



Fujian Zhanglong Group Co., Ltd.

Second-Party Opinion | Sustainable Finance Framework

Report Type

Sustainable Finance
Framework Second-Party
Opinion

Analytical Standards

- » Green Bond Principles (GBP) (June 2021 Edition (with June 2022 Appendix 1))
- » Social Bond Principles (SBP) (June 2023 Edition)
- » Green Loan Principles (GLP) (February 2023 Edition)
- » Social Loan Principles (SLP) (February 2023 Edition)
- » Blue Finance Guidelines (January 2022 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	Excellent
Management of Proceeds	Good
Reporting	Good
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 Fujian Zhanglong 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 2021 Edition (with June 2022 Appendix 1))*, *the Social Bond Principles (SBP) (June 2023 Edition)*, *the Green Loan Principles (GLP) (February 2023 Edition)*, and *the Social Loan Principles (SLP) (February 2023 Edition)*. In addition, the eligible green and blue projects listed in this Framework are in line with *the Green Bond Principles (GBP) (June 2021 Edition (with June 2022 Appendix 1))* and *the Green Loan Principles (GLP) (February 2023 Edition)*; the eligible blue projects are in line with the Blue Finance Guidelines (January 2022 Edition), the eligible social projects are in line with *the Social Bond Principles (SBP) (June 2023 Edition)* and *the Social Loan Principles (SLP) (February 2023 Edition)*. At the same time, Lianhe Green’s assessment includes the contributions of the project categories to the relevant United Nations Sustainable Development Goals¹.

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



About the Company

Company Materials

Established in July 2001, the Group is a state-owned company with 90% of its equity owned by the Zhangzhou SASAC and 10% owned by the Fujian Provincial Department of Finance. The Group is one of the key state-owned enterprises supported by the Zhangzhou Government's favorable policies. The Group provides some of the main public utility services such as infrastructure construction, water supply and sewage treatment. Situated in the coastal area of Fujian Province, the Group also undertakes to utilize marine resources sustainably.

In accordance with the State Council's overall guidance on green development and the national "14th Five-Year" Strategic Plan of "Environmental Protection and Development of Low-Carbon Economy", the Group is committed to ensuring that its economic performance is conducive to the green and sustainable development of the environment and society. The Group regards green and sustainable development as its business foundation. The Group adheres to a positive sense of environmental and social responsibility, and integrates the spirit of green and sustainability into its rules, regulations and business development plans. Based on its major business segments of infrastructure construction and water supply and sewage treatment, as well as other marine-related business activities, the Group actively integrates sustainability into the economic development of Zhangzhou. The Group is committed to making contribution in the fields of green building, green transportation, sustainable infrastructure, sustainable water management and offshore renewable energy, etc. Meanwhile, the Group also persists in reducing the negative impact on the environment during the engineering design and construction process, ensuring that it applies its principle of environmental protection to every work stage.

Company Sustainability Strategy

Company Materials

The Group adheres to high environmental standards with green and sustainable development at low carbon emissions and regards environmental protection and sustainable development as its core values. The Group is acutely aware of the need to control and mitigate the impact of its actions on the environment and the communities in order to fulfill its green commitment towards creating long-lasting values. Such commitments also include realization of both economic and environmental value of marine resources in a well-balanced way. The Group's board of directors (the "Board") is responsible for leading and guiding the formulation and updates of the Group's policies on green and sustainable development and works together with its management to identify, evaluate and address environmental issues on an ongoing basis. The Board also oversees environmental affairs and plans the Group's long-term environmentally-friendly green and sustainable development goals.

In order to engage investors with social and environmental considerations in their investment strategies ("Socially Responsible Investors"), the Group established and implemented its Green and Blue Finance Framework to emphasize its core strategies in terms of green and sustainable development. This could diversify the Group's investor base, keep the Group abreast of the State Council and national vision of green and sustainable development, and strive towards carbon peaking and carbon neutrality goals for the 14th Five-Year period and beyond.



Opinion of Lianhe Green

As a state-owned enterprise, the Group has internal green and sustainable development policies, which is overseen by the Board of Directors. The Group’s operations encompass infrastructure construction, water supply, sewage treatment and renewable energy, which serve as a testament to the Group’s commitment to integrating sustainable growth into its business development.

Based on the media review and the evidence obtained, Lianhe Green has identified some news. However, they do not lead us to believe that the Group has any major controversial concerns as of March 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 SFTs issued under this Framework to finance and/or re-finance, in whole or in part, new and/or existing projects which meet the eligibility criteria outlined in the table below.

A maximum 3-year look-back period would be applied on refinanced projects and the Group expects the net proceeds of each issuance under this Framework to be fully allocated while the bonds/notes remain outstanding.

i. Eligible Projects for Green Financing

Eligible Green Project Categories and mapped Sustainable Development Goals (“SDGs”)	Eligibility Criteria
<p>Green buildings</p>   <p>Target 9.4 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</p>	<p>Acquisition, construction, maintenance and renovation of buildings that have received, or expect to receive the below recognized green building certifications:</p> <ul style="list-style-type: none"> - Chinese Green Building Evaluation Label – 2-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; or - Construction of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and



countries taking action in accordance with their respective capabilities.

