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**Zhejiang Xinchang Investment Development Co., Ltd.**

浙江省新昌县投资发展集团有限公司

**Assessment Summary**

CCX Green Finance International Limited (CCXGFI) provided a Second Party Opinion (SPO) on Zhejiang Xinchang Investment Development Co., Ltd. Sustainable Finance Framework, assessing its alignment with the GBP2021 (with 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023, relevance to the Group’s sustainable development strategy, feasibility of achieving environmental and/or social objectives, and effectiveness in managing environmental and/or social risks. CCXGFI regards the rating of Zhejiang Xinchang Investment Development Co., Ltd. Sustainable Finance Framework as Sf-2[Good].

**Framework Type**

Sustainability Finance

**Company Location**

Zhejiang, China

**Date**

Mar 26, 2025

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**Overall Score**

**Alignment**



Green Bond Principles 2021 (with June 2022 Appendix I)  
Social Bond Principles 2023  
Sustainability Bond Guidelines 2021  
Green Loan Principles 2023  
Social Loan Principles 2023

Sf-3

Sf-1

Sf-2



**Analysts**

**Alignment**

**Ivy Zhang**

*ivyzhang@ccxgf.com.cn*

Moderate

Low

High

**Relevance**

**Quality Review**

High

Low

Moderate

**Zoe Li**

*zoeli@ccxgf.com.cn*

**Feasibility**

High

Low

Moderate

**Risk Management**

Robust

Ineffective

Adequate

* **Scope of work**

**CCXGFI has provided a SPO on Zhejiang Xinchang Investment Development Co., Ltd. Sustainable Finance Framework (the “Sustainable Finance Framework” or “Framework”) with reference to the following criteria:**

* The alignment with the following principles (the “Principles”):
* GBP2021: Green Bond Principles 2021 (with June 2022 Appendix I) by ICMA
* SBP2023: Social Bond Principles 2023 by ICMA
* SBG2021: Sustainability Bond Guidelines 2021 by ICMA
* GLP2023: Green Loan Principles 2023 by LMA/APLMA/LSTA
* SLP2023: Social Loan Principles 2023 by LMA/APLMA/LSTA
* The relevance to the Group’s sustainable development strategy
* The feasibility of environmental and/or social objectives
* The effectiveness of environmental and/or social risk management
* **Issuer’s Profile**

Zhejiang Xinchang Investment Development Co., Ltd. (the “[8-1]Company”, together with its subsidiaries, the “Group”) is wholly-owned by Xinchang SASAC and was established in 2003. The Group’s main businesses include (i) land development, (ii) public infrastructure construction, (iii) water supply and sewage treatment and (iv) trading. The Group also expanded its business into other sectors such as transportation, leasing of commercial properties, tourism and food processing.

According to the National Environmental Plan for the 14th Five-Year Plan for Environmental Protection and Improvement, the Group is committed to ensuring that the social and environmental development benefits from its economic performance. The Group takes sustainable development as the cornerstone of its business operations. Coupled with development strategies and operating models, the Group strives to promote social responsibilities and meet the expectations of stakeholders, including the government, industry, employees, business partners and communities. The Group also aims to accelerate structural reform of the city, clean up the environment and build social civilisation.

Framework Highlight

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| * For Use of Proceeds, the Eligible Green and Social Projects Categories include Green Building and Energy Efficiency, Sustainable Water Resources and Sewage Management, Environmentally Sustainable Management of Living Natural Resources and Land Use, Affordable Housing, Affordable Basic Infrastructure and Employment Generation. * For Project Evaluation and Selection, the Group has set up a reasonable process and built a well-established control structure with different business departments. * For Management of Proceeds, the Group will maintain a register to keep track of the use of proceeds. The net proceeds will be reallocated to the eligible replacement projects if the designated projects cease to fulfil the criteria. Also, the unallocated proceeds will be temporarily held in short-term deposits. * For Reporting, the Group is committed to reporting the allocation of net proceeds at least annually until they are fully allocated or if there is a change of allocation during the outstanding period of the Sustainability Financing Transactions (“SFTs”). |
| **Relevant UN Sustainable Development Goals (SDGs):** |
| Alt Text-Alt Text-Alt Text-Alt Text-Alt Text-Alt Text- |

* **Alignment with the Principles**

CCXGFI is of the opinion that the Sustainable Finance Framework is credible and impactful and aligns with the four core components of the GBP2021 (with June 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023.

