

SUSTAINABLE FINANCE FRAMEWORK OVERVIEW

This Sustainable Finance Framework (“**Framework**” or “**SFF**”) has been developed to demonstrate the Group’s intention to issue bonds, loans or any other similar forms of debt instruments (“**Sustainability Financing Transactions**” or “**SFTs**”) and how could fund projects that would deliver positive environmental and social impacts and foster sustainable practices.

- With respect to bonds, bonds issued under this SFF will be aligned with the Green Bond Principles (“**GBP**”) 2021 (with June 2022 Appendix 1), Social Bond Principles (“**SBP**”) 2023, and Sustainability Bond Guidelines (“**SBG**”) 2021 by International Capital Markets Association (“**ICMA**”), or as they may subsequently be updated.
- With respect to loans, loans borrowed under this SFF will be aligned with the Green Loan Principles (“**GLP**”) 2023, Social Loan Principles (“**SLP**”) 2023 by Loan Market Association (“**LMA**”), Asia Pacific Loan Market Association, and Loan Syndications and Trading Association or as they may subsequently be updated.
- Other SFT(s) may conform to other sustainable finance principles as may have been established at the time of such a financing transaction being undertaken.

Each SFT issued under this Framework, the Group is committed to align with the following elements (1) Use of Proceeds (2) Project Evaluation and Selection (3) Management of Proceeds and (4) Reporting, as set out in this framework.

SFTs do not place restriction on the tenor and currency; and can include other terms and conditions including covenants, to reflect the financing strategy and plans of the Group as well as the outcome of the commercial discussions between the Issuer/Borrower and Manager/Arranger/Lender.



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






1. Use of proceeds




The Group will allocate an amount at least equivalent to the net proceeds of the SFT issued under this framework to finance or refinance, in whole or in part, new or existing projects which meet the eligibility criteria of the following Eligible Green and Social Project Categories, as defined below.


The Group expects each issuance under this framework to be fully allocated within 24 months from the date of issuance, and on a best-efforts basis. And a maximum of 36 months look-back period would apply for refinanced projects. And the proportion of the finance and refinance to the Eligible Green and Social Projects will be disclosed.

1.1 Eligible Green Project Categories

Eligible Categories, Environmental Objectives & UNSDG mapping	Eligibility Criteria and description	Technical screening criteria and/or actions prior the investment	Reference to Green Taxonomy/Catalogue
Green Buildings Key Objectives: <ul style="list-style-type: none"> - Climate Change Mitigation - Natural resource conservation  	Design, development, construction, refurbishment, redevelopment, maintenance, operations of buildings that meet national or international third-party environmental certifications, such as but not limited to, <ul style="list-style-type: none"> • Chinese Green Building Evaluation Label: '1-Star' or above (Within one year after completion of acceptance of construction); • Leadership in Energy and Environmental Design (LEED) - minimum certification of Gold • BEAM Plus - minimum certification of Gold • BREEAM - minimum certification of Excellent 	1. The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC). 2. For buildings larger than 5000 m ² , upon completion, the building resulting from the construction undergoes testing for air-tightness and thermal integrity, and any deviation in the levels of performance set at the design stage or defects in the building envelope are disclosed to investors and clients. As an alternative; where robust and traceable quality control processes are in place during the construction process this is acceptable as an alternative to thermal integrity testing. 3. For buildings larger than 5000 m ² , the life-cycle Global Warming Potential (GWP) of	China Green Bond Endorsed Projects Catalogue 5.2.1.2

