



FAR EAST HORIZON

Incorporated in Hong Kong with limited liability  
Stock Code: 03360.HK

2020 

Far East Horizon  
Environmental, Social and Governance Report

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## 2020 Key Responsibility Performance Overview

### Economy

The total assets amounted to RMB **299,927** million.

The profit before tax reached RMB **7,508** million.

The basic earnings per share reported RMB **1.20**.

The total tax payment hit RMB **4.30** billion.

### Environment

Funds totaling RMB **6,275** million were diverted in the Special Support Program for Green Public Transportation, Environmental Protection, and Green Energy.

Greenhouse gas emissions of the finance sector totaled approximately **7,531.93** tCO<sub>2</sub>e, with the greenhouse gas emissions per unit area standing at **0.07** tCO<sub>2</sub>e/m<sup>2</sup>.

Greenhouse gas emissions of the healthcare, construction and education sectors totaled approximately **81,279.46** tCO<sub>2</sub>e.

### Society

The total number of employees was **21,672**.

Female employees accounted for about **48%**.

Training hours for each employee under the finance sector stood at **38.09** hours.

Training hours for each employee under the industry sector stood at **33.45** hours.

In 2020, the investment for public welfare activities reported RMB **5,786,200** and employees completed **500** hours of volunteer services.

As at the end of 2020, nearly RMB **23** million had been donated to public welfare programs, benefiting more than **31,000** people.



## Honors and Awards

### Honors and Awards in 2020

Award	Issued by
345th place in Fortune China 500 in 2020	<i>Fortune China</i>
1,317th place in Forbes Global 2000 in 2021	The US magazine <i>Forbes</i>
Award for COVID-19 Fighter at the selection of outstanding CSR cases as part of the Fifth Social Value Co-creation Forum in 2020	The Organizing Committee of the Social Value Co-creation Forum
Model Leasing Enterprises in the Fight against COVID-19 at the third selection of soaring Chinese financial leasing enterprises	The Seventh Global Leasing Industry Competitiveness Summit
Model Leasing Enterprises in Inclusive Finance at the third selection of soaring Chinese financial leasing enterprises	The Seventh Global Leasing Industry Competitiveness Summit
Shanghai Qualified Unit for Public Security and Safety	Security Department of Shanghai Municipal Public Security Bureau and Shanghai Public Security Association of Enterprises and Institutions
Excellent Issuer of Corporate Bonds	Shanghai Stock Exchange
Excellent Asset Securitization Business Sponsor	Shanghai Stock Exchange

### Industry Organization Membership and Status

Organization	Status
Leasing Business Committee (LBC) of China Association of Enterprises with Foreign Investment (CAEFI)	Member
Commercial Factoring Specialty Committee of China Association of Trade in Services	Vice-chairman
Shanghai Leasing Trade Association	Member
Shanghai Pudong New Area Commercial Factoring Industry Association	Member
Lujiazui Financial City Council	Executive director
Guangdong Go Global Federation	Vice-chairman
The Hong Kong General Chamber of Commerce	Member
The Hong Kong Chinese Importers' & Exporters' Association	Member
Shanghai Work Safety Association	Council Member

# Statement of the Board on Environmental, Social and Governance (ESG) Management

## ESG Concept and Strategy

The year 2020 marked that China wrapped up its 13th Five-year Plan. It also turned out an extraordinary year in the history of the People's Republic of China. Looking back on 2020, the COVID-19 pandemic swept the world, closely followed by the economic recession. In the face of the crucial changes unseen in a century, Far East Horizon unwaveringly upheld the development strategy of "serving industry with finance", stayed highly aligned with national policies and guidelines, and breathed the same breath as enterprises in the real sector, and shared weal and woe with them. The Company did everything possible to create greater value for all stakeholders including shareholders, customers, partners, employees, and government agencies.

At the beginning of 2020, Far East Horizon rose to the coronavirus outbreak, shouldering social responsibilities without any hesitation. The medical staff of Far East Horizon Healthcare Industry Development Co., Ltd. (hereinafter referred to as "Horizon Healthcare") joined the battle against the virus in Wuhan, offering a necessary complement to the local medical system. Employees of Shanghai Horizon Construction Development Co., Ltd. (hereinafter referred to as "Horizon Construction Development") worked around the clock to construct a host of much-needed hospitals including Huoshenshan Hospital and Leishenshan Hospital, becoming an integral part of the national emergency mobility system. As one of the earliest enterprises that resumed work from the pandemic-induced shutdown across the industry, Far East Horizon made every effort and overcame all difficulties to tide over the crisis with its corporate customers in the real sector.

Far East Horizon takes the initiative to incorporate the ESG concept into its development strategy. Based on the core CSR concept of "sharing of value created for the building of harmonious development", the Company is devoted to shouldering its social responsibility in five fields, including investor responsibility, customer responsibility, employee responsibility, environment responsibility, and charity responsibility. While establishing a regular communication mechanism with major stakeholders, the Company includes the appeals of various stakeholders into the operation and decision-making processes, so as to promote the healthy, continuous, steady and harmonious development of the industrial economy and the entire society.

### • Investor Responsibility

Adhering to the business strategy of "pursuing progress while ensuring stability" and "seeking changes while ensuring stability", Far East Horizon continues to improve the decision-making mechanism and enhance the information transparency while maintaining a high level of governance, and keeps strengthening risk compliance control to create increasing value returns for shareholders and investors based on a steady operation management model.

### • Customer Responsibility

Around the "finance + industry" dual-wheel driven development strategy, Far East Horizon focuses on innovating its financial products and services in nine major sectors closely related to the national economy and people's livelihood, in order to promote the transformation and upgrading of the real economy. In terms of industrial operations, the Company taps deep into key fields concerning the national interest and people's livelihood, including medical care, construction, and education, so as to promote the sustained and healthy development of the national economy.

### • Employee Responsibility

Adhering to the cultural philosophy of “one army, one school, one family”, Far East Horizon safeguards employees’ legitimate rights and interests of all sorts to protect their health and safety. It also carries out a diversity of training programs and puts in place a hierarchical, classified talent development system, with a view to providing staff with a healthy, stable and harmonious working environment.

### • Environment Responsibility

Far East Horizon continues improving the health, safety, and environment (HSE) management system in line with its own risk characteristics. The Company identifies and analyzes the climate change risks and opportunities associated with its operation and business activities under the TCFD information disclosure framework, and keeps strengthening energy conservation and emission reduction to promote the realization of the national goal of carbon neutrality.

### • Charity Responsibility

As a socially responsible corporate citizen, Far East Horizon upholds the public welfare concept of “showing boundless love through daily actions”. Relying on the Horizon Charity Foundations, the Company carries out many public welfare programs that cover poverty alleviation, medical aid, scholarship and fellowship, volunteer services, and other domains. Operated in a professional manner, these programs get involved in and promote the development of the public welfare undertakings.

In 2020, there came out a string of regulatory, legal, foreign exchange, and other policy documents related to the development of the financial leasing industry. In the future, Far East Horizon will stay tuned to many topics such as “risk management”, “compliance operation”, and “serving industries in the real sector”, as a means to get aligned with the core mission and basic principle of the financial leasing industry: “bolstering weak links, tightening regulation, forestalling risk, and ensuring operation compliance”. Besides, the Company will direct increasing attention to such topics as “climate change mitigation and adaptation”, “green finance”, and “environmental management”, hence doing its part to the realization of the national goal of carbon neutrality by 2060.

## Future Outlook

The year 2021 marks the beginning of the 14th Five-Year Plan period and the 20th anniversary of Far East Horizon’s southward migration. In 2021, the Company will get actively integrated into the new development pattern that features the positive interplay between domestic circulation and international circulation, stay true to its mission of “integrating global resources and promoting China’s industries”, and seek to establish firm roots in the industry with high-quality services.

At the same time, the Company will put in place a complete set of ESG management systems and proactively address ESG risks, seize ESG opportunities, and continue to consolidate its leadership in the field of sustainable development. While attaining its high-quality development, Far East Horizon will join hands with all stakeholders to create a better future together.

# 1. About Far East Horizon

## 1.1 Company Profile

**Company name:** 远东宏信有限公司

**Name in English:** Far East Horizon Limited (hereinafter referred to as “Far East Horizon” or “the Company” for short)

**Stock code:** 03360.HK

**Year of establishment:** 1991

**Headquarters address:** Hong Kong

**Scope of business:** Financial services, industrial investment, hospital investment and operations, equipment operation services, elite education, trade brokerage, management consulting, engineering services, etc.

### Mission

Integrating global resources and promoting China's industries

### Vision

Strive to build an excellent enterprise

### Enterprise spirit

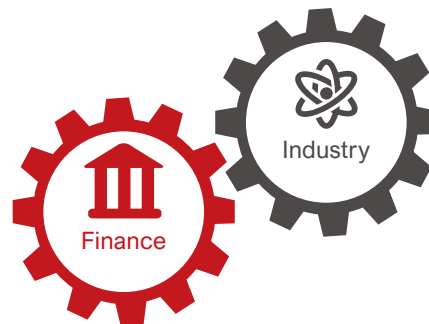
Determination to pursue the truth, rigorous and pragmatic work style, idea of promoting innovation, courage to face hardships, indomitable will, responsibilities to the world, and resolution to be a pioneer

### Cultural features

“Three One” culture: Far East Horizon is an army, a school, and a family.

Far East Horizon is a comprehensive group spanning finance and industry. The Company combines financial business and industrial business closely in an interactive and complementary manner to maximize the advantages of combination and integration. Clearly aware of what customers need, the Company endeavors to form a unique value identification and creation method. It is committed to accompanying customers every step of the way to grow stronger.

### ▷“Finance + Industry” Dual-wheel Driven Development Strategy



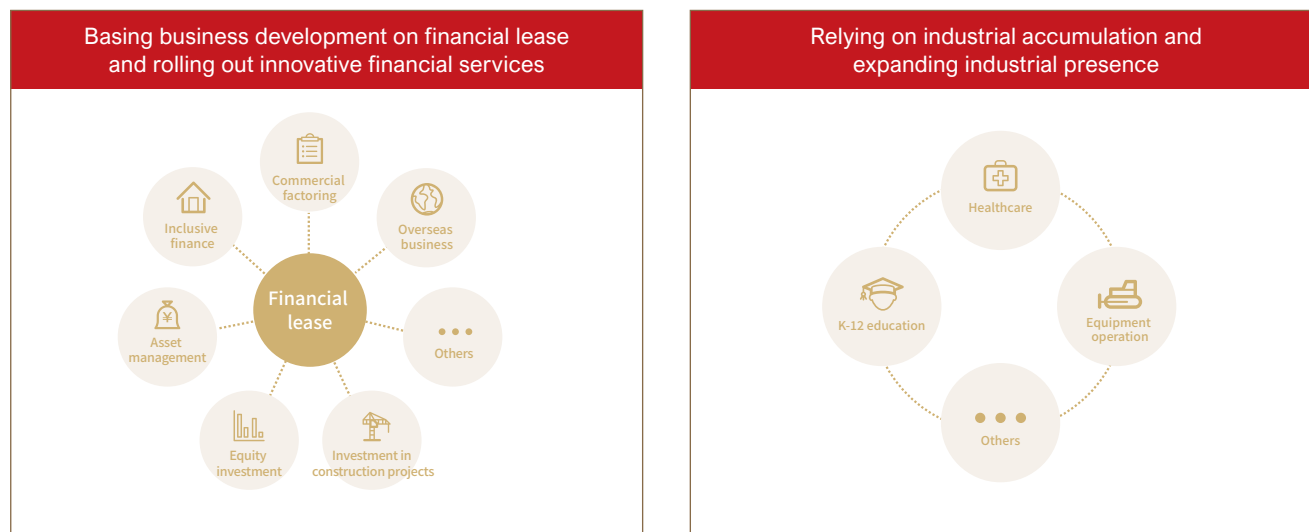
A financial service provider in the industry	As one of China's first enterprises to conduct financial business from an industrial perspective, Far East Horizon takes roots in a number of pillar industries in the national economy by making business layout in accordance with the industrial division of labor to systematically serve industrial customers and establish good cooperation with them. As a result, the Company becomes an important provider of financial resources in the industry.
A deep participant in the industry	Through in-depth research on the common needs of industrial customers, Far East Horizon expands the scope of services, and carries out industrial investment and industrial operation. With the aid of financial capital to integrate the industry, the Company really enters the industry, participates in and operates the industry and becomes a member of the industry.

### ▷Major Events of Far East Horizon in Recent Years

Year	Milestone
2019	<b>Management System Upgrade</b> Far East Horizon has fully started the upgrade of the operating system, set up a new business department for running financial business including inclusive finance, assets operation and overseas operation, and established an independent incubation platform for strategic operations.
2018	<b>Far East Horizon Plaza</b> Far East Horizon was relocated and moved into the Far East Horizon Plaza in Houtan on the east bank of the Huangpu River. <b>The First Independently Established K-12 School</b> Hongwen School Shanghai opened, aimed at training elites for the society. <b>An asset management company was established</b> "Hongjie Assets" was established and began to develop business services including asset package acquisition, asset investment under special opportunities, and M&A.
2017	<b>Forbes Global 2000</b> Ranked among Forbes Global 2000 for the first time.

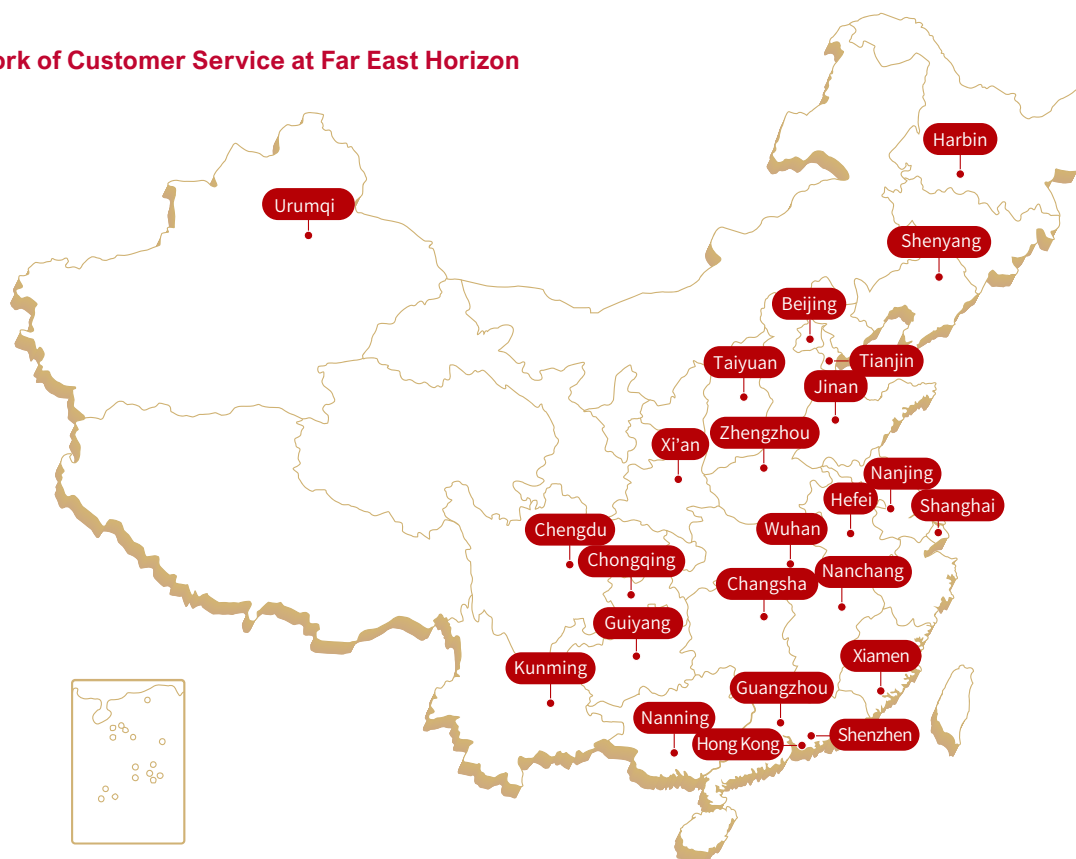
## 1.2 Fields of Business

Focused on China's key industries, Far East Horizon is committed to providing comprehensive financial services such as financial lease, inclusive finance, commercial factoring, asset business, equity investment, investment in construction projects, overseas business, etc. in fields including urban public utilities, healthcare, cultural tourism, engineering construction, mechanical manufacturing, chemical engineering and medicine, electronic information, consumption, and transportation and logistics. Also, it offers industrial operation services such as hospital operation, healthcare and elderly care, equipment operation, and K-12 education.

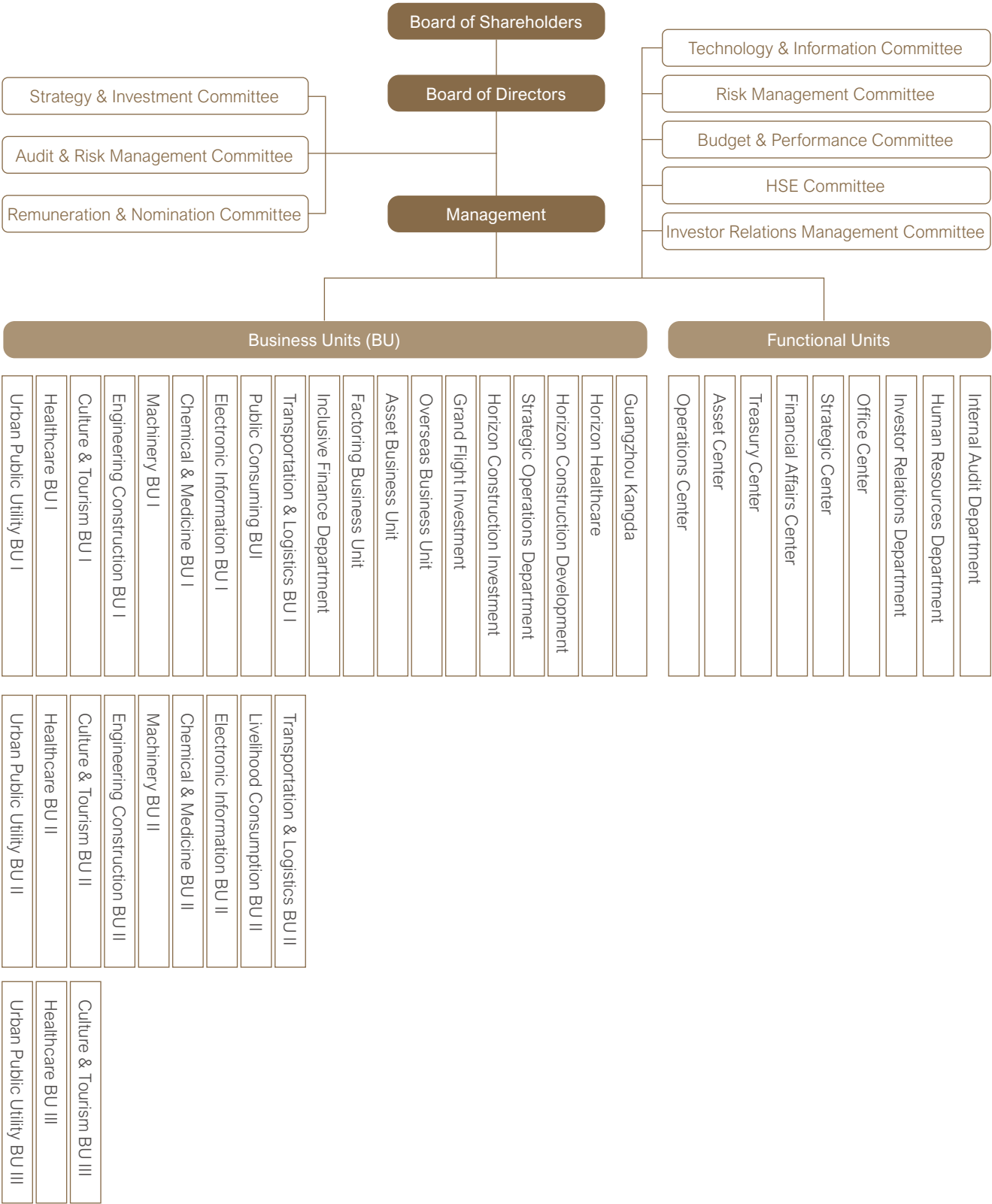


Far East Horizon is headquartered in Hong Kong, with business operation centers in Shanghai and Tianjin, and offices in more than 20 core cities across China, forming a nationwide business network. As at the end of 2020, the Company served more than 20,000 customers, and accumulatively invested more than RMB1 trillion in the real economy.

### ► Network of Customer Service at Far East Horizon



### 1.3 Organizational Structure

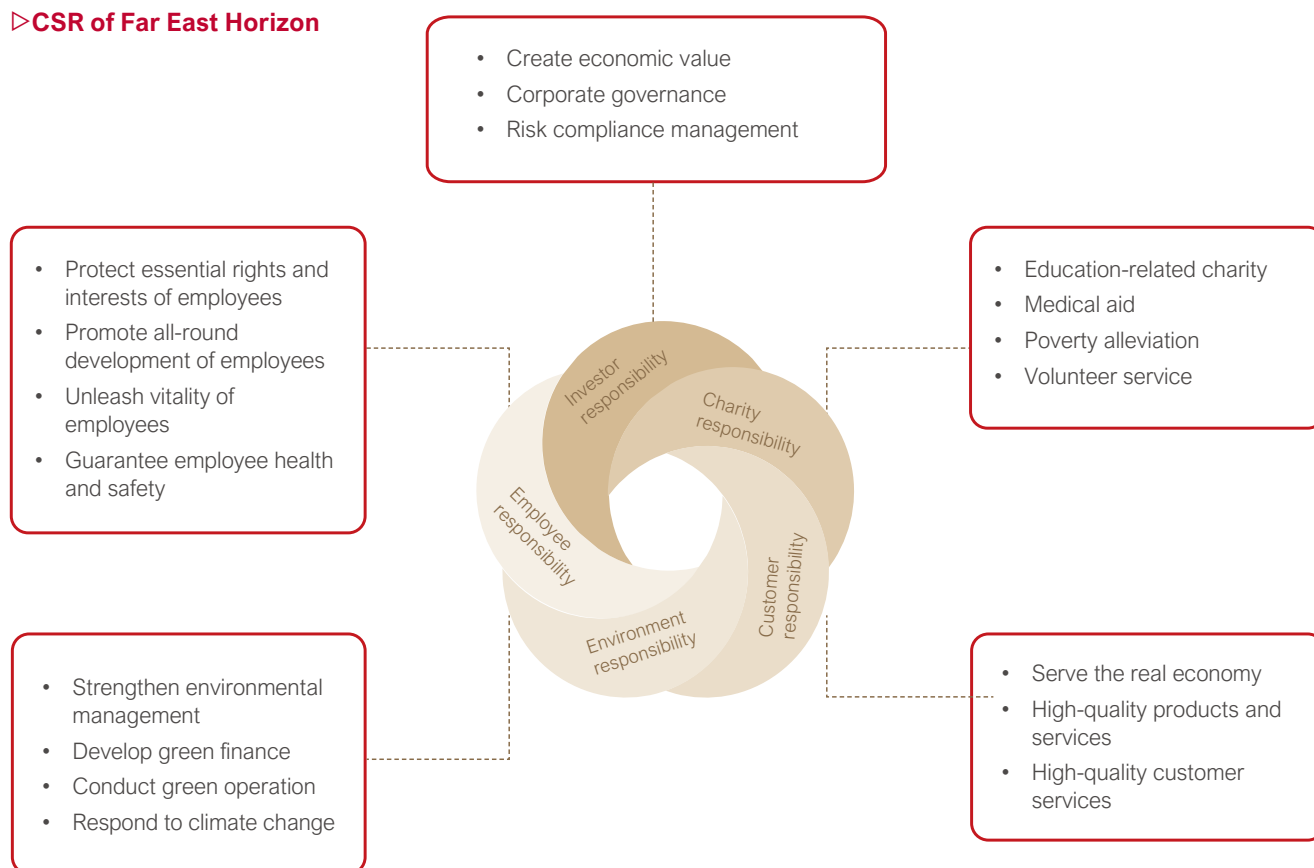


## 2. Responsibility Orientation for Shared Value

### 2.1 CSR Concept

Based on the core CSR Concept of “sharing of value created for the building of harmonious development”, Far East Horizon is devoted to shouldering its social responsibility in five fields, including investor responsibility, customer responsibility, employee responsibility, environmental responsibility, and charity responsibility, while keeping innovating and developing integrated industrial operation services in order to promote the healthy, continuous, steady and harmonious development of the industrial economy and the entire society to create value for all walks of life.

