

SECOND PARTY OPINION

Ganzhou Urban Investment Holding Group Co.,
Ltd.

Sustainable Finance Framework

June 2022

Project Team

Nathan NG	Vivien LI	Melody TONG	Joy SONG
Lead	External	Project Manager	Project Director
External	Reviewer		
Reviewer			

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Evaluation Summary

CECEP Environmental Consulting Group Ltd. (“CECEPEC”) is of the opinion that the Sustainable Finance Framework (the “Framework”) of Ganzhou Urban Investment Holding Group Co., Ltd. (the “Group”) is aligned with the Group’s sustainability commitment and performance, the four core components of Green Bond Principles 2021 (“GBP”), Social Bond Principles 2021 (“SBP”) released by International Capital Market Association (“ICMA”), and Green Loan Principles 2021 (“GLP”) and Social Loan Principles (“SLP”) published by the Asia Pacific Loan Market Association (“APLMA”), the Loan Market Association (“LMA”) and the Loan Syndications and Trading Association (“LSTA”).

Use of Proceeds

The Group commits that an amount equivalent to the net proceeds from each Sustainable Financing Transaction (“SFT”) will be used exclusively to finance and/or refinance, in whole or in part, new or existing assets and projects aligning with one or more of the Eligible Categories. The Eligible Categories include Eligible Green Project Categories and Eligible Social Project Categories. The Eligible Green Project categories are sustainable water and wastewater management, renewable energy, energy efficiency, and environmentally sustainable management of living natural resources and land use which are aligned with the project categories recognized by GBP and GLP. The Eligible Social Project Categories are affordable housing and access to essential services, which are aligned with the project categories recognized by SBP and SLP.

Process for Project Evaluation and Selection

The Group has established an internal process for project evaluation and selection and established a Sustainable Financing Team (the “Team”) to govern the process, consisting of representatives and senior members from the Engineering Department, Strategic Department and Financial Department. The Group describes the responsibilities of the Team in the Framework, including i) evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework; ii) approving the inclusion of pre-selected Eligible Projects in the Group’s sustainable project list; iii) monitoring and managing the Sustainable Project List. The Team will maintain a register to keep tracking the use of net proceeds of the SFTs through the internal information system on an annual basis; iv) replacing projects that no longer meet the Eligibility Criteria or due to any divestments; v) observing the development of sustainable financing market and approving updates to this Framework accordingly to reflect relevant changes in the Group’s corporate strategy or market development. CECEPEC considers that the process of project evaluation and selection are in line with market practices.

Management of Proceeds

The Group commits to managing the net proceeds or the equivalent amount by depositing in the subaccount, which will be earmarked for allocation to the Eligible Projects. The Group will maintain a register to track the use of an amount equivalent to net proceeds for each SFT through the internal information system. Each register will contain the issuer/borrower entity, transaction date, principal amount, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number. The Team is responsible to review the Sustainable Project List annually. The Group plans to allocate the proceeds of SFTs to Eligible Projects on a best effort basis while the SFT remains outstanding, the unallocated proceeds of each SFT will be managed following the Group’s normal liquidity management policy and deposited in the temporary investment instruments or temporary placements. The Group also created a list of sectors and activities to be excluded from Eligible Projects which are referred to the *International Finance Corporation Exclusion List (2007)*. CECEPEC considers the management of proceeds and the disclosure of temporary use of proceeds to be in line with market practice.

Reporting

The Group commits to preparing the allocation reports on an annual basis until the net proceeds or equivalent amounts of the net proceeds of SFTs are fully allocated, preparing the impact reports where possible and subject to data availability and publish on the Group official website, social media, or report. For allocation reports, the Group will disclose i) the amount of allocated proceed by Eligible Categories, with a brief description of green and/or social projects; ii) the remaining balance of funds which have not yet been allocated; iii) share of financing vs. refinancing. Regarding impact reports, the Group will illustrate the environmental and social benefits of the Eligible Projects with relevant indicators. CECEPEC encourages the Group to prepare and release the impact reports publicly on an annual basis.

Introduction

The Group is positioned to lead the urban development in Ganzhou and it is wholly owned by Ganzhou State-owned Assets Supervision and Administration Commission (the Ganzhou “SASAC”). The Group has business activities across various industries, including infrastructure construction, property development, construction service, ecological engineering, building materials trading, and other businesses.

