



Chengdu Jianjiang Investment Group Co., Ltd.

Second-Party Opinion | Sustainable Finance Framework

Report Type

Sustainable Finance Framework Second-Party Opinion

Analytical Standards

- » Sustainability Bond Guidelines (SBG) (June 2021 Edition)
- » Green Bond Principles (GBP) (June 2021 Edition)
- » Social Bond Principles (SBP) (June 2023 Edition)
- » Green Loan Principles (GLP) (February 2023 Edition)
- » Social Loan Principles (SLP) (February 2023 Edition)

Industry

Local Investment and Development Companies

Country/Region

China

Report Date

31st December 2024

Summary

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

Lianhe Green Development Company Limited ("Lianhe Green") has reviewed a series of documents including the "Sustainable Finance Framework" (hereinafter referred to as the "Framework") from Chengdu Jianjiang Investment Group Co., Ltd. (the "Company" together with its subsidiaries, the "Group"), 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 reviews. The Framework has received an 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 Social Bond Principles (SBP) (June 2023 Edition), the Green Loan Principles (GLP) (February 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)¹.

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



About the Company

The Group is a wholly state-owned enterprise established with funding from the Pengzhou Finance Bureau. As the only primary urban investment platform in Pengzhou, the Group undertakes infrastructure construction, provision of renovation services, property leasing, sales of building materials, engineering construction, property sales and other business in designated areas of Pengzhou. The Group is currently the largest and most robust state-owned construction company in Pengzhou, undertaking a wide range of responsibilities and has a clear regional monopoly advantage in its core business. Since its establishment, the Group's operation capacity has grown steadily, and it holds a highly prominent position within the local industry.

In recent years, the Group has successfully diversified its business to include infrastructure construction, provision of renovation services, property leasing, sales of building materials, engineering construction, property sales and other business, acting an important infrastructure construction investment and financing role in Pengzhou and a key asset operation platform supported by Pengzhou Government. The Group plans to prudently develop other new businesses under the guidance and instruction of Pengzhou Finance Bureau and Pengzhou Government to further enhance synergies among its business segments and strengthen its position as a core government investment platform in Pengzhou.

The Group believes that its experienced management team has been and will be a key factor in contributing to its growth and development. The Group also believes that its experienced management team will be important in achieving and maintaining a leading market position in the industries in which the Group operates, in particular its business segments of tap water sales, sewage treatment, waste-to-energy, property management, quality inspection and testing services, landscaping and maintenance services, property leasing and coal slag sales. The Group will continue to build a professional management team with well-qualified and experienced personnel, carry out regular training so as to enable the Group to continue to improve the efficiency of its operations and achieve its strategic goals.

Company Sustainability Strategy

In the future, the Group will continue to focus on Pengzhou's development strategy and continue to make efforts in the areas of investment in infrastructure construction, provision of renovation services, property leasing, sales of building materials, engineering construction, property sales and other business. The Group will act as an investment channel in urban and rural infrastructure construction, integrated development of rural industries and improvement of urban and rural human settlements, and will continue to contribute to the high-quality development of the economy of Pengzhou, so as to make a positive contribution to the development of Pengzhou into a new centre for future urban construction in Chengdu.

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 Framework has been developed to demonstrate how the Group and its affiliates intend to enter into the Sustainable Finance Transactions ("SFT") as part of the Group's commitment to sustainability and social impacts. Fundraising will include bonds, loans and other debt instruments, and SFT with structures tailored to contribute to environmental and social development by application of the proceeds to Eligible Projects as defined in the Framework.



- With respect to bonds, bonds issued under SFF will be aligned with the Green Bond Principles (“**GBP**”) 2021 (with June 2022 Appendix 1), Social Bond Principles (“**SBP**”) 2023, and Sustainability Bond Guidelines (“**SBG**”) 2021 by International Capital Markets Association (“**ICMA**”), or as they may subsequently be updated.
- With respect to loans, loans borrowed under this SFF will be aligned with the Green Loan Principles (“**GLP**”) 2023, Social Loan Principles (“**SLP**”) 2023 by Loan Market Association (“**LMA**”), Asia Pacific Loan Market Association (“**APLMA**”), and Loan Syndications and Trading Association (“**LSTA**”) or as they may subsequently be updated.
- Other forms of financing may conform to other green and social finance principles as may have been established at the time of such financing transaction being undertaken.