#### ▷ CSR of Far East Horizon



### 2.2 Social Responsibility Management

Far East Horizon incorporates environmental, social and corporate governance (hereinafter referred to as “ESG”) into its operation and management. Under the leadership of the Investor Relations Management Committee, all departments collect, integrate and analyze the social responsibility management policies, management measures and annual results, and bring the ESG data into the uniform and quantitative management through the ESG quantitative performance management system.

At the same time, the Company relies on the ESG quantitative performance management system to monitor the changes in environmental and social data, and uses the third-party databases to screen the ESG risk events on a regular basis, so that potential risk can be identified and corresponding steps be adopted for prevention and response. In doing so, it is expected to elevate its ESG management standards on the whole.



## 2.3 Communication with Stakeholders and Identification of Material Topics

### Communication with Stakeholders

Far East Horizon always takes CSR as an integral part of its overall operations. It has put in place a regular communication mechanism with a host of key stakeholders such as investors, customers, employees, government organs, regulators, partners, environment, community and the public, and incorporates the appeals of these parties into its operation and decision-making process with a view to creating more value for them.

### ▷Stakeholder Expectations and Responses

Stakeholders	Importance	Concerned issues	Communication and responses
Investors	We have to create value for our investors.	<ul style="list-style-type: none"> <li>Corporate governance mechanism</li> <li>Business strategy</li> <li>Business performance</li> <li>Stable returns</li> <li>Investment returns</li> <li>Regular and timely information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder meetings</li> <li>Financial reports</li> <li>Performance reports</li> <li>Roadshows and reverse roadshows</li> </ul>
Customers	Our products are the necessities for our customers.	<ul style="list-style-type: none"> <li>Service quality</li> <li>Service value</li> <li>Customer information protection</li> </ul>	<ul style="list-style-type: none"> <li>Customer research</li> <li>After-sales services and complaints</li> <li>Customer satisfaction surveys</li> <li>Customer activities</li> </ul>
Employees	Employees are the most important cornerstone for corporate development.	<ul style="list-style-type: none"> <li>Employee rights and benefits</li> <li>Compensation system</li> <li>Training and development</li> <li>Work environment</li> <li>Physical and mental health</li> <li>Care for families</li> </ul>	<ul style="list-style-type: none"> <li>Employee activities</li> <li>Daily operation of labor union</li> <li>Staff training</li> <li>Employee service platform</li> <li>Employee care program</li> <li>Cultivation of corporate culture</li> </ul>
Governments and regulators	Government plays a supervision part in our business operation.	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Due tax payment</li> <li>Supporting national strategy</li> <li>Promoting economic development</li> </ul>	<ul style="list-style-type: none"> <li>Institutional visits</li> <li>Document correspondence</li> <li>Policy implementation</li> <li>Information disclosure</li> </ul>
Partners	The partners need to share the same values with us on corporate social responsibility.	<ul style="list-style-type: none"> <li>Business ethics and credit</li> <li>Fair competition</li> <li>Compliant operation</li> <li>Mutually beneficial alliances</li> </ul>	<ul style="list-style-type: none"> <li>Holding bidding conferences for the public</li> <li>Negotiations on strategic cooperation</li> <li>Exchange visits</li> </ul>
Environment	Our business operation may affect the ecological environment.	<ul style="list-style-type: none"> <li>Green finance</li> <li>Responsible investment</li> <li>Environmental protection</li> <li>Resource conservation</li> </ul>	<ul style="list-style-type: none"> <li>Responsible investment guidelines</li> <li>Environmental protection initiatives</li> <li>Green operation initiatives</li> <li>Climate change response</li> </ul>
Community and the public	Our business operation may affect community development.	<ul style="list-style-type: none"> <li>Community development</li> <li>Social welfare</li> <li>Environmental protection</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> <li>Employee volunteer activities</li> <li>Public welfare activities</li> <li>Social undertakings</li> </ul>

## Identification and Analysis of Material Topics

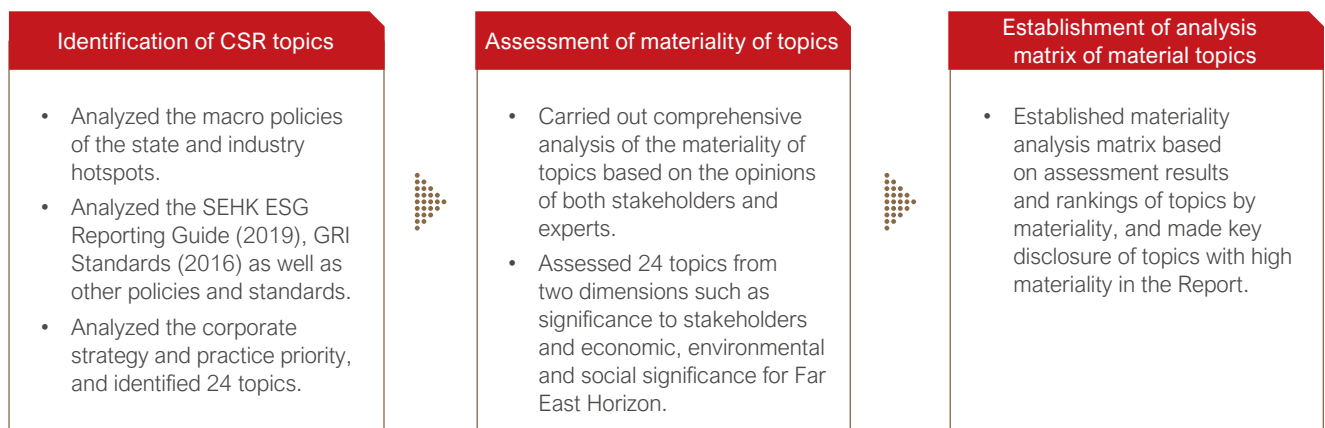
In 2020, Far East Horizon identified, assessed and screened material topics with reference to national policies and industry headlines and in line with regulatory requirements, and defined the highly substantial social responsibility topics as disclosure priorities, so as to better answer stakeholders' appeals and expectations.

At the same time, the Company divided material topics into generic topics and specialized topics (which were further divided into four major fields: finance, healthcare, construction, and education), so that subsidiaries of the Company distributed in corresponding industries could communicate with their stakeholders about their respective CSR practices.

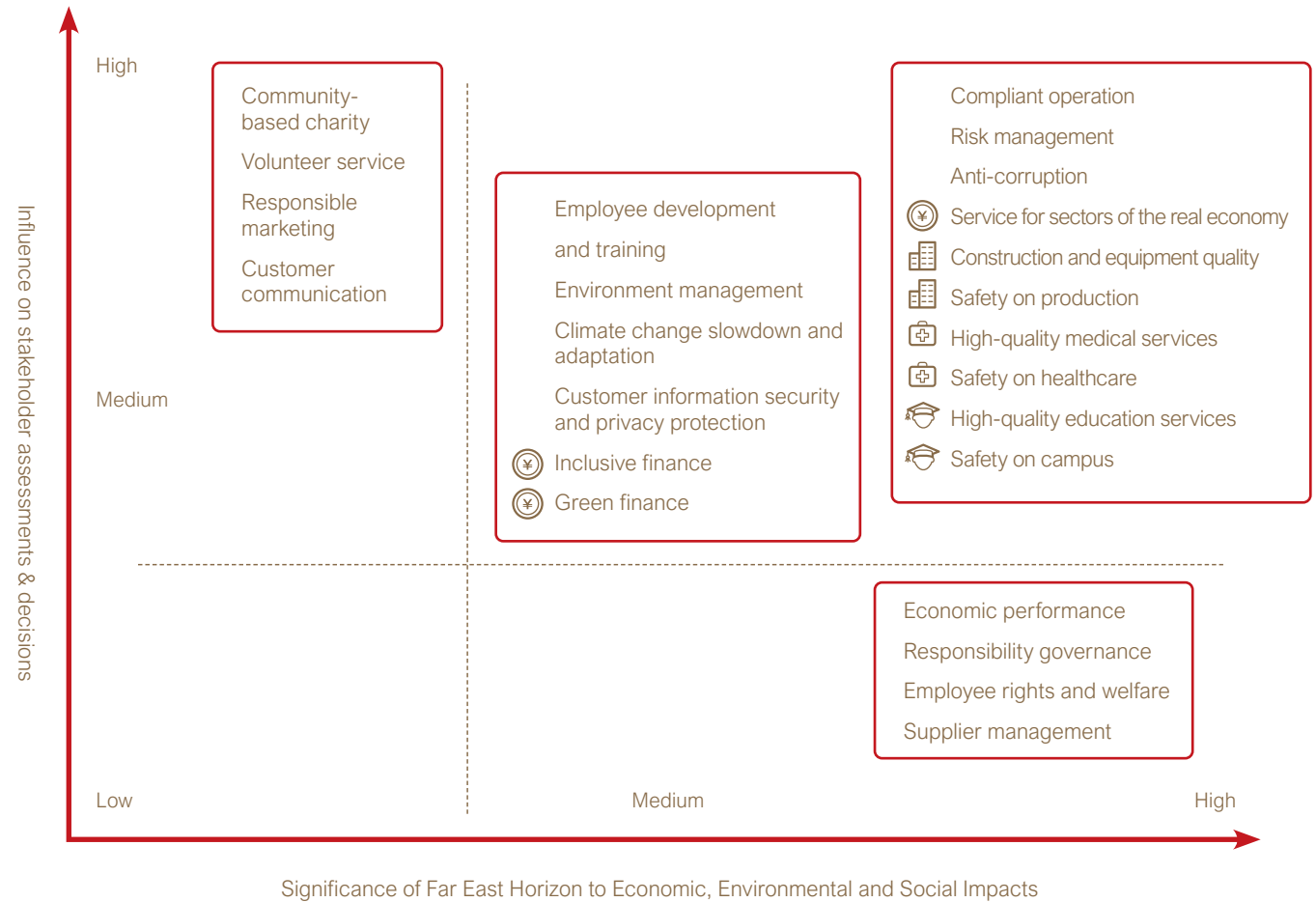
### ►Major Changes to Material Topics of Far East Horizon in 2020

Material topics in 2019	Material topics in 2020	Reason for change
Employee health and safety	Ensure medical safety, production safety, and campus safety	The original topic was broken down into the specialized topics of Far East Horizon in three of its major sectors, that is, healthcare, construction, and education, so as to demonstrate its distinctive responsibility practices in the three sectors, respectively.
Product and service quality	Quality of healthcare, construction and equipment, and excellent educational services	
Labor rights and welfare	Protection of employee rights and benefits	More compatible with the generic description of the CSR report

### ►Analysis Process of Material Topics



▷ **Matrix of Material Topics**



Specialized topics in the field of finance



Specialized topics in the field of construction



Specialized topics in the field of healthcare



Specialized topics in the field of education

# 3. Robust, Efficient Governance for Well-grounded Development







## 3.1 Corporate Governance

### Improving the Governance Framework

Good corporate governance is crucial for a company’s healthy and sustainable development. Far East Horizon implements the *Hong Kong Companies Ordinance*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and the *Hong Kong Securities and Futures Ordinance*, among other pertinent documents. When practicing high-level governance, the Company devotes itself to consistently improving the decision-making mechanism and increasing transparency, in an effort to safeguard the long-term interests of all shareholders and improve the corporate value.

The Company regards the diversified composition of Board members as an element critical for the realization of sustainable development. Thus, the Board of Directors comprises members with accounting or financial expertise, legal qualification, finance and other related experience, who are able to provide professional support for the Company’s financial auditing, business decision-making, risk control, and other domains concerning its efficient operation. In the election of Board members, the Company takes into account many factors of candidates including gender, age, cultural and educational background, professional experience, specialty, and term of service, so as to make sure the Board of Directors possesses diversified skills, experience, and viewpoints.

#### ►Composition of the Board of Directors and Convening of Meetings at Far East Horizon

Composition of the Board of Directors	Convening of meetings
 Two executive directors	 One shareholder meeting
 Five non-executive directors	 Four board meetings
 Four independent non-executive directors	 Six meetings of the committees under the Board of Directors



## Enhancing Communication with Investors

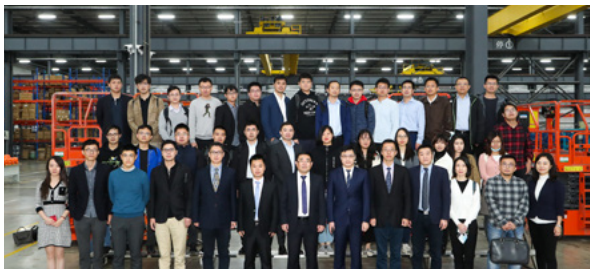
Pursuant to the *Hong Kong Companies Ordinance* and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, among other documents, Far East Horizon has drafted a host of rules and policies such as the *Compliance Management Measures for Capital Markets*, the *Related Party Transactions Management Measures*, the *Information Disclosure Management Measures*, and the *Guidelines for Disclosure of Notifiable Transactions*, with a view to disclosing a variety of information in an authentic, accurate, integral, timely and fair manner, and protecting minority investors' rights and interests, including the right to know.

The Company believes that efficient communication with investors is an important way for the Company to cement its relations with investors, update them on its operations, and boost their confidence in the Company. In 2020, the Company adopted a variety of measures to maintain high-quality communication with investors including shareholder meeting, daily communication and Investor Day.

### Investor Day

In October 2020, Far East Horizon held the 2020 Investor Day for the year. More than 100 representatives from world-renowned banks, funds, securities traders, and other financial institutions gathered at Horizon Construction Development, the Company's equipment operation platform at Jiading, Shanghai, where they hear from the management of Far East Horizon and discussed the future of "finance + industry" by such means as online conference and field visit.

During the event, the management briefed the investors present online and offline on the Company's history, current business performance, and future goals, and shared with them the strategic adjustments the Company had made in the face of arduous pandemic response, the complex external environment, and uncertain prospects for economic development. By doing so, the Company greatly bolstered investors' confidence in its steady development under the "finance + industry" dual-wheel-driven development strategy.



A group photo of investors at the Investor Day



A field visit of investors to Horizon Construction Development at Jiading, Shanghai

## 3.2 Risk and Compliance Management

### Erecting A Solid Line of Defense for Risk Compliance

Far East Horizon strictly complies with the *Provisional Rules on Leasing Companies for Financing Purpose*, the *Regulation of Shanghai Municipality on Local Financial Supervision and Administration*, and other documents, and has formulated and revised the *Compliance Management Measures*, the *Measures for Related Party Transaction Management*, the *Compliance Manual for Financial Leasing Business*, and the *Compliance Manual for Commercial Factoring Business*, among other rules and policies, to keep improving the internal control and compliance systems.

Far East Horizon has established a risk and compliance management system with the Board of Directors as the top decision-making body. The Audit & Risk Management Committee under the Board of Directors is responsible for supervising the risk management procedures of the Company, designing risk management system and policy, reviewing, approving and managing total risk management measures and procedures, and overseeing the overall implementation and effectiveness.

At the implementation level, the Company has established a three-level risk and compliance management organizational framework that consists of the Management, the Risk (Compliance) Management Committee, and various functional and business departments as well as their subordinate companies, to assign each level with clear-cut risk and compliance management responsibilities. As the lead department, the Legal & Compliance Department of the Operation Center shall coordinate the routine risk and compliance management as a whole, and actively cooperate with regulators in their work.

### ▷ Risk and Compliance Management Structure



In terms of compliance training, Far East Horizon organized the employees of the Legal & Compliance Department to attend the Disciplinary Sanctions Seminar organized by SEHK in 2020. The seminar primarily focused on the background of the introduction of disciplinary sanctions procedures, the main situations in which violations of the listing rules may be subject to disciplinary sanctions, disciplinary sanctions principles and considerations, and disciplinary procedures and specific steps, among other aspects of content. It could help employees to comprehensively raise their compliance awareness and compliance management capabilities.

To meet the requirements for compliance management in terms of international sanctions, export control, anti-money laundering (AML), and counter-terrorism financing (CTF), among others, Far East Horizon earnestly studies and abides by the laws and policies related to international sanctions and export control, including without limitation to, the U.S. sanctions and export control-related laws as well as China's *Export Control Law*, *Anti-Money Laundering Law*, the *Measures for the Supervision and Administration of Financial Leasing Companies*, the *Internal Audit Regulations*, and the *Internal Audit Standards*. The Company has formulated the *Management Measures for International Sanctions and Export Control Compliance* and related compliance manuals, operation guidelines and tools, introduced the compliance inquiry system tools, and carried out internal promotion, professional training, and assessment. At the same time, it also investigates and manages the compliance of its businesses and customers according to law. The establishment of an international sanctions and export control compliance management system makes it possible for the Company and its businesses to strictly comply with all applicable laws, policies, and provisions on international sanctions, export control, AML, and CTF.

As to intellectual property protection, Far East Horizon has formulated and issued the *Measures for Intellectual Property Management* in accordance with the *Trademark Law*, the *Copyright Law*, the *Patent Law*, and other laws and regulations, clearly stipulating that it shall refrain from infringing the intellectual property rights of others and effectively protect its own legitimate intellectual property rights. In 2020, the Company sorted out and examined all of its existing intellectual property rights, adopted related management measures on the application, use and maintenance of intellectual property rights, and further improved the intellectual property management mechanism.

## Supply Chain Management

For the purpose of promoting the supply chain towards sustainable development, Far East Horizon always upholds the management principles of “separation of management and utilization, hierarchical classification, openness and transparency, and continual optimization”, and strictly abides by a host of national laws and regulations including the *Tendering Law of the People’s Republic of China* and the *Government Procurement Law of the People’s Republic of China*. In 2020, the Company revised the *Measures for Supplier Management of Far East Horizon Co., Ltd.*, and put in place and continued to improve the supplier management system to guarantee the standard supplier of selection and procurement.

During supplier selection, the Company pays attention to their fulfillment of business ethics and social responsibilities, so as to further mitigate supply chain risks and improve operational efficiency. The eligible supplier list only contains entities with complete legal and professional qualifications, legal operation, good service capacity and brand influence after going through official evaluation procedures. Unless in special circumstances, all the purchases must be made from suppliers on the list.

The Company has set up the centralized supplier management group, developed the basic criteria for supplier entry assessment, continuously carried out supplier assessment, and made company-wide announcement of the periodic assessment and improvement results aimed at improving the professionalism of supplier management and reinforcing internal oversight as well as checks and balances.

### Anti-bribery Management Measures for Suppliers

- During the procurement, the Company promises to strictly comply with relevant laws, regulations and rules, carry out intercourses with suppliers on normal commercial terms and refuse all kinds of bribery.
- The Company has introduced the anti-corruption management mechanism covering all suppliers, through which all the employees can give feedback on the fraud, bidding collusion, commercial bribery of suppliers during the purchase procedures to the supplier management group.
- Moreover, the Company publishes the complaint and reporting channels on the sites of some major projects of itself and its subsidiaries, and signs the project and purchase integrity agreements which explicitly prohibit illegitimate commercial intercourse and bribery.

## 3.3 Anti-corruption

In strict accordance with the *Criminal Law of the People’s Republic of China* and the *Internal Audit Regulations of the People’s Republic of China*, and other laws and regulations, Far East Horizon has formulated the *Regulations on Anti-fraud Work of Far East Horizon Co., Ltd.* and the *Employees’ Professional Ethics Code of Far East Horizon Co., Ltd.*, etc., which define the attitude of “zero tolerance” over the issues crossing the line and expressly require all employees of the headquarters and subsidiaries to “avoid fraud by complying with the code of conduct and code of ethics of Far East Horizon and national and industry laws and regulations”, in order to prevent job-related crimes and violations.

The Company conducts internal control inspections every year, including operation and management system audits and integrity risk inspections, with an aim to continuously improve its operation and management systems and promptly rectify possible defects in the prevention and control of integrity risk and other risks.

#### Internal Control Actions Adopted by Far East Horizon in 2020

- The Company performed **38** inspections of all sorts on the operation system from such dimensions as basic internal control, critical changes, innovative business, and industrial business, so as to improve the Group's management system.
- The Company carried out **six** important project audits with a view to making strides in building a new project management system.
- The Company paid follow-up field visits to over **130** important customers, in an effort to review the effectiveness of the implementation of new management measures.
- The affiliated industry platforms conducted various forms of audits on the matters related to **major decisions, major appointment and dismissal of senior officers, major project investments, and use of large-amount funds.**

To raise the integrity awareness among all employees, the Company requires all new recruits to sign the *Integrity Undertaking Statement* on the date of entry on duty. In addition, the Company carries out anti-corruption warning education activities through online and offline training sessions, live video streaming, and managerial personnel rotation, among other methods. These efforts are aimed to guide all employees to follow professional ethics and maintain integrity in practice.

In 2020, the Company launched **148** anti-corruption warning education activities, registering about **3,300** attendances.

The Company has opened up email and 400 hotline for whistleblowers and complainants, made them visible on the new employee training platform and official website, and set up a special incentive fund for audit trail, in order to facilitate the reporting of violations by employees and external customers, promptly identify and prevent phenomena and behaviors undermining the interests of the Company, and promote the sound and sustainable development of the Company.

Regarding the protection of whistleblowers, the Company refers to the *Regulations on Letters and Visits* and other pertinent laws and regulations, and has formulated internal policies such as the *Regulations on Anti-fraud Work* and the *Measures for Whistleblowing Supervision and Administration*, clearly setting out requirements for the protection of whistleblowers and strictly prohibiting any discrimination or retaliation against complaints or whistleblowers. At the same time, the Company has established and improved the confidentiality whistleblowing management policies. According to these policies, there is a dedicated whistleblower telephone line and email address, both of which are in the charge of dedicated personnel, and relevant personnel are required to sign confidentiality agreements to strictly protect the rights and interests of whistleblowers.



## 4. Boosting the Real Economy and Creating Excellent Value

### 4.1 Providing High-quality Financial Products and Services

#### Increasing People's Well-being with Financial Forces

In the face of the complex and changeable external environment in 2020, Far East Horizon took vigorous actions to withstand the impacts of the pandemic and stayed true to its mission of “integrating global resources and promoting China’s industries” and its “finance + industry” business strategy. It made unremitting efforts to comprehensively deepen its business planning and continuously expanding its business scope, thus achieving healthy and stable development throughout the year.

As a pioneer and leader of China’s financial leasing industry, Far East Horizon has gained a key advantage in nine major sectors closely related to the national economy and people’s livelihood, that is, urban public utility, healthcare, culture & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, and transportation & logistics. In the meantime, the Company continues to improve the innovative service system, becoming one of the backbone forces that propel the innovative development of the Chinese financial leasing industry.

#### ►Tapping Deep into Nine Primary Sectors Closely Related to the National Economy and People’s Livelihood



Urban public utility



Healthcare



Culture & tourism



Engineering construction



Machinery



Chemical & medicine



Electronic information



Public consuming



Transportation & logistics

As at the end of 2020, Far East Horizon accumulatively invested more than **RMB1 trillion** in the real economy, served over **20,000** customers and launched more than **40,000** cooperation projects.

## Increasing the Accessibility of Financial Services

Supporting the development of small and medium-sized enterprises (SMEs) is one of the important measures Far East Horizon adopts to increase the availability of financial services and fulfill its social responsibilities. The Company acts on the national arrangements that financial institutions should support SMEs, and continues to increase financial support for them.

Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Ltd. (hereinafter referred to as “Far East Inclusive”) is a wholly-owned subsidiary of Far East Horizon that is engaged in offering financial leasing services to SMEs. Far East Inclusive keeps on innovating its products and services and improving its standard and differential serviceability in order to provide SMEs with a wealth of financial products and supporting services to meet their financial needs for equipment purchase, R&D investment and liquidity replenishment, as well as help these enterprises reduce costs and increase benefits through intensive purchase or optimized management.

Relying on its Shanghai Headquarters, Far East Inclusive has set up branches in more than 10 cities across the country including Suzhou, Shenzhen, Tianjin, Jinan, Zhengzhou, Nanjing, Ningbo, Chengdu, Wuhan, Guangzhou and Xiamen. This makes it possible for the subsidiary to quickly reach every part of China. At the same time, it also keeps enhancing the breadth and depth of its regional coverage, and is committed to creating an innovative service model of inclusive finance for SMEs in all domestic industries.