The Group has developed its Framework to demonstrate how it will fund Eligible Projects with SFTs. CECEPEC was commissioned by the Group to provide an independent opinion (thereafter “Second Party Opinion” or “SPO”) on the environmental and social credentials of the Framework and its alignment with the relevant principles and guidelines.

Scope of the Assessment Engagement

- The alignment of the Framework with the four components of the GBP, SBP, GLP and SLP;
- The coherence between the Framework and the Group’s green and sustainability vision;
- The environmental and/or social features of the types of projects intended for the use of proceeds;
- The potential environmental and/or social risk of the Eligible Projects and related risk management of the Group.

Methodology

CECEPEC provided a briefing session for the Group to ensure that the Group clearly understood the objectives, purpose, independence, confidentiality, and assessment procedures before the assessment. After the briefing, CECEPEC made a list of assessment items based on GBP, SBP, GLP and SLP and assessed the transparency of the public information and information provided by the Group, the relevance to environmental and social objectives, and the consistency of the information CECEPEC obtained with relevant principles and guidelines. CECEPEC also conducted interviews with the Group’s management to understand the Group’s sustainability commitment, performance, and future planning. An assessment was conducted in which the conclusions were based on public information and information provided by the Group.

CECEPEC employs appropriate employees with the necessary experience and qualifications for the scope of the external review being provided and carries out the external review following its internal Sustainable Finance External Review Manual (“Manual”), which clarifies the overall working procedures and review requirements. CECEPEC’s external review is subject to internal quality control at four levels: the Lead External Reviewer, the External Reviewer who re-examines after the lead External Reviewer, the Project Manager who checks on the quality and monitors the progress of project engagement, and the Project Director who supervises the overall engagement and provides final review and validation.

Independence and Conflict of Interest

CECEPEC is independent of the Group, carrying out the assessment with independence and acting in a manner that is free from bias and conflict of interest. There is no relationship between CECEPEC and the Group beyond the contractual agreement for providing this assessment. CECEPEC maintained objectivity throughout the external review process to ensure that the conclusions of the external review are only based on the evidence obtained from the assessment engagement with the Group.

Analysis and Opinion

CECEPEC is of the opinion that the Framework is in alignment with the four components of GBP, SBP, GLP, and SLP, and contributes to the Group's green and sustainability vision. CECEPEC also noticed that the Group embeds environmental and social considerations into the project management and has implemented risk management measures to identify and mitigate related risks.

Contribution of the Sustainable Finance Framework to the Group's Green and Sustainability Vision

As a leading pillar enterprise in Ganzhou, the Group appears to acknowledge its role in the development of Ganzhou and released the Suggestions on the Formulation of 14th Five-Year Plan for National Economic and Social Development and Long-term Goals for 2035 (the "14th Five-Year Plan"). The Suggestions on the Formulation of the 14th Five-Year Plan outlines two goals for the development of Ganzhou – achieving new results in ecological civilization construction and further improving people's lives.

The Group is committed to integrating ecological civilization construction into urban development, which includes optimizing the development of land resources, continuously improving ecological environment, and promoting natural resources conservation. The Group will continuously adopt and develop sustainable infrastructure to increase resource efficiency and facilitate natural resources reservation. Aligning with its green and sustainability vision, the Group mitigates its environmental impact during its daily operations, including engineering design and construction stages and implements pollution mitigation projects to reduce its environmental footprint. Moreover, the Group also aims at improving people's lives throughout its business operations and development, including basic infrastructure construction. By developing low-rent apartments and public sports facilities, the Group helps improve people's wellbeing and quality of life.

The Framework established and approved by the Group will enhance and support the Group's sustainable development. With SFTs defined in the Framework, including bonds, loans and other forms of debt financing instruments, the Group could fund and implement Eligible Projects that intend to have positive environmental and/or social impacts on the environment and the communities, contributing to the regional goals of achieving new results in ecological civilization construction and further improving people's quality of life. CECEPEC is of the opinion that the Framework is aligned with the Group's green and sustainability vision and Ganzhou's regional goals.

Use of Proceeds

The Group commits that an amount equivalent to net proceeds from each SFT will be used exclusively to finance and/or refinance, in whole or in part, new or existing assets and projects aligned with one or more of the Eligible Categories. The Group states that it will apply a look-back period of no longer than 36 months from the time of issuance of the SFT when refinancing Eligible Projects. CECEPEC views the look-back period to be in line with the market practice.