For each SFT issued under this Framework, the Group is committed to align with the following elements:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting
- 5) External Review

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.

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

A. Use of Proceeds

Company Materials

The Group will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under the Framework to finance and/or re-finance, in whole or in part, projects which meet the eligibility criteria of the following Eligible Project categories (“Eligible Projects”), as defined as below.

A maximum 3-year look-back period would apply for refinanced projects and the Group is committed to fully allocate the net proceeds of each issuance under the Framework within 24 months from issuance/borrowing.

- 1) Eligible Green Projects Categories and Description/Condition of Eligible Green Projects

Eligible Green Project Categories	Eligibility Criteria
Energy Efficiency	<p>Increase energy efficiency and reduce building and facility energy consumption by at least 15 per cent. by investing in and spending on projects such as, but not limited to:</p> <ul style="list-style-type: none"> • In the design and construction process, in accordance with the requirements of "Intelligent Building Design Standards (GB/T 50314-2015)", adopt timely and feasible intelligent technology to realize the functions of saving resources and



	<p>optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, Building Information Modeling (BIM) technology, etc.; or</p> <ul style="list-style-type: none"> • Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards "Energy-saving Design Standards for Public Buildings" (GB50189-2015), "Energy-saving Domestic Water Appliances" (CJ/T164-2014) and other standards; or • Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type T8, T5), etc., as well as the use of natural light sources, intelligent lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards; or <p>Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the "Statistical Standard for Civil Buildings" (GB 50352), the "Standard for Energy-Saving in Public Buildings" (GB 50189) and the "Standard for the Evaluation of Green Retrofit of Existing Buildings" (GBT 51141).</p>
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2) Eligible Social Projects Categories and Description/Condition of Eligible Social Projects

Eligible Social Project Categories	Eligibility Criteria
Affordable Basic infrastructure	Develop and construct large-scale infrastructure projects, such as but not limited to tunnels, roads, and bridges.
Affordable Housing	Investments and expenditures in projects that provide affordable housing and resettlement fees for the general public and vulnerable groups, including indemnificatory public rental housing, economically affordable housing, construction projects and government-supported affordable housing construction projects.

Exclusion Criteria



The Group commits that any activities, assets and technologies related to the below will be excluded from Eligible Projects:

- activities that violate national laws, regulations or international conventions and agreements, or are subject to international bans;
- production or trade in arms and ammunition;
- production or trade in alcoholic beverages (other than beer and wine);
- production or trade in tobacco;
- gambling, casinos and equivalent businesses;
- production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered);
- production or activities involving harmful or exploitative forms of forced labor or harmful child labor.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed a number of documents, including the Sustainability Finance 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 project category aligns with China's "Green Bond Endorsed Project Catalogue (2021 Edition)." In addition, Lianhe Green generally considers the eligible green project category positively contribute to the environment and partially align with the HK Taxonomy and EU Taxonomy. Furthermore, the eligible social projects align with the Social Bond Principles (SBP) (June 2023 Edition). Both the eligible green and social projects contribute to the United Nations Sustainable Development Goals². 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: Energy Efficiency

Lianhe Green Findings / Suggestions

Lianhe Green considers that this project category under the framework is most relevant to the eligible green projects category "Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products)" under both GBP and GLP.

In January 2023, the Office of the People's Government of Pengzhou issued the "[Action Plan for Optimizing Industrial Structure and Promoting Green and Low-Carbon Development in Pengzhou](#)" The key tasks of this action plan include implementing energy-saving technical transformation projects, expanding the clean production audit field, enhancing the quality of clean production audits, and achieving pollution reduction and carbon reduction at the source. It also promotes comprehensive upgrades and transformations for Yadong and Lanfeng Cement to reduce coal

² 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.



consumption and emissions, gradually implementing energy-saving and emission-reduction equipment and technologies such as efficient motors and waste heat utilization, in order to maximize energy-saving benefits.

