



Taizhou Huangyan Transportation and Tourism 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 (with June 2022 Appendix 1))
- » 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

25th February 2025

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Summary

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

Lianhe Green Development Company Limited (hereafter referred to as “Lianhe Green”) has reviewed a series of documents including the “Sustainable Finance Framework” (hereafter referred to as “Framework”) issued by Taizhou Huangyan Transportation and Tourism Investment Group Co., Ltd. (hereafter referred to as “the Company” or “the Group”), and assessed the company’s relevant work in respect of the Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, Reporting, and External Reviews. The Framework has received an assessment opinion of “Excellent” from Lianhe Green. Lianhe Green considers that the Framework are in compliance with the *Sustainability Bond Guidelines (SBG) (June 2021 Edition)*, the *Green Bond Principles (GBP) (June 2021 Edition (with June 2022 Appendix 1))*, 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 (with June 2022 Appendix 1))* 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 Goals¹.

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



About the Company






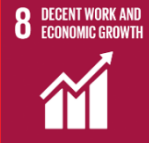
Company Materials

The Group serves as a key entity in the construction of transportation infrastructure and operation of state-owned assets in Huangyan District, primarily engaged in infrastructure construction and maintenance, as well as transportation operation services, its sustainability outlines its approach to become a model for building a sustainable future by actively engaging in areas where the group could make meaningful economic, social and environmental impacts.

Company Sustainability Strategy

Company Materials

The Sustainability strategy is centered on three pillars: Managing environmental footprint, Promoting employment opportunity and Cultivating community.

	Pillars	Related Areas	Applicable SDG
1	Managing environmental footprint	<ul style="list-style-type: none"> Climate Action (e.g. Energy efficiency, Green building, Construction materials) Renewable energy (e.g. solar energy, clean transportation) Pollution Prevention and Control (e.g. air) 	   
2	Promoting employment growth	<ul style="list-style-type: none"> Employment generation (e.g. build smart warehousing and logistics, attract companies entering the city, foster small business) Talent attraction & retention (e.g. launch supporting diversity and inclusion policy) Promote health safety & wellbeing (e.g. occupational health & safety, employee wellbeing) 	 



3	Cultivating community	<ul style="list-style-type: none"> • Create positive social impact (e.g. social inclusion, Art & culture, youth and local development) • Promote equal opportunity (e.g. build affordable house, build affordable basic infrastructure) 	
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Opinion of Lianhe Green

The Group, a state-owned enterprise, has articulated a sustainability strategy within the Framework that is anchored on three fundamental pillars: Managing environmental footprint, Promoting employment growth, and Cultivating community. The Group’s operations encompass infrastructure construction and maintenance, which serve as a testament to the Group’s commitment to integrating sustainable growth into its business development.

Based on the media review and the evidence obtained, Lianhe Green has identified some news. However, they do not lead us to believe that the Group has any major controversial concerns as of February 2025.

It is common market practice for issuers of sustainable financing instruments to disclose issuer-level environmental or social information, in accordance with globally accepted reporting frameworks (e.g., GRI or ISSB). However, the Group has not disclosed relevant information yet.

About the Framework of the Group

Company Materials

This Framework has been developed to demonstrate how the Group could, with Sustainability Financing Transactions (“SFTs”), fund projects that would deliver positive environmental impacts and foster sustainable practices in support of the Group’s green and sustainability strategy.

SFTs will include bonds, loans and other forms of debt financing with structures tailored to contribute to sustainable development by application of the proceeds to Eligible Project Categories as defined in this Framework.

- Bonds issued under the Framework will be aligned with the ICMA Green Bond Principles 2021 (“GBP”), Social Bond Principles 2023 (“SBP”), Sustainability Bond Guidelines 2021 (“SBG”) or as they may be subsequently amended;
- Loans issued under the Framework will be aligned to the LMA/APLMA/LSTA Green Loan Principles 2023 (“GLP”), Social Loan Principles 2023 (“SLP”) or as they may be subsequently amended;
- Other forms of financing may conform to other well-established green or sustainable finance principles as may have been established at the time.

