



# Wuhan Financial Holdings (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)

### Industry

Local Investment and  
Development Companies

### Country/Region

China

### Report Date

30<sup>th</sup> September 2024

### Summary

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

Lianhe Green Development Company Limited (“Lianhe Green”) has reviewed a series of documents including the “Wuhan Financial Holdings (Group) Sustainable 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 Framework has received a Good 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) and the Green Loan Principles (GLP) (February 2023 Edition); the eligible social projects listed in this Framework are in line with the Social Bond Principles (SBP) (June 2023 Edition) and the Social Loan Principles (SLP) (February 2023 Edition). At the same time, Lianhe Green’s assessment includes the contributions of the project categories to the relevant United Nations Sustainable Development Goals (UNSDGs)<sup>1</sup>.

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<sup>1</sup> According to the definitions of (A/RES/70/1 - Transforming our world: the 2030 Agenda for Sustainable Development)



## About the Company

WUHAN FINANCIAL HOLDINGS (GROUP) CO., LTD. (hereinafter referred to as “WFH” or “the Group”) is an integrated investment and financial holding state-owned enterprise under the direct supervision of Wuhan SASAC. Since the establishment of the Group in 2005 and dating back to its predecessors, it has played a major role in the development and growth of the local and regional economies in the Central China region as the first homegrown licensed financial holding group in Hubei Province. In particular, as the sole platform of the Wuhan Municipal Government’s efforts to establish a regional financial center based in Wuhan and a state-owned enterprise directly held by Wuhan SASAC that is focused on industrial investment (especially in the areas of high technology and emerging industries) and comprehensive financial services, it has undertaken the mandate of spearheading Wuhan’s investment in commerce, advanced manufacturing and other strategic industries and sectors. This has given the Group a first-mover advantage and enables it to enjoy, not only a generally supportive government sentiment toward its continuous expansion, but also certain favorable business policies promulgated by the Wuhan Municipal Government. It has domestic credit rating of AAA, international credit rating of BBB- (Fitch), and has a profound strategic position in regional economic development.

## 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 sustainable development of the environment and society. The Group regards sustainable development as its business foundation and ensures that its economic development is beneficial to the environment and society. The Group adheres to a positive sense of environmental and social responsibility, and integrates the spirit of sustainability into its rules, regulations and business development plans. The Group actively integrates sustainability into the economic development of Wuhan and is committed to making contributions not only in the traditional fields of renewable energy and clean transportation, but also in social projects.

Strictly abiding by Corporate Law of the People’s Republic of China, WFH has established a robust governance structure, strict risk management, control process, and continuously promote transparency and corporate governance to improve value and guarantee the interests of related parties.

Besides, WHF is aware of environmental and social impacts of all the projects under construction and involved in research and constant innovation in sustainable infrastructure.

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 Sustainable Finance Framework (hereinafter referred to as the “Framework”), 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 (“Green and Sustainable Financing Transactions” or “the transactions”) 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 with June 2022 Appendix I), and Social Bond Principles (SBP) (June 2023 Edition), the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the People’s Bank of China (“PBOC”), the National Development and Reform Commission (“NDRC”) and the China Securities Regulatory Commission (“CSRC”), 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) or as they may be subsequently amended.

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 net proceeds under the framework will be used exclusively to fund or refinance, in whole or in part, new or existing eligible projects that meet one or more of the following categories of eligibility in Table 1 and/or Table 2. WHF has also identified how each of the eligible green and social category is contributing to the targets of the United Nations Sustainable Development Goals (SDGs).

Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance. WHF will strive to fully allocate the net proceeds of each Sustainability Financing Transactions within 24 months of issuance.

Each project category contributes to at least one of GBP's environmental objectives and supports relevant United Nations' (U.N.) Sustainable Development Goals (SDGs) and their associated targets. The framework lists the environmental objectives in which the eligible categories support, including climate change mitigation, environmental protection, pollution prevention, marine protection and restoration, etc.