* **Use of Proceeds**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and evaluated the proposed use of proceeds. * The investments in eligible categories are anticipated to deliver significant environmental and social benefits while contributing to the achievement of several UN Sustainable Development Goals, specifically SDGs 1, 6, 8, 9, 11 and 12. Additionally, the Group has identified a list of excluded project types based on the International Finance Corporation’s exclusion list and selected the most pertinent criteria relevant to its operational circumstances and business priorities. * CCXGFI is of the opinion that the use of proceeds is clearly defined and in good alignment with the relevant requirement of the GBP2021 (with June 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023. |

The Framework sets out how the Group intends to issue SFTs. The Group will exclusively allocate an amount at least equivalent to the net proceeds of an SFT issued under this Framework to finance or refinance, in whole or in part, new or existing projects which meet the eligibility criteria of the following eligible green and social projects categories, as defined in the Project Category table.

The Group expects each issuance under this Framework to be fully allocated within 36 months from the date of issuance, and on a best-efforts basis. A maximum of 36 months look-back period would apply for refinanced projects. The proportion of financing and refinancing for the eligible green and social projects will be disclosed in the Group’s allocation report.

The following table summarizes the alignment of the Framework with the Principles’ requirements, detailing the factual findings for each requirement and confirming their alignment.

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| **Principles Requirement** | **Factual Finding** | **Alignment** |
| All designated eligible green/social projects should provide clear environmental or social benefits, which should be assessed and quantified when possible. | Eligible projects listed in the Framework have clear benefits; quantitative data will be disclosed when available. | ü |
| If proceeds are used for refinancing, it is recommended that issuers/borrowers provide an estimate of the financing vs. refinancing share and clarify which projects may be refinanced, including any look-back period. | The net use of proceeds will exclusively finance and/or refinance, in part or in full, projects under the listed categories with a look-back period of no longer than 36 months from the time of issuance, and the Group will provide an estimate of the share of financing vs. refinancing. | ü |
| Green Projects should contribute to environmental objectives recognised by GBP/GLP, and Social Projects should address or mitigate social issues and/or seek to achieve positive outcomes including for, but not limited to, a target population(s) recognised by SBP/SLP. | The eligible green projects listed in the Framework all contribute to environmental objectives in GBP/GLP; the eligible social projects listed in the Framework all contribute to addressing or mitigating a specific social issue and seek to achieve positive social outcomes. | ü |

After CCXGFI’s assessment of the Framework, the following table outlines the technical screening criteria of the eligible projects under each project category, the identified project objectives, and alignment with relevant principles. To enhance robustness, CCXGFI also assessed alignment with the Green Bond Endorsed Projects Catalogue (2021) (GBEPC) as part of the screening process. For details on the GBEPC catalogue and the Framework’s eligible projects, please refer to Appendix II.

