



Report Type

Sustainable Finance
Framework Second-Party
Opinion

Analytical Standards

- » Green Bond Principles (GBP) (June 2025 Edition)
- » Social Bond Principles (SBP) (June 2025 Edition)
- » Green Loan Principles (GLP) (March 2025 Edition)
- » Social Loan Principles (SLP) (March 2025 Edition)

Industry

Local Investment and
Development Companies

Country/Region

China

Report Date

18th August 2025

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Ganzhou Urban Investment Holding Group Co., Ltd.

Second-Party Opinion | Sustainable Finance Framework

Summary

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

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 Ganzhou Urban Investment Holding 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 “Good” from Lianhe Green. Lianhe Green considers that the Framework are in compliance with the Green Bond Principles (GBP) (June 2025 Edition), the Social Bond Principles (SBP) (June 2025 Edition), the Green Loan Principles (GLP) (March 2025 Edition), and the Social Loan Principles (SLP) (March 2025 Edition). In addition, the eligible green projects listed in this Framework are in line with the Green Bond Principles (GBP) (June 2025 Edition) and the Green Loan Principles (GLP) (March 2025 Edition); the eligible social projects listed in this Framework are in line with the Social Bond Principles (SBP) (June 2025 Edition) and the Social Loan Principles (SLP) (March 2025 Edition). At the same time, Lianhe Green’s assessment includes the contributions of the project categories to the relevant United Nations Sustainable Development Goals (UN SDGs)¹.

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



About the Company

Company Materials

Ganzhou Urban Investment Holding Group Co., Ltd. (together with its consolidated subsidiaries, the “Group”) was established in December 2009 with a registered capital of RMB30.0 billion. Guided by market-oriented transformation and based on urban infrastructure construction, land development as well as urban comprehensive operation management, the core businesses of the Group cover construction and real estate, environment and public facilities management. The Group has successively developed several business sectors such as real estate, architectural engineering design consulting and construction, ecological environment, new building materials and livelihood investment. At the same times, the Group actively develop emerging industries.

In recent years, the Group has been honored with multiple prestigious awards, including the “15th Civilized Unit of Jiangxi Province”, the “Jiangxi Provincial May 1st Labor Award”, the “Worker Pioneer Title of Jiangxi Province”, and the “Jiangxi Social Responsibility Enterprise” title. It was rated “First Class” in the comprehensive performance assessment of municipal state-owned enterprises in both 2022 and 2024, and has been commended by the municipal government on three occasions. The Group has successfully delivered a number of key livelihood projects, including the expressway in the central urban area of Ganzhou, the City Fitness Center, Nanhe Bridge, Panlong Bridge, the Jiangxi Ruijin Cadre Academy and the Ganzhou Grand Theatre. Over 30 projects have received national, provincial, and municipal accolades, such as the “National Quality Engineering Award”, the “China Steel Structure Gold Award”, the “Municipal Engineering Highest Quality Evaluation” and the “Azalea Award of Jiangxi Province”.

The Group’s mission is serving Ganzhou’s strategy, managing urban resources, and enhancing the city’s core competencies; the Group’s strategy is to be a first-class comprehensive operator of the urban construction industry in Jiangxi province, a carrier of the city’s high-quality development and high-quality life and a pioneer in the reform and innovative development of state-owned enterprises. With the integration of investment, construction and operation as the main line, and focusing on the integrated development of urban and rural areas and people’s better life, the Group will continuously strengthen the investment, construction and operation capabilities of projects which belong to urban infrastructure, social livelihood, ecological protection, public services, and industrial guidance, will continue to serve the improvement of urban quality, the improvement of environmental protection governance and the optimization of industrial structure and will strive to build a demonstration zone for high-quality development in the old revolutionary base area of Ganzhou.

Company Sustainability Strategy

Company Material

The Party Committee of Ganzhou Municipal Government released the Suggestions on the Formulation of the 14th Five-Year Plan for National Economic and Social Development and Long-Range Objectives through the Year 2035 (the “14th Five-Year Plan”), outlining the primary goals for the development in Ganzhou:

- Achieving New Results in Ecological Civilization Construction. This will focus on various aspects including optimizing the development of land resources, continuously improving ecological environment, continuously improving resource conservation and utilization, and further improving ecological civilization system.
- Further Improving People’s Lives. This will focus on various aspects including consolidating and expanding the achievements in poverty alleviation, promoting the rural revitalization and employment,



and significantly narrowing the gap with the national level in basic public services, including education, medical care, housing, childcare, and sports.

The Group takes sustainable development very seriously, and integrates the philosophy of sustainable development into its overall business strategy, investment, construction, and operations. The Group will actively explore and provide products and services to support the development of the green and sustainable economy, which leads Group towards a low-carbon economy and contributes to China's carbon peak in 2030, carbon neutrality in 2060 and rural revitalization.

The Group has adopted strict environmental and social measures and assessments to ensure compliance with national laws and regulations on sustainable development. As one of the most important state-owned enterprises in Ganzhou city, the Group undertakes the responsibility for actively guiding the direction of government investment in accordance with the requirements of national regulations of sustainable development and industrial layout.

The Group is a key infrastructure construction and state-owned capital operation platform within Ganzhou City. In particular, the Group has undertaken a number of large-scale infrastructure construction projects in the ecological and environmental protection sector, including sewage treatment, solid waste treatment, garden sanitation, smart new energy and other fields, such as: Ganzhou City Domestic Waste Transfer Center Project, China Rare Gold Valley Yangtang Sewage Treatment Plant and Supporting Pipeline Network PPP Project, Ganzhou Construction Waste Disposal Site and Shuixi Abandoned Soil Site PPP Project and Chongyi County Urban and Rural Sewage Treatment Plant Network Integrated PPP Project, etc.