**Table 1: Eligible Green Project**

Eligible Green Project Categories	Qualified Green Projects
<p><b>Renewable Energy</b></p>	<ul style="list-style-type: none"> <li>• Leasing, investment, acquisition, and expenditures related to design, manufacture, construction, installation, and operation of               <ol style="list-style-type: none"> <li>1) Residential distributed photovoltaic power stations</li> <li>2) Commercial photovoltaic power stations</li> <li>3) Energy Storage</li> </ol> </li> <li>• <b>GBP environmental objectives:</b> Climate change mitigation, pollution prevention and control.</li> <li>• Sample Projects               <ol style="list-style-type: none"> <li>1) Utilize the idle resources of existing family buildings, such as roofs, eaves, courtyards, etc., to install and use photovoltaic power generation systems. This has been one of the green and clean energy sources that the country has vigorously advocated in recent years. The group has currently established the residential “顶好惠民” brand.</li> <li>2) Utilize idle rooftops of industrial plants, commercial buildings, and public structures with independent property rights to construct photovoltaic power stations. This is an important direction for the future development of photovoltaics. It can not only help businesses reduce operational costs but also establish a good green environmental image, earning more praise and social recognition. The group has currently established the commercial “顶好惠企” brand.</li> <li>3) The group has extensively deployed in the field of energy storage, deeply cooperating with upstream manufacturers,</li> </ol> </li> </ul>



	<p>and combining with the actual electricity needs of the owners, it is applied to commercial and residential energy storage projects. By integrating with photovoltaic business, it effectively achieves electricity cost savings for users and electricity supply in off-grid areas. With the continuous optimization and improvement of energy storage products, photovoltaic + energy storage will become a strong support for carbon peak and carbon neutrality.</p>
<p><b>Clean Transportation</b></p>	<ul style="list-style-type: none"> <li>• Leasing, investment, acquisition, and expenditures related to design, manufacture, construction, installation, and operation of             <ol style="list-style-type: none"> <li>1) new energy vehicles (i.e. electric buses, electric taxis, electric ride-hailing services, electric trucks, etc.), hybrid vehicles, and</li> <li>2) related infrastructure such as electric vehicle charging stations.</li> </ol> </li> <li>• <b>GBP environmental objectives:</b> Climate change mitigation, pollution prevention and control.</li> <li>• Sample Projects             <ol style="list-style-type: none"> <li>1) Promoting new energy buses in the city with the “double lease” (financial leasing + operating leasing) business model, 96 locations with 130 bus charging stations have been completed, with a total installed capacity of 160,015KVA, making an important contribution to the new energy of Wuhan buses.</li> <li>2) The company mainly engaged in the investment, construction, and operation of new energy vehicle charging facilities. The company is based in Wuhan and faces Hubei, building new energy vehicle charging stations in the provinces and various local governments throughout the province for government agencies, enterprises and institutions, commercial outlets, communities, and all kinds of special parking lots and public parking lots.</li> </ol> </li> </ul>

**Table 2: Eligible Social Project**

Eligible Social Project Categories	Qualified Social Projects
<p><b>Provision of inclusive financing to Micro and Small Enterprises</b></p>	<ul style="list-style-type: none"> <li>• Provision of inclusive financing<sup>2</sup> to micro and small enterprises<sup>3</sup> <ul style="list-style-type: none"> <li>➢ E.g. loans, guarantee business, insurance business, etc.</li> <li>➢ Indirect Employment Generation through the Provision</li> </ul> </li> <li>• <b>SBP social objectives:</b> Make cities and human settlements inclusive, safe, resilient and sustainable.</li> <li>• Sample Projects Under financing guarantee business, it continues to promote business development, reduces the burden on micro and small enterprises, and stimulates market vitality.</li> </ul>
<p><b>Food security and sustainable food systems</b></p>	<ul style="list-style-type: none"> <li>• Food security and sustainable food systems             <ul style="list-style-type: none"> <li>➢ e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements;</li> <li>➢ resilient agricultural practices;</li> <li>➢ reduction of food loss and waste;</li> </ul> </li> </ul>

<sup>2</sup> For definition of “Inclusive Financing”, please refer to 《中国人民银行关于对普惠金融实施定向降准的通知》（银发〔2017〕222号） for details: <http://www.pbc.gov.cn/zhengwugongkai/4081330/4406346/4693549/4085607/index.html>

