





**Chengdu Airport Xingcheng Investment Group Co., Ltd.**

成都空港兴城投资集团有限公司

**Assessment Summary**

CCX Green Finance International Limited (CCXGFI) provided a Second Party Opinion (SPO) on Chengdu Airport Xingcheng Investment Group Co., Ltd. Social Finance Framework, assessing its alignment with the SBG2023 and SLP2023, relevance to the Group’s sustainable development strategy, feasibility of achieving environmental and/or social objectives, and effectiveness in managing environmental and/or social risks. CCXGFI regards the rating of Chengdu Airport Xingcheng Investment Group Co., Ltd. Social Finance Framework as Sf-2[Good].

**Framework Type**

Social Finance

**Company Location**

Sichuan, China

**Date**

Jan 23, 2025



**Overall Score**

**Alignment**



Social Bond Principles 2023 Social Loan Principles 2023

Sf-3

Sf-1

Sf-2



**Analysts**

**Alignment**

**Ivy Zhang**

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Moderate

Low

High

**Relevance**

**Quality Review**

High

Low

Moderate

**Zoe Li**

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**Feasibility**

High

Low

Moderate

**Risk Management**

Robust

Ineffective

Adequate

* **Scope of work**

**CCXGFI has provided a SPO on Chengdu Airport Xingcheng Investment Group Co., Ltd. Social Finance Framework (the “Social Finance Framework” or “Framework”) with reference to the following criteria:**

* The alignment with the following principles (the “Principles”):
* SBP2023: Social Bond Principles 2023 by ICMA
* SLP2023: Social Loan Principles 2023 by LMA/APLMA/LSTA
* The relevance to the Group’s sustainable development strategy
* The feasibility of environmental and/or social objectives
* The effectiveness of environmental and/or social risk management
* **Issuer’s Profile**

Chengdu Airport Xingcheng Investment Group Co., Ltd. (“Group”) is a state-owned company focusing on the financing and development of infrastructure projects construction in the Shuangliu District, including land consolidation and social security housing in the Shuangliu District. Shuangliu District is a municipal district under the administration of Chengdu, which in turn is the capital of the Sichuan province.

The Group has received support from the Shuangliu District Government and is a state-owned company authorised by the Shuangliu District Government to carry out infrastructure and public utilities projects in the Shuangliu District, which includes being the sole developer and operator of the Southwest Airport Economic Development Zone and the Chengdu IC Valley Industrial Functional Zone. As such, the Group is an important enterprise for undertaking infrastructure and public utilities construction projects in the Shuangliu District. The Group’s main businesses include construction materials sales, project construction, infrastructure project development and property operation and management.

Framework Highlight

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| * For Use of Proceeds, the Eligible Social Projects Category is Affordable Housing.
* For Project Evaluation and Selection, the Group has built a well-established control structure with different business departments and set up a reasonable process for project evaluation and selection.
* For Management of Proceeds, the Group will maintain a register to keep track of the use of proceeds. The net proceeds will be reallocated to the replacement projects that comply with the eligibility criteria if the designated projects cease to fulfil the criteria. Also, the unallocated proceeds will be temporarily held on cash or cash equivalent instruments.
* For Reporting, the Group is committed to reporting the allocation of net proceeds at least annually until they are fully allocated and disclose the impact of financed projects through quantitative indicators where possible.
 |
| **Relevant UN Sustainable Development Goals (SDGs):** |
| Alt Text-Alt Text- |

* **Alignment with the Principles**

CCXGFI is of the opinion that the Social Finance Framework is credible and impactful and aligns with the four core components of the SBP2023 and SLP2023.

* **Use of Proceeds**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and evaluated the proposed use of proceeds.
* The investments in eligible category are anticipated to deliver significant social benefits while contributing to the achievement of several UN Sustainable Development Goals, specifically SDGs 1 and 11. Additionally, the Group has identified a list of excluded project types based on the International Finance Corporation’s exclusion list.
* CCXGFI is of the opinion that the use of proceeds is clearly defined and in good alignment with the relevant requirement of the SBP2023 and SLP2023.
 |

The Group will exclusively allocate an amount at least equivalent to the net proceeds of Social Financing Transactions (“SFTs”) 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 social projects category, as defined in the Project Category table.

The Group expects each issuance under this Framework to be fully allocated within 12 months from the date of issuance, and on a best-efforts basis. A maximum of 36 months look-back period would apply for refinanced projects. The proportion of financing and refinancing for the eligible social projects will be disclosed in the Group’s allocation report.

The following table summarizes the alignment of the Framework with the Principles’ requirements, detailing the factual findings for each requirement and confirming their alignment.