The Group is subject to environmental laws and regulations governing air pollutants, noises, hazardous substances, water and waste discharge and other environmental matters promulgated by the governmental authorities in the PRC. The Group believes that it complies in all material respects with applicable environmental laws and regulations. As so far, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

Opinion of Lianhe Green

As a state-owned enterprise, the Group follows the sustainable development policies of the central government and the government of Jiangxi Province. The Group's main business is infrastructure construction, including roads, railway stations and guaranteed housing. These businesses of the Group can contribute positively to the realization of environmental and social targets set by the Government.

Based on the media review and the evidence obtained, Lianhe Green has identified some news, indicating that past onshore bonds issued by the Group's controlling subsidiary involved issues such as non-compliant use of proceeds (contrary to regulations and agreements) and failure to properly disclose proceeds utilization. Lianhe Green advice the Group to disclose proceeds allocation information during post-issuance period.

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.

A. Use of Proceeds






Company Materials









An amount equivalent to net proceeds from each SFT will be used exclusively to finance and/or refinance, in whole or in part, new or existing assets and projects aligned with one or more of the following eligible green and/or Sustainable categories. Refinancing of Eligible Projects will have a look-back period of no longer than 36 months from the time of issuance. The Group is committed to fully allocating the net proceeds of each SFT on a best effort basis within 36 months of issuance.

The Eligible Sustainable Project Categories that may be utilised under the Framework, together with associated selection criteria are set out below:

i. Eligible Green Projects

Eligible Green Projects Categories	Description/Condition of Eligible Green Projects
Pollution Prevention and Control Applicable SDGs 	<p>Construction and operation of facilities for the harmless treatment and utilization of resources such as demolition waste of buildings, traffic roads, and bridges.</p> <ul style="list-style-type: none"> ➤ Examples would include but not limited to construction waste recycling and treatment sites, along with associated facilities and infrastructure <p>Environmental objectives</p> <ul style="list-style-type: none"> ➤ Pollution prevention and control
Clean Transportation Applicable SDGs 	<p>Construction and operation of electric vehicle battery charging and battery swapping facilities, as well as other relevant infrastructure and facilities for clean vehicles.</p> <ul style="list-style-type: none"> ➤ Examples would include but not limited to the installation and operation of electric vehicle charging facilities in industrial parks, exhibition centers, and other relevant areas developed, invested in, and operated by the Group. <p>Environmental objectives</p> <ul style="list-style-type: none"> ➤ Climate change mitigation
Sustainable Water and Wastewater Management Applicable SDGs   	<p>Construction, operation and maintenance of wastewater treatment plants and supporting facilities:</p> <ul style="list-style-type: none"> ➤ Examples would include but not limited to wastewater pipe and treatment plants, water recycling systems, and water/rainwater collection pipes and other facilities. <p>Construction and maintenance of sustainable urban drainage systems, river training, and other forms of flooding mitigation:</p> <ul style="list-style-type: none"> ➤ Examples would include but not limited to urban drainage systems, “Sponge City”, dam, levees and other forms of flooding prevention and mitigation. <p>Environmental objectives</p> <ul style="list-style-type: none"> ➤ Pollution prevention and control ➤ Natural resource conservation
Renewable Energy	<p>Construction and maintenance of renewable energy systems and associated infrastructure</p>



<p>Applicable SDGs</p>  	<ul style="list-style-type: none"> ➤ Examples would include but not limited to solar water heating systems <p>Environmental objectives</p> <ul style="list-style-type: none"> ➤ Climate change mitigation ➤ Pollution prevention and control
<p>Energy Efficiency</p> <p>Applicable SDGs</p> 	<p>Reducing building energy consumption by adopting energy-saving equipment and energy-efficient building materials</p> <ul style="list-style-type: none"> ➤ Examples would include but not limited to fluorescent tubes, energy efficient water pumps etc. <p>Environmental objectives</p> <ul style="list-style-type: none"> ➤ Climate change mitigation
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> <p>Applicable SDGs</p> 	<p>Develop/redevelop green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity.</p> <ul style="list-style-type: none"> ➤ construction of eco-sightseeing, recreation, culture, sports, and health care facilities based on natural resources without damaging surface vegetation, biodiversity. <p>Environmental objectives</p> <ul style="list-style-type: none"> ➤ Biodiversity conservation ➤ Natural resource conservation
<p>Green Building</p> <p>Applicable SDGs</p>  	<p>Acquisition, construction, maintenance and renovation of building that have received, or expect to receive certified the below recognized green building certifications:</p> <ul style="list-style-type: none"> ➤ Chinese Green Building Evaluation Label – 1 Star or above (Design / Operations Label); or ➤ Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or ➤ U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or ➤ Hong Kong BEAM Plus – Gold or above; or ➤ Building and Construction Authority (BCA) Green Mark – Gold or above. <p>Environmental objectives</p> <ul style="list-style-type: none"> ➤ Climate change mitigation