<sup>3</sup> “Micro and Small Enterprises” refer to the definition of micro and small enterprises as defined by the China National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Commerce and the National Bureau of Statistics, for details, please refer to: [https://www.gov.cn/zwgk/2011-07/04/content\\_1898747.htm](https://www.gov.cn/zwgk/2011-07/04/content_1898747.htm)



- and improved productivity of small-scale producers
- **SBP social objectives:**  
Make cities and human settlements inclusive, safe, resilient and sustainable.
- **Sample Projects**  
The project, named Wuhan City Grain Emergency Protection Center Project, is a key node engineering project for the grain emergency supply network of Wuhan City.
  - To ensure the requirements of national economic and people's livelihood, taking the protection of national grain security as the bottom line, and improve the agricultural support and protection system.
  - The construction of this project is an important measure to implement the planning requirements of Hubei Province and Wuhan City's "14th Five-Year Plan" and a key construction project to ensure people's livelihood.

**Exclusion Criteria**

In any case, eligible assets excludes the type of the activities listed in the International Finance Corporation (IFC) 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, wildlife or products regulated under 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 medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial.
- Production or trade in unbonded asbestos fibers.
- Drift net fishing in the marine environment using nets in excess of 2.5km. in length
- Production or trade in fossil fuel

**Opinion of Lianhe Green**

Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed a number of documents, including the Sustainability Financing Framework, and has conducted a comprehensive review of the Group's policy related to the use of proceeds based on the relevant 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. 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).

After the assessment, the eligible green projects align with China's "Green Bond Endorsed Project Catalogue (2021 Edition)." In addition, the renewable energy project category is eligible under the EU Taxonomy. Meanwhile, the clean transportation project category is partially aligned with both the Hong Kong Taxonomy and the EU Taxonomy because hybrid vehicles are excluded from the Taxonomy. (Further detailed findings will be described in the corresponding project category assessment.) Additionally, the renewable energy project category is partially aligned with the Hong Kong Taxonomy due to certain requirements regarding photovoltaic conversion efficiency. Also, the eligible green and social projects contribute to the United Nations Sustainable Development Goals<sup>4</sup>.

The look-back period is longer than the market's best practices. 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: Renewable Energy

### Lianhe Green Findings / Suggestions

Lianhe Green considers that this project category under the framework is most relevant to the eligible green projects category "Renewable energy (including production, transmission, appliances and products)" under both GBP and GLP.

In December 2022, The Hubei Provincial Department of Housing and Urban-Rural Development has issued a notice titled "[Notice on Strengthening the Management of Renewable Energy Building Applications](#)." The notice emphasizes that increasing the application of renewable energy in buildings is a powerful measure to optimize the energy structure of urban and rural buildings and is an important support for achieving carbon peak and carbon neutrality in the construction sector. The large-scale application of renewable energy includes newly constructed residential buildings, hotels, hospitals, apartments, dormitories, wellness facilities, and childcare centers. Priority should be given to using solar water heating systems, air-source heat pump water heating systems, or combined water heating systems that couple solar energy with air-source heat pumps. Additionally, newly constructed public buildings and factory roofs should adopt solar photovoltaic systems, with the area of photovoltaic installations accounting for no less than 30% of the roof area in 2023, no less than 40% in 2024, and no less than 50% in 2025. For other types of newly constructed public buildings, excluding newly built public institutions, the area of photovoltaic installations should account for no less than 20% of the roof area in 2023, no less than 30% in 2024, and no less than 40% in 2025.

Lianhe Green believes the framework's description on "Construction, installation, and operation of Residential distributed photovoltaic power stations and Commercial photovoltaic power stations" and both sample project 1 & 2 are aligned with the description of "5.2.1.3 Application of Renewable Energy in Buildings" under "Green Bond Endorsed Project Catalogue (2021 Edition)", which states that "Design, construction, and application of renewable energy application systems for buildings that use solar photovoltaic devices installed on roofs and walls of building to supply electricity to buildings, those use heat pumps and other facilities to provide cooling and heating to buildings".

