



远东宏信  
FEHORIZON

Incorporated in Hong Kong with limited liability

Stock Code: 03360.HK

# 2022

## Environmental, Social and Governance Report



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# Key Responsibility Performance Overview in 2022 of Far East Horizon

## Economic Performance

The total assets amounted to RMB **346,994** million

The profit before tax reached RMB **10,319** million

The basic earnings per share reported RMB **1.46**

The total tax payment hit RMB **5,409** million

## Environmental Performance

Greenhouse gas (GHG) emissions (Scope 1 and Scope 2) totaled **186,211.91** tCO<sub>2</sub>e

GHG emissions per unit of revenue (Scope 1 and Scope 2) stood at **5.09** tCO<sub>2</sub>e/RMB1,000,000

## Social Performance

The total number of employees was **21,886**

Male employees accounted for about **54.10%**

Female employees accounted for about **45.90%**

Training hours for each employee under the finance sector stood at **38.24** hours

Training hours for each employee under the industry sector stood at **33.55** hours

Spending in public welfare activities reported RMB **8,596,200**

Volunteer service hours stood at **4,790** hours

Spending in rural revitalization support exceeded RMB **4,000,000**

Directly benefiting over **200,000** persons



# ESG Management Statement from the Board of Directors

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In 2022, Far East Horizon marked an epoch-making year, building on its past successes and further advance its cause. In order to navigate through uncertainties and open up a new prospect, the Company positioned itself to "strengthen support from the mainland, take root in Hong Kong and extend coverage to Southeast Asia". With the mission of "integrating global resources and promoting industry development, it went through new development cycles and forged ahead determinedly. Continuous efforts were made to promote innovation and explore integrated industrial operations and services, so as to ensure steady business growth, perfect asset safety and a solid basic structure. As a result, the Company achieved greater profitability in 2022 and built a stronger market presence.

The Company has actively integrated of ESG elements into business management, and continuously established and improved the ESG management structure of the "Board of Directors – ESG Committee under the Board of Directors – ESG Task Force". Based on the characteristics of its business and the industry, the Company shouldered corporate social responsibilities (CSR) in five fields, namely investor responsibility, customer responsibility, employee responsibility, environmental responsibility and charity responsibility. With such efforts, the Company effectively ensured the implementation of ESG work, facilitated the healthy, continuous, steady and harmonious development of the industrial economy and society, and created significant value for stakeholders.

## ● Investor Responsibility

Far East Horizon adopted a sound and prudent business and management model to create sustained value and returns for shareholders and investors. The Company vigorously promoted the full integration of ESG elements into its management and business operation and maintained regular communication with the interested parties. Taking into consideration the regulatory changes, industry hotspots and its own business characteristics in 2022, the Company collaborated with internal and external experts to identify and evaluate substantive ESG issues, adopted targeted management methods to improve ESG management and practice, and achieved rapid and steady ESG progress. In 2022, the Board of Directors held four meetings to perform its responsibilities for reviewing, deciding and supervising ESG matters. Under the authorization of the Board of Directors, the ESG Committee assisted and supported the Board of Directors and the management in fulfilling relevant ESG management responsibilities.

## ● Customer Responsibility

The Company took effective measures to fulfill its customer responsibility, including serving the real economy, improving the quality of products and services and enhancing customer service experiences. For micro, small and medium-sized enterprises (MSMEs), it launched inclusive financial services and increased financial leasing support, so as to stimulate their innovative vitality and development momentum, improve their access to financial services, and facilitate the healthy, sustainable, stable and harmonious development of the real economy.

## ● Employee Responsibility

Far East Horizon builds a corporate culture that advocates "one family". By establishing an employee care scheme that consists of care for female employees, support for employees in need and their family members, basic living allowance for staff and colorful staff activities, the Company works to enhance the employees' sense of well-being and belonging and builds itself into a happy workplace. The Company attaches great importance to personnel training. It has by far established a stratified and classified talent development system, which covers various types of key personnel and provides continuous support for employee growth and career development. In 2022, the Company upgraded the "Far East Academy E-learning" online learning platform into the Far East College. It also integrated high-quality internal and external resources, and effectively promoted training efficiency via the one-stop application of learning scenarios.

## ● Environment Responsibility

Far East Horizon promoted green and low-carbon transformation from both operational and business perspectives, and took concrete actions to help achieve and implement the carbon peak and carbon neutrality goals, thus contributing to building an ecologically and environmentally friendly society. In 2022, the Company improved the carbon inventory work across the Group, made relevant carbon planning and implementation path, and specified the carbon peak and carbon neutrality goals: Taking 2021 as the base year, the Company will strive to achieve peak carbon emissions by 2025 and carbon neutrality in the whole value chain by 2050. In addition, the Company will further promote the "carbon peak and carbon neutrality goals" to be certified by the Science Based Targets (SBT) by 2025.

The Company actively explored the development and innovation of green finance products. In 2022, it successfully completed the first sustainability-linked syndicated loan and actively expanded its layout in the new energy photovoltaic field through Horizon Construction Investment. At the same time, the Company made reduction targets for energy consumption, water resource and waste management, and carried out target completion reviews on an annual basis and disclosed relevant information regularly. Far East Horizon formally became a TCFD supporter in April 2023. It will carefully identify, access and analyze climate change-related risks and opportunities for its operations and businesses, and take continued measures to mitigate and manage climate change impacts.

## ● Charity Responsibility

Far East Horizon has actively supported social welfare, and kept exploring diversified modes of public welfare programs. In 2022, the Company continued to improve the social welfare system, and focused on the promotion of sustainable development capacity in rural areas, the improvement of infrastructure for public services, as well as caring for the healthy growth of adolescents, and making positive contributions to the public welfare. In 2022, Horizon Charity Foundation spent RMB8,596,200 on multifarious public welfare projects, an increase of 63.5% over 2021.