ii. Eligible Social Project

Eligible Social Projects Categories	Description/Condition of Eligible Social Projects
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<p>Affordable Basic Infrastructure</p> <p>Applicable SDGs</p> 	<p>Construction, operation and maintenance of basic transport infrastructure:</p> <ul style="list-style-type: none"> ➤ Examples would include but not limited to the roads which improve the traffic conditions in the surrounding areas, bring convenience to the travel of residents and enterprise employees and facilitate the input and output of production materials. <p>Target population: the migrants, or the enterprise employees and residents underserved due to a lack of access to basic transportation services.</p> <p>Social objectives and benefits</p> <ul style="list-style-type: none"> ➤ Improve the traffic conditions in the surrounding areas ➤ Brings convenience to the travel of residents and enterprise employees along the line
<p>Access to Essential Services</p> <p>Applicable SDGs</p>  	<p>Investments and expenditure to provide access to public affordable healthcare and education services that bring social benefits.</p> <ul style="list-style-type: none"> ➤ construction or expansion of hospital; ➤ construction of training center <p>Target Population: underserved rural and urban populations, and vulnerable groups with limited access to affordable healthcare and quality education services, including patients in need of improved medical facilities and students or trainees requiring accessible training opportunities.</p> <p>Social objectives and benefits</p> <ul style="list-style-type: none"> ➤ Improve the healthcare and nursing homes conditions ➤ Improve the accessibility to education and ratio of regional teenager population to education resources
<p>Affordable Housing</p> <p>Applicable SDGs</p>  	<p>Construct and operate low-cost housing in accordance with local government and regulatory definitions, including but not limited to public rental housing and social security housing for talents</p> <ul style="list-style-type: none"> ➤ Examples would include but not limited to public rental housing, social security housing for talents and resettlement houses. <p>Target Population: low-income families, newly employed school-leavers, the migrants, or populations currently living in shantytown, dangerous and dilapidated housing and other underdeveloped areas with inadequate housing conditions and backward infrastructure.</p> <p>Social objectives and benefits</p> <ul style="list-style-type: none"> ➤ Improve urban dilapidated housing ➤ Improve housing conditions for lowincome/homeless families ➤ Provide housing for Indigenous residents affected by reestablishment

Exclusion list:

In any case, ESPs (including the temporary placement of unallocated proceed) exclude the type of activities listed in the latest International Finance Corporation Exclusion List as well as projects supporting and/or related to the fossil fuel industry:



- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where any international financial company considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibres. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent.
- Drift net fishing in the marine environment using nets over 2.5 kilometres in length.
- Production or activities involving harmful or exploitative forms of forced labour/harmful child labour.
- Commercial logging operations for use in primary tropical forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Projects related to fossil fuel.

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.

After the assessment, Lianhe Green believes that the Group has clearly categorized the eligible projects into the listed categories of GBP, GLP, SBP and SLP. All the Group's projects are located in China. The eligible green project categories align with *China's Green Bond Endorsed Projects Catalogue (2021 Edition)*.

The Group clearly outlined the UN SDGs of eligible categories and identified target populations of eligible social project with reference to SLP. In accordance with the requirements of the GLP and SLP, the Group clearly disclosed the social benefits of eligible social projects and environmental objectives of eligible green projects, and some environmental benefit will be disclosed in impact report. Detailed analysis will be elaborated in the following paragraphs.

Through communication, the proportion of proceeds to be used for refinancing remain unclear. Lianhe Green recommends that the Group disclose the proportion of financing and refinancing to stakeholders prior to the bond issuance. A maximum 3-year look-back period would be applied on refinanced projects, which is longer than the market best practice. The Framework clearly stated the exclusion list, including 12 activities, assets and technologies.

Lianhe Green's assessment of the Group's Use of Proceeds is "Good".

1) Eligible Green Projects: Pollution Prevention and Control

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 "Pollution prevention and control (including reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and



energy/emission-efficient waste to energy)” under GBP, and “Pollution prevention and control (including reduction of air emissions, reduction of water pollution, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste collection and recycling and energy/ emission-efficient waste to energy)” under GLP.

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 “Construction and operation of facilities for the harmless treatment and utilization of resources such as demolition waste of buildings, traffic roads, and bridges” is aligned with the description of “1.5.1.3 Manufacturing of Equipment for Harmless Utilization of Construction and Transportation Waste” under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that “Manufacturing and trading of mobile, fixed, or hybrid whole-set facilities for comprehensive utilization of wastes, which produce raw materials for roads and municipal facilities based on waste mixes, waste asphalt, sand and ash powder, etc. caused by building and road demolition and maintenance ; or recycling buildings and road wastes”.

Lianhe Green considers that waste reduction and segregation of recyclables prior to energy conversion projects partially eligible with the “Waste collection, treatment and recycling” activity in the *Hong Kong Taxonomy* and are relevant with the “Collection and transport of non-hazardous waste in source segregated fractions” activity in *EU Taxonomy*. Both the *Hong Kong Taxonomy* and *EU Taxonomy* have more stringent criteria, requiring all separately collected and transported non-hazardous waste that is segregated at source is intended for preparation for reuse or recycling operations.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project category contributes positively to the UNSDGs, in particular, it makes significant contributions to 12.5 of Goal 12 (Responsible Consumption and Production) “By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse”.

Environmental Benefits

According to the United Nations Environment Programme’s [Global Waste Management Outlook 2024](#) report, the generation of municipal solid waste is expected to increase from 2.3 billion tons in 2023 to 3.8 billion tons by 2050. If urgent action is not taken for waste management, the global annual cost could almost double by 2050, reaching 640.3 billion US dollars. This underscores the urgency of reducing waste generation and improving waste management.

Meanwhile, the [Global Waste Management Outlook 2024](#) report suggests that if a circular economy model is adopted, by 2050, the volume of municipal solid waste could be reduced from over 4.5 billion tons per year to less than 2 billion tons, significantly saving costs and greatly aiding in combating the climate crisis. The Group’s projects involving the construction and operation of facilities for the harmless treatment and resource utilization of resources such as construction and demolition waste from buildings, roads, and bridges can reduce reliance on landfills and lower the risk of land pollution. This approach supports the circular economy model, reduces resource waste, and enables more professional and effective treatment of hazardous waste, thereby lowering the potential threats to the environment and human health.