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| **Principles Requirement** | **Factual Finding** | **Alignment** |
| All designated eligible social projects should provide clear social benefits, which should be assessed and quantified when possible. | The eligible social projects listed in the Framework all have clear social benefits. | ü |
| If proceeds are used for refinancing, it is recommended that issuers/borrowers provide an estimate of the financing vs. refinancing share and clarify which projects may be refinanced, including any look-back period. | The Framework has declared that the net use of proceeds will exclusively finance and/or refinance, in part or in full, projects under the listed category with a look-back period of no longer than 36 months from the time of issuance, and the Group will provide an estimate of the share of financing vs. refinancing. | ü |
| Social Projects should address or mitigate social issues and/or seek to achieve positive outcomes including for, but not limited to, a target population(s) recognised by SBP/SLP. | The eligible social projects listed in the Framework all contribute to addressing or mitigating a specific social issue and seek to achieve positive social outcomes. | ü |

After CCXGFI’s assessment of the Framework, the following table outlines the technical screening criteria of the eligible projects under each project category, the identified project objectives, and alignment with relevant principles.

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| **Social Project Category** | **Eligible Projects Technical Screening Criteria** | **Identified Objective** | **Alignment** |
| **Affordable Housing**Alt Text | * Construct and operate [12-1]affordable housing in accordance with local government and regulatory definitions. Examples would include but not limited to resettlement housing, public rental housing and low-rent housing, which contribute to reductions in the number of people without adequate, safe and affordable housing
* Target Population: Population with housing issue as defined by local government, such as fresh graduates and low-income families
 | * Provide [12-2]affordable housing to meet the residential needs of low-income families.
 | * SBP2023
* SLP2023
* SDGs 11.1
 |

**In any case, this Framework 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 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.
* **Process for Project Evaluation and Selection**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and examined the governance and process for the evaluation and selection of the Eligible Projects.
* The Group has built a multi-layer control structure with different business departments and set up a reasonable process for project evaluation and selection.
* CCXGFI is of the opinion that the process is formalised and reasonably structured, transparent, relevant and aligned with this component of the SBP2023 and SLP2023.
 |

The Social Financing Team (the “Team”) of the Group consists of senior management members from various functions, including Finance Department and Financing Department.

The Team holds meetings annually to discuss and select Eligible Social Projects (“ESPs”) based on the Eligibility Criteria. Their responsibilities include evaluating project compliance, approving projects for the Social Project List, and monitoring the use of proceeds. They also manage updates to the Framework and ensure projects align with the Group’s mission and local regulations.

**The Framework builds a reasonable process for project evaluation and selection, including:**

1. Evaluating the compliance of projects with the Eligibility Criteria outlined in the Use of Proceeds under the Framework;
2. Approving the inclusion of preselected Eligible Projects in Social Project List (the Team has full discretion to object the inclusion of any project);
3. Monitoring and managing the Social 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;
4. Replacing projects that no longer meet the Eligible Criteria or due to any divestments;
5. Observing the development of social financing market and approving updates to this Framework accordingly to reflect relevant changes in our corporate strategy or market development.
* **Management of Proceeds**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Social Finance Framework and the Group’s policies on management of proceeds.
* The Group has clearly defined the rules for the management of proceeds. CCXGFI is of the opinion that they would make a traceable and transparent allocation process which matches the requirements of the SBP2023 and SLP2023.
* It is recommended that if applicable, the Group could consider engaging external agencies to oversee the management of SFTs, thereby showing a stronger signal about the Group’s commitment to sustainability.
 |

The Group intends to allocate an amount equal to the net proceeds of the SFTs over time to finance or refinance the eligible social projects, with each transaction’s proceeds deposited into general funding accounts and designated towards these projects.

**The use of proceeds will be maintained in a Social Finance Register, containing 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 balance of issuance proceeds which are not yet allocated to eligible green and social projects 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, and the Group commits not to invest such unallocated net proceeds to the projects which are subject to exclusions criteria under this Framework.

During the life of the SFIs issued, if the designated projects cease to fulfil the eligibility criteria, the net proceeds will be reallocated to replacement projects that comply with the eligibility criteria as soon as reasonably practicable.

* **Reporting**

CCXGFI’s Opinion

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| * CCXGFI has reviewed the Group’s Framework and examined the reporting mechanism.
* The Group is committed to reporting the allocation of net proceeds at least annually until they are fully allocated or until the SFT is no longer outstanding and disclosing the impact of financed projects through quantitative indicators defined by ICMA’s handbook where possible.
* CCXGFI is of the opinion that the report disclosure under the Framework aligns with the SBP2023 and SLP2023. CCXGFI recommends the Group keep reporting until maturity if it is possible.
 |

The Group is committed to providing an allocation report on its eligible social projects annually with updates continuing until full allocation of the net proceeds of any SFT issued or until the SFT is no longer outstanding. The impact report associated with the Eligible Projects will be disclosed on a best effort basis and subject to data availability.

