

Chiyu Fujian-Hong Kong ESG Index Report

September 2023

Nanjing Tulou, Zhangzhou, Fujian.



集友銀行
Chiyu Banking Corporation Ltd.

 **CECEP** ENVIRONMENTAL
CONSULTING GROUP
中國節能皓信環境顧問集團
The report was prepared by CECEPEC

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01

Executive Summary

Executive Summary

With the progress of society, the importance of the concept of sustainable development is increasingly prominent. It is viewed as an essential strategy to ensure human survival and development, as well as an important topic for the common development of countries. In recent years, Fujian Province has committed to sustainable development and achieved remarkable results. As a renowned hometown of overseas Chinese in China, the cooperation between Fujian Province and Hong Kong in the field of sustainable development has become increasingly extensive, gradually expanding from financial, economic, and trade cooperation to environmental and social-related sustainable development issues. **Chiyu Banking Corporation Limited (Chiyu Bank) and CECEP Environmental Consulting Group Limited**

(CECEPEC) have jointly launched the "Chiyu Fujian-Hong Kong ESG Index" in order to assess the sustainable development of Fujian Province, the cooperation between Fujian and Hong Kong, and the ESG (Environmental, Social, and Governance) performance of Fujian-based listed companies. This index employed a scientific evaluation system and publicly available data to track the sustainable development progress of Fujian Province and Fujian enterprises since 2019 and assessed the cooperation between Fujian and Hong Kong in the field of sustainable development. The index may serve as a useful reference for institutions and individuals in the region while formulating sustainable development strategies.

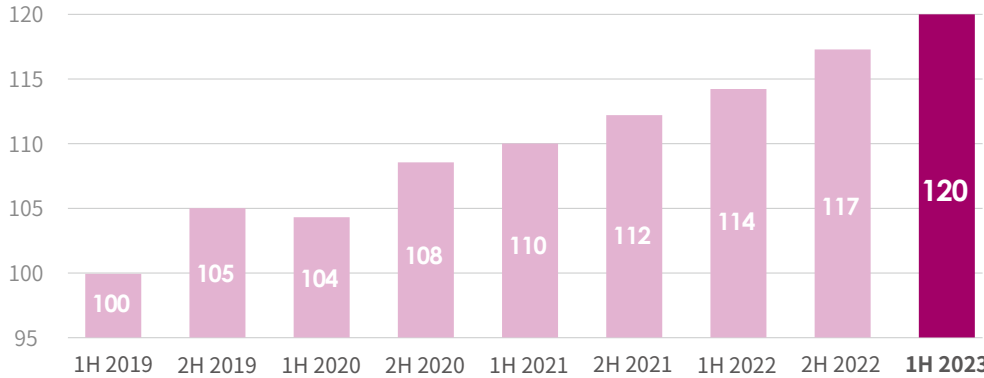
Figure 1. Chiyu Fujian-Hong Kong ESG Index (Performance in 1H 2023)



The Chiyu Fujian-Hong Kong ESG Index ("Main Index") comprised three sub-indices, namely the Fujian Province Sustainable Development Index, the Fujian-Hong Kong Cooperation Sustainable Development Index, and the Fujian Enterprises ESG Index. In addition, the "Overseas Chinese Fujian Enterprise ESG Index" evaluated the ESG and sustainability performance of Fujian enterprises that display "Overseas Chinese" characteristics. As of the first half of 2023, the Chiyu Fujian-Hong Kong ESG Index rose to 120 points, while the Overseas Chinese Fujian Enterprise ESG Index reached 122 points.

Note: The Main Index is calculated by assigning equal weights to the three sub-indices.

Figure 2. Chiyu Fujian-Hong Kong ESG Indexⁱ



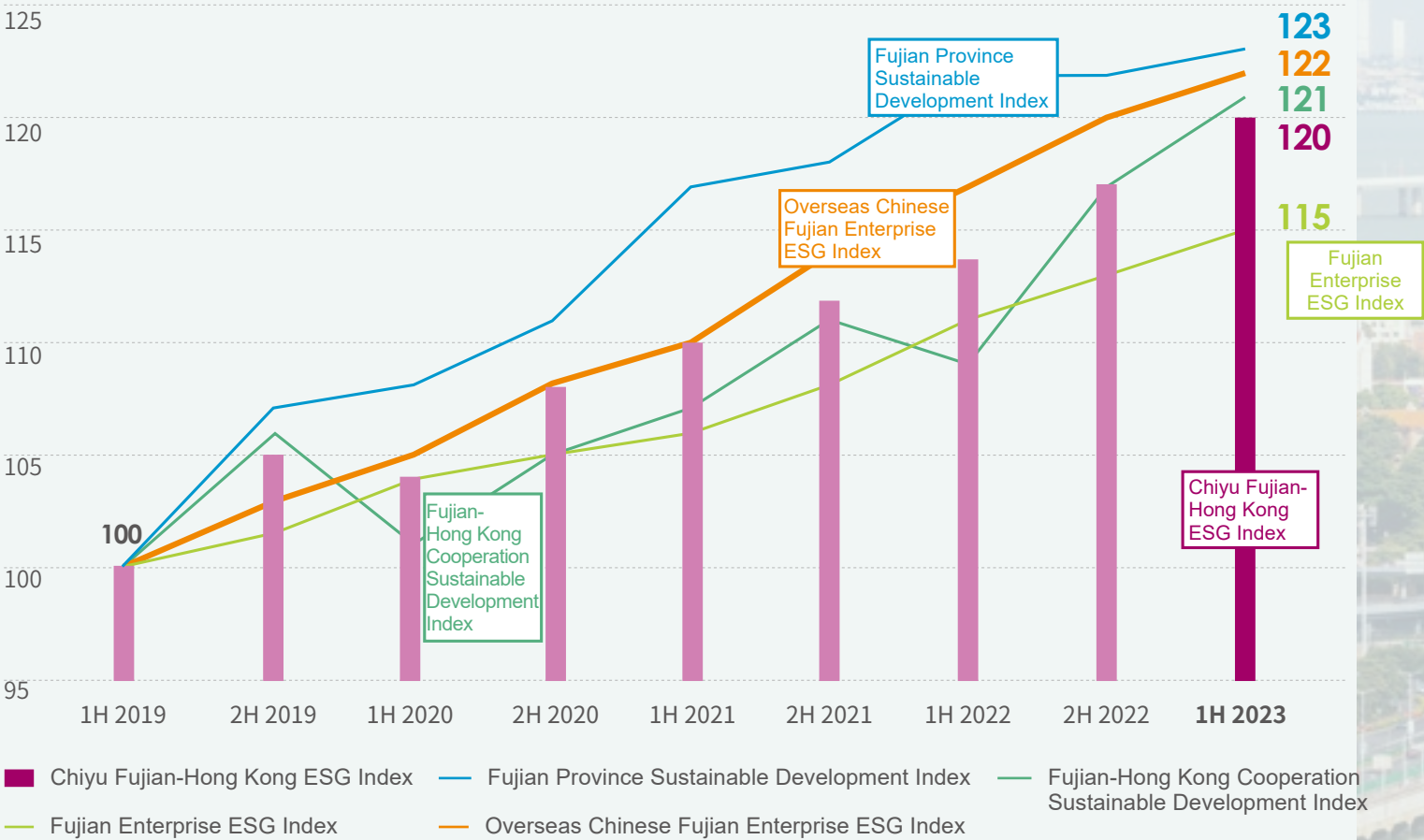
Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC

ⁱ"1H 2019" or "the first half of 2019" refers to June 30, 2019. The base value of 100 was set on June 30, 2019 (index base period).



Sanxianzhou Bridge, Fuzhou, Fujian.

Figure 3. Chiyu Fujian-Hong Kong ESG Indexⁱⁱ



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC

ⁱⁱ"1H 2019" or "the first half of 2019" refers to June 30, 2019. The base value of 100 was set on June 30, 2019 (index base period).

Major factors driving the growth of the Chiyu Fujian-Hong Kong ESG Index



Fujian Province Sustainable Development Index



Environmental Performance and Resource Management Indicators: A notable increase in the proportion of clean energy installed capacity and a rise in the number of green factories.



Sustainable Finance Indicators: Rapid growth in Green loans and GSSS bonds (green, social, sustainability, and sustainability-linked bonds).



Fujian-Hong Kong Cooperation Sustainable Development Index



Exchange Activities for Sustainable Development Indicators: Reopening of the border resulted in a significant increase in the frequency of exchange activities on sustainable development between the two places.



Supportive Policies for Sustainable Development Indicators: Government departments and statutory bodies of the two places collaborated and signed multiple cooperation agreements at the June 2023 Fujian-Hong Kong Cooperation Conference.



Fujian Enterprise ESG Index and Overseas Chinese Fujian Enterprise ESG Index



Environmental Indicators: Fujian enterprises were increasingly prioritising energy-related issues.



Corporate Governance Indicators: The board of directors showed a high level of independence, and ESG risk management has improved quickly.



Fujian Province Sustainable Development Index

In the first half of 2023, the Fujian Province Sustainable Development Index reached 123 points, with a growth rate of 23% over the past four years. This achievement underscored Fujian Province's robust capabilities for sustainable development, which could be attributed to the supportive policies in place. According to our research data, in recent years, there has been a significant increase in the number of sustainable development-related policies implemented in Fujian Province. These policies cover various areas, including an Action Plan for Carbon Dioxide Peaking, green and low-carbon circular economic development, resource and ecological conservation, green manufacturing, renewable energy generation, energy transition, social security, education, healthcare, elderly care, and sustainable investment and financing.

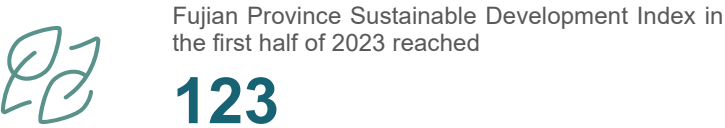
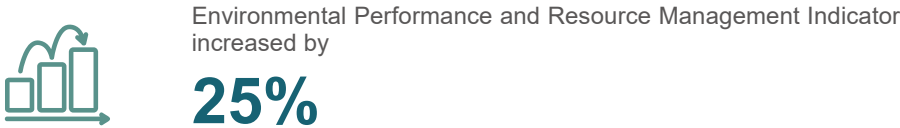
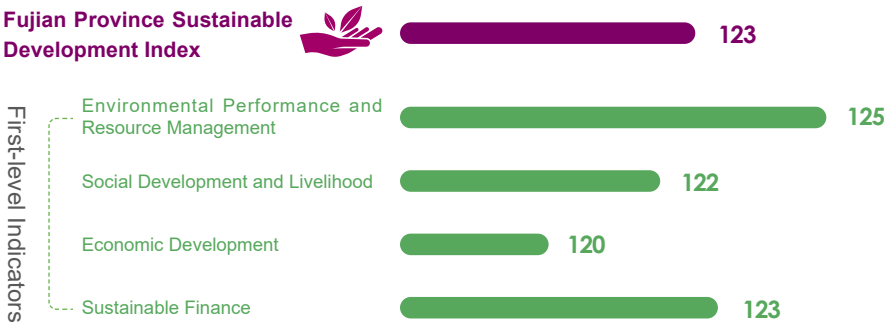


Figure 4. Fujian Province Sustainable Development Index (Performance in 1H 2023)



Environmental Performance and Resource Management

Environmental Performance and Resource Management have experienced the most significant growth among the four first-level indicators, with a cumulative growth of 25%. Among the second-level indicators, the proportion of clean energy installed capacity has shown the most rapid growth rate, reflecting the strong commitment to clean energy development in Fujian Province. Moreover, the increasing number of green factories signified the province's active promotion of green and low-carbon industrial transformation, marking important progress toward the goals of "carbon neutrality" and "carbon dioxide peaking".

Sustainable Finance

Sustainable finance demonstrated the second-highest growth among the four first-level indicators, with a cumulative increase of 23%. In recent years, Fujian Province has been actively fostering the advancement of sustainable finance, with a particular focus on green loans and GSSS bonds (including green, social, sustainability, and sustainability-linked bonds). These second-level indicators exhibited the most rapid growth rate, making a substantial contribution to the overall expansion of sustainable finance indicators.



Fujian-Hong Kong Cooperation Sustainable Development Index

The Fujian-Hong Kong Cooperation Sustainable Development Index reached 121 points in the first half of 2023, showing a cumulative growth of 21% over the past four years. **Despite the stringent border control measures during the pandemic, the collaboration between Fujian Province and Hong Kong in the realm of sustainable development has persevered without interruption. With the border reopening, the index growth has become even more significant.** There has been a noticeable upsurge in the exchange activities between Fujian and Hong Kong, facilitated by the two regions' statutory bodies and government departments enacting more supporting policies.

Figure 5. Fujian-Hong Kong Cooperation Sustainable Development Index (Performance in 1H 2023)



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC



Fujian-Hong Kong Cooperation Sustainable Development Index in the first half of 2023 reached

121



The "Exchange Activities for Sustainable Development" indicator has grown by

31%



Exchange Activities for Sustainable Development

The growth of this indicator has been the most significant, with a cumulative increase of 31%. **With the reopening of the border, there has been a substantial surge in this indicator during the first half of 2023, attributable to the Fourth Plenary Session of the Hong Kong-Fujian Cooperation Conference in June 2023.** It had been nearly five years since the previous conference took place. During this conference, collaborative projects between the two places involved areas such as energy conservation, environmental protection, new energy, new materials, modern logistics, advanced equipment manufacturing, infrastructure, and financial services.

Supportive Policies for Sustainable Development

At the Fourth Plenary Session of the Hong Kong-Fujian Cooperation Conference, three cooperation agreements were successfully signed, establishing a broad consensus for holistic exchange and collaboration in ten key areas like trade and investment, finance, innovation and technology, aviation, shipping, logistics, cultural exchange, and education. Notably, the agreements highlighted the importance of encouraging more Fujian enterprises to leverage Hong Kong's capital market, financial services, and professional services for green and sustainable investment and financing certification.

Fujian Enterprise ESG Index and Overseas Chinese Fujian Enterprise ESG Index

Figure 6 provides an overview of the ESG performance of Fujian enterprises and overseas Chinese Fujian enterprises in the first half of 2023. Our results show that there was a steady improvement in the quality of ESG disclosure among Fujian enterprises, focusing on the three pillars of Environment, Social, and Corporate Governance. Over the past few years, both domestic and international regulatory agencies have imposed stricter and more comprehensive ESG disclosure requirements for listed companies. As a result, investors have paid more attention to the ESG performance of companies. This has led to the listed Fujian enterprises actively enhancing their ESG disclosure practices.

Our research reveals that **overseas Chinese Fujian enterprises generally demonstrated higher levels of disclosure across all three pillars, particularly excelling in the environmental aspect.** Overseas Chinese Fujian enterprises benefit from their international background and global exposure, which give them advantages in financing and talent attraction, contributing to their ESG development. Furthermore, their international operational experiences equip them with management expertise and a better understanding of implementing ESG requirements.