The [Implementation Plan for the Construction of a “Waste-Free City” in Ganzhou during the 14th Five-Year Plan Period](#) has set targets for 2025, which include the continuous advancement of green production and lifestyle, the constant improvement of solid waste source reduction, resource utilization, and harmless disposal levels, and the full play of the coordinated and enhanced effects of pollution reduction and carbon emission reduction. The Group’s eligible green project category is highly consistent with the policy orientation of the local government, with significant and clear environmental benefits, and strongly promotes the construction process of a “waste-free city”.

2) Eligible Green Projects: Clean Transportation



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 “Clean transportation (such as electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions)” under GBP and GLP.

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 “Develop/redevelop green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity.” is aligned with the description of “5.5.4.1 Construction and Operation of Charging, Battery Replacement, Hydrogen Refueling and Gas Refueling Facilities”, which states that “Construction and operation of electric vehicle battery charging stations, hydrogen refueling facilities and gasification facilities and other relevant infrastructure and facilities for clean vehicles.”

The Framework’s description is relevant with *EU Taxonomy*’s activity of “installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)”. However, *EU Taxonomy* has more stringent criteria. Lianhe Green thinks these types of projects positively contribute to the environment.

This category is currently not applicable for *Hong Kong Taxonomy*.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project category contributes positively to the UNSDGs, in particular, it makes 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”.

Environmental Benefits

According to the [IEA](#)’s roadmap for China’s energy sector carbon neutrality, in the committed goal scenario, transportation emissions are projected to continue rising in the short term, peaking at just over 1 billion tons in 2030. By 2060, these emissions are expected to plummet to around 100 million tons, a near 90% reduction from 2020 levels. The rapid growth in the number of automobiles has been a significant driver of this increase. Without measures to curb the sales of traditional internal combustion engine vehicles, this trend is likely to continue.

The [Development Plan for the New Energy Vehicle Industry \(2021-2035\)](#) issued by the State Council has charted the course for the development of China’s new energy vehicle industry. According to statistics, as of 2023, Jiangxi Province had approximately [257,900](#) registered electric vehicles, representing a year-on-year increase of 61%. Charging infrastructure serves as a crucial guarantee for the healthy development of the new energy vehicle industry and an important domain for improving public welfare. The rapid growth in EV ownership has simultaneously posed challenges for charging infrastructure development.

As outlined in the Framework, the raised funds will be allocated for constructing and operating battery charging infrastructure for new energy vehicles. Lianhe Green maintains that these eligible green projects will facilitate the development of new energy vehicles in Ganzhou and contribute to regional emissions reduction.

3) Eligible Green Projects: Sustainable Water and Wastewater Management

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 “Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation)” under GBP, and “Sustainable water and wastewater management (including sustainable infrastructure for clean and/or drinking water, smart irrigation and wastewater treatment)” under GLP.

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 “Construction, operation and maintenance of wastewater treatment plants and supporting facilities: Examples would include but not limited to wastewater pipe and treatment plants, water recycling systems, and water/rainwater collection pipes and other facilities” is aligned with the description of “5.3.1.3 Inspection, Upgrade, Construction and Renovation of Urban Sewage Collection System” under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that “Inspection, dredge; repair and renovation of urban sewer network; construct and renovate sewage (rain) storage facilities; develop and operate geographic information system (GIS) for sewer network.” Furthermore, Lianhe Green believes the Framework’s description on “Construction and maintenance of sustainable urban drainage systems, river training, and other forms of flooding mitigation: Examples would include but not limited to urban drainage systems, “Sponge City”, dam, levees and other forms of flooding prevention and mitigation” is aligned with the description of “5.4.2.4 Construction, Operation and Renovation of Up-to-standard Urban Drainage Facilities” under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that “Construction, operation and renovation of urban drainage and flood control facilities that meet corresponding standards, such as flood-prone urban drainage reform, construction and renovation of separate rainwater and sewage systems; rainwater shoreline purification facilities; coastal dry pipes; sediment filtration, artificial wetlands, other overflow wastewater purification facilities and rainwater storage facilities, etc.”

Currently, sewage sludge treatment is included in *Hong Kong Taxonomy*, but it emphasizes “anaerobic digestion or co-digestion with the resulting production and utilisation of biogas or chemicals” of this activity, which is not stated in the framework.

Lianhe Green believes that these types of projects are relevant with the activity “Urban Waste Water Treatment” of *EU Taxonomy*, which states that “Construction, extension, upgrade, operation and renewal of urban waste water infrastructure including treatment plants, sewer networks, storm water management structures”. However, *EU Taxonomy* has more requirements on the capacity and treatment technology, which is not stated in the Framework.

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 6.b of Goal 6 (Clean Water and Sanitation) “Support and strengthen the participation of local communities in improving water and sanitation management”.

Environmental Benefits

According to [data](#) released by the Ministry of Housing and Urban-Rural Development, from 2011 to 2022, the total volume of wastewater discharge in China continued to rise, increasing from 48.322 billion cubic meters to 75.390 billion cubic meters. In 2023, the total wastewater discharge was approximately 78.429 billion cubic meters. The [United Nations](#) pointed out that 42% of household wastewater is not treated properly, which seriously damages ecosystems and human health.

By removing contaminants, protecting ecosystems, safeguarding human health, mitigating eutrophication, and supporting sustainable water management, wastewater treatment serves as a crucial tool in [addressing the global water crisis](#). Therefore, the reduction, recycling, treatment, and reuse of wastewater are of vital importance.