### ► National Network of Inclusive Finance Business



## ► Business Results of Inclusive Finance



As at the end of 2020, Far East Inclusive served a total of **1,300** SMEs by providing them with funds worth **RMB3.5 billion**.

Far East Inclusive was named as the **"Leading Enterprise of Inclusive Leasing"** at the 2020 Global Leasing Industry Competitiveness Summit.

### Providing Financial Support for A Small-to-mid-sized Dairy Company

A dairy company, established in 2001, specializes in the production and sales of dairy products. The output and quality of its dairy products depend on the number of dairy cows owned by the company's pastures and the quality of the milk produced.

To expand the scale of operations, the company in 2020 further increased investment in cultivation research and supporting equipment, a move that resulted in great pressure on its cash flow. Informed of this, Far East Inclusive comprehensively assessed the business status and use of funds of the company, and helped the company to renovate its pastures through leaseback products, thus alleviating the company's funding shortage in a timely manner. The project effectively spurred the development of SMEs engaged in the undertakings of "agriculture, rural areas and farmers".

## 4.2 Serving the Real Sector

### Fighting against the COVID-19 Pandemic with Financial Forces

After the outbreak of the COVID-19 pandemic in 2020, Far East Horizon earnestly implemented the decisions and arrangements of the CPC Central Committee and the State Council on the pandemic prevention and control, and acted on the *Notice on Further Strengthening Financial Support for Preventing and Controlling the COVID-19 Pandemic* jointly issued by five national ministries and commissions including the People's Bank of China. Leveraging its financial expertise, the Company provided a full range of financing support from multiple angles to help companies alleviate the pressure from operating funds. What it had done injected a new source of energy as required by enterprises in the real sector to overcome the adverse impact of the pandemic and achieve quality and efficiency improvements.

### Issuing the First Anti-pandemic Bonds Worth RMB2 Billion

In February 2020, Far East Horizon successfully book-built the first RMB2 billion of renewable anti-pandemic bonds, so as to quickly fuel the fight against the pandemic with financial forces. The funds raised from the anti-pandemic bond issuance would be used to support the financial leasing business in Hubei, Guangdong, Zhejiang, Henan, Hunan and other pandemic-prone provinces, increase financing for enterprises involved in pandemic prevention and control such as pharmaceutical developers, anti-pandemic supply producers, medical device manufacturers, and material storage and transportation companies, ramp up the support for stable operation and development of SMEs across the country, and help enterprises in various sectors of the real economy to tide over the difficulties.

At the critical time of fighting the virus, the Company worked with solidarity and based on expertise, and completed the preparation for the bond issuance in the shortest time possible. The Shanghai Stock Exchange opened a “green channel” for the bond issuance, going through the approval process very efficiently and ensuring the bonds were offered smoothly. In the future, the Company will continue to get various aspects of pandemic response work done properly, provide escorts for the sectors in the real economy in pursuit of steady development, and make its own contribution to the social and economic recovery.

**本期债券为交易所首单疫情防控可续期公司债**

**热烈庆祝远东国际融资租赁有限公司公开发行2020年可续期公司债券（第一期）（疫情防控债）成功发行！**

证券简称	发行规模（亿）	债券期限	发行利率	主体/债项评级	簿记时间
20远东Y1	15	2+N	3.87%	AAA/AAA	2020年2月14日
20远东Y2	5	3+N	4.13%	AAA/AAA	

发行人：远东国际融资租赁有限公司  
牵头主承销商：CICC 中金公司  
联席主承销商：广发证券  
会计师事务所：EY 安永  
律师事务所：大成律师事务所  
信用评级机构：中诚信国际信用评级有限公司

The first renewable anti-pandemic bonds of Far East Horizon

## Financing A Medical-grade Purification Machine Manufacturer to Deliver Supplies to the Frontline of the Fight against the Pandemic

A private medical device enterprise located in Southwest China is mainly dedicated to manufacturing ozone and negative ion sterilization equipment. At the beginning of the pandemic outbreak in 2020, the company got an urgent order to manufacture 30,000 sets of medical-grade purification equipment before the Huoshenshan and Leishenshan hospitals completed their construction. However, the purchases of upstream raw materials and spare parts drained the working capital of the company. Informed of the situation, Far East Horizon was keenly aware that it was imperative to serve the needs for anti-pandemic supplies. So Far East Horizon dispatched business personnel to the company without any delay, where they made an inventory of the leased items efficiently. It took only 15 days to wrap up the financing deal. Far East Horizon helped the company overcome its financial difficulties and did its part to curb the coronavirus spread.

## Developing Green Finance

As indicated by the Central Economic Work Conference in December 2020, peaking carbon emissions and realizing carbon neutrality is one of the key tasks in 2021; green finance turns out as an important means to achieve the goal of carbon neutrality, so how to develop green finance in a high-quality manner attracts much attention. As a practitioner of green finance, Far East Horizon actively advocates the concept of green development. It is dedicated to promoting various industries towards more eco-friendly, normative, efficient, and sustainable development through a diversity of financial support and services.

Far East Horizon pays close attention to the green development of cities. Specifically, the Company continues to optimize the business development system in the people's livelihood industries such as environmental protection and municipal public utilities, and formulates targeted credit policies in support of the green transformation drive initiated by state-owned enterprises in public transportation, heating, gas, water supply, and other similar fields.

### ► Financial Services Offered to Green City in 2020

Field	Services and business results
Green public transportation	The Company had concluded 39 deals, carried out 51 projects, and made inputs of RMB1,184 million.
Environmental protection	The Company had concluded 39 deals, carried out 53 projects, and made inputs of RMB3,080 million.
Green energy	The Company had concluded 25 deals, carried out 38 projects, and made inputs of RMB2,011 million.

According to the national policies for “pollution and carbon curb in exchange for coordinated and efficient development”, chemical, refining-chemical, coal, and other industrial enterprises are all facing high costs caused by the adoption of green transformation measures such as plant relocation and rectification, technological upgrading, and equipment replacement. In this context, Far East Horizon is committed to meeting these enterprises’ individualized needs for green financing through a wide range of financial services.

### Helping the Green Transformation of A Chemical Group

A chemical enterprise group is the world's largest independent producer and supplier of coke, the world's largest crude benzene processor, China's largest producer of coke-oven-gas-based methanol, and China's largest producer of industrial-naphthalene-based phthalic anhydride.

In 2020, the group planned to invest in the second phase of the caprolactam project with an aim to extend its chemical industry chain. The project adopted the world's cutting-edge technology and had the features of high single-line production capacity, high energy efficiency, low raw material consumption, and low pollutant emissions. With all of its indicators far outperforming national standards, the project conformed to the principles of green and low-carbon development. Far East Horizon provided financial services for it through leaseback products, thus supporting the green transformation of the chemical industry.



The site of the caprolactam project (phase II)

### Boosting the Water Pollutant Treatment Capacity in the Yangtze River Basin

Far East Horizon supported the Wuhan Dongxihu project through financial services in 2020. The project was an integrated project involving the optimization of the municipal rainwater pipeline network and the enhancement of regional rainwater discharge standards. It aimed to rectify black and odorous water bodies in the city and reduce the amount of sewage directly discharged into rivers and canals.

The facilities to be constructed under the project included a rainwater pipeline project, sewage pipeline project, rainwater and sewage diversion project, etc. After completion, it would effectively solve the problems of sewage discharge and water environment, and further raise the construction standards of regional drainage systems, thus giving a boost to the building of a sustainable city.



Before sewage treatment



After sewage treatment



## Supporting the Infrastructure Construction Projects Closely Related to People's Well-being

Sophisticated infrastructure facilities related to people's livelihood stand as an important indicator of the development of material culture and living standards, and lay an essential foundation for the people to lead a better life. Far East Horizon is dedicated to providing financial support for such fields concerning people's well-being as public infrastructure construction, municipal services, and operation services, with an aim to promote the steady improvement of people's living standards and the sustainable development of the national economy.

### Supporting the Energy-efficient Renovation of Residential Buildings

In 2020, Shanghai Horizon Construction Investment Co., Ltd. (referred to as "Horizon Construction Investment"), a subsidiary of Far East Horizon, invested in the energy-saving renovation project of the existing residential buildings in Taiyuan. The public-private partnership (PPP) project involved more than 600 residential communities in a total area of over 10 million square meters. According to China's 75% building energy efficiency standards, which were the latest, the project performed energy-saving renovation on over 2,000 residential buildings. For instance, old windows were replaced and insulation layers were applied to building facades, to completely end energy waste caused by air leaks through walls.

As at the end of 2020, the project had completed the renovation of 1,800 buildings before the start of the heating supply season, allowing 50,000 households to have a warm winter. The project is expected to complete as a whole at the end of 2021. By then, approximately 300,000 people from 100,000 households will benefit, saving Taiyuan City nearly 200,000 tons of coal each year.



The residential building after renovation

### Helping A Private Airport Mitigate the Pandemic Impact

An airport in Shanxi, as the second largest civil aviation airport in the province, opened to air traffic in February 2005. In 2020, the airport saw its annual passenger throughput tumbled to 1.64 million from 2.48 million last year due to the outbreak of the pandemic. Its cash flow became tight.

Informed of the airport's financial problems, Far East Horizon provided financial leasing services for it in 2020, involving funds worth a total of RMB158 million. With these funds, the company got capital pressure relieved in time, kept operating normally, and pushed forward the projects under construction as scheduled. It managed to restore all operating indicators to the pre-pandemic level ahead of others.



The newly built terminal

## 4.3 High-quality Customer Services

### Continuing to Improve the Sound Customer Service System

Far East Horizon keeps achieving innovative breakthroughs, provides high-quality, diversified and one-stop solutions as actually needed, renders customers with professional services, and creates more value for them. By virtue of information service, satisfaction survey and customer activity, the Company establishes a customer relations management system to get customers' voices heard and figure out what they really need.

#### ▷ Customer Service Commitment

Quality service	We promise to be responsible and responsive, and provide efficient and convenient one-stop services for our clients at any time.
Credibility first	We honor our promises and treat every client in an honest and cooperative manner.
Probity and self-discipline	We conform to work ethics, refuse to bribe or asking for bribes, and refuse any activities which disobey laws or rules.

#### ▷ Customer Service System

Unimpeded consulting service channels	<ul style="list-style-type: none"> <li>• Official website of Far East Horizon</li> <li>• WeChat official accounts of the Group and its industry sectors</li> </ul>
Regular customer satisfaction survey	<ul style="list-style-type: none"> <li>• Regular telephone follow-ups</li> <li>• Cross-visits to customers</li> <li>• Survey of feedback on market activities</li> </ul>
Various sorts of customer activities	<ul style="list-style-type: none"> <li>• Industry clubs</li> <li>• Customized courses of all sorts</li> <li>• Industry summits</li> <li>• Visits to model enterprises</li> </ul>

### Information Security and Privacy Protection

Far East Horizon attaches great importance to protecting customer information and establishing long-term trustworthy business relations with customers. The Company stipulates and strictly follows the *Measures for Confidential Information Management*. The Operation Center, Human Resources Department, Internal Audit Department, and Office Center work together to manage information confidentiality as a whole. These departments should make clear how to identify responsibilities in case confidential information is leaked and hold the persons concerned accountable, and define the range of confidential information accessible to employees and their related authority. Moreover, these departments need to make sure that employees sign the *Post Confidentiality Commitment Letter*, and departmental heads sign the *Confidentiality Responsibility Commitment Letter*, as a move to help all employees constantly raise their awareness of keeping information confidential and safeguard the security of customer information.

In addition, the Company uses its customer marketing management (CMM) system to manage customer information in a centralized way, and adopts strict access authority management measures to protect customer information. In 2020, no customer privacy leak occurred at the Company.

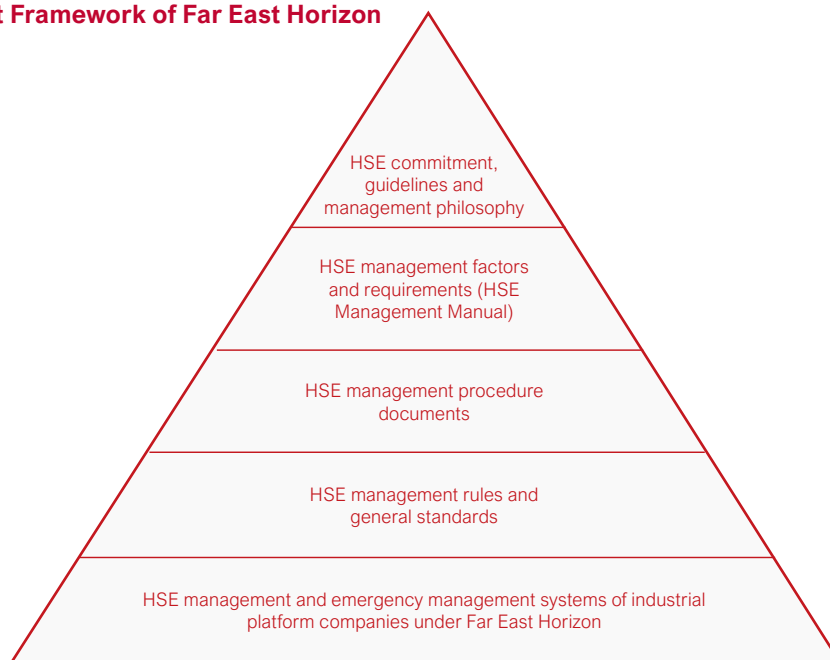
## 5. Performing Environmental and Safety Responsibilities and Promoting Low-carbon Development

### 5.1 Intensifying Lean Management

Far East Horizon always deems health, safety, and environment (HSE) as key pillars of its sustainable development. To deepen the HSE lean management on all fronts and attain high-quality development, the Company further improves management efficiency by such means as enhancing the management structure, revising management policies, and refining management measures. In the process, it provides strong support for sharpening the core competitiveness.

In 2020, Far East Horizon upheld the HSE guidelines of “dual responsibilities of one post, all-employee involvement, risk management, focus on accident prevention, and continuous improvement” and the HSE goal of “incurring no major HSE accidents or major violations”. Relying on the HSE management, it tried to maximize reliability of the production and operation activities and the return on project investment, thus providing escorts for the steady implementation of its “finance + industry” strategy.

#### ▷HSE Management Framework of Far East Horizon



In 2020, the Company further specified the division of responsibilities of the Management and various departments in HSE management according to the latest organizational structure, a move that effectively improved the efficiency of HSE management.

Additionally, the Company further improved the HSE system in 2020 in line with the adjustments to the organizational structure and the requirements for management improvement. Specifically, it formulated new HSE management policies and revised old ones, both of which added up to 70, and put into operation various management requirements by such means as training and assessment, publicity and communication, and operation inspection. To evaluate the effectiveness and normality of the HSE system effectively, the Company also carried out an HSE system audit where external experts were invited to raise requirements and suggestions for improvement with respect to 213 HSE hazards and management problems, and keep following up with items to be rectified online.



### Key HSE Tasks of Far East Horizon in 2020

- **Management of work safety accidents:** The Company offered accident investigation guidance, conducted warning inspection supervision, and launched special initiatives to intensify risk prevention with respect to the primarily responsible units of different levels.
- **Forewarning against and emergency response to non-work safety accidents and events:** The Company tracked natural disasters and external safety events, released forewarning information in time, supported emergency preparedness, dealt with emergencies properly, and eliminated adverse effects.
- **HSE supervision of engineering projects:** The Company performed quarterly key supervisory inspections on over 20 self-built projects involving medium-to-high risk and construction service businesses under its jurisdiction.
- **HSE supervision of business premises:** The Company carried out specialized receiving inspections on the newly built outpatient, inpatient, and medical technology buildings of member hospitals, as well as the buildings of affiliated schools and kindergartens renovated in winter and summer holidays, before they were put into use.
- **Upgrading of HSE management tools:** The Company examined and set out the ideas for the development of the HSE risk monitoring information system, started building the library of HSE laws and regulations, the repository of HSE online training resources, the collection of HSE accident cases and best practices, and launched the HSE supervisory inspection and hazard management module officially by the end of 2020.

## 5.2 Occupational Health and Safety

Far East Horizon has established and run a group-wide occupational health and safety control system with well-defined responsibilities and hierarchies which puts risk management and control at the core and attaches importance to hazard governance in compliance with the *Work Safety Law of the People's Republic of China* and other laws and regulations regarding occupational health and safety.

In 2020, the Company reported neither work safety accident that caused serious injury or death nor occupational disease-related accident.

### Pandemic Prevention and Control

At the beginning of 2020 when the entire nation was still in a dire situation of pandemic prevention and control, Far East horizon thoroughly implemented the pandemic response requirements and instructions set out by the central and local governments. The Company spared no effort to ensure its financial business and various industrial projects, factories, and schools could resume their operation safely as early as possible. Combined with the developments in China's pandemic control throughout the year, it guided and supported the science-based formulation and implementation of the ongoing pandemic prevention and control policies. Thanks to the efforts made by various parties including the Joint Working Group on Pandemic Prevention and Control, there was neither group coronavirus infection in any of the Company's business premises, nor individual infection of employees in 2020.

## ▷ Pandemic Control Measures Adopted by Far East Horizon



Company leaders were on duty for **100 consecutive days**.



Up to **1,500** boxed meals were supplied every day.  
Canteens were thoroughly cleaned and disinfected for **5 times** per day.



Over **1,300** body temperature checks were carried out every day.



A total of **63** disinfections for key areas were counted every hour.

## Work Safety

Centered on the “finance + industry” development strategy, Far East Horizon actively extends its presence to many fields of industrial operations such as hospital operations, rehabilitation and elderly care, equipment engineering, and K-12 education. In the face of the dual challenges from the ongoing pandemic response and the corporate safe operations, the Company takes the initiative to adopt work safety measures as per the safety policies and regulations of the state and the industry.

## Launching the Work Safety Month Campaign to Eliminate Safety Hazards and Build a Solid Line of Defense

In May 2020, Far East Horizon officially launched the 2020 Work Safety Month campaign. Chief heads of the Company's headquarters departments such as the Strategic Center, the Office Center, and the Strategic Operations Department as well as of subsidiaries including Horizon Healthcare, Horizon Construction Development, and Horizon Education gathered at Far East Academy to attend the launching ceremony and the work safety training sessions.

A team of experts in the national work safety policies and regulations and accident investigations was invited to give managers at all levels a special training course called the "Work Safety Regulations and Policies and Safety Duty Fulfillment", as part of the launching ceremony of the campaign. In addition, training also covered other aspects of content, including the Company's project and HSE management policy (version 2020), model projects of the industry segment in work safety and emergency management in 2019, and rearrangements for the key tasks of work safety to the headquarters departments and subsidiaries.



A group photo of the visiting experts and the managers of Far East Horizon

## Emergency Drills

In 2020, Far East Horizon created and promoted the model emergency drill projects in categories of office buildings, medical facilities, and schools, and organized multiple safety drills including evacuation drills, anti-terrorism and riot control drills, and typhoon and flood prevention drills. The drill activities, based on real practice, scenario, and process, created a strong safety culture, thus helping employees raise their safety awareness and improve their emergency response skills such as fire fighting, first aid, and emergency escape.

## Safety Drills Organized to Eliminate Various Hazards

In June 2020, Far East Horizon Plaza held a string of integrated emergency rescue drills including fire prevention, flood prevention, riot prevention, and trapped elevator self-rescue, in order to further raise the fire safety awareness of employees, enhance the anti-riot capabilities of the security personnel, and improve the pertinence of flood prevention contingency plans. Through these drills, the Company protected the safety of employees with concrete efforts.



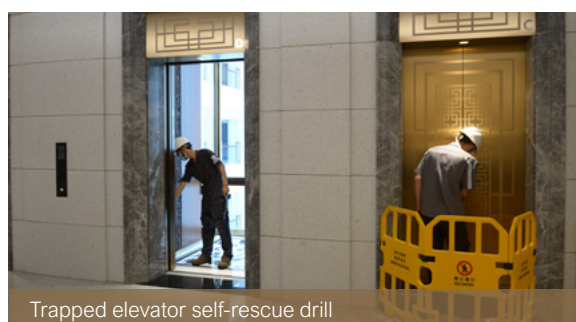
Drill of fire extinguishing and evacuation



Emergency drill of flood prevention



Emergency drill of anti-terrorism and riot control



Trapped elevator self-rescue drill

## 5.3 Practicing Green Operation

Far East Horizon strictly abides by the *Environmental Protection Law of the People's Republic of China* and other pertinent laws and regulations, and works hard to strike a balance between corporate operation and environmental protection. The Company takes the initiative to avoid waste, improve resource and energy use efficiency, and reduce waste discharges. To sum up, it adopts practical actions to help the country achieve its “carbon neutrality” goal.

In 2020, no environmental violations were found, which were recognized with the material influence on the Company.

### ▷ Green Operation Measures

Key Aspects	Specific Measures
Green building	<ul style="list-style-type: none"> <li>Far East Horizon Plaza embeds a host of green and energy-saving concepts into its entire lifecycle, which runs through design, construction, and operation, and guides through many aspects of its operation, including energy conservation and utilization, water-saving and utilization, and material saving and utilization.</li> <li>The facility was awarded the Certificate of Green Building Design Label (Two-Star) from Shanghai Green Building Council.</li> </ul>
Electricity use management	<ul style="list-style-type: none"> <li>Escalators adopt motion sensing control to realize automatic deceleration when there is no passenger.</li> <li>The intelligent lighting control system is installed in the basement garage, so that the lighting of parking spaces and driveways can be turned on or off intelligently for different time periods, a move that greatly reduces the energy consumption of the facility.</li> <li>Invite employees to join the low-carbon workplace initiative, draft the <i>Workplace Management Rules</i>, and ask employees to shut down their computers and power switches before they go off duty every day.</li> </ul>



Key Aspects	Specific Measures
Utilization of water resources	<ul style="list-style-type: none"> <li>Since the water comes from the municipal supply, there are no problems in obtaining water sources.</li> <li>Set up a rainwater harvesting pond, and use the treated rainwater for planting irrigation, road sprinkling, basement washing, waterscape replenishment, and other purposes. The annual rainwater reused reaches 3,600 cubic meters.</li> <li>Encourage employees to save water, preferentially purchase water-saving office appliances, and carry out the timely maintenance work on the parts where water leaks.</li> </ul>
Reduction of paper and disposable paper cups consumed	<ul style="list-style-type: none"> <li>Establish the online office (OA) system to distribute in-house notices and plans in a digital form.</li> <li>Publish the <i>Green Office Initiative</i> to advocate double-sided printing, thus saving paper.</li> <li>Encourage employees to use their own mugs as a move to minimize the use of disposable paper cups.</li> </ul>
Garbage classification management	<ul style="list-style-type: none"> <li>To disseminate the detailed rules on garbage sorting, the Company adopts a host of measures, which include releasing online notices, playing information videos, and placing flyers.</li> <li>Dustbins for containing dry, wet, recyclable, and hazardous wastes separately are placed in such areas as elevator hall and elevator lobby.</li> <li>Wastes are collected and transported on a fixed schedule. The Company collects 18 bins of dry wastes per day and 14 tons of recyclable wastes per year.</li> </ul>
Management of solid waste and effluent	<ul style="list-style-type: none"> <li>Domestic waste is collected and transported by the Property Service Department in a centralized way, and electronic waste is disposed of by the qualified agencies that the Company has entrusted.</li> <li>Effluents collected from the underground garage cannot be discharged into the sewage system, unless it is treated through the sand sedimentation and oil separation tank.</li> <li>Oily wastewater from kitchen should be treated through the oil separation tank and then discharged into the municipal pipes.</li> </ul>

## Advancing the “Clean Plate” Campaign to Reduce Food Waste

To implement the instructions of the CPC Central Committee on stopping food waste resolutely, Far East Horizon introduced the Mankebao smart canteen management system, a leading catering brand, in 2020, with an aim to create a “digital canteen” and an intelligently managed canteen operation model. The “Clean Plate” campaign achieved significant results.

Thanks to the intelligent meal ordering management system, Horizon Canteen knows the number of reservations in advance and devises precise plans, to realize on-demand procurement, preparation, and supply, which is a prerequisite for minimizing the waste of food materials and the generation of kitchen waste from the source.