Lianhe Green believes the framework's description on "Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the 'Statistical Standard for Civil Buildings' (GB 50352), the 'Standard for Energy-Saving in Public Buildings' (GB 50189) and the 'Standard for the Evaluation of Green Retrofit of Existing Buildings' (GBT 51141)." is aligned with and the same as the description of "5.2.1.5 Energy Conservation and Environmental-friendly Renovation of Existing Buildings" under "Green Bond Endorsed Project Catalogue (2021 Edition)".

Lianhe Green considers the criteria set by the Hong Kong Taxonomy for the renovation of existing buildings to be more stringent compared to the framework requirements. According to the Hong Kong Taxonomy, the building renovation should lead to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the building's historic average for both existing commercial buildings and residential buildings. For existing commercial buildings, buildings may also use HKGBC's Zero-Carbon-Ready Building, with at least Extra Low or Level 2 improvement (i.e., 25% reduction) according to Zero-Carbon-ready building Certification Scheme. However, the framework only requires increase in energy efficiency and reduce building and facility energy consumption by at least 15 percent.

Lianhe Green also considers the criteria set by the EU taxonomy for the activity "Renovation of existing buildings" to be more stringent compared to the framework requirements. The EU taxonomy has set energy performance indicators that lead to a reduction in primary energy demand of at least 30%.

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 9.4 of Goal 9 (Industry, Innovation and Infrastructure) "By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities".

1) Eligible Social Projects: Affordable basic infrastructure

Lianhe Green Findings / Suggestions

Lianhe Green considers that this project category under the framework is most relevant to the eligible social projects category "Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)" under both SBP and SLP.

In February 2021, the Fourth Session of the Thirteenth People's Congress of Sichuan Province approved the "[14th Five-Year Plan for National Economic and Social Development of Sichuan Province and the Long-Range Objectives Through the Year 2035](#)." The plan mentions promoting the integrated development of urban and rural infrastructure, establishing and improving a unified planning, construction, and management mechanism for urban and rural infrastructure, and extending municipal public facilities to rural areas. It aims to optimize the rural road network, enhance the quality and coverage of the "Four Good" rural roads, fully implement the rural passenger transport "Golden Connection Project," and promote the integration of urban and rural passenger transport to ensure smooth urban and rural transportation microcirculation.

Lianhe Green believes that investing in large-scale infrastructure projects, such as tunnels, roads, and bridges in Pengzhou, can significantly enhance the city's connectivity and economic growth. Improved transportation networks facilitate trade and mobility, allowing businesses to thrive and attracting new investments. Additionally, well-constructed infrastructure can improve access to



essential services, such as healthcare and education, benefiting the entire community. Affordable basic infrastructure also promotes social equity by ensuring that all residents have access to reliable transport options. Furthermore, such projects can create job opportunities during construction and maintenance phases, boosting local employment. Ultimately, these developments contribute to a more vibrant and sustainable urban environment.

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 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”.

2) Eligible Social Projects: Affordable Housing

Lianhe Green Findings / Suggestions

Lianhe Green considers that this project category under the framework is most relevant to the eligible green projects category “Affordable housing” under both SBP and SLP.

In February 2021, the Fourth Session of the Thirteenth People’s Congress of Sichuan Province approved the [“14th Five-Year Plan for National Economic and Social Development of Sichuan Province and the Long-Range Objectives Through the Year 2035”](#). The plan mentions the establishment of a sound housing security system, creating a housing security mechanism that integrates both rental and purchase options, ensuring that low-income households in urban areas receive the necessary support, and addressing the temporary housing difficulties faced by the predominantly new urban population. It includes implementing dynamic adjustments to security standards and regulatory oversight for entry and exit, as well as standardizing the development of public rental housing. The plan aims to improve long-term rental housing policies, explore supporting the use of collectively owned construction land for planned rental housing, and expand the supply of affordable rental housing. It emphasizes the renovation and improvement of community facilities and municipal infrastructure, striving to complete the renovation tasks for outdated urban communities built before the end of 2000. Additionally, it advocates for the development of shared ownership housing suitable to local conditions and the prudent advancement of shantytown renovations.