Target 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

- systems in public and residential buildings as well as the acquisition of consumption building technical indicators needed to meet the requirements of the “Technical Standard for Near-Zero Energy Building” (GB/T 51350); or
- Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national green building codes and standards, for which they have obtained national green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of the “Green Warehouse Requirements and Evaluation” (SB/T 11164) level 2 or above; or any other green building label that is an equivalent standard of the above.
- Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the “Statistical Standard for Civil Buildings” (GB 50352), the “Standard for Energy-Saving Designs in Public Buildings” (GB 50189) and the “Standard for the Evaluation of Green Retrofit of Existing Buildings” (GBT 51141).

According to the Group’s internal policy, all projects with finalized design plan are required to obtain Certificate of Green Building Design Label, and are required to obtain Certificate of Green Building Label within a year after construction is completed.

Alignment with the Green Bond Endorsed Projects Catalogue (2021) (“GBEPC”)

- 5.2.1.1 Construction of Ultra-Low Energy Consumption Buildings
- 5.2.1.2 Green Buildings
- 5.2.1.5 Energy Conservation and Environmentally-friendly Renovation of Existing Buildings
- 5.2.1.6 Green Warehousing Logistics

Renewable energy



Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all



Procurement and/or installation of renewable energy systems and associated infrastructure, including but not limited to:

- Manufacturing of wind turbines, wind turbine generators, wind turbine blades, bearings, cables, gearboxes, towers and other key components of 3MW and above wind turbines for deployment in offshore wind farm;
- Solar energy, such as design, construction and application of renewable energy application systems for buildings that use solar photovoltaic devices installed on roofs and walls of buildings to supply electricity to buildings



	<p>*Hydropower is excluded.</p> <p>Alignment with the Green Bond Endorsed Projects Catalogue (2021) (“GBEPC”)</p> <ul style="list-style-type: none"> 3.2.1.1 Production of Wind Generators 5.2.1.3 Application of Renewable Energy in Buildings
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ii. Eligible Projects for Blue Financing

Eligible Blue Project Categories and mapped Sustainable Development Goals (“SDGs”)	Eligibility Criteria
<p>Sustainable Water and Wastewater Management</p>  <p>Goal 6. Ensure availability and sustainable management of water and sanitation for all</p> <p>Target 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>Target 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p>	<p>Sustainable water resources, wastewater management, and drinking water supply, including but not limited to:</p> <ul style="list-style-type: none"> New construction and renovation of waterworks; Water supply infrastructure such as laying and renovation of water pipe network and installation and renovation of household meters; Constructing and installing sewage treatment works to reduce environmental pollution; Construction of supporting sewage collection pipes, construction and maintenance of sewage treatment stations and supporting facilities. <p>The drinking water should meet the Standards for Drinking Water Quality (GB 5749-2202). The treated sewage will meet the relevant national discharge standards Pollutant Discharge Standards for Urban Sewage Treatment Plants (GB18918-2002).</p> <p>Alignment with the Green Bond Endorsed Projects Catalogue (2021)</p> <ul style="list-style-type: none"> 5.3.1.1 Construction and Operation of Facilities for Sewage Treatment, Recycling, and Sludge Treatment and Disposal 5.3.1.3 Inspection, Upgrade, Construction and Renovation of Urban Sewage Collection System 5.4.1.1 Construction and Operation of Leakage Control in District Measurement of Urban Water Supply Pipeline Network
<p>Sustainable fishery</p>  <p>Target 14.4 By 2020, effectively regulate harvesting and end</p>	<p>Investments related to sustainable aquaculture activities that promotes marine resource conservation, biodiversity and pollution prevention and control:</p> <ul style="list-style-type: none"> Carbon sink fishery, deep-water anti-wind and wave non-bait cage aquaculture, ecological aquaculture, as well as development of fishery resource conservation facilities.



overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics.



- Such investments shall meet the Aquaculture Stewardship Council certification standard or equivalent

*No involvement in the wild fishery activities

Alignment with the Green Bond Endorsed Projects Catalogue (2021)

- 4.1.3.3 Green Fishery

iii. Eligible Projects for Social Financing

Social Bond Principles Categories	Eligibility Criteria
<p>Affordable basic infrastructure</p>  <p>Goal 6. Ensure availability and sustainable management of water and sanitation for all.</p> <p>Target 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>Target 6.b Support and strengthen the participation of local communities in improving water and sanitation management</p>	<p>Design, construction, operation and maintenance of water supply facilities.</p> <p>Targeted Group</p> <ul style="list-style-type: none"> General public
<p>Access to Essential Service</p>  <p>Goal 3. Ensure healthy lives and promote well-being for all at all ages</p>	<p>Investment and expenditures of projects related to provide, construction and operation the affordable and access to healthcare for the public and vulnerable groups. These include nursing homes and supporting medical facilities to improve the living conditions, healthcare accessibility, additional care and support to elderly people.</p> <p>Targeted Group</p> <ul style="list-style-type: none"> General public



Target 3.8 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.