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| **Green Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Green Building and Energy Efficiency**  Alt Text  Alt Text | * Development, refurbishment, maintenance, and operations of buildings (including the factories in the industry park) that meet the following regional, national or internationally recognised criteria * standards for environmental performance (such as “PRC Green Building Evaluation Standard – GB/T50378-2019” or“Evaluation standard for green industrial building – GB50878-2013”, “Design Standard for Energy Conservation of Public Buildings – GB50189-2015”); or * certifications6 for environmental performance (such as “Chinese Green Building Evaluation Standard: two-star or above”, or other similar recognised standards) | * Climate change mitigation | * GBP2021 * GLP2023 * GBEPC2021 – 1.2.1.1 |
| **Sustainable Water Resources and Sewage Management** | * Provide sustainable water sources for domestic use and farmland irrigation * Construction and maintenance of sewage treatment stations, supporting facilities and sewage collection pipes * Construction, operation and upgrading of urban and rural sewage treatment and recycling facilities * Sponge city for food prevention | * Pollution prevention and control * Natural resource conservation | * GBP2021 * GLP2023 * GBEPC2021 – 1.3.1.1 * GBEPC2021 – 1.5.3.3 * GBEPC2021 – 5.3.1.1 |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use**  Alt Text | * Urban greening * Conservation and restoration of Natural ecosystems | * Biodiversity conservation * Natural resource conservation | * GBP2021 * GLP2023 * GBEPC2021 – 1.3.3.2 * GBEPC2021 – 5.6.1 |

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| **Social Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Affordable Housing**  Alt Text | * Construction and operation of Talent Apartments: * Construction, maintenance, operation and upgrade of Talent Apartments and supporting living facilities | * Provide affordable housing to meet the residential needs of low-income families | * SBP2023 * SLP2023 * SDGs 1.4 * SDGs 11.1 |
| **Affordable Basic Infrastructure**  Alt Text | * Construction of roads connecting urban areas and villages * Construction and operation of public transportation systems in urban and rural areas | * Provide safe and reliable 【infrastructure】 * Develop and maintain accessible 【infrastructure】 | * SBP2023 * SLP2023 * SDGs 9.1 |
| **Employment Generation** | * Building industrial parks to attract companies to settle in * Construction of agricultural and sideline products trading and logistics center | * Provide employment chance | * SBP2023 * SLP2023 * SDGs 8.3 * SDGs 8.9 |

**In any case, this Framework will exclude the following activities from consideration for eligibility:**

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

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and examined the governance and process for the evaluation and selection of the Eligible Projects. * The Group has built a well-established control structure with different business departments and set up a reasonable process for project evaluation and selection. * CCXGFI is of the opinion that the process is formalised and reasonably structured, transparent, relevant and aligned with this component of the GBP2021 (with June 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023. |

The sustainability project work group (“SPWG”) of the Group consists of members from various functions, including Finance and Financing Department, Investment Development Department and General Office.

The SPWG convenes at least once every 12 months. Its responsibilities include selecting eligible sustainable projects (“ESPs”) according to the Framework’s Eligibility Criteria and managing updates to the Framework. The SPWG ensures that ESPs align with environmental guidelines and applicable standards.

**The Framework builds a reasonable process for project evaluation and selection, including:**

1. SPWG will convene at least once every 12 months to discuss and select ESPs according to the Eligibility Criteria defined in section 2.1 of the Framework.
2. SPWG will select projects that comply with Environmental Protection Law of the People’s Republic of China, Environmental Impact Assessment Law of the People’s Republic of China, Green Bond Endorsed Projects Catalogue (2021 Edition), Regulations on Environmental Protection Management of Construction Projects, and other relevant policies and regulations enforcing sustainability considerations.
3. SPWG will evaluate each project based on its feasibility report.
4. The shortlisted projects will be presented to the Group’s board of directors for approval.
5. After receiving the assessment and approval from the Group’s board of directors, the selected projects will become ESPs.

* **Management of Proceeds**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Sustainable Finance Framework and the Group’s policies on management of proceeds. * The Group has clearly defined the rules for the management of proceeds. CCXGFI is of the opinion that they would make a traceable and transparent allocation process which matches the requirements of the GBP2021 (with June 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023. * It is recommended that if applicable, the Group could establish a special account instead of depositing proceeds in the general funding accounts and consider engaging external agencies to oversee the management of these funds, thereby showing a stronger signal about the Group’s commitment to sustainability. |

The Group intends to allocate an amount equal to the net proceeds of the SFTs over time to finance or refinance the eligible green and social projects, with each transaction’s proceeds deposited into general funding accounts and designated towards these projects.

