



**QINGDAO BULLET TRAIN TOWN INVESTMENT GROUP CO., LTD**  
**Green finance framework**

**October 2024**

## **I. Introduction of the Group**

Established in March 2017, Qingdao Bullet Train Town Investment Group Co., Ltd (the “Company” together with its subsidiaries, the “Group”) is indirectly wholly-owned by the Qingdao Chengyang District State-owned Assets Development Centre, which is under the administration of the Chengyang District Government. As a primary state-owned platform for the construction, operation and management of park infrastructure in Chengyang District of Qingdao, particularly in the Qingdao Rail Transit Industry Demonstration Zone (“QRTIDZ”), the Company has actively participated in a number of major park infrastructure projects in the QRTIDZ in Chengyang District, as well as other infrastructure and public facilities construction projects which are of great importance to the region.

The Group’s business has benefited, and will continue to benefit from geographic advantages and economic growth in Chengyang District of Qingdao. Chengyang District is located on the north coast of Qingdao, adjacent to Jimo District and Jiaozhou District with well-developed high-speed and railroad networks surrounding it and convenient access to the downtown of Qingdao and other major transportation hubs. In recent years, Chengyang District devotes to developing a regional railway transportation industry demonstration zone. According to several policy papers, the Chengyang District Government has shown a keen interest in making the railway transportation industry an integral development direction and a pillar industry for the region. The railway transportation industry will also support the development of the district’s industrial parks. Currently, Chengyang District has planned the establishment of a number of industrial parks, including Qingte Group Industrial Park and Ping’an Qingdao Airport Logistics Park, and with the QRTIDZ as a key one.

## II. Green Finance Framework

The Framework has been developed to demonstrate how the Group and its affiliates intend to enter into the Green Finance Transactions ("GFT") to fund projects that will deliver environmental benefits to support the Group's business strategy and vision. Fundraising will include bonds, loans and other debt instruments, and GFT with structures tailored to contribute to green development by application of the proceeds to Eligible Projects as defined in the Framework.

- With respect to bonds, bonds issued under Green Finance Framework ( "GFF" ) will be in alignment with the Green Bond Principles (GBP) 2021<sup>1</sup> released by International Capital Market Association (ICMA) or the Climate Bonds Standard V4.2 issued by Climate Bonds Initiative (CBI)<sup>2</sup>, or the Green Bond Endorsed Projects Catalogue (2021 Edition<sup>3</sup> jointly announced by the People's Bank of China (PBOC), the National Development and Reform Commission (NDRC) and the China Securities Regulatory Commission (CSRC) or as they may be subsequently amended.
- With respect to loans, loans issued under GFF will be in alignment with the Loan Market Association ("LMA") Green Loan Principles ("GLP") 2023<sup>4</sup> or as they may be subsequently amended.
- Other forms of financing may conform to other green finance principles as may have been established at the time of such financing transaction being undertaken.

In aligning with the above principles and guidelines, the Group's GFF is presented through the GBP's/GLP's four core components as well as its recommendation for external review:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting
- 5) External Review

Bond(s) issued under the Framework may take the form of public transactions or private placements, in

bearer or registered format, and may take the form of senior unsecured or subordinated issuances.

Such bonds and loans entered into under the Framework will be standard recourse-to-the-issuer

obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

GFTs may be done in any jurisdiction and market reflecting the Group's current and future business needs.

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<sup>1</sup> In alignment with ICMA Green Bond Principles, June 2021,  
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

<sup>2</sup> In alignment with the Climate Bond Standard V4.2,  
<https://www.climatebonds.net/climate-bonds-standard-v42>

<sup>3</sup> In alignment with the Green Bond Endorsed Projects Catalogue  
(2021 Edition), [http://www.gov.cn/zhengce/zhengceku/2021-04/22/content\\_5601284.htm](http://www.gov.cn/zhengce/zhengceku/2021-04/22/content_5601284.htm)

<sup>4</sup> In alignment with LMA Green Loan Principles,  
February 2023, <https://www.lsta.org/content/green-loan-principles/>

### III. Use of Proceeds

The Group will allocate an amount at least equivalent to the net proceeds of the Green Financing Instruments issued under the Framework to finance and/or re-finance, in whole or in part, projects which meet the eligibility criteria of the following Eligible Green Project categories ("Eligible Green Projects"), as defined as below.