Lianhe Green believes that these types of projects partially align with the activity description of "Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology" under the Hong Kong Taxonomy that have standards require the components and products used in solar photovoltaic power generation facilities to meet certain photovoltaic conversion efficiency requirements.

Lianhe Green believes that these types of projects are eligible for the description of "Installation, maintenance and repair of renewable energy technologies in buildings" under the EU Taxonomy and meet the EU Taxonomy's substantial contribution (or technical screening) criteria, contributing substantially to the climate change mitigation objectives.

<sup>4</sup> Based on the Lianhe Green's methodology, we evaluate each eligible project category of the issuer against the United Nations Sustainable Development Goals, and selected goals with a significant contribution to the United Nations Sustainable Development Goals. In addition, the issuer's eligible project categories may also contribute to other goals of the United Nations Sustainable Development Goals.



Lianhe Green believes this qualified green project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, there is significant contributions to Target 7.2 of Goal 7 (Affordable and Clean Energy) “By 2030, increase substantially the share of renewable energy in the global energy mix”.

## 2) Eligible Green Projects: Clean Transportation

### Lianhe Green Findings / Suggestions

Lianhe Green considers that this project category under the framework is most relevant to the eligible green projects category “Clean transportation (such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions)” under both GBP and GLP.

In February 2023, the Wuhan Municipal Transportation Bureau issued the [“Notice on Printing and Distributing the '14th Five-Year Plan' for Urban Public Transport Development in Wuhan.”](#) The main tasks include promoting the application of new energy vehicles in urban public transport and taxis, ensuring that all newly added and updated buses (excluding emergency vehicles) in the city use new energy vehicles, and encouraging the diversified development of new energy vehicle technologies. The plan also aims to accelerate the planning and construction of infrastructure for charging (and battery swapping) new energy vehicles, as well as to implement related incentive and subsidy policies for new energy vehicles.

Lianhe Green believes the framework’s description on “construction and operation of related infrastructure such as electric vehicle charging stations.” and sample projects are aligned with the description of “5.5.4.1 Construction and Operation of Charging, Battery Replacement, Hydrogen Refueling and Gas Refueling Facilities” under “Green Bond Endorsed Project Catalogue (2021 Edition)”, which states that “Construction and operation of electric vehicle battery charging stations, hydrogen refueling facilities and gasification facilities and other relevant infrastructure and facilities for clean vehicles”.

Furthermore, the framework’s description on “Leasing, investment, acquisition, and expenditures related to design, manufacture, construction, installation, and operation of new energy vehicles (i.e. electric buses, electric taxis, electric ride-hailing services, electric trucks, etc.), hybrid vehicles” is aligned with the description of “1.6.1.1 Manufacturing of Key Components of New Energy Vehicles and its Industrialization”, which states that “Manufacturing of core components of new energy vehicles including batteries, motors and its control systems, electrical accessories, plug-in hybrid special engines, electromechanical coupling systems, and energy recovery systems, the construction and operation of its industrial facilities, and the trading and purchasing of new and clean energy vehicles. The relevant projects should meet the requirements of the Administrative Provisions on the Admission of New Energy Vehicle Enterprises and Products (Amendment No.54 of the Order of the Ministry of Industry and Information Technology, PRC).”

Lianhe Green considers these types of projects are partially aligned with the activity description of “Selling, purchasing, financing, leasing, renting and operation of private electric vehicles” under the Hong Kong taxonomy. The main criteria and threshold for “Construction and operation of personal mobility devices, cycle logistics” under Hong Kong taxonomy is that the propulsion of personal mobility devices comes from the physical activity of the user, from a zero-emissions motor, or a mix of zero emissions motor and physical activity. Meanwhile, the eligible green projects under the company’s framework include electric vehicles and hybrid vehicles. Therefore, only the electric vehicles in the framework is eligible for Hong Kong taxonomy, but the hybrid vehicles is not.

Lianhe Green considers these types of projects are partially aligned with the EU taxonomy, as transportation assets are required to have zero direct tailpipe CO<sub>2</sub> emission; or the low emission transportation assets (i.e. hybrid vehicles) will have a direct GHG emission under 50g CO<sub>2</sub>eq/p-km until 31 December 2025, and zero emission 2026 onward. Therefore, only the electric vehicles in the framework meet the substantial contribution (or technical screening) criteria for the climate change mitigation objective under EU taxonomy, but the hybrid vehicles is not.