The Framework defines Eligible Green Project Categories in four areas below.

- Sustainable water and wastewater management
- Renewable energy
- Energy efficiency
- Environmentally sustainable management of living natural resources and land use

The four Eligible Green Project Categories are recognized by GBP and GLP and are intended to contribute to five main environmental objectives identified in the GBP – climate change

adaptation, climate change mitigation, pollution prevention and control, biodiversity conservation and natural resource conservation.

The Framework defines Eligible Social Project Categories in two areas below.



- Affordable housing
- Access to essential services

The two Eligible Social Project Categories are aligned with those recognized by SBP and SLP and intend to provide positive social outcomes to the target population – underserved, owing to a lack of quality access to essential goods and services, vulnerable youth, people with disabilities, and the public.

In addition, the Eligible Green Project Categories and Eligible Social Project Categories intend to contribute to eight of the United Nations Sustainable Development Goals (“UN SDGs”) and advance the relevant SDG targets, specifically SDG 1 “End poverty in all its forms everywhere”, SDG 3 “Ensure healthy lives and promote well-being for all at all ages”, SDG 6 “Ensure availability and sustainable management of water and sanitation for all”, SDG 7 “Ensure access to affordable, reliable, sustainable and modern energy for all”, SDG 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”, SDG 11 “Make cities and human settlements inclusive, safe, resilient and sustainable”, SDG 13 “Take urgent action to combat climate change and its impacts”, SDG 15 “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss”.



CECEPEC considers that investments in the Eligible Green Project and Social Project Categories may lead to positive environmental and/or social impacts and are in line with the relevant principles.


CECEPEC reviewed the public and non-public information provided by the Group, and the following are CECEPEC’s detailed analysis and opinion of Eligible Green Project and Social Project Categories.


Framework			UN SDG Targets	CECEPEC’s Analysis and Opinion
Eligible Green Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Construction, operation and maintenance of wastewater treatment plants and supporting facilities <ul style="list-style-type: none"> ○ Examples would include but not limited to wastewater pipe and treatment plants; water recycling systems; and water/rainwater collection pipes and other facilities • Construction and maintenance of sustainable urban drainage systems, river draining and other forms of flooding mitigation <ul style="list-style-type: none"> ○ Examples would include but not limited to urban drainage systems, “Sponge City”, dams, levees and other forms of flooding prevention and mitigation 	 	<p>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>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity</p>	<p>The criteria of the category are defined in the Framework. Within the category, the Group may finance/refinance projects related to construction, operation and maintenance of wastewater treatment plants and supporting facilities, and projects associated with sustainable drainage system and sponge city.</p> <p>According to the information provided by the Group, the Group has potential Eligible Projects under the category in its property development and facility construction projects. The Eligible Projects may include installation of wastewater treatment systems, water recycling and treatment systems, and grease traps and septic tanks to treat water/wastewater before discharge.</p> <p>According to <i>Ganzhou Technical Guide for Sponge City Construction</i>, it stated that Ganzhou has suffered a variety of water-related problems such as water pollution, shortage of water resources during dry seasons, and low utilization of unconventional water resources (“UWRs”), etc. The sponge city projects that the Group has been developing can help address the above</p>

Framework			UN SDG Targets	CECEPEC’s Analysis and Opinion
Eligible Green Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
			<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>	<p>issues. Activities in this category may include adoption of Low Impact Development (“LID”) facilities – bioretention cell, rain garden, green roof, vegetated swale, sunken green space, infiltration trench, permeable pavement, wetland and so on, which can reduce flood risk, improve surface water quality and conserve water¹.</p> <p>The Eligible Green Projects falling into the category can contribute to SDG 6 “Ensure availability and sustainable management of water and sanitation for all”, SDG 13 “Take urgent action to combat climate change and its impacts” and SDG target 6.3, 6.4, and 13.1. The Eligible Green Projects are also intended to contribute to the environmental objective of “pollution prevention and control”.</p> <p>In view of the above, CECEPEC considers the category and criteria to be in line with relevant principle and encourages the Group to further specifying the wastewater treatment standards that the Group will meet.</p>



¹ “Interpretation and application of Sponge City guidelines in China”. Retrieved from <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7061963/>