A maximum 3-year look-back period would apply for refinanced projects and the Group is committed to fully allocate the net proceeds of each issuance under the Framework within 24 months from issuance/borrowing.

#### 1) Eligible Green Projects Categories and Description/Condition of Eligible Green Projects

Eligible Green Projects Categories UNSDG Alignment	Description/Condition of Eligible Green Projects
Energy Efficiency	<p>Increase energy efficiency and reduce building and facility energy consumption by at least 15 per cent. by investing in and spending on projects such as, but not limited to:</p> <ul style="list-style-type: none"><li>• In the design and construction process, in accordance with the requirements of "Intelligent Building Design Standards (GB/T 50314-2015)", adopt timely and feasible intelligent technology to realize the functions of saving resources and optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, Building Information Modeling (BIM) technology, etc.; or</li><li>• Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards "Energy-saving Design Standards for Public Buildings"</li></ul>

	<p>(GB50189-2015), "Energy-saving Domestic Water Appliances" (CJ/T164-2014) and other standards; or</p> <ul style="list-style-type: none"> <li>• Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type TS, T5), etc., as well as the use of natural light sources, intelligent lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards; or</li> <li>• Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the "Statistical Standard for Civil Buildings" (GB 50352), the "Standard for Energy-Saving in Public Buildings" (GB 50189) and the "Standard for the Evaluation of Green Retrofit of Existing Buildings" (GBT 51141).</li> </ul>
Green Buildings	<ul style="list-style-type: none"> <li>• Buildings must meet regionally, nationally, or internationally recognized green building standards or certifications, including but not limited to the following: <ul style="list-style-type: none"> <li>✓ China Green Building Evaluation Label (2 stars or above)</li> <li>✓ U.S. Leadership in Energy and Environmental Design (LEED) (Gold or above)</li> <li>✓ Hong Kong BEAM (Gold or above)</li> </ul> </li> </ul>

	✓ Building Research Establishment Environmental Assessment Method (BREEAM) (Very Good or above) Any other green building certification with the same standard as the above
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## 2) Exclusion Criteria

The Group commits that any activities, assets and technologies related to the below will be excluded from Eligible Green Projects:

- activities that violate national laws, regulations or international conventions and agreements, or are subject to international bans;
- production or trade in arms and ammunition;
- production or trade in alcoholic beverages (other than beer and wine);
- production or trade in tobacco;
- gambling, casinos and equivalent businesses;
- production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered);
- production or activities involving harmful or exploitative forms of forced labor or harmful child labor.

## IV. Project Evaluation and Selection

The overall principle includes two parts as follows.

- 1) Select national and regional key green projects with a certain scale effect or demonstration effect.
- 2) Adhere to the principle of diversification in the selection of project types and regions.

Specific screening criteria: two-tier green project screening mechanism

Eligible green projects will be selected according to above eligibility criteria.

### Stage 1 Evaluation Procedure:

Review and select green projects preliminarily in accordance with the Green Bond Principles (GBP) 2021 released by International Capital Market Association (ICMA), or the Climate Bonds Standard V3.0 issued by Climate Bonds Initiative (CBI), or the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the People's Bank of China (PBOC), the National Development and Reform Commission (NDRC) and the China Securities Regulatory Commission (CSRC).

### Stage 2 Evaluation Procedure:

Further review and confirm on the green projects based on the direct and indirect environmental KPIs.

- 1) Direct environmental KPIs: environmental KPIs disclosed in the supporting documents for the projects, which are expected to be quantitative.
- 2) Indirect environmental KPIs:
  - i. According to the supporting documents for the projects, energy-saving technologies or producing methods have been adopted in the projects.
  - ii. The projects are in line with the policies and initiatives on the sustainable development at low carbon emissions, energy-savings and emissions reduction in the national or international markets.