Affordable housing



Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Target 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Investments and expenditures in projects that provide affordable housing and Shantytown redevelopment for the general public and low-income population.

Target Group

- Low-income groups and general public.

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, Blue Finance Guidelines and SBP. The eligible green and blue project categories align with *China’s Green Bond Endorsed Projects Catalogue (2021 Edition)* and some of them are eligible for the *Hong Kong Taxonomy* and *EU Taxonomy*.

The environmental and social benefits of all the eligible green, blue and social categories are clear and their contribution to UNSDGs are clearly stated. The Group also referenced the GBP and clearly outlined the environmental objectives of the eligible green and blue categories. All the three eligible social categories specify the target population. Detailed analysis will be elaborated in the following paragraphs.

A maximum 3-year look-back period would be applied on refinanced projects, which is longer than the market best practice. Through communication, the proportion of proceeds to be used for financing or refinancing remains unclear.

Lianhe Green’s assessment of the Group’s Use of Proceeds is “Good”.



1) Eligible Green Projects: Green Building

Eligible Green Project Categories Under Principles

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

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 of Ultra-Low Energy Consumption Buildings: Construction of public and residential buildings adapted to climate characteristics and site-specific conditions that reduce the demand for heating, air conditioning and lighting through passive building designs, and adopt active technical measures to improve the efficiency of building energy equipment and systems in public and residential buildings as well as the acquisition of consumption building technical indicators needed to meet the requirements of the ‘Technical Standard for Near-Zero Energy Building’ (GB/T 51350)” is aligned and the same as “5.2.1.1 Construction of Ultra-Low Energy Consumption Buildings”

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

The Framework’s description on “Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the ‘Statistical Standard for Civil Buildings’ (GB 50352), the ‘Standard for Energy-Saving Designs in Public Buildings’ (GB 50189) and the ‘Standard for the Evaluation of Green Retrofit of Existing Buildings’ (GBT 51141)” is aligned and the same as “5.2.1.5 Energy Conservation and Environmentally-friendly Renovation of Existing Buildings”

The Framework’s description on “Green Warehousing Logistics: Construction, operation and renovation of logistics warehouses in accordance with the national green building codes and standards, for which they have obtained national green building evaluation marks. For example, the technical indicators of green logistics warehouse building shall meet the requirements of the ‘Green Warehouse Requirements and Evaluation’ (SB/T 11164) level 2 or above; or any other green building label that is an equivalent standard of the above” is aligned and the same as “5.2.1.6 Green Warehousing Logistics”

Lianhe Green considers the criteria set by the *Hong Kong Taxonomy* to be more stringent compared to the framework requirements. For the construction of new green buildings and ultra-low energy consumption buildings, *Hong Kong Taxonomy* requires the projects in mainland China should be rated



to the three-star level of the Chinese Green Building Evaluation Standard, whereas the framework criteria only require two-stars or above. For the renovation of existing buildings, *Hong Kong Taxonomy* requires the renovation leads to a reduction of primary energy demand, energy consumption, or direct GHG emissions of at least 30% against the building's historic average. Construction of green warehousing logistics is not applicable for the *Hong Kong Taxonomy*.

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. Construction of green warehousing logistics is not applicable for the *EU taxonomy*.

Relevant Key United Nations Sustainable Development Goals

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

Environmental Benefits

China's [green buildings](#) are categorized into three levels: one-star, two-star, and three-star. All three levels of green buildings must meet the requirements of all the control items in the "Green Building Evaluation Standard GB/T 50378-2014." Additionally, the score for each category of indicators should not be less than 40 points. When the total score of a green building reaches 50 points, 60 points, and 80 points respectively, the green building levels are one-star, two-star, and three-star. However, there is no direct correlation between the star rating of green buildings and the performance of building energy efficiency improvement.

The [Special Plan for Green Buildings in Zhangzhou City \(2024-2030\)](#) proposes that by 2025, within the planned area of Zhangzhou's central urban district, all newly constructed urban civil buildings should meet at least the basic-level green building standards; newly constructed public buildings with a floor area exceeding 50,000 square meters and funded by the government should meet at least the two-star green building standards; super high-rise buildings should meet the three-star green building standards; and the total area of ultra-low energy consumption buildings should reach 50,000 square meters.

As a local state-owned investment company in Zhangzhou, the Group's green building projects strictly adhere to the local special planning for green buildings, aligning closely with the green building objectives set by the government. This not only plays a leading and exemplary role within Zhangzhou, but also provides a clear direction for the advancement of the local green building industry. The environmental benefits of the eligible green building projects are evident, but additional disclosure, such as GHG emission and energy intensity, is still required to assess their significance fully.

2) Eligible Green Projects: Renewable Energy

Eligible Green Project Categories Under Principles

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

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 "Manufacturing of wind turbines, wind turbine generators, wind turbine blades, bearings, cables, gearboxes, towers and other key components of 3MW and above wind turbines for deployment in offshore wind farm" is aligned with the description of "3.2.1.1 Production of Wind Generators" in the Green Bond Support Project Catalogue (2021 Edition), which stipulates that "Manufacturing and trading of ... offshore wind turbines, wind turbine generators, wind turbine blades, bearings, cables, gearboxes, towers and other key components of 3MW and above wind turbines".

