



Chengdu Wuhou Industry Development Investment and Management Group Co., Ltd.
Sustainable Finance Framework

October 2024

Contents

1. Introduction	1
About	1
1.1 The Objective of the Group’s Sustainable Finance Framework	1
2. Sustainable Finance Framework	2
2.1 Use of Proceeds	2
2.1.1 Eligible Green Projects	3
2.1.2 Eligible Social Projects.....	4
2.1.3 Exclusion List	5
2.2 Process for Project Evaluation and Selection	6
2.3 Management of Proceeds	7
2.4 Reporting	7
2.4.1 Allocation Reporting	8
2.4.2 Impact Reporting.....	8
3. External Review	8

1. Introduction

Chengdu Wuhou Industry Development Investment and Management Group Co., Ltd. is an important industrial investment and operation entity in Wuhou District, Chengdu City, focusing on commodities trading, education and medical services, property leasing, culture and creativity service and engineering and project management businesses within Chengdu City, especially in the Wuhou District. The Group plans to position itself as a specialized industrial investment operator, focusing on building a strong industry chain, driven by digital intelligence innovation, and deeply cultivating five main market-oriented businesses: education services, healthcare services, culture and sports tourism, smart cities, and urban organic renewal. The strong and continued support from the Group's shareholders and the Chengdu Municipal Government greatly increased the business stability and comprehensive competitiveness of the Group, which in turn contributes to the future growth of the Group.

1.1 The Objective of the Group's Sustainable Finance Framework

The Group takes sustainable development very seriously, and integrates the philosophy of sustainable development into its overall business strategy, investment, construction, and operations. In accordance with the State Council's overall guidance on green development and goal of environmental protection under the national "14th Five-Year" Plan, the Group is committed to ensuring that its economic performance is conducive to the sustainable development of the environment and society. The Group regards sustainable development as its business foundation and ensures that its economic development is beneficial to the environment. The Group adheres to a positive sense of environmental and social responsibility, and integrates the spirit of sustainability into its rules, regulations and business development plans. In addition, the Group has adopted strict environmental and social measures and assessments to ensure compliance with national laws and regulations on sustainable development.

2. Sustainable Finance Framework

The Framework has been developed to demonstrate how the Group could fund projects that would deliver positive social impacts and foster sustainable practices in support of its sustainability strategy through Sustainable Financing Transactions (“SFTs”).

SFTs will include bonds, loans and other forms of debt financing instruments, the proceeds of which will be applied to eligible sustainable projects (“Eligible Projects” or “ESPs”) under the Framework.

- Bonds issued under the Framework will be aligned with the Green Bond Principles 2021 (with June 2022 Appendix 1) (“**GBP2021(with June 2022 Appendix 1)**”), Social Bond Principles 2023 (“**SBP2023**”), and Sustainability Bond Guidelines 2021 (“**SBG2021**”) by International Capital Market Association (“ICMA”), or as they may subsequently be updated;
- Loans issued under the Framework will be aligned with the Green Loan Principles 2023 (“**GLP2023**”), Social Loan Principles 2023 (“**SLP2023**”) or as they may be subsequently amended by Asia Pacific Loan Market Association (“**APLMA**”), the Loan Market Association (“**LMA**”) and the Loan Syndications and Trading Association (“**LSTA**”) from time to time.

For each SFT, the Group is committed to aligning with the following elements:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

2.1 Use of Proceeds

An amount equivalent to net proceeds from each SFT will be used exclusively to finance and/or refinance, in whole or in part, new or existing assets and projects aligned with one or more of the following eligible green and/or social categories. Refinancing of Eligible Projects will have a look-back period of no longer than 60 months from the time of issuance. The Group is committed to fully allocating the net proceeds of each SFT on a best effort basis within 36 months of issuance.