Framework			UN SDG Targets	CECEPEC's Analysis and Opinion
Eligible Green Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
Renewable Energy	<ul style="list-style-type: none"> Installation of renewable energy systems and associated infrastructure <ul style="list-style-type: none"> Examples would include but not limited to solar water heating systems 	 	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>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 countries taking action in accordance with their respective capacities</p>	<p>The criteria of the category are defined in the Framework. Within the category, the Group may finance/refinance the installation of renewable energy systems and associated infrastructure.</p> <p>Based on the information provided by the Group, the Group plans to adopt solar energy equipment, such as solar street lights and solar water heating systems, in its property development projects. The relevant investments may include solar panels, battery or grid connection, heat transfer system, and storage tank and pumps.</p> <p>The Eligible Green Projects falling into the category can contribute to SDG 7 “Ensure access to affordable, reliable, sustainable and modern energy for all”, SDG 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” and SDG target 7.2 and 9.4. The Eligible Green Projects are also intended to contribute to the environmental objective of “climate change mitigation”.</p> <p>In view of the above, CECEPEC is of the opinion that the category and Eligibility Criteria are in line with market practice, and the expected environmental benefits are clear. CECEPEC</p>

Framework			UN SDG Targets	CECEPEC's Analysis and Opinion
Eligible Green Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
				encourages the Group to carry out baseline assessment of the energy consumption without adopting renewable energy, estimate the energy savings after the installation of the renewable energy systems, and quantify the environmental benefits.
Energy Efficiency	<ul style="list-style-type: none"> • Reducing building energy consumption by adopting energy-saving equipment and energy-efficient building materials <ul style="list-style-type: none"> ○ Examples would include but not limited to fluorescent tubes, energy efficient water pumps, etc. 		7.3 By 2030, double the global rate of improvement in energy efficiency	<p>The criteria of the category are clearly defined in the Framework. Within the category, the Group may finance/refinance the installation in energy saving equipment and construction with energy efficient building materials.</p> <p>CECEPEC noticed the Group conducts projects in compliance with national energy saving standard – <i>Design Standards for Energy Efficiency of Public Buildings (GB50189-2015)</i>. The Group has adopted or plans to implement energy efficiency measures including using energy-efficient construction materials and equipment such as fluorescent lamps, energy-efficient water pumps, building automation and control system technologies, etc. that aiming at improving heat exchange efficiency and reducing energy consumption.</p> <p>The Eligible Green Projects falling into the category can contribute to SDG 7 “Ensure access to affordable, reliable, sustainable and modern</p>

Framework			UN SDG Targets	CECEPEC's Analysis and Opinion
Eligible Green Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
				<p>energy for all” and SDG target 7.3. The Eligible Green Projects are expected to contribute to the environmental objectives of “climate change mitigation”.</p> <p>In view of the above, CECEPEC considers the energy efficiency category and criteria in line with market practice.</p>
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p>	<ul style="list-style-type: none"> Develop/redevelop green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity 		<p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p> <p>15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts</p>	<p>The criteria of the category are defined in the Framework. Under the category, the Group may finance and/or refinance urban greening and landscaping projects that can increase green coverage ratio and enhance the urban ecosystem.</p> <p>Based on the information provided by the Group, the Group has adopted or plans to develop green spaces in some property development projects by planting native woody perennials, including trees and shrubs. In addition, the Group has carried out and/or plans to undertake urban greening works in Ganzhou City. The ongoing and future urban greening projects might include gardens, urban greening, landscape restoration, and afforestation projects that help protect or restore natural landscape, therefore enhancing ecological civilization of Ganzhou City.</p>

Framework			UN SDG Targets	CECEPEC's Analysis and Opinion
Eligible Green Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
				<p>The Eligible Green Projects within this category are expected to enhance the urban ecosystem, therefore advancing SDG 15 “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss” and SDG target 15.2 and 15.9. The category is also intended to contribute to the environmental objectives of “climate change mitigation”, “climate change adaption”, “biodiversity conservation” and “Natural resource conservation”.</p> <p>In view of the above, CECEPEC considers the category and criteria to be in line with relevant principle and encourages the Group can further develop this category and specify the project types that can be included in the category, such as green gardens, water-efficient and climate-wise landscaping projects, etc. CECEPEC also encourages the Group to conduct assessment on the selected plant species to examine if the species may adversely affect native species or ecosystems.</p>

