office buildings, schools, hospitals and affordable housing invested by the government, social investment with more than 5,000 square meters of public buildings and residential projects with more than 100,000 square meters should follow the green building standards for planning, construction and operation management. New buildings in Xiangjiang's new district, high-speed railway new city and other areas shall be 100% planned, constructed and operated according to green building standards. Projects located in ecologically sensitive areas,

² if an eligible project falls into such sub-categories, the Company shall obtain the pre-rating certificate in due course, and manage to get an official green building certification by no later than 2 years since the completion of the building construction or other time frame requested by the law and regulations (if any).



core landscape areas and areas with obvious location advantages, outstanding economic value or social value should be planned, constructed and operated according to green building standards two stars above. The government also encourages other buildings to be planned, constructed and operated per green building standards.

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 - 5.2.1.2 Green Buildings
2. Category 5: Sustainable Upgrade of Infrastructure - 5.2 Sustainable Buildings - 5.2.1 Energy-Saving Buildings and Green Buildings - 5.2.1.5 Energy Conservation and Environmental-friendly Renovation of Existing Buildings

Lianhe Green considers the criteria set by the Hong Kong taxonomy for the construction of new commercial and residential buildings in Mainland China to be more stringent compared to the framework requirements. According to the Hong Kong taxonomy, projects should be rated to the three-star level of the Chinese Green Building Evaluation Standard, whereas the framework criteria only require a rating of two-stars or above. Furthermore, the Hong Kong taxonomy for the renovation of existing commercial and residential buildings places emphasis on specific carbon and energy performance improvements rather than focusing on technological standards.

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.

2) Eligible Green Projects: Sustainable Water Resources and Sewage Management

Eligible Green Projects

1. Water supply infrastructure such as laying and renovation of water pipe network and installation and renovation of household meters
2. Construction and maintenance of sewage treatment stations, supporting facilities and sewage collection pipes
Construction, operation and upgrading of sewage treatment and recycling facilities

Remarks:

- Lay pipe network to provide a safe and stable water environment
- Pipe system with separation mechanism for rain water and sewage.
- Set up interception and drainage ditches, collect oily wastewater through interception ditches and organize it to be discharged into oil separation tanks, and then enter outdoor biochemical treatment tanks for treatment
- The treated sewage will meet the relevant national discharge standards such as Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB18918-2002)

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 October 2021, the Changsha city government [published](#) the "Measures for the administration of construction and operation of township sewage treatment plants in Changsha City", The measures stated that the planning and construction of township domestic sewage treatment plants should give priority to townships with large populations, heavy pollution, and drinking water source protection areas, and be uniformly planned and implemented step by step. The design treatment scale of



township sewage treatment plant should be greater than the fixed population of the town $\times 100 \times 0.8 / 1000$ (tons), and the design treatment scale of the township with a large floating population should be appropriately increased. If the water intake exceeds the design scale, the expansion construction of the sewage treatment plant shall be carried out in time.

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 - 5.3 Pollution Prevention - 5.3.1 Urban Environmental Infrastructure - 5.3.1.3 Inspection, Upgrade, Construction and Renovation of Urban Sewage Collection System

Lianhe Green considers that the construction and maintenance of sewage treatment stations, supporting facilities, and sewage collection pipes, as well as the construction, operation, and upgrading of sewage treatment and recycling facilities, partially align 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.

3) Eligible Green Projects: Environmentally Sustainable Management of Living Natural Resources and Land Use

Eligible Green Projects

Urban greening

Remarks:

- Invest in land greening and landscape protection or restoration of natural landscapes, The plant configuration is mainly based on local plants, which are coordinated locally according to seasonal changes and improve the local environment and microclimate.

Green Standards

- » GBP: Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes);
- » GLP: Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes);
- » SDGs: Goal 11 - Sustainable Cities and Communities; Goal 15 - Life on Land

Lianhe Green Findings / Suggestions

In March 2023, the Hunan provincial government [published](#) the "Implementation Measures for the Implementation of the Urban Greening Regulations in Hunan Province." These measures include various standards for urban greening. These standards entail: ensuring a per capita public green space area of at least 7 square meters, maintaining a green space ratio of no less than 30% for newly developed areas and 25% for renovated old urban areas, allocating a minimum of 2% of the total urban built-up area for urban nurseries, implementing protective forest belts with a width of at least 30 meters along rivers, lakes, and railways within the city, and adhering to the land ratio for greening within public green spaces as prescribed in the Park Design Specification issued by the



Ministry of Construction.