The Sustainability Bonds are aligned with the core components of GBP, SBP and SBG, with GBP being especially relevant to the Eligible Green Projects and SBP/SBG being especially relevant to the Eligible Social Projects, which the Group believes will catalyse positive environmental and social benefits. GBP is administered by the International Capital Markets Association (ICMA). GLP is administered by the Loan Market Associate (LMA), the Loan Syndications and Trading Association (LSTA) and the Asia



Pacific Loan Market Association (APLMA).

SFTs do not place restriction on the tenor and currency and can include other terms and conditions (including covenants) to reflect the financing strategy and plans of the Group, as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender.

SFTs may be issued in any jurisdiction and market reflecting the Group’s current and future business needs.

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

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





The Framework may be updated to ensure continual alignment with market practices, emerging standards and classification systems.

A. Use of Proceeds

Company Materials

The net proceeds from any SFT will be used exclusively to finance and/or refinance, in whole or in part, new or existing Eligible Projects that meet one or more of the following eligible categories as recognized in the GBP/SBP/SBG/GLP. Refinancing of Eligible Projects will have a look-back period of no longer than 24 months from the time of issuance. The Group will strive to fully allocate the net proceeds of each SFT within 24 months of issuance.

i. Eligible Green Projects Categories and Description/Condition of Eligible Green Projects

Green Bond Principles Categories	Eligibility Criteria
<p>Green buildings</p>  	<ul style="list-style-type: none"> Development, construction, refurbishment, maintenance, operations of buildings that meet national or international third-party environmental certifications <p>Examples</p> <ul style="list-style-type: none"> Acquire, construct or renovate of existing and new commercial or residential buildings certified in standards <p>Minimum Key Performance Indicators</p> <ul style="list-style-type: none"> Chinese Green Building Evaluation Standard: two-star or above; or any other similar recognized standards
<p>Renewable energy</p>  	<ul style="list-style-type: none"> Investments and expenditures in solar and energy storage technologies for its project development, including but not limited to solar photovoltaic energy systems <p>Examples</p> <ul style="list-style-type: none"> Install Solar energy equipment Investment in energy storage technologies (not limit to solar photovoltaic energy systems)



	<ul style="list-style-type: none"> Installation of solar panels and solar power systems <p>Minimum Key Performance Indicators</p> <ul style="list-style-type: none"> The minimum of 85% of power generation from the facility is derived from solar energy sources The energy storage system dedicated connection to a power production plant eligible under the low carbon power threshold of 100gCO₂/kWh
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ii. Eligible Social Projects Categories and Description/Condition of Eligible Social Projects

Social Bond Principles Categories	Eligibility Criteria
<p>Affordable housing²</p> 	<ul style="list-style-type: none"> Construct and operate affordable houses, including but not limited to resettlement housing projects <p>Examples</p> <ul style="list-style-type: none"> Construct and operate affordable housings like resettlement housing <p>Minimum Key Performance Indicators</p> <ul style="list-style-type: none"> Reduce 5% number of homeless in Huangyan <p>Targeted Population³</p> <ul style="list-style-type: none"> The low-income family⁴ in accordance with PRC government definitions
<p>Affordable basic infrastructure⁵</p> 	<ul style="list-style-type: none"> Develop and construct large-scale infrastructure projects, such as but not limited to tunnels, roads, and bridges <p>Examples</p> <ul style="list-style-type: none"> Construct large-scale infrastructure like roads, railways, tunnels, and bridges in rural area <p>Minimum Key Performance Indicators</p> <ul style="list-style-type: none"> Not applicable <p>Targeted Population</p> <ul style="list-style-type: none"> Population living in remote area
<p>Employment generation⁶, and programs designed to prevent and/or alleviate unemployment</p>	<ul style="list-style-type: none"> Develop Smart Warehousing and Logistics Center <p>Examples</p>

² Housing for the general public and vulnerable groups in accordance with local government and regulatory definitions, in order to improve quality of life and independence for vulnerable groups and underprivileged populations.

³ Population will be the exclusive recipients of the funds raised.