Lianhe Green believes this qualified green project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, there is significant contributions



to Target 11.2 of Goal 11 (Sustainable Cities and Communities) “By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons”.

## 1) Eligible Social Projects: Provision of inclusive financing to Micro and Small Enterprises

### Lianhe Green Findings / Suggestions

Lianhe Green considers that this project category under the framework is most relevant to the eligible social projects category “Employment generation and programmes designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, climate transition projects and/or other considerations for a “just transition” (such provision and/or promotion could include SME financing and microfinance)” under both SBP and SLP.

In July 2024, the Wuhan Municipal Bureau of Human Resources and Social Security issued [“Notice on soliciting public opinions, which includes measures to support business entities in stabilizing and expanding employment”](#). Micro and small enterprises that meet the criteria regarding establishment duration and employee numbers, and that pay employee wages and social insurance on time and in full, may be eligible for a special loan for stabilizing and expanding employment, with a maximum credit limit of 30 million yuan per entity and a loan interest rate not exceeding 4%. The policy to temporarily reduce the unemployment insurance rate to 1% will continue to be implemented as stipulated. Additionally, insured enterprises that have not laid off employees or have only laid off a few may receive refunds for the unemployment insurance contributions made by the enterprise and its employees in the previous year. The measures also include strengthening support for entrepreneurship funding. A one-time entrepreneurship subsidy will be provided to eligible college graduates and others starting their first business in the city. Eligible individuals and micro and small enterprises can apply for guaranteed loans of up to 300,000 yuan and 5 million yuan, respectively, promoting online processing of the entire loan application process. The initiative aims to create innovation and entrepreneurship competition brands such as “Hero Cup”, “Wuchuangyuan”, and “Youth Innovation”, providing corresponding financial support to winning projects.

Lianhe Green believes that such projects will help generating employment and providing additional income opportunities for local work force, especially those with subdued employment prospect due to adverse socioeconomic changes and those living in underprivileged areas, thereby promoting sustainable economic and social development.

Lianhe Green believes this qualified social project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, there is significant contributions to Target 8.10 of Goal 8 (Decent Work and Economic Growth) “Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all”.

## 2) Eligible Social Projects: Food security and sustainable food systems

### Lianhe Green Findings / Suggestions

Lianhe Green considers that this project category under the framework is most relevant to the eligible social projects category “Food security and sustainable food systems (e.g. physical, social, and economic access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and improved productivity of small-scale producers)” under both SBP and SLP.

In December 2023, the Wuhan Municipal Development and Reform Commission (Grain Bureau) issued the [“Implementation Rules for the Management of Emergency Grain Supply Enterprises in Wuhan \(Trial\)”](#). The rules stipulate that emergency grain distribution centers must have storage facilities with a capacity of no less than 1,000 tons, and a daily transportation capacity of no less than 100 tons, or a daily transportation capacity of no less than 50 tons using their own vehicles. The annual grain and oil operating volume must not be less than 3,000 tons. The centers must have transportation and unloading facilities that meet distribution needs, as well as enclosed





transport vehicles and parking lots suitable for distribution operations. Necessary equipment such as forklifts and conveyor machinery for loading and unloading is required. Additionally, there should be a well-established distribution network and channels, and the distribution capacity must meet emergency layout requirements. The warehouses must comply with national storage conditions for classified goods.

Lianhe Green believes that the construction of the Wuhan City Grain Emergency Protection Center Project is particularly important in the context of the global COVID-19 pandemic. These projects strengthen food safety and sustainable food systems, effectively addressing the uncertainties in food supply chains and logistics. By optimizing inter-regional food circulation and improving food consumption structures, these projects not only help reduce market volatility risks, ensure food security, and meet the basic living needs of residents, but also effectively prevent hunger issues that may arise again due to the pandemic, promoting sustainable economic and social development.

Lianhe Green believes this qualified social project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, there is significant contributions to Target 2.4 of Goal 2 (Zero Hunger) “By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality”.