In 2020, Horizon Canteen managed to reduce the amount of food consumed per capita by 12%, the expenses on rice, flour, and oil by 9%, and the amount of kitchen waste by 35%, which was equivalent to the cost savings of about RMB776,000.



A daily supervision mechanism was introduced.

## 5.4 Responding to Climate Change

Climate change is one of the most severe challenges facing mankind in the 21st century. Chinese President Xi Jinping delivered an important speech at the General Debate of the 75th Session of the UN General Assembly in September 2020. He indicated that “China will scale up its nationally determined contributions and strive to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060.”

### Climate Change Management System

As an active response to the major concerns of governments, investors and other stakeholders across the world for coping with climate change, Far East Horizon has identified the climate change-related risks and opportunities as suggested by the climate change-related information disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB), and kept refining its management measures based on the identification findings, so as to minimize the carbon footprint its operational activities cause.

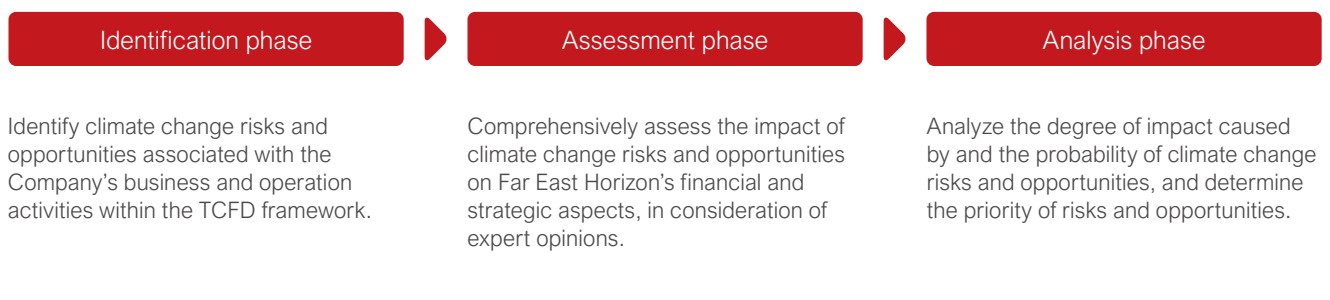


Governance	<ul style="list-style-type: none"> <li>At the Company, climate change mitigation and adaptation is high on the daily agenda of its business departments.</li> </ul>
Strategy	<ul style="list-style-type: none"> <li>Identify and analyze major climate-related risks and opportunities and evaluate their possible influence on the Company's operation and financial standing.</li> <li>Take related management actions in terms of low-carbon operation, response to climate change-induced natural disasters, and support for clean energy development, and other domains.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>Identify the potential risks and opportunities of the Company's business and operational activities with reference to the risk analysis framework of TCFD;</li> <li>Plan to incorporate the risks and opportunities related to climate change into the holistic operational risk management in the future.</li> </ul>
Metrics and targets	<ul style="list-style-type: none"> <li>Disclose the load and intensity of energy consumption and the load and intensity of greenhouse gas (GHG) emissions in the annual ESG report and on the basis, evaluate the Company's performance in managing climate change response, and develop the plan for improvement.</li> </ul>

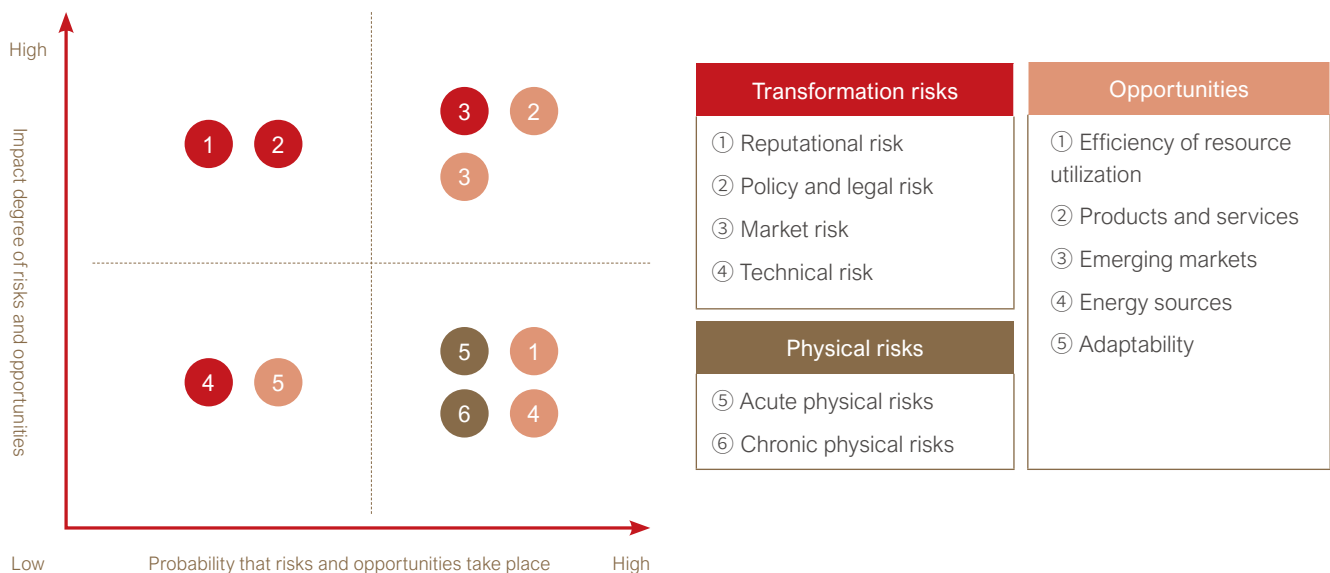
## Identifying Climate Change-related Risks and Opportunities

Far East Horizon is fully aware of the substantial financial or strategic impact that climate change may have on itself. To better cope with the potential risks and opportunities, the Company carries out the identification, assessment and analysis of climate risks and opportunities, and identifies climate change risks and opportunities related to its business and operation activities with a view to better controlling risks and seizing opportunities.

### ► Analysis Process of Climate Change-related Risks and Opportunities



### ► Matrix of Climate-induced Risks and Opportunities



### ► Financial Impact Analysis of Climate Change-related Risks

Risk type	Description	Potential financial impact
① Reputational risk	<b>Finance + industry sectors:</b> In the low-carbon policy environment, stakeholders expect the Company to take more actions in climate change response and increase the transparency in information disclosure. The Company will see its reputation in jeopardy, if it fails to respond to the above appeal of stakeholders properly.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓
② Policy and legal risks	<b>Finance + industry sectors:</b> If customers/investment targets/industrial entities like hospitals and schools under the banner of the Company fail to meet the regulatory requirements for environmental management, they will be likely to get involved in litigation, fine, credit default, and other adverse circumstances.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓
③ Market risk	<b>Finance sector:</b> In the context of carbon neutrality, consumers will adjust their spending habits. As sustainable consumption gains more popularity, customers or investment targets may be exposed to many aspects of market risk, including the growing costs of raw materials and the diminishing demand for energy-intensive products and services. <b>Industry sector:</b> Now customers raise an increasingly expanded demand for energy-saving products. If the Company fails to offer energy-efficient products or equipment, it can do nothing but see its products and services losing their popularity.	Operating income ↓ Value of investment portfolio ↓
④ Technical risk	<b>Finance + industry sectors:</b> Customers/investment targets/industrial businesses under the banner of the Company may be exposed to many aspects of technical risk, including the growing costs brought by the R&D of low-carbon-emission equipment, energy-saving and emission reduction technologies, and environment-friendly materials.	Value of investment portfolio ↓
⑤ Acute physical risks	<b>Finance sector:</b> In case of such extreme weather events as typhoons and rainstorms, the Company's customers or investment targets in such sectors as agriculture, forestry, husbandry & fishery may suffer from the loss on fixed assets, getting their normal operation impacted adversely. <b>Industry sector:</b> Due to climate change, the more frequent natural disasters such as typhoon and flood may interrupt the normal operation of hospitals, schools, construction sites under the banner of the Company, thus incurring economic losses.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓
⑥ Chronic physical risks	<b>Finance sector:</b> In case of such abnormal climate conditions as hot-weather spells and rising sea levels, the Company's customers or investment targets in such sectors as agriculture, forestry, husbandry & fishery may see their normal production and operation impacted adversely, thus reducing their profitability. <b>Industry sector:</b> The continuous high-temperature weather caused by climate change may suspend the operation of the Company's construction sector, hence causing negative influences such as delays in engineering projects and increased work-related injuries on construction sites.	Operating cost ↑
<ul style="list-style-type: none"> <li>All relevant departments include climate change mitigation and adaptation as a focus of their daily work, and identify and manage climate change risks and opportunities effectively;</li> <li>Climate change is discussed with stakeholders as a priority topic through such channels as ESG report;</li> <li>Monitor extreme weather events and feed relevant information back to business departments and industry sectors. Include climate change-related risks in the investment decision-making process;</li> <li>Buy insurances, prepare supplies for flood and typhoon control, or adopt other measures against the extreme weather events triggered by climate change;</li> <li>All industry sectors develop the <i>Contingency Plan for Natural Disaster Accidents</i>, and conduct related drills and training sessions on a regular basis.</li> </ul>		



### ► Financial Impact Analysis of Climate Change-related Opportunities

Opportunity type	Description	Potential financial impact
① Resource efficiency	<b>Finance + industry sectors:</b> Increasing the efficiency of resources consumed such as energy and water is a good way to help the Company lower down its operation costs.	Operating income ↑
② Products and services	<b>Finance + industry sectors:</b> As China is transforming to a low-carbon economy, the preference of consumers for low-carbon products will lead to a surge in the demand for energy-saving and eco-friendly products, renewable energy sources, and green buildings. Green products and services are expected to provide the Company with room for revenue growth.	Operating income ↑ Value of investment portfolio ↑
③ Emerging markets	<b>Finance sector:</b> Under a favorable policy environment of carbon neutrality, SMEs engaged in energy conservation and environmental protection will demonstrate greater financing demand. Green finance will become increasingly favored in the market. <b>Industry sector:</b> Under a favorable policy environment of carbon neutrality, the low-carbon and eco-friendly revolving materials produced by the Company's construction sector will be more preferred by consumers, which promises room for revenue growth.	Operating income ↑ Value of investment portfolio ↑
④ Energy sources	<b>Finance + industry sectors:</b> The extensive application of innovative green technologies keeps bringing down the cost of low-carbon and renewable energy. The increasing application of low-carbon and renewable energy in operation activities will help reduce operation costs.	Operating cost ↓
⑤ Adaptability	<b>Finance + industry sectors:</b> To boost its climate change adaptability, the Company can get involved in renewable energy projects, adopt energy-efficient measures, and choose eco-friendly suppliers and partners.	Operating cost ↓
<ul style="list-style-type: none"> <li>Adopt green office and green operation measures. The adoption of various energy-saving measures, including the use of solar energy and other clean energy, the intelligent upgrade of the underground garage lighting control system, and the advocacy of keeping all lights off, enabled the Company to save electricity consumed by lighting of about 180,000 kWh in 2020, equivalent to reducing greenhouse gas emissions of 144.83 tCO<sub>2</sub>e;</li> <li>Continue to refine the special support plan for green buses, the special support plan for green operation and environmental protection, and other similar plans, in an effort to facilitate the building of green city.</li> <li>Draft the <i>Standards for Management of Credit Line for Municipal Public Utilities</i>, which defines specific credit policies for public transportation, heating, and other enterprises, and encourage the acquisition of quality customers engaged in municipal public utilities and eco-friendly undertakings.</li> <li>Constantly develop eco-friendly products like energy-saving equipment, and step up efforts to promote and apply eco-friendly products;</li> <li>Invest in and operate such new energy projects such as PV power generation, and channel funds to green economy.</li> </ul>		

## Investing in Clean Energy to Cope with Climate Change

Pushing forward the clean energy transformation at great depth is one of the important ways for the entire Chinese society to deal with climate change and make strides in green and low-carbon development. Far East Horizon relies on its subsidiary Shanghai Hongzuo New Energy Technology Co., Ltd. ("Hongzuo New Energy") to invest in long-cycle, high-quality new energy assets such as PV, wind power, and energy storage, a move that spurs the rapid development of the clean energy industry.

### Clean Energy Investments in 2020

- In 2020, Hongzuo New Energy invested in another **12** external new energy projects, which had a combined capacity of **30.20MW**.
- As at the end of 2020, Hongzuo New Energy has held **35** new energy projects in total, which had a combined capacity of **79.51MW**. These projects would offer the supply of clean electricity in **100** million kilowatt hours across society and reduce carbon dioxide emissions in about **99,700** tons every year.

### The 4.0MW Distributed PV Power Generation Project of A Guangdong-based Wiring Limited Company

Hongzuo New Energy converted a 45,000 m<sup>2</sup> plant roof of a Guangdong-based wiring limited company into a 4.0MW power generation project that supported self-sufficient electricity use and surplus power for grid connection. The project involved a total investment of about RMB18 million and was put into operation in November 2020. It could power the property owner with about clean electricity of 4.80 million kilowatt hours every year, amounting to a reduction of about 4,766 tons of carbon dioxide emission, 1,574 tons of standard coal consumption, 144 tons of sulfur dioxide emissions, and 72 tons of nitrogen oxidation emissions.



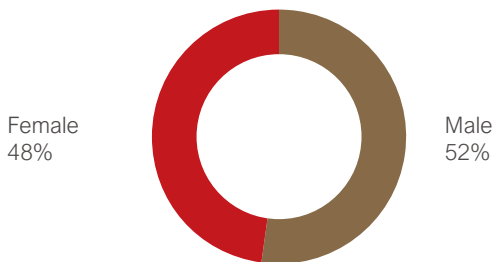
## 6. Creating A Better Future with Employees Together

### 6.1 Protecting Essential Rights and Interests of Staff

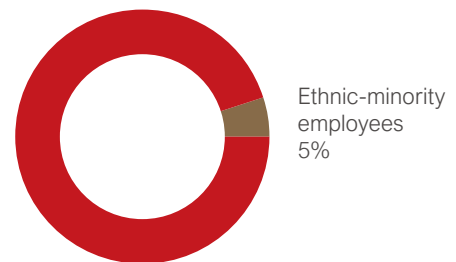
#### Employee Recruitment and Diversity

In strict compliance with laws and regulations such as the *Labor Law of People's Republic of China*, the *Labor Contract Law of People's Republic of China* and the *Shanghai Labor Contract Regulations*, the Company is dedicated to creating an equal and fair development platform or workplace for employees. It eliminates discrimination caused by religious beliefs, family status, disability and other factors, always adheres to the principle of equal employment for men and women, builds a diversified workforce, and ensures that all employees have fair job opportunities. In 2020, there were no reported cases of child labor or forced labor at the Company. In the past three years, the Company did not experience massive layoffs.

Proportion of Employees by Gender



Proportion of Employees from Ethnic Groups



#### Employee Protection Measures and Governing Rules

Protective Measures		Governing Rules
Employment and termination	<ul style="list-style-type: none"> <li>• Employment: Adhering to the principles of “hierarchical management and resources sharing”, and ensuring clear criteria, open procedures, standard operation, selecting the best-performing candidates and legal compliance.</li> <li>• Child labor: Verifying employee identity to eliminate the possibility of child labor.</li> <li>• Forced labor: Regularly checking employees' overtime and labor intensity, prohibiting forced labor.</li> <li>• Termination: Negotiating with employees on the basis of equality to terminate the employment contract.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Recruitment Management Regulations</i></li> <li>• <i>Labor Contract Management Regulations</i></li> </ul>
Attendance and leave	<ul style="list-style-type: none"> <li>• Working hours: Sticking to the standard practice of 40 working hours per week; flexible working hours are made available for employees under special working hour schemes.</li> <li>• Leave: Implementing the state statutes on paid annual leave, marriage leave, funeral leave, maternity leave and sick leave, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Attendance and Leave Management Regulations</i></li> </ul>
Remuneration and benefits	<ul style="list-style-type: none"> <li>• Remuneration: Implementing a performance-based remuneration and incentive scheme and no discrimination based on region or gender.</li> <li>• Social security: Providing social security benefits, housing provident funds, supplementary commercial medical insurance, property insurance and safety insurance for all the employees including regular employees, part-time workers and contractors.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Remuneration Management Measures</i></li> <li>• <i>Benefits Management Measures for Dispatched Employees</i></li> </ul>

## Strengthening Communication with and Engagement of Employees

The Company calls on employees to develop a sense of ownership and protects their rights to elect, to make decisions, to manage, and to supervise democratically by using the CEO mailbox, the platform for reasonable proposals, employees and trade union representative assemblies and other channels, in order to maintain the stability of corporate and employee relations.

### Employee Engagement Survey

To better listen to the voices of employees, Far East Horizon has conducted the employee engagement survey for two consecutive years since 2019. In 2020, sophisticated tools were introduced to conduct the survey that mainly covered the headquarters of the Group and various platforms subordinate to it. From multiple dimensions such as employee engagement behavior, organizational empowerment, employee rewards, and staff training and development, the survey was intended to gain a further understanding of the engagement degree of employees, the management atmosphere of teams at all levels, and the aspects of the Company to be improved, among others. The questionnaire response rate was as high as 85.5%.

The survey results indicated that compared to 2019, the Company saw its overall employee engagement and satisfaction increase to a certain extent and surpass the industry average in 2020. Staff demonstrated a fairly high degree of engagement and willingness to work at the Company for long periods of time. Their sense of organizational empowerment got significantly improved, compared with 2019. All of these reflected that the Company had made great strides in management standards since 2020.

## 6.2 Promoting All-round Development of Employees

### Employee Promotion and Incentives

Far East Horizon is people-oriented and encourages its employees to give full play to their advantages and interests based on the Company's development requirements in order to realize individual value. The Company has established channels of vertical promotion and horizontal development as well as a reasonable promotion system for employees on professional and managerial posts to meet their development requirements. Promotion is made by position, service years, and specialty line.

#### ▷Talent Concept of Far East Horizon

A level playing field	Fair, just and open
Regardless in four terms	Regardless of age, length of work experience, length of working at the Company, or academic qualification
A policy of building lean teams	High-caliber employees deliver the best performance and win the top-notch returns.

To provide affluent personal space for growth, stimulate the orderly internal circulation of excellent staff members, and create a workplace where men of talent come out in succession, the Company makes sure that most of its managers are selected from all employees by open competition. For the same management position, employees who have performed well enough to meet the selection criteria all have the opportunity to participate in the recruitment process, regardless of their position, seniority, age, or education level. At present, more than 60% of the managers are recruited through open competition at the Company.

With respect to employee performance management, the Company has formulated and released the *Employee Performance Management Measures* and the *Implementation Rules of Employee Performance Management*. At the same time, an employee performance management mechanism has been put in place as per the applicable policies and provisions. Therefore, a closed-loop performance management system has been formed, which consists of the formulation of performance plans, in-process performance management, annual performance appraisal, performance interviews and feedback, and application of performance results.

Regarding complaints about employee performance appraisal results, the Company has opened up special complaint channels such as open mailbox and telephone line. Dedicated persons are responsible for dealing with complaints filed by employees regarding the compliance of the performance results generating process, and conduct independent investigations into facts and accountability, so as to ensure that employee complaints can be handled fairly and justly. In the meantime, the Company keeps employees' identity information strictly confidential in the process of complaint response and investigation and prohibits any retaliation or discrimination against the employees who lodge complaints. All of these steps are aimed to fully protect employees' right to complain.

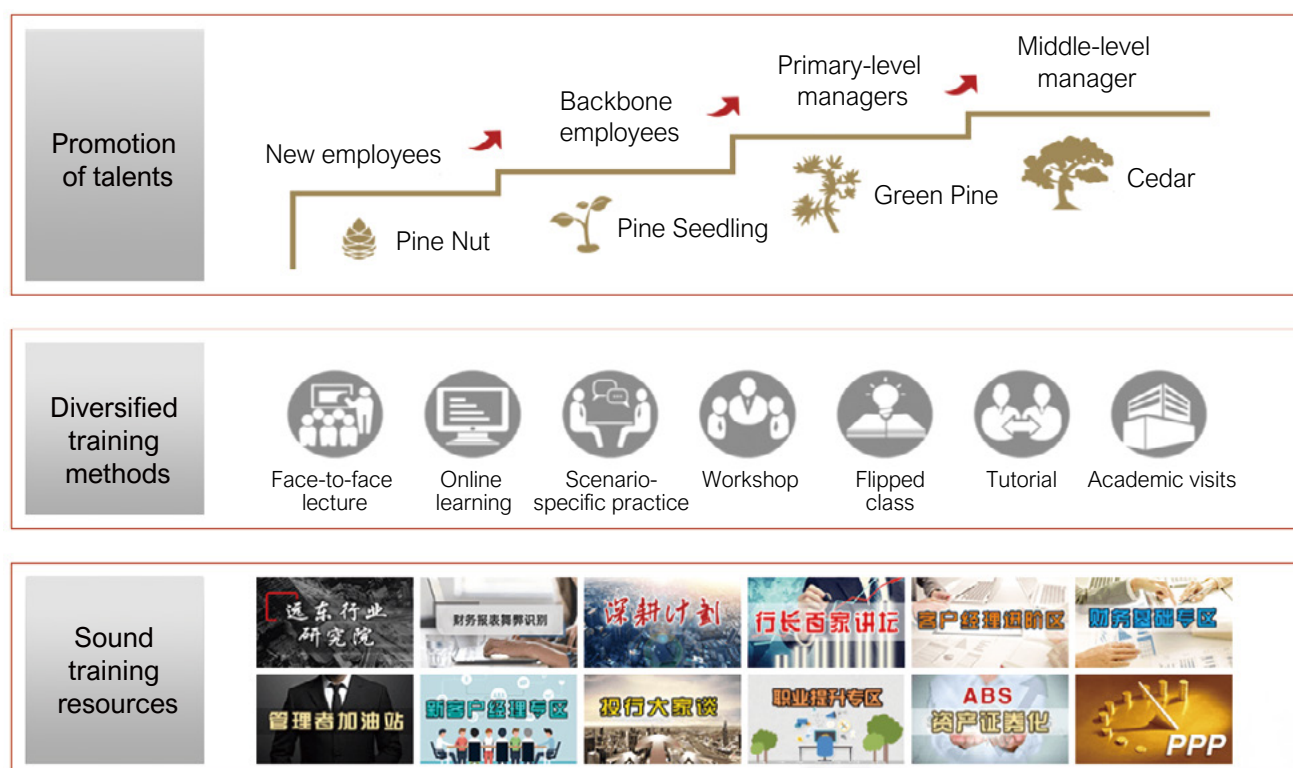
### A Share Option Scheme Devised to Stimulate the Team

To put in place a sound, long-lasting incentive mechanism, the Company actively promotes the implementation of the share option scheme and the restricted share award scheme, so that the middle and senior-level management personnel and core employees are motivated to keep creating value for the Company's long-term development. A total of 82 persons are under the share option scheme, which accounts for 0.4% of the total number of 21,672 employees of the Company as at December 31, 2020.

### Vocational Training of Employees

The Company attaches great importance to personnel training and has established a hierarchical, classified talent development system, which is subject to dynamic optimization according to the Company's strategic development and organizational structure adjustments. The purpose of the system is set to improve the professional competence and professional skills of all employees, turn out various types of professional position holders and managers at all levels, and function as the pipeline of high-caliber talents for the Company.

#### ► Personnel Training System of Far East Horizon





## Employee Orientation

The Company invests a lot in employee training and believes that cultural integration is central to new employee training. Employee orientation has been upgraded overall, so as to help new employees fit well into the corporate culture and enhance their job competence.

Employee orientation is a two-week off-the-job training program, where the Company's teacher resources are concentrated, and the senior, middle and primary-level managers are invited to give lectures. The training covers diverse fields of content, which can be roughly divided into the following three categories: a) courses of professional knowledge on the entire operation process that consists of financial products, risk management, business execution, financial analysis, project management, customer marketing and beyond; b) general courses on the Company's strategy, history and culture; and c) a variety of activities including team building activities and face-to-face talks with senior executives. The purpose of the orientation is set to help new employees understand Far East Horizon in an all-round way, thereby generating a sense of identity and belonging and fitting well in the Company as fast as possible.