Eligible Categories, Environmental Objectives & UNSDG mapping	Eligibility Criteria and description	Technical screening criteria and/or actions prior the investment	Reference to Green Taxonomy/Catalogue
		the building resulting from the construction has been calculated for each stage in the life cycle and is disclosed to investors and clients on demand.	
Renewable Energy Key Objectives: - Climate Change Mitigation  	Investment, acquisition and expenditures related to design, manufacture, construction, installation, and operation of 1) renewable energy systems, including photovoltaic solar and wind power (onshore/offshore), 2) renewable electricity energy storage system (i.e. batteries, capacitor).	- The minimum of 85% of power generation from the facility is derived from solar energy sources; - The energy storage system dedicated connection to a power production plant eligible under the low carbon power threshold of 100gCO ₂ /kWh.	China Green Bond Endorsed Projects Catalogue 3.2.1.1, 3.2.1.2, 3.2.2.1, 3.2.2.2, 3.2.3.2
Clean Transportation Key Objectives: - Climate Change Mitigation - Pollution Prevention and Control   	Investment, acquisition and expenditures related to purchase, manufacture, construction, installation and maintenance of 1) public transportation system (i.e. subways, light railways, tram, public transportation vehicles and other urban rail transportation facilities) in urban and rural areas, 2) new energy vehicles (i.e. electric buses, electric trucks, etc), hybrid vehicles, and 3) its infrastructure such as electric vehicle charging stations.	- The transportation assets will have zero direct tailpipe CO ₂ emission; or - The low emission transportation assets (i.e. hybrid vehicles) will have a direct GHG emission under 50g CO ₂ eq/p-km until 31 December 2025, and zero emission 2026 onward.	China Green Bond Endorsed Projects Catalogue 5.5.1.5
Sustainable Water and Wastewater Management Key Objectives:	Investment, acquisition and expenditures related to construction, development, upgrade, installation, operation and maintenance the	- The waste water discharge standard will meet the national and/or regional pollutants discharge standard for municipal	China Green Bond Endorsed Projects Catalogue 4.2.1.6, 4.2.1.11, 5.3.1.1 and 5.4.2.4

Eligible Categories, Environmental Objectives & UNSDG mapping	Eligibility Criteria and description	Technical screening criteria and/or actions prior the investment	Reference to Green Taxonomy/Catalogue
<ul style="list-style-type: none"> - Pollution prevention and control - Reducing wastewater and hazardous materials 	<p>facilities of water supply infrastructure, wastewater treatment infrastructure, urban drainage systems, flood control and defenses, pumping stations, distribution network, water recycling systems (i.e. recycling or reuse water, rainwater collection) to save water, improve the water leakage performance and the efficiency.</p>	<ul style="list-style-type: none"> - wastewater treatment plant (i.e. GB 18918-2002); or - The flood defenses and climate resilient projects that implement chronic and acute physical climate risks identification and vulnerability assessments, and the corresponding adaptation and resilience solutions can reduce the most water related physical climate risks. 	
<p>Terrestrial and Aquatic Biodiversity</p> <p>Key Objectives:</p> <ul style="list-style-type: none"> - Biodiversity conservation - Pollution prevention and control - Natural resource conservation  	<p>Investment, acquisition and expenditures related to river, lake, water system and environment management projects (i.e. remediation and treatment of urban black and malodorous water, clean up the rubbish and carry out dredging activities), restoration of public wetland reserve, and conservation of terrestrial and river biodiversity and ecosystems and greening of landscapes.</p>	<ul style="list-style-type: none"> - The wetland restoration and management plan should at least contains consideration and assessment of local hydrological and pedological conditions. 	China Green Bond Endorsed Projects Catalogue 1.3.2.3, 4.2.1.6 & 5.4.2.5

Eligible Categories, Environmental Objectives & UNSDG mapping	Eligibility Criteria and description	Technical screening criteria and/or actions prior the investment	Reference to Green Taxonomy/Catalogue
Climate Change Adaptation Key Objectives: - Climate change adaptation and resilient 	Investment, acquisition and expenditures related to construction, refurbishment and operation of infrastructure for urban flood protection and mitigation such as rivers works, dams and dykes ¹ , “sponge cities” projects and others for flood control, waterlogging prevention in order to mitigate the physical climate change risk and improve the environmental resilience.	- The investment and projects that implement chronic and acute physical climate risks identification and vulnerability assessments, and the corresponding adaptation and resilience solutions can reduce the most water related physical climate risks.	- China Green Bond Endorsed Projects Catalogue 4.2.1.6 and 4.2.1.11

¹ For the avoidance of doubt, the dams and dykes will not serve the purpose of generating hydropower.