## B. Process for Project Evaluation and Selection

### Company Materials

The Eligible Projects are identified and selected via a process that involves participants from various functional areas. A Green and Sustainable Working Group (“GSWG”) comprises of the senior representatives from the below departments:

- Financial Management Division;
- Investment Division;
- General Department;
- Project Division; and
- Discipline Inspection and Supervision Office;

GSWG will identify and manage the social and environmental risks related to eligible green or social projects based on government’s approval and the feasibility analysis<sup>5</sup>. GSWG will meet at least every 12 months to discuss and select eligible projects according to the Eligible Projects definition of this Framework. The shortlisted projects will be presented to Board of directors for approval.

GSWG will ensure that the selected Eligible Project to comply not only with the section of Use of Proceeds but also refer to the environmental and other corporate guidelines which are applicable within WHF, e.g. Green Building Evaluation Standard, Guidance on social responsibility (GB/T36000-2015) etc. In addition, GSWG will be responsible for managing any future updates of the Framework, including any expansion of requirements of use of proceeds.

### Opinion of Lianhe Green

<sup>5</sup> Feasibility report, construction scheme and preliminary design of residential building projects shall include the analysis on building energy consumption, renewable energy utilization and building carbon emission. Typically, 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/social impact and metrics in the framework to measure eligibility of green/social projects.



Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed the Sustainable Finance Framework and other series of documents, and the company's policies on process for project evaluation and selection based on the relevant assessment criteria.

The Group has established a comprehensive process for screening, identifying, and evaluating green and/or social projects. The Group has a process to pre-select and evaluate projects based on WHF and national standards. Shortlisted projects will be presented to the Board of Directors for approval. Additionally, the GSWG will identify and manage social and environmental risks related to eligible green or social projects, based on government approval and feasibility analysis. The GSWG will meet at least once every 12 months to discuss and select projects for investment.

Lianhe Green considers that the Group's process for project evaluation and selection system is Excellent, which meets the requirements of the assessment criteria.

### C. Management of Proceeds

#### Company Materials

The net proceeds from each issuance will be managed by WHF's financial management team and the proceeds of each issuance will be deposited in the general funding accounts. WHF will maintain a register to keep track of the use of proceeds for each issuance. The register will contain the following information including:

- (1) Type of Funding Transaction: key information including issuer/borrower entity, transaction date, number of transactions, principal amount of proceeds, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number in case of bond transaction.
- (2) Allocation of Use of Proceeds: key information includes
  - Name and description of Eligible Projects to which the proceeds of the transaction have been allocated in accordance with the Framework
  - Amount of the transaction proceeds allocated to each Eligible Project
  - The balance of unallocated proceeds
  - Information of temporary investment for unallocated proceeds

WHF is committed to allocating all proceeds from the issuance to Eligible Projects on a best effort basis within 2 year of the issuance in accordance with the evaluation and selection process set out above.

Pending allocation, the net proceeds from the issuance will be held in accordance with WHF's liquidity guidelines for short term time deposits or investments, or used to repay existing borrowings within WHF.

During the life of the transaction, if the designated projects cease to fulfill 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

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



The net proceeds of each issuance will be deposited in the general funding accounts. WHF will maintain a register to keep track of the use of proceeds for each issuance. During the life of the transaction, if the designated projects cease to fulfill the Eligibility Criteria, the net proceeds will be re-allocated to replacement projects that comply with the Eligibility Criteria, as soon as reasonably practicable.

Lianhe Green considers that the Group's management of proceeds is Good, which meets the requirements of the assessment criteria.

## D. Reporting

### Company Materials

WHF will provide information on the allocation of the net proceeds of its transactions in WHF's website. Such information will be provided on an annual basis until all the net proceeds have been allocated. The information will contain at least the following details.