**The use of proceeds will be maintained in a Sustainability Finance Register, containing the following information:**

* Type of Funding Transaction
* Key information includes Group/borrower entity, transaction date, tranche(s) information, the principal amount of proceeds, repayment or amortisation profile, maturity date, and interest or coupon (and in the case of bonds, the ISIN number)
* Allocation of Use of Proceeds
* Name and description of the ESPs to which the proceeds of the SFT have been allocated in accordance with the Framework
* Amount and date of the SFT proceeds allocated to each ESP
* The remaining balance of unallocated proceeds is yet to be earmarked for the ESPs
* Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)

Any balance of issuance proceeds which are not yet allocated to eligible green and social projects will be held in short-term deposits, and the Group commits not to invest such unallocated net proceeds to the projects which are subject to exclusions criteria under this Framework.

During the life of the SFTs issued, if the designated projects cease to fulfil the eligibility criteria, the net proceeds will be reallocated to replacement projects that comply with the eligibility criteria as soon as reasonably practicable.

* **Reporting**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and examined the reporting mechanism. * The Group is committed to reporting the allocation of net proceeds at least annually until full allocation of the net proceeds of any SFT issued, or if there is a change of allocation during the outstanding period of the SFT and disclosing the impact of financed projects through quantitative indicators defined by ICMA’s handbook where possible. * CCXGFI is of the opinion that the report disclosure under the Framework aligns with the GBP2021 (with June 2022 Appendix I), SBP2023, SBG2021, GLP2023 and SLP2023. CCXGFI recommends the Group keep reporting until maturity if it is possible. |

The Group is committed to providing an allocation report on its eligible green projects annually with updates continuing until full allocation of the net proceeds of any SFT issued or until the SFT is no longer outstanding. The impact report associated with the Eligible Projects will be disclosed on an annual basis and subject to data availability.

The **Allocation Report** will include the following information where applicable:

* the proportion of net proceeds allocated to financing and refinancing
* the proportion of net proceeds allocated to the sustainable project categories covered by the Framework (undisclosable if the use of proceeds is refinancing)
* the balance of the unallocated proceeds from each SFT and temporary placement thereof

The **Impact Report** will cover the environmental and social benefits arising from the eligible projects where available, taking reference from the relevant indicators suggested in ICMA’s “Handbook – Harmonized Framework for Impact Reporting (2024)” and “Harmonized Framework for Impact Reporting for Social Bonds (2024)”. For the detailed indicators to be disclosed in the impact report, please refer to Appendix IV.

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| **CCXGFI is of the opinion that the Framework is moderately aligned with the four core components of the Principles.** |

* **Relevance to Group’s Sustainable Development Strategy**

Zhejiang Province, situated in the Yangtze River Delta, serves as a pivotal economic hub in China, characterized by sustained robust growth. The Group operates in key industries driving regional development—land development, public infrastructure, water supply, and trading—all of which are essential to sustaining economic and social advancement. China’s sustainable development policies, particularly the targets outlined in the 14th Five-Year Plan, underscore the imperative for industries to integrate environmental protection and social well-being. Aligning with these national priorities, the Group strategically focuses on financing projects that comply with international green and social finance principles, thereby reinforcing its commitment to environmental stewardship and social responsibility. Overall, the Framework exhibits strong coherence with the Group’s sustainability strategy, reflecting a balanced approach to harmonizing economic growth with environmental and social objectives.

The Group defines Green Building and Energy Efficiency, Sustainable Water Resources and Sewage Management, Environmentally Sustainable Management of Living Natural Resources and Land Use, Affordable Housing, Affordable Basic Infrastructure and Employment Generation as eligible green and social project categories. Furthermore, the SFTs issued under the Sustainable Finance Framework contribute to the 6 SDGs, systematically advancing the Group. In particular, the eligible projects are closely related to the Group’s major business activities, and at the same time, the Group’s current development provides overall guidance for the establishment of the Framework. Hence, the outlined Framework is expected to be consistent with the Group’s future development, indicating to long run sustainability.

