



聯合綠色發展
Lianhe Green Development

Xuzhou Hi Tech Holding Group Co., Ltd.

Second-Party Opinion | Sustainable Finance Framework

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

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Summary

Not Aligned	Aligned	Good	Excellent
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Pillar	Alignment
Use of Proceeds	Good
Process for Project Evaluation and Selection	Good
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 Xuzhou Hi Tech 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)



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Lianhe Green Development

About the Company

Company Materials

Xuzhou Hi Tech Holding Group Co., Ltd. was established with the approval of Xuzhou Municipal Government, with a registered capital of 5 billion yuan and total assets of more than 60 billion yuan. Adhering to the corporate mission of “serving urban construction and boosting industrial development”, the Group is a key comprehensive state - owned capital operation platform built by the National Xuzhou High - tech Zone and the only one in the region. Based on its main responsibilities and business, the Group has comprehensively constructed a market - oriented operation system of “one group, three major sectors, and seven entities”, working together to promote the diversified and high - quality development of the Group's business.

Company Sustainability Strategy

Relevant Government Policies

Xuzhou is a typical resource-based city and an old industrial base. It is currently in the mid-stage of industrialization and faces increasingly severe challenges, such as resource bottlenecks and growing environmental pressures. The development model that primarily relies on material consumption and factor inputs is no longer sustainable. The Xuzhou Municipal Government places great emphasis on transformative development and has persistently promoted the transition of this old industrial base toward high-quality development. It has also formulated the [Xuzhou Sustainable Development Plan \(2020-2030\)](#) to guide the city's sustainable development initiatives.

Opinion of Lianhe Green

As a state-owned enterprise, the Group follows the sustainable development policies of the central government and the government of Xuzhou. The Group's main business is urban industrial constructions. These businesses of the Group can support the realization of Xuzhou's sustainable development initiatives promoted by the Government.

Based on the media review and the evidence obtained, nothing has come to Lianhe Green's attention that causes us to believe that the Group has any significant negative ESG news or controversial issues as of August 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.

A. Use of Proceeds

Company Materials

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

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

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

Eligible Green Projects Categories	Description/Condition of Eligible Green Projects
Sustainable Water and Wastewater Management	<p>Sustainable water and wastewater management, including but not limited to:</p> <ul style="list-style-type: none">- Construction, operation and upgrading of urban and rural sewage treatment- Restoration to improve quality of water environment and restore the ecological function of waters <p>Environmental objectives and benefits</p> <ul style="list-style-type: none">➤ Pollution prevention and control- Reduce water pollutants- Improve water quality

ii. Eligible Social Project Categories and Description/Condition of Eligible Social Projects

Eligible Social Projects Categories	Description/Condition of Eligible Social Projects
Affordable Housing	<p>Investments and expenditures in projects that provide affordable housing and resettlement fees for population living below the poverty line, including renovation of shabby dwellings in urban villages, government - supported affordable housing construction projects within the scope of urban village transformation, and related infrastructure improvement works.</p> <p>Target population</p> <ul style="list-style-type: none">• Living below the poverty line <p>Social objectives and benefits</p> <ul style="list-style-type: none">➤ Provide stable housing for vulnerable groups- Promote social equity in living conditions

Exclusion Criteria:

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

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



Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green, 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 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 environmental objectives of eligible green projects and social benefits of eligible social projects. 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 7 activities, assets and technologies.

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

1) 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 upgrading of urban and rural sewage treatment" is aligned with the description of "5.3.1.1 Construction and Operation of Facilities for Sewage Treatment, Recycling, and Sludge Treatment and Disposal" under *Green Bond Endorsed Project Catalogue (2021 Edition)*, which states that "Construction, operation and upgrading of urban and rural sewage treatment and recycling facilities".

Furthermore, Lianhe Green believes the Framework's description on "Restoration to improve quality of water environment and restore the ecological function of waters" is aligned and the same with the description of "1.3.2.2 Treatment and Control of Water Pollution in Major River and Sea Area" under *Green Bond Endorsed Project Catalogue (2021 Edition)*.