Lianhe Green believes that these projects in Pengzhou can significantly enhance the quality of life for residents, particularly for vulnerable groups. By providing indemnificatory public rental housing and economically affordable options, the city can ensure that everyone has access to safe and stable living conditions. These initiatives promote social inclusion and reduce homelessness, fostering a sense of community. Furthermore, government-supported construction projects can stimulate local economies by creating jobs and supporting related industries. Improved housing not only enhances residents’ well-being but also contributes to the overall attractiveness of the city, encouraging further investment and development. Ultimately, affordable housing initiatives lead to a more equitable and thriving urban environment.

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 11.1 of Goal 11 (Sustainable cities and communities) “By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums”.

B. Process for Project Evaluation and Selection

Company Materials

The Group has strict environmental and social risk management procedures in place for its daily operations and project construction. To evaluate and select projects, the Group has established a Sustainable Financing Working Group (the “SFWG”) that is responsible for ensuring that the proceeds



from sustainable financing instruments or an equivalent amount are allocated to eligible projects under the Group's framework. The SFWG is also tasked with managing any future updates to the framework, including expanding the requirements for the use of proceeds. For potential eligible green and social projects, the relevant project department will first pre-select and evaluate the projects based on feasibility studies, environmental impact assessments, preliminary designs, and other relevant documents. The department then submits these potential projects to the SFWG, which further assesses and evaluates whether the projects meet the eligibility and exclusion criteria of the framework. The SFWG also ensures that appropriate mitigation measures are in place to address any environmental and social risks. The projects that are endorsed by the SFWG are then shortlisted and presented to the company's board of directors for final approval. Once approved by the board, the selected projects are added to the list of eligible green and social projects. The SFWG is responsible for managing and ensuring compliance with the framework.

The SFWG is composed of senior management members from various departments within the Group, including Investment and Financing Department, Engineering Management Department and Corporate Finance Department. The SFWG will convene at least annually, or on an as-needed basis, to discuss, evaluate, and select eligible green and social projects according to the criteria outlined in the framework.

The SFWG will regularly monitor the asset pool to ensure the selected projects align with the eligibility criteria specified in Section 1. If any projects become ineligible, the SFWG will replace them with new eligible green and social projects. In addition, the SFWG will facilitate regular reporting on any SFTs issued, ensuring alignment with the reporting commitments outlined in the framework.

Opinion of Lianhe Green

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 strict environmental and social risk management procedures in place for its operations and project construction. SFWG includes senior members from various internal departments and technical teams such as Engineering Management, evaluates and selects projects to ensure that proceeds from sustainable financing instruments are allocated to eligible projects under the Group's framework. The SFWG reviews potential projects based on feasibility studies and environmental impact assessments, presenting endorsed projects to the board of directors for final approval, which is considered good market practice. Additionally, the SFWG regularly monitors the asset pool to ensure alignment with eligibility criteria, replacing any ineligible projects and facilitating reporting on sustainable financing commitments.

Lianhe Green considers that the Group's Process for Project Evaluation and Selection is Excellent, which meets the requirements of the assessment criteria.

C. Management of Proceeds

Company Materials

The proceeds of each of the Group's SFT can be managed through using a designated account or keeping a SFT Register. Under the SFT Register method, the proceeds will be deposited in the general funding accounts, and earmarked for allocation towards the Eligible Green and Social Projects. The



Group will maintain a SFT Register to track the use of proceeds for the SFT. Sustainability Finance Allocation Register will be established to ensure and monitor the allocation of proceeds.

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

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

Management of the unallocated proceeds

It is the Group's intention to deploy proceeds of each of the Group's SFT to Eligible Green and Social Projects within a 2-year period. If part of the proceeds cannot be allocated to Eligible Green and Social Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the sustainable bond, or invest the unallocated proceeds into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities.