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 - 5.6 Ecological Protection and Construction - 5.6.1 Urban Ecological Protection and Construction

Lianhe Green generally acknowledges that these types of projects have a positive environmental impact. However, it is worth noting that neither the Hong Kong Taxonomy nor the EU Taxonomy has currently designated a specific activity as an urban greening activity.

B. Project Evaluation and Selection Process

Company Materials

When evaluating if a project is eligible for green finance, the Group will follow the definition and categorisation in ICMA's GBP 2021, and APLMA, LMA and LSTA's GLP2023 to ensure domestic and international compliance.

The Group has established a green project work group ("GPWG"), which is dedicated to ensuring that the proceeds from each GFT or an equivalent amount will be allocated to eligible projects under the Framework. The GPWG will also be responsible for managing any future updates of the Framework, including any expansion of requirements on the use of proceeds. The GPWG comprises members from various functions, including:

- Finance Management Department
- Strategic Investment and Fund Raising Department
- General Office

The GPWG will convene meetings at least once every 12 months to discuss and select EGPs according to the Eligibility Criteria defined in section 2.1 of the Framework. The GPWG will select projects that comply with Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, Green Bond Endorsed Projects Catalogue (2021 Edition), Regulations on Environmental Protection Management of Construction Projects, and other relevant policies and regulations enforcing green considerations. Then, the GPWG will evaluate each project based on its feasibility report. The shortlisted projects will be presented to the Group's board of directors for approval. After receiving the assessment and approval from the Group's board of directors, the selected projects will become EGPs.

The GPWG will ensure that each EGP not only aligns with the section headed "Use of Proceeds" of the Framework but also adheres to the environmental guidelines that are applicable to the Group, as well as all applicable national and international environmental standards and local laws and regulations. The GPWG will be responsible for managing any future updates of the Framework, including any expansion of requirements for the use of proceeds.

Additionally, during the design stage, environmental impact assessments will be conducted according to application regulations to identify the environmental and social impact, and controls and mitigation measures will be made to minimise the impact on the environment. During the construction stage, mitigation measures and protection of the ecosystem are strictly implemented and monitored.



The feasibility study for each EGP shall include environmental impact assessment (EIA) and social impact assessment (SIA) that comply with local requirements. The EIA and SIA will be conducted by an accredited professional agency and a report will be issued, which includes the identification, analysis and management of various environmental and social factors and their impacts on the environment and society throughout the lifecycle of the project.

Opinion of Lianhe Green

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

The Group has established a green project work group comprising representatives from 3 departments. GPWG will assess projects that adhere to national and international environmental standards, as well as local laws and regulations. The group has a good practice whereby the GPWG seeks external technical expertise by inviting accredited professional agencies to conduct feasibility studies for each Eligible Green Project (EGP). These studies shall include environmental impact assessments and social impact assessments that comply with local requirements. The aim is to identify the potential environmental and social impacts, and to develop appropriate controls and mitigation measures to minimize the impact on the environment. Finally, the shortlisted projects will be presented to the Group's board of directors for approval.

After the assessment, 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 Group intends to allocate an amount equal to the net proceeds over time to finance or refinance the EGPs which are selected according to the Eligibility Criteria with the evaluation and selection process outlined above.

The net proceeds from each GFT will be managed by the Group's finance team and the proceeds from each GFT will be deposited in general funding accounts and be earmarked for the EGPs. The Group will maintain a register to keep track of the use of proceeds from each GFT.

The register will contain the following information:

1. Type of Funding Transaction
 - Key information includes Group/borrower entity, transaction date, tranche(s) information, the principal amount raised, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)
2. Allocation of Use of Proceeds
 - Name and description of the EGPs to which the proceeds of the GFT have been allocated in accordance with the Framework
 - Amount and date of the GFT proceeds allocated to each EGP
 - The remaining balance of unallocated proceeds is yet to be earmarked for the EGPs
 - Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)



Before the proceeds are allocated to the EGPs, the Finance Management Department of the Group must submit an application and plan for use for approval. The deputy general manager will review and sign the application, after which the proceeds will be allocated by the Finance and Financing Department of the Group.