The Framework's description on "Solar energy, such as design, construction and application of renewable energy application systems for buildings that use solar photovoltaic devices installed on roofs and walls of buildings to supply electricity to buildings" is aligned and the same as "5.2.1.3 Application of Renewable Energy in Buildings"

Currently, the *Hong Kong Taxonomy* haven't designated a specific activity covering production of wind generators and application of renewable energy in buildings.

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

Relevant Key United Nations Sustainable Development Goals

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

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. Attaching PV on roofs and walls of buildings is an important measure to decrease buildings' carbon emission. The [Opinions on Improving the Institutional Mechanisms and Policy Measures for Green and Low-Carbon Energy Transition in Fujian Province](#) proposes vigorously developing the integrated application of photovoltaic building systems and promoting the installation of solar photovoltaic systems on the rooftops of existing public buildings. According to this Framework, the issuer committed that the proceeds allocated to this category will finance or refinance buildings that use solar photovoltaic devices installed on roofs and walls. These projects enable households to generate their own electricity, promoting energy independence and reducing overall demand on the grid.

According to [World Economic Forum](#), wind power is the most mature, most commercialized and promising renewable energy technology. Compared with onshore wind, offshore wind power has the advantages of zero occupation of land, high and stable wind speed, low turbulence intensity, minor visual and noise pollution, less environmental impact and large wind power production capacity. It is,



therefore, the future direction of the wind power industry and an important way to reduce fossil fuel and carbon dioxide emissions, playing a key role in energy transition and the fight against climate change. Offshore wind energy resources alone would be sufficient to cover more than the world's electricity demand in 2050. The [Three-Year Action Plan for Promoting High-Quality Development of the Marine Economy in Zhangzhou City \(2024-2026\)](#) also proposes vigorously developing the marine new energy industry, including offshore wind power, and striving to build a nationally significant clean energy base. Lianhe Green believes that the Group's eligible projects on production of wind generators will have positive impact on Zhangzhou's marine new energy industry.

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.

1) Eligible Blue Projects: Sustainable Water and Wastewater Management

Eligible Blue 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 both GBP and GLP.

This category is also relevant to the eligible Blue Project category "Water sanitation: investments in the research, design, development, and implementation of water treatment solutions" under the Blue Finance Guidelines.

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 "Constructing and installing sewage treatment works to reduce environmental pollution" is aligned with "5.3.1.1 Construction and Operation of Facilities for Sewage Treatment, Recycling, and Sludge Treatment and Disposal", which stated that "Construction, operation and upgrading of urban and rural sewage treatment and recycling facilities"

The Framework's description on "Construction of supporting sewage collection pipes, construction and maintenance of sewage treatment stations and supporting facilities." is aligned with "5.3.1.3 Inspection, Upgrade, Construction and Renovation of Urban Sewage Collection System", which stated that "construct and renovate sewage (rain) storage facilities".

The Framework's description on "Water supply infrastructure such as laying and renovation of water pipe network and installation and renovation of household meters" is aligned with "5.4.1.1 Construction and Operation of Leakage Control in District Measurement of Urban Water Supply Pipeline Network", which includes "Construction, operation and upgrading of urban public water supply facilities".

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 partially eligible for 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". *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 Blue Project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, there is significant contributions to Target 6.1 of Goal 6 (Clean Water and Sanitation) “By 2030, achieve universal and equitable access to safe and affordable drinking water for all”. And Target 6.3 “By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally”.

Environmental Benefits

“[Wastewater-Turning Problem to Solution](#)” estimated that the degradation of organic matter during wastewater treatment contributes ~1.57 per cent of global GHG emissions and 5 per cent of global non-carbon dioxide GHG emissions. The [United Nations](#) pointed out that 42% of household wastewater is not treated properly, which seriously damages ecosystems and human health. The importance of wastewater treatment in combating water pollution cannot be overstated. 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 key tasks outlined in the [Implementation Plan for Improving the Quality and Efficiency of Urban Sewage Treatment and the Battle Against Black and Odorous Water Bodies in Fujian Province \(2024-2025\)](#) include: constructing and renovating over 2,000 kilometers of sewage pipelines across the province from 2024 to 2025, with the goal of dynamically eliminating direct sewage discharge outlets in built-up areas; promoting the construction and expansion of sewage treatment plants, and ensuring the completion of upgrades to achieve Grade 1A standards for the tailwater of 21 urban sewage treatment plants by the end of 2025.

The Group has fully demonstrated the leading role of a local government investment company in projects related to water supply and wastewater treatment, which are associated with sustainable water resources and wastewater management. This has provided strong support for the construction of a water-saving society and made a positive contribution to achieving the government’s goals for urban sewage treatment. It has also promoted the efficient use and sustainable management of water resources.