⁴ 国家民政局: 关于印发《城市低收入家庭认定办法》的通知。

⁵ Infrastructures benefits the population in rural area, which are not limited to enhance access by proving logistics, transport, and connectivity.

⁶ Employment generations include direct short-and-long-term job creation programs, interventions that foster employment, and macro-level policies, which include self-employment.



stemming from socioeconomic crises



- Construct and develop parks or centers like smart warehousing and logistics center

Minimum Key Performance Indicators

- Not applicable

Targeted Population

- Working population

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green, in accordance with the relevant assessment criteria, reviewed the Framework and other related documents, and the issuer's policies on Use of Proceeds.

Lianhe Green compared the green project categories listed in this Framework with the GBP, the GLP, *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 *SBP*, *SLP*, and the United Nations Sustainable Development Goals (SDGs).

After the assessment, Lianhe Green believes that the eligible green project category aligns with *China's Green Bond Endorsed Projects Catalogue (2021 Edition)*. They positively contribute to the environment and partially align with the *Hong Kong Taxonomy* and *EU Taxonomy*. Furthermore, the eligible social projects align with the *SBP*. Both the eligible green and social projects contribute to the United Nations Sustainable Development Goals. Detailed analysis will be elaborated in the following paragraphs.

Besides Eligible Categories and Eligibility Criteria, the Group also listed Examples, Minimum Key Performance Indicators and Environmental and Social Benefits clearly in the Framework, and linked the Eligible Categories with the Group's sustainability strategy. In Lianhe Green's opinion, these clear descriptions are good practice in the market.

Lianhe Green's assessment of the Group's Use of Proceeds is "Excellent", which meets the requirements of the assessment criteria.

1) Eligible Green Projects: Green Building

Eligible Green Project Categories Under Principles

Lianhe Green considers that this project category under the Framework is most relevant to the eligible Green Projects Category "Green buildings that meet regional, national or internationally recognised standards or certifications for environmental performance" under both GBP and GLP.

Relevant Government Policies

Taizhou is a key city in Zhejiang Province for promoting the development of green buildings. [The Taizhou Green Building Special Plan \(2022-2030\)](#) mentions the need to transform energy-saving buildings into green buildings and high-energy-consuming buildings into low-energy-consuming buildings. New civil buildings (except those with special provisions in this special plan) will be constructed in full compliance with the mandatory standards for one-star and above green buildings;



office buildings of governmental institutions and other public buildings invested in or mainly funded by the government will be constructed in full compliance with the mandatory standards for two-star and above green buildings. The plan also actively promotes energy-saving renovations of existing high-energy-consuming public buildings to comprehensively enhance the quality of buildings in Taizhou.

Alignment with *Green Bond Endorsed Project Catalogue (2021 Edition)*, *Hong Kong Taxonomy for Sustainable Finance* and *EU Taxonomy*

Lianhe Green believes the Framework's description on "Chinese Green Building Evaluation Standard: two-star or above" is aligned with the description of "5.2.1.2 Green Buildings" under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that "All civil and industrial buildings are designed and constructed in accordance with the national green building codes and standards to obtain national green building evaluation labels within the validity period. For example, the building should comply with indicators as listed in technical standards, such as the 'Green Building Evaluation Standard' (GB/T 50378), the 'Green Industrial Building Evaluation Standard' (GB/T 50878), the 'Green Ecological Area Evaluation Standard' (GB/T 51255), the 'Green Office Building Evaluation Standard' (GB/T 50903), the 'Green Store Building Evaluation Standard' (GB/T 51100), the 'Green Hospital Building Evaluation Standard' (GB/T 51153)".

Lianhe Green considers the criteria set by the *Hong Kong Taxonomy* for the construction of new commercial and residential buildings in Mainland China to be more stringent compared to the framework requirements. According to the *Hong Kong Taxonomy*, projects should be rated to the three-star level of the Chinese Green Building Evaluation Standard, whereas the framework criteria only require two-stars or above. Furthermore, in addition to obtaining BEAM Plus certification at the gold level or above, the *Hong Kong Taxonomy's* requirements for the construction of new buildings in Hong Kong includes additional specific carbon and energy performance improvements, such as a 20% energy savings compared to the Building Energy Code (BEC) 2021 baseline for projects certified under BEAM Plus 2.0.