During the rapid urbanization process over the past decades, urban waterlogging issues have become increasingly prominent in [Jiangxi Province](#). In recent years, the province has been steadily implementing urban renewal initiatives, comprehensively promoting sponge city construction across all regions, enhancing water environment management, and making vigorous efforts to address severe urban waterlogging and flooding problems that significantly impact people's production and daily lives.

As outlined in the Framework, the proceeds will be allocated to wastewater treatment projects, urban drainage system and other forms of flooding mitigation. These projects will not only contribute to the construction of "Sponge City" in Ganzhou and effectively, but also enhance the city's resilience to climate change and play an important role in achieving the environmental goal of climate change mitigation.

4) 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 GBP and "Renewable energy (including production, storage systems, transmission, appliances and products)" under GLP.

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 "Construction and maintenance of renewable energy systems and associated infrastructure" is aligned with the description of "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 relevant with the activities and satisfy the some of the substantial contribution criteria for "Electricity generation using solar photovoltaic technology" under the *EU Taxonomy*. However, *EU Taxonomy* has more stringent criteria.



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”.

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.

The [China Urban and Rural Construction Carbon Emissions Research Report \(2024 Edition\)](#) points out that in 2022, the total carbon emissions from building construction and the construction industry nationwide reached 5.13 billion tons of carbon dioxide, accounting for 48.3% of the country's energy-related carbon emissions. Meanwhile, carbon emissions from building operations amounted to 2.31 billion tons, representing nearly half of the total emissions from the construction industry. The [Implementation Plan for Carbon Peak in Urban and Rural Construction in Ganzhou City](#), released in 2023, proposes to encourage the installation of solar photovoltaic systems in existing buildings and promote electrification of domestic hot water and cooking systems. By 2025, electricity consumption in buildings is expected to account for over 55% of total building energy consumption.

According to this Framework, the issuer committed that the proceeds allocated to this category will finance or refinance construction and maintenance of renewable energy systems and associated infrastructure, such as solar water heating systems. Lianhe Green assesses that these projects contribute to the electrification of domestic hot water system, aligning with local government's policy.

5) Eligible Green Projects: Energy Efficiency

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 “Energy efficiency (such as in new and refurbished buildings, energy storage, district heating, smart grids, appliances and products)” under GBP and “Energy efficiency (such as in new and refurbished buildings, district heating, smart grids, appliances and products)” under GLP.

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 “Examples would include but not limited to fluorescent tubes” is aligned with the description of “1.1.3.1 Renovation of Green Lighting” under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that “Energy-saving technology upgrading of high-efficient lighting products using LED, high/low pressure sodium lamps, metal halide lamps, three primary color double-ended tubular fluorescent lamps (Type T8 and T5), and other lighting facilities using natural light sources, both indoors and outdoors.” However, *Green Bond Endorsed Project Catalogue (2021 Edition)* requires that products should meet Level One of relevant energy efficiency standards listed. The Framework fails to clarify whether the Group's projects will be able to meet these standards. Therefore, Lianhe Green urges the Group to disclose the information in the post-issuance period.



Lianhe Green assesses that this type of projects is relevant with the activities “Manufacture of other low carbon technologies” under the *EU Taxonomy*. However, *EU Taxonomy* has more stringent criteria.

This category is currently not applicable for *Hong Kong Taxonomy*.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Green Project Category contributes positively to the UNSDGs, in particular, it makes significant contributions to Target 7.3 of Goal 7 (Affordable and Clean Energy) “By 2030, double the global rate of improvement in energy efficiency”.

Environmental Benefits

According to [IEA](#), energy efficiency is called the “first fuel” in clean energy transitions, as it provides some of the quickest and most cost-effective CO₂ mitigation options while lowering energy bills and strengthening energy security. Energy efficiency is the single largest measure to avoid energy demand in the Net Zero Emissions by 2050 (NZE) Scenario.

In May 2024, the State Council issued the [Energy-saving and Carbon Reduction Action Plan for 2024-2025](#). The plan proposes that by the end of 2025, the energy-saving rates of residential and public buildings that have been renovated will be increased by 30% and 20% respectively. The [Implementation Plan for Carbon Peak in Urban and Rural Construction in Ganzhou City](#), released in 2023, proposes to improve the energy efficiency level of buildings, encouraging improve the energy efficiency of key equipment such as lighting systems.

Lianhe Green believes that upgrading the lighting systems and water pump to more energy-efficient models can reduce energy usage, which directly translates to lower carbon emissions. This plays a necessary role in optimizing power consumption.

However, fluorescent tubes generate mercury pollution during both production and disposal processes. Lianhe Green urges the Group to disclose the energy efficiency standards of the fluorescent tubes used and their disposal methods for discarded tubes.

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

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 “Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes)” under GBP, and “Environmentally sustainable management of living natural resources and land use (including environmentally sustainable agriculture; environmentally sustainable animal husbandry; climate smart farm inputs such as biological crop protection or drip-irrigation; environmentally sustainable fishery and aquaculture; environmentally sustainable forestry, including afforestation or reforestation; preservation or restoration of natural landscapes; eco-tourism; and sustainable traceability mechanisms)” under GLP.

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 “Develop/redevelop green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity.” is aligned with the description of “4.2.2.4 Forest Recreation and Health Rehabilitation Industry” under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that “Construction of eco-



sightseeing, recreation, culture, sports, and health care facilities based on natural resources such as forests, grasslands, wetlands, deserts, and wild animals and plants without damaging surface vegetation, biodiversity and ecosystems. Sustainable business activities that meet the requirements of the China Forest Certification-Forest Management (GB/T 28951) and relevant standards”.