The Group will monitor the net proceeds of all outstanding GFTs, which includes appropriately tracking the proceeds and adjusting the balance of net proceeds to match allocations to the EGPs. Any remaining balance of issuance proceeds that are not yet allocated to the EGPs will be held in short-term deposits. The Group will disclose to investors the types of temporary placement they use for unallocated proceeds. The Group commits not to invest unallocated proceeds in any high-pollution activities or any projects that conflict with the Eligibility Criteria under the Framework.

During the term of the GFTs issued, if the designated EGPs cease to fulfil the Eligibility Criteria, the net proceeds or an amount equal to these net proceeds will be re-allocated to the replacement EGPs that comply with the Eligibility Criteria, as soon as reasonably practicable. The Group strives to maintain a total investment amount to EGPs at least equal to the total net proceeds of all outstanding GFTs.

Additionally, if the investment of proceeds changes, the changes must be reviewed and approved by the Group's board of directors. The changes can only be made after the bondholders' meeting and the related consent is obtained. After that, the proceeds will still be used for the EGPs.

If there is any change in the use of proceeds, the Group will publish interim report to the market on time through channels approved by the regulatory authorities. The interim report will include, but not be limited to, the progress of the fund-raising projects, the reasons for changes and the adjusted investment plans of the proceeds.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed a series of documents such as the Green Finance Framework and the company's policies on the management of proceeds.

The Group will manage the net proceeds, maintain a register to track the use of proceeds, and ensure that any remaining unallocated balance is temporarily held in short-term deposits. If a designated EGP ceases to fulfill the Eligibility Criteria, the net proceeds will be reallocated to replacement EGPs that comply with the Eligibility Criteria. Additionally, if the investment of proceeds changes, the changes must be reviewed and approved by the Group's board of directors. The changes can only be made after the bondholders' meeting and the related consent is obtained. The Group will monitor the net proceeds, disclose the temporary investment of unallocated proceeds, and obtain necessary approvals for any changes in the use of proceeds.

Upon assessment, Lianhe Green considers that the Group's management of proceeds is Excellent, which is in line with the requirements of the assessment criteria.

D. Reporting

Company Materials

Allocation Reporting



The Group is committed to reporting the allocation of net proceeds and the impact of financed projects at least annually until full allocation. The Group will annually disclose the information and progress of the Group's committed projects through announcements, social media or green development reports, including but not limited to:

- the proportion of net proceeds allocated to financing and refinancing
- the proportion of net proceeds allocated to the green project categories covered by the Framework (undisclosable if the use of proceeds is refinancing)
- the balance of the unallocated proceeds from each GFT and temporary placement thereof

Impact Reporting

The Group is committed to reporting the allocation of net proceeds and the impact of financed projects at least annually until full allocation. The Group will make available a report on the environmental and social impacts resulting from EGPs based on the availability of project data. The report may include the following impact indicators (including the expected and actual figures).

Eligible Project Categories	Impact Indicators
Green Building and Energy Efficiency	<ul style="list-style-type: none"> » Level of certification by building » Approval of the green building construction plan issued by local authorities » The amount of green building constructed » The area of water-saving irrigation and water-saving appliances (square metres) » The area of permeable ground (square metres) » energy reduction % (including water and electricity)
Sustainable Water Resources and Sewage Management	<ul style="list-style-type: none"> » Water supply network (kilometres) » Length of inspected sewer lines (metres) » Amount of wastewater treated (tonnes) » Sewage treatment volume (10,000 tonnes/day) » Sewage treatment rate (%)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> » Annual area of land greening, landscape protection or restoration (kilometres square), increase rate of ecotourism areas and urban greening area (%)

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.

The Group is committed to reporting the allocation of net proceeds and the impact of financed projects at least annually until full allocation. The Group will disclose information and progress on its committed projects through announcements, social media or green development reports, including the proportion of net proceeds allocated to financing and refinancing, the proportion allocated to the green project categories, and the balance and temporary placement of any unallocated proceeds. Additionally, the Group will report on the environmental and social impacts resulting from the eligible green projects based on available project data, which may include relevant impact indicators.