2) Eligible Blue Projects: Environmentally sustainable management of living natural resources and land use - Sustainable Fishery

Eligible Blue 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 - Sustainable Fishery” under both GBP and GLP.

This category is also relevant to the eligible Blue Project category “Fisheries, aquaculture, and seafood value chain” under the Blue Finance Guidelines.

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 “Carbon sink fishery, deep-water anti-wind and wave non-bait cage aquaculture, ecological aquaculture, as well as development of fishery resource conservation facilities” is aligned with “4.1.3.3 Green Fishery”, which stated that “Environment-friendly fishery projects such as carbon sink fishery and deep-water anti-wind and wave non-bait cage aquaculture”



Currently, the *Hong Kong Taxonomy* and *EU Taxonomy* haven't designated a specific activity covering sustainable fishery.

Relevant Key United Nations Sustainable Development Goals

Lianhe Green believes this eligible Blue Project category contributes positively to the United Nations Sustainable Development Goals (UNSDGs), in particular, there is significant contributions to Target 14.4 of Goal 14 (Life below water) "By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans, in order to restore fish stocks in the shortest time feasible, at least to levels that can produce maximum sustainable yield as determined by their biological characteristics".

Environmental Benefits

[Marine Stewardship Council](#) points out that unsustainable fishing practices, such as [overfishing](#), unregulated fishing activities and [excessive bycatch](#), are putting our [oceans at risk](#). More than a third of global fisheries have been fished beyond sustainable limits and world demand for seafood continues to grow. Sustainable fishing can reverse this decline and ensure that there are enough fish left in the sea so that fishing can take place indefinitely into the future. The long-term health of fish stocks is also vital to secure a source of nutrient-rich food to feed a growing population. [16 million more tonnes of seafood could be produced every year if fisheries are managed sustainably](#), providing enough protein to meet the needs of 72 million people worldwide. Certified sustainable wild-capture fishing can also reduce the pressure on land-based agriculture as a source of protein. [Seafood also has, on average, a lower carbon footprint than land-based animal proteins](#).

In 2023, Zhangzhou's fishery output value reached [35.178 billion yuan](#), ranking second in Fujian Province. The [Special Plan for Fishery Development in Fujian Province during the 14th Five-Year Plan](#) proposes the construction of "pastoral-style" marine ranches. Leveraging the transformation and upgrading of offshore aquaculture, with a focus on three-dimensional, circular, and ecological farming, the plan aims to promote scientific multi-trophic level aquaculture of fish, shrimp, shellfish, and algae, thereby advancing the sustainable development of the fisheries sector. According to fisheries department estimates, Zhangzhou's total marine shellfish and algae farming area covers approximately 23,600 hectares, with an annual output of about 1.165 million tons. This generates roughly 350,000 tons of blue carbon sequestration products annually, giving Zhangzhou both inherent resources and late-development advantages in cultivating carbon sink fishery.

According to this Framework, the issuer committed that the proceeds allocated to this category will finance or refinance carbon sink fishery and sustainable fishery projects which will meet the Aquaculture Stewardship Council certification standard or equivalent. Lianhe Green believes that the eligible projects will contribute to local government's fishery development plan and decrease the negative impact of fishery activities on the ocean.

1) Eligible Social Project: 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 both SBP and 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 6.1 of Goal 6 (Clean Water and Sanitation) "By 2030, achieve universal and equitable access to safe and affordable drinking water for all", and Target 6.b "Support and strengthen the participation of local communities in improving water and sanitation management".



Social Benefits

According to data from the World Resources Institute (WRI), China's overall [water stress](#) is at a medium-high level. The use of proceeds is allocated to design, construction, operation and maintenance of water supply facilities, which are closely linked to the social welfare of local population.

To strengthen the management of urban water supply and water conservation, ensure the safety of urban water supply, build a water-saving city, and promote the construction of ecological civilization, the [Zhangzhou City Urban Water Supply and Water Conservation Management Measures](#) came into effect in March 2023. The *Measures* require the government to enhance unified leadership over urban water supply and conservation efforts, incorporate these efforts into the national economic and social development plans, and establish a sound water supply and conservation guarantee system.

Lianhe Green believes that water supply facilities serve as critical infrastructure to meet the public's basic needs, therefore setting "the general public" as the target population is well-justified. By providing affordable drinking water and improving water quality, they directly contribute to public health and environmental protection. Such initiatives align with sustainable development goals by promoting inclusivity and resilience, making significant contributions to both environmental and social dimensions of sustainability.

2) Eligible Social Project: 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 Service (e.g. health, education and vocational training, healthcare, financing and financial services)" under both SBP and 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 making contributions to Target 3.8 of Goal 3 (No Poverty) "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."

Social Benefits

After years of development, China's healthcare system has made significant progress, but the distribution of medical resources remains uneven. Research by [Yuekai Securities](#) reveals that Fujian Province faces a notable shortage of medical resources due to its large permanent population. The province ranks fourth from the bottom nationally in the number of hospitals per million people, and third from the bottom in hospital beds per capita. These two metrics directly reflect the capacity of the local healthcare system and represent fundamental infrastructure conditions.