The construction of new buildings and renovation of existing buildings are included in the *EU Taxonomy*. However, the *EU taxonomy* focuses on specific energy performance indicators rather than green building certification schemes, such as the Primary Energy Demand (PED), which defines the energy performance of the building resulting from the construction, is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, it makes significant contributions to Target 11.c of Goal 11 (Sustainable Cities and Communities) "Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilizing local materials Indicators", and Target 9.4 of Goal 9 (Industries, 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."

Environmental Benefits

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



[New Era](#), green buildings can reduce energy consumption by 30% to 50% compared to traditional buildings.

[The Taizhou Green Building Special Plan \(2022-2030\)](#) sets a target for the year 2026-2030: On the basis of the short-term target for 2025, Taizhou will further increase the proportion of newly constructed civil buildings that meet high-star green building standards within the planned urban construction land. Furthermore, efforts are actively being made to promote the construction of high-star green buildings. Government office buildings and other public buildings primarily funded by the government are comprehensively planned and constructed in accordance with the mandatory standards for two-star and above green buildings. Procurement and use of green building materials that meet the specified requirements are also emphasized, and there is a proactive pursuit of achieving three-star green buildings.

The Plan has stipulated the carbon emission technical requirements for green buildings in the Huangyan District, with a reduction in the intensity of operational carbon emissions per unit building area of no less than $6.8\text{kgCO}_2/(\text{m}^2\cdot\text{a})$. As a local state-owned investment company in Taizhou City, the Group's green building projects strictly adhere to the local special planning for green buildings, aligning closely with the green building objectives set by the government. This not only plays a leading and exemplary role within Taizhou City, but also provides a clear direction for the advancement of the local green building industry. The environmental benefits of the eligible green building projects are evident and require additional disclosure to assess their significance fully.

2) Eligible Green Projects: Renewable Energy

Eligible Green Project Categories Under Principles

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.

Relevant Government Policies

The Development and Reform Commission of Taizhou City has issued the [14th Five-Year Plan for Green Development in Taizhou City](#). According to the plan, based on the local resource endowment conditions, the city will orderly develop offshore wind power and photovoltaic (PV) power station projects, and focus on promoting pilot projects for distributed PV development across entire counties. In addition, the plan emphasizes the need to adapt measures to local conditions in the development of PV power station projects. In coastal areas, the plan encourages the construction of fishery-solar complementary PV power stations by utilizing tidal flats and aquaculture ponds.

Alignment with *Green Bond Endorsed Project Catalogue (2021 Edition)*, *Hong Kong Taxonomy for Sustainable Finance* and *EU Taxonomy*

Lianhe Green believes the Framework's description on "Investments and expenditures in solar and energy storage technologies for its project development, including but not limited to solar photovoltaic energy systems" is aligned with the description of "3.2.3.2 Operation and Construction of Energy Efficient Storage Facilities" in the *Green Bond Support Project Catalogue (2021 Edition)*, which stipulates that "Construction and operation of energy-efficient storage and peak-shaving facilities, using physical energy storage, electromagnetic energy storage, electrochemical energy storage and phase change energy storage technologies to improve the flexibility, stability and reliability of renewable energy power generation, distributed energy, new energy microgrid and other systems". Notably, the photovoltaic solar-related projects listed in the Framework will contribute to "3.2.2.2 Construction and Operation of Solar Energy Utilization Facilities" under *Green Bond Endorsed Project Catalogue (2021 Edition)*. However, *Green Bond Endorsed Project Catalogue (2021 Edition)* sets further requirements on the components selected for solar photovoltaic power generation facilities "1) The minimum photoelectric conversion efficiencies of polycrystalline silicon cells and monocrystalline silicon cells shall not be lower than 19% and 21%, respectively; 2) The minimum photoelectric