Framework			UN SDG Targets	CECEPEC's Analysis and Opinion
Eligible Social Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
Affordable Housing	<ul style="list-style-type: none"> Construct and operate low-cost housing in accordance with local government and regulatory definitions, including but not limited to public rental housing and social security housing for talents 	 	<p>1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>	<p>The category is defined in the Framework. Within this category, the Group might invest in the construction and operation of low-cost housing apartments, which can be considered as affordable housing projects.</p> <p>Developing affordable housing projects is included in municipal development plan of Ganzhou Municipal Government and the government provides related policy incentives to facilitate and support affordable housing projects. From the information provided by the Group, the relevant projects meet the statutory definition and Eligibility Criteria of affordable housing projects as set out in the applicable local regulations.</p> <p>The Group reports that target populations of the affordable housing projects are vulnerable groups aligning with the relevant policies released by Ministry of Housing and Urban-Rural Development and National Development and Reform Commission. The target populations might include i) introduced talents that did not own any local residential property; ii) low-income households; iii) tenants living in dangerous and old houses; and iv) migrant workers. The selling price or rent of the apartments provided are lower than the average market price, and some projects</p>

Framework			UN SDG Targets	CECEPEC's Analysis and Opinion
Eligible Social Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
				<p>specified that the selling price won't exceed 80% of the market price.</p> <p>The Eligible Social Projects falling into the category can contribute to SDG 1 "End poverty in all its forms everywhere", SDG 11 "Make cities and human settlements inclusive, safe, resilient and sustainable" and SDG target 1.4 and 11.1.</p> <p>CECEPEC considers the support for introduced talents and the lower rent and selling price compared with the market rent in line with SBP and SLP.</p>
Access to Essential Services	<ul style="list-style-type: none"> Investments and expenditure to provide access to public affordable healthcare services that bring social benefits to the general public, including but not limited to the construction or expansion of fitness center 		<p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing</p>	<p>The criteria of the category are defined in the Framework. Within the category, the Group may invest in the projects that expand the access to provide access to public affordable sports centers and sports parks.</p> <p>Based on policy analysis and information provided by the Group, the sports centers and sports parks will open to the public for free or affordable price. The barrier free facilities in the sports centers and sports parks can serve the elderly and people with limited mobility, and people with disabilities. CECEPEC considers that the construction and/or expansion of public sports centers and related facilities can provide access to</p>

Framework			UN SDG Targets	CECEPEC's Analysis and Opinion
Eligible Social Project Categories	Eligibility Criteria & Examples	UN SDG Mapping		
				<p>the general public and can improve physical health and mental wellbeing of local people.</p> <p>The Eligible Social Projects within the category are likely to contribute to SDG 3 “Ensure healthy lives and promote well-being for all at all ages” and SDG target 3.4.</p> <p>In view of the above, CECEPEC considers the category and criteria to be in line with relevant principles and market practice.</p>

The environmental and social features of Eligible Projects are described in the tables above, while CECEPEC also recognizes that there are some environmental and social risks during the project construction and operation stages according to the documents provided by the Group.

The Group has implemented relevant measures to identify, assess, and mitigate the environmental and social risks related to projects. The main measures adopted by the Group are listed as follows.

- Feasibility Study

Feasibility studies are expected to be carried out by professional consultancies to assess the feasibility of the projects if applicable. During the feasibility study phase, the professional consultancies can help identify and assess the main environmental and social risks related to projects and propose risk prevention and mitigation measures, which are important references for the Group to manage relevant risks.

- Environmental Impact Assessment (“EIA”) System

An EIA will be conducted to help identify and mitigate the environmental impacts of the relevant projects, if applicable. The negative impacts of projects on the environment are identified, such as wastewater, solid waste, and noises generated during the construction and operation stages of the projects. The Group is required to take environmental protection measures to minimize and mitigate the negative impacts. The Group would also obtain an approval document of the Eligible Projects from the applicable local regulators.

- Occupational Health and Safety Management System

The Group carries out projects in accordance with relevant laws and regulations and has established the in-house health and safety policies for workers to comply with. The Group also implements multiple measures to improve the working conditions against safety hazards related to construction equipment, materials, and practices during the operation stages of the projects. Regarding safety management, the Group requires all workers to wear personal protective equipment while carrying out the construction activities. The Group also strictly follows “Three Simultaneousness” system to design, construct and operate protective facilities simultaneously within the projects to against occupational diseases.

Based on the analysis, CECEPEC considers that the Group incorporates the environmental and social risk considerations into the management of relevant projects and is committed to minimizing and mitigating relevant impacts.

