

Rosefinch Announcement | 2022 Nov 18<sup>th</sup>

Rosefinch won Award for supporting Shaanxi Province's economic development

Rosefinch was the only mutual fund manager who won the award.



On November 4, 2022, Rosefinch Fund was honored with the "Outstanding Financial Institution in Supporting Shaanxi Economic Development" award issued by the General Office of the People's Government of Shaanxi Province, making it the only public fund management company on the list.

### **Responsible investment, combining profit and righteousness**

Since the economic reform and opening up, China's economy has leapfrogged from the high-speed growth "China 1.0" era to the high-quality development "China 2.0" era.

In the economic development model of the China 1.0 era, enterprises often prioritized economic benefits over their social impact, with rapid development being the primary or even the only goal. In the China 2.0 era, the main social stress issues have fundamentally changed. The incongruence between "people's growing need for a better life vs unbalanced or inadequate development" has made corporate behavior towards and interactions with society increasingly more important, and the pursuit of profit can no longer be the sole goal.

Behind the recent changes in the dual reduction of education and training industry, the centralized procurement of medicine, and the principle of "housing is for living, not for speculation" are the principles of fairness, justice, and common prosperity. The focus has shifted from "efficiency first, with due consideration for fairness" to "equal emphasis on efficiency and fairness." The development of a green economy, digital economy, and bio-economy is the inevitable path to China's sustainable and high-quality developments.

The ESG (Environmental, Social, and Governance) principles advocated for environmental protection, social responsibility, and corporate governance are consistent with the underlying logic of China's high-quality development concept and serve as a calling card for Chinese companies to enter the international community.

At the same time, the capital market's asset valuation system is incorporating ESG factors. In 2006, the United Nations Principles for Responsible Investment (UNPRI) organization was established, providing investment institutions with basic ESG investment principles and a framework. Currently, there are over 5200 signatories to UNPRI, and on October 28, Rosefinch Fund Management became one of them.

Compared to traditional investment, ESG investment measures not only the profitability and valuation of companies but also incorporates factors such as environmental protection, social responsibility, and governance levels to identify truly sustainable, high-quality companies. This approach promotes low-carbon transition, social equality, and improved governance capabilities, forming a virtuous cycle of social and economic benefits.

In recent years, institutional investors' share of the capital market has increased, giving them more ability to guide resource allocation and promote "good money driving out bad." With professional advantages, they can offer advice on corporate governance, supervise management operations, reduce short-term speculative behavior, and protect shareholder interests.

As a member of institutional investor community, Rosefinch embraces our corporate vision of "sustainable value creation" and shoulders the mission of "supporting China's social reform and innovation." Rosefinch insists on being an active asset manager, integrating ESG factors into 100% of its investment decision-making processes, and ensuring that 100% of its project ratings are BB or above (Wind ESG rating). We believe that ESG investment will promote the growth of a new generation of entrepreneurs and create greater wellbeing for society.

### **Revitalizing the ancient city with innovation**

"Prospering and enriching due to coal" used to be the automatic impression people had of Shaanxi. Today, with the transformation of traditional industries, emerging industries such as photovoltaics, semiconductors, and new energy vehicles are on the rise, and "technological innovation" has become Shaanxi's new calling card. In 2021, Shaanxi Province added 2199 new high-tech enterprises, totaling 8397, an increase of 35.48% year-on-year. The number of technology-based SMEs exceeded 10,000 for the first time, with a year-on-year increase of 38.67%.

Shaanxi Province has formed a relatively complete semiconductor industry chain, ranking fourth in the nation in terms of semiconductor industry scale in 2021. The photovoltaic industry, represented by LONGi Green Energy, is growing rapidly, with the province's cumulative installed capacity ranking 11th nationwide in 2021. New energy vehicle industries, represented by BYD and Geely, lead the nation. In 2021, the province produced more than 270,000 new energy vehicles, accounting for 7.7% of the national total, an increase of 361% year-on-year which is the top growth rate in the country.

The Qin Chuangyuan Innovation-Driven Platform, established last year, helps enterprises build financing channels and lay out capitalization paths, promoting the transformation of scientific and technological achievements from "bookshelves" to "store shelves" and into productivity. Shaanxi Governor Zhao Yide emphasized at a special meeting that promoting deep integration of industry and capital should focus on the direction of economic and social development and key areas, helping Shaanxi achieve greater strides in high-quality development.

Registered in Xi'an, Rosefinch Fund Management is the only mutual fund management company in Shaanxi Province. The company has always adhered to its mission of "supporting China's social reform and innovation." By actively promoting responsible investment and ESG integration, Rosefinch Fund is committed to supporting the transformation of Shaanxi's economy and the development of local industries.

Since its establishment, Rosefinch has been deeply involved in the development of local enterprises in Shaanxi, continuously expanding investment in the province's strategic emerging industries and high-quality listed companies. Through active engagement and communication with invested companies, Rosefinch has provided valuable suggestions on corporate strategy, operations, and governance, striving to improve the long-term competitiveness and value of local companies.

Under the principle of fiduciary duty for our investors, we have invested in several leading listed companies in Shaanxi Province and actively participated in targeted additional issuance refinancing, guiding traditional energy leading enterprises to achieve industrial transformation, and upgrading, helping Shaanxi Province's economic transformation, and sharing the era's alpha with investors.

In addition to responsible investment, we also constantly keep social responsibility in mind. When the COVID-19 outbreak occurred in Xi'an, we immediately raised about 130,000 RMB worth of epidemic prevention materials and donated them to the Xi'an Economic and Technological Development Zone. At the same time, we made donation of 1 million RMB to the Xi'an Red Cross Society for epidemic prevention, and stood side-by-side with Xi'an as it overcame the pandemic difficulties. In addition, to support the successful hosting of the 14th National Games in Shaanxi in May 2021, we provided sponsorship of 5 million RMB for the "14th National Games" project, injecting vitality into the local economy.

In November 2022, Rosefinch Fund Management, together with Rosefinch Investment, donated 3 million RMB to the Tsinghua University Education Foundation, specifically supporting the China Enterprise Development and M&A Restructuring Research Center of Tsinghua University School of Economics and Management. The donation is used to carry out research on Chinese enterprise growth cases and the field of mergers and acquisitions, thereby promoting industrial upgrading and nurturing emerging industries, providing a theoretical basis for national policy formulation, helping to enhance China's industrial integration, and providing think tank-level support for corporate strategic development.

"Business models may determine the height of our development, but values are what determine how far we can go." Whether it is enterprises or investors, they need to establish a far-reaching belief to stand firm and advance with the times in the face of the era's waves. **We will join hands with entrepreneurs with a strong sense of social responsibility to forge ahead, create value, and shape the future.**

*We endeavor to provide timely English version of Rosefinch's publications. For any English translation of the original Chinese article, in case of any discrepancy, the Chinese version takes precedence.*



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