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.

The [Special Plan for Water Ecological and Environmental Protection in Xuzhou During the 14th Five-Year Plan Period](#) points out that Xuzhou's water environment exceeds standard levels for factors such as permanganate index, total phosphorus, and chemical oxygen demand. One of the primary reasons is the significant shortcomings in infrastructure development. Urban sewage treatment facilities are unable to meet the demands of the gradually expanding development of towns, leading to the discharge of domestic sewage directly into nearby rivers, thereby polluting water bodies. Some sewage treatment facilities were built to low standards and cannot operate properly.

The Group's eligible green project categories can effectively support the construction of urban sewage treatment infrastructure, contributing to the improvement of the urban water environment and helping achieve environmental objective for pollution prevention and control.

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 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. To enhance housing security for disadvantaged groups, the [Xuzhou government](#) provides housing assistance primarily through the allocation of public rental housing or rental subsidies to individuals receiving subsistence allowances and those in extreme poverty.

As stated in the Framework, the proceeds will be used in projects that provide affordable housing and resettlement fees for population living below the poverty line. 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 Group has strict environmental and social risk management procedures in place for its daily operations and project construction. For potential eligible green and social projects, the relevant project departments will first pre-select and evaluate the projects based on feasibility studies, environmental impact assessments, preliminary designs, and other relevant documents. The department then submits these potential projects to the senior management members, which further assesses and evaluates whether the projects meet the eligibility and exclusion criteria of the framework and ensures that appropriate mitigation measures are in place to address any environmental and social risks. Once approved by the senior management members, the selected projects are added to the list of eligible green and social projects.

The staff from various departments, including Investment and Financing Department, Engineering Management Department will convene at least annually, or on an as-needed basis, to discuss, evaluate, and select eligible green and social projects according to the criteria outlined in the framework.

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

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green, 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 potential eligible green and social projects will be first pre-selected and evaluated by the relevant project departments, and then be submitted to the senior members, which further assesses and evaluates the projects. The staff from various departments, including Investment and Financing Department, Engineering Management Department, will convene at least annually, or on an as-needed basis, to discuss, evaluate, and select eligible green and social projects according to the



criteria outlined in the Framework. 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.

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

C. Management of Proceeds

Company Materials

The proceeds of each of the Group's SFT can be managed through using a designated account or keeping a SFT Register. Under the SFT Register method, the proceeds will be deposited in the general funding accounts, and earmarked for allocation towards the Eligible Green and Social Projects. The Group will maintain a SFT Register to track the use of proceeds for the SFT. Sustainability Finance Allocation Register will be established to ensure and monitor the allocation of proceeds.

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

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

Management of the unallocated proceeds

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

Opinion of Lianhe Green

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

Under the SFT Register method, the proceeds will be deposited in the general funding accounts, and earmarked for allocation towards the Eligible Green and Social Projects. The Group will maintain a SFT Register to track the use of proceeds for the SFT. Sustainability Finance Allocation Register will be established to ensure and monitor the allocation of proceeds. 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 of its Green Financing Instruments in a report. Such information will be provided on an annual basis until all the net proceeds have been allocated. According to the market needs, the information may contain the following details:

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

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

Impact Reporting

The Group may 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 may be disclosed.

Eligible Project Category	Impact Indicators
Sustainable Water and Wastewater Management	- Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m ³ /a and p.e./a and as %
Affordable Housing	- Number of people reached - Number of dwellings improved - Number of individuals/families benefiting from subsidized housing

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

Opinion of Lianhe Green

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

The Group will provide information on the allocation of the net proceeds of its Green Financing Instruments in a report. Such information will be provided on an annual basis and will report on a timely basis if any material development until full allocation. 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 may be disclosed.

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



E. External Reviews

Company Materials

Pre-issuance:

The Group has engaged Lianhe Green Development Company Limited ("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 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 "Good".



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.

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