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| **CCXGFI is of the opinion that the Framework is of high relevance with the overall sustainability strategy and initiatives of the Group.** |

* **Feasibility of Environmental and/or Social Objective**

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| **Green Building and Energy Efficiency** |  |
| * The national 14th Five-Year Plan emphasizes energy conservation and carbon emission reductions across various sectors, including construction. The Green Building and Energy Efficiency initiative supports China’s carbon neutrality goals by promoting energy-efficient and environmentally friendly building practices. Aligned with China’s policy framework, these projects contribute to the national agenda of sustainable urbanization and energy efficiency. The integration of advanced technologies, along with compliance with both national and international green building standards, further demonstrates the Group’s commitment to environmental sustainability. * The Green Building and Energy Efficiency initiative under the Framework enhances environmental performance through building development, construction, and refurbishment. Projects focus on cutting energy use, reducing pollution, and applying sustainable practices, complying with green standards like China’s GB/T50378-2019. Key measures include permeable materials, light pollution control, energy-efficient lighting, and sound insulation. These efforts promote sustainable urban development and improve community living standards. By adopting advanced technologies, projects target at least a 30% energy reduction versus conventional buildings, supporting global climate goals. * The projects integrate cutting-edge green technologies and strict environmental standards, significantly boosting energy conservation and carbon reduction. Compliance with LEED and BREEAM ensures high environmental performance, balancing human activities with nature. The Framework’s reporting and review processes enhance transparency and accountability, strengthening stakeholder trust. Together, these efforts advance the Group’s sustainability goals and societal benefits. |  |
| **Sustainable Water Resources and Wastewater Management** |  |
| * China’s 14th Five-Year Plan prioritizes ecological conservation and sustainable resource management. The Sustainable Water Resources and Sewage Management projects align with national goals, including pollution prevention and water conservation, which are vital for advancing sustainable urban and rural development. Additionally, the projects under the Framework reflect the Group’s strategic commitment to sustainability, integrating environmental benefits with economic performance. * The Sustainable Water Resources and Sewage Management initiative aims to provide sustainable water sources for domestic and agricultural use. This includes developing infrastructure such as pipe networks, reservoirs, and water plants to ensure a stable water supply while reducing groundwater overexploitation. Additionally, the projects focus on the construction and maintenance of sewage treatment facilities, ensuring treated sewage meets national discharge standards. The Framework also supports the development of “sponge cities” to enhance urban resilience against flooding through innovative infrastructure such as permeable surfaces and green spaces. By ensuring efficient sewage treatment, the project helps mitigate pollution, contributing to cleaner water bodies and healthier ecosystems. Moreover, by adopting sustainable water management practices, the initiative is expected to enhance climate resilience, reduce the risk of flooding, and support biodiversity conservation. These actions align with global environmental objectives and are expected to bolster local economic activities through increased agricultural output and reduced environmental remediation costs. * The projects’ strategic focus on pollution control, water conservation, and sustainable infrastructure development, contributing to addressing key environmental challenges. Moreover, the commitment to adhering to the Green Bond Principles and other sustainability guidelines ensures transparency and accountability in project implementation. These factors collectively enhance the projects’ capacity to meet their intended objectives and contribute to the Group’s environmental and social targets. | Alt Text |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use** |  |
| * National strategies emphasize integrating ecological restoration and resource conservation into economic frameworks, promoting initiatives that strengthen natural resource management and ecosystem integrity. The Environmentally Sustainable Management of Living Natural Resources and Land Use projects prioritize urban greening and ecological restoration, aligning with China’s 14th Five-Year Plan to advance sustainable land use and biodiversity conservation. This policy coherence enhances their relevance and amplifies their potential impact on regional sustainable development. * Urban greening initiatives help mitigate heat island effects and enhance air quality. Restoring natural ecosystems creates habitats for native species, promoting biodiversity and ecological balance. Furthermore, by incorporating sustainable practices, these projects foster eco-tourism and recreation, strengthening local economies and improving community well-being. * By adhering to national policies and implementing sustainable practices, these projects are strategically positioned to generate enduring ecological and social value. Key anticipated outcomes resonate with the Group’s strategic commitment to sustainable development while addressing stakeholder priorities. The systematic methodology embedded in the Framework ensures operational efficacy and outcome sustainability. | Alt Text |