The **Allocation Report** will include the following information where applicable:

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

The **Impact Report** will cover the social benefits arising from the eligible social projects where available, taking reference from the relevant indicators suggested in ICMA’s “Harmonized Framework for Impact Reporting for Social Bonds (2024)”. For the detailed indicators to be disclosed in the impact report, please refer to Appendix IV.

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| **CCXGFI is of the opinion that the Framework is moderately aligned with the four core components of the Principles.** |

* **Relevance to Group’s Sustainable Development Strategy**

Chengdu, the capital of Sichuan province, serves as a significant economic hub in Western China. The housing industry in Chengdu is undergoing a transformation, with a focus on improving affordability and accessibility to meet the growing demand driven by urbanization and population influx. The Group aligns its sustainable development strategy with national goals, emphasizing the construction of [12-8]affordable housing to uplift living standards and foster community integration.

In China, sustainable development policies emphasize environmental protection and social equity. The Group’s commitment to these policies is evident through its strategic initiatives in [12-9]affordable housing projects, which are designed to adhere to local regulations and national sustainable development guidelines. The projects under the Group’s Framework directly support China’s policies by addressing critical social issues and promoting urban sustainability. Through these efforts, the Group ensures that its initiatives are in line with regional and national sustainable development policies, contributing to the objectives of improving societal welfare and ecological balance.

The Group defines Affordable Housing as eligible social project categories.And the SFTs issued under the Social Finance Framework contribute to the 2 SDGs, systematically advancing the Group. In particular, the eligible projects are closely related to the Group’s major business activities, and at the same time, the Group’s current development provides overall guidance for the establishment of the Framework. Hence, the outlined Framework is expected to be consistent with Group’s future development, indicating to long run sustainability.

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| **CCXGFI is of the opinion that the Framework is of high relevance with the overall sustainability strategy and initiatives of the Group.** |

* **Feasibility of Environmental and/or Social Objective**

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| --- | --- |
| **Affordable Housing** |  |
| * [12-3]Affordable housing plays a critical role in China’s sustainable development framework by addressing urbanization challenges, reducing poverty, and enhancing social equity. The Chinese government’s policies emphasize the integration of affordable housing to support vulnerable groups such as low-income families and young citizens, thereby promoting a balanced and inclusive urban development strategy. The Group’s Affordable Housing projects within the Framework align with national objectives to improve living standards and ensure equitable access to housing resources, crucial for sustainable development goals.
* The Group has been actively engaged in developing [12-4]affordable housing projects that are expected to generate significant social and economic benefits. These projects, such as resettlement housing and public rental housing, aim to provide quality and stable housing solutions, thereby improving the overall living conditions of low-income and vulnerable populations. The anticipated benefits include increased access to [12-5]affordable housing, support for urban integration, and enhanced community sustainability, contributing to the broader objectives of urban development and social equity.
* The feasibility of achieving social goals through [12-6]affordable housing projects is supported by the Group’s alignment with national policies and commitment to sustainable development principles. The rigorous environmental and social assessments ensure compliance with regulatory standards, enhancing the project’s credibility and effectiveness. By focusing on strategic planning and efficient resource allocation, the Group is well-positioned to meet the housing needs of target populations, thereby significantly contributing to social equity and sustainable urban growth.
 | Alt Text |

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| **CCXGFI is of the opinion that the expected environmental and/or social objectives are moderately feasible.** |

* **Effectiveness of Environmental and/or Social Risk Management**

**Process for Environmental and/or Social Risk Management**

The Group has adopted environmental and social risk management measures to ensure compliance with national laws and regulations on sustainable development governing air and gas pollution, noise emissions, hazardous substances, water and waste discharge, etc.

As the basis for investment decision-making, feasibility study report is a necessary requirement in project investment and is usually conducted by the third-party agent or professional consultant team in the evaluation and selection process. Based on the feasibility reports, the Group can identify and assess the environmental risks or social risks related to the eligible projects.

The environmental and social assessments will be conducted before the investment of each operation project to help the Group identify and manage the sustainability-related risks. It is recommended that the Group continuously monitors for significant environmental and/or social risks throughout the construction and operational process of the financed projects in addition to checking feasibility study reports.

**Environmental and/or Social Risk Identification**

***Environmental Risk***

The eligible projects included in the Framework are mainly realized through the construction of real estate programs. Generally, the Group has identified potential negative environmental impacts during both the construction and operation process, including water pollution, solid wastes, dust and noise.

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| --- | --- | --- | --- | --- |
|  | **Water** | **Wastes** | **Noise** | **Air** |
| **Construction Process** | * Production wastewater
* Domestic sewage
 | * Construction waste
* Workers’ household waste
 | * Construction Machine
 | * Dust from land levelling, excavation, transportation, and the accumulation of soil
 |
| **Operation Process** | * Domestic sewage
 | * Household waste
 | * Machine Transportation
 | * Exhaust emissions
* Dust from transportation
 |

The Group has committed to controlling the environmental risks by doing environmental impact assessments and taking measures according to expert recommendations for each project.