#### (1) Allocation reporting

WHF will provide the following information for the net proceeds of all the transactions during the period:

- A brief description of the projects
- The aggregate amount allocated to various Eligible Projects
- Percentage of financing vs. refinancing
- Associated target population
- The remaining balance of funds which have not yet been allocated and type of temporary investment

#### (2) Impact Reporting

Where possible, WHF will report on the environmental and social impacts of the Eligible Projects. And the group commits to disclosing the expected and actual impact of projects when data is available. Subject to the nature of Eligible Projects and availability of information, WHF will include, but not limited to, the following Impact Indicators:

Eligible Green Project Categories	Impact Indicators
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Annual renewable energy generation (GWh for electricity and GJ for other energy)</li> <li>• Annual GHG emissions reduced/avoided in tons of CO<sub>2</sub> equivalent</li> </ul>
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Number of clean vehicles deployed (e.g. electric)</li> <li>• Number and type of clean transportation infrastructure built</li> <li>• Amount of harmful emissions<sup>6</sup> when compared with conventional vehicles</li> <li>• Amount of CO<sub>2</sub> avoided due to EVs when compared with conventional vehicles</li> <li>• Reduction of air pollutants</li> </ul>

Eligible Social Project Categories	Impact Indicators
<b>Provision of inclusive financing to Micro and Small Enterprises</b>	<ul style="list-style-type: none"> <li>• Number of loans disbursed to qualifying Micro and Small Enterprises</li> <li>• Number of guaranteed services disbursed to qualifying Micro and Small Enterprises</li> </ul>
<b>Food security and sustainable food systems</b>	<ul style="list-style-type: none"> <li>• The designed annual grain handling capacity</li> <li>• Per capita available food quantity</li> </ul>

<sup>6</sup> Toxic, or hazardous, air pollutants cause or are suspected of causing serious harms. They can be gases, like hydrogen chloride, benzene or toluene, dioxin, etc.



### Opinion of Lianhe Green

Not Aligned	Aligned	<b>Good</b>	Excellent
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Lianhe Green has reviewed a series of documents, including the Sustainable Finance Framework and the company's policy based on the relevant assessment criteria.

The Group will provide green and social projects category level disclosure reports annually until the proceeds of all the transactions have been allocated. Where possible, WHF will report on the environmental and social impacts of the Eligible Projects. And the group commits to disclosing the expected and actual impact of projects when data is available.

Lianhe Green considers that the Group's information disclosure and reporting is Good, which meets the requirements of the assessment criteria.

## E. External Reviews

### Company Materials

WHF will engage a third party to evaluate the alignment of Sustainable Finance Framework, and fulfillment with the Green Bond Principles, Green Loan Principles, Social Bond Principles, Social Loan Principles, and Sustainability Bond Guidelines. The assessment result documents will be available on WHF's website.

### Opinion of Lianhe Green

Not Aligned	<b>Aligned</b>	Good	Excellent
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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.

Lianhe Green considers that the Group's management system for external review is Aligned and meets the requirements of the assessment standards.



## Analysis of Environmental and Social Benefits

### Eligible Green Project: Renewable Energy

#### Environmental Benefits

According to the [“Renewable Energy 2023”](#) report from the International Energy Agency (IEA), China is the world’s renewables powerhouse, accounting for almost 60% of new renewable capacity expected to become operational globally by 2028. By the end of the forecast period, nearly half of China’s electricity generation will come from renewable energy sources. Therefore, by harnessing solar energy, these projects reduce reliance on fossil fuels, leading to lower greenhouse gas emissions and improved air quality.

Residential distributed photovoltaic power stations enable households to generate their own electricity, promoting energy independence and reducing overall demand on the grid. Similarly, commercial photovoltaic power stations contribute to cleaner energy production for businesses, which can also lower operational costs. Energy storage systems complement these efforts by ensuring that excess energy generated during sunny periods can be stored and used during peak demand times, enhancing grid stability. Together, these initiatives foster a transition to renewable energy sources, promote sustainable urban development, and help Wuhan move toward its goals of carbon neutrality and environmental sustainability.

### Eligible Green Project: Clean Transportation

#### Environmental Benefits

By promoting the use of electric buses, taxis, and trucks, these initiatives reduce reliance on fossil fuels, leading to lower greenhouse gas emissions and improved air quality. The transition to new energy vehicles (NEVs) helps mitigate urban pollution, which is crucial for public health and environmental sustainability. Additionally, investing in charging infrastructure facilitates the widespread adoption of electric vehicles, making them more accessible to residents. This infrastructure not only supports the growth of the NEV market but also encourages sustainable transportation practices. Ultimately, these projects contribute to a cleaner, greener Wuhan, fostering a more sustainable urban environment and supporting the city’s goals for carbon neutrality and environmental stewardship.