Process for Project Evaluation and Selection

The Group has established an internal process for project evaluation and selection to ensure that an amount equivalent to net proceeds from each SFT will be allocated to Eligible Projects meeting the criteria set out in the Use of Proceeds section in the Framework. The Group has established a Sustainable Financing Team (the “Team”) to govern the process. The Team consists of representatives and senior members from the Group’s Engineering Department, Strategic Development, and Financial Audit Department.

The Team will hold meetings on an annual basis and the responsibilities of the Team include:

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

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

The Team will evaluate, pre-select, and approve Eligible Projects in compliance with the Eligibility Criteria outlined in the Framework. The Sustainable Project List will be reviewed annually to add and/or remove projects according to the Eligibility Criteria or due to any divestments.

CECEPEC considers this process to be in line with market practice.

Management of Proceeds

The management process of the net proceeds or equivalent amount of the net proceeds is defined in the Framework.

The Group is committed to managing the net proceeds or the equivalent amount by depositing in the subaccount, which will be earmarked for allocation to the Eligible Projects. The Group will keep a register to keep track of the use of the net proceeds through the internal information system. Each register will contain the issuer/borrower entity, transaction date, principal amount, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number. The Team is responsible to review the Sustainable Project List annually. If any of the Eligible Projects cease to fulfill Eligibility Criteria, the Group will re-allocate the proceeds as soon as practicable.

The Group plans to allocate the proceeds of SFTs to Eligible Projects on a best effort basis while the SFT remains outstanding. The unallocated proceeds of each SFT will be managed following the Group's normal liquidity management policy. The unallocated proceeds will be deposited in the temporary investment instruments that are assets with high liquidity and safety such as cash or cash equivalent instruments; or held in temporary placements that do not include projects, assets or activities that are inconsistent with the nature of green and/or social debt instruments. The Group is committed not to invest unallocated proceeds to high pollution activities or ineligible projects. The Group also created a list of sectors and activities to be excluded from Eligible Projects which are referred to the *International Finance Corporation Exclusion List (2007)*.

CECEPEC considers the above management process is in line with market practice, while advising verifying the internal tracking method and the allocation of proceeds once a year by an external auditor for a high level of transparency until the full allocation of proceeds.

Reporting

The Group will prepare the allocation reports on an annual basis via the Group official website, social media, or report until the net proceeds or an equivalent amount of the net proceeds of its SFTs have been fully allocated. The allocation reports will contain the following information at least:

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

The Group states that it will prepare the Impact Reports to disclose the environmental and/or social benefits of the Eligible Projects potentially with the following indicators where possible and subject to data availability. The Impact Reports may contain the impact indicators and relevant information below.

Eligible Project Categories	Impact Indicators
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> ▪ Amount of rainwater collected and re-used (in m³) ▪ Annual absolute (gross) amount of wastewater treated in tonnes p.a ▪ Area covered by sponge city-related projects (in km²)
Renewable Energy	<ul style="list-style-type: none"> ▪ Renewable energy generation (MWh) ▪ Annual greenhouse gas emissions avoided/reduced (in tonnes of CO₂e)
Energy Efficiency	<ul style="list-style-type: none"> ▪ Amount of energy saved (MW) ▪ Annual greenhouse gas emissions avoided (in tonnes of CO₂e)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> ▪ Area of green landscape conserved/enhanced/created (in km²)
Affordable Housing	<ul style="list-style-type: none"> ▪ Number of housing units constructed ▪ Number of individuals/households benefitted
Access to Essential Services	<ul style="list-style-type: none"> ▪ Number of individuals/households benefitted

CECEPEC views that the above information the Group intends to collect is relevant and clear, while CECEPEC advises the Group to i) prepares the impact reports annually; ii) discloses the impact reports publicly and iii) verifies the reported information of allocation and impact reports by an independent external reviewer.

Sustainability Bond / Sustainability Bond Programme External Review Form

Section 1. Basic Information

Issuer name: Ganzhou Urban Investment Holding Group Co., Ltd.

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:
Sustainable Finance Framework of Ganzhou Urban Investment Holding Group Co., Ltd..

Independent External Review provider's name: CECEP Environmental Consulting Group Ltd.