Both Fujian enterprises and overseas Chinese Fujian enterprises have shown a heightened focus on environmental issues. Environmental issues are a crucial aspect of sustainable development that China places great emphasis on. Enterprises are increasingly prioritising energy consumption, greenhouse gas emissions, and management-related aspects. This aligns with the country's initiatives

Disclosure Rate of Energy Consumption Data

Overseas Chinese
Fujian Enterprises

79%

VS

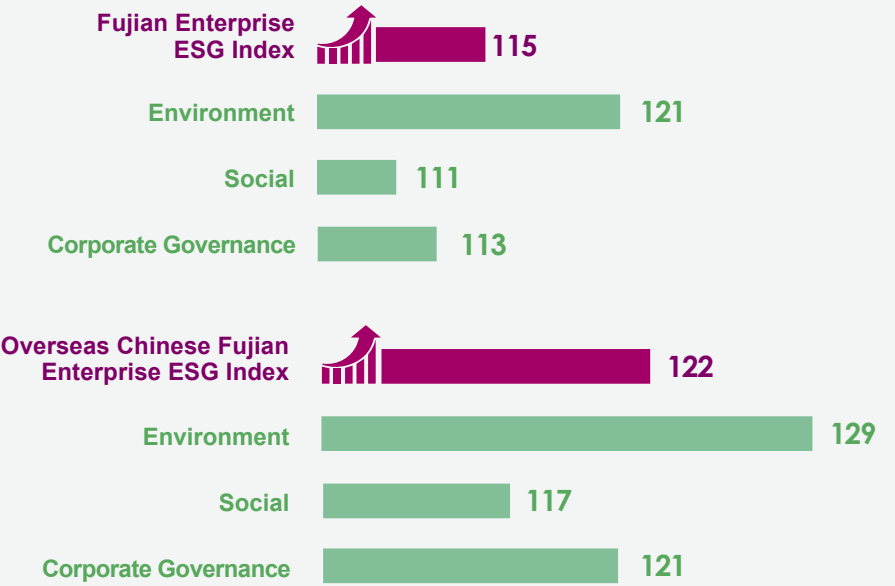
Overall Fujian
Enterprises

58%

of the "dual energy consumption control" and "dual carbon emission control" strategy. Notably, the second-level indicator of energy consumption and management has exhibited the highest growth rate, with overseas Chinese Fujian enterprises demonstrating significantly higher transparency levels in energy consumption data disclosure compared to the overall Fujian enterprises. The latest results showed that the disclosure rate for energy consumption data of overseas Chinese Fujian enterprises was 79%, surpassing the overall Fujian enterprises' rate of 58%. In terms of setting quantifiable energy consumption targets, overseas Chinese Fujian enterprises had a disclosure rate of 32%, higher than the overall Fujian enterprises' rate of 19%. **There was also notable improvement in corporate governance among Fujian enterprises, particularly regarding the independence of the board of directors.** The China Securities Regulatory Commission and the Hong Kong Exchanges and Clearing Limited have established comprehensive regulations on the independent director system, facilitating its effective implementation by listed companies.



Figure 6. Fujian Enterprise and Overseas Chinese Fujian Enterprise ESG Index (Performance in 1H 2023)





02

Introduction

Dajing Wind Farm, Xiapu, Ningde, Fujian.

Chiyu Fujian-Hong Kong ESG Index - Introduction

Background

Sustainable development is becoming increasingly important to the development of society, and it is widely recognised as a vital strategy for ensuring human survival and progress. In 2002, China identified the continuous improvement of sustainable development capacity as one of the key objectives in its comprehensive endeavour to build a prosperous society. It explicitly stated **sustainable development as a theory and strategy focused on protecting natural resources and the environment, driven by economic growth stimulation, and aimed at improving the quality of human life.**

Fujian Province is located on the southeast coast of China, with abundant natural resources. It ranks first in the East China region in terms of water resources and has maintained the country's highest forest coverage rate for over 40 years¹. Over the past few years, Fujian Province has demonstrated consistent economic and social progress. In 2022, it achieved the eighth position in China's GDP rankings, **with a per capita GDP of RMB 127,000, making it the second highest among all provinces in China**². As a renowned hometown of overseas Chinese, Fujian Province plays a critical role in facilitating communication between mainland China and overseas, particularly Hong Kong, Macau, and Taiwan. In the context of sustainable development, Fujian has been actively broadening its external

exchange and cooperation. Notably, financial and trade cooperation with Hong Kong has been a focal point of Fujian-Hong Kong cooperation. The cooperative efforts between the two places have gradually expanded to encompass environmental and social issues on sustainable development. Additionally, the widespread adoption of the ESG assessment framework has emerged as a vital instrument for appraising companies' sustainable development achievements and their capabilities to manage risks. As a result, ESG has become an essential requirement for Chinese enterprises engaged in international collaboration, and Fujian enterprises also necessitate an ESG profile when expanding their operations overseas.

In light of this, Chiyu Bank and CECEPEC have jointly launched the "Chiyu Fujian-Hong Kong ESG Index". This initiative is designed to provide a scientific assessment of Fujian Province's sustainable development performance since 2019, while also evaluating the cooperation between Fujian and Hong Kong in the field of sustainable development. The index serves as an unbiased reflection of the sustainable development progress in both places, providing valuable guidance for shaping the sustainable development strategy of the region.

ESG means "Environmental, Social, and Governance". This concept was initially introduced by the United Nations Global Compact (UNGC) in 2004 and has subsequently become a valuable tool for businesses in their pursuit of sustainable development.

In 1987, the World Commission on Environment and Development defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Over time, this concept has evolved and established a development framework encompassing three pillars: social sustainability, economic sustainability, and ecological sustainability.



Forest coverage rate in Fujian Province

65.12%

Ranking top in China for over 40 consecutive years



Per capita GDP of Fujian Province in 2022

RMB 127,000

Ranking second among all provinces in China

Composition of the Index

The Chiyu Fujian-Hong Kong ESG Index comprised three sub-indices: the Fujian Province Sustainable Development Index, the Fujian-Hong Kong Cooperation Sustainable Development Index, and the Fujian Enterprise ESG Index. These indices employed a scientific indicator system and publicly available data to evaluate the sustainable development of Fujian Province since 2019, the collaborative exchanges between Fujian and Hong Kong in the field of sustainable development, and the ESG performance of listed Fujian Enterprisesⁱⁱⁱ. Additionally, the report assessed the ESG performance of listed Fujian enterprises with overseas Chinese attributes, leading to the development of the Overseas Chinese Fujian Enterprise ESG Index. The index aims to highlight the differences in ESG performance between overseas Chinese Fujian enterprises and Fujian enterprises as a whole.

The right figure illustrates the three sub-indices of the Chiyu Fujian-Hong Kong ESG Index and the Overseas Chinese Fujian Enterprise ESG Index. The numbers below each index represents the latest index values.

Each index comprised three or four first-level indicators, and several second-level indicators were established under each first-level indicator to evaluate their respective performance.

ⁱⁱⁱFujian enterprises listed domestically or internationally were included.

Overseas Chinese Fujian Enterprise ESG Index assessed the ESG performance of Fujian enterprises with overseas Chinese attributes.

Figure 7. Composition of the index and index values for the first half of 2023

Main Index	Sub-indices	First-level indicators	Second-level indicators
Chiyu Fujian-Hong Kong ESG Index 120	Fujian Province Sustainable Development Index 123	Environmental Performance and Resource Management 125	Energy utilisation/consumption, air quality, natural resource management, and policies for environmental issues in Fujian.
		Economic Development 120	Economic development, trade and market openness, infrastructure development, innovation, and policies for economic issues in Fujian.
		Social Development and Livelihood 122	Social security, education, healthcare system, and policies for social issues in Fujian.
		Sustainable Finance 123	Advancement of sustainable finance and the corresponding policies in Fujian.
	Fujian-Hong Kong Cooperation Sustainable Development Index 121	Supportive Policies for Sustainable Development 119	Supportive policies for sustainable development between Fujian and Hong Kong
		Exchange Activities for Sustainable Development 131	Exchange activities for sustainable development between Fujian and Hong Kong.
		Financial, Economic and Trade Cooperation 115	Financial, economic and trade cooperation between Fujian and Hong Kong.
	Fujian Enterprise ESG Index 115	Environment 121	Environment performance of Fujian enterprises in terms of energy utilisation/consumption, waste management, and greenhouse gas emissions.
		Social 111	Social performance of Fujian enterprises in terms of employee management, supplier management, privacy and data security.
		Corporate Governance 113	Corporate governance performance of Fujian enterprises in terms of ESG risk management and ESG governance framework.
	Overseas Chinese Fujian Enterprise ESG Index 122	Environment 129	Environment performance of Chinese Fujian enterprises in terms of energy utilisation/consumption, waste management, and greenhouse gas emissions.
		Social 117	Social performance of Chinese Fujian enterprises in terms of employee management, supplier management, privacy and data security.
		Corporate Governance 121	Corporate governance performance of Chinese Fujian enterprises in terms of ESG risk management and ESG governance framework.

Note: Please refer to "Appendix 4.1 – Table of Indicators" for more details on second-level indicators.

Practical Value of the Index

The Chiyu Fujian-Hong Kong ESG Index is a valuable benchmark for evaluating the sustainable development performance of Fujian Province and the ESG performance of Fujian Listed Enterprises. It also shows the extent of the collaboration of Fujian and Hong Kong in sustainable development. The index has the following values:

- It provides insights into policy direction for formulating sustainable development policies and strategies.
- It facilitates the governments and organisations of Fujian and Hong Kong to understand the current status and development of sustainable development exchanges and co-operation between the two places, and to provide information reference for broadening co-operation in the field of sustainable development between the two places.
- It demonstrates the ESG performance of Fujian enterprises as a whole, and provides information for Fujian enterprises to strengthen ESG management and disclosure.
- It showcases the outstanding ESG practices of overseas Chinese Fujian enterprises, serving as a market reference.

Data Sources, Data Processing, and Sample Selection

The compilation of the Chiyu Fujian-Hong Kong ESG Index involved collecting data from official databases, public sources, industry association statistics, and public disclosures of listed companies. The raw data was then normalised to ensure uniformity. To address missing data, particularly for half-year periods, data imputation was carried out by utilising historical values.

There was no sample selection in the compilation of the Fujian Province Sustainable Development Index and the Fujian-Hong Kong Cooperation Sustainable Development Index. For the Fujian Enterprise ESG Index, 80 Fujian-listed companies were randomly selected as representative samples. The ESG development of Fujian-listed companies will be evaluated annually based on those samples.

Index Base Period and Update Frequency

The base period of the Chiyu Fujian-Hong Kong ESG Index (including Fujian Province Sustainability Index and the Fujian-Hong Kong Co-operation Sustainability Index) is the first half of 2019. The evaluation covers nine half-year periods, from 1H 2019 to 1H 2023. The index will be updated semi-annually thereafter.

For the Fujian Enterprise ESG Index, the base period is the first half of 2019. The index will be updated annually during the first half of each year. The base period and update frequency of the Overseas Chinese Fujian Enterprise ESG Index are the same as the Fujian Enterprise ESG Index.



Dajin Lake, Taining, Sanming, Fujian.



03

Key Findings

Chuxi Tulou, Yongding, Longyan, Fujian.



3.1

Fujian Province Sustainable Development Index

Putou Terrace, Zherong, Ningde, Fujian.

Fujian Province Sustainable Development Index

Currently, against the backdrop of countries setting sustainable development agendas, the State Council of the People's Republic of China released the “*Development of Innovation Demonstration Zones on the Implementation of the 2030 Agenda for Sustainable Development*”³ in 2016, as a guide for implementation. In line with this, the People's Government of Fujian Province has actively promoted sustainable development through the implementation of various policies and medium- to long-term plans aimed at driving the transition to a greener economy. To further facilitate high-quality development in the region, in January 2021, the People's Government of Fujian Province issued the “*Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision 2035*”⁴ as a policy guideline.

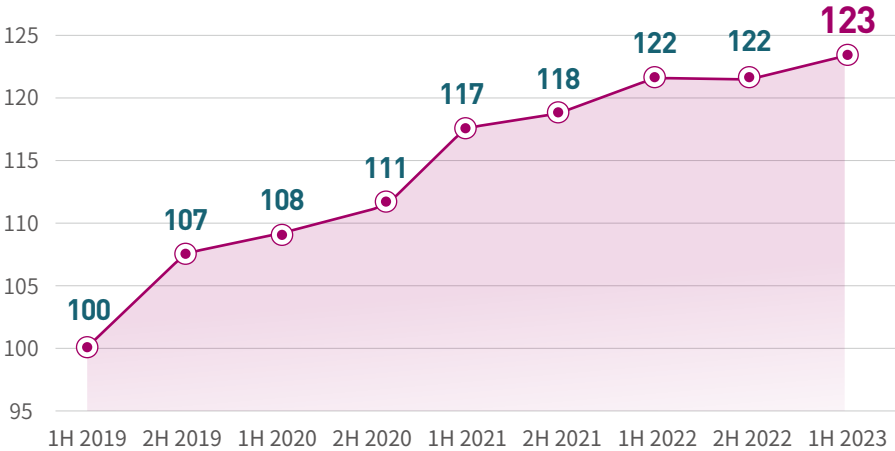
The Fujian Province Sustainable Development Index assessed the extent of sustainable development in Fujian Province, covering the period from 1H 2019 to 1H 2023. This index consisted of four first-level indicators: Environmental Performance and Resource Management, Social Development and Livelihood, Economic Development, and Sustainable Finance, along with approximately thirty second-level indicators.

To drive the transition towards green development, the Fujian Government has issued the “*Action Plan of Fujian Province for the Development of Green Economy (2022-2025)*”⁶. The plan made clear and specific quantitative objectives of the province by 2025 in terms of the green economy, renewable energy and low-carbon technologies. To attain these objectives, the plan placed significant emphasis on the development of green finance and fostering innovation. Regarding sustainable urban and rural development, the Fujian Government issued the “*Outline of Fujian Province for Building a Strong Province with Quality*”⁷. This plan served as a strategic blueprint that effectively connects economic and social development, aiming to drive high-quality development in Fujian Province. Its primary focus was to improve people's satisfaction by creating an high-quality living environment and space for the people. Through this comprehensive plan, the government demonstrated its unwavering dedication to sustainable growth and the welfare of its residents.

Fujian has demonstrated a consistent and notable improvement in sustainable development, as shown in Figure 8. **Over the past four years, the Fujian Province Sustainable Development Index has experienced a cumulative growth of 23%. Notably, indicators of Environmental Performance and Resource Management and Sustainable Finance have shown the highest growth rates, with increases of 25% and 23%, respectively.**

Fujian Province exhibits a strong capacity for sustainable development, attributed to its relatively advanced levels of economic and social development, alongside supportive policies. In 2022, Fujian Province ranked second among all provinces in China in terms of per capita GDP, reaching RMB 126,800 (approximately USD 18,900), comparable to the level of the primary developed country. According to the Blue Book “*Evaluation Report on the Sustainable Development of China (2022)*”, **Fujian Province ranked sixth among the 30 provincial-level regions in China regarding sustainable development**⁵. The government has been consistently implementing relevant policies in recent years to bolster sustainable development, positioning Fujian Province to a prominent position in terms of environmental, social, and economic progress in China.