| **Affordable Housing** |  |
| * China’s affordable housing policies, particularly under the 14th Five-Year Plan, prioritize housing access for low-income groups, young professionals, and rural migrants. The Affordable Housing projects under this Framework focus on constructing Talent Apartments for vulnerable youth, directly supporting these national objectives. By aligning project goals with government strategies, the Group not only meets regulatory requirements but also contributes to social objectives such as improving living standards and fostering inclusive urban environments. * The projects are expected to yield significant social benefits, particularly by addressing the housing needs of vulnerable groups such as youth. The development of Talent Apartments mitigates housing shortages and contributes to urban socio-economic stability by providing affordable living conditions. This initiative is poised to foster community integration and economic mobility, thereby enhancing overall societal well-being. * The implementation of the projects proves essential for attaining the Group’s social and environmental strategic goals. The viability of these projects is reinforced by their compliance with government mandates guaranteeing housing affordability and accessibility for low-income demographics. Moreover, the projected impacts substantively advance both social cohesion and sustainable economic growth. | Alt Text |
| **Affordable Basic Infrastructure** |  |
| * China’s 14th Five-Year Plan for Environmental Protection and Development emphasizes the importance of sustainable urbanization and infrastructure development to enhance ecological integrity and resilience. By focusing on infrastructure projects that connect urban and rural areas, improve transportation systems, and integrate sustainable practices, Affordable Basic Infrastructure initiative under the Framework directly supports the national goal of fostering sustainable urban development, economic growth, and social well-being. Moreover, these efforts echo the national commitment to reducing regional disparities, enhancing quality of life, and promoting sustainable economic practices. * The projects focus on developing critical infrastructure to bridge urban and rural connectivity, primarily through constructing integrated road networks and public transportation systems. This enhanced connectivity is anticipated to yield threefold benefits: 1) Reducing operational costs and improving marginalized communities’ access to essential services; 2) Stimulating economic growth through optimized logistics for goods distribution and workforce mobility; 3) Elevating living standards for both residents and enterprise personnel by improving daily commute efficiency and service accessibility. The synergistic improvements in traffic management and infrastructure quality are projected to create sustainable development momentum across socioeconomic sectors. * The projects are designed with a focus on sustainable development and aligned with international standards and principles. Furthermore, their strategic alignment with national policies enhances the projects’ potential to fulfil the Group’s environmental and social targets. | Alt Text |
| **Employment Generation** |  |
| * In China, employment generation remains a significant focus of national policy, aligning with objectives for sustainable economic growth and social stability. The Group actively supports policies that stimulate employment through industrial development and urbanization. Under the Framework, the Employment Generation projects focus on establishing industrial parks and agricultural product trading centers, specifically targeting unemployed populations, thereby creating jobs and supporting regional economic growth in alignment with these policies. * These projects aim not only to provide immediate employment opportunities but also to cultivate long-term economic growth through business attraction and regional trade facilitation. The development of industrial parks is projected to attract diverse enterprises, thereby boosting local employment rates and stimulating economic activity. Concurrently, the establishment of logistics hubs will optimize supply chain efficiency, serving as centralized platforms for agricultural commodities – a critical component of local economies. Collectively, these interventions are expected to drive substantial progress in regional job creation and economic development. * The initiatives combat unemployment and foster sustainable community growth through infrastructure promoting economic expansion and resource efficiency. Backed by the Group’s adherence to global standards, these projects ensure economic viability, social responsibility, and environmental sustainability. This approach drives economic prosperity and social welfare while advancing regional and national development priorities. | Alt Text |

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| **CCXGFI is of the opinion that the expected environmental and/or social objectives are moderately feasible.** |

* **Effectiveness of Environmental and/or Social Risk Management**

**Process for Environmental and/or Social Risk Management**

The Group has adopted environmental and social risk management measures to ensure compliance with national laws and regulations on sustainable development governing air and gas pollution, noise emissions, hazardous substances, water and waste discharge, etc.