## Helping Employees Hone Their Professional Skills

To boost the project operation ability of front-line business personnel, the Human Resources Department has worked with teaching and research offices of different functions to customize a series of sand table simulation courses on the theme of quality assurance and implementation. Based on the cases that highly restore real business scenarios, these courses allow trainees to get hands-on experience under the guidance of lecturers.

The courses cover over 500 account managers and receive a satisfaction score from trainees up to 4.8 points or above (on a 5-point scale), which have given a great boost to account managers' project operation abilities and other professional competences.



A series of management training programs are offered to the management personnel at various levels. They provide quality courses on leadership enhancement, dedicated training programs, mobile learning courses, etc., to newly promoted primary-level managers and middle-level managers, with a view to improving their leadership and managerial competence. As for backbone employees with great potential, there is a selection of learning courses to choose from based on personal needs and a platform for cross-department communication with an aim to nurture compound “business specialists”.

### “Green Pine” Program

As a classic training program targeted at primary-level managers, the “Green Pine” Program is designed to bolster the internal management capability of the Company, by enhancing managers’ comprehensive abilities.

Specifically, the “Green Pine” Program of 2020 was mainly targeted at general managers working at the frontline and at the primary level of the Company. Based on the traditional training projects, the specialized project was added with the empowerment training courses, which were themed on the awareness of corporate culture and the implementation of the apprenticeship.

Awareness of corporate culture	Enable frontline managers to have a deeper understanding of the Company’s development course and cultural values, thus correctly practicing and transmitting its cultural concepts in team management
Apprenticeship implementation	Make it clear that managers take primary responsibility for the apprenticeship system, and help general managers train and teach team members in a targeted, planned, and science-based approach, thereby further unleashing team productivity



Far East Academy E-learning Platform has been established to provide an abundance of course resources and supports for various training projects. The platform makes it possible for employees to experience flexible, convenient and efficient online learning. To meet employees’ needs for learning and self-growth during the pandemic response, the Company in 2020 kept enriching the reserve of online resources available at the platform. Specifically, it purchased 75 courses from external sources and independently developed 185 courses. Online course attendances amounted to 40,860, which added up to 19,750 hours.

### Supporting Employee Re-education with High-quality External Resources

In 2020, the Company revised the provisions on supporting employee re-education, encouraging all full-time employees to hone their post skills by using external high-quality resources for professional qualification certification or independent learning. For employees who obtain business certificates or certifications, their expenses incurred in the process can be reimbursed by the Company in a certain amount.

## 6.3 Unleashing Vitality of Employees

### Extending Care for Employees

Far East Horizon is committed to providing employees with a healthy, stable and harmonious working environment, in order to offer all full-time employees a source of living and health guarantee, a move effectively enhancing their sense of wellbeing and belonging.

#### ► Actions and Achievements of Programs for Employee Wellbeing in 2020

Care for staff and their family members	<ul style="list-style-type: none"> <li>Distributing consolation money worth RMB260,000 to employees in need and COVID-19 consolation money worth RMB150,000.</li> <li>Paying RMB3 million in Spring Festival bonus to the parents of employees.</li> </ul>
Care for special employees	<ul style="list-style-type: none"> <li>Offering holiday bonus worth RMB130,000 to in-service employees who hold a veteran certificate or come from a military background.</li> <li>Paying over 300 visits to employees in need and their families.</li> <li>Disbursing RMB310,000 in 34 assistances to employees who encountered accidents</li> </ul>
Living allowance for employees	<ul style="list-style-type: none"> <li>Continuing the Feeding Bottle Support Program to provide fresh graduates recruited by the Company with 73 interest-free rent loans worth RMB580,000.</li> </ul>
Housing Program	<ul style="list-style-type: none"> <li>To help employee ease their economic pressure and realize their long-cherished dreams of buying their first home as soon as possible, the Company provided caring subsidies worth RMB3.3 million to eligible employees in 2020.</li> </ul>
Health Promotion Program	<ul style="list-style-type: none"> <li>Special assistance funds worth over RMB2.4 million were spent protecting the health of employees and fighting the pandemic spread.</li> <li>Employee insurance-related training (online and offline), employee health check, and other special services were rendered to provide staff with extra health protection.</li> <li>An employee assistance program (EAP) was tailored to deliver a wide range of physical and psychological health lectures on female workers, parent-child relations, and overall health, among other themes.</li> <li>Various clubs were organized to stage cultural and sports activities, and there were also sports facilities such as gymnasiums.</li> </ul>

The Company takes good care of female employees. Conscious of their special needs, the Company strives to create a healthy and sustainable working environment for them. Specifically, it makes full use of platform resources to set up a “Mommy’s Hut” on each of three floors of the office building, a facility providing considerate services for pregnant and lactating employees.

In 2020, the Company organized the Women’s Day-themed event called “Stories of Women on the Frontline in the Fight against COVID-19” on March 8, and distributed union benefits to all female employees on that day. At the same time, the Company also invited industry experts to provide employees with dental cleaning lectures, real estate lectures, freehand sketching courses, and other benefits, all of which aimed to help female employees to meet their life needs and better balance the relations of work and family.



## Cultural Activities of the Company

Far East Horizon upholds the cultural philosophy of “one army, one school, one family” and aims to create a harmonious atmosphere for employees and their families. The Company commits to creating an efficient, dynamic, and happy company.

In 2020, the Company endeavored to enhance employees’ sense of accomplishment at work by holding such activities as “three-year in-service celebration” and “championship ceremony of ‘CEO Special Award’”. Paying particular attention to employees’ sense of belonging, it also organized family day, cultural and sports competitions, and other activities to enrich employees’ after-work life and create a positive workplace.

### Three-year In-service Celebration and Championship Ceremony of “CEO Special Award” in 2020

The first three-year in-service celebration of Far East Horizon was traced back to 2005. Every employee who has worked at the Company for three years will receive a gift. In addition, around the mid-year and at the end of each year, employees who are ranked in the top 20% of every business department in profit generation will receive an honorary “CEO Special Award”, and those receiving the award for three consecutive years are called “triple champions”.

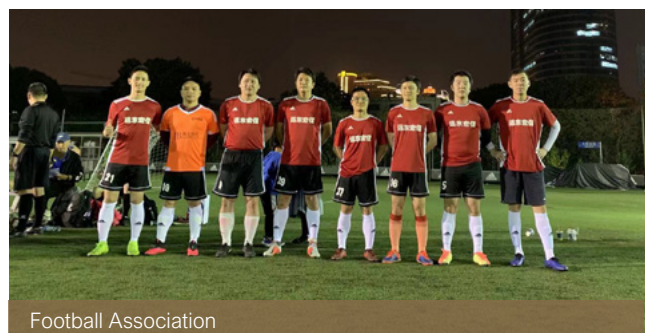
In August 2020, 27 employees were granted with the title of “triple champion” at the award presentation ceremony, 19 “quadruple champions”, 6 “quintuple champions”, and 6 “sextuple champions”, along with the ribbons in different colors symbolizing corresponding levels presented by CEO of the Company Kong Fanxing. This measure effectively boosts the vitality of organizations and the cohesion of teams, while enhancing high performance employees’ sense of accomplishment.



The Company has also established eight associations, including the Basketball Association, Running and Reading Association, and Badminton Association. Internal large-scale cultural and sports competitions are hosted across the Company every year. Employees also form teams to participate in external contests, and coaches are invited to steer daily training. While stimulating employees’ vitality, the various forms of activities provide staff with a good communication platform, which is conducive to fostering a positive cultural atmosphere.



Reading and Running Association



Football Association

## 7. Devoted to Public Welfare Undertakings as A Socially Responsible Enterprise

### 7.1 Managing Public Welfare Actions in A Professional Manner

Far East Horizon has long devoted itself into the public welfare undertaking. It invested and established Beijing Horizon Charity Foundation and Shanghai Horizon Charity Foundation in 2014 and 2015, respectively. With the two foundations, it tapped deep into such charitable fields as scholarship and fellowship, medical aid, anti-poverty, and volunteer service. Operated in a professional manner, they got involved in and promoted the development of the public welfare undertakings.

Since their inception, the two foundations have successively carried out public service programs in 48 cities of 28 provinces and autonomous regions across China, donating some RMB23 million to nearly 31,000 person-times.

#### ► Honors and Awards Horizon Charity Foundation Won in 2020

Beijing Horizon Charity Foundation	<ul style="list-style-type: none"> <li>• The CSR Model Award at the 9th China Finance Summit</li> <li>• The Annual Charity Promotion Award of 2020 at the 10th China Charity Festival</li> <li>• The High Quality Prize of Hainuo Award at the Brand Innovation Development Conference</li> <li>• Given a full score for operation transparency and ranked No.1 nationwide by China Foundation Center for many consecutive years</li> </ul>
Shanghai Horizon Charity Foundation	<ul style="list-style-type: none"> <li>• Winning the title of honor: AAA Civil Social Organization</li> <li>• Winning the honor of Model Group for "Intellectual Assistance to the Disabled" from Shanghai Association of Persons with Physical Disability for four consecutive years</li> <li>• Given a full score for operation transparency and ranked No.1 nationwide by China Foundation Center for many consecutive years</li> </ul>

#### Establishing Lujiazui Financial City Development Foundation as A Co-founder

On May 18, 2020, Horizon Charity Foundation joined hands with Shenergy Group Financial Co., Ltd., Ping An International Financial Leasing Co., Ltd., Wanjia Asset Management Co., Ltd., and Dentons to establish the Shanghai Lujiazui Financial City Development Foundation, which was aimed to finance and support public welfare projects and volunteer activities in many fields such as regional development. The foundation is dedicated to promoting industrial development, institutional agglomeration, talent environment enhancement, and international exchanges and cooperation, optimizing the comprehensive development environment in the region, and creating a world-class financial city that is livable and suitable for business.

## 7.2 Being A Public-spirited Enterprise to Give Back to Society

Horizon Charity Foundation always upholds the public welfare concept of “showing boundless love through daily actions”, with an aim to “promote the healthy, stable, sustainable, and harmonious development of society”. In 2020, it carried out 43 public welfare projects, which covered a wide range of fields including education assistance, medical assistance, and poverty alleviation.

### Promoting Charity through Education

Horizon Charity Foundation is aimed to give back to society by helping more Chinese students pursue their goals. By sponsoring scholarships and fellowships and launching the Lujiazui Sunshine Fellowship Program, it helped outstanding students who came from poor families to ease their financial pressure and study hard without worries, a move that effectively supported the development of the educational undertaking.

#### Sponsoring Scholarships and Fellowships to Offer College Students Educational Support

To help college students pursue their dreams, Horizon Charity Foundation has maintained cooperation with 21 leading Chinese universities including Peking University, Tsinghua University, Renmin University of China, Zhejiang University and Fudan University, by offering scholarships and fellowships for 10 years straight to over 8,000 university students. In 2020, the Foundation granted scholarships and fellowships worth RMB2.55 million to 350 academically outstanding students, which meant a source of concrete help and support for them.

While providing students with financial assistance, the Foundation also paid attention to keeping communication with them. The Horizon Scholarship Symposium was held to offer students some guidance on some topics of great concern to them such as “career development and workplace life” and “work-life balance”.



## Offering Medical Aid

Far East Horizon has long focused on medical care and healthcare, among other related fields. Through the Doctor Training Program for Pediatric Urology Doctors and the Nayong Targeted Medical Poverty Alleviation Project, the Company is committed to sending more professional knowledge and technology to medical institutions in remote areas and providing medical assistance to people in need at the grassroots level.

### The Doctor Training Program for Pediatric Urology Doctors

Since 2015, Horizon Charity Foundation and Shanghai Children's Medical Center have jointly held the Doctor Training Program for Pediatric Urology Doctors, which is committed to helping the resource-deprived medical institutions in remote areas arm their pediatric urology with better diagnosis and treatment skills through free medical consultation, gratuitous surgery, and public welfare training. These hospitals are expected to treat more children in need.

Since the program was launched, the team has visited the countryside more than 70 times to assist local doctors, provided free consultations for nearly 1,000 children, and performed operations for more than 100 children free of charge. Team members have helped train over 100 local doctors through the teaching-by-doing process, while travelling extensively in many Chinese provinces and municipalities such as Xinjiang, Tibet, Sichuan, Yunnan, Guizhou, Heilongjiang, Inner Mongolia, Jiangxi, and Hainan.

In 2020, Horizon Charity Foundation invested RMB200,000 to support urology clinicians of Shanghai Children's Medical Center in attending domestic conferences and training courses three times, giving three consultations in the countryside, and performing eight operations for villagers. In the process, the clinicians mentored local medical staff, giving a boost to the sustainable development of medical undertakings. To improve the professionalism of doctors in the western region, the program team in 2020 organized the conference on structural malformation attended by western clinicians and devised the resident physician evaluation and reward plan, both of which were aimed to continuously improve the skills and competences of urologists and take better care of children in remote regions.



### Nayong Targeted Medical Poverty Alleviation Project Bringing Hope for Patients in Poverty

As an active response to the Healthy China initiative, Horizon Charity Foundation launched the Nayong Targeted Medical Poverty Alleviation Project with Nayong Xinli Hospital, aiming to provide subsidies for local patients with end-stage renal failure and cataract patients in poverty as a move to reduce their financial strain due to medical treatment.

In 2020, Horizon Charity Foundation contributed RMB300,000 to the Nayong Targeted Medical Poverty Alleviation Project, which provided medical assistance and financial support for 443 impoverished patients, helping them get timely treatment and recover as soon as possible.



## Promoting Poverty Alleviation

2020 was a year crucial for China to win its fight against poverty. Keenly aware of the overall requirements set out by the national poverty alleviation strategy, Far East Horizon threw itself into the critical battle against poverty by various means such as industrial development, educational support, and public welfare involvement.

Method	Inputs and effects
Poverty relief through industrial development	<ul style="list-style-type: none"> <li>Horizon Charity Foundation applied for the Shigatse City Agricultural Poverty Alleviation Project through the Shanghai Exchange and Cooperation Office, to help build the agricultural product testing system at a larger scale. The project involved total expenses of RMB300,000, which was spent purchasing quality and safety testing equipment for agricultural and livestock products and reagent consumables for the test center of Shigatse City and the test stations in five paired counties. The advanced technical equipment and means became available to test local vegetables, highland barley, cattle, sheep, eggs, milk, and aquatic products. The reagents could be used to test more than 6,000 batches of samples. The project was expected to directly benefit nearly 100,000 local people.</li> </ul>
Poverty relief through education	<ul style="list-style-type: none"> <li>Horizon Charity Foundation invested RMB200,000 in organizing 71 children from poor families in Tuokezhake Town, Mushi Township, and Zhanmin Township of Shufu County, Kashgar Prefecture, Xinjiang to participate in research and practice.</li> <li>Since 2015, Horizon Charity Foundation has funded the successive construction of two "Love Book Houses" in Chengguan Town and Huicun Town, Yongcheng City, Henan Province. These facilities, coupled with volunteer activities, become two perfect places for disadvantaged children to learn and communicate. In 2020, the project incurred expenses worth more than RMB50,000, benefiting over 50 children in total.</li> </ul>
Poverty relief through public welfare	<ul style="list-style-type: none"> <li>Horizon Charity Foundation teamed up with Shanghai Xinxiwang Public Service Center to launch a program which financed children from the families of the poor or disabled and impoverished volunteers with academic excellence. Since its launch, the project has helped nearly 200 children from families with disabilities.</li> <li>Horizon Charity Foundation established the Care for the Elderly and Children in Need program in Yongcheng, Henan. The project has benefited more than 8,000 people in the past seven years since its launch.</li> <li>Horizon Charity Foundation donated RMB200,000 to Huairou Charity Association so that the latter set up a Liulimiao Township Charity Foundation. To date, the foundation has financed 488 low-income rural households in the township, by disbursing relief funds worth nearly RMB400,000 to them.</li> </ul>



## 7.3 Offering Volunteer Services

Far East Horizon takes root in the communities where it operates, encourages employees to take part in various volunteer activities, and joins hands with stakeholders to fulfill social responsibilities together. To intensify the building of volunteer teams, Horizon Charity Foundation has put in place the *Volunteer Management Policy of Horizon Charity Foundation*, which sets out the basic conditions, rights and obligations, management and training of volunteers, so as to bring volunteer teams under normative, regular management and ensure the effectiveness of volunteer activities conducted by the Foundation.

In 2020, Horizon Charity Foundation had 80 volunteers who provided 500 hours of voluntary services in total.

### ►Volunteer Service Concept and Commitment of Horizon Charity Foundation

Service concept	Dedication, fraternity, mutual assistance and progress
Service commitment	Put aside our own benefits and do our best to help others and fulfill ourselves

### Launching the Qianlicao Volunteer Teaching Program to Help Impoverished Students Grow

In 2020, four teams of over 40 university student volunteers under the program were sent to three primary schools at Huining County (Hancha School, Liuzhai School, and Baiyuan School) and one primary school (Quelinguo School) at Wuyang Town, Suining County. Despite the scorching weather in summer, they worked there as volunteer teachers for 15 days. The new student aid mode was aimed to help the impoverished children in western rural areas grow happily, promote the development of rural education, contribute to the construction of a new socialist countryside, and carry on the spirit of public welfare.

The program covered the following six aspects: help in life, learning guidance, personality training, ideological education, psychological counseling, and growth planning. It offered a series of courses including *Five Steps to Grow Happily*, *Unyielding Backbone*, *Go Find It Together*, *Interest in Chinese Language*, *Interest in Math*, *Interest in English* and *Interest in Science* so as to help students develop the interest in reading and broaden their vision. In 2020, the program incurred expenses of RMB31,600 and benefited 200 persons in total.

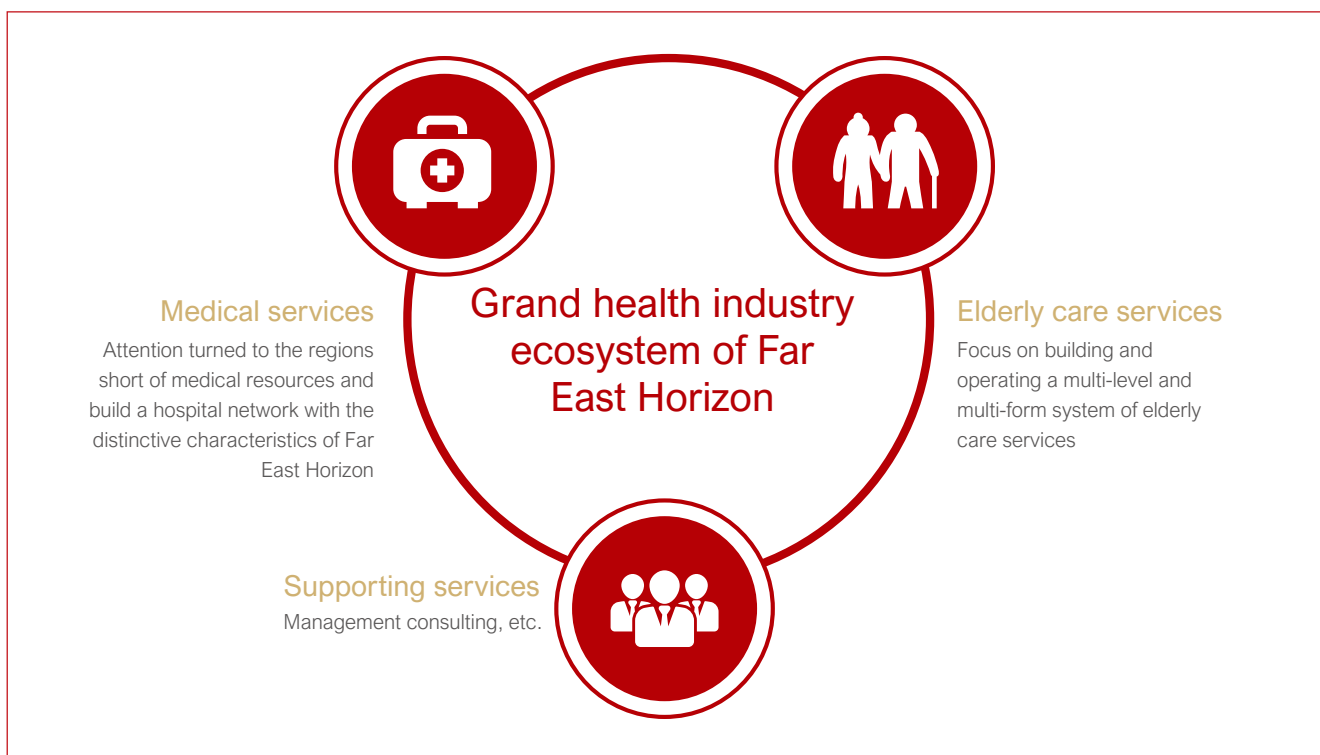


## 8. Special Report on Responsibility of Horizon Healthcare: Serving the Chinese Healthcare Undertaking and Bearing the National Health in Mind

### 8.1 Overview of the Healthcare Sector

Far East Horizon is committed to creating a grand health industry ecosystem where the “medical services” and “elderly care services” serve as two core business lines and other comprehensive services such as hospital management consulting are provided in synergy.

#### ►The Grand Health Industry Ecosystem of Far East Horizon



Far East Horizon Healthcare Industry Development Co., Ltd. (“Horizon Healthcare”), a subsidiary of Far East Horizon, is a large-scale social capital-run hospital group in China. Aligned with the guidance of national policies and focused on the regions short of medical resources, Horizon Healthcare carries out investment and operation business in the medical field to build a hospital network with distinctive characteristics of Far East Horizon. Also, it keeps promoting strategic exploration and implementation in the fields of rehabilitation and elderly care. Horizon Healthcare endeavors to build a time-honored healthcare brand that is “happy to seen by the government, recognized by the industry, and reassuring to the people”.

## ► Business Strategy of Horizon Healthcare



**Corporate operation:** Conduct corporate operation as per the national policies for healthcare industry.

**Differentiated distribution:** Distribute healthcare resources in remote areas including 3rd, 4th and 5th tier cities and counties.

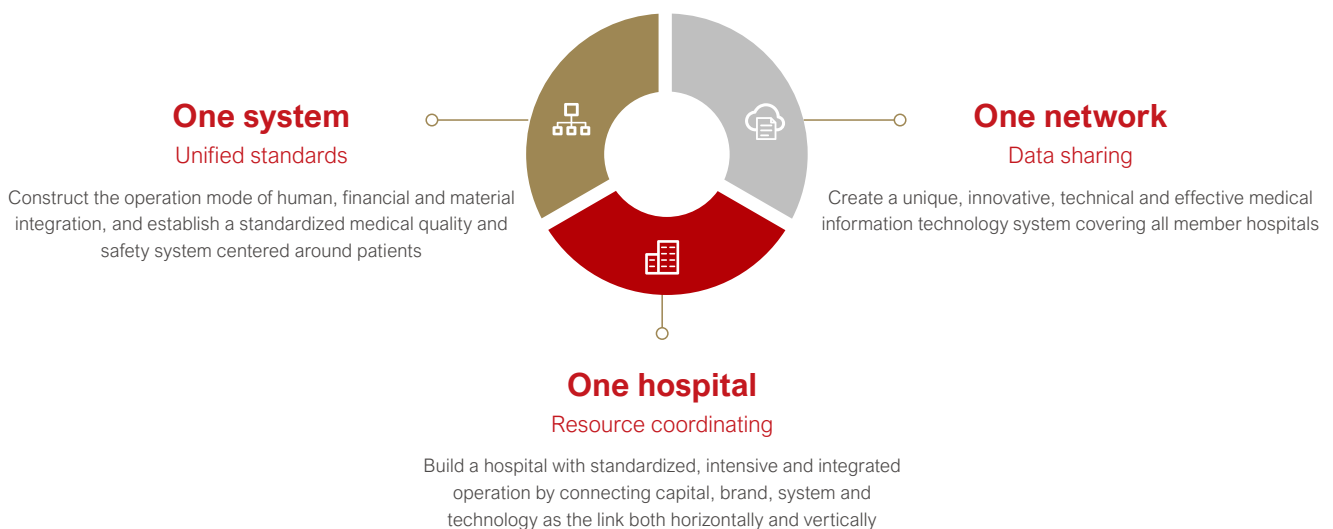
**Independent operation:** Pioneer the business mode of “one set of system and one network for one hospital”.

**Large-scaled operation:** Realize large-scale layout by virtue of continuous operation, and have joined the top non-government hospitals of China.

**Systemic support:** Provide supporting resources such as health education, medical experts, management consulting, and combination of medical care and health.