conversion efficiencies of polycrystalline silicon cell modules and monocrystalline silicon battery modules shall not be lower than 17% and 17.8%, respectively; 3) The minimum photoelectric conversion efficiency of silicon-based, CIGS, CdTe and other thin-film battery modules shall not be lower than 12%, 14%, 14%, and 12%, respectively; 4) The attenuation rates of Polycrystalline silicon battery modules and monocrystalline silicon battery modules shall not be higher than the following, i.e., 2.5% and 3%, respectively, in the first year, 0.7% annually in subsequent years, and 20% within 25 years; the attenuation rate of thin-film battery module shall not be higher than 5% in the first year, 0.4% annually in subsequent years, and 15% within 25 years.” The Framework fails to clarify whether the Group’s projects will be able to meet these requirements. Therefore, Lianhe Green urges the Group to disclose the information in the post-issuance period.

Furthermore, the *Hong Kong Taxonomy* also regulates the thresholds that, for example, the photoelectric conversion efficiency of polycrystalline silicon cells and monocrystalline silicon cells shall not be less than 19% and 21% respectively. The Framework does not explicitly list the above criteria and is therefore partially aligned with the *Hong Kong Taxonomy*.

Lianhe Green assesses that this type of projects is eligible for the activities and satisfy the substantial contribution criteria for both “Electricity generation using solar photovoltaic technology” and “Installation, maintenance and repair of renewable energy technologies” under the *EU Taxonomy*, which both significantly contribute to climate change mitigation objectives.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project category contributes positively to the United Nations Sustainable Development Goals, 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”, and Target 13.1 of Goal 13 (Climate Action) “Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.”

Environmental Benefits

The [United Nations](#) has pointed out that energy is at the core of climate challenges and is also the key to solving climate issues. Fossil fuels, such as coal, oil, and natural gas, are by far the largest contributors to global climate change, accounting for more than 75% of global greenhouse gas emissions and nearly 90% of all carbon dioxide emissions.

To curb the negative impacts of climate change, we need to end our dependence on fossil fuels and invest in clean, accessible, affordable, sustainable, and reliable alternative energy sources. Photovoltaic power generation is one of the most important channels for achieving clean power generation. Research by the [Shenzhen Institute of Sustainable Development](#) shows that compared with conventional coal-fired power stations, a 1MW photovoltaic power station can save 405-630 tons of standard coal per year, reduce 1036-1600 tons of carbon dioxide, 9.7-15.0 tons of sulfur dioxide, and 2.8-4.4 tons of nitrogen oxides.

This Framework also stipulates minimum key performance indicators (KPIs), including that the minimum of 85% of power generation from the facility is derived from solar energy sources, which aligns with the Climate Bonds Initiative (CBI) taxonomy’s criteria. In addition, the energy storage system is connected via a dedicated line to a power generation plant that qualifies under the low-carbon power threshold of 100gCO₂/kWh. Therefore, Lianhe Green expects that the climate risks could be effectively mitigated and that there will be no significant environmental risks.

1) Eligible Social Projects: Affordable Housing

Eligible Social Project Categories Under Principles

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.

Relevant Government Policies

The People’s Government of Taizhou City has issued the [Implementation Opinions on Accelerating the Development of Affordable Rental Housing](#) and set development goals for the 14th Five-Year Plan period. It requires that in Huangyan District, where the Group is located, the proportion of newly added affordable rental housing units (rooms) to the total newly added housing supply units (rooms) should reach more than 30%, with a variety of forms of support.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Social Project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, there is significant contributions to Target 1.5 of Goal 1 (No Poverty) “By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters” and 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”.

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. The Taizhou Municipal Government has also formulated targets for the implementation of the 14th Five-Year Plan, echoing national policies.

As a state-owned enterprise, the Group has aligned with the government’s initiatives and formulated plans to construct and operate affordable housing projects (including, but not limited to, resettlement housing initiatives). This strategic approach underscores the Group’s commitment to addressing social housing needs through tangible and measurable actions. These efforts are aimed at reducing the number of homeless individuals in Huangyan District by a minimum of 5%. Lianhe Green affirms that the target groups for these eligible projects are well-defined, and the associated social benefits are significant.