2.1.1 Eligible Green Projects

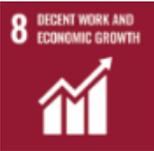
The Eligible Green Project Categories that may be utilised under the Framework, together with associated selection criteria are set out below:

Green Projects Categories	Eligibility Criteria	UN SDG Mapping
<ul style="list-style-type: none"> - Energy efficiency 	<ul style="list-style-type: none"> ➤ Reducing building energy consumption by adopting energy-saving equipment and energy-efficient building materials. <ul style="list-style-type: none"> - Examples would include but not limited to fluorescent tubes, energy efficient water pumps and energy efficient ventilation system etc. 	
<ul style="list-style-type: none"> - Green Building 	<ul style="list-style-type: none"> ➤ Acquisition, construction, maintenance and renovation of building that have received, or expect to receive certified the below recognized green building certifications: <ul style="list-style-type: none"> - Chinese Green Building Evaluation Label – 2 Star or above (Design / Operations Label); or - Building Research Establishment Environmental Assessment Method (BREEAM) – Excellent or above; or - U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or - Hong Kong BEAM Plus – Gold or above; or - Building and Construction Authority (BCA) Green Mark – Gold or above. 	 
<ul style="list-style-type: none"> - Environmentally sustainable management of living natural resources and land use 	<ul style="list-style-type: none"> ➤ Develop/redevelop green landscapes that facilitate the preservation or restoration of natural landscapes and enhance the ecological integrity. <ul style="list-style-type: none"> - Examples would include but not limited to green space renovation, green park construction based 	

	on natural resources without damaging surface vegetation, biodiversity.	
--	---	--

2.1.2 Eligible Social Projects

The Eligible Social Project Categories that may be utilised under the Framework, together with associated selection criteria are set out below:

Social Projects Categories	Eligibility Criteria	UN SDG Mapping
- Employment generation	<ul style="list-style-type: none"> ➤ Investments in projects that have the capacity to generate employment and prevent unemployment stemming from socioeconomic crises. For example, construction of urban facilities targeted for adding value to generating employment and providing additional income opportunities for the local rural workforce. ➤ Target Population: <ul style="list-style-type: none"> - rural residents with subdued employment prospect due to adverse socioeconomic changes, or - those living in underprivileged areas with less than adequate income from farm work. 	
- Affordable housing	<ul style="list-style-type: none"> ➤ Construct and operate low-cost housing in accordance with local government and regulatory definitions. <ul style="list-style-type: none"> - Examples would include but not limited to public rental housing, talent housing and resettlement houses. ➤ Target Population: <ul style="list-style-type: none"> - Population with housing issue, such as talents and indigenous residents affected by housing demolition and relocation. 	

2.1.3 Exclusion List

In any case, ESPs (including the temporary placement of unallocated proceed) exclude the type of activities listed in the latest International Finance Corporation Exclusion List as well as projects supporting and/or related to the fossil fuel industry:

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

2.2 Process for Project Evaluation and Selection

The evaluation and selection process ensures that an amount equivalent to net proceeds from each SFT will be allocated to projects that meet the criteria set out in the Use of Proceeds under the Framework.

The Group has established a Sustainable Financing Team (the “**Team**”), which is dedicated to ensuring that the proceeds from each SFT will be allocated to eligible projects under the Framework. The Team will also be responsible for managing any future updates of the Framework, including any expansion of requirements on the use of proceeds. The Team consists of representative of senior management at the Group’s level and senior representatives from the following departments, including:

- Finance Department
- Engineering Management Department
- Internal Audit and Compliance Department

The Team will hold meetings on an annual basis to discuss and select ESPs according to the Eligibility Criteria defined in section 2.1 of the Framework.

The Team is responsible for:

- Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework;
- Approving the inclusion of pre-selected Eligible Projects in Sustainable Project List (the Team has full discretion to object the inclusion of any project);
- Monitoring and managing the Sustainable Project List. The Group will maintain a register to keep track the use of net proceeds of the SFTs through the internal information system on an annual basis;
- Replacing projects that no longer meet the Eligible Criteria or due to any divestments;
- Observing the development of sustainable financing market and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market development.