Figure 8. Fujian Province Sustainable Development Index



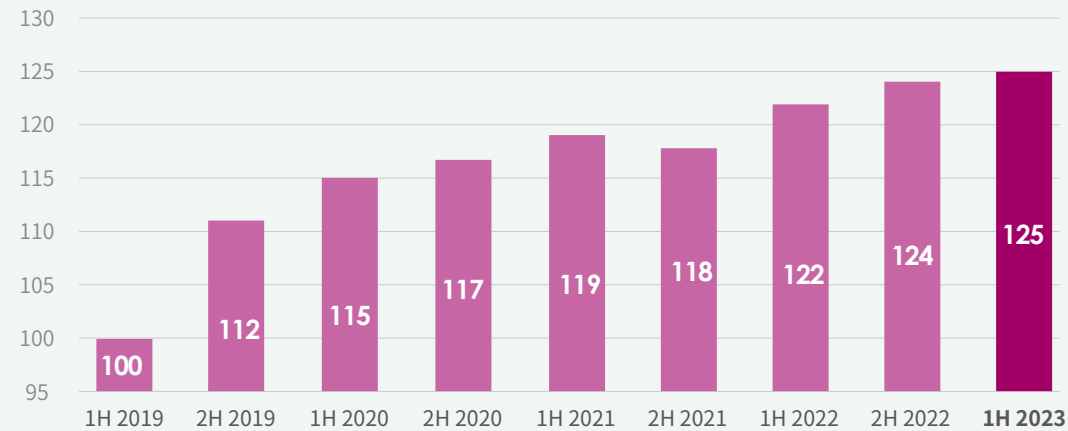
Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC



Fujian Province Sustainable Development Index: Environmental Performance and Resource Management

Figure 9 shows the growth of the Environmental Performance and Resource Management indicator was 25% over the past four years, demonstrating significant progress in environmental protection within Fujian province, with the highest growth rate observed among the first-level indicators. In particular, the "proportion of installed capacity of clean energy" (second-level indicator) has experienced the fastest growth rate, highlighting Fujian Province's strong commitment to promoting the development of clean energy. Additionally, the number of green factories and the number of policies related to environmental resources have consistently increased each year, showing Fujian Province's dedication to driving industrial transformation towards low-carbon practices to achieve carbon neutrality and reduce carbon emissions.

Figure 9. Fujian Province Sustainable Development Index: Environmental Performance and Resource Management



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC



Meanwhile, Fujian province maintains a leading position in terms of air quality throughout China, and its forest coverage rate has consistently ranked first in the country. Overall, Fujian Province has embarked on a highly appealing path of green development.

Fujian Province Sustainable Development Index: Environmental Performance and Resource Management

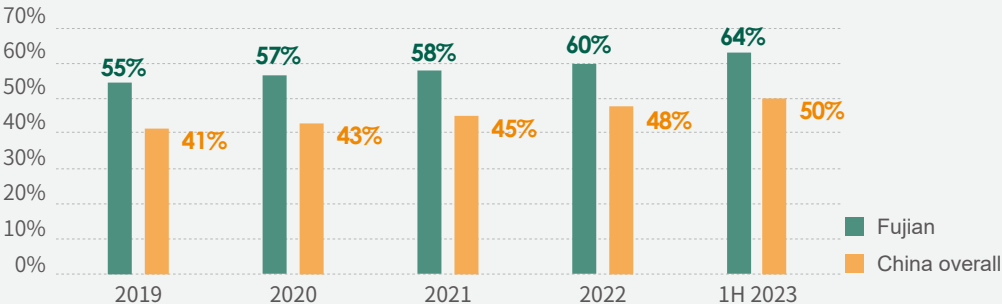
Energy

In May 2022, the People's Government of Fujian Province issued the "14th Five-Year Plan for Energy Development" ("Plan")⁸. The Plan sets several targets, including increasing the proportion of clean energy installed capacity to 58.5%, achieving over 27.4% non-fossil energy consumption, and reducing the proportion of coal in energy consumption to 48.2% by 2025.

Fujian Province has become one of the leading regions in China in terms of the clean energy installed capacity (as shown in Figure 10). Regarding clean energy power generation, the proportion of clean energy installed capacity in Fujian Province surpassed the target set for the 14th Five-Year Plan, reaching 64%^{iv} in the first half of 2023. This represents an increase of 8.6% from the 55.4% recorded in early 2019⁹. Additionally, the proportion of clean energy generation reached 54.5%, and the proportion of clean energy consumption has consistently maintained at a 100% level, demonstrating its prominent role in sustainable energy development in China¹¹.

Regarding energy consumption, the electricity consumption per RMB 10,000 GDP indicated the actual contribution of electricity consumption to economic development within a region. In 2022, the electricity consumption efficiency of Fujian Province ranked 6th among the 31 provinces in China¹³, recording an electricity consumption of 546 kWh per RMB 10,000 GDP¹², significantly lower than the national average of 713.7. This data highlighted the steady improvement of Fujian Province's industrial structure and utilisation efficiency, particularly in the context of energy conservation and efficiency enhancement.

Figure 10. Proportion of clean energy installed capacity



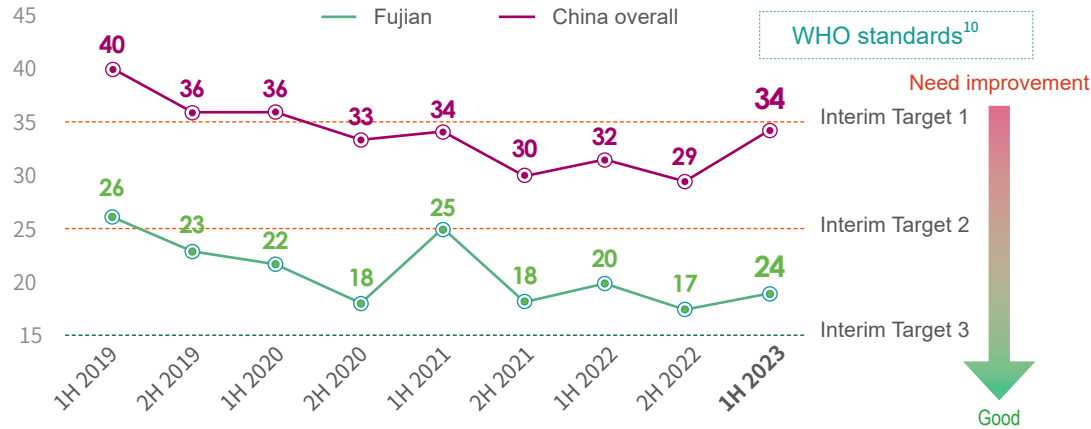
Source: Fujian Province's official statistical database, National Energy Administration, third-party databases, public sources, CECEPEC

^{iv}Clean energy includes hydropower, wind power, solar power, nuclear power, and biomass. Data for hydropower, wind power, solar power and biomass is updated semi-annually (source: Wind). Data for nuclear power is updated annually.

Air quality

Figure 11 presents the historical data of PM2.5 concentrations in Fujian Province, comparing it to the average data across China. In the first half of 2023, the average PM2.5 concentration in the nine prefecture-level cities of Fujian Province was 24 micrograms per cubic meter¹⁴, representing an increase compared to previous years. This rise in PM2.5 levels could be attributed to a significant boost in economic activities after the pandemics, resulting in a decline in air quality. Nevertheless, Fujian Province remained at the forefront in terms of air quality, with **Xiamen ranking 4th and Fuzhou ranking 9th among the 168 key cities in China**¹⁵.

Figure 11. PM2.5 concentrations (micrograms per cubic meter)



Source: Fujian Province's official statistical database, Ministry of Ecology and Environment, third-party databases, public sources, CECEPEC

The PM2.5 concentration data for Fujian Province is calculated as the average value for the first half and the second half of the year.

Despite the fact that air quality in Fujian Province was better than the national average in China and met the Interim Target 2 set by the World Health Organization (WHO), there was still room for improvement when compared to the WHO Interim Target 3 (15 micrograms per cubic meter). In order to enhance air quality, Fujian issued the "14th Five-Year Plan for Air Quality Improvement in January 2022"¹⁶. This plan aims to achieve an average PM2.5 concentration of no more than 20 micrograms per cubic meter by 2025. To accomplish this objective, the government is expediting the establishment of green transition in industries and energy structures, while continuing to develop a greener transportation system.

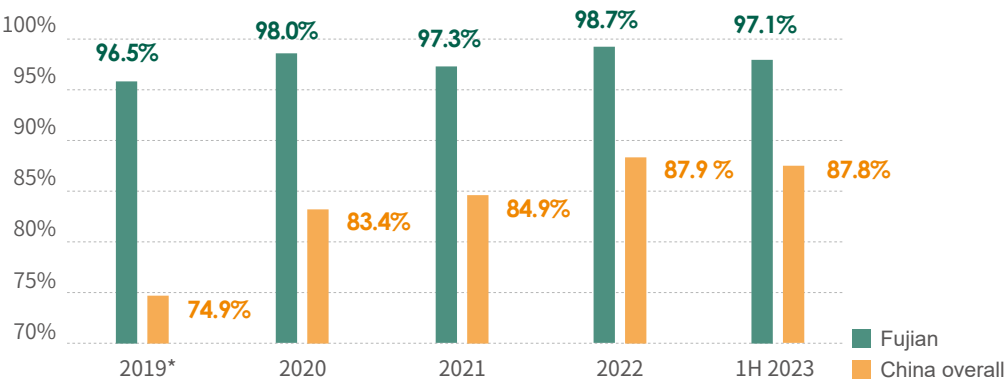
Fujian Province Sustainable Development Index: Environmental Performance and Resource Management

Natural Resources

In 2022, the forest coverage rate in Fujian Province reached 65.12%¹⁷, remaining the highest in China for many years. This achievement aligned with Chinese President Xi Jinping's emphasis on sustainable development, as exemplified by his quote, "Lucid waters and lush mountains are invaluable assets". This concept has gained significant popularity among the Chinese public. In line with the green development initiatives of the Central Government, the Greening Committee of Fujian Province has released the "Outline of the National Territorial Greening Plan (2022-2030)"¹⁸. This plan sets targets for 2030, aiming for a consistent increase in forest stock volume, urban green spaces, and carbon sink increment. Its implementation will contribute to the preservation and enhancement of Fujian's natural environment.

Regarding water quality, the major river basins in Fujian Province demonstrated a stable condition during the first half of 2023, **with 97.1% of surface water classified as Class I to III, surpassing the national average by 9.3%**¹⁹. In April 2022, the Department of Ecology and Environment of Fujian Province and other departments jointly issued the "14th Five-Year Plan for Water Ecological Environment Protection of the Major River Valleys"²⁰. This plan aims to continually improve the water quality in Fujian and further increase the proportion of surface water bodies with good quality. Its implementation will contribute to the ongoing improvement and preservation of water resources in the province.

Figure 12. Surface water quality (classified as Class I to III) of Fujian Province surpassing the national average



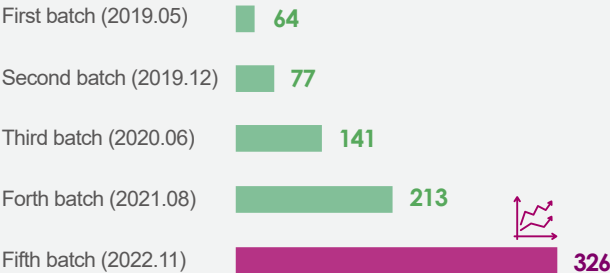
Source: Fujian Province's official statistical database, Ministry of Ecology and Environment, third-party databases, public sources, CECEPEC

*In the year 2019, the data reflected the assessment of a total of 1,940 national surface water assessment sections. From 2020 to the first half of 2023, the data encompassed the assessment of 3,641 national surface water assessment sections.

Green factories

The industrial sector plays a crucial role in achieving the "dual carbon goals". Since April 2019, the Fujian Provincial Department of Industry and Information Technology has been actively promoting green manufacturing practices by publishing a list of provincial-level green manufacturing enterprises. This initiative aims to encourage and recognise environmentally friendly manufacturing processes. As depicted in Figure 13, as of November 2022, Fujian Province has released five batches of green manufacturing entity lists, comprising a total of 326 green factories, 29 green industrial parks, and 50 green supply chain enterprises. Notably, **161 green factories, 7 green industrial parks, and 26 green supply chain enterprises have been recognised at the national level, ranking among the top-tier in the country**²¹.

Figure 13. Number of Green factories in Fujian Province



Source: Fujian Province's official statistical database, CECEPEC



Fujian Province Sustainable Development Index: Social Development and Livelihood

Figure 14 illustrates the “Social Development and Livelihood” first-level indicator experienced a significant growth of 22% over the past four years. Notably, all second-level indicators have demonstrated noteworthy increases during this period. The improvement in living standards was remarkable, with per capita disposable income experiencing an average annual growth rate of 7% over the past four years. Moreover, the coverage of social security system has steadily expanded, accompanied by a consistent enhancement in the level of protection.



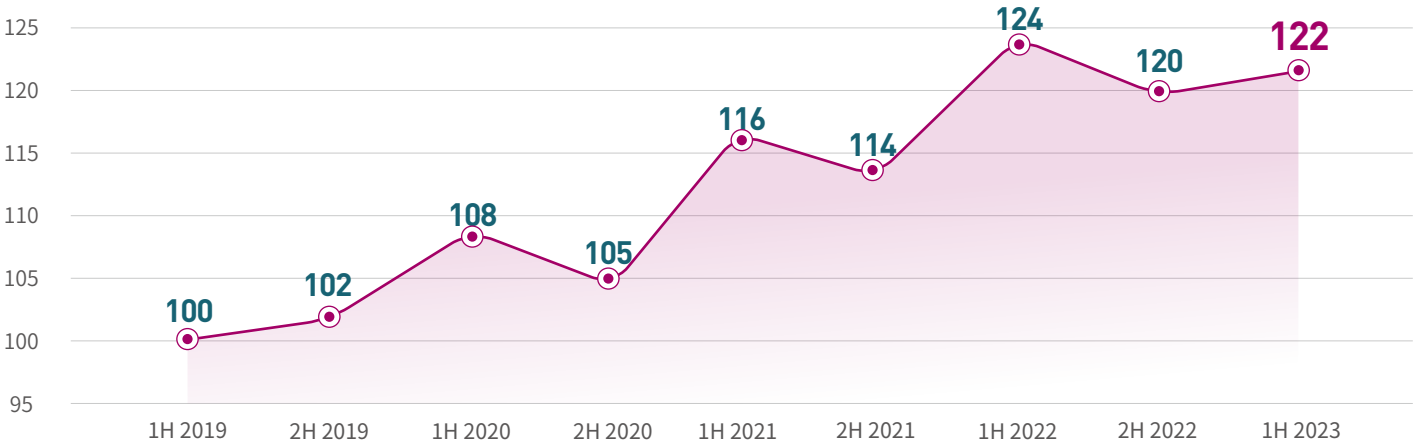
Over the past four years, the “Social Development and Livelihood” indicator increased at a growth rate of

22%



Haicang Bridge, Xiamen, Fujian.

Figure 14. Fujian Province Sustainable Development Index: Social Development and Livelihood



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC

Fujian Province Sustainable Development Index: Social Development and Livelihood

Social Security and Disposable Income

In July 2021, the Fujian government issued the “14th Five-Year Plan for the Development of Human Resources and Social Security”²², outlining key priorities such as enhancing the multi-level social security system, striving for 100% social insurance coverage, and promoting higher-quality employment and income distribution.

Between 2020 and 2022, the average annual growth rate of government expenditures on social security and employment reached 12%, surpassing the average annual growth rate of general public expenditures at 4%. By 1H 2023, the basic social security coverage rate^v in Fujian Province reached 86%, marking a 9% increase compared to 77% in 1H 2019. In terms of income levels, the per capita disposable income of residents was RMB 23,890 per person in 1H 2023, achieving an average annual growth rate of 7% over the past four years as set in the 14th Five-Year Plan.