In 2022, Zhangzhou City introduced a [Three-Year Action Plan for the Development and Construction of Health and Wellness](#), clearly outlining the goals to enhance public health capabilities and promote the upgrading and renovation of disease prevention and control centers at the city and county (district) levels; to improve medical service capabilities and drive the construction of hospitals at all levels; and to accelerate the development of integrated medical and elderly care services, establishing a number of elderly-friendly medical institutions. The city aims to create five national exemplary elderly-friendly communities each year; and strives to ensure that by 2023, 100% of elderly care service institutions will be able to provide integrated medical and elderly care services.

Lianhe Green believes that the Group's medical facilities effectively safeguard the health and life needs of both the general public and vulnerable groups, while its elderly care facilities significantly enhance local sustainable development capacity by improving medical services for seniors and



individuals with limited self-care abilities. Therefore, we recommend designating "the general public and vulnerable groups" as the target beneficiaries. By building nursing homes and medical facilities, better health care can be provided to vulnerable groups, alleviating the lack of medical resources and increasing local life expectancy. This approach not only improves health outcomes, but also reduces inequalities by providing essential services to underserved communities, further supporting the sustainable development goals. Overall, these initiatives contribute to a more equitable and sustainable healthcare system, promoting well-being and inclusivity.

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 both SBP and 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. Localities are actively constructing various types of housing, strengthening planning, operation and management, ensuring project quality, and promoting the high-quality development of housing security work.

To accelerate the improvement of the housing security system, the [Key Points for Housing Security Work in 2024](#) released by the Zhangzhou Municipal Housing and Urban-Rural Development Bureau stated: advancing the renovation of shantytowns (urban dilapidated and old housing) with meticulous construction to promote prompt delivery and use. Efforts will be made to fully push forward the demolition and resettlement work for shantytown renovation projects, ensuring timely delivery and use upon project completion.

Lianhe Green believes that affordable housing projects in Zhangzhou can significantly improve the quality of life for low-income groups by providing affordable housing and shantytown redevelopment. These initiatives ensure safe, stable living conditions, foster social inclusion, and reduce homelessness, therefore setting "Low-income groups and general public." as the target population is well-justified.

B. Process for Project Evaluation and Selection



Company Materials

In terms of the process for project evaluation and selection, the Group has established a relatively refined control system. The process for eligible project evaluation and selection consists of two parts, namely project screening and project review.

The Group's green finance working group ("GFWG") collect compliance documents of the proposed green, blue and social projects and check whether the documents are complete, thereafter examining the compliance documents to assess the green, blue and social features of the projects against relevant green, blue and social guidelines. For the potentially qualified green, blue and social projects, a preliminary calculation on their environmental impact will be performed and submitted alongside the compliance documents to the GFWG for project review.

1) Accountability Mechanism for the Group's Green and Blue Finance

The GFWG is responsible for the management of this Framework and the compliance of all financing instruments issued under the Framework. The GFWG consists of representatives of senior management at the Group's level and senior representatives from the following departments, including:

- Chief Economist of the Group, responsible to lead the GFWG, and make final approval of the proposed eligible projects
- Finance Department, responsible for fund-raising, allocation and dispatch of funds, inspection of the use of loans, and disclosure of financial statements;
- Construction and Management Department, responsible for full life-cycle of the management of construction projects, establishment and improvement of the management system for the whole process of the construction, interpretation of the engineering project design specification, project screening and presenting eligible project to GFWG, and identifying and conducting environmental and social impact assessment;
- Work Safety Office, responsible for monitoring and implementation of the national and local laws and regulations regarding safe production, and conducting environmental and social impact assessment;
- Legal and Compliance Department, responsible for establishment of the legal system and policies, reviewing contracts, and management of litigation; and
- Audit Department, responsible for internal audit and filing.

The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams. The GFWG will convene meetings at least once a year and will be jointly responsible for the following matters:

- Ratifying of Eligible Projects, which are initially proposed by the GFWG members, and it is at the GFWG members' discretion to reject any project;
- Undertaking of regular monitoring of the asset pool to ensure the eligibility of projects with the criteria set out in the Group's Framework Section 1, Use of Proceeds, whilst replacing any ineligible Projects with Eligible Projects;
- Ensuring that projects comply with the Group's risk management requirements as well as applicable local government regulations. In cases where funds are withdrawn from the projects, or the projects are no longer eligible for the eligibility criteria, ensuring that the funds will be re-allocated to other Eligible Projects as soon as possible.
- Facilitation of regular reporting on any green, blue and social issues in alignment with the Group's reporting commitments;
- Managing any future updates to the Framework;
- Ensuring that the approval of Eligible Projects will follow the Group's existing credit/loan/investment approval processes; and
- Discussing and reviewing the environmental and social risks of eligible projects.