Furthermore, this project category emphasizes the construction of eco-sightseeing and recreation facilities based on natural resources such as forests. The *EU Taxonomy* regulates the activities of “rehabilitation and restoration” and “Forest management and conservation”, which not regulates the relationship with rehabilitation industry listed in the Framework.

The *Hong Kong Taxonomy* hasn’t currently designated a specific activity as a forestry activity.

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 15.1 of Goal 15 (Life on Land) “By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements”.

Environmental Benefits

The [National Forestry and Grassland Administration](#) (NFGA) has noted that the development of eco-tourism reflects the significant changes in people’s lives since the reform and opening up. In recent years, the NFGA has actively promoted green industries such as eco-tourism, guiding various regions to develop tourism products based on strict ecological conservation. The launch of 14 characteristic eco-tourism routes, which connect representative natural landscapes such as forests, grasslands, lakes, and rivers, has greatly enriched the supply of eco-tourism products and services.

This type of economic activity is an effective way to achieve coordinated development of resource protection and utilization. It not only meets the public’s growing and diverse demands for eco-tourism but also demonstrates the new value of eco-tourism and activates its new functions by developing new business formats and products. As an emerging industry, eco-tourism continues to release economic vitality and plays an irreplaceable role in meeting people’s needs for a better life.

As a state-owned enterprise, the group actively follows national guidelines and is committed to developing green space projects that can protect and restore natural landscapes and enhance ecological integrity. Through scientific management and operation, the group aims to enhance the value of ecosystem services. Lianhe Green believes that the environmental benefits of such projects are clear and have a positive impact on ecological protection.

7) 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.

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 “Acquisition, construction, maintenance and renovation of building that have received, or expect to receive certified the below recognized green building certifications: Chinese Green Building Evaluation Label – 1 Star or above (Design / Operations Label)” is aligned with the description of “5.2.1.2 Green Building” 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)".

However, the market generally demands a 2-star and 3-star rating for green buildings. In contrast, the Framework sets a 1-star requirement for green buildings, which is lower than the common market practice. At the same time, the requirements for green building certification in the Framework vary significantly across different regions. In China, only the one-star standard of the Green Building Evaluation Label is required, while in other regions, mid- to high-level certifications such as LEED Gold, BREEAM Excellent, or BEAM Plus Gold are required. Given that the relevant green building projects are expected to be implemented in China, the one-star standard is relatively low and cannot be compared with the environmental benefits generated by the mid- to high-level certifications in the aforementioned systems. This may have an adverse impact on the environmental performance of the projects and the overall consistency of the Framework. Lianhe Green suggests that the Group clearly explain the reasons for the current 1-star green building standard in project promotions and disclosed reports, enhancing transparency to gain the understanding and trust of stakeholders. Meanwhile, it is recommended that the Group develop a medium- to long-term improvement plan, with specific timeframes and measures, to gradually upgrade to a two-star or higher green building standard.

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 one-star 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 UNSDGs, in particular, it makes 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".

Environmental Benefits

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



be equipped with variable frequency functions. According to “[Tech New Era](#)”, green buildings can reduce energy consumption by 30% to 50% compared to traditional buildings.

In accordance with the [Notice on the Management of Green Building Projects](#) in Ganzhou City, all new, renovated, and expanded buildings in urban areas of the city are required to fully implement the “Green Building Assessment Standard” (GB/T 50378-2019), which clarifies the execution standards for green buildings. New residential areas with a floor area of more than 5,000 square meters are required to be designed and constructed in accordance with a green building standard of no less than one-star level. Government-invested or government-invested dominant buildings such as national organs, schools, and hospitals with a floor area of more than 10,000 square meters, as well as large public buildings not invested by the government with a single building area of more than 20,000 square meters, are required to be designed and constructed in accordance with a green building standard of no less than two-star level. Super high-rise buildings should be designed and constructed in accordance with the three-star standard of green buildings.

As a city investment company in Ganzhou, the Group actively implements local policies and is committed to the development of green building projects. The Group focuses on the construction, maintenance, and renovation of buildings that have obtained or are expected to obtain green building certifications listed in the Framework. When procuring engineering projects, the Group must strictly follow the requirements of the Green Building Evaluation Standard (GB/T 50378) to ensure that projects meet green building standards. Meanwhile, the Group’s actions will further improve the government’s green building system and have a positive impact on projects within the scope of the policy implementation for promoting building quality improvement through the use of green building materials, thereby advancing sustainable development.

Nevertheless, Lianhe Green continues to believe that the “1-star” requirement for green buildings in the Framework falls short of the common market standard. Therefore, Lianhe Green recommends that the Group provide detailed disclosure of the actual energy consumption and the realization of environmental benefits after project implementation to enhance market transparency.

1) 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 Social Projects Category “Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy)” under SBP, and “Affordable basic infrastructure (e.g. clean drinking water, sewers, sanitation, transport, energy, basic telecommunications)” under SLP.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Social Project category contributes positively to the UNSDGs, in particular, there is significant contributions to Target 9.1 of Goal 9 (Industry, Innovation and Infrastructure) “Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all”.

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.



According to the [Notice on Printing and Distributing the Key Points of Transportation Work in the City in 2025](#) issued by the Ganzhou Municipal Transportation Bureau, Ganzhou City has comprehensively completed the pilot tasks for building a strong transportation nation, and the construction of an integrated three-dimensional transportation network has been completed. The city has implemented nine actions, including the construction of integrated transportation infrastructure and the improvement of transportation service governance. In addition, 400 kilometers of rural roads have been newly built or rebuilt, ensuring that the rate of good, medium, and excellent rural roads reaches more than 85%.