Horizon Healthcare endeavors to forge an innovative medical operation mode of “one set of system and one network for one hospital” (hereinafter referred to as “three ones”), build a hospital group that features standardized, intensive, integrated operations, and provide the inclusive, quality and warm medical services.

## ► The Innovative Healthcare Mode Featuring “Three Ones”





As at the end of 2020, Horizon Healthcare owned or controlled a total of **29** medical institutions, which offered over **12,000** available beds and hired **10,000** medical staff, thus capable of extending service reach to over **100** million population.

To withstand the severe test of the pandemic, Horizon Healthcare actively answered the calls of the country. Its hospitals distributed nationwide, along with tens of thousands of medical staff, threw themselves into the fight against the coronavirus, shouldering the responsibilities due to one of the top-notch social capital-run hospital groups with concrete actions.

#### Overview of Anti-pandemic Moves Adopted by Horizon Healthcare

- More than **30** medical staff members from **five** hospitals went to work on the frontline of the virus fight in Wuhan;
- Each of **seven** hospitals sent a medical team to the government-designated quarantine/observation sites in charge of medical observation and quarantine monitoring;
- **Seven** hospitals, at the request of local governments, dispatched nearly 100 medical staff members to take shifts for quarantine inspections at such transport hubs as highway entry/exit, railway station, and bus station;
- **Four** hospitals were designated by their local government to stand by for admitting confirmed cases in a large number.

## 8.2 High-quality Medical Services

### Improving the Quality of Medical Services

Improving the quality of medical services and ensuring medical safety are two critical missions of medical institutions. Horizon Healthcare has established and continued to improve a complete set of medical quality systems that consist of the headquarters management policies as well as the management and operation policies for member hospitals as stipulated by the National Health Commission's *Medical Quality Management Measures* and other documents. In 2020, it formulated 21 medical quality management policies and 11 medical operation norms and guidelines, and devised the implementation evaluation standards to be included in the scope of annual assessment, so as to regulate hospitals' medical practice and make overall improvements to quality management.

Horizon Healthcare has established a four-tier medical quality management framework that encompasses the headquarters hospital management committee, the hospital quality and safety management committee, functional departments of hospitals, and quality control departments of hospitals. By strengthening the management and control of basic links and terminal quality, it spares no effort to ensure the quality and safety of medical services.

To further improve the quality of medical services and take such services to a higher level, Horizon Healthcare encourages member hospitals to spot deficiencies in the medical service process and make timely improvements by such means as getting the medical service quality system certified, organizing medical quality competitions, and carrying out third-party satisfaction evaluations. In doing so, it is intended to deliver the greatly improved patient experience.

## Continuing to Improve the Medical Service Quality System

In October 2017, Horizon Healthcare Management (Shanghai) Co., Ltd. (hereinafter referred to as "Horizon Healthcare Management"), a member company of Horizon Healthcare, signed a strategic cooperation agreement with the Germany-based TÜV Rheinland ("TÜV Rheinland") for the first time. According to the agreement, the two parties conducted in-depth cooperation in the SQS-Healthcare certification system, marking that Horizon Healthcare Management became the only technical partner of TÜV Rheinland in the Chinese medical care industry.

In November 2020, the two parties appeared at the China International Import Expo in Shanghai to renew their strategic cooperation agreement, committed to further optimizing the building of the SQS-Healthcare certification system, and promoting the development of China's medical services with joint efforts. The operation of the SQS-Healthcare certification system has become one of the most effective management means for Horizon Healthcare's member hospitals. Many member hospitals have strictly followed the SQS-Healthcare yardsticks to push forward with service quality management reforms, thus effectively facilitating the continuous improvements to medical service quality and capacity.

In 2020, five member hospitals of Horizon Healthcare passed the certification of the TUV-SQS international quality service system. The five hospitals include Siyang Hospital of Traditional Chinese Medicine, the Fifth Hospital of Deyang, Zhengzhou Renji Hospital, Zhaotong Ren'an Hospital, and Huizhou Huakang Hospital.



A group photo taken on the strategic cooperation agreement signing ceremony

## Developing A Harmonious Doctor-patient Relationship

Horizon Healthcare adheres to the four principles of "equality and respect, patient participation, corporate governance by law, and prevention advocacy", dedicated to raising its medical service standards and establishing a harmonious doctor-patient relationship.

The use of advanced technologies enables Horizon Healthcare to focus on meeting the personalized diagnosis and treatment needs of patients and helping improve the doctor-patient relationship. In 2020, with the help of information technology, it allowed patients to make appointments with doctors or for check-ups and view medical reports via their mobile phones. These convenient services helped doctors to improve their service efficiency and reduced the possibility of medical errors greatly. In addition, Horizon Healthcare initiated the building of an Internet hospital platform called "Horizon Clinic", to provide patients with a host of services such as doctor-patient communication, chronic disease management, and home care. The platform thereby improved patient satisfaction, thus giving a boost to the brand visibility and influence of Horizon Healthcare.

### Measures for Preventing and Handling Medical Disputes

- Outline the intension of compensation, and guide the member hospitals to define damages claimed in medical disputes;
- Prevent the occurrence of medical disputes from such perspectives as quality and safety management policies for hospitals, use of medical technologies, protection of the right to know, readability of medical records, and doctor-patient communication;
- Regulate many aspects of operation such as response of hospitals, rights and interests of patients, preservation of medical records and related materials, autopsy, and negotiation about compensation in case medical disputes take place;
- Where a hospital triggers a severe medical dispute, the hospital president or the competent hospital leader should be asked to introduce the quality and security work at the hospital and present a rectification plan.

In terms of patient satisfaction surveys, Horizon Healthcare revised the *Measures for Patient Satisfaction Survey* in 2020, to further update the satisfaction measurement standards and formulas. More professional and scientific, the surveys could fully reflect what patients need from hospitals, thus pointing out the direction towards which hospitals would improve their medical services.

As at the end of 2020, **25** member hospitals of Horizon Healthcare had offered employees counseling services about how to survey the satisfaction degree of patients, and **29** hospitals had carried out such surveys.

## 8.3 Secure and Green Medical Care

### Secure Medical Care

To ensure medical care safety, Horizon Healthcare in 2020 revised a host of management policies, including the *HSE Management Manual*, the *Management Measures for HSE Supervision, Inspection and Hazard Rectification*, the *Management Measures for HSE Accidents and Events*, the *Regulations on Emergency Preparedness and Response Management*. At the same time, it set up HSE accident control targets for the affiliated medical institutions, elderly care institutions, and projects under construction, with an aim to raise their environmental and safety management standards continuously.

In 2020, Horizon Healthcare had zero reported case of general, major, serious or extremely serious work safety accident in the legal sense.

### HSE Incident Control Targets of Horizon Healthcare

- Zero work safety accident that causes serious injury or death;
- Zero fire that causes direct economic loss of RMB10,000 or more or zero work safety accident that causes direct economic loss of RMB200,000 or more;
- Zero environmental pollution incident at magnitude 4 or above;
- Zero occurrence of occupational diseases;
- Zero food safety accident;
- Zero administrative penalty imposed by regulators for HSE violation.

In 2020, Horizon Healthcare carried out HSE supervisory inspections on self-built projects, made special arrangements for pandemic response and work resumption self-inspection, conducted HSE supervisory inspections on subordinate hospitals, received special third-party safety inspections, and circulated the inspection results across the Group for publicity and learning purposes. While ensuring that HSE management measures could be implemented effectively, it also reduced medical safety hazards.

### Relying on Third-party Safety Inspection and Management Consulting to Promote HSE Management

To strengthen HSE management and facilitate the construction of model hospitals, Horizon Healthcare in 2020 invited a third-party management consulting company to conduct on-site safety inspections and provide management advice for three member hospitals. The consulting company put forward suggestions for improvement with respect to the problems of fire protection, electrical safety, and others identified in inspections and promoted the highlights extracted from the safety management practice for extensive promotion and reference.

At the same time, Horizon Healthcare shared the safety inspection results with other member hospitals, so that they could self-inspect whether there were similar problems, and introduce the recommended measures given their actual circumstances, with a view to elevating their safety management level effectively.

To ensure the occupational health and safety (OHS) of employees, Horizon Healthcare earnestly implements the requirements set out in the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and the *Interim Provisions on Supervision and Management of Workplace Occupational Health*, among other pertinent documents. It offers pre-entry health examination and annual health examination for all employees. And, it provides occupational health examination covering all the employees exposed to occupational health hazards (e.g. employees of radiology departments), and establishes personal occupational health files to accurately gain information about employees' occupational health.

To ensure the affiliated medical institutions could adopt work safety measures in a normative, orderly way, the Company in 2020 carried out a host of special activities such as Work Safety Month, Fire Safety Month, and public emergency drills. These activities were aimed to help all employees have a better command of safety knowledge, effectively implement the safety management system, and improve the medical safety management capabilities.

### Organizing Public Emergency Drills in Support of the Local Health-related Emergency Preparedness

Siyang Hospital of Traditional Chinese Medicine, a member hospital of Horizon Healthcare, launched a simulation exercise for public emergency preparedness in July 2020, in order to improve the emergency response capability of the hospital as a whole, check whether all links of the hospital's green channel were unblocked, and ensure the safety of patients in the event of public emergencies.

On the day of the exercise, a multiple pile-up occurred to the Siyang Section of an expressway. Eight of the injured would be sent to the hospital, of which three were in serious injury. Given the large number of injured people, this incident met the definition of a major public emergency. The hospital, therefore, initiated the contingency plan for public emergencies. It established eight emergency response teams in a short period of time. After the patients were transported to the emergency department of the hospital by the ambulances, a green channel was opened up for them to receive timely check-up and treatment to ensure the life safety of the injured.



Emergency drill site

## Green Healthcare

Horizon Healthcare complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, the *Medical Waste Management Ordinance*, and other applicable laws and regulations, as well as the internal management policies including the *Administrative Measures for Environmental Protection Work of Horizon Healthcare*, which sets out its organization, responsibilities, and working requirements for environmental protection and aims to get the work in this regard done in a more normative way.

In 2020, member hospitals compiled their annual work plan and budget for environmental management according to the uniform requirements of Horizon Healthcare. The environmental protection investment mainly consisted of expenses arising from the evaluation and monitoring of the environmental impact (radiation safety) caused by new, renovated and expanded projects, expenses incurred by the efforts to regularly oversee whether the discharges of operating enterprises can meet the environmental protection standards (workplace radiation safety), and the expenses caused by the purchase, operation and maintenance of eco-friendly, energy-saving equipment.

In 2020, Horizon Healthcare did not commit any environmental violations.

### ► Green Healthcare Management Measures

Key Aspects		Specific Measures
Energy conservation		<ul style="list-style-type: none"> <li>Energy-saving LED bulbs are used.</li> </ul>
Resource conservation		<ul style="list-style-type: none"> <li>Water-saving taps are used.</li> </ul>
Discharge management	Domestic wastes	<ul style="list-style-type: none"> <li>Domestic wastes produced by hospitals are collected by the sanitation sector and delivered to the municipal waste treatment stations.</li> <li>Kitchen wastes and waste oil in the separation tank are disposed of by the qualified agencies in a centralized manner.</li> </ul>
	Medical wastes	<ul style="list-style-type: none"> <li>All the member hospitals conduct vigorous management of hazardous wastes, by assigning dedicated personnel, setting up separated storage locations, and preparing specialized containers and packages.</li> <li>The qualified agencies are hired to dispose of medical wastes by the following categories: infectious wastes, injury wastes, pathological wastes, pharomic wastes, and chemical wastes.</li> </ul>
	Medical effluents	<ul style="list-style-type: none"> <li>All the member hospitals operate effluent treatment facilities stringently, and assign professional personnel to guarantee discharge compliance.</li> <li>Member hospitals are encouraged to adopt the online effluent monitoring system with a view to raising the technical standards for pollution monitoring.</li> </ul>

## 9. Special Report on Responsibility of Horizon Construction Development: Promoting China's Construction Industry and Sharing the Harmonious Growth

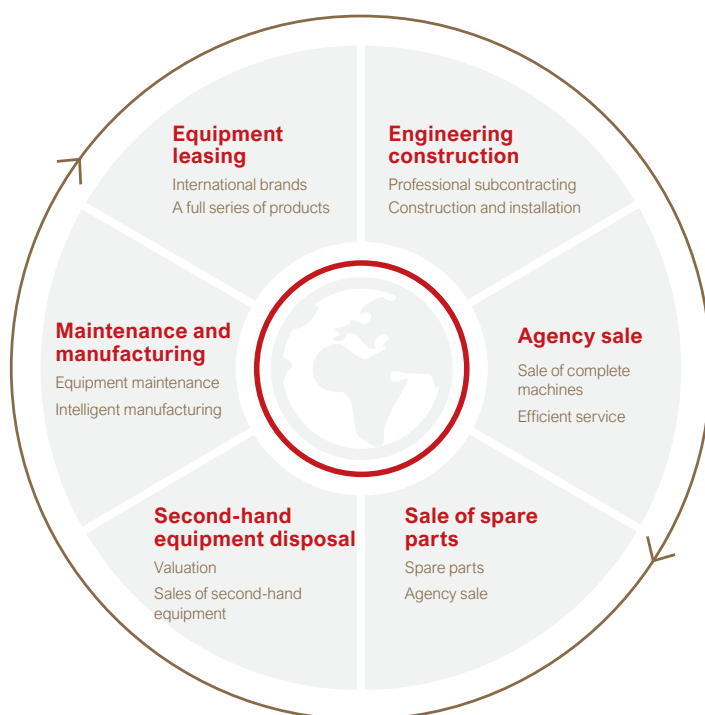
### 9.1 Overview of the Construction Sector

Far East Horizon's subsidiary, Shanghai Horizon Construction Development Co., Ltd. ("Horizon Construction Development") is the largest equipment operation service provider with the best compressive capabilities in China. Based on equipment operation, the company restructures the equipment supply chain system, and provides customers with multi-functional, all-round and full-cycle comprehensive services.

<b>Mission</b>	Make customers' production and operation safer and more efficient
<b>Vision</b>	Committed to being a trusted equipment operation service provider
<b>Values</b>	Customer First, hard work and win-win cooperation

Horizon Construction Development operates six product lines, that is, new-type supporting systems, new-type formwork systems, aerial work platforms, road equipment, forklift truck, and power equipment. It is dedicated to providing customers with one-stop, full-range equipment operation services in a host of construction fields including municipal construction, housing construction, transportation construction, shipbuilding and offshore engineering, industrial manufacturing, green energy, warehousing and logistics, culture and art, and commercial entertainment.

#### ► Business Model of Horizon Construction Development



- Relying on its years of practice, the company has built a comprehensive operation service system with the "full-cycle management" of construction machinery equipment at the core.
- Relying on its strong technical team and management system, the company has established several cooperation modes with equipment leasing at the center, including sales and engineering construction, repair and re-manufacturing, replacement sales with leasing, etc.
- With products outperforming the quality requirements of the industry, the company is committed to establishing win-win cooperation with customers.



### Honors and Awards of Horizon Construction Development in 2020

- Making its way to the list of the World's Top 100 Rental Companies (IRN100) and ranking **24th**, rising **15** places from last year;
- Named as the **"Model Leasing Enterprise in the Fight against the Pandemic"** at the Global Leasing Industry Competitiveness Forum for 2020 by the third committee for the selection of soaring Chinese financial leasing enterprises;
- Rated as one of the **"Top 10 Aerial Operation Equipment Leasing Companies in Shanghai"**, the **"Top 10 Leasing Companies in China's Construction Machinery Industry"**, and the **"Top 10 Aerial Operation Equipment Leasing Companies in China"** at the T50 Summit of World Construction Machinery Industry.

In 2020, Horizon Construction Development vigorously performed social responsibilities during the pandemic response. It dispatched over 200 pieces of aerial operation equipment and over 60 power generation units to 40-plus anti-pandemic hospitals in Wuhan, Suzhou, Guangzhou, Shenzhen, Beijing, Zhuhai, and many other places. At the same time, it also took an active part in many major construction projects, including Beijing Winter Olympics venues, INCLUSION Fintech Conference venue, Leishenshan Hospital, and Huoshenshan Hospital, so as to make its own contribution to China's construction industry.



Taking part in the construction of anti-pandemic hospitals including Leishenshan Hospital and Huoshenshan Hospital



Providing power guarantee for the INCLUSION Fintech Conference



Participating in the construction of Xiongan High-Speed Railway Station



Participating in the construction of Shenyang Olympic Sports Center

## Participating in the Construction of Nine Venues for the Upcoming Beijing Winter Olympics

Since Beijing was announced as the host city of the 2022 Winter Olympics, Horizon Construction Development has gone all out to participate in the construction of nine major venues as well as 20 auxiliary venues and facilities for the upcoming event. A total of nearly 2,000 sets of equipment and vehicles have been dispatched to Beijing, Chengde, and Zhangjiakou where the Olympic competitions will be hosted.

As to one of the key projects – the National Ice Sports Training Center, Horizon Construction Development sent more than 30 sets of equipment to the construction site, along with at least one field service officer, throughout the construction process from the beginning of interior decoration to the entry of use. Its always available technical support services effectively ensured the construction project could advance and complete on schedule.

At the same time, Horizon Construction Development was also advancing other construction projects around the clock, which included the China National Convention Center (Phase II), the National Speed Skating Oval, the Wukesong Ice Sports Center, the Media Centers for Beijing 2022 in three places, and the Winter Olympic Village.



A location shooting by CCTV, a Chinese state-controlled broadcaster, of Horizon Construction Development participating in the construction of the National Ice Sports Training Center

## 9.2 High-quality Products and Services

### Guaranteeing the Quality of Construction and Equipment

Quality is a guarantee for an enterprise to survive and flourish. It is also a lifeline for its efforts to open up new markets. Following the *ISO9001:2015 Quality Management System Manual of Shanghai Horizon Construction Development Co., Ltd.*, Horizon Construction Development puts in place a complete set of quality management systems. It convenes quality analysis meetings on a regular basis, breaks down quality control indicators, compiles quality inspection norms, and adopts other quality control measures, to enhance the quality of its engineering, products, maintenance, equipment, and raw materials, among other aspects.

In 2020, Horizon Construction Development formulated or revised 10 quality management policies, standards, and specifications, including the *Management Specifications for Measuring Instruments of the Revolving Materials Business Unit* and the *Measures for the Suppliers Quality Management of the Formwork System Business Unit*, and pushed business lines such as revolving materials, formwork systems, and manufacturing to enhance the quality of their products and services.



### ▷ Quality Management Objectives of Horizon Construction Development

Erect a quality benchmark	Promote different business lines to erect their respective quality bar, and help employees to spontaneously improve their work quality through selecting, rewarding, and publicizing role models.
Forge a quality brand	Proceeding from the needs of daily quality management, select high-quality projects or business cases for displaying and publicity through multiple means and channels, and thus forge a high-quality brand in the industry.
Implement requirements for quality control	Ask all posts and employees to fulfill their quality control responsibilities, organize multi-level inspections, conduct strict quality assessment, and implement quality requirements as prescribed.
Create a positive cultural atmosphere	Build the grand quality culture, carry out quality publicity, training and other activities targeted at all levels, and cast a cultural atmosphere where everyone knows and respects the significance of quality.

### Helping Employees Raise Their Quality Awareness through Training Sessions

Horizon Construction Development regards product quality as an important manifestation of its corporate values and employee competence. In 2020, Horizon Construction Development recruited an onsite quality assurance team. The team delivered 31 training sessions on quality awareness, policies, standards, and other aspects to frontline operators and quality inspectors, so as to instill a zero-defect quality awareness into employees.

Looking into the future, it will align itself with the internationally advanced training management policies and working procedures, and put in place a sound quality control training effect guarantee and evaluation system.



Quality training scene

In addition, Horizon Construction Development has also established a product recall system. According to the system, the *Non-conformance Report* and the *List of Corrective and Preventive Measures* would be filled in to promptly recall the flawed products. In 2020, neither product recall nor regulatory penalty took place at Horizon Construction Development.

In terms of intellectual property rights (IPR) protection, Horizon Construction Development has formulated the *Measures for Intellectual Property Management*, the *Measures for R&D Project Management*, the *Patent Management Regulations*, and other policies. Before products are launched and when they are in use, it prevents infringements by means of legal risk assessment and professional legal consultation, so as to effectively protect IPRs of itself and its customers. In 2020, Horizon Construction Development neither maliciously infringed on IPRs of others nor committed other crimes/non-compliance behaviors.

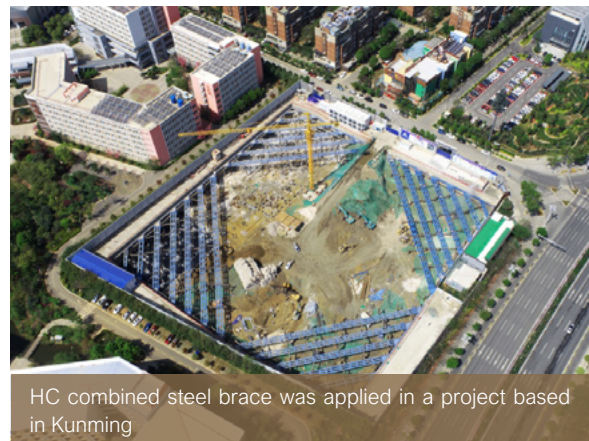
In 2020, Horizon Construction Development submitted **37** IPR applications and got **41** IPRs approved;

As at the end of 2020, Horizon Construction Development obtained **182** IPRs, including **13** patents for invention, **138** patents for utility models, and **31** software copyrights.

## Vigorously Developing Eco-friendly Construction Technologies

Horizon Construction Development successfully developed a new type of inner-brace retaining structure – HC combined steel brace. The retaining system could protect foundation pits from deformation, and create larger spaces for the construction of foundation pits, thus shortening the construction period and reducing environmental pollution. Besides, the components of the brace structure can be recycled and reused, a feature that facilitates energy saving and emission reduction.

In 2020, Horizon Construction Development used the HC combined steel brace for a construction project in Kunming. Compared with the traditional concrete brace, the new-type brace managed to shorten the installation period by about one month and reduce the project cost by some 30%, thus generating considerable economic and social benefits.



## Optimizing the Customer Service System

Horizon Construction Development values the comments and suggestions customers offer for its products and services. It establishes a customer service and communication system which provides a diversity of channels such as telephone follow-up, short messaging service (SMS), 400-toll-free customer service hotline, and online response through app and WeChat official account. At the same time, it responds to the appeals of customers explicitly at a faster pace, so as to raise its customer service standards.

On top of that, Horizon Construction Development relies on the online customer complaint management system to provide customer services around the clock and handle complaints lodged by customers online within 15 minutes. Where customers are dissatisfied with how their complaints are handled or refuse accepting the handling results, customer service specialists will call back and follow up throughout the process, in an effort to win their satisfaction.

In 2020, Horizon Construction Development randomly sampled customers to conduct satisfaction surveys every month, with a view to getting informed of how customers used its equipment and commented on its services. A total of 28,155 customers were sampled throughout the year, with the participation rate up to 89% and the satisfaction rate exceeding 95%. Besides, it also adopted rectification measures against the problems reported by customers such as repeated equipment maintenance and poor business communication.

### **Delivering on the “Customer First” Commitment and Working on the Frontline of the Fight against the Pandemic**

Wuhan was locked down on January 23, 2020, due to the outbreak of the coronavirus. Horizon Construction Development was instructed to provide power supply for Wuhan Jinyintan Hospital and other local anti-pandemic hospitals and send equipment to the construction sites of Leishenshan Hospital and Huoshenshan Hospital. Upon such instructions, its employees volunteered to travel on foot or by cycle to Wuhan from various places, considering the massive traffic suspension of traffic in much of Hubei Province. Despite the Chinese Spring Festival approached, they arrived at the frontline of the virus fight, to help build and power hospitals there.

Horizon Construction Development’s involvement in the coronavirus fight in Wuhan lasted 62 days, when it posted a record of “zero failure, zero absence, and zero confirmed case”. January 23 of each year from 2021 has been designated by Horizon Construction Development as the day when all employees deliver on their “Customer First” commitment and pay tribute to the great spirit forged in the battle against COVID-19.