Completion date of this form: June 2022

Publication date of review publication: *[where appropriate, specify if it is an update and add reference to earlier relevant review]*

Section 2. Review Overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs and the SBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- | | |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

CECEP Environmental Consulting Group Ltd. (“CECEPEC”) is of the opinion that the Sustainable Finance Framework (the “Framework”) of Ganzhou Urban Investment Holding Group Co., Ltd. (the “Group”) is aligned with the Group’s sustainability commitment and performance, the four core components of Green Bond Principles 2021 (“GBP”) and Social Bond Principles 2021 (“SBP”) released by International Capital Market Association (“ICMA”), and Green Loan Principles 2021 (“GLP”) and Social Loan Principles (“SLP”) published by the Asia Pacific Loan Market Association (“APLMA”), the Loan Market Association (“LMA”) and the Loan Syndications and Trading Association (“LSTA”).

Section 3. Detailed Review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The Group commits that an amount equivalent to the net proceeds from each Sustainable Financing Transaction (“SFT”) will be used exclusively to finance and/or refinance, in whole or in part, new or existing assets and projects aligning with one or more of the Eligible Categories. The Eligible Categories include Eligible Green Project Categories and Eligible Social Project Categories. The Eligible Green Project categories are sustainable water and wastewater management, renewable energy, energy efficiency, and environmentally sustainable management of living natural resources and land use which are aligned with the project categories recognized by GBP and GLP. The Eligible Social Project Categories are affordable housing and access to essential services, which are aligned with the project categories recognized by SBP and SLP.

Use of proceeds categories as per GBP:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input checked="" type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input checked="" type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies, and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBP:

Use of proceeds categories as per SBP:

- | | |
|--|--|
| <input type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation/programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises |
| <input type="checkbox"/> Food security and sustainable food systems | <input type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs | <input type="checkbox"/> Other (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than SBPs:

Target populations:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Living below the poverty line | <input type="checkbox"/> Excluded and/or marginalised populations and /or communities |
| <input checked="" type="checkbox"/> People with disabilities | <input type="checkbox"/> Migrants and /or displaced persons |
| <input type="checkbox"/> Undereducated | <input checked="" type="checkbox"/> Underserved, owing to a lack of quality access to essential goods and services |
| <input type="checkbox"/> Unemployed | <input type="checkbox"/> Women and/or sexual and gender minorities |
| <input checked="" type="checkbox"/> Aging populations and vulnerable youth | <input type="checkbox"/> Other vulnerable groups, including as a result of natural disasters |

Other (*please specify*):

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):

The Group has established an internal process for project evaluation and selection and established a Sustainable Financing Team (the “Team”) to govern the process, consisting of representatives and senior members from the Engineering Department, Strategic Department and Financial Department. The Group describes the responsibilities of the Team in the Framework, including i) evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework; ii) approving the inclusion of pre-selected Eligible Projects in the Group’s sustainable project list; iii) monitoring and managing the Sustainable Project List. The Team will maintain a register to keep track the use of net proceeds of the SFTs through the internal information system on an annual basis; iv) replacing projects that no longer meet the Eligibility Criteria or due to any divestments; v) observing the development of sustainable financing market and approving updates to this Framework accordingly to reflect relevant changes in the Group’s corporate strategy or market development. CECEPEC considers that the process of project evaluation and selection is in line with market practice.

Evaluation and selection

- | | |
|---|--|
| <input checked="" type="checkbox"/> Credentials on the issuer’s environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The Group commits to managing the net proceeds or the equivalent amount by depositing in the subaccount, which will be earmarked for allocation to the Eligible Projects. The Group will maintain a register to track the use of an amount equivalent to net proceeds for each SFT through the internal information system. Each register will contain the issuer/borrower entity, transaction date, principal amount, repayment or amortization profile, maturity date, interest or coupon, and the ISIN number. The Team is responsible to review the Sustainable Project List annually. The Group plans to allocate the proceeds of SFTs to Eligible Projects on a best effort basis while the SFT remains outstanding, the unallocated proceeds of each SFT will be managed following the Group’s normal liquidity management policy and deposited in the temporary investment instruments or temporary placements. The Group also created a list of sectors and activities to be excluded from Eligible Projects which are referred to the *International Finance Corporation Exclusion List (2007)*. CECEPEC considers the management of proceeds and the disclosure of temporary use of proceeds to be in line with market practice.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the Group in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only
- Allocation to individual disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Allocations to both existing and future investments
- Allocation to a portfolio of disbursements
- Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

The Group commits to preparing the allocation reports on an annual basis until the net proceeds or equivalent amounts of the net proceeds of SFTs are fully allocated, preparing the impact reports where possible and subject to data availability and publish on the Group official website, social media, or report. For allocation reports, the Group will disclose i) the amount of allocated proceed by Eligible Categories, with a brief description of green and/or social projects; ii) the remaining balance of funds which have not yet been allocated; iii) share of financing vs. refinancing. Regarding impact reports, the Group will illustrate the environmental and social benefits of the Eligible Projects with relevant indicators. CECEPEC encourages the Group to prepare and releases the impact reports publicly on an annual basis.