As a state-owned enterprise, the Group is committed to the construction, operation and maintenance of basic transport infrastructure, such as but not limited to the roads which improve the traffic conditions in the surrounding areas, bring convenience to the travel of residents and enterprise employees and facilitate the input and output of production materials. These measures have strongly supported the key points of Ganzhou municipal government's transportation work in 2025, while providing solid assurance for the transportation conditions in surrounding areas (such as rural areas), and have made significant contributions to the development of local communities.

Lianhe Green views that these eligible projects are closely related to the company's key business activities, and have high relevance and significant benefits to the national and local contexts. Lianhe Green believes these initiatives are beneficial for the general public to communicate with other areas, especially for the migrants, or the rural underserved due to a lack of access to basic transportation services, and will facilitate trade between regions. By improving connectivity and accessibility, these efforts will also support the broader goals of urban-rural integration and sustainable development.

2) Eligible Social Projects: Access to Essential Service

Eligible Social Project Categories Under Principles

Lianhe Green considers that this project category under the Framework is most relevant to the eligible Social Projects Category "Access to essential services (e.g. health, education and vocational training, healthcare, financing and financial services)" under SBP, and "Access to essential services (e.g. education and vocational training, public health/healthcare, public health emergency response energy (including electricity), financing and financial services, other governmental offices servicing select populations (and/or in low /low-middle income countries))." under SLP.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Social Project category contributes positively to the UNSDGs, in particular, there is significant contributions to Target 3.8 of Goal 3 (Good Health and Well-being) "Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all", and Target 4.a of Goal 4 (Quality Education) "Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all".

Social Benefits - Healthcare

As stipulated in the [Ganzhou Central Urban Area Medical and Health Facilities \(Emergency Response\) Layout Plan \(2024–2035\)](#), the goal for 2030 is to improve the structure and system of medical and health facilities and achieve a more balanced layout. In the near-term plan, by 2030, the target of 8.4 beds per 1,000 people in medical and health institutions will be met. Looking ahead to 2035, the land area for medical and health facilities in the central urban area will reach 301.03 hectares, with a per capita land area for medical and health facilities of 0.94 square meters per person.

As a local investment company in Ganzhou City, the company actively complies with and implements the strategic plans of the local government. It is consistent with the development strategy of Ganzhou City in providing public and affordable medical services to the general public and vulnerable groups, including the construction and expansion of hospitals.



Lianhe Green believes that the Group's healthcare projects significantly enhance sustainability by improving medical services for the general public and vulnerable groups. The construction and expansion of hospital not only provide better healthcare for underserved rural and urban populations, and vulnerable groups with limited access to affordable healthcare and alleviate the shortage of medical resources, but also increase the local life expectancy. This approach improves health outcomes, reduces inequality, and supports the Sustainable Development Goals.

Social Benefits - Education

The current social development and changes necessitate the optimization of educational resource allocation. With the construction of new urbanization, the reform of the household registration system, and the changes in the national population birth policy, the scale of school-age population continues to grow. At the same time, the acceleration of population aging urgently requires the optimization of educational layout and adjustment of structure to lay the foundation for lifelong learning for all. By 2025, urban education, especially in the preschool and compulsory education stages, will face greater pressure.

In this context, the Ganzhou Municipal Education Bureau issued a notice on the [Ganzhou 14th Five-Year Plan for Educational Development](#) and set targets to be achieved by 2025. These include the comprehensive realization of popularization goals for all levels and types of education, the stipulation of the number of new universities and technical colleges, the establishment of several vocational education training bases, the formation of vocational education groups, and the initiation of modern apprenticeship pilots.

The Group has provided investment and expenditure in educational service facilities (such as training center), fulfilling its responsibilities and obligations as an investment enterprise in Ganzhou City. It has promoted educational equity while injecting strong impetus into the local socio-economic development and helping to narrow regional development gaps. Therefore, this eligible project has had a positive impact on social welfare, is highly relevant to the national and local context, and has brought significant benefits.

3) 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 Social Projects Category "Affordable housing" under SBP, and "Affordable, social or supported housing" under SLP.

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 11.1 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. The People’s Government of Ganzhou actively implements housing security policies, vigorously promotes the construction of housing security projects, and aiming to add [50,000 units](#) of public rental housing during the “14th Five-Year Plan” period, with the requirement that these affordable homes be primarily allocated to address the housing difficulties of new urban residents.

As stated in the Framework, the proceeds will be used in low-cost housing projects including but not limited to public rental housing and social security housing for talents. These projects meet the definition set out in the local regulations and will positively contribute to the local “14th Five-Year Plan” target. Lianhe Green believes that the target population identified by the Group are accurate, and the eligible social projects could improve the living conditions of the target population.

B. Process for Project Evaluation and Selection

Company Materials

The evaluation and selection process ensures that an amount equivalent to net proceeds from each SFT will be allocated to projects that meet the criteria set out in the Use of Proceeds under the Framework.

The Group has established a Sustainable Financing Team (the “Team”), which is dedicated to ensuring that the proceeds from each SFT will be allocated to eligible projects under the Framework. The Team will also be responsible for managing any future updates of the Framework, including any expansion of requirements on the use of proceeds. The Team comprises members from various functions, including:

- Engineering Department
- Strategic Development Department
- Financial Audit Department
-

The Team will hold meetings on an annual basis to discuss and select ESPs according to the Eligibility Criteria defined in Use of Proceeds of the Framework.