2) Stakeholder Management



The Group has established a process for conducting stakeholder engagement at the corporate level. In addition, the GFWG would be responsible for conducting stakeholder engagement at the project level, which is a part of environmental and social assessment. Project level stakeholder engagement activities would be carried out subject to local regulatory requirements. Where applicable, stakeholder engagement exercises would be conducted by the Group along with the environmental and social impact assessment. The Group would obtain a copy of the environmental impact assessment report prepared either by itself or by professional agencies/consultancies, and the applicable local regulator’s approval document for the Eligible Projects.

Stakeholder engagement activities would be carried out in the project design, operation, and construction stages throughout the project lifecycle. According to the analysis (e.g., materiality analysis) performed at corporate level, stakeholders include but are not limited to government, corporate clients, industry peers and industrial organizations, employees, partners, and communities. The GFWG would communicate with the stakeholders of the corresponding project through two-way communication channels, such as surveys, interviews, public disclosures and company hotlines and emails, to gather opinions and comments on environmental (e.g., environmental impact) and social (e.g., potential impact on people’s lives) issues. The Group would categorize the stakeholders’ comments and opinions collected and then assign relevant department(s) to address the issues (e.g., Human Resource Department will handle employee-related issues) and respond to stakeholder feedback. Opinions would be responded to through the company website, telephone feedback, etc.

The Group confirms that records on the results of stakeholder engagements, including a summary of the engagement, identified stakeholders, engagement method, and feedback collected, and relevant responses would be retained.

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 GFWG consists of representatives of senior management at the Group’s level and senior representatives from 6 departments. For the potentially qualified green, blue and social projects, a preliminary calculation on their environmental impact will be performed and submitted alongside the compliance documents to the GFWG for project review. The Group engages the stakeholders in the whole stages throughout the project life. In addition, the GFWG would be responsible for conducting stakeholder engagement at the project level, which is a part of environmental and social assessment. Through communication, the Group stated that technical person will be involved in the environmental assessment.

Lianhe Green’s assessment of the Group’s Process for Project Evaluation and Selection is “Excellent”.

C. Management of Proceeds

Company Materials

The proceeds of each of the Group’s SFT can be managed through using an earmarked 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 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 sustainability finance proceeds.



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

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

During the time the instrument is outstanding, the Group plans to deploy proceeds of each of the Group’s SFT to other eligible projects when such projects cease to be eligible. If part of the proceeds cannot be allocated to Eligible Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the sustainable bonds/notes, or invest the unallocated proceeds into qualified money market products or debt instruments. In the meanwhile, the Group declares that the proceeds will not be used for the following purposes:

- 1) activities that violate national laws, regulations or international conventions and agreements, or are subject to international bans;
- 2) production or trade in arms or ammunition;
- 3) production or trade in alcoholic beverages (other than beer and wine);
- 4) production or trade in tobacco;
- 5) gambling, casinos or equivalent businesses;
- 6) production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered); or
- 7) 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 Management of Proceeds.

The proceeds of each of the Group’s SFT can be managed through using an earmarked account or keeping a SFT Register. For the unallocated proceeds, the Group can deposit it into the designated account for the sustainable bonds/notes, or invest the unallocated proceeds into qualified money market products or debt instruments. The GFWG is responsible for the management of this Framework and the compliance of all financing instruments issued under the Framework. In cases where the projects are no longer eligible for the eligibility criteria, ensuring that the funds will be re-allocated to other Eligible Projects as soon as possible. The Group has detailed exclusion criteria for the eligible categories.

Lianhe Green’s assessment of the Group’s Management of Proceeds is “Good”.

D. Reporting

Company Materials

Allocation Reporting



The Group will consolidate information on the allocation of the net proceeds of its SFTs. Such information will be prepared on an annual basis until all the net proceeds have been allocated. The information will contain at least the following details:

- a) List of Eligible Projects for the current year;
- a) The amount of proceeds allocated to each Eligible Project category;
- b) When possible, descriptions of the Eligible Projects financed, such as project locations, amount allocated, etc.;
- c) Selected examples of projects financed;
- d) Percentage of financing vs. refinancing; and
- e) Amount of unallocated proceeds.

Furthermore, the Group will confirm that whether the use of proceeds of the SFT conforms to this FRAMEWORK or not.

1) Impact Reporting

The Group will prepare to report on the environmental benefits of the Eligible Projects potentially with the following environmental impact indicators. In addition, calculation methodologies and key assumptions will be disclosed, subject to data availability. Such information will be prepared on an annual basis until all the net proceeds have been allocated and such information will be project portfolio-based. The Group commits to disclosing the expected and actual qualitative impact of projects financed and/or refinanced and quantitative impact when data is available.