2) Eligible Social Projects: Affordable Basic Infrastructure

Eligible Social Project Categories Under Principles

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

Relevant Government Policies



The Taizhou City Government has released the [Three-Year Action Plan for Urban Construction Quality Improvement and Renewal in Taizhou City \(2024-2026\)](#). The plan sets clear goals for 2026, including completing public infrastructure investments exceeding 30 billion yuan, freeing up urban development space of more than 30,000 mu, and accelerating the construction of a number of landmark projects. The plan aims to promote deep integration of urban areas, continuously improve the living environment, popularize public services, and build a park city based on the foundation of a coastal mountain-water city.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible 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”.

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.

The Group, as a state-owned enterprise, is committed to developing and constructing large-scale infrastructure projects in rural areas, including but not limited to tunnels, roads, bridges, and railways. Lianhe Green believes these initiatives are designed to vulnerable groups to enhance the quality of life for populations in remote areas, reduce urban-rural inequalities, and promote the integration of rural and urban regions. By improving connectivity and accessibility, these efforts will also support the broader goals of urban-rural integration and sustainable development. Lianhe Green affirms that the target groups for these eligible projects are well-defined, and the associated social benefits are significant.

3) Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises

Eligible Social Project Categories Under Principles

Lianhe Green considers that this project category under the Framework is most relevant to the eligible green 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. However, the target population for this eligible project category is not clearly defined.

Relevant Government Policies

The People’s Government of Zhejiang Province has issued a notice titled [Optimizing and Adjusting Employment and Entrepreneurship Policies to Promote Development and Benefit the People](#). The notice emphasizes policies and measures related to employment and entrepreneurship, including stabilizing and expanding job positions, supporting financial institutions in providing job-stabilization and job-expansion services, continuing the implementation of the unemployment insurance job-stabilization return policy, continuing the one-time job-expansion subsidy policy, and focusing on enhancing the skill levels of workers.



Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Social Project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular making contributions to Target 1.4 of Goal 1 (No Poverty) “By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance” and Target 8.2 of Goal 8 (Decent Work and Economic Growth) “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”

Social Benefits

The [14th Five-Year Plan for Employment Promotion](#) issued by the State Council analyzes the new changes and trends in employment during the 14th Five-Year Plan period. The deep adjustment of population and economic structures has led to significant changes on both the supply and demand sides of the labor market. Industrial upgrading and technological progress have increased the requirements for the skills and quality of workers, while the mismatch between talent training and market demand has further intensified. The coexistence of “difficulty in finding jobs” and “difficulty in recruiting workers” has made structural employment contradictions more prominent, which will become the main contradiction in the employment field.

However, it is worth noting that the [14th Five-Year Plan for Employment Promotion](#) has set targets for 2025, including the creation of over 55 million new urban jobs and keeping the surveyed urban unemployment rate within 5.5%. The Group is committed to the construction and development of parks or centers in Huangyan District, with a focus on serving the working population, including the development of smart warehousing and logistics centers. These initiatives are expected to generate substantial employment opportunities for local talents. However, the Framework currently lacks clarity regarding the specific targeted groups, only mentioning the working population.

In addition, the description of “Develop Smart Warehousing and Logistics Center” in the Framework is aligned with the description of “5.5.1.3 Construction and Operation of Smart Transportation” under [Green Bond Endorsed Project Catalogue \(2021 Edition\)](#), which includes “Construction and operation of smart transportation information system facilities and smart logistics facilities”. Therefore, this eligible Social Projects category equipped with both environmental and social benefits.

B. Process for Project Evaluation and Selection

Company Materials

The evaluation and selection process ensures that the proceeds of our SFTs are allocated to projects that meet the criteria set out in the Use of Proceeds under the Framework. The Group has established a Sustainability Financing Team (the “**Team**”) which governs the process, consisting of representatives and senior members from the Project Management Department and Finance Department.

Potential projects will be sourced and reviewed by each department (Sub-committee). Shortlisted projects will be proposed by the department manager to the Team.