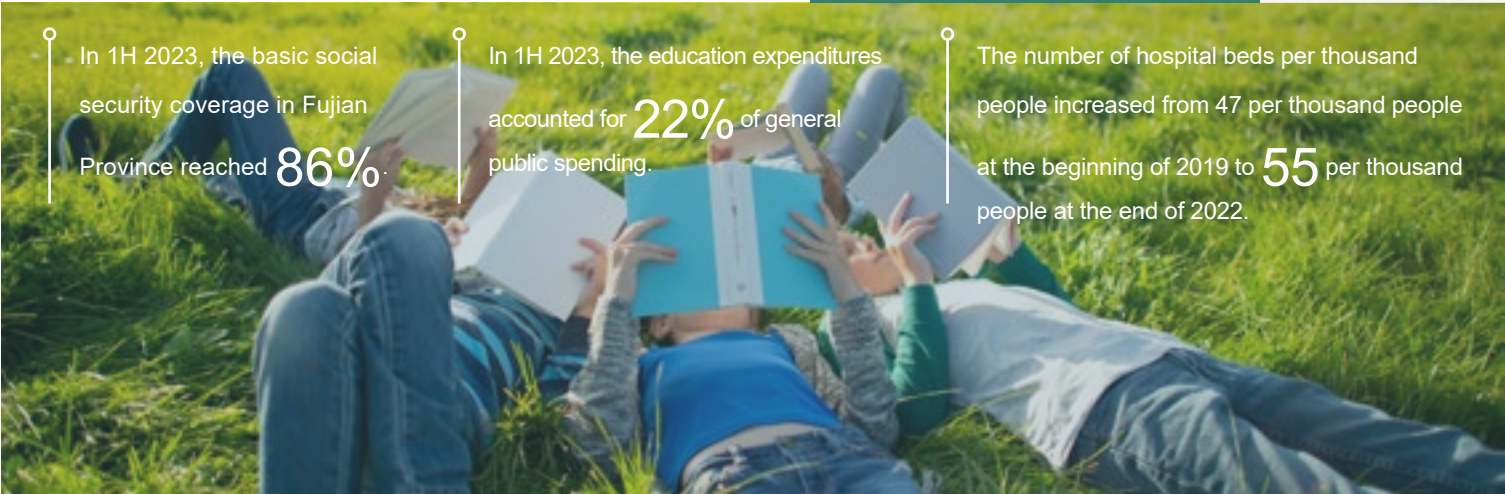
In August 2022, the Fujian government issued the “14th Five-Year Plan for the Development of National Undertakings for the Aged and Improve the Elderly Care Service System”²³, in line with the central government's agenda to address population ageing and improve health. This plan emphasised the expansion of inclusive elderly care services and sets a target of ensuring a minimum supply of 50,000 elderly care beds by 2025. It also incorporated policies such as one-time subsidies for private elderly care institutions and subsidies for beds in elderly care services. At the end of 2022, the number of elderly care beds was increased to 39 per thousand elderly individuals.

Education

As outlined in the “14th Five-Year Plan for the Development of Education”²⁴, the government aims to enhance the education sector through increased annual fiscal expenditures and continued reforms to optimise educational resources. Strengthening the foundation laid in achieving balanced compulsory education becomes a crucial focus with the enhanced financial support from the government. In the first half of 2023, education accounted for 22% of general public spending, underscoring its significance. Notably, between 2019 and 2022, the average annual growth rate of education expenditure stood at 7%, surpassing the average annual growth rate of general public expenditures at 4%.

Healthcare System

In order to improve the healthcare system and enhance the overall well-being of the population, the government has released the “14th Five-Year Plan for Health Development”²⁵ and the “14th Five-Year Plan for National Medical Security”²⁶. As a result of these initiatives, by the end of 2022, the number of hospital beds per thousand people increased from 47 per thousand people in early 2019 to 55 per thousand people.



^vThe basic social security coverage rate is calculated by dividing the average number of participants in basic medical insurance and basic endowment insurance by the resident population of the provincial-level area.

Fujian Province Sustainable Development Index: Economic Development

As depicted in Figure 15, the indicator of economic development has demonstrated a consistent upward trend since 1H 2019, reaching 120 points in 1H 2023 with a cumulative increase of 20% over the past four years. It's worth noting that the economic performance experienced a significant decline in the 1H 2020 due to the outbreak of the pandemic. However, from the 2H 2020 onwards, the economy has exhibited steady growth. One notable indicator showing strong performance was the total import and export amount per capita with an average annual growth rate of 12% over the past four years, signifying the robust performance of trade activities. The successful implementation of supportive policies has played a crucial role in ensuring the smooth functioning of the economy amidst these circumstances.

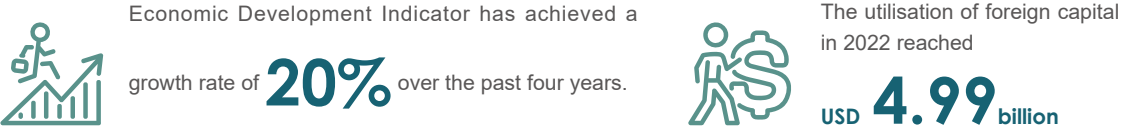
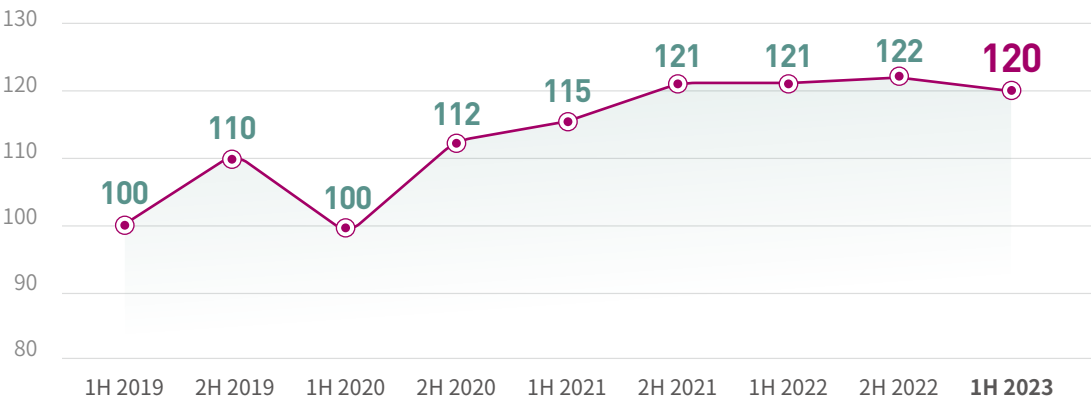


Figure 15. Fujian Province Sustainable Development Index: Economic Development



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC

Economic Growth

During the first half of 2023, the per capita GDP in Fujian Province achieved a noteworthy milestone, reaching RMB 60,999 per person^{vi}. This remarkable accomplishment reflected an average annual growth rate of 12.7% from 1H 2019 to 1H 2023, higher than the national growth rate of 7.5%. Additionally, the added value of the tertiary industries in Fujian Province reached RMB 1,261.5 billion, an average annual growth rate of 17% over the past four years, demonstrating the robust performance of the service sector.

^{vi}Per capita GDP was calculated by dividing the province's gross domestic product by the resident population. The population estimate for the first half of the year was based on historical data.

Open Economy

In February 2020, Fujian Province implemented a comprehensive set of 26 measures to stabilise foreign trade, attract foreign investment, and boost consumption. Subsequently, in June 2020, the General Office of the Government issued the *"Measures to Stabilise Foreign Trade and Foreign Investment, Boost Consumption, and Promote High-Quality Development"*²⁷. These measures encompass eight specific initiatives aimed at enhancing trade openness, revitalising commercial activities, and proactively addressing trade restrictions to ensure stability and foster growth. Thanks to the robust support provided by these policies, the average annual growth rate of the total import and export amount per capita over the past four years reached an impressive growth of 12%. As a result, in the first half of 2023, the per capita import and export amount stood at RMB 22,766 per person. This signifies the significant role these measures played in facilitating trade expansion and development. In terms of foreign investment utilisation, the actual amount of foreign investment in 2022 reached USD 4.99 billion²⁸, reflecting the province's ability to attract and effectively utilise foreign capital for economic development.

Infrastructure Development and Innovation Advancement

In the first half of 2023, the total number of airport passengers in Fujian Province reached 21.08 million, a remarkable increase of 133% compared to the previous year. This figure was only 2% lower than that recorded in the first half of 2019, indicating a return to normalcy in civil aviation operations. Furthermore, there has been significant progress in technology innovation. The grant of patent licenses has reached 8,159, showing an average annual growth rate of 9.9% over the past four years.



Fujian Province Sustainable Development Index: Sustainable Finance

In recent years, the Fujian Government has displayed strong support for the advancement of sustainable finance. Several measures have been implemented, including the “*Implementation Plan for Establishing the Green Financial System*”, the “*Green Finance Assessment Plan for Banking Financial Institutions*”, and other initiatives aimed at promoting green finance. Two key indicators of sustainable finance, namely the balance of green loans and issuance of GSSS bonds (including green, social, sustainability, and sustainability-linked bonds), have experienced notable growth. The balance of green loans in Fujian Province has shown an average annual growth rate of approximately 36% ^{vii} over the past four years. In terms of GSSS bonds, the issuance volume during the first half of 2023 has increased by 63% year-on-year, reaching a total value of nearly RMB 54.1 billion ^{viii}. The significant rise in these two second-level indicators contributed to the growth of the Sustainable Finance indicator, as illustrated in Figure 16.



The balance of green loans in Fujian Province over the past four years represented an average annual growth rate of

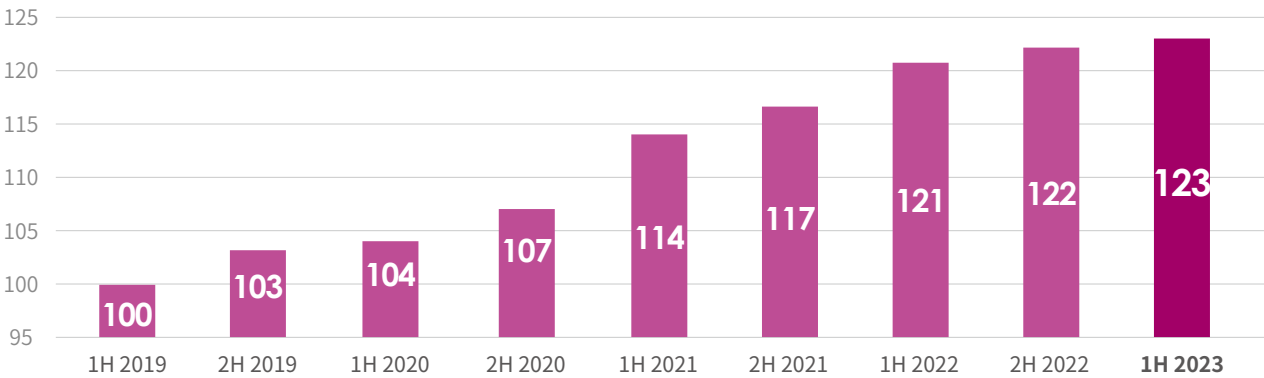
36%

The issuance volume of GSSS bonds in the first half of 2023 demonstrated a year-on-year growth rate of

63%

^{vii} The estimated value for 2019 is derived from historical data analysis.
^{viii} Our data solely includes the volume of GSSS bonds issued by entities within Fujian Province.

Figure 15. Fujian Province Sustainable Development Index: Sustainable Finance



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC



Port of Xiamen Area of China (Fujian) Pilot Free Trade Zone

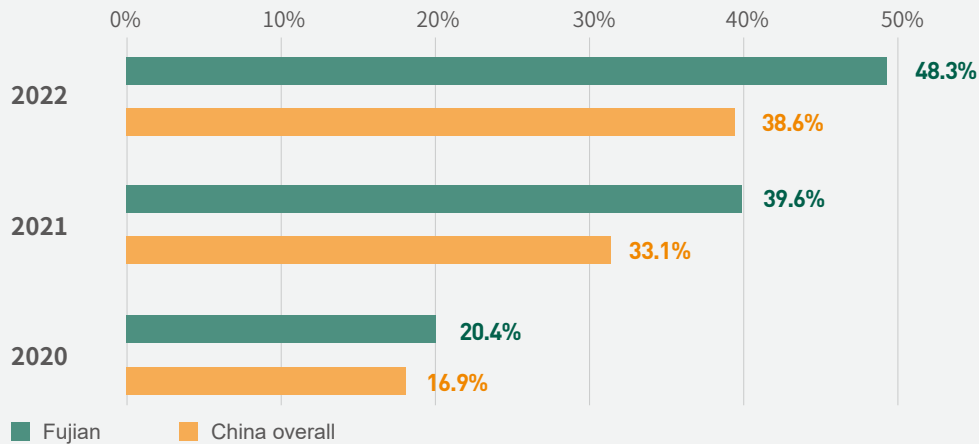
Fujian Province Sustainable Development Index: Sustainable Finance

Sustainable Investment and Finance

As shown in Figure 17, the balance of green loans in Fujian Province has consistently demonstrated rapid growth, surpassing the national average. To promote the development of green and low-carbon industries, the Fujian Government has issued the “*Action Plan for the Development of Green Economy (2022-2025)*” (“Action Plan”) ⁶. The plan aimed to achieve an average annual growth rate of over 25% of the green loans from 2022 to 2025, doubling its balance by the end of 2025 compared to the end of 2021.

In 2022, the green loan balance in Fujian Province was RMB 609.7 billion, a substantial increase of nearly RMB 200 billion. The year-on-year growth rate of the provincial green loan balance was 48.3%, exceeding the national level by 9.7%.

Figure 17. Year-on-year growth rate of green loan balance

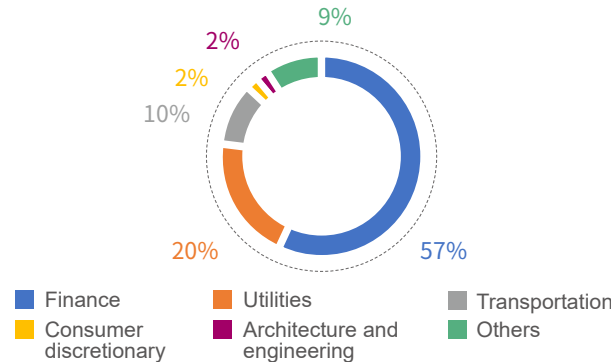


Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC

Additionally, the issuance volume of GSSS bonds in Fujian Province reached a record high of RMB 54.1 billion in the first half of 2023. Figure 18 indicates that the majority of bond issuers were from the finance, utilities, and transportation sectors.

Regarding sustainable investment, as of the end of 2022, the total amount of green-related Public and Private Partnership (PPP) projects reached RMB 93.1 billion, while social welfare-related PPP projects amounted to RMB 32.9 billion^{ix}. The Fujian Government has actively fostered the development of the green economy in recent years. The Action Plan made clear and specific quantitative objectives for the province by 2025, including achieving a green transportation rate of 70% for cities with a population of over one million, ensuring 100% green buildings in newly constructed urban areas, and attaining a resource utilisation rate of over 60% for urban waste.