***Social Risk***

Social risks related to mentioned eligible projects are expected to remain at a low level. In particular, the eligible projects would neither have negative impacts on cultures, living habits, employment nor the income of surrounding people. The eligible projects are expected to enhance the quality of the living environment for residents.

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| **CCXGFI is of the opinion that Group’s environmental and/or social risk management is adequate.** |

**Appendix**

**I – About CCXGFI**

CCX [13-1]Green Finance International Limited (CCXGFI) is a third-party service organization under China Chengxin International Credit Rating Co., Ltd. (CCXI) that specializes in green and sustainable finance-related businesses and focuses on business development in Hong Kong and overseas regions.

In June 2023, CCXGFI was the first to obtain the external review qualification of the Hong Kong Monetary Authority’s Green and Sustainable Finance Funding Program. The services currently provided by CCXGFI include green bond and green loan assessment and certification services, green financial services for financial institutions, comprehensive green financial development services for local governments, ESG reports, ESG ratings and data services.

**II – Associations and standards**

The following outlines the associations and standards applied in the assessment process. To enhance robustness, CCXGFI also incorporated the Green Bond Endorsed Projects Catalogue (2021) (GBEPC), listed below, as part of the screening process.

|  |  |
| --- | --- |
| **Association** | **Standard** |
| * **ICMA -** International Capital Market Association
 | * Social Bond Principles (SBP) 2023
 |
| * **LMA -** Loan Market Association
* **LSTA -** Loan Syndications and Trading Association
* **APLMA -** Asia Pacific Loan Market Association
 | * Social Loan Principles (SLP) 2023
 |

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| --- | --- |
| **Catalogue** | **Program** |
| * **SDGs 11.1**
 | * By 2030, ensure access for all to adequate, safe and [12-7]affordable housing and basic services and upgrade slums
 |

**III – Methodology**

CCXGFI offers pertinent and forward-thinking environmental, social, and governance (ESG) data, performance assessments and the CCXGFI Green Bond Evaluation Methodology.

The organization establishes a comprehensive indicator system using the Analytic Hierarchy Process (AHP), which encompasses 4 first-level indicators, 9 second-level indicators, 18 third-level indicators, and 33 fourth-level indicators. A judgment matrix is constructed using this method to compare and rank each indicator based on its importance. The single ranking weight is then calculated for each indicator at every level. Subsequently, the total ranking weight is determined by multiplying the single ranking weight by the weight of the previous factor. Finally, the sustainable finance framework’s comprehensive score is obtained by scoring each indicator and multiplying it by the total ranking weight of each indicator.

Analysts employing the scoring methodology, assign an overall score to the sustainable finance Framework and, when compared with the criteria of the CCXGFI Sustainability Assessment, furnish descriptions for one of the subsequent three rating levels.

|  |  |
| --- | --- |
| **Level** | **Standard** |
| **Sf-1****Excellent** | * The four core components of the Framework present **high** level of alignment with the Principles
* The relevance of the Framework to Group’s sustainable development strategy is **high**
* The feasibility of environmental and/or social objectives is **high**
* The environmental and/or social risk management is **robust**
 |
| **Sf-2****Good** | * The four core components of the Framework present **moderate** level of alignment with the Principles
* The relevance of the Framework to Group’s sustainable development strategy is **moderate**
* The feasibility of environmental and/or social objectives is **moderate**
* The environmental and/or social risk management is **adequate**
 |
| **Sf-3****Weak** | * The four core components of the Framework present **low** level of alignment with the Principles
* The relevance of the Framework to Group’s sustainable development strategy is **low**
* The feasibility of environmental and/or social objectives is **low**
* The environmental and/or social risk management is **ineffective**
 |

For more information, please visit: [*https://www.ccxgfi.com/*](https://www.ccxgfi.com/)

**IV – Summary of Eligible Categories’ Details**

* Reporting indicators of impact report

|  |  |
| --- | --- |
| **Project Category** | **Impact Indicator** |
| **Affordable Housing** | * Number of housing units constructed
* Number of individuals/households benefitted
 |

In preparing this Second Party Opinion, CCX Green Finance International Limited (CCXGFI) has complied with applicable laws, relevant regulations, and internal rules. It has also observed internal workflows and operating standards, fulfilling its duties related to due diligence and integrity. As a result, CCXGFI considers the Opinion to be independently produced, objective, and unbiased.

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The sustainable finance Framework SPO differs from corporate credit ratings, as it does not assess a Group/Company’s financial solvency. The assessment results are independent of corporate credit ratings.

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