#### *Accountability Mechanisms for the Group's Green Finance*

The Group's Green Finance Working Group ("GFWG") is responsible for the management of this GFF and the compliance of all financing instruments issued under the Framework. The GFWG consists of executive members of the Group and senior representatives from the following departments, including:

- Finance and Capital Department
- Financing Management Department
- Project Management Department

The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams.

The GFWG will:

- Meet at least two times each year to select and evaluate green projects to invest in for the current year and the next year
- Ratify Eligible Green Projects, which are initially proposed by the constituent team members
- Undertake regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out in the Group's GFF Section 1, Use of Proceeds, whilst replacing any ineligible Green Projects with eligible new Green Projects
- Ensure that projects comply with the Group's Environmental Risk Management framework as well as applicable local governmental regulations and ensure that projects no longer meeting the selection criteria detailed in the Framework will be removed and/or substituted on a best efforts basis throughout the life of the bond/loan
- Ensure that the proceeds of bonds/loans will be periodically adjusted to match allocation to eligible projects made during that period
- Facilitate regular reporting on any GFT in alignment with our Reporting commitments
- Manage any future updates to the Framework
- Ensure that the approval of Eligible Green Projects will follow the Group's existing credit/loan/investment approval processes

#### **V. Management of Proceeds**



The proceeds of each of the Group's GFT can be managed through using a designated account or keeping a GFT Register. Under the GFT Register method, the proceeds will be deposited in the general funding accounts, and earmarked for allocation towards the Eligible Green Projects. The Group will maintain a GFT Register to track the use of proceeds for the GFT. Green Finance Allocation Register will be established to ensure and monitor the allocation of green finance proceeds.

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

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

#### **Management of the unallocated proceeds**

It is the Group's intention to deploy proceeds of each of the Group's GFT to Eligible Green Projects within a 2-year period. If part of the proceeds cannot be allocated to Eligible Green Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the green bond, or invest the unallocated proceeds into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities.

#### **V. Reporting**

The Group will provide information on the allocation of the net proceeds of its Green Financing Instruments in a Green Finance Report. Such information will be provided on an annual basis until all the net proceeds have been allocated. According to the market needs, the information may contain the following details:

- 1) List of Eligible Green projects
- 2) The amount of Proceeds allocated to each Eligible Green Project category
- 3) When possible, descriptions of the Eligible Green Projects financed, such as project locations, amount allocated, etc.
- 4) Selected examples of projects financed
- 5) Percentage of financing vs. refinancing
- 6) Amount of unallocated Proceeds

Furthermore, the Group will confirm that the use of proceeds of the GFT conforms to this GFF and that report on a timely basis if any material development until full allocation.

## Impact Reporting

The Group will provide reporting on the environmental benefits of the Eligible Green Projects potentially with the following environmental impact indicators. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Green Projects Categories	Impact Indicators
Energy Efficiency	<ul style="list-style-type: none"><li>• Amount of energy saved (in MWh)</li><li>• Annual energy efficiency improvement in percentage</li></ul>
Green Buildings	<ul style="list-style-type: none"><li>• The number and type of green building certifications obtained</li><li>• Obtained certification level</li></ul>

The allocation and impact reporting mentioned above will be disclosed to the Group's stakeholders.

## VII. External Review

### ***Pre-issuance:***

The Group has engaged CCX Green Finance International Limited ("CCX") to provide a second party opinion on the Green Finance Framework to review and confirm its alignment with the GBP and GLP. CCX has reviewed the Green Finance Framework and on [ ] provided its Second Party Opinion. The objective of the Second Party Opinion is to provide investors with an independent assessment. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Issuer and the Joint Lead Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with the Bonds issued as Green Bonds. The Second-Party Opinion together with the Green Finance Framework will be published on the Group's website. Neither the Green Finance Framework nor the Second Party Opinion is incorporated into this Offering Circular and neither the Green Finance Framework nor the Second Party Opinion forms part of this Offering Circular.

### ***Post-issuance:***

An independent third party may be engaged to review and verify the internal tracking and allocation of funds from the GFTs to Eligible Green Projects, as well as the Eligible Projects expected and actual impact that is disclosed in the Annual Reporting.