Figure 18. GSSS Bond issuance in Fujian Province by industry



Source: Wind, CECEPEC

Environmental Equity

During the first half of 2023, the carbon emissions emission rights in Fujian Province reached 7.77 million tons, with a transaction value of RMB 188 million. This growth rate exceeded 200% when compared to the transaction value of RMB 61 million in 1H 2019. In 2016, the “*Implementation Plan for the National Ecological Civilisation Pilot Zone (Fujian)*” ²⁹ was jointly issued by the General Office of the Central Government and the General Office of the State Council. This plan aimed to support carbon emission trading in Fujian Province and achieve integration with the national carbon emission trading market, establishing Fujian as the first national ecological civilisation pilot zone.

Source: Wind, CECEPEC

^{ix}Green-related PPP projects encompassed ecological development, environmental protection, sewage treatment, waste management, and other initiatives on green development. Social-related PPP projects include healthcare, elderly care, affordable housing, education, and social security.



3.2

Fujian-Hong Kong Cooperation Sustainable Development Index

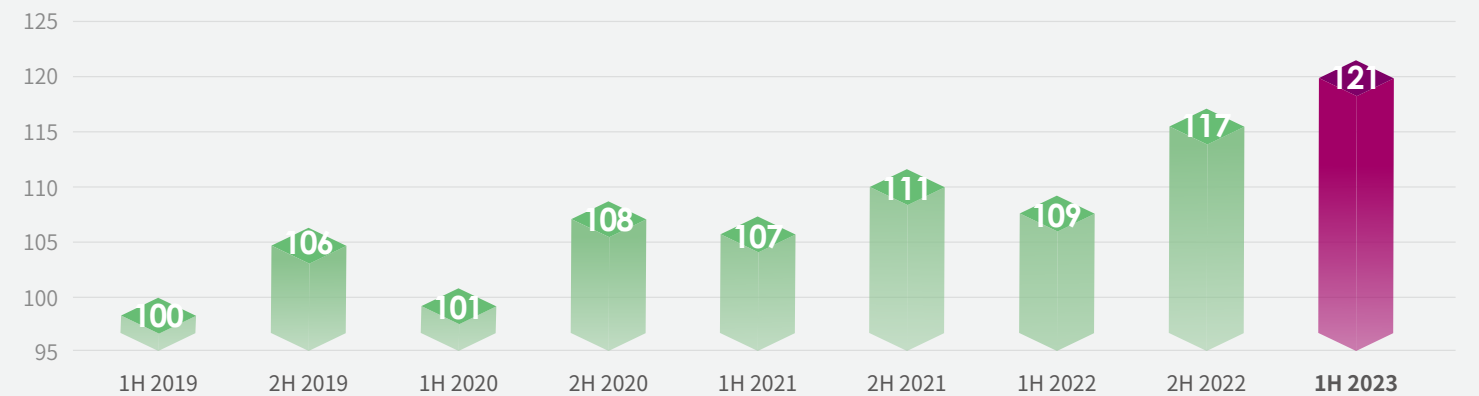
Victoria Harbour, Hong Kong SAR

Fujian-Hong Kong Cooperation Sustainable Development Index

Hong Kong and Fujian have deep connections and maintain close cooperation. Over 1.2 million individuals in Hong Kong trace their origins back to Fujian, and over 230 Fujian-based associations are actively participating across various sectors in Hong Kong³⁰. Additionally, there are more than 30,000 Hong Kong enterprises operating in Fujian. In recent years, Fujian Province has experienced rapid development in the areas of green and digital economy, with Hong Kong playing a pivotal role in driving these advancements. The frequent economic and trade exchanges and cooperative efforts between the two places have seized opportunities for mutually beneficial growth. The Fujian-Hong Kong Cooperation Sustainable Development Index serves as a practical guide for individuals and companies, providing insights for both regions to integrate into the overall national development and benefit the people of both places.

Despite the stringent border control measures imposed during the pandemic, the exchanges and cooperation between Fujian and Hong Kong in the field of sustainable development have remained uninterrupted, as shown in Figure 19. As the borders reopened, the exchanges and cooperation between the two places became more frequent in 1H 2023. The scope of collaboration has expanded beyond finance and trade to encompass other areas of sustainable development, including social welfare and related fields.

Figure 19. Fujian-Hong Kong Cooperation Sustainable Development Index



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC



Nan Lian Garden, Diamond Hill, Hong Kong SAR

Fujian-Hong Kong Cooperation Sustainable Development Index: Exchange Activities for Sustainable Development

As shown in Figure 20, there has been a significant growth in the indicator of Exchange Activities for Sustainable Development, with a cumulative increase of up to 31%. In 2H 2022, as the government began to ease pandemic control measures, the exchange activities between Fujian and Hong Kong started to recover. Cooperation and exchanges in fields such as economy, trade, and supply chain began to strengthen, resulting in the index rising from 102 in 1H 2022 to 116 in 2H 2022. With the resumption of normal travel in 1H 2023, Hong Kong and Fujian deepened their cooperation to boost sustainable development, leading to a significant increase in the index by 15 points to 131 points. The primary driver for such increase was the Fourth Plenary Session of the Hong Kong-Fujian Cooperation Conference held in June 2023. Due to the travel restrictions imposed between the two regions during the pandemic, it had been nearly five years since the previous conference. During this conference, the cooperation between Hong Kong and Fujian covered various areas, including resource and environment, social and economic development, and sustainable finance. The collaborative projects spanned energy conservation and environmental protection, renewable energy, new materials, smart and green modern logistics, advanced manufacturing, infrastructure, and financial services.

Figure 20. Fujian-Hong Kong Cooperation Sustainable Development Index: Exchange Activities for Sustainable Development



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC

2H 2022 Major Exchange Activities:
Fujian-Hong Kong Logistic and Supply Chain Exchange and Cooperation Conference
Fuzhou New Area Fujian-Hong Kong Cooperation Conference
Fujian-Hong Kong-Macao Economic and Trade Exchange Symposium

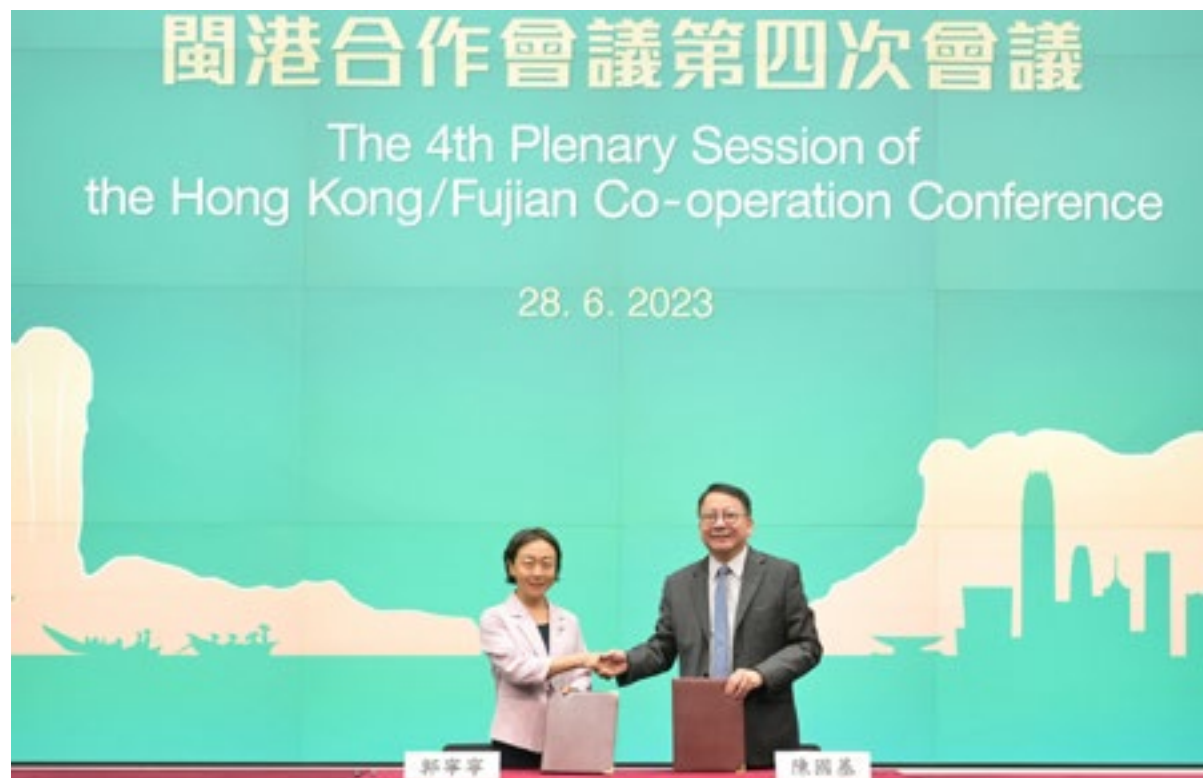
1H 2023 Major Exchange Activities:
Fourth Plenary Session of the Hong Kong-Fujian Cooperation Conference
Fujian-Hong Kong-Macao Economic and Trade Exchange Conference
Fujian-Hong Kong Digital Economy Cooperation Forum



Xinglin Bridge, CRH Xiamen-Shenzhen line, Metro No. 1 Line, Xiamen, Fujian.

Fujian-Hong Kong Cooperation Sustainable Development Index: Exchange Activities for Sustainable Development

The Fujian and Hong Kong governments established the Fujian-Hong Kong Cooperation Conference in 2015. Since its inception, four conferences have been held, promoting collaboration in various areas of sustainable development, such as economy, trade, finance, innovation, technology, culture, education, and youth development. Two places also joined forces to organise several exchange seminars in the first half of 2023, including the Fujian-Hong Kong Economic and Trade Exchange Conference and the Fujian-Hong Kong Digital Economy Cooperation Forum. These collaborative events signified a widening range of focus, extending beyond economic development to encompass social and environmental issues, as well as other fields relevant to sustainable development.



Photographed by Information Services Department of HKSAR Government



Timeline for The Hong Kong-Fujian Cooperation Conference

- ◉ In June 2023, the Fourth Plenary Session of the Hong Kong-Fujian Cooperation Conference took place in Hong Kong. At the meeting, three cooperation agreements were successfully signed, reaching a broad consensus in ten key cooperation areas. These key areas encompassed trade and investment, finance, innovation and technology, aviation, marine transport and logistics, etc. Notably, the agreements highlighted the importance of encouraging more Fujian enterprises to leverage Hong Kong's capital market and financial and professional services for green and sustainable investment, financing, and certification³¹.
- ◉ In November 2018, the Third Plenary Session of the Hong Kong-Fujian Cooperation Conference was held in Fuzhou. At this meeting, three cooperation agreements related to the Belt & Road Initiative, innovation and technology, and youth exchange were signed. The governments of the two places also reached a consensus on strengthening exchanges and cooperation across ten different areas³².
- ◉ In April 2016, the Second Plenary Session of the Hong Kong-Fujian Cooperation Conference took place in Hong Kong. The governments of the two places agreed to pursue holistic exchanges and cooperation in eight key areas, including economic and trade, financial, industry, cultural exchange, and joint efforts in the Maritime Silk Road cooperation³³.
- ◉ The First Plenary Session of the Hong Kong-Fujian Cooperation Conference was held in Fuzhou in January 2015. At the meeting, the governments of Hong Kong and Fujian Province reached a consensus on enhancing cooperation on the economic, trade, and financial fronts. An agreement was signed on strengthening economic and trade cooperation between Hong Kong and Fujian Province and another agreement was signed on strengthening financial cooperation³⁴.
- ◉ The Fujian-Hong Kong Economic and Trade Exchange Conference was held in Fuzhou in January 2014. Fujian Province proposed nine key areas for cooperation between the two places. The governments of both places reached a consensus to establish a cooperative partnership.

Fujian-Hong Kong Cooperation Sustainable Development Index: Supportive Policies for Sustainable Development



The governments of the two places have consistently provided support for cooperation in sustainable development, as demonstrated by the steady trends depicted in Figure 21. The indicators measuring supportive policies for sustainable development have shown rapid growth, with a cumulative increase of 19%. In 2H 2022, there was a notable increase in collaboration and communication between the governments and statutory bodies of both regions. This growth was further propelled by the Fourth Plenary Session of the Hong Kong-Fujian Cooperation Conference held in June 2023. During this conference, government departments and statutory bodies from both places signed three cooperation agreements, encompassing various areas such as trade and investment, finance, innovation and technology, aviation, marine transport and logistics, culture exchange, and education.



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC

^x The index is determined by quantifying the level of exchange activities, cooperative initiatives, signed documents, and relevant policies between the two locations. Since the second half of 2022, there has been a notable upswing in exchange activities, resulting in a substantial rise in the index.

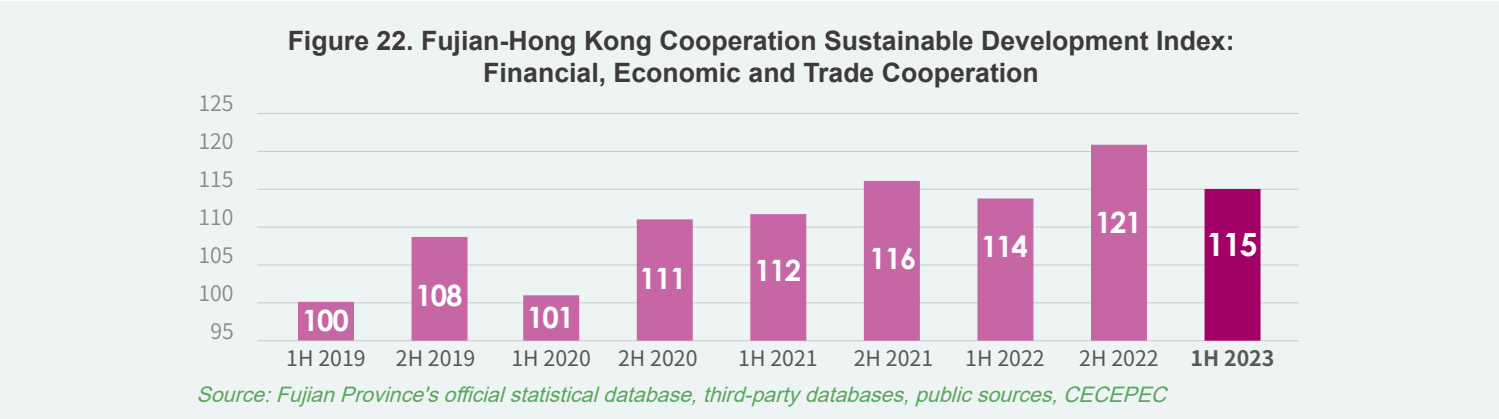
Furthermore, the governments of the two places were deepening their cooperation on sustainable development through policy support. The Fujian government placed significant importance on educational cooperation with Hong Kong and has outlined measures in various policies to facilitate Fujian-Hong Kong educational collaboration. For example, the "14th Five-Year Plan for Education Development" prioritised enhancing educational exchanges and cooperation with Hong Kong and Macau. Concrete initiatives include fostering partnerships between schools in Fujian, Hong Kong, and Macau, as well as implementing joint training programs for teachers. Additionally, the Hong Kong Education Bureau has introduced the "Mainland University Study Subsidy Scheme", aiming to support Hong Kong students pursuing undergraduate studies in mainland China³⁵. According to statistics from the Legislative Council of the HKSAR³⁶, Huaqiao University ranks second among nearly 190 mainland Chinese universities in terms of the number of enrolled Hong Kong students. Founded in Quanzhou in 1960³⁷, Huaqiao University is directly affiliated with the United Front Work Department of the CPC Central Committee (Overseas Chinese Affairs Office of the State Council). As a university that attracts many overseas Chinese students, it is particularly popular among students from Hong Kong, with over 8,000 Hong Kong students having graduated from the university and nearly 3,000 currently enrolled³⁸.