As the basis for investment decision-making, feasibility study report is a necessary requirement in project investment and is usually conducted by the third-party agent or professional consultant team in the evaluation and selection process. Based on the feasibility reports, the Group can identify and assess the environmental risks or social risks related to the eligible projects.

The environmental and social assessments will be conducted before the investment of each operation project to help the Group identify and manage the sustainability-related risks. It is recommended that the Group continuously monitors significant environmental and/or social risks throughout the construction and operational process of the financed projects in addition to checking feasibility study reports.

**Environmental and/or Social Risk Identification**

***Environmental Risk***

The eligible projects included in the Framework are mainly realized through the constructionofinfrastructureprograms. Generally, the Group has identified potential negative environmental impacts during both the construction and operation process, including water pollution, solid wastes, dust and noise.

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|  | **Water** | **Wastes** | **Noise** | **Air** |
| **Construction Process** | * Production wastewater * Domestic sewage | * Construction waste * Workers’ household waste | * Construction Machine | * Dust from land levelling, excavation, transportation, and the accumulation of soil |
| **Operation Process** | * Domestic sewage | * Household waste | * Machine Transportation | * Exhaust emissions * Dust from transportation |

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|  | **Project-specific Impact** |
| **Environmentally Sustainable Management of Living Natural Resources and Land Use** | * xxx |
| **Affordable Basic Infrastructure** | * xxx |

The Group has committed to controlling the environmental risks by doing environmental impact assessments and taking measures according to expert recommendations for each project.

***Social Risk***

Social risks related to the eligible projects mentioned above are expected to remain at a low level. In particular, the eligible projects would have negative impacts on neither cultures, living habits, employment nor the income of surrounding people. The eligible projects are expected to improve access to affordable housing and basic infrastructure, thereby enhancing community well-being and generating employment opportunities.

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| **CCXGFI is of the opinion that Group’s environmental and/or social risk management is adequate.** |

**Appendix**

**I – About CCXGFI**

CCX [13-1]Green Finance International Limited (CCXGFI) is a third-party service organization under China Chengxin International Credit Rating Co., Ltd. (CCXI) that specializes in green and sustainable finance-related businesses and focuses on business development in Hong Kong and overseas regions.

In June 2023, CCXGFI was the first to obtain the external review qualification of the Hong Kong Monetary Authority’s Green and Sustainable Finance Funding Program. The services currently provided by CCXGFI include green bond and green loan assessment and certification services, green financial services for financial institutions, comprehensive green financial development services for local governments, ESG reports, ESG ratings and data services.

**II – Associations and standards**

The following outlines the associations and standards applied in the assessment process. To enhance robustness, CCXGFI also incorporated the Green Bond Endorsed Projects Catalogue (2021) (GBEPC), listed below, as part of the screening process.

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| **Association** | **Standard** |
| * **ICMA -** International Capital Market Association | * Green Bond Principles (GBP) 2021 (with June 2022 Appendix I) * Social Bond Principles (SBP) 2023 * Sustainability Bond Guidelines (SBG) 2021 |
| * **LMA -** Loan Market Association * **LSTA -** Loan Syndications and Trading Association * **APLMA -** Asia Pacific Loan Market Association | * Social Loan Principles (SLP) 2023 * Green Loan Principles (GLP) 2023 |
| * **PBOC -** People’s Bank of China * **NDRC -** National Development and Reform Commission * **CSRC -** China Securities Regulatory Commission | * Green Bond Endorsed Projects Catalogue (GBEPC) (2021) |