## **9.3 Secure and Green Production**

### **Secure Production**

Horizon Construction Development upholds the HSE guidelines of “dual responsibilities of one post, all-employee involvement, risk management, and accident prevention”. Through the HSE Committee and its subordinate organizations, the company coordinates HSE matters such as decision-making on major issues and formulation of annual HSE goals as a whole, and establishes an intrinsic safety system from a host of dimensions such as resource input, process safety, equipment and material safety, technical safety, quality safety, and safety supervision, in an effort to raise safety management standards on all fronts.

#### **HSE Objectives of Horizon Construction Development**

- Zero occurrence of occupational diseases throughout the year;
- Zero accident-induced casualty;
- Zero environmental pollution incident.

In 2020, Horizon Construction Development reviewed and examined all of its HSE management policies and systems, by revising seven work safety bans, adding eight management rules, and releasing 17 management measures. Thanks to the continuously improved safety management systems, it realized the vertically specialized and horizontally standardized management, thus giving a boost to the secure, healthy and sustainable business development.

In 2020, Horizon Construction Development reported a total of 70-plus minor injury and near-miss accidents and zero major injury and above accident.

## OHS Measures of Horizon Construction Development

- Actively implement laws and regulations on occupational disease prevention and control to improve the work environment continuously;
- Phase out outdated and noisy equipment and set out a complete set of requirements for equipment and facility identification;
- Equip employees with qualified protective appliance;
- Compile a list of occupational disease hazards, arrange regular physical checkups for employees, and buy them work-related injury social insurance;
- Organize health risk-involved post holders to receive pre-service, in-service, and end-of-service occupational health check-ups.

In terms of pandemic prevention and control, Horizon Construction Development kept updating and adjusting its pandemic response measures and plans given the developments in related policies across the country, and provided all sorts of virus control supplies throughout the year. To ensure the health and safety of employees during the pandemic response, it started to register and monitor online the health status and mobility of employees before its resumption of work, with a view to gaining a whole picture of their health conditions on a daily basis, close contacts with confirmed cases, and pandemic information in the places where they visited. Besides, it extended the Spring Festival holidays to curb the risk of human-to-human transmission.

As at the end of 2020, Horizon Construction Development purchased over **160,000** masks, provided the people on the frontline of the coronavirus battle with various sorts of pandemic control supplies including **285** protective suits, **1,310** kg of disinfectants, and **21** thermometers, carried out **374** nucleic acid tests, all of which involved an investment of over **RMB680,000** in total.

To build a corporate safety culture, Horizon Construction Development adheres to the safety management concept with risk management at the core, continues to screen out hidden dangers as safety management measures for front-line employees, and vigorously publicizes safety management knowledge and skills among staff members.

In 2020, it regulated the safety behaviors of employees through organizing the Work Safety Month campaign, new employee training, and on-the-job training, pushing safety education articles or self-produced safety videos in the “Alarm Bells” column, thus boosting the safety management awareness and competence of employees.

In 2020, Horizon Construction Development delivered safety trainings to **7,691** employees accumulatively, and pushed a total of **114** HSE education and training articles with **106,182** viewers.



Leader's inspection and visit to employees working in scorching weather



The annual zero-accident award winning team



Emergency drill at the Jinshan Base



Team's safety commitment and swear

## Green Construction

In 2020, Horizon Construction Development revised a host of policies including the *Environmental Management Measures* and the *Guidelines for Environmental Protection Management*, regulated and instructed each business unit to conduct environmental protection management properly, explicitly stipulated potential environmental risks should be assessed before new businesses and M&A projects were launched, and drafted contingency plans for environmental emergencies as a response to possible environmental issues. At the same time, it started from the 6S management and conducted related inspections from time to time, to make sure all business units could get their environmental protection work done properly.

Also in the year, the company allocated a budget of RMB600,000 for environment protection, which was mainly spent on garbage sorting, hazardous waste disposal, pollutant discharge monitoring, and acceptance of eco-friendly facilities upon completion, and other aspects.

In 2020, Horizon Construction Development did not commit any environmental violations.

### ► Measures for Green Project Construction Management

Key Aspects		Specific Measures
Energy conservation	Electricity saving	<ul style="list-style-type: none"> <li>Put forth stringent power management requirements, ask employees to turn off lights after leaving the office or during lunch breaks, and stipulate that air-conditioning (A/C) units may not be turned on unless it reaches the prescribed threshold temperatures in summer and winter.</li> <li>Ground source heat pumps (GSHPs) are used to offer heat supply in workspace, and solar water heating systems are installed at hand washing sinks.</li> <li>Manufacturing workshops take the initiative to phase out the energy-intensive, high-pollutant machine tools.</li> </ul>



Key Aspects		Specific Measures
Resource conservation	Water saving	<ul style="list-style-type: none"> <li>Place water-saving signs in office space to remind employees of water conservation; and update to water-saving toilets.</li> <li>Promote the rainwater harvesting system among all affiliated industry enterprises, hold the storage of recycled water, and get the major water consumption points guarded with dedicated personnel and shut off in a timely manner.</li> <li>Collect the car washing wastewater for recycling use, and use the harvested rainwater for running fountains, washing cars, and other purposes.</li> </ul>
	Reduction of paper consumed	<ul style="list-style-type: none"> <li>Upgrade the printing and copying equipment and bring the paper usage under administration.</li> <li>Release the monthly list of employees who consume a large amount of paper as a reminder of paper conservation.</li> <li>Advocate the reuse of used paper and double-sided printing in office.</li> </ul>
	Reduction of packaging materials used	<ul style="list-style-type: none"> <li>Sort out the packaging materials of equipment purchased for classified storage, and use them for the equipment rental and turnover, so as to control the purchase amount of packaging materials efficiently.</li> </ul>
Discharge management	General wastes	<ul style="list-style-type: none"> <li>Forbid or minimize the use of plastics as packaging materials, and encourage the minimal use of disposable tableware.</li> <li>Non-hazardous wastes such as paper and kitchen wastes are centrally sorted out and disposed of by the municipal departments according to relevant standards of Shanghai.</li> </ul>
	Hazardous wastes	<ul style="list-style-type: none"> <li>Create files of hazardous wastes management and transfer. Hazardous wastes such as spent oil buckets and batteries are collected and disposed of by the qualified agencies upon entrustment.</li> </ul>
	Waste gas	<ul style="list-style-type: none"> <li>Enterprises are recommended to rent low-emission equipment to the extent possible.</li> </ul>
	Effluent	<ul style="list-style-type: none"> <li>Control pollutants from source and guarantee discharge of sewage after separation.</li> <li>Wastewater treatment facilities are used to filter sediment, and recycle used water through pumping in the process of equipment cleaning.</li> </ul>

Horizon Construction Development actively implements the concept of sustainable development in product selection and development. It prioritizes purchasing energy-saving equipment or low-carbon equipment. It has successfully developed eco-friendly revolving materials to replace traditional reinforced concrete materials, with a view to achieving the purpose of energy conservation and emission reduction.

#### Energy-saving and Emission Reduction Results Achieved in Green Project Construction throughout 2020

- The use of electric forklifts and arm-type electric vehicles in place of traditional internal-combustion equipment helped save approximately **10,626,400** liters of diesel consumption, which was equivalent to a reduction of approximately **29,500** tons of carbon dioxide emissions;
- The use of steel brace-made revolving materials in place of reinforced concrete materials helped save **216,000** cubic meters of reinforced concrete consumption, which was equivalent to a reduction of about approximately **658,600** tons of carbon dioxide emissions.

#### Notes:

- The diesel consumption-related greenhouse gas emission factor refers to SEHK's *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* (March 2020).
- The GHG emissions of reinforced concrete are estimated with the following method: 1 cubic meter of reinforced concrete contains 2.5 tons of concrete and 0.3 tons of steel bars; and the production of 1 ton of concrete yields about 1 ton of carbon dioxide emissions, and that of 1 ton of steel emits about 1.83 tons of carbon dioxide emissions.

## 10. Special Report on Responsibility of Horizon Education: Developing National Education, and Spreading Chinese Culture

### 10.1 Overview of the Education Sector

Horizon Education Investment Holding (Shanghai). Co., Ltd. (hereinafter referred to as “Horizon Education”) is an arm of Far East Horizon engaged in the education industry. By adhering to the principle of “people orientation, fusion of Chinese and western education and training elites” as well as the schooling philosophy of “building schools into picturesque campuses”, Horizon Education works hard to promote the K-12 education program, in an effort to cultivate outstanding students who are socially responsible, technologically innovative, and internationally competitive.

#### ▷ Schooling System of Horizon Education

Teaching Brand	Phase of Education	Distribution of Campuses	Features
Hongwen Montessori Academy	Preschool education	Nationwide	Educational philosophy and teaching methods of Montessori
Hongwen School	Nine-year compulsory education and senior high school education	Core Chinese cities such as Shanghai, Chengdu, and Qingdao	Fusion of the best concepts available in Chinese and western education
The National Mathematics and Science College (NMSC)	Senior high school education	The UK	Dedication to turning out elite students and offering STEM courses

#### ▷ Schooling Philosophy of “Building Schools into Picturesque Campuses” at Horizon Education



Introducing top-level teachers to upgrade teaching staff and enhance teaching quality

- R&D of a distinctive curriculum system
- A school network featuring collaboration at home and abroad
- Open, enterprising teaching style pursuing excellence
- Dedication to becoming a pipeline of excellent students for the world-renowned universities

Deliver an ultimate campus experience to take good care of students in every possible way

- Supply of nutrition-balanced food
- High-standard dormitories
- Garden-style campus buildings
- Personalized property management



### Schooling Achievements of Horizon Education in 2020

- By the end of 2020, Horizon Education had owned **four** schools and **nine** high-end kindergartens in Shanghai, Chengdu, Qingdao and the UK, getting **over 600** graduates admitted by many world-class academies.
- In 2020, **127** high schools graduates of Horizon Education were all admitted into the world-renowned universities, of whom **three** were enrolled by University of Oxford and University of Cambridge.
- The Shanghai Campus of Hongwen School was named as **“An Experimental School for Science-Technology Innovation”** by the Science-Technology Innovation Education Center of the Chinese Society of Education and Shanghai Non-government Middle Schools and Primary Schools Association.

## 10.2 High-quality Teaching Services

### Improving Teaching Quality

Horizon Education has always been committed to improving the teaching quality, encouraging innovation in education, and providing teachers and students with a full range of software and hardware guarantees. In 2020, Horizon Education introduced the faculty system, putting in place a corresponding organizational management structure that consists of three faculties, that is, elementary school, junior high school, and senior high school. Each part of the structure is, therefore, assigned with a more complete set of management responsibilities and functions, to raise meticulous management standards.

In order to forge a superior education system that combines the Chinese and Western characteristics to offer differentiated learning experience, Horizon Education has established an educational research institute, and recruited a large number of experts in curriculum systems, in evaluation and supervision, and in professional fields who are well-known at home and abroad. On top of that, it has gained the industry-leading advantages in the construction of curriculum systems, recruitment of teacher teams, teaching evaluation, and student development evaluation.

With respect to innovative education, Horizon Education continues to design a large array of innovative courses, such as a full range of cultural courses of “four seasons, five elements and six arts”, a set of Chinese Classics curricula, “mathematics in daily life” for primary school students, and a collection of innovative teaching plans for “applied mathematics” targeted at junior high school students. Some original R&D results protected by intellectual property rights have been generated and gradually promoted to schools outside Far East Horizon, thus boosting the development of China’s education undertakings.

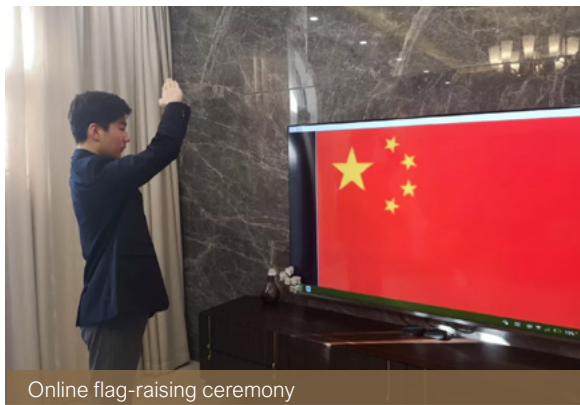
### Prompt Launch of Online Teaching to Deal with the COVID-19 Impacts

At the beginning of February 2020, when the coronavirus hadn’t spread extensively, Horizon Education moved early to get itself gear up for online teaching in advance. It only took the company a very short period of time to master the technologies and characteristics of online teaching. On February 10, Shanghai Campus took the lead in launching online courses in the forms of live streaming and recording, a move that received strong support and high recognition from teachers and students. These online courses witnessed great teacher-student interaction. The attendance rate and involvement degree of students were fairly high, as well.

During the pandemic response, Horizon Education delivered online courses in over 20,000 hours, of which some 11,400 hours came from Shanghai Campus, 5,300 hours from Chengdu Campus, and 5,000 hours from Qingdao Campus.



Online course

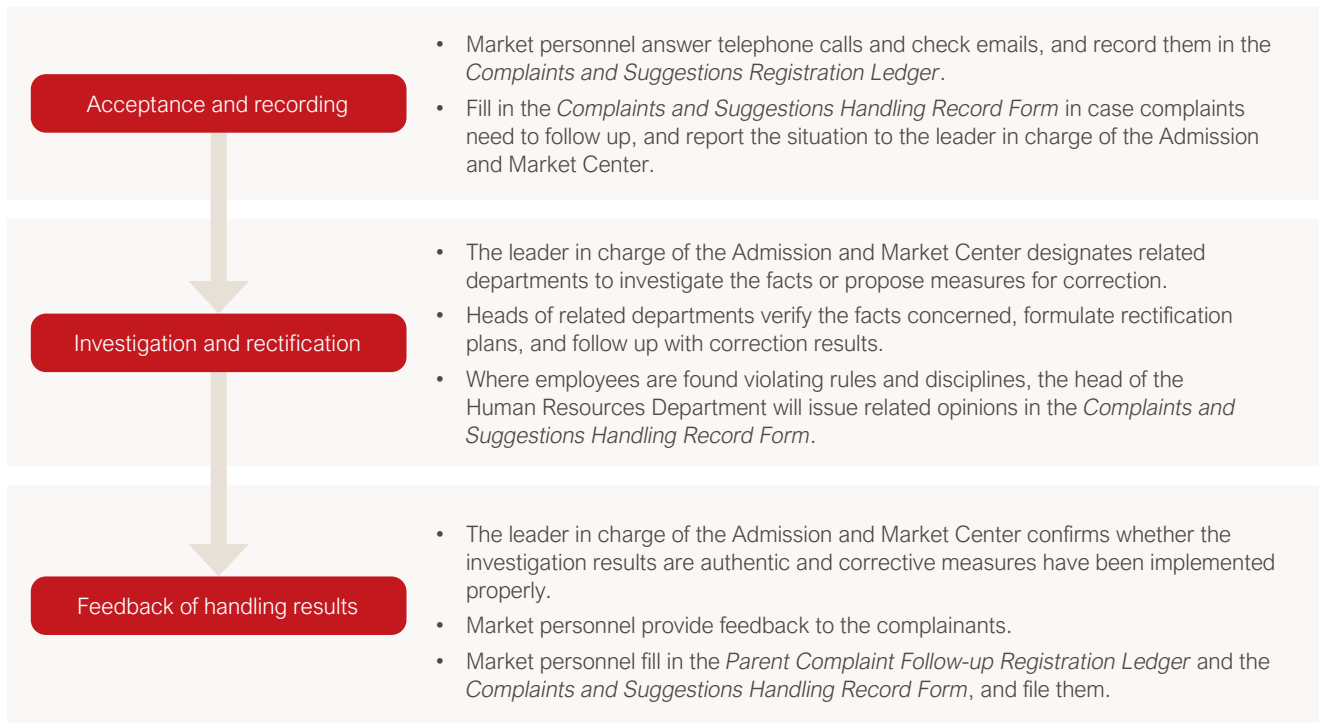


Online flag-raising ceremony

### Facilitating Parent-school Communication

Smooth home-school communication and interaction offer an important guarantee for realizing high-quality teaching. In 2020, Horizon Education continued to optimize its service mechanism. In addition to the complaint channels such as official websites, 400 hotlines, and official mailboxes of schools and kindergartens, it also strengthened the management of service quality supervision hotlines and safety supervision hotlines, both of which were used to receive feedback and suggestions from parents of students and faculty members. The complaint handling process got improved, so that complaints and inquiries from parents of students could be dealt with promptly and properly. All of these efforts were aimed to maintain a harmonious family-school relationship.

### ►Inquiries and Complaints Response Flow



To advance the modern school system and create a bond that brings schools and parents of students together, Horizon Education puts in place a parent-school committee which is a three-level, four-tier organizational structure. The committee participates in routine school administration on behalf of all student parents, so as to further enhance the parent-school joint action mechanism and create a positive education environment.

## 10.3 Secure and Green Campus

### Safety on Campus

At Horizon Education, health, safety, and environment (hereinafter referred to as “HSE”) is deemed as not only part of its economic responsibility, legal responsibility, and social responsibility, but also the basis for its survival and sustainable development.

Horizon Education attaches great importance to the health and safety of faculty members and students. In 2020, it revised the *HSE Work Rules of Horizon Education*, the *HSE Emergency Response Rules of Horizon Education*, and other existing policies. Meanwhile, it also drafted the *HSE Supervision, Inspection, and Hazard Rectification Rules of Horizon Education*, further setting out many aspects of content such as the breakdown of annual HSE responsibilities, HSE policy management, HSE inspection and hazard rectification, organization of HSE training and cultural building activities, and reporting, handling, and investigation procedures of HSE incidents. Besides, a professional department was set up to identify risks related to fire safety, food safety, public security, and other spheres.

In 2020, Horizon Education established a joint inspection mechanism for campus safety and logistical support. Under the mechanism, unified inspection standards, standardized inspection measures, and clear-cut problem tracking methods were outlined with a view to elevating campus safety and logistics management to higher levels. At the same time, it produced the *Logistics Operation Inspection and Evaluation Standards* and the *Logistics Operation Management Improvement Suggestions*, covering 200 detailed inspection items in 10 categories. Besides, inspection results were tracked and rectified by dedicated personnel. These steps were aimed to further assure the quality of logistical support and security management on campus.

In 2020, Horizon Education neither committed any campus security violations, nor received any regulatory punishment in this regard.

### Major Pandemic Control Measures of Horizon Education

In terms of pandemic prevention and control, Horizon Education released in March 2020 the *Work Manual on Getting Ready for Reopening School During the Pandemic Response Period (Version for Logistics)*. The manual set out requirements for various aspects of pandemic control work, including the preparation of pandemic control supplies on campus, campus sanitation and disinfection measures, and health information tracking of teachers and students. All campuses implemented these requirements in an orderly way, and reopened smoothly on time.



Pandemic control supplies in reserve



Campus sanitation and disinfection

With respect to raising safety awareness, Horizon Education continued to carry out various types of safety training activities to improve the emergency response skills of all employees, and create a safe environment where teachers, students, staff members, customers, and partners would feel safe anytime, anywhere.

### Practical Training in the Eight Areas of Safety

In 2020, Horizon Education teamed up with Shanghai Public Safety Education Training Base to give safety training to all students at Shanghai Campus of Hongwen School. More than 780 students, along with over 130 faculty members, walked into the training base where they learned how to protect themselves better by virtue of the technology-intensive field experience and rich safety knowledge.

The three-day safety training activity brought attendees an abundance of knowledge and survival skills in eight major areas of safety: earthquakes, meteorological disasters, fire safety, air defense safety, rail traffic safety, road traffic safety, daily life safety, and emergency rescue. It fully embodied the high standards that Hongwen School has always pursued in safety education.



Emergency evacuation drill



First aid training

### Green Campus

Horizon Education advocates a green operation concept by incorporating environmental protection into its schooling philosophy and practice. To create a green learning environment for students, it focuses on such aspects as air quality control. To be specific, it has deployed the air cleaning and central ventilation system across all its schools and kindergartens, with a view to mitigating the impact of haze on students' health.

In 2020, Horizon Education did not committed any environmental violations.

## ► Green Campus Management Measures

Key Aspects		Specific Measures
Energy conservation	Electricity saving	<ul style="list-style-type: none"> <li>Regular checks are conducted on power supply lines and electric appliance. Electric equipment needs to be shut down when not in use, so as to reduce energy consumption.</li> <li>Persons are arranged to take shifts and patrol classrooms except overnight self-study classrooms, so as to ensure that all types of electrical equipment such as air conditioners and lamps are turned off when not in use.</li> </ul>
Resource conservation	Water saving	<ul style="list-style-type: none"> <li>Take municipal water supply as the main water source, purchase energy-saving and water-saving devices, and encourage teachers and students to save water.</li> </ul>
Discharge management	General wastes	<ul style="list-style-type: none"> <li>Non-hazardous wastes such as paper and domestic wastes are centrally sorted out and disposed of by the municipal departments according to relevant standards of Shanghai.</li> <li>Qualified agencies are engaged for disposal of kitchen wastes at schools and kindergartens.</li> </ul>
	Hazardous wastes	<ul style="list-style-type: none"> <li>Hazardous wastes such as toner cartridges and ink cartridges are recycled and disposed of by the qualified agencies upon entrustment.</li> </ul>

# Datasheet

## Economy

Indicator	Unit	2018	2019	2020
Total revenue	RMB100 million	253.79	268.56	290.42
Profit before tax	RMB100 million	64.93	71.45	75.08
Total tax payment	RMB100 million	41.00	45.00	43.00
Total assets	RMB100 million	2,659.70	2,605.71	2,999.27
Government grants	RMB100 million	7.00	7.63	7.49
Salary and welfare of employees	RMB10,000	349,571.00	319,412.40	348,451.30

## HSE Data of the Financial Sector<sup>1</sup>

Indicator	Unit	2018	2019	2020
Resource Utilization				
Greenhouse gas emissions <sup>2</sup>	tCO <sub>2</sub> e	6,366.30	7,799.09	7,531.93
Greenhouse gas emissions per unit area	tCO <sub>2</sub> e/m <sup>2</sup>	0.05	0.07	0.07
Total power consumption	MWh	8,427.90	9,773.17	8,453.70
Power consumption per unit area	kWh/m <sup>2</sup>	70.34	82.88	80.42
Total natural gas consumption <sup>3</sup>	m <sup>3</sup>	290,492	427,918	337,243
Natural gas consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	2.76	4.07	3.21
Total water consumption <sup>4</sup>	m <sup>3</sup>	70,194	123,218	80,169
Water consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	0.67	1.17	0.76

Indicator	Unit	2018	2019	2020
<b>Emissions</b>				
Hazardous wastes <sup>5</sup>	ton	1.00	1.00	1.00
Harmless waste: dry waste	ton	61.66	82.21	75.36
Harmless waste: wet waste	ton	8.00	8.00	32.60
Harmless waste: recyclable household waste	ton	7.00	12.00	14.00

## Notes:

1. The data covers Far East Horizon Plaza.
2. At Far East Horizon, greenhouse gas emissions calculated consist of direct emissions from the consumption of natural gas in canteens and indirect emissions from the consumption of purchased electricity. The greenhouse gas emission factors in 2020 have been updated according to SEHK's *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* (March 2020).
3. Due to the outbreak of COVID-19, canteen boilers operated for dropping hours, which led to a decrease in total gas consumption and gas consumption per unit area in 2020 from 2019.
4. In 2020, the Company used less water for planting and harvested more rainwater. As a result, its total water consumption and water consumption per unit area both dropped compared with 2019.
5. Hazardous wastes are mainly printer ink cartridges.