Fujian-Hong Kong Cooperation in Fuzhou New Area

Fuzhou New Area, located in Fujian province, benefits from a range of favourable policies and incentives. The government is committed to developing the area into a prominent platform for global collaboration. Its strategic importance lies in its close cooperation and exchanges with Hong Kong. By implementing open channels for foreign trade, foreign investment, and favorable fiscal policies, Fuzhou New Area attracts Hong Kong enterprises to establish a presence and engage in deep collaboration. The establishment of the Fuzhou New Area was officially approved by the State Council in August 2015³⁹, and the National Development and Reform Commission announced the comprehensive plan for the area in September of the same year⁴⁰. Fuzhou New Area is recognised as one of the nineteen national-level new areas. It possesses excellent port facilities, prime geographic conditions, and picturesque surroundings, along with a robust industrial foundation⁴¹. Fuzhou New Area is the only location in the province where the Cross-Border Cooperation Advisory Committee is established, further emphasizing its significance in fostering regional cooperation. In November 2022, Fujian and Hong Kong government representatives signed the "memorandum of the Fuzhou New Area Fujian-Hong Kong Cooperation Advisory Committee", solidifying their commitment to collaboration⁴². In February 2023, government officials from Fuzhou New Area visited Hong Kong and reached a consensus on cooperation in six key areas: digital economy, finance, trade, aviation, ports and logistics, pharmaceutical, and cultural tourism⁴³.

Fujian-Hong Kong Cooperation Sustainable Development Index: Financial, Economic and Trade Cooperation

As depicted in Figure 22, the indicator measuring Financial, Economic, and Trade Cooperation has shown a cumulative increase of 15%, with a slight year-on-year decline in the first half of 2023. This decline could primarily be attributed to the significant rise in financing costs resulting from the U.S. interest rate hike. Consequently, there was a decrease in the issuance of GSSS bonds by Fujian companies in Hong Kong. At the First Plenary Session of the Hong Kong-Fujian Cooperation Conference, two agreements were signed under the framework of the “Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)”⁴⁴. These agreements focused on “Strengthening Economic and Trade Cooperation between Hong Kong and Fujian Province”⁴⁵, as well as “Strengthening Financial Cooperation Between Hong Kong and Fujian Province”⁴⁶. These agreements provided robust guidance and impetus for future collaboration in financial and economic endeavours between the two places.



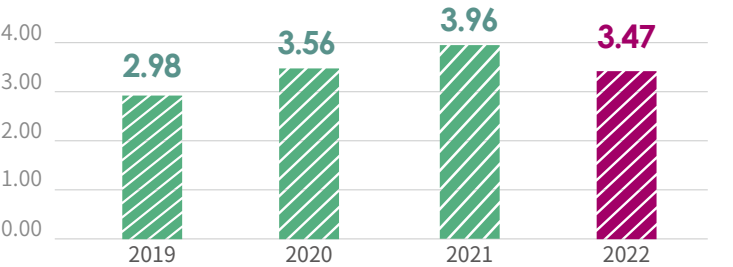
Economic and Trade Cooperation

The Agreement on “Strengthening Economic and Trade Cooperation between Hong Kong and Fujian Province” emphasised that Fujian Government would actively encourage its enterprises to utilise Hong Kong as a platform for expanding into overseas markets, while Hong Kong would provide support in attracting foreign investment to Fujian. By the end of 2022, the actual utilisation of Hong Kong’s investment capital by Fujian reached USD 3.47 billion⁵¹ (Figure 23), accounting for nearly 70% of the total foreign investment. This represented a 16% increase compared with 2019, indicating the sustained interest of Hong Kong investors in Fujian despite travel restrictions. In terms of trade, the total import and export amount between Fujian and Hong Kong reached RMB 49.48 billion in 2022, reflecting a year-on-year growth of 3.4%. In recent years, Fujian Province has implemented various policies to attract investment, leading to significant achievements in Fujian-Hong Kong cooperation. In May 2023, the Fujian Government issued the “Opinions on Further Strengthening Investment Promotion Work”⁵², which outlined 17 specific measures to attract investment. One of the objectives was to sign 8,000 new foreign-funded projects with investment amounts exceeding RMB 300 billion between 2023 and 2025. During the Fourth Plenary Session of the Hong Kong-Fujian Cooperation Conference held in June 2023, the two sides agreed to cooperate and launch 58 projects involving RMB 74.83 billion. These projects spanned across various sectors related to sustainable development, including new energy, new materials, energy conservation and environmental protection, biotechnology and pharmaceuticals, and high-tech marine industries⁵³.

Financial Cooperation

The Agreement on “Strengthening Financial Cooperation Between Hong Kong and Fujian Province” has fostered robust collaboration between the two places in banking, insurance, securities, and the financial market. In recent years, Fujian Province has facilitated the establishment of branches by Hong Kong banks and insurance companies, encouraged the expanded use of RMB for cross-border transactions, and provided support for Fujian enterprises seeking listings and bond issuances in Hong Kong. Hong Kong’s well-developed capital market has emerged as a vital platform for Fujian enterprises seeking overseas equity and bond financing. As of the end of 2022, nearly 67 Fujian-based enterprises were listed in Hong Kong, raising a total of HKD 115.8 billion in equity financing, with a market capitalisation exceeding HKD 580 billion⁴⁷. The Fujian government has demonstrated a dedicated commitment to advancing carbon peaking and promoting the issuance of green bonds outside China. Hong Kong, being Asia’s green finance hub, has played a pivotal role in this endeavour. Last year, Fujian enterprises issued a total of USD 1.5 billion in green bonds in Hong Kong. Notably, in June 2022, Zhangzhou Transportation Development Group Co., Ltd. successfully issued USD 500 million in bonds in Hong Kong⁴⁸, marking the first issuance of USD-denominated green offshore bonds by Fujian Province. In July of the same year, Fujian Zhanglong Group Co., Ltd.⁴⁹ and Zhangzhou Jiulongjiang Group Co., Ltd.⁵⁰ each issued USD 500 million, totaling USD 1 billion in green bonds in Hong Kong.

Figure 23. Actual utilisation of Hong Kong's investment capital by Fujian (USD billion)



Source: Fujian Province's official statistical database, third-party databases, public sources, CECEPEC



3.3

Fujian Enterprise ESG Index and Overseas Chinese Fujian Enterprise ESG Index

Gulangyu and Lujiang Street, Siming, Xiamen, Fujian.

Fujian Enterprise ESG Index and Overseas Chinese Fujian Enterprise ESG Index

This chapter provides an analysis of the ESG performance of listed Fujian enterprises and Fujian enterprises with overseas Chinese attributes. The Fujian Enterprises ESG Index is a sub-index of the Chiyu Fujian-Hong Kong ESG Index, while the Overseas Chinese Fujian Enterprise ESG Index serves as supplementary information for evaluating the ESG performance of overseas Chinese Fujian enterprises in comparison to the overall Fujian enterprises. The objective of the index is to highlight the disparities in ESG performance between overseas Chinese Fujian enterprises and the broader Fujian enterprise group.

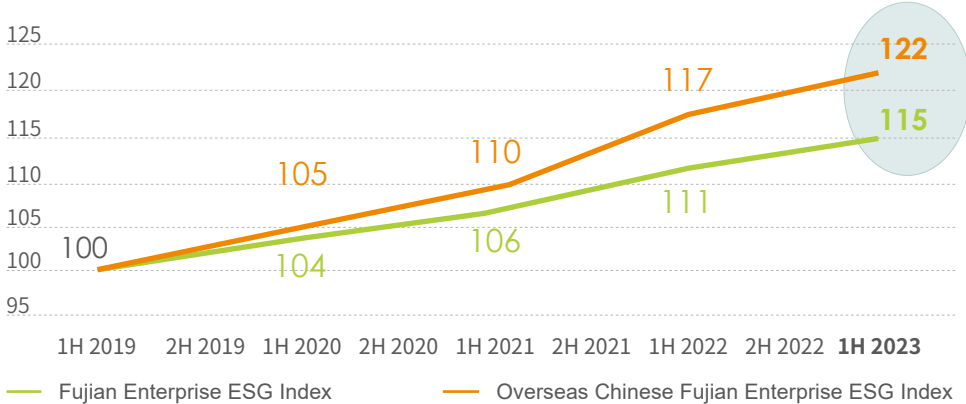
To evaluate the annual ESG disclosure levels, extensive research is conducted on the latest ESG disclosure information from listed Fujian Enterprises^{xi}. A comprehensive set of indicators^{xii} has been developed to assess the ESG performance of these companies, covering the three pillars of Environment, Social, and Corporate Governance, along with corresponding second-level indicators. Scores are assigned to each Fujian Enterprise based on their level of transparency in each second-level indicator. These scores are then normalised to ensure consistency, and the Fujian Enterprise ESG Index and the Overseas Chinese Fujian Enterprise ESG Index are developed accordingly.

^{xi}Data and information were collected from various reports, including ESG reports, Corporate Social Responsibility (CSR) reports, and Sustainability reports, which are published by listed Fujian enterprises.

^{xii}Both the Overseas Chinese Fujian Enterprise ESG Index and the Fujian Enterprise ESG Index utilise the same set of indicators.

Figure 24 illustrates a consistent upward trend in the Fujian Enterprise ESG Index, reaching a value of 115 in the first half of 2023, representing a growth rate of 15% over the past four years. **This positive trend reflected the ongoing efforts of listed Fujian Enterprises to enhance their ESG disclosure practices in response to increasing regulatory and market demands. These endeavours aim to meet the expectations and requirements of regulatory agencies, investors, and other stakeholders.** Furthermore, the Overseas Chinese Fujian Enterprise ESG Index has demonstrated year-on-year improvement, reaching a value of 122 in the first half of 2023, with a cumulative growth rate of 22% over the four-year period. This performance surpassed that of the overall Fujian Enterprises, indicating the positive ESG progress made by overseas Chinese Fujian enterprises.

Figure 24. Fujian Enterprise ESG Index and Overseas Chinese Fujian Enterprise ESG Index



Source: Public disclosures of listed companies, CECEPEC

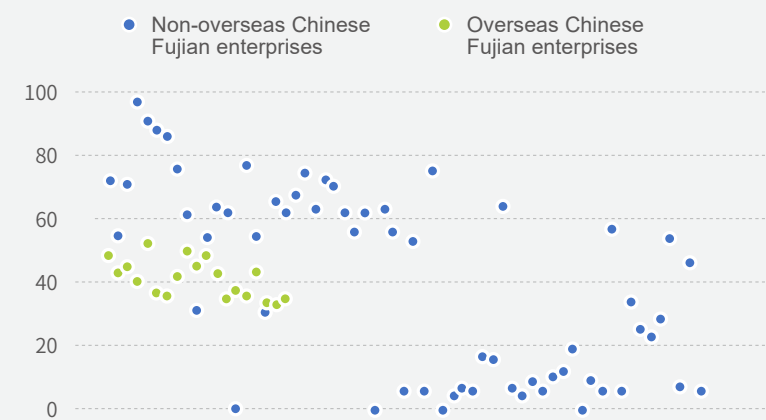


Financial Street, Taijiang, Fuzhou, Fujian.

Fujian Enterprise ESG Index and Overseas Chinese Fujian Enterprise ESG Index

Figure 25 illustrates differentiated patterns in the ESG performance of Fujian enterprises and overseas Chinese Fujian enterprises. The ESG scores of overseas Chinese Fujian enterprises were concentrated and distributed in the mid-range and exhibit relatively little variation, whereas the ESG scores of non-overseas Chinese Fujian enterprises displayed a more widely dispersed distribution. Additionally, the **ESG development of overseas Chinese Fujian enterprises consistently surpasses the average ESG development level of Fujian enterprises as a whole**. The average ESG score of overseas Chinese Fujian enterprises exceeds that of listed Fujian enterprises. This could be attributed to the broad global perspective of overseas Chinese enterprises, enabling them to comprehend and adopt advanced international concepts and management approaches, thereby facilitating the successful integration and application of ESG principles within their organisations.

Figure 25. ESG scores of listed enterprises in Fujian Province (by overseas Chinese Fujian enterprises and non-overseas Chinese Fujian enterprises, based on the assessment results as of June 2023)



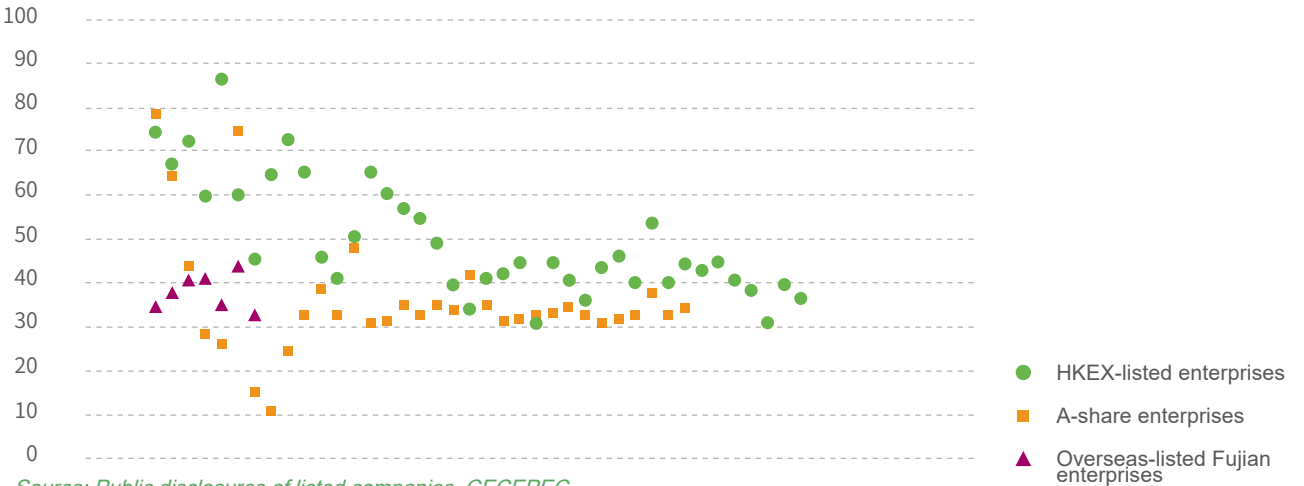
Source: Public disclosures of listed companies, CECEPEC

Note: The scores range from 0 to 100, wherein higher scores indicate a superior ESG disclosure level.

Furthermore, disparities in ESG development existed among Fujian enterprises listed in different markets. Generally, Fujian enterprises listed on the Hong Kong Exchanges and Clearing Limited (HKEX) demonstrated better ESG performance compared to those listed on other stock markets, as depicted in Figure 26. Our findings revealed that the average ESG score for listed Fujian enterprises overall was 40, with HKEX-listed enterprises achieving an average score of 44, A-share enterprises scoring an average of 35, and overseas-listed Fujian enterprises scoring an average of 38.