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| **Catalogue** | **Program** |
| * **GBEPC2021 – 1.3.1.1** | * Equipment Manufacturing for Water Pollution Prevention and Control |
| * **GBEPC2021 – 1.3.3.2** | * Comprehensive Treatment and Control of Urban Dust Pollution |
| * **GBEPC2021 – 1.5.3.3** | * Comprehensive Utilization of Sludge from Urban Sewage Treatment Plants |
| * **GBEPC2021 – 5.3.1.1** | * Construction and Operation of Facilities for Sewage Treatment, Recycling, and Sludge Treatment and Disposal |
| * **GBEPC2021 – 5.6.1** | * Urban Ecological Protection and Construction |
| * **SDGs 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 |
| * **SDGs 8.3** | * Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services. |
| * **SDGs 8.9** | * By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products. |
| * **SDGs 9.1** | * Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. |
| * **SDGs 11.1** | * By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums |

**III – Methodology**

CCXGFI offers pertinent and forward-thinking environmental, social, and governance (ESG) data, performance assessments and the CCXGFI Green Bond Evaluation Methodology.

The organization establishes a comprehensive indicator system using the Analytic Hierarchy Process (AHP), which encompasses 4 first-level indicators, 9 second-level indicators, 18 third-level indicators, and 33 fourth-level indicators. A judgment matrix is constructed using this method to compare and rank each indicator based on its importance. The single ranking weight is then calculated for each indicator at every level. Subsequently, the total ranking weight is determined by multiplying the single ranking weight by the weight of the previous factor. Finally, the sustainable finance framework’s comprehensive score is obtained by scoring each indicator and multiplying it by the total ranking weight of each indicator.

Analysts employing the scoring methodology, assign an overall score to the sustainable finance Framework and, when compared with the criteria of the CCXGFI Sustainability Assessment, furnish descriptions for one of the subsequent three rating levels.

|  |  |
| --- | --- |
| **Level** | **Standard** |
| **Sf-1**  **Excellent** | * The four core components of the Framework present **high** level of alignment with the Principles * The relevance of the Framework to Group’s sustainable development strategy is **high** * The feasibility of environmental and/or social objectives is **high** * The environmental and/or social risk management is **robust** |
| **Sf-2**  **Good** | * The four core components of the Framework present **moderate** level of alignment with the Principles * The relevance of the Framework to Group’s sustainable development strategy is **moderate** * The feasibility of environmental and/or social objectives is **moderate** * The environmental and/or social risk management is **adequate** |
| **Sf-3**  **Weak** | * The four core components of the Framework present **low** level of alignment with the Principles * The relevance of the Framework to Group’s sustainable development strategy is **low** * The feasibility of environmental and/or social objectives is **low** * The environmental and/or social risk management is **ineffective** |

For more information, please visit: [*https://www.ccxgfi.com/*](https://www.ccxgfi.com/)

**IV – Summary of Eligible Categories’ Details**

* Reporting indicators of impact report

|  |  |
| --- | --- |
| **Project Category** | **Impact Indicator** |
| **Green Building And Energy Efficiency** | * Level of certification by building * Approval of the green building construction plan issued by local authorities * The amount of green building constructed * The area of water-saving irrigation and water-saving appliances (square metres) * The area of permeable ground (square metres) * Energy reduction % (including the water and electronic) |
| **Sustainable Water Resources And Sewage Management** | * Water supply network (km) * Length of inspected sewer lines (m) * Amount of wastewater treated (tonne) * Sewage treatment volume (10,000 tons/day) * Sewage treatment rate (%) * Area of sponge city-related facilities |
| **Environmentally Sustainable Management Of Living Natural Resources And Land Use** | * Annual area of land greening, landscape protection or restoration (km²), eco-tourism area etc and percentage of increased urban afforestation area (%) |
| **Affordable Housing** | * Number of talent apartments * Number of beneficiary target population |
| **Affordable Basic Infrastructure** | * The length of the road constructed (km) * No. of villages connected * Number of people living in underdeveloped areas benefited * Number of people provided with basic service |
| **Employment Generation** | * Number of new jobs |

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