Use of proceeds reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other (*please specify*):

Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual

Other (*please specify*): The Group will prepare the allocation reports on an annual basis until the net proceeds or an equivalent amount of the net proceeds of its SFTs have been fully allocated.

Impact reporting:

- Project-by-project
- Linkage to individual bond(s)
- On a project portfolio basis
- Other (*please specify*):

Frequency:

- Annual
- Semi-annual

Other (*please specify*): The Group will prepare the impact reports to report the

environmental and/or social benefits of the Eligible Projects potentially with the following indicators where possible and subject to data availability.

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
 Decrease in water use
 Other ESG indicators (*please specify*):

Eligible Project Categories	Impact Indicators
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> ▪ Amount of rainwater collected and re-used (in m³) ▪ Annual absolute (gross) amount of wastewater treated in tonnes p.a ▪ Area covered by sponge city-related projects (in km²)
Renewable Energy	<ul style="list-style-type: none"> ▪ Renewable energy generation (MWh) ▪ Annual greenhouse gas emissions avoided/reduced (in tonnes of CO₂e)
Energy Efficiency	<ul style="list-style-type: none"> ▪ Amount of energy saved (MW) ▪ Annual greenhouse gas emissions avoided (in tonnes of CO₂e)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> ▪ Area of green landscape conserved/enhanced/created (in km²)
Affordable Housing	<ul style="list-style-type: none"> ▪ Number of housing units constructed ▪ Number of individuals/households benefitted
Access to Essential Services	<ul style="list-style-type: none"> ▪ Number of individuals/households benefitted

Means of Disclosure

- Information published in financial report
 Information published in sustainability report
 Information published in ad hoc documents
 Other (*please specify*):
 Website, Social Media, or Report
 Reporting reviewed (*if yes, please specify which parts of the reporting are subject to external review*):

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | | | |
|-------------------------------------|----------------------------------|--------------------------|----------------|
| <input checked="" type="checkbox"/> | Second Party Opinion | <input type="checkbox"/> | Certification |
| <input type="checkbox"/> | Verification | <input type="checkbox"/> | Scoring/Rating |
| <input type="checkbox"/> | Other (<i>please specify</i>): | | |

Review provider(s): CECEP Environmental Consulting Group Ltd.

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About CECEPEC

CECEP Environmental Consulting Group Ltd. (“CECEPEC”) is a leading Sustainability Consulting Service provider, established by China Energy Conservation and Environmental Protection Group.

CECEPEC offers a wide range of consulting services to help clients address their ESG challenges, which aim to unearth enterprises’ sustainability values and help tackle climate challenges.

CECEPEC is internationally recognized as a leading service provider in international capital markets. CECEPEC serves as the observer for the International Capital Market Association (“ICMA”) for the Green Bond Principles and Social Bond Principles. Furthermore, CECEPEC is one of the recognized external reviewers of “Green and Sustainable Finance Grant Scheme” launched by Hong Kong Monetary Authority (“HKMA”).

CECEPEC serves a wide range of international and domestic clients from different industry sectors and operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second party opinions.

For more information: www.cecepec.com

Disclaimer

The opinion given by CECEPEC shall not be regarded as recommendation to risk judgment or the decision to purchase, sell or hold any financial products.

The opinion refers solely to the relevant environmental and/or social criteria and does not assess the economic profitability and credit worthiness of the financial products and/or projects.

The opinion assesses the anticipated impacts of Eligible Green Projects expected to be (re)financed with proceeds but does not measure the actual impacts. The opinion is given based on the potential allocation of proceeds but does not guarantee the realized allocation of the proceeds towards eligible project categories or projects.

The opinion reflects on the alignment of the Framework with market standards, but CECEPEC shall exclude any liability concerning the guarantee of alignment with future versions of relevant market standards.

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