Upon assessment, 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 Development Company Limited as external reviewer to evaluate the appropriateness of the Framework, and alignment with the GBP and GLP. The assessment result document(s) will be available on the Group's website or other social media platform if available.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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The Group 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, 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 Building and Energy Efficiency

Environmental Benefits

In China, where rapid urbanization and economic development have led to significant energy demand and environmental pressures, green buildings and energy efficiency initiatives offer substantial environmental benefits. Green buildings in China leverage energy-efficient design, materials, and technologies to drastically reduce energy consumption for heating, cooling, lighting, and other operations. This directly translates to lower greenhouse gas emissions, especially as China continues to increase its renewable energy generation. Additionally, the improved indoor air quality in green buildings, achieved through enhanced ventilation and the use of low-emitting materials, has significant benefits for occupant health and wellbeing in China's often polluted urban environments. Energy efficiency projects in China, such as building retrofits, industrial process upgrades, and appliance replacements, deliver complementary environmental advantages. By decreasing overall energy demand, these initiatives reduce reliance on fossil fuels, avoiding greenhouse gas emissions and contributing to China's climate change mitigation efforts. The cost savings generated by energy efficiency also make buildings and operations more affordable and accessible, supporting the broader sustainability of China's built environment and communities. Furthermore, efficiency measures help to stabilize the electrical grid, improving reliability and resilience during periods of peak demand. As China continues to urbanize and industrialize, green buildings and energy efficiency will be crucial strategies for addressing the country's pressing environmental challenges, from air pollution to resource scarcity. These initiatives offer a path towards a more sustainable, low-carbon future for China's rapidly evolving built environment. Green buildings and energy efficiency projects provide significant environmental benefits. Green building design, materials, and technologies reduce energy consumption, leading to lower greenhouse gas emissions, especially when paired with renewable energy sources. These buildings also conserve water and reduce waste through sustainable practices. Efficiency measures also result in cost savings for building owners and residents, while enhancing grid stability by easing the strain on electrical infrastructure. As core strategies for sustainability, green buildings and energy efficiency projects play a crucial role in mitigating climate change and creating more environmentally-friendly communities.

Eligible Green Project: Sustainable Water Resources and Sewage Management

Environmental Benefits

In China, where water scarcity and pollution are major challenges, sustainable water resources and sewage management initiatives deliver crucial environmental benefits. Water resource projects help conserve, protect, and efficiently utilize water supplies through infrastructure development and water-efficient technologies, reducing freshwater withdrawal and preserving aquatic ecosystems. Sewage management investments in modernized collection, treatment, and disposal systems mitigate water pollution, limiting eutrophication, protecting biodiversity, and safeguarding public health. Beyond the direct benefits, these projects support climate change adaptation by enhancing water security and resilience. They also create green jobs, improve sanitation, and contribute to sustainable community development in China.

Eligible Green Project: Environmentally Sustainable Management of Living Natural Resources and Land Use

Environmental Benefits

In China's rapidly urbanizing landscape, sustainable management of natural resources and strategic land use planning, particularly through urban greening projects, deliver significant environmental benefits. Urban greening initiatives, such as parks and urban forests, preserve natural habitats and support biodiversity. The vegetation also mitigates the urban heat island effect, lowers temperatures, and reduces energy demands for cooling, thereby cutting greenhouse gas emissions. Urban green spaces



serve as carbon sinks, actively sequestering carbon from the atmosphere and contributing to China's climate change mitigation efforts. Strategically placed urban trees and vegetation can also improve air quality by filtering pollutants. Sustainable land use planning that integrates urban greening with ecosystem-based approaches, such as wetland preservation and landscape restoration, enhances the overall environmental resilience of China's cities. These multifunctional green-blue networks help to regulate water flows, reduce flood risks, and protect against the impacts of extreme weather events.



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

Responsibilities

The Company

The Group'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 Group. Lianhe Green will review all important data and documents, and issue conclusions. In addition, Lianhe Green will disclose information collected from the Group 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 Group's policies and processes;
- » Review the Green Finance Framework developed by the Group;
- » 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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