Eligible Project Categories	Impact Indicators
Green buildings	<ul style="list-style-type: none"> • Type and level of green building certifications obtained • Annual energy savings (in MW) • Annual greenhouse gas (GHG) emissions reduced / avoided (in t CO2 eq p.a.) • Annual reduction in water consumption (in m3)
Renewable energy	<ul style="list-style-type: none"> • Estimated CO2 emissions reduced annually from the solar heating system purchased/installed • Estimated CO2 emissions reduced annually from the offshore wind farm in operation
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Annual amount of water / rainwater / wastewater collected / treated / recycled / reused (in m3/year)
Sustainable Fishery	<ul style="list-style-type: none"> • Production of sustainable aquaculture, algaculture, and/or mariculture (tons)
Affordable basic infrastructure	<ul style="list-style-type: none"> • Number of infrastructure projects built/upgraded
Access to Essential Service	<ul style="list-style-type: none"> • Number of patients benefitting from healthcare or medical treatment • Number of health-related R&D programs funded
Affordable Housing	<ul style="list-style-type: none"> • Number of people reached; number of affordable units/houses/dwellings improved • Number or percent of affordable units meeting quality/sustainability standards • Share of residents satisfied with the housing

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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Lianhe Green has reviewed a series of documents, including the Sustainable Finance Framework and



the company's policy based on the relevant assessment criteria.

The Group will provide eligible project category level disclosure reports annually until the proceeds of the SFTs have been fully allocated. Besides, the Group will report on the environmental and/or social impacts associated with the Eligible Projects potentially with the listed impact indicators, some of which are core indicators published by the ICMA.

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

E. External Reviews

Company Materials

Pre-Issuance

The Group has engaged external reviewers to assess this Framework and its alignment with the SBG, GBP, GLP, SBP ad SLP and issue a Second Party Opinion accordingly. The Second Party Opinion will be made publicly available on the Company's official website.

Post-Issuance

The issuer may consider post issuance certification to review and verify the internal tracking and allocation of funds from the SFTs to Eligible Projects, as well as the Eligible Projects expected and actual impact that is disclosed in the Annual Reporting.

Opinion of Lianhe Green

Not Aligned	Aligned	Good	Excellent
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The company has engaged Lianhe Green to assess the compliance of this Framework with relevant international and domestic standards and to issue a second-party assessment opinion. The issuer may consider post issuance certification.

Considering that, post issuance, ICMA recommends that an issuer's management of proceeds be supplemented by the use of an external auditor, or other third party, to verify the internal tracking and the allocation of funds from the proceeds to Eligible Projects. Lianhe Green's assessment of the Group's management system for External Reviews is "Good", which meets the requirements of the assessment standards.



Appendix

About Lianhe Green

Lianhe Green Development Company Limited (hereafter referred to as “Lianhe Green”) was established in 2023 and is a subsidiary of Lianhe Equator Environmental Assessment Co., Ltd. (hereafter referred to as “Lianhe Equator”) and Lianhe Credit Management Co., Ltd. (hereafter referred to as “Lianhe Group”). Lianhe Equator is the largest green and sustainable bond/loan certification provider in mainland China. As an external reviewer recognised under the Hong Kong Monetary Authority’s Green and Sustainable Finance Grant Scheme, Lianhe Green is headquartered in Hong Kong, mainly responsible for green and sustainable finance certification business in international markets, ESG reporting and consulting, ESG training services, and assist in operating carbon market-related businesses within and outside China.

Lianhe Green aims to become an internationally recognized external verifier for sustainable finance through cooperation with Lianhe Equator’s professional and experienced team in this industry. With a goal of “shaping the origin of the earth and sky, and transmitting the civilization of mankind”, Lianhe Green is committed to helping Chinese and foreign enterprises demonstrate their determination in sustainable development, and providing investors with independent and objective third-party certification services. It is our mission to leave green and oceans to our future generations.

Scope of Analysis

Lianhe Green was engaged by the Group to provide an assessment of the company’s Sustainable Finance Framework. The assessment is to provide a professional second-party opinion of the compliance of the Sustainable Finance Framework and does not provide any financial indicators or judgement on the investment values of the company’s issuance.

Responsibilities

The Company

The Group’s responsibilities are to accept the interviews from Lianhe Green’s analytical team, to provide relevant data and institutional documents for the analysis, and to ensure that the data and institutional documents provided are true and effective.

External Reviewer

Lianhe Green’s responsibilities are to collect data and documents provided by the Group. Lianhe Green will review all important data and documents, and issue conclusions. In addition, Lianhe Green will disclose information collected from the Group and relevant parties to demonstrate whether its Sustainable Finance Framework meets the relevant requirements of the above standards.

In this Second-Party Opinion, Lianhe Green has specifically examined the Framework but has not reviewed any transaction-specific legal documents or marketing materials. Nevertheless, the framework does provide a description of the qualifying projects as described.

Analytical Process

The main aspects of this assessment include the following:

- » Performing a comprehensive review on the persons in charge of the relevant departments to understand the key matters related to the Group’s policies and processes;
- » Review the Sustainable Finance Framework developed by the Group;
- » Review relevant disclosure reports;
- » Obtain and review appropriate supporting documentation to support key findings.

Solicitation Status

The Second-Party Opinion was solicited and assigned or maintained by Lianhe Green at the request of the company.



Disclaimer

A Lianhe Green SPO is an assessment of the green and sustainable financing frameworks of entities. It is not a credit rating.

Please note that individuals identified in an SPO report are not responsible for the opinions stated therein and are named for contact purposes only. Our report is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of financial instruments and securities.

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