The Team 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 Sustainable Project List (the Team has full discretion to object the inclusion of any project);
- Monitoring and managing the Sustainable 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 the development of Sustainable financing market and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market development.

The Team will ensure that each ESP not only aligns with the Use of Proceeds section of the Framework but also adheres to the mission and vision that are applicable to the Group, as well as all local laws and regulations. The ESPs will also be selected with reference to the United Nations Sustainable Development Goals. At the same time, the Team will assess each project by its feasibility study report, Environment Impact Assessment Report and other information to ensure that project’s environmental and Sustainable risks are at a controllable level.



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 Group has established a Sustainable Financing Team (the "Team"), which governs the process for project evaluation and selection. The Team consists of members from 3 departments, including financial and engineering departments, and is dedicated to ensuring that the proceeds from each SFT will be allocated to eligible projects under the Framework. The Team will also be responsible for managing any future updates of the Framework, including any expansion of requirements on the use of proceeds. However, the Group has not achieved a separation of duties to effectively avoid conflicts of interest. For example, market best practices include that the board of directors will participate in the approval of eligible project proposals to meet two or more layers of project screening criteria. Additionally, the Group has not implemented strict environmental and social risk management procedures to regulate its day-to-day operations and project construction.

Lianhe Green's assessment of the Group's Process for Project Evaluation and Selection is "Aligned".

C. Management of Proceeds

Company Materials

The Group intends to allocate the net proceeds to finance or refinance the ESPs, which are selected according to the Eligibility Criteria with the evaluation and selection process outlined above.

The net proceeds or the equivalent amount of the net proceeds of each SFT will be deposited in subaccount, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. Net proceeds of each SFT 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 the issuance of any SFTs to Eligible Projects.

The Group will maintain a register to keep track the use of an amount equivalent to net proceeds of each SFT through the internal information system, and the Team will review the Sustainable 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 on a best effort basis annually adjusted to match allocations to Eligible Projects made during the outstanding of the SFT(s).

The register will contain the following information:

- 1) Type of Funding Transaction
 - Key information includes issuer/borrower entity, transaction date, the principal amount of proceeds, repayment or amortization profile, maturity date; interest or coupon, the ISIN number etc.
- 2) Allocation of Use of Proceeds
 - Name and description of the eligible projects to which the proceeds of the SFT have been allocated in accordance with the Framework
 - Amount and date of the SFT proceeds allocated to each eligible project



- The remaining balance of unallocated proceeds is yet to be earmarked for eligible projects
- Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)

Any remaining balance of issuance proceeds that are not yet allocated to the ESPs will be:

- held in temporary investment instruments that are assets 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 Sustainable debt instruments.

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 or the equivalent amount of the net proceeds of each SFT will be deposited in subaccount, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. Net proceeds of each SFT 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 the issuance of any SFTs to Eligible Projects. However, market best practice would allocate unassigned funds to other eligible projects and notify stakeholders of any significant changes in the allocation of proceeds.

Lianhe Green's assessment of the Group's Management of Proceeds is "Good".

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

Allocation Reporting

The report includes but not limited to:

- 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.

Impact Reporting

Where possible, the Group will report on the Sustainable impacts associated with the Eligible Projects.

Impact Report may contain, on a best effort basis and subject to data availability, such as but not limited to the following information:

Eligible Project Category	Impact Indicators
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Pollution Prevention and Control	<ul style="list-style-type: none"> Annual absolute (gross) amount of waste prevented, minimised, reused or recycled (in tonnes p.a.)
Clean Transportation	<ul style="list-style-type: none"> Number of EV charging station installed and/or operated Number of EV charging point installed and/or operated Total installed charging capacity (in kW or MW) Annual electricity delivered for EV charging (MWh/year) Annual GHG emissions avoided (in tonnes CO₂ equivalent)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Amount of rainwater collected and re-used (in m³) Annual absolute (gross) amount of wastewater treated (in tonnes p.a) Area covered by sponge city-related projects (in km₂)
Renewable Energy	<ul style="list-style-type: none"> Renewable energy generation (MWh) Annual greenhouse gas emissions avoided/reduced (in tonnes of CO₂e)
Energy Efficiency	<ul style="list-style-type: none"> Amount of energy saved (MWh) Annual greenhouse gas emissions avoided (in tonnes of CO₂e)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> Area of green landscape conserved/enhanced/created (in km₂)
Green Building	<ul style="list-style-type: none"> Level of certification by building The amount of green building constructed
Affordable Basic Infrastructure	<ul style="list-style-type: none"> The length of the road constructed (km) No. of villages connected
Access to Essential Services	<ul style="list-style-type: none"> Number of individuals/households benefitted
Affordable Housing	<ul style="list-style-type: none"> Number of housing units constructed Number of individuals/households benefitted

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 information on the allocation of the net proceeds or equivalent amount of the net proceeds of the SFTs via the website, social media, or report. Such information will be updated on an annual basis until all the net proceeds of the SFTs have been fully allocated. Besides, the Group will report on the environmental and social impacts resulting from eligible projects. The report includes the impact indicators involving core indicators published by the ICMA, and calculation methodologies and assumptions will be disclosed.

Lianhe Green's assessment of the Group's Reporting is "Good".



E. External Reviews

Company Materials

The Group has engaged CCX Green Finance International Limited and Lianhe Green Development Company Limited as the external reviewers to evaluate the appropriateness of the Framework, and alignment with the GBP, SBP, SBG, GLP and SLP.

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 opinion. Also, the assessment result document(s) will be available on the Group's website or other social media platform if available.

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. Therefore, Lianhe Green's assessment of the Group's management system for External Reviews is "Aligned".



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.

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