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 proceeds from each of the Group's SFT can be managed through a designated account or a SFT Register. Proceeds are deposited into general funding accounts and earmarked for Eligible Green and Social Projects, tracked by a Sustainability Finance Allocation Register that includes SFT details and allocation lists. The Group aims to deploy these proceeds within two years; if any remain unallocated, they may be deposited into the designated account for the sustainable bond or invested in qualified money market products or debt instruments per regulatory guidelines.

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

D. Reporting

Company Materials

The Group will provide information on the allocation of the net proceeds of its Sustainable Financing Instruments in a report. Such information will be provided on an annual basis until all the net proceeds have been allocated. According to the market needs, the information may contain the following details:

- 1) List of Eligible Green and Social projects
- 2) The amount of Proceeds allocated to each Eligible Green and Social Project category
- 3) When possible, descriptions of the Eligible Green and Social Projects financed, such as project locations, amount allocated, etc.
- 4) Selected examples of projects financed
- 5) Percentage of financing vs. refinancing
- 6) Amount of unallocated Proceeds



Furthermore, the Group will confirm that the Use of Proceeds of the SFT conforms to this SFF and that report on a timely basis if any material development until full allocation.

Impact Reporting

The Group will provide reporting on the environmental and social benefits of the Eligible Green and Social Projects potentially with the following environmental and social impact indicators. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Green Project Categories	Impact Indicators
Energy Efficiency	<ul style="list-style-type: none"> Amount of energy saved (in MWh) Annual energy efficiency improvement in percentage
Eligible Social Categories	Impact Indicators
Affordable Basic Infrastructure	<ul style="list-style-type: none"> Number of infrastructure projects built/upgraded
Affordable Housing	<ul style="list-style-type: none"> Number of dwellings constructed Reduction in number of people experiencing poor housing and homelessness Number of individuals/families benefiting from subsidized housing

The allocation and impact reporting mentioned above will be disclosed to the Group's stakeholders.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	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 annually report on the allocation of net proceeds from its Sustainable Financing Instruments until all proceeds are allocated, including details on eligible projects, amounts allocated, and examples of financed projects. The report will also confirm alignment with the Framework and update on any material developments until full allocation. Additionally, the Group will provide impact reporting on the environmental and social benefits of the projects, disclosing relevant indicators, calculation methodologies, and key assumptions.

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

Pre-issuance:

The Group has engaged Lianhe Green to provide a second party opinion on the Sustainable Finance Framework to review and confirm its alignment with the SBG, GBP, GLP, SBP ad SLP. Lianhe Green has reviewed the Sustainable Finance Framework and provided its Second Party Opinion. The objective of the Second Party Opinion is to provide investors with an independent assessment. The Second Party



Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Issuer and the Joint Lead Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with the Bonds issued as Sustainable Bonds. The Second-Party Opinion together with the Sustainable Finance Framework will be published on the Group's website.

Post-issuance:

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

Opinion of Lianhe Green

Not Aligned	Aligned	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. An independent third party may be engaged to review and verify the internal tracking and allocation of funds from the SFTs to eligible green and social projects, as well as the eligible projects expected and actual impact that is disclosed in the Group's annual report.

Lianhe Green considers that the Group's management system for External Reviews is Good and meets the requirements of the assessment standards.



Analysis of Environmental and Social Benefits

Eligible Green Project: Energy Efficiency

Environmental Benefits

According to the white paper “[Achieving the Paris Agreement](#)” released by ABB, industrial energy consumption accounts for 37% of the global total energy consumption and 24% of global CO₂ emissions. Construction and building energy consumption accounts for 30% of global total energy consumption and 28% of global CO₂ emissions. A large part of energy consumption is related to motors. By improving the energy efficiency of motor systems, these emissions can be significantly reduced. LED lighting consumes less energy than traditional bulbs and has a longer lifespan, reducing energy consumption and waste. Finally, investing in energy storage technology can store excess energy when production is high and release it during peak demand, thereby reducing dependence on fossil fuels, lowering carbon emissions, and enhancing the utilization of renewable energy.