ESG practices in Hong Kong are relatively mature, primarily due to the emphasis placed on ESG disclosure by the HKEX. Since 2016, the HKEX has mandated listed issuers to publish ESG reports in accordance with its ESG Reporting Guide. In recent years, the requirements for ESG reporting by listed companies have been further strengthened by the HKEX. Consequently, the level of ESG disclosure by Fujian enterprises listed in Hong Kong is comparatively advanced. Conversely, ESG practices in mainland China commenced later, resulting in a lag in ESG disclosure levels among Fujian enterprises listed in the mainland stock market. In recent years, regulatory authorities in mainland China have progressively promoted the standardisation of ESG disclosure and have issued disclosure guidelines for ESG performance. For instance, earlier this year, the Shenzhen Stock Exchange released the revised “Guidelines of Shenzhen Stock Exchange for Self-Discipline Regulation of Listed Companies No. 3 - Industrial Information Disclosure”, which provided ESG disclosure recommendations for various key industries. Notably, although the ESG scores of Fujian enterprises listed in mainland China were relatively low, they have shown the most rapid improvement in recent years. Research indicates that the proportion of A-share Fujian enterprises voluntarily disclosing ESG information has increased from 62% in 1H 2019 to 70% in 1H 2023, signifying an enhanced motivation among A-share Fujian enterprises to voluntarily disclose ESG information.

Figure 26. ESG scores of listed enterprises in Fujian Province (by listing markets, based on the assessment results as of June 2023)



Source: Public disclosures of listed companies, CECEPEC

Note: The scores range from 0 to 100, wherein higher scores indicate a superior ESG disclosure level.

Figure 27. ESG disclosure performance in the environmental pillar

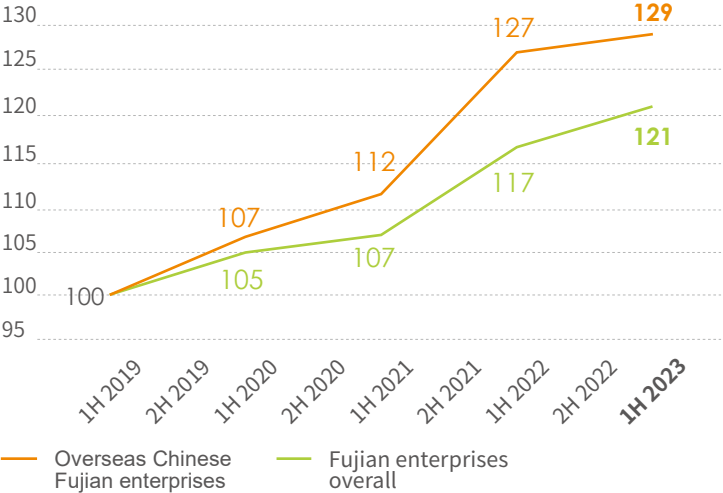


Figure 28. ESG disclosure performance in the social pillar

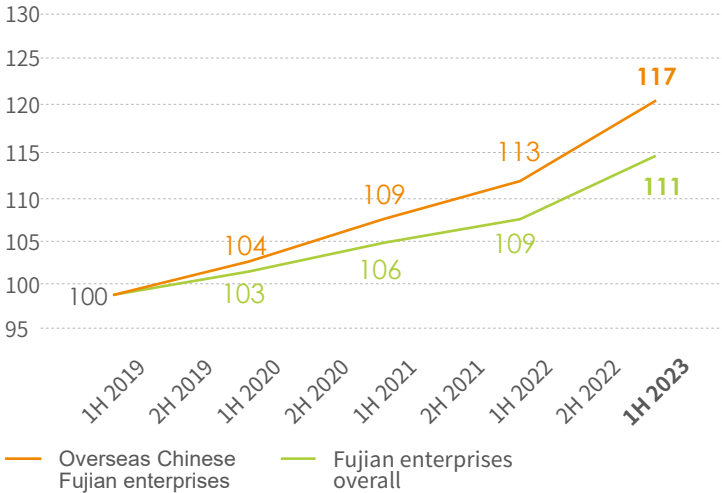
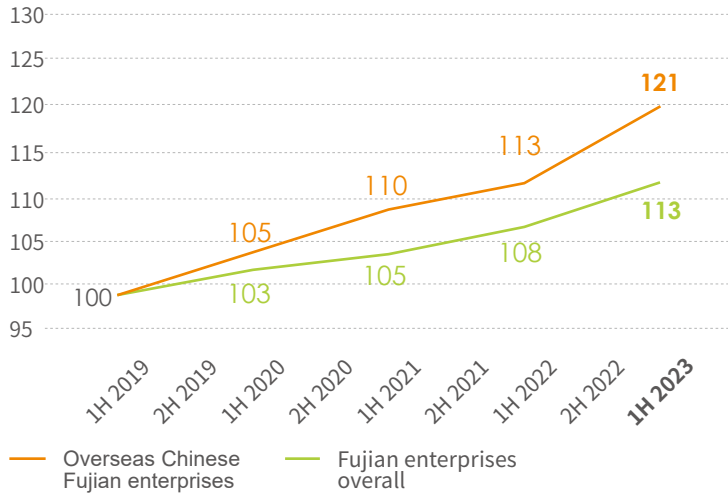


Figure 29. ESG disclosure performance in the corporate governance pillar



Source: Public disclosures of listed companies, CECEPEC

The figures above depict the trends in disclosure levels for the three pillars, i.e., environment, social and corporate governance within the overall Fujian enterprises and overseas Chinese Fujian enterprises. Based on Figures 27-29, we observe a consistent year-on-year improvement in the disclosure levels of listed Fujian enterprises across these three pillars. Notably, both the overall Fujian enterprises and overseas Chinese Fujian enterprises have demonstrated significant advancements in the environmental pillar, with increases of 21% and 29% respectively.

Furthermore, our findings indicate that overseas Chinese Fujian enterprises generally exhibited higher disclosure quality across all three pillars when compared to the average level of Fujian enterprises. This advantage is particularly notable within the environmental pillar. Environmental issues hold great importance in China's sustainable development agenda, and effectively addressing these concerns often requires a strong sense of ESG awareness alongside increased financial and human resources. The leading position of overseas Chinese Fujian enterprises within the environmental pillar reflected their larger scale and greater experience in managing environmental issues when compared to other Fujian enterprises.



Highlights of “Second-level Indicators” Performance

Environment:

Based on Figures 30 and 31, it is evident that Fujian enterprises have consistently shown an upward trend in the performance of environmental indicators over time. Notably, their performance in Energy Utilisation and Management stood out, surpassing other indicators and demonstrating significant growth. The growth rates for the remaining three indicators were relatively similar.

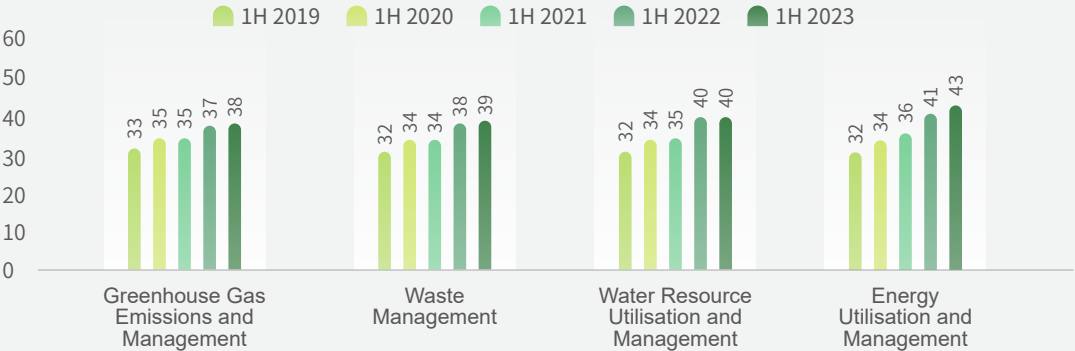
In recent periods, overseas Chinese Fujian enterprises have generally outperformed the average performance of Fujian enterprises in various environmental indicators. They have shown remarkable improvements in Water Resource Utilisation and Management, as well as Energy Utilisation and Management. As a result, their performance in these

two indicators exceeded the average performance level of Fujian enterprises in the preceding three periods.

The advancements of Fujian enterprises in Greenhouse Gas Emissions and Management, as well as Energy Utilisation and Management indicators, could be attributed to China's strategies of "dual energy consumption control" and "Carbon Neutrality". These strategies have guided Fujian enterprises to prioritise energy conservation, reduce GHG emissions, and implement proactive measures to enhance the management of related issues. Additionally, an increasing number of companies were gradually improving their monitoring and disclosure of energy consumption and GHG emissions data. They were setting targets to improve their performance in these areas and actively promoting their environmental sustainability.



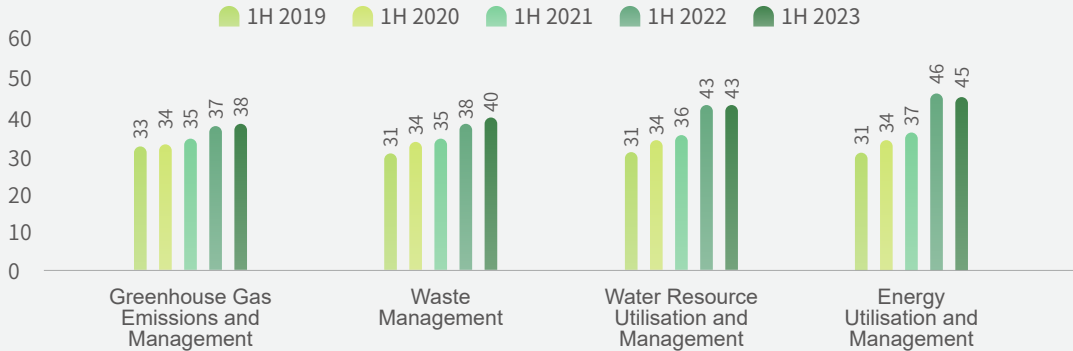
Figure 30. Environmental indicators performance of Fujian enterprises



Source: Public disclosures of listed companies, CECEPEC

Note: The performance score for 1H 2023 is determined based on the ESG reports, Corporate Social Responsibility (CSR) reports, and Sustainability reports of companies as of June 2023.

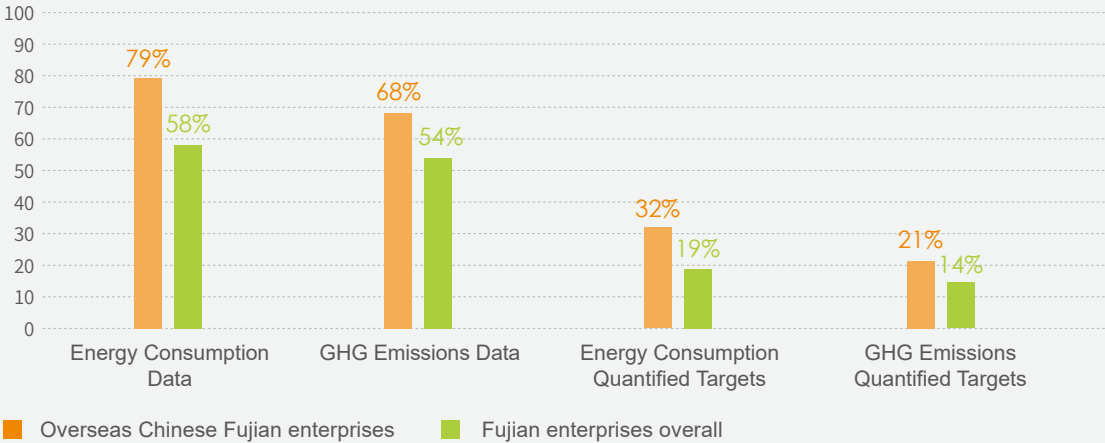
Figure 31. Environmental indicators performance of overseas Chinese Fujian enterprises



Source: Public disclosures of listed companies, CECEPEC

As depicted in Figure 32, we conducted an analysis of the disclosure and target-setting related to energy utilisation and GHG emissions data by examining the latest ESG, CSR, and sustainable development reports of Fujian enterprises. Our findings indicate that overseas Chinese Fujian enterprises were at the forefront in terms of disclosing these areas and establishing measurable targets, surpassing the average performance of Fujian enterprises. The data reveals that while Fujian enterprises disclosed information about energy consumption and carbon emissions, the disclosure of quantifiable targets remained relatively low. There is still significant room for improvement in terms of setting long-term goals and effectively managing energy consumption and GHG emissions among Fujian enterprises.

Figure 32. Disclosure rate of energy utilisation and GHG emissions and quantifiable targets ^{xiii}



Source: Public disclosures of listed companies, CECEPEC

^{xiii}Data were collected from various reports, including ESG reports, Corporate Social Responsibility (CSR) reports, and Sustainability reports, published by listed Fujian enterprises.

Leading ESG practices

Ambitious targets for GHG emissions: Fuyao Glass Industry Group Co., Ltd. ("Fuyao Group") stood out as a prominent overseas Chinese Fujian enterprise in terms of ESG performance. It consistently disclosed GHG emissions data in its ESG reports and established measurable targets for reducing carbon emissions. Fuyao Group is committed to achieving a 50% reduction in carbon emissions per unit of output from 2019 levels by 2030. Their ultimate objectives included achieving carbon neutrality within the group by 2040 and carbon neutrality across their entire supply chain by 2050.

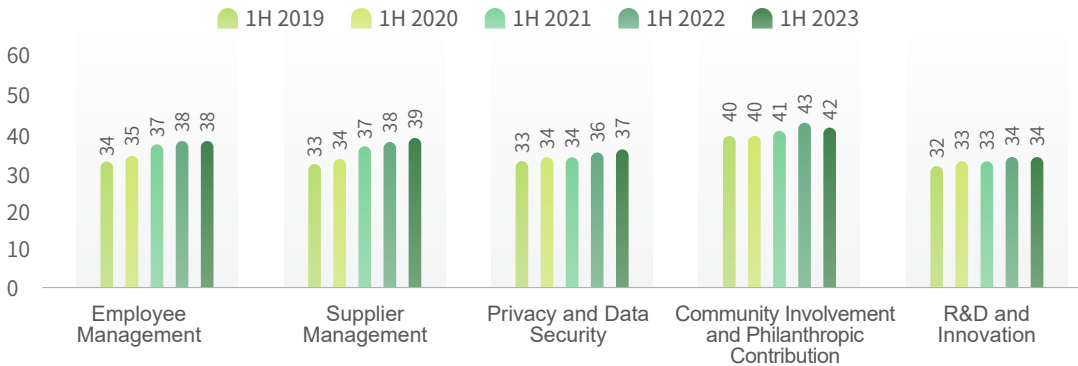
Source: Fuyao Group 2022 ESG Report



Solar panel production line

Social

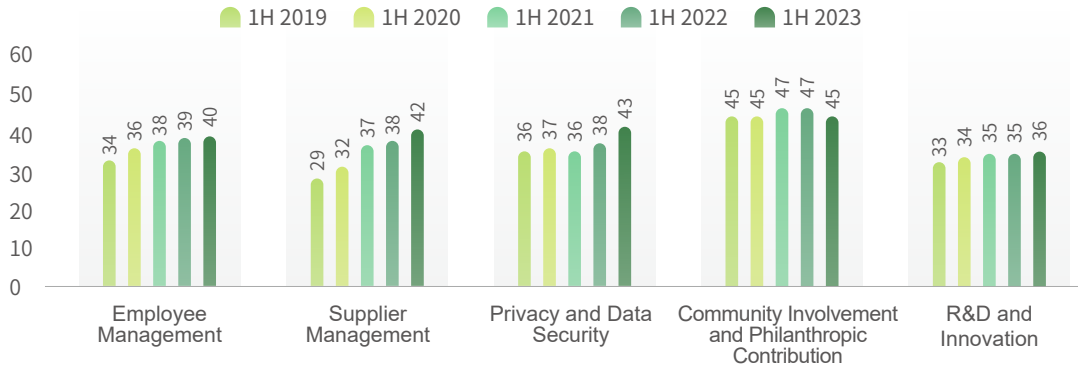
Figure 33. Social indicators performance of Fujian enterprises



Source: Public disclosures of listed companies, CECEPEC

Note: The performance score for 1H 2023 based on the ESG reports, Corporate Social Responsibility (CSR) reports, and Sustainability reports of companies as of June 2023.