1.2 Eligible Social Project Categories

Eligible Categories, Social Objectives & UNSDG mapping	Eligibility Criteria and description	Target population
Affordable Housing — Resettlement Houses and Shanty Town and Houses² Key Objectives: <ul style="list-style-type: none"> • Improve urban dilapidated housing • Improve housing conditions for low-income/homeless families • Provide housing for Indigenous residents affected by reestablishment  	Investments and expenditures in projects that provide affordable housing for the general public and vulnerable groups, including indemnificatory public rental housing, economically affordable housing, construction projects and government-supported affordable housing construction projects. These include urban renewal/old city reconstruction, resettlement houses, shanty town ³ and houses projects to improve the living conditions of residents living in shantytowns, as well as construction of new community agglomeration projects, which are for the purpose of providing affordable housing units for resettled populations.	The low-income families ⁴ in accordance with PRC Government definitions, families have affected by demolish and reconstruction work, the families who needs temporary accommodation, newly employed school-leavers, migrant workers, as well as populations currently living in shantytown, dangerous and dilapidated housing and other underdeveloped areas with inadequate housing conditions and backward infrastructure.
Access to Essential Services — Healthcare and Education Key Objectives: <ul style="list-style-type: none"> • Improve the healthcare and nursing homes conditions • Improve the accessibility to education and ratio of regional teenager population to education resources  	Investment and expenditures of projects related to provide, construction and operation the affordable and access to healthcare and education for the general public and vulnerable groups. These include nursing homes and supporting medical facilities to improve the living conditions, healthcare accessibility, additional care and support to elderly people, as well as the school facilities and educational resources to improve the accessibility and affordability of the regional teenagers population to education resources ratio, provide more teenagers with educational opportunities, in order to help address the issue of inadequate educational resources allocation and enables more teenager to receive an education.	Elderly individuals, and individuals who unable to take care of themselves, as well as the teenagers, including individuals and families that do not have access to quality basic nursing homes and education infrastructures.

² Housing for the general public and vulnerable groups in accordance with local government and regulatory definitions, in order to improve quality of life, safety of living and independence for vulnerable groups and underprivileged population. The housing will not go for market for profit and the interest rate of housing will be in line with standard market rate.

³ Ministry of Construction of the PRC, shanty town and houses generally refers to area or houses in city where there are damage and dangerous.

⁴ Ministry of Civil Affairs of the PRC, On the printing of “Definition of low-income households”.

1.3 Exclusion Criteria

Based on the latest International Finance Corporation Exclusion List, the Group has added the following activities to the Exclusion List. In any case, Eligible Green and Social Projects under this SFF will exclude the following activities from consideration for eligibility:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls (PCBs), wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where any international financial company considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent.
- Drift net fishing in the marine environment using nets over 2.5 kilometers in length.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- 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 nuclear production.
- Projects related to fossil fuel production.
- Projects related to coal mining.
- Projects related to hydropower which installed capacity >25MW.

2. Process for project evaluation and selection

The Group has strict internal control mechanism to ensure that the environmental and social risks are well managed and mitigated. The all-eligibility criteria and projects will comply with the national standards. And all the projects will undergo a flexibility study, environmental/social impact assessment to ensure the effective environmental protection, pollution control and safety measures as well as the positive social impacts.

The project evaluation and selection process of the Group will ensure 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 this framework. The Group has set up a Sustainable Financing Working Group (the “SFWG”) to govern the process, consisting of senior members in various departments such as Board of Director Office, Strategy and Investment Management Department, Operation and Management Department, Financing Department, and Legal and Audit Department of the company. The SFWG will meet at least every 12 months or whenever necessary to discuss, assess and select Eligible Green and Social Projects according to the eligibility and exclusion criteria under this framework. The SFWG will select the projects that comply with Environmental Protection Law of the People’s Republic of China, Environmental Impact Assessment Law of People’s Republic of China, Energy Saving Regulations of People’s Republic of China, Water Pollution Prevention and Control Action Plan, Urban Black and Odorous Water Bodies Remediation Work Guidelines, Green Bond Endorsed Projects Catalogue (2021 Edition), and other related regulations and policies in China related to the sustainable development. The strategy and investment management team will submit the potential eligible projects to the SFWG for further review. Then the SFWG will assess each project by its feasibility study report, Environment Impact Assessment Report etc., and the senior

members from each department in the SFWG will represent to evaluate whether the project fulfil the eligibility and exclusion criteria from their professional and expertise, for instances, the representative from operation and management department will evaluate from the perspective of the environment, health and safety, and the representative from legal and audit department will evaluate from the perspective of the effectiveness of internal control procedure and system, the projects compliance status etc. Then the selected projects will be shortlisted and presented to the Board of Directors of the Company for final approval. After receiving the assessment and approval from the Board of Directors, the selected projects will in the Eligible Green and Social Projects list.

SFWG will ensure that each Eligible Green and Social Project complies not only with this framework but also the environmental guidelines which are applicable to the Group, as well as all applicable national environmental standards and local laws and regulations. The Eligible Green and Social Projects will also be selected with reference to the United Nations Sustainable Development Goals.

The SFWG will be responsible for managing any future updates of the framework, including any expansion of requirements of the use of proceeds.

3. Management of proceeds

The Issuer intends to allocate, an amount equal to the net proceeds over time to finance or refinance the Eligible Green and Social Projects, which are selected according to the Eligibility Criteria, and using the evaluation and selection process outlined above.

