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QINGDAO JIMO DISTRICT URBAN TOURISM DEVELOPMENT AND INVESTMENT CO., LTD.

Green Finance Framework

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Contents

1. Introduction	1
1.1 About QINGDAO JIMO DISTRICT URBAN TOURISM DEVELOPMENT AND INVESTMENT CO., LTD.	1
1.2 The Objective of the Group's Green Finance Framework.....	1
2. Green Finance Framework	2
2.1 Use of Proceeds	3
2.1.1 Eligible Green Projects.....	4
2.1.2 Exclusion List	5
2.2 Process for Project Evaluation and Selection.....	6
2.3 Management of Proceeds.....	7
2.4 Reporting	8
2.4.1 Allocation Reporting	8
2.4.2 Impact Reporting	8
3. External Review	9

1. Introduction

1.1 About QINGDAO JIMO DISTRICT URBAN TOURISM DEVELOPMENT AND INVESTMENT CO., LTD.

QINGDAO JIMO DISTRICT URBAN TOURISM DEVELOPMENT AND INVESTMENT CO., LTD. (the “Group”) was incorporated in 2007 as a key state-owned enterprise with a registered capital of RMB 100 million. Positioned as a major platform for infrastructure development and state-owned asset management in Jimo District, Qingdao, Shandong Province, the Group primarily focuses on providing public utility services, constructing urban infrastructure, and advancing public facilities across Jimo District. The Group's core business sectors encompass public utility services, infrastructure construction, real estate development, leasing, and installation, each serving to support the rapid urban and economic development of Jimo District.

The Group strives to reinforce Jimo District's status as a strategic hub within the Shandong Peninsula by leveraging its unique geographical position along major transportation networks, including national expressways, railways, and proximity to key ports and Qingdao International Airport. By aligning with Jimo District's urbanization and industrial development plans, the Group continues to play a pivotal role in improving the district's infrastructure, enhancing the quality of public services, and fostering sustainable economic growth for the benefit of local communities and stakeholders.

1.2 The Objective of the Group's Green Finance Framework

The People's Government of Jimo District has issued the *Outline of the 14th Five-Year Plan and 2035 Long-Term Goals for the National Economic and Social Development of Jimo District, Qingdao* (hereinafter referred to as the “14th Five-Year Plan”), setting forth Jimo District's key objectives for sustainable development:

- Promoting Green and Low-Carbon Development. The plan emphasizes accelerating the shift to green and low-carbon growth, comprehensively improving resource utilization efficiency, systematically restoring and protecting natural ecosystems, and intensifying pollution prevention and control efforts to advance green and low-carbon development.
- Leading in Green Development. The district aims to strengthen its first-rate ecological foundation that integrates mountains, seas, and urban areas, optimize the spatial pattern of land development and protection, and establish green production and lifestyle practices. This includes achieving more balanced energy and resource allocation, greatly enhancing utilization efficiency, reinforcing ecological security measures, significantly boosting ecosystem stability, and continuously improving the ecological environment, all with the goal of fostering harmony between humanity and nature.

Qingdao Jimo District Urban Tourism Development and Investment Co., Ltd. (the "Group") places a high priority on sustainable development, embedding this commitment into its overall business strategy, investment decisions, construction, and operations. In alignment with the 14th Five-Year Plan and 2035 Long-Term Goals for the National Economic and Social Development of Jimo District, the Group is dedicated to advancing local goals of green, low-carbon growth to ensure its economic activities actively contribute to the sustainable development of Jimo District's environment and society. As a key infrastructure and public utility provider in Jimo District, the Group plays an integral role in supporting the district's sustainable urbanization. The Group's sustainable finance initiatives focus on facilitating green infrastructure, efficient public utility services, and ecological protection measures.

To strengthen its commitment, the Group has adopted comprehensive environmental and social measures that comply with Jimo District's standards and regulations for sustainable development. By integrating sustainability into its corporate governance and operational guidelines, the Group aims to promote green, low-carbon growth, optimize land and resource use, and support the creation of a resilient and environmentally sustainable urban ecosystem within Jimo District.

Through this framework, the Group seeks to drive sustainable practices across its business sectors and continue contributing to the long-term development and quality of life in Jimo District.

2. Green 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 Green Financing Transactions ("**GFTs**").

GFTs will include bonds, loans and other forms of debt financing instruments, the proceeds of which will be applied to eligible green projects ("**Eligible Projects**" or "**EGPs**") 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)**") or as it may subsequently be updated;
- Loans issued under the Framework will be aligned with the Green Loan Principles 2023 ("**GLP2023**") by Loan Market Association ("**LMA**"), Asia Pacific Loan Market Association ("**APLMA**"), and Loan Syndications and Trading Association ("**LSTA**") or as it may subsequently be updated.

For each GFT, 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 GFT 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 **【X】 months** from the time of issuance. The Group is committed to fully allocating the net proceeds of each GFT on a best effort basis within **【X】 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"> - Pollution prevention and control 	<ul style="list-style-type: none"> ➤ Construction, operation and maintenance of facilities that reduce domestic waste, carry out harmless disposal treatment management and utilize resources. <ul style="list-style-type: none"> - Examples would include but not limited to domestic waste collection, transfer, incineration, power generation, heating and other facilities. ➤ Construction and operation of facilities for the harmless treatment and utilization of resources such as household garbage, kitchen waste, urban sludge, demolition waste of buildings, traffic roads, and bridges. <ul style="list-style-type: none"> - Examples would include but not limited to the construction and operation of household waste sorting and treatment facilities, environmentally safe garbage incineration power plants. 	<div>   </div>
<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 adopting active technical measures and fluorescent tubes, energy efficient water pumps and energy efficient ventilation system etc. 	<div>  </div>

2.1.2 Exclusion List

In any case, Eligible Green Projects will exclude the type of activities listed in the latest International Finance Corporation Exclusion List:

- 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 GFT will be allocated to projects that meet the criteria set out in the Use of Proceeds under the Framework.

The Group has established a Green Financing Team (the “**Team**”), which is dedicated to ensuring that the proceeds from each GFT 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 comprises members from various functions, including:

- Engineering Department
- Strategic Development Department
- Financial Audit Department

The Team will hold meetings on an annual basis to discuss and select Eligible Green Projects (“EGPs”) 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 Green Project List (the Team has full discretion to object the inclusion of any project);
- Monitoring and managing the Green Project List. The Group will maintain a register to keep track the use of net proceeds of the GFTs 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 EGP 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 EGPs 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 GFT will be deposited in **general account**, which will then be earmarked for allocation to the Eligible Projects in accordance with the Framework. Net proceeds of each GFT 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 GFTs to Eligible Projects.

The Group will maintain a register to keep track of the use of an amount equivalent to net proceeds of each GFT through the internal information system, and the Team will review the Green 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 GFT(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 GFT have been allocated in accordance with the Framework
- Amount and date of the GFT 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 EGPs 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 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 GFTs via the website, social media, or report. Such information will be updated on an annual basis until all the net proceeds of the GFTs have been fully allocated.

2.4.1 Allocation Reporting

The report includes but not limited to:

- Amount of allocated proceeds by Eligible Categories, with a brief description of green 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
Pollution prevention and control	<ul style="list-style-type: none">➤ Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (<i>in tonnes p.a. and in % of total waste</i>)➤ Waste prevented, minimised, reused or recycled (<i>in % of total waste and/or in absolute amount in tonnes p.a.</i>)
Energy efficiency	<ul style="list-style-type: none">➤ Amount of energy saved (MWh)➤ Annual greenhouse gas emissions avoided (in tonnes of CO₂e)

3. External Review

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