Figure 34. Social indicators performance of overseas Chinese Fujian enterprises



Source: Public disclosures of listed companies, CECEPEC

Note: The performance score for 1H 2023 based on the ESG reports, Corporate Social Responsibility (CSR) reports, and Sustainability reports of companies as of June 2023.

Figures 33 and 34 show that Fujian enterprises were experiencing an upward trend in various second-level indicators, with notable success in Community Involvement and Philanthropic Contribution. Recent performance has remained stable, indicating a consistently high level of engagement by Fujian enterprises in social welfare activities. Employee Management also demonstrated commendable performance, reflecting companies' dedication to employee welfare, development, and fostering an environment conducive to their well-being, growth, and engagement. Notably, Supplier Management stood out as the area experiencing the most significant improvement. Our data revealed that around 50% of Fujian enterprises have disclosed supplier information, including the number of suppliers categorized by sectors and regions, signifying a substantial enhancement when compared to previous years.

When comparing the social indicators of overseas Chinese Fujian enterprises with the overall Fujian enterprises, it became apparent that overseas Chinese Fujian enterprises have made faster progress in several aspects, surpassing the average performance of Fujian enterprises. Although the performance of overseas Chinese Fujian enterprises in Supplier Management during the base period lagged behind the average performance of Fujian enterprises, their subsequent improvement was remarkable, eventually surpassing the performance of Fujian enterprises. This indicated the consistent efforts of overseas Chinese Fujian enterprises to enhance Supplier Management practices. Additionally, overseas Chinese Fujian enterprises exhibited superior performance in Research and Development (R&D) and Innovation, indicating a relatively strong R&D capability and greater investment in innovation.

Leading ESG Practices

Prominent Supply Chain Management: Contemporary Amperex Technology Co. Limited ("CATL") is well-known for its prominent supply chain management practices, which prioritise sustainability. The company has introduced the "CREDIT" transparency audit program, a pioneering initiative focused on building a sustainable value chain, particularly within the lithium battery supply chain. This program involves on-site audits of core raw materials suppliers to ensure transparency and responsible practices. In addition to its efforts in the lithium battery sector, CATL actively engages third-party entities to perform due diligence investigations for mineral supply chains. This approach helps to ensure ethical sourcing and responsible mining practices. CATL also provides ESG training to suppliers, covering topics such as climate change, greenhouse gas emissions, and product carbon footprint, to promote sustainable development in the industry chain.

Source: CATL 2022 ESG Report

Corporate Governance

Figure 35. Corporate Governance indicators performance of Fujian enterprises



Source: Public disclosures of listed companies, CECEPEC

Note: The performance score for 1H 2023 is determined based on the ESG reports, Corporate Social Responsibility (CSR) reports, and Sustainability reports of companies as of June 2023.

Figure 36. Corporate Governance indicators performance of overseas Chinese Fujian enterprises



Source: Public disclosures of listed companies, CECEPEC

Note: The performance score for 1H 2023 is determined based on the ESG reports, Corporate Social Responsibility (CSR) reports, and Sustainability reports of companies as of June 2023.

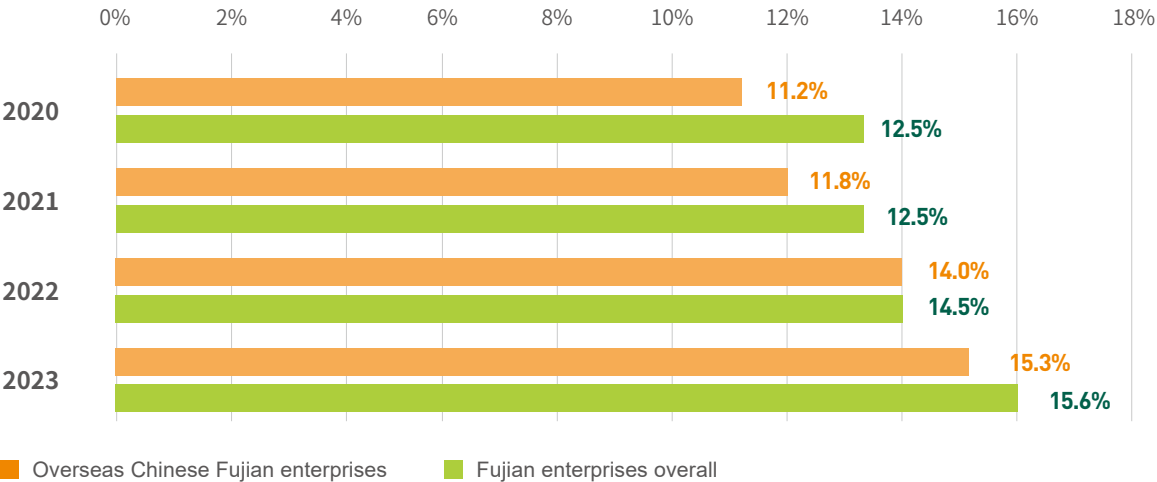
Based on Figures 35 and 36, it is evident that Fujian enterprises demonstrated a strong performance in the area of Board Independence, consistently maintaining a high level. However, the performance in the other three second-level indicators lagged behind. Nonetheless, Fujian enterprises are actively working towards improving their performance in these areas. It is noteworthy that although ESG Risk Management had the weakest performance during the base period, its significant rate of improvement reflected a growing awareness of ESG Risk Management among Fujian enterprises. Overseas Chinese Fujian enterprises demonstrated superior performance in the indicator of ESG Risk Management when compared to the average level of Fujian enterprises. However, their performance in the indicator of Board Independence slightly fell behind the average level of Fujian enterprises.



Fujian enterprises exhibit a robust performance in terms of Board Independence. The China Securities Regulatory Commission (CSRC) and the HKEX have implemented explicit regulations pertaining to independent directors, which have greatly facilitated their successful implementation in listed companies. The CSRC revised the “Code of Corporate Governance for Listed Companies”⁵⁴ in 2018 and subsequently introduced the “Rules on Independent Directors of Listed Companies”⁵⁵ in January 2022. These policies have played an instrumental role in fostering the establishment of effective board systems and the adoption of independent directors among Fujian enterprises.

Board Diversity has emerged as an increasingly important ESG issue. Numerous studies highlight the various benefits that companies derive from achieving gender diversity in their boardrooms, including diverse perspectives and an enhanced social impact that contributes to sustainable development. Our research indicated that, on average, Fujian enterprises had a representation of women in director seats at 15.6%, slightly higher than overseas Chinese Fujian enterprises at 15.3% (as illustrated in Figure 37). Comparing data from recent years, we observed a steady growth in the presence of female directors in Fujian enterprises. According to the “Women on Boards 2022 Progress Report” published by MSCI ESG Research⁵⁶, the proportion of female directors in Fujian enterprises slightly exceeded the national average of 14.8% in China. However, there remains a significant gap when compared to the global benchmark (MSCI ACWI Index), where female directors account for 24.5%. This indicates that there is still room for improvement in this area for Fujian enterprises.

Figure 37. Proportion of women in board positions in Fujian enterprises



Source: Public disclosures of listed companies, CECEPEC

Leading ESG Practices

ESG Risk Management based on International Framework: Hengan International Group Company Limited ("Hengan Group") empowers its board of directors with the highest authority in addressing climate change-related matters and assumes the responsibility of overseeing climate-related risks and opportunities. The identification and evaluation of climate risks are carried out by Hengan Group's senior management and ESG working group, followed by a thorough review and approval by the board of directors. In 2022, Hengan Group identified four significant climate risks, encompassing policy and legal risks, market risks, chronic physical risks, and acute physical risks. Additionally, Hengan Group's TCFD^{xiv} report provided comprehensive details on various types of climate risks, specific risk analysis, and measures taken to address these risks.

Source: Hengan Group 2022 ESG Report.

^{xiv}The Task Force on Climate-related Financial Disclosures (TCFD) was established to promote transparency in disclosing climate-related financial information. In 2017, the TCFD introduced its disclosure framework, which centres around four core areas: governance, strategy, risk management, and metrics and targets. More companies are adopting this framework to compile TCFD reports, which provide pertinent details about their endeavours and actions concerning climate change.

Appendices

Table of Indicators

Fujian Province Sustainable Development Index	
First-level indicators	Second-level indicators
Environmental Performance and Resource Management	Policies for environmental issues
	Government expenditure on energy conservation and environmental protection
	Proportion of installed capacity of clean energy
	Electric energy efficiency
	Air quality
	Water quality
	Forest coverage rate
Economic Development	Number of green factories
	Policies for economic development
	Per capita GDP
	Economic contribution of tertiary industry
	International trade and foreign capital utilisation
Social Development and Livelihood	Infrastructure capacity
	Innovation advancement
	Policies for social development and livelihood
	Government expenditure on social security
	Coverage rate of social security
	Level of elderly care services
	Government expenditure on education
	Per capita disposable income
Sustainable Finance	Level of development in healthcare system
	Policies for sustainable finance
	Balance of Green Loans
	Issuance of GSSS bonds (including green, social, sustainability and sustainability-linked bonds)
	Total amount of sustainable-related Public and Private Partnership (PPP) projects
	Carbon emissions trading volume

Source: CECEPEC

Fujian-Hong Kong Cooperation Sustainable Development Index	
First-level indicators	Second-level indicators
Financial, Economic and Trade Cooperation	Issuance of GSSS bonds (including green, social, sustainability and sustainability-linked bonds) issued in Hong Kong by entities from Fujian Province
	Number of project collaborations between Fujian and Hong Kong
	Amount of direct investment from Hong Kong to Fujian
	Imports and exports between Fujian and Hong Kong
Exchange Activities for Sustainable Development	Exchange activities in the field of environment
	Exchange activities in the field of social development and livelihood
	Exchange activities in the field of economic development
	Exchange activities in the field of sustainable finance
Supportive Policies for Sustainable Development	Policies for promoting cooperation in the environmental issues between the two places
	Policies for promoting cooperation in the social development and livelihood between the two places
	Policies for promoting cooperation in the economic development between the two places
	Policies for promoting cooperation in sustainable finance between the two places

Source: CECEPEC

Fujian Enterprise ESG Index	
First-level indicators	Second-level indicators
Environment	Greenhouse gas emissions and management
	Waste management
	Water resource utilization and management
	Energy utilization and management
Social	Employee management
	Supplier management
	Privacy and data security
	Community involvement and philanthropic contribution
Corporate Governance	Research and development (R&D) and innovation
	ESG governance framework
	ESG risk management
	Board diversity and independence

Source: CECEPEC

Definitions and Terms

Terms/Abbreviation	Interpretation
Carbon sink	A carbon sink is any natural system that absorbs and stores more carbon from the atmosphere than it releases.
Clean energy	Clean energy does not produce pollutants. It includes renewable energy and nuclear energy.
Dual carbon goals	On September 22, 2020, China announced its climate goal to peak carbon emissions before 2023 and reach carbon neutrality before 2060, referred to as “dual carbon goals”.
Environmental equity	Environmental equity includes environment-related rights, such as water rights, energy consumption rights, pollutant emissions rights, carbon emissions rights, etc. The environmental equity market provides a platform for pricing environmental equity, promoting the financing for low-carbon development and contributing to environmental sustainability.
Forest coverage rate	Forest coverage rate = Total forest area / Total land area. It is an important indicator to reflect a country’s forest resources and greening level.
Green factory	China put forward the concept of green factories in May 2015, which is an essential component of the green manufacturing system. Green factories are manufacturing plants that use harmless raw materials, promote clean production, and utilise waste and low-carbon energy.
Green loan	The proceeds of the green loan are used in green projects, such as projects supporting the development of renewable energy, energy efficiency, sustainable utilisation of resources, and low-carbon transportation.
GSSS bonds	Include green bonds, social bonds, sustainability bonds, and sustainability-linked bonds.
Installed capacity	Installed capacity describes the maximum capacity that a system is designed to run at.

Terms/Abbreviation	Interpretation
Overseas Chinese enterprises	“Overseas Chinese enterprises” refer to overseas and domestic enterprises that meet any of the following conditions: 1)Overseas Chinese-related individuals, Hong Kong or Macao Residents directly or indirectly own over 25% of the company’s shares or voting shares; 2)The enterprise’s controlling shareholders are overseas Chinese-related individuals, Hong Kong or Macao Residents; 3)The enterprise’s actual controllers are overseas Chinese-related individuals, Hong Kong or Macao Residents; 4)The enterprise is on the “Overseas Chinese enterprise lists” of relevant organisations, such as the United Front Work Department at various levels, the All-China Federation of Returned Overseas Chinese, and the China Federation of Overseas Chinese Entrepreneurs; 5)Overseas Chinese-related institutions, including schools, farms, etc.; 6)Enterprises that are recognised as Chinese Fujian enterprises by Chiyu Bank. Due diligence is performed to collect evidence that supports enterprises’ Overseas Chinese attributes. Then, Chiyu Bank seeks advice from the local “Overseas Chinese Affairs Management Department” for confirmation. Overseas Chinese-related individuals include overseas Chinese, Chinese of foreign nationality, returned overseas Chinese, and the family members of overseas Chinese.
Sustainable investment and finance	Sustainable investment is an investment approach that uses sustainability and ESG criteria. Sustainable finance is the process of taking due account of sustainability and ESG considerations when financing.

Note: In alphabetical order

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About Chiyu Bank Corporation Limited

Chiyu Banking Corporation Limited was founded by Mr. Tan Kah Kee, a patriotic overseas Chinese leader in Yong'an, Fujian Province, in 1943. The Bank was moved to Xiamen in 1945 after World War II and was subsequently set up in Hong Kong on 15 July 1947, becoming the 39th licensed bank in Hong Kong. Upon completion of the share transfer on 27 March 2017, Chiyu Bank has become a member of Xiamen International Bank ("XIB") Group. XIB was ranked 154th in the "Top 1000 World Banks 2022" by total assets by the UK magazine, The Banker, and has been listed in the top 200 global banks for six consecutive years.

Established for 80 years, Chiyu Bank has 24 branches in Hong Kong and 7 branches and sub-branches in Xiamen and Fuzhou, Fujian Province, and Shenzhen, Guangdong Province in Mainland. The Bank strives to provide sincere, flexible, customized, and professional cross-border financial services to Hong Kong, Mainland and overseas Chinese customers. After the successful takeover by XIB in 2017, Chiyu Bank has been operating under new management directions and in new business culture. This enables the Bank to achieve steady growth in both customer deposits and loans to customers. By the end of 2022, the Bank's total assets have exceeded HKD 180 billion.

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