**HSE Data of Horizon Healthcare<sup>1</sup>**

Indicator	Unit	2018	2019	2020
<b>Resource Utilization</b>				
Greenhouse gas emissions <sup>2</sup>	tCO <sub>2</sub> e	25,168.25	37,508.92	67,933.46
Greenhouse gas emission per RMB1,000 revenue	tCO <sub>2</sub> e/RMB1,000	0.011	0.013	0.020
Total power consumption	MWh	32,226	59,724	69,153
Power consumption per RMB1,000 revenue	kWh/RMB1,000	14.69	20.51	20.06
Total water consumption	m <sup>3</sup>	1,068,814	1,542,283	1,778,649
Water consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	0.49	0.53	0.52
Total natural gas consumption	m <sup>3</sup>	811,561	960,120	1,379,075
Natural gas consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	0.37	0.33	0.40
Total gasoline/diesel consumption	liter	538,131	368,937	426,060
Gasoline consumption of own vehicles	liter	289,140	287,900	312,874
Diesel consumption of own vehicles and generators	liter	248,991	81,037	113,186
<b>Emissions</b>				
Effluent	m <sup>3</sup>	776,572	1,277,964	1,483,617
Sulfur oxide <sup>3</sup>	gram	8,139	5,365	6,422
Hazardous wastes: medical wastes	ton	706	859	1,373
Non-hazardous wastes	ton	6,050	7,128	8,094
<b>Health and Safety</b>				
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury <sup>4</sup>	day	364	783	766
Times of safety supervision	number	479	476	536
Number of emergency drilling	number	126	163	146
Safety training person-time	person	10,378	10,890	17,481

## Notes:

1. The above statistics are based on the annual consolidated statements. In 2020, Horizon Healthcare added the environmental data of some hospitals. Therefore, the data were volatile compared with 2019.
2. At Horizon Healthcare, greenhouse gas emissions calculated consist of direct emissions from the consumption of gasoline and diesel by self-owned vehicles, diesel by generators, natural gas in canteens as well as indirect emissions from the consumption of purchased electricity. The greenhouse gas emission factors in 2020 have been updated according to HKEX's *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* (March 2020).
3. Sulfur oxide emissions are calculated based on gasoline and diesel consumption of its own vehicles.
4. Work injuries that occurred to Horizon Healthcare are minor injuries caused by a slip or other accidents, and there was zero reported case of general, major, serious or extremely serious work safety accident in the legal sense.



## HSE Data of Horizon Construction Development<sup>1</sup>

Indicator	Unit	2018	2019	2020
<b>Resource Utilization</b>				
Greenhouse gas emissions <sup>2</sup>	tCO <sub>2</sub> e	11,062.73	3,913.52	9,861.01
Greenhouse gas emission per RMB1,000 revenue	tCO <sub>2</sub> e/RMB1,000	0.006	0.002	0.003
Total power consumption <sup>3</sup>	MWh	14,819	3,318	5,290
Power consumption per RMB1,000 revenue	kWh/RMB1,000	8.22	1.40	1.37
Total water consumption	m <sup>3</sup>	82,173	73,312	60,902
Water consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	0.05	0.03	0.02
Total gasoline/diesel consumption	liter	360,000	610,000	1,833,013
Gasoline consumption of own vehicles <sup>4</sup>	liter	360,000	560,000	1,554,570
Diesel consumption of own vehicles	liter	0	50,000	278,443
Total consumption of packaging materials <sup>5</sup>	ton	4	4	4
<b>Emissions</b>				
Effluent	m <sup>3</sup>	51,338	58,650	48,721
Sulfur oxide <sup>6</sup>	gram	5,292	9,037	31,428
Hazardous wastes: medical wastes <sup>7</sup>	ton	5.00	11.46	19.18
Non-hazardous wastes <sup>8</sup>	ton	185.00	335.24	135.00
Including household waste	ton	180.00	335.24	135.00
Including others	ton	5.00	0	0
<b>Health and Safety</b>				
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury <sup>9</sup>	day	0	182	380
Times of safety supervision <sup>10</sup>	number	824	985	1,619
Number of emergency drilling	number	76	108	196
Safety training person-time	person	5,123	6,325	7,691

### Notes:

- The data cover Horizon Construction Development.
- At Horizon Construction Development, greenhouse gas emissions calculated consist of direct emissions from the consumption of gasoline and diesel by self-owned vehicles as well as indirect emissions from the consumption of purchased electricity. The greenhouse gas emission factors in 2020 have been updated according to HKEX's *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* (March 2020).
- Total power consumption of Horizon Construction Development includes power used for manufacturing and office, with construction power excluded. In 2020, Horizon Construction Development expanded the production capacity of the ring lock scaffold plant to meet the increased market demand. Consequently, its total power consumption rose compared with 2019. The production of ring lock scaffolds reached a certain scale in 2019, and it kept a small scale of manufacturing with only a small part of equipment running. Therefore, total power consumption in 2020 had a big fall as compared with that of 2018.
- In 2020 and 2019, due to the need for business expansion, Horizon Construction Development purchased several fuel vehicles (both gasoline vehicles and diesel vehicles), and the mileage rose as well. Both gasoline consumption and diesel consumption of own vehicles in 2020 and 2019 grew on a year-on-year basis.
- Equipment and products of Horizon Construction Development did not generate packaging materials themselves. Total consumption of packaging materials mainly came from carton boxes used for shipment of supplies.
- Sulfur oxide emissions are calculated based on gasoline and diesel consumption of its own vehicles. There was a sharp increase due to the rising gasoline consumption and diesel consumption of own vehicles in 2020.
- Horizon Construction Development newly purchased several vehicles in 2020 and 2019. The increase in maintenance oil consumption led to an increase in waste engine oil, and some of the hazardous wastes of the previous year that had not been disposed of were treated in the following year. Therefore, total hazardous wastes of 2020 and 2019 increased over a year earlier.
- In 2020, Horizon Construction Development improved the statistical caliber and calculation method of domestic wastes, resulting in a considerable change in the total amount of domestic waste compared with 2019. In 2019, as the business expanded, Horizon Construction Development increased its headcounts, so domestic wastes of 2019 rose greatly over 2018. Other non-hazardous wastes of 2018 mainly included recyclable waste papers, woods, and metals.
- The business expansion in 2020 and 2019 necessarily led to an increase of varying degrees in examination and maintenance inside and outside the field, engineering construction and the number of front-line workers. As a result, the number of working days lost due to work injury increased substantially over a year earlier. Most of these injuries were minor ones in the course of installation, maintenance and field operation. The cases have been concluded after being handled by the company in line with the company requirements of "four no exceptions" for handling workplace accidents.
- In 2020, due to business expansion and an increase in the number of business departments, Horizon Construction Development stepped up efforts to carry out safety supervision and emergency drills. Therefore, the number of safety supervision and emergency drills increased significantly compared with 2019.

## HSE Data of Horizon Education<sup>1</sup>

Indicator	Unit	2018	2019	2020
<b>Resource Utilization</b>				
Greenhouse gas emissions	tCO <sub>2</sub> e	1,659.43	3,315.4	3,484.99
Greenhouse gas emission per RMB1,000 revenue	tCO <sub>2</sub> e/RMB1,000	0.009	0.010	0.015
Total power consumption <sup>2</sup>	MWh	2,412	3,421	3,660
Power consumption per RMB1,000 revenue	kWh/RMB1,000	13.65	14.58	15.91
Total water consumption	m <sup>3</sup>	57,044	164,983	73,201
Water consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	0.32	0.70	0.32
Total natural gas consumption	m <sup>3</sup>	8,048	73,848	47,767
Natural gas consumption per RMB1,000 revenue	m <sup>3</sup> /RMB1,000	0.05	0.31	0.21
Office paper utilization	ton	11	26	30
<b>Health and Safety</b>				
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	0	0	0
Times of safety supervision <sup>3</sup>	number	146	550	312
Number of emergency drilling	number	49	90	61
Safety training person-time <sup>4</sup>	person	11,200	4,983	2,381

### Notes:

1. The data cover the consolidated financial statements. In 2020, due to the pandemic, some kindergartens of Horizon Education were closed in the first half of the year. Therefore, the above-mentioned data were overall lower than in 2019.

2. At Horizon Education, greenhouse gas emissions calculated consist of direct emissions from the consumption of natural gas in canteens and indirect emissions from the consumption of purchased electricity. The greenhouse gas emission factors in 2020 have been updated according to SEHK's *How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs* (March 2020).

3. Since Shanghai Hongwen School officially started running in September 2018, it only used water, electricity and natural gas for three months during the year. However, the data of 2019 covered the whole year. It is natural that power consumption, water consumption, gas consumption and office paper utilization should have a rise as compared with those of 2018. Besides, in 2018, only some classrooms and teaching places were used, but 2019 witnessed a big increase in the number of the faculty and students. Diners at the canteen increased, and water in the swimming pool was more frequently changed. In consequence, natural gas consumption per RMB1,000 revenue and water consumption per RMB1,000 revenue rose substantially over the previous year.

4. In 2019, Horizon Education intensified supervision and management of dining, logistics and property management of the kindergartens and schools, so there were much more safety inspections in 2019 as compared with 2018.

5. The data of safety training person-time of 2019 only covered faculty members taking part in the evacuation drills launched by the kindergartens as well as teachers and students involved in the evacuation drills organized by the schools. The data of 2018 covered all faculty members and students participating in safety training sessions, emergency drills and other big or small activities of the kind that were conducted by the kindergartens and schools.

## Employment and Labor Practices

Indicator	Unit	2018	2019	2020
<b>Employment</b>				
Total employees	person	12,813	17,903	21,672
Male employees	person	8,580	8,702	11,317
Female employees	person	4,233	9,201	10,355
Contracted employees	person	10,909	14,754	17,518
Dispatched employees	person	0	487	691
Employees engaged by other forms	person	1,904	2,662	3,463
Employees based in Chinese Mainland	person	12,810	17,900	21,663
Employees based in Hong Kong, Macao and Taiwan and overseas	person	3	3	9
Ethnic-minority employees	person	360	831	1,013
Disabled employees	person	10	53	76

Indicator		Unit	2018	2019	2020
Percentage of employees under collective bargaining agreement		%	100	100	100
Turnover rate of employees		%	12.50	16.90	24.10
Turnover rate of male employees		%	15.30	8.40	16.30
Turnover rate of female employees		%	6.00	8.40	7.80
Turnover rate of employees aged below 30		%	12.90	5.5	10.70
Turnover rate of employees aged 30-50		%	15.30	11.10	11.40
Turnover rate of employees aged over 50		%	0.90	0.30	2.00
Employee training					
Employee training expenditure	Finance sector	RMB1,000	9,800	10,400	11,600
	Industry sector	RMB1,000	4,970	5,020	5,008
Employee training coverage <sup>1</sup>	Finance sector	%	99.00	99.10	98.82
	Industry sector	%	96.20	96.30	96.45
Training coverage among male employees	Finance sector	%	98.70	98.60	71.13
	Industry sector	%	95.70	95.90	49.53
Training coverage among female employees	Finance sector	%	99.50	99.60	28.87
	Industry sector	%	96.80	97.10	50.47
Training coverage among senior managers	Finance sector	%	90.00	90.00	1.36
	Industry sector	%	100	100	1.55
Training coverage among middle managers	Finance sector	%	97.00	97.50	10.63
	Industry sector	%	95.80	96.10	10.71
Training coverage among junior employees	Finance sector	%	99.60	99.40	88.01
	Industry sector	%	95.50	96.50	87.50
Employee average training hours <sup>2</sup>	Finance sector	hour	37.00	38.00	38.09
	Industry sector	hour	33.30	34.00	33.45
Average training hours among male employees	Finance sector	hour	35.50	36.20	37.00
	Industry sector	hour	30.80	31.20	30.89
Average training hours among female employees	Finance sector	hour	40.50	40.80	40.80
	Industry sector	hour	35.90	36.20	36.00
Average training hours among senior managers	Finance sector	hour	33.80	33.90	33.69
	Industry sector	hour	45.00	44.50	44.20
Average training hours among middle managers	Finance sector	hour	40.40	40.10	40.30
	Industry sector	hour	37.00	37.20	37.30
Average training hours among junior employees	Finance sector	hour	37.60	37.70	38.20
	Industry sector	hour	30.50	33.10	32.80

## Notes:

1. Employee training coverage in each category in 2018 and 2019 = the number of employees in that category who received training/the number of employees in that category. According to SEHK's *How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs* (March 2020), the calculation formula of 2020 was adjusted as: employee training coverage in each category = the number of employees of that category who received training/the total number of employees who received training at the Company.

2. The average training hours per employee of each category per year = the total hours of training received by employees of that category during the year/number of employees of that category at the end of the year.

## Anti-corruption<sup>1</sup>

Indicator	Unit	2018	2019	2020
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees <sup>234</sup>	case	1	1	1
Number of anti-corruption training sessions	number	—	—	148
Number of employees attending anti-corruption training	person	—	—	3,300

### Notes:

- The data cover the consolidated financial statements of Far East Horizon. The Company started to make statistics of anti-corruption training in 2020.
- In 2018, the Company handled one duty encroachment by taking advantage of position. It actively provided assistance for the judicial organ in investigation. The case was concluded in 2019, with all the defendants sentenced to imprisonment. After the close of the case, the Company circulated an internal notice and held 30-odd sessions for admonishment with respect to the case.
- In 2019, the Company handled one case of bribery involving its employees who took advantage of the post to seek gains for others. It assisted the judicial authority in investigation of the suspected bribery case of non-government employee. The case was concluded in January 2020 with the defendants sentenced to imprisonment. After the case was closed, the Company publicized an internal circular and organized Company-wide warning activities with respect to the case.
- In 2020, the Company handled one case of bribery involving its employee who took advantage of the post. It assisted the judicial authority in investigation of the suspected bribery case of non-government employee. The case was concluded in 2020. After that, the Company immediately sent the *Internal Warning Cases* to managers, and added relevant matters into the warning cases, to serve as deterrent to others.

## Supply Chain Management<sup>1</sup>

Indicator	Unit	2018	2019	2020
Total suppliers	number	576	589	628
Suppliers based in Chinese Mainland	number	552	565	604
Suppliers based in Hong Kong, Macao and Taiwan and overseas	number	24	24	24

Note 1: The data cover the financial sector of Far East Horizon.

## Product Responsibility<sup>1</sup>

Indicator	Unit	2018	2019	2020
Complaints received on products and services	Piece	9	2	5
Complaint handling rate	%	100	100	100

Note 1: The data cover the consolidated financial statements of Far East Horizon.

## Community Responsibility<sup>1</sup>

Indicator	Unit	2018	2019	2020
Total cash expenditure for public welfare activities	RMB10,000	396.95	395.82	578.62
Participants of volunteer activities <sup>2</sup>	person	300	300	80
Total hours of volunteer activities	hour	2,000	2,000	500

### Notes:

- The data cover Shanghai Horizon Charity Foundation and Beijing Horizon Charity Foundation.
- Affected by the pandemic, the number of persons participating in and the total duration of volunteer activities in 2020 decreased somewhat compared with 2019.

# Standard Index

## Environmental, Social and Governance Reporting Guide (2019) Index on SEHK

Subject Areas, Aspects, General Disclosures and KPIs	Sections
<b>Aspect A1: Emissions</b>	
General Disclosure A1	5.1 Intensifying Lean Management 5.3 Practicing Green Operation 5.4 Responding to Climate Change 8.3 Secure and Green Medical Care 9.3 Secure and Green Production 10.3 Secure and Green Campus
KPI A1.1	5.3 Practicing Green Operation Datasheet
KPI A1.2	Datasheet
KPI A1.3	Datasheet
KPI A1.4	Datasheet
KPI A1.5	5.3 Practicing Green Operation 8.3 Secure and Green Medical Care 9.3 Secure and Green Production 10.3 Secure and Green Campus
KPI A1.6	5.3 Practicing Green Operation Datasheet 8.3 Secure and Green Medical Care 9.3 Secure and Green Production 10.3 Secure and Green Campus
<b>Aspect A2: Use of Resources</b>	
General Disclosure A2	5.3 Practicing Green Operation 5.4 Responding to Climate Change 8.3 Secure and Green Medical Care 9.3 Secure and Green Production 10.3 Secure and Green Campus
KPI A2.1	Datasheet
KPI A2.2	Datasheet
KPI A2.3	5.3 Practicing Green Operation 5.4 Responding to Climate Change 8.3 Secure and Green Medical Care 9.3 Secure and Green Production 10.3 Secure and Green Campus Datasheet
KPI A2.4	5.3 Practicing Green Operation 8.3 Secure and Green Medical Care 9.3 Secure and Green Production 10.3 Secure and Green Campus Datasheet

KPI A2.5	Datasheet
<b>Aspect A3: The Environment and Natural Resources</b>	
General Disclosure A3	5.3 Practicing Green Operation 5.4 Responding to Climate Change
KPI A3.1	5.3 Practicing Green Operation 5.4 Responding to Climate Change
<b>Aspect A4: Climate Change</b>	
General Disclosure A4	5.4 Responding to Climate Change
KPI A4.1	5.4 Responding to Climate Change
<b>Aspect B1: Employment</b>	
General Disclosure B1	6.1 Protecting Essential Employee Rights and Interests of Staff
KPI B1.1	Datasheet
KPI B1.2	Datasheet
<b>Aspect B2: Health and Safety</b>	
General Disclosure B2	5.2 Occupational Health and Safety 6.3 Unleashing Vitality of Employees
KPI B2.1	Datasheet
KPI B2.2	Datasheet
KPI B2.3	5.2 Occupational Health and Safety
<b>Aspect B3: Development and Training</b>	
General Disclosure B3	6.2 Promoting All-round Development of Employees
KPI B3.1	Datasheet
KPI B3.2	Datasheet
<b>Aspect B4: Labor Standards</b>	
General Disclosure B4	6.1 Protecting Essential Employee Rights and Interests of Staff
KPI B4.1	6.1 Protecting Essential Employee Rights and Interests of Staff
KPI B4.2	6.1 Protecting Essential Employee Rights and Interests of Staff
<b>Aspect B5: Supply Chain Management</b>	
General Disclosure B5	3.2 Risk and Compliance Management
KPI B5.1	Datasheet
KPI B5.2	3.2 Risk and Compliance Management
KPI B5.3	3.2 Risk and Compliance Management
KPI B5.4	3.2 Risk and Compliance Management

<b>Aspect B6: Product Responsibility</b>	
General Disclosure B6	4.1 Providing High-quality Financial Products and Services 4.3 High-quality Customer Services 8.2 High-quality Medical Services 9.2 High-quality Products and Services 10.2 High-quality Teaching Services
KPI B6.1	Datasheet
KPI B6.2	4.3 High-quality Customer Services 8.2 High-quality Medical Services 9.2 High-quality Products and Services 10.2 High-quality Teaching Services Datasheet
KPI B6.3	3.2 Risk and Compliance Management
KPI B6.4	4.1 Providing High-quality Financial Products and Services 8.2 High-quality Medical Services 9.2 High-quality Products and Services 10.2 High-quality Teaching Services
KPI B6.5	4.3 High-quality Customer Services
<b>Aspect B7: Anti-corruption</b>	
General Disclosure B7	3.3 Anti-corruption Datasheet
KPI B7.1	3.3 Anti-corruption Datasheet
KPI B7.2	3.3 Anti-corruption
KPI B7.3	3.3 Anti-corruption Datasheet
<b>Aspect B8: Community Investment</b>	
General Disclosure B8	7. Devoted to Public Welfare Undertakings as A Socially Responsible Enterprise
KPI B8.1	7. Devoted to Public Welfare Undertakings as A Socially Responsible Enterprise
KPI B8.2	7. Devoted to Public Welfare Undertakings as A Socially Responsible Enterprise Datasheet

## Sustainability Reporting Standards (2016) Index

Sustainable Development Report Standards indicator	Description
General Disclosure	
Foundation	
101	Statement on Preparation of the Report
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102-2	1.1 Company Profile
102-3	Back Cover
102-4	1.1 Company Profile
102-5	1.1 Company Profile
102-6	1.1 Company Profile
102-7	1.1 Company Profile
102-8	Datasheet
102-9	3.2 Risk and Compliance Management
102-10	1.3 Organizational Structure
102-11	3.2 Risk and Compliance Management
102-12	Standard Index
102-13	2020 Key Responsibility Performance Overview
Strategy	
102-14	Statement of the Board on Environmental, Social and Governance (ESG) Management
102-15	Statement of the Board on Environmental, Social and Governance (ESG) Management
Ethics and Integrity	
102-16	2.1 CSR Concept
Governance	
102-18	1.3 Organizational Structure
102-21	2.2 Social Responsibility Management
102-22	3.1 Corporate Governance
102-29	2.2 Social Responsibility Management
Stakeholder Engagement	
102-40	2.2 Social Responsibility Management
102-41	Datasheet
102-42	2.2 Social Responsibility Management

Sustainable Development Report Standards indicator	Description
102-43	2.2 Social Responsibility Management
102-44	2.2 Social Responsibility Management
Reporting Practice	
102-45	Statement on Preparation of the Report
102-46	Statement on Preparation of the Report
102-47	2.2 Social Responsibility Management
102-48	Not applicable
102-49	2.2 Social Responsibility Management
102-50	Statement on Preparation of the Report
102-51	Statement on Preparation of the Report
102-52	Statement on Preparation of the Report
102-53	Statement on Preparation of the Report
102-54	Statement on Preparation of the Report
102-55	Sustainability Reporting Standards (2016) Index
102-56	The Company has not conducted external assurance
Economy	
103-1	4.1 Providing High-quality Financial Products and Services
103-2	4.2 Serving the Real Sector
103-3	7. Devoting to Public Welfare Undertakings as A Socially Responsible Enterprise Datasheet
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201-1	Datasheet
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203-1	4.2 Serving the Real Sector 7. Devoting to Public Welfare Undertakings as A Socially Responsible Enterprise
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205-2	3.3 Anti-corruption

Sustainable Development Report Standards indicator	Description
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103-1	5.3 Practicing Green Operation Datasheet
103-2	
103-3	
Energy	
302-1	Datasheet
302-3	Datasheet
Environmental Compliance	
307-1	5.3 Practicing Green Operation
Society	
103-1	6.1 Protecting Essential Employee Rights and Interests of Staff Datasheet
103-2	
103-3	
Employment	
401-1	Datasheet
Occupational Health and Safety	
403-2	Datasheet
Training and Education	
404-1	Datasheet
Diversity and Equal Opportunity	
405-1	Datasheet
Child Labor	
408-1	6.1 Protecting Essential Employee Rights and Interests of Staff
Forced or Compulsory Labor	
409-1	6.1 Protecting Essential Employee Rights and Interests of Staff
Marketing and Labeling	
417-2	Datasheet
417-3	Datasheet
Customer Privacy	
418-1	4.3 High-quality Customer Services



# Statement on Preparation of the Report

This is the eighth ESG report released by Far East Horizon Limited. It states the philosophy and practice of social responsibility of Far East Horizon and its subsidiaries. The Report also shows the developments made by the Company with respect to economy, environment, and society. The Board of Directors of the Company is accountable to the authenticity and integrity of the Report.

## Reporting Scope

Scope of the organization: Unless otherwise stated, the Report shares the same scope as the Annual Consolidated Financial Statements of the Company.

Time frame: From 1 January 2020 to 31 December 2020, with some contents going beyond the frame.

Release cycle: The Report is an annual report, with its previous edition released in July 2020.

## Reference Basis

The Report is compiled according to Annex 27: *Environmental, Social and Governance Reporting Guide* (2015) to the *Listing Rules* of the Stock Exchange of Hong Kong Limited (SEHK), with reference to the *Consultation Conclusions of ESG Reporting Guide* (2019) released by the SEHK. Meanwhile, this report has been prepared in accordance with the GRI Standards: Core option. Please see the index of the *Sustainability Reporting Standards* (2016) for details.

## Data Specification

The financial data in the Report are quoted from the *2020 Annual Report of Far East Horizon Limited*, and other data and cases come from the records of the Company's actual operation. Unless otherwise stated, the amounts of money involved in the Report are denominated in RMB.

## Principles of Reporting

The ESG Report discloses information in accordance with the reporting principles in the ESG Reporting Guide of the Hong Kong Stock Exchange including:

- Materiality

Based on the principle of materiality, the ESG Report determines the major issues to be responded herein and provides key disclosures of environmental, social and governance matters with potential significant impacts on the investors and other stakeholders.

- Quantitative

Based on the principle of quantitative, the ESG Report discloses the quantitative key performance indicators ("KPIs"), gives the description of such KPIs, and provides the calculation basis and assumptions.

- Balance

Based on the principle of balance, the ESG Report reflects the objective facts and discloses indicators involving both positive information and negative information.

- Consistency

Based on the principle of consistency, the ESG Report gives the description of the ESG quantitative KPIs, provides the calculation basis and assumptions, and maximizes the consistency of indicators used for different reporting periods to reflect the tendency of performance level.

## Report Release

The Report is released to the public in both Chinese and English. The online version can be downloaded from the official website of Far East Horizon (<http://www.fehorizon.com>).

If you have any comment or advice on the Report, please send an email to [csr@fehhorizon.com](mailto:csr@fehhorizon.com).



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June 2021

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