The Team will meet on an annual basis and is responsible for:

- Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework
- Approving the inclusion of pre-selected Eligible Projects in our Sustainability Project List (the Team has full discretion to object the inclusion of any project)



- Monitoring and managing the Sustainability Project List. The Group will maintain a register to keep track the use of net proceeds of the SFTs through the internal information system on an annual basis
- Replacing projects that no longer meet the Eligible Criteria or due to any divestments
- Observing developments in the Sustainable Financing markets and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market developments

EIA serves as one of risk management tools to identify mitigates to negative social and/or environmental impacts from the relevant projects, if any. The assessment of environmental benefits in the feasibility study of each Eligible Project requires an environmental impact assessment (“EIA”) in accordance with the local requirements of the project. The assessment is carried out by a designated professional body which prepares an EIA report. The results of the assessment include the identification and analysis of the different environmental factors and their impacts on the environment throughout the life cycle, as well as the description of measures needed to reduce the impact on the environment. The unit responsible for the EIA report then submits the EIA report to the local regulatory department, and the project is carried out after approval by the regulatory department is secured.

According to the group’s internal environmental and social assessment guideline, the Sub-Committees will also fill in the environmental and social assessment form with the identified potential material environmental and social risks associated with the Eligible Projects. And the form will be reviewed and escalated on an ad-hoc basis to the SFT. The Sub-Committees will assess the materiality of the risk and propose the way-forward to the SFT for final evaluation and decision making. The SFT, working with recommendations of the Sub-committees, may decide to remediate a certain risk or abandon the project if the risk is judged as too high.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green, in accordance with the relevant assessment criteria, reviewed the Framework and other related documents, and the issuer’s policies on Project Evaluation and Selection.

The assessment of environmental benefits in the feasibility study of each Eligible Project requires an environmental impact assessment (“EIA”). The assessment is carried out by a designated professional body which prepares an EIA report. The Team, including representatives and senior members from the Project Management Department and Finance Department, will source and review potential projects. Additionally, the Team monitors the Sustainability Project List and will replace projects that no longer meet the Eligible Criteria or due to any divestments.

Lianhe Green’s assessment of 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

Net proceeds or the equivalent amount of the net proceeds of the SFTs will be deposited in the sub-account, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. Net proceeds of the Sustainability Bonds awaiting allocation will be held in accordance with



the Group's normal liquidity management policy. The Team will track the allocation of net proceeds from each SFT to Eligible Projects.

The Group will maintain a register to keep track the use of net proceeds of the Sustainability Bonds through the internal information system, and the Team will review the Sustainability Project List annually. If any of the Eligible Projects cease to fulfil requirements of Use of Proceeds under the Framework, the Group will identify other projects that comply with the Framework and re-allocate to those assets as soon as is practicable. The balance of the tracked net proceeds will be periodically adjusted to match allocations to Eligible Projects made during the outstanding of the SFT(s).

In addition, the group has internal procedures to keep track of the use of proceed, the information

- Name and description of Eligible Projects to which the proceeds of the SFT have been allocated in accordance with this Framework
- Amount of SFT proceeds allocated to each project
- The remaining balance of unallocated proceeds; and
- Other relevant information such as information of temporary investment for unallocated proceed

Type of Funding Transaction: Key information including the issuer/borrower entity, transaction date, principal amount, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number.

Pending full allocation, unallocated proceeds will be:

- held in temporary investment instruments that are asset with high liquidity and safety such as cash or cash equivalent instruments; or
- held in temporary placements that do not include projects, assets or activities that are inconsistent with the nature of a sustainable debt instrument.

The Group commits not to invest unallocated proceeds to high pollution activities or ineligible projects. The following sectors and activities will be excluded from Eligible Projects:

- activities that violate national laws and regulations, international conventions and agreements, or are subject to international bans and sanctions
- production or trade of weapons and ammunition
- production or trade of alcoholic beverages (except for beer and wine)
- production or trade of tobacco
- enterprises engaged in gambling or casino operations or similar businesses
- production or trade of radioactive materials (excluding equipment which radioactive source is considered insignificant and/or adequately shielded, for example, quality control equipment); or
- production or activities involving harmful or exploitative forced labour or harmful child labour

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green, in accordance with the relevant assessment criteria, reviewed the Framework and other related documents, and the issuer's policies on Management of Proceeds.