Increasing energy efficiency in buildings and facilities in Pengzhou aligns perfectly with the “[14th Five-Year Plan for National Economic and Social Development of Sichuan Province and the Long-Range Objectives Through the Year 2035](#)” issued in January 2023. By implementing strategies to improve the design and construction processes, installing energy-efficient equipment, and renovating with green lighting, the city can significantly reduce energy consumption and associated carbon emissions. This not only supports global sustainability goals but also enhances the city’s reputation as a leader in green development. Moreover, investing in energy storage technology allows for better management of energy supply and demand, ensuring reliable access to renewable energy sources. These initiatives can create a healthier environment for residents while also stimulating local economic growth through energy efficiency projects. Ultimately, such efforts contribute to a sustainable future for Pengzhou, fostering resilience against climate change.

Eligible Social Project: Affordable Basic infrastructure

Social Benefits

The United Nations Environment Programme (UNEP)’s “[International Good Practice Principles for Sustainable Infrastructure](#)” indicates that Infrastructure supports human and economic development and is relevant to all 17 sustainable development goals, directly or indirectly affecting the achievement of 92% of the 169 sustainable development targets. Therefore, the infrastructure is an important support for economic and social development. It is necessary to build a modern infrastructure system to lay a solid foundation for the comprehensive construction of a socialist modern country, which also ensures the safety, well-being and prosperity of communities.

In addition, these infrastructure projects also contribute to promoting social inclusiveness, especially in caring for vulnerable groups (e.g. the elderly, people with disabilities). The construction of infrastructure can also enhance disaster response capabilities, reduce the impact of natural disasters on communities, and safeguard the lives and property of the people.

Lianhe Green advocates for investing in large-scale infrastructure projects, such as tunnels, roads, and bridges in Pengzhou, as a means to enhance connectivity and stimulate economic growth. Improved transportation networks facilitate trade and mobility, benefiting businesses and attracting new investments, while also improving access to essential services like healthcare and education. Affordable infrastructure promotes social equity by ensuring reliable transport options for all residents and creates job opportunities during construction and maintenance phases, boosting local employment. These developments align with the “[14th Five-Year Plan for National Economic and Social Development of Sichuan Province and the Long-Range Objectives Through the Year 2035](#)” approved in February 2021, which emphasizes integrated urban and rural infrastructure to foster a vibrant and sustainable urban environment.



Eligible Social Project: Affordable Housing

Social Benefits

The [World Economic Forum](#) has pointed out that currently, 1.1 billion people residing in informal settlements and urban slums is consistently exposed to the risks associated with extreme weather events, and a significant proportion of tenants are burdened with the financial strain of high rental costs. Therefore, providing affordable housing is a necessary measure to promote social equity and economic development. The provision of affordable housing serves as a catalyst for alleviating poverty among low-income households, mitigating homelessness, and extending support to vulnerable demographics, thereby fostering social cohesion. A secure and stable housing environment is instrumental in enhancing the work efficiency and productivity of residents, which in turn exerts a salutary influence on the broader economic landscape.

In 2023, the State Council issued the “[Stabilization and Quality Improvement of Guaranteed Housing Construction](#)”, emphasizing that in the “14th Five-Year Plan” period, China focuses on developing guaranteed rental housing, further improving the housing security system, increasing the supply of guaranteed housing, and striving to achieve housing for all people. Localities are actively constructing various types of housing, strengthening planning, operation and management, ensuring project quality, and promoting the high-quality development of housing security work.

Lianhe Green believes that affordable housing projects in Pengzhou can significantly improve the quality of life for vulnerable groups by providing indemnificatory public rental housing and affordable options. These initiatives ensure safe, stable living conditions, foster social inclusion, and reduce homelessness, while also stimulating the local economy through job creation. Improved housing enhances residents' well-being and attracts further investment, contributing to a more equitable and thriving urban environment that aligns with recent housing security policies.



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.



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

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

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