The net proceeds of each SFT will be deposited in the general funding accounts and earmarked for allocation towards the eligible green and social projects. The Group will maintain an SFT register to track the use of proceeds for the SFT. Sustainable finance allocation register will be established to record the allocation of proceeds.

The register will contain the following information including:

1. Type of funding transaction: ISIN (if applicable), pricing date, maturity date etc.
2. Eligible Green and Social Projects allocation list, information including:
 - The eligible projects list, including for each eligible project, the eligible green and social project category, project description, project location, ownership percentage, total investment amount, amount allocated, settled currency, etc.
 - The balance of unallocated proceeds
 - The information of temporary investment for unallocated proceeds

Any balance of issuance proceeds which are not yet allocated to Eligible Green and Social Projects will be temporarily held the unallocated net proceeds in accordance with the Group's liquidity guidelines in cash, cash equivalents or short-term deposits, and commits not invest to the projects which subject to exclusions criteria under this framework. For each issuance under this framework, the Group will review the register on an annual basis.

During the life of the SFT(s) issued, if the designated projects cease to fulfil the eligibility criteria, the net proceeds will be re-allocated to replacement projects that comply with the eligibility criteria, as soon as reasonably practicable.

4. Reporting

For the SFT(s) issued under the framework, the Group will make and keep readily category level disclosure available reports via the Issuer's website, or the annual report on the allocation and impacts of the net proceeds raised under the framework or an amount equal to these net proceeds, on an annual basis starting at one year from the first SFT issuance until the full allocation of the net proceeds to the Eligible Green and Social Projects, and thereafter in the event of any material changes.

Allocation Report

The allocation report will include the following information at SFT and Eligible Category levels where applicable:

- The net proceeds of each SFT outstanding;
- List of Eligible Green and Social Projects with descriptions and the amount that has been allocated and earmarked;

- The proportion of the proceeds allocated to refinancing of existing Eligible Green and Social Projects, with the clarification on which investment or project portfolios refinanced;
- The balance of unallocated proceeds held in cash, cash equivalents or short-term deposits and its temporary treatment (if any);
- The types of temporary unallocated funds placements and uses.

Impact Report

The Group will report the impacts arising from the Eligible Green and Social Projects and provide the methodology and assumptions used for calculation of the impact indicators.

The Group will commit to aligning the reporting with the project approach described in ICMA's "Handbook — Harmonised Framework for Impact Reporting (2023) and Harmonised Framework for Impact Reporting for Social Bonds (2023)" subject to the availability of suitable information and data.

Examples of impact reporting indicators:

Eligible Categories	Impact Indicators
Green Buildings	<ul style="list-style-type: none"> • Level of certification by building • Gross building area ('GBA') with green building certification
Renewable Energy	Annual renewable energy generation (GWh for electricity and GJ for other energy) Annual GHG emission or standard coal equivalent reduced/avoided
Clean Transportation	Number of clean vehicles deployed (e.g. electric) Number and type of clean transportation infrastructure built Annual GHG emission reduced/avoided (tonnes of CO2 equivalent/a)
Sustainable water and wastewater management	Annual absolute (gross) amount of wastewater treated, reused or avoided before and after the project in m3/a Amount of rain water collected and reused in m3/a
Terrestrial and aquatic biodiversity	Maintenance/safeguarding/increase of natural landscape area in m ² and in % for increase Restored, conserved or newly developed wetland/green area in m2
Climate Change Adaptation	Additional water availability and/or increased water catchment in m3/year Reduction in number of operating days lost due to floods
Affordable Housing	Number of dwellings constructed Number of individuals/families benefiting from subsidized housing
Access to Essential Services	Number of people received education/training Number of people received healthcare service

External review

Pre-issuance:

The Group has engaged Lianhe Green and CCXGF to provide a second party opinion on the Sustainable Finance Framework to review and confirm its alignment with the GBP, SBP, SBG, GLP and SLP. Lianhe Green and

CCXGF have reviewed the Sustainable Finance Framework and on 6 August 2024 provided their Second Party Opinions. The objective of the Second Party Opinions are to provide investors with an independent assessment. The Second Party Opinions are statements of opinion, not statements 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 Sustainability Bonds. The Second-Party Opinion together with the Sustainable Finance Framework will be published on the Group's website. Neither the Sustainable Finance Framework nor the Second Party Opinion is incorporated into this Offering Circular and neither the Sustainable 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 SFTs to Eligible Green and Social Projects, as well as the Eligible Projects expected and actual impact that is disclosed in the Annual Reporting.