The net proceeds of each of the Group's SFT will be deposited into a designated sub-account and earmarked for allocation towards the Eligible Green and Social Projects. Also, the Group has internal procedures to keep track of the use of proceeds, the unallocated proceeds will be held in temporary investment instruments. Unallocated proceeds will be managed in line with the Group's normal



liquidity management policy, held in highly liquid and safe temporary investment instruments (such as cash or cash equivalents) or placements that do not conflict with the principles of sustainable debt instruments.

Considering that, compared with the best practice in the market, the Group’s unallocated proceeds will not be invested in other eligible projects. Lianhe Green’s assessment of 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 or equivalent amount of the net proceeds of the SFTs via the website, social media, or in the Group’s ESG Report. Such information will be provided on an annual basis until all the net proceeds of the SFTs have been fully allocated.

Allocation Report⁷ should contain the following information:

- Amount of allocated proceed by Eligible Categories, with a brief description of green and/or social projects
- The remaining balance of funds which have not yet been allocated
- Share of financing vs. refinancing

The Group will report on the environmental and/or social impacts associated with the Eligible Projects funded with the net proceeds of the SFT(s).

Impact Report⁸ may contain such as but not limited to the following information:

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 Project Categories	Impact Indicators ⁹
Green buildings	<ul style="list-style-type: none"> • Level of certification by building
Renewable energy	<ul style="list-style-type: none"> • Renewable energy capacity installed (in MW) • Annual GHG emissions reduced/avoided in tonnes of CO₂ equivalent
Affordable housing	<ul style="list-style-type: none"> • Number of dwellings • Number of individuals/families benefiting from subsidized housing
Affordable basic infrastructure	<ul style="list-style-type: none"> • Number of infrastructure projects built/upgraded
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	<ul style="list-style-type: none"> • Number of job vacancies created • Number of beneficiaries

The Group will report on the environmental and/or social impacts associated with the Eligible Projects funded with the net proceeds of the SFT(s) via the website, social media, or in the Group’s ESG Report. Also, the Group will disclose the expected impact of projects (re)financed.

⁷ Such information will be provided on an annual basis until all the net proceeds of the SFTs have been fully allocated.

⁸ Such information will be provided on an annual basis until all the net proceeds of the SFTs have been fully allocated.

⁹ Depends on data availability.



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 provide eligible project category level disclosure reports annually until the proceeds of the SFTs have been fully allocated. When possible, amount of allocated proceed by Eligible Categories and the remaining balance of funds as well as share of financing vs. refinancing, would be reported. Besides, the Group will report on the environmental and/or social impacts associated with the Eligible Green and Social Projects potentially with the listed impact indicators, which includes some core indicators published by the ICMA.

Lianhe Green’s assessment of the Group’s Reporting is “Excellent”, 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 and SLP. Lianhe Green has reviewed the Sustainable Finance Framework and provided its Second Party Opinion.

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 reporting.

Considering that, post issuance, ICMA recommends that an issuer’s management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the proceeds to Eligible Projects. Lianhe Green’s assessment of the



Group's management system for External Reviews is "Good", which meets the requirements of the assessment standards.



Appendix

About Lianhe Green

Lianhe Green Development Company Limited (hereafter referred to as “Lianhe Green”) was established in 2023 and is a subsidiary of Lianhe Equator Environmental Assessment Co., Ltd. (hereafter referred to as “Lianhe Equator”) and Lianhe Credit Management Co., Ltd. (hereafter referred to as “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.

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.

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.

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.

Lianhe Green does not audit or verify the accuracy of the information provided to issuers by any third party for the purpose of issuing this opinion. Lianhe Green does not represent, warrant or guarantee the accuracy, correctness, integrity, completeness or timeliness of any part of our opinion.

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