According to the [research](#) from IEA, more than 60% of electric vehicles sold in 2023 were already less expensive to buy than their conventional equivalents in China. In 2024, electric vehicle sales in China are projected to leap to about 10 million, accounting for approximately 45% of all car sales in the country. Given that EVs are zero-emission on the road, Lianhe believes the research shows that the demand for NEVs is set to surge and will benefit the environment in Wuhan, China.

### Eligible Social Project: Provision of inclusive financing to Micro and Small Enterprises

#### Social Benefits

The provision of inclusive financing to micro and small enterprises (MSEs) in Wuhan, China, offers significant social benefits by enhancing economic growth and job creation. Initiatives such as affordable loans, financing guarantees, and tailored insurance products empower MSEs to expand operations, hire more staff, and invest in local communities. This leads to reduced unemployment rates and skill development, particularly for underrepresented groups, fostering greater gender equality and diversity. Additionally, a thriving MSE sector stimulates market vitality, encourages innovation, and promotes environmental sustainability. Overall, inclusive financing not only supports individual entrepreneurs but also contributes to a more resilient and prosperous economy in Wuhan.

According to the [“China’s Progress Report on Implementation of the 2030 Agenda for Sustainable Development”](#), China is vigorously promoting various policies that favor innovation and entrepreneurship.



The country is deeply advancing reforms in business systems, minimizing government approval requirements, and increasing policy support such as entrepreneurship guarantee loans, subsidies, and fee reductions. Efforts are being made to promote the development of inclusive finance and improve the accessibility of financing for small and micro enterprises. By implementing a tolerant regulatory approach, incentive-based monetary credit, and fiscal reward policies, the aim is to increase the volume, reach, and decrease the costs of financing for small and micro enterprises. As of the end of 2022, the national balance of inclusive micro and small loans reached 23.8 trillion yuan, a year-on-year growth of 23.8%; the number of inclusive micro and small credit accounts was 56.52 million, up 26.8% year-on-year; and the average loan interest rate was 4.9%, which is a reduction of 1.4 percentage points compared to January 2018.

### Eligible Social Project: Food security and sustainable food systems

#### Social Benefits

The global pandemic of COVID-19 has brought many uncertainties to food trade cooperation, posing risks to the stability of international food supply chains and logistics. Food security and sustainable food systems are critical for enhancing the well-being of communities in Wuhan, China. Ensuring physical, social, and economic access to safe, nutritious, and sufficient food helps meet the dietary needs of residents, ultimately improving public health and quality of life. Programs that promote resilient agricultural practices enable local farmers to adapt to climate change and economic fluctuations, ensuring a stable food supply. Additionally, initiatives aimed at reducing food loss and waste can significantly impact both the environment and the economy. By improving supply chain efficiency and enhancing food storage and distribution, these projects not only minimize waste but also increase the availability of food for those in need, supporting vulnerable populations. Improving the productivity of small-scale producers is another vital aspect of building sustainable food systems. By providing training, resources, and access to markets, these projects empower local farmers, boost their incomes, and encourage community engagement. This, in turn, fosters economic development and social cohesion in Wuhan. Overall, these initiatives contribute to a healthier, more resilient population and a stronger, more sustainable local economy.

According to the article "[Further Consolidating Grain Quantity Security Guarantee Capabilities](#)" by the National Development and Reform Commission, China's grain production has remained stable at over 1.3 trillion catty for seven consecutive years, reaching a new milestone of an additional 100 billion catty in production over the past decade. The per capita grain availability has reached 483 kilograms, significantly higher than the world average. This achievement not only demonstrates China's ability to achieve basic self-sufficiency in grain but also effectively enhances the level of food security. Moreover, it has made an important contribution to promoting the healthy development of global food initiatives and ensuring world food security.



## 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 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 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 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 Group’s policies and processes;
- » Review the Sustainable 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.



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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