The Team will ensure that each ESP not only aligns with the Use of Proceeds section of the Framework but also adheres to the mission and vision that are applicable to the Group, as well as all local laws and regulations. The ESPs will also be selected with reference to the United Nations Sustainable Development Goals. At the same time, the Team will assess each project by its feasibility study report, Environment Impact Assessment Report and other information to ensure that project’s environmental and social risks are at a controllable level.

2.3 Management of Proceeds

The Group intends to allocate the net proceeds to finance or refinance the ESPs, which are selected according to the Eligibility Criteria with the evaluation and selection process outlined above.

The net proceeds or the equivalent amount of the net proceeds of each SFT will be deposited in special funding accounts, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. Net proceeds of each SFT awaiting allocation will be held in accordance with the Group's normal liquidity management policy. The Team will track the allocation of net proceeds from the issuance of any SFTs to Eligible Projects.

The Group will maintain a register to keep track the use of an amount equivalent to net proceeds of each SFT through the internal information system, and the Team will review the Sustainable Project List annually. If any of the Eligible Projects cease to fulfil requirements of Use of Proceeds under the Framework, the Group will identify other projects that comply with the Framework and re-allocate to those assets as soon as is practicable. The balance of the tracked net proceeds will be on a best effort basis annually adjusted to match allocations to Eligible Projects made during the outstanding of the SFT(s).

The register will contain the following information:

- Type of Funding Transaction:
- Key information includes issuer/borrower entity, transaction date, the principal amount of proceeds, repayment or amortization profile, maturity date; interest or coupon, the ISIN number etc.
- Allocation of Use of Proceeds
- Name and description of the eligible projects to which the proceeds of the SFT have been allocated in accordance with the Framework
- Amount and date of the SFT proceeds allocated to each eligible project
- The remaining balance of unallocated proceeds is yet to be earmarked for eligible projects
- Other relevant information such as information in relation to temporary investment for unallocated proceeds (the investment amount and investment type)

Any remaining balance of issuance proceeds that are not yet allocated to the ESPs will be:

- held in temporary investment instruments that are assets with high liquidity and safety such as cash or cash equivalent instruments; or
- held in temporary placements that do not include projects, assets or activities that are inconsistent with the nature of green and/or social debt instruments.

2.4 Reporting

The Group will provide information on the allocation of the net proceeds or equivalent amount of

the net proceeds of the SFTs via the website, social media, or report. Such information will be updated on an annual basis until all the net proceeds of the SFTs have been fully allocated.

2.4.1 Allocation Reporting

The report includes but not limited to:

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

2.4.2 Impact Reporting

Where possible, the Group will report on the environmental and/or social impacts associated with the Eligible Projects.

Impact Report may contain, on a best effort basis and subject to data availability, such as but not limited to the following information:

Eligible Project Category	Impact Indicators
Energy efficiency	<ul style="list-style-type: none"> ➤ Amount of energy saved (MWh) ➤ Annual greenhouse gas emissions avoided (in tonnes of CO₂e)
Green Building	<ul style="list-style-type: none"> ➤ Level of certification by building ➤ The amount of green building constructed
Environmentally sustainable management of living natural resources and land use	<ul style="list-style-type: none"> ➤ Area of green landscape conserved/enhanced/created (in km²)
Employment generation	<ul style="list-style-type: none"> ➤ Number of new jobs generated ➤ Average increase of individual income for the benefited population
Affordable housing	<ul style="list-style-type: none"> ➤ Number of housing units constructed/provided ➤ Number of individuals/households benefitted

3. External Review

The Group has engaged CCX Green Finance International Limited as the external reviewers to evaluate the appropriateness of the Framework, and alignment with the GBP, SBP, SBG, GLP and SLP.