In 2022, with outstanding ESG management practice, the Company was awarded the "Top Human Resources Management Awards" by an authoritative third-party organization in the human resources industry, and its MSCI ESG rating jumped from BB to A.

Looking ahead, Far East Horizon will remain committed to its vision of "striving to build an excellent enterprise", and will follow the social responsibility philosophy of "responding to climate change, developing green finance and conducting green operation". An international perspective will be taken to promote the Company's transformation and continuous innovation, implement its ESG development strategy, improve its ESG management system, and continuously and effectively create value for all sectors of society.

# 1. About Far East Horizon

## 1.1 Company Profile

Far East Horizon Limited (hereinafter referred to as "Far East Horizon" or the "Company") is a comprehensive group spanning finance and industry. The Company is committed to serving the real economy, while fulfilling the mission of "integrating global resources and promoting industry development". For years, it has led the industry development, and ranked on the Fortune China 500 List and the Forbes Global 2,000 List consecutively.

The Company combines financial business and industrial business closely in an interactive, 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.

### ● Basic Information of Far East Horizon

<b>Company name</b>	远东宏信有限公司
<b>Name in English</b>	Far East Horizon Limited
<b>Stock code</b>	03360.HK
<b>Date of establishment</b>	1991
<b>Headquarters address</b>	Hong Kong, China
<b>Operating income</b>	RMB36,586 million
<b>Number of employees</b>	21,886 persons

### ● Corporate Culture System of Far East Horizon

#### Mission

Integrating global resources and promoting industry development

#### 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

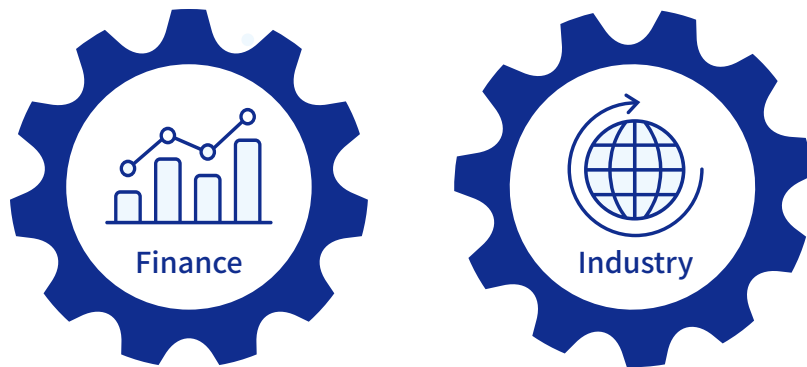
"Three Ones" culture: Far East Horizon is an army, a school, and a family

#### Strategic tenet

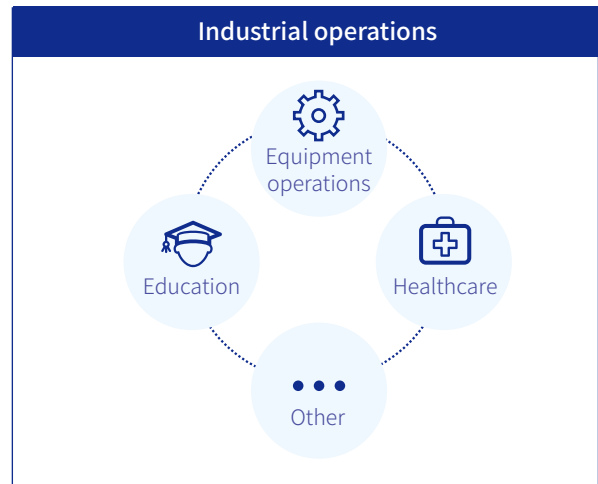
"Finance + Industry" developed as two engines for business growth

## 1.2 Fields of Business

Taking root in China's key industries, Far East Horizon is committed to providing comprehensive financial services, such as financial lease, commercial factoring, cross-border finance, infrastructure investment, equity investment, inclusive finance, and asset business, in fields including urban public utilities, healthcare, culture & tourism, engineering construction, mechanical manufacturing, chemical & medicine, electronic information, consumer goods, and transportation and logistics. Also, it offers industrial operation services, such as equipment operations, hospital operations, healthcare and elderly care, and education.



● Strategy of "Finance + Industry" Developed as Two Engines for Business Growth



Far East Horizon is headquartered in Hong Kong SAR, China, with business operation centers in Shanghai and Tianjin, offices in nearly 31 core cities across China, and a host of subordinate organizations distributed extensively, all of which forms a service network in the Chinese mainland. As at the end of 2022, the Company had total assets exceeding RMB300 billion and more than 20,000 employees, served more than 20,000 customers, and accumulatively invested over RMB1 trillion in the real economy.

● Network of Customer Service at Far East Horizon



# 1.3 Organizational Structure



## 1.4 Honors and Awards

### ● Honors and Awards in 2022

Rated/issued by	Honor/award
MSCI	MSCI ESG rating jumped from BB to A
Shanghai Pudong New Area People's Government	Special Contributions to Economy of Pudong New Area in 2021
The Shanghai Financial Lease Association	2021 Innovative Case in the Shanghai Financial Lease Industry
CCM CSR Promotion Center	The 7th "Social Value Co-creation" Outstanding Corporate Social Responsibility Practices in China 2022: "Excellent Green Product Award"
51job.com	2022 Top Human Resources Management Awards
Fortune China	Ranked 367th on the Fortune China 500 list in 2022
2022 "Fortune" by Fortune China	Ranked 9 th in the list of "Diversified Investment and Financial Industry" in China Top 500
Forbes	Top 2,000 global listed companies in 2022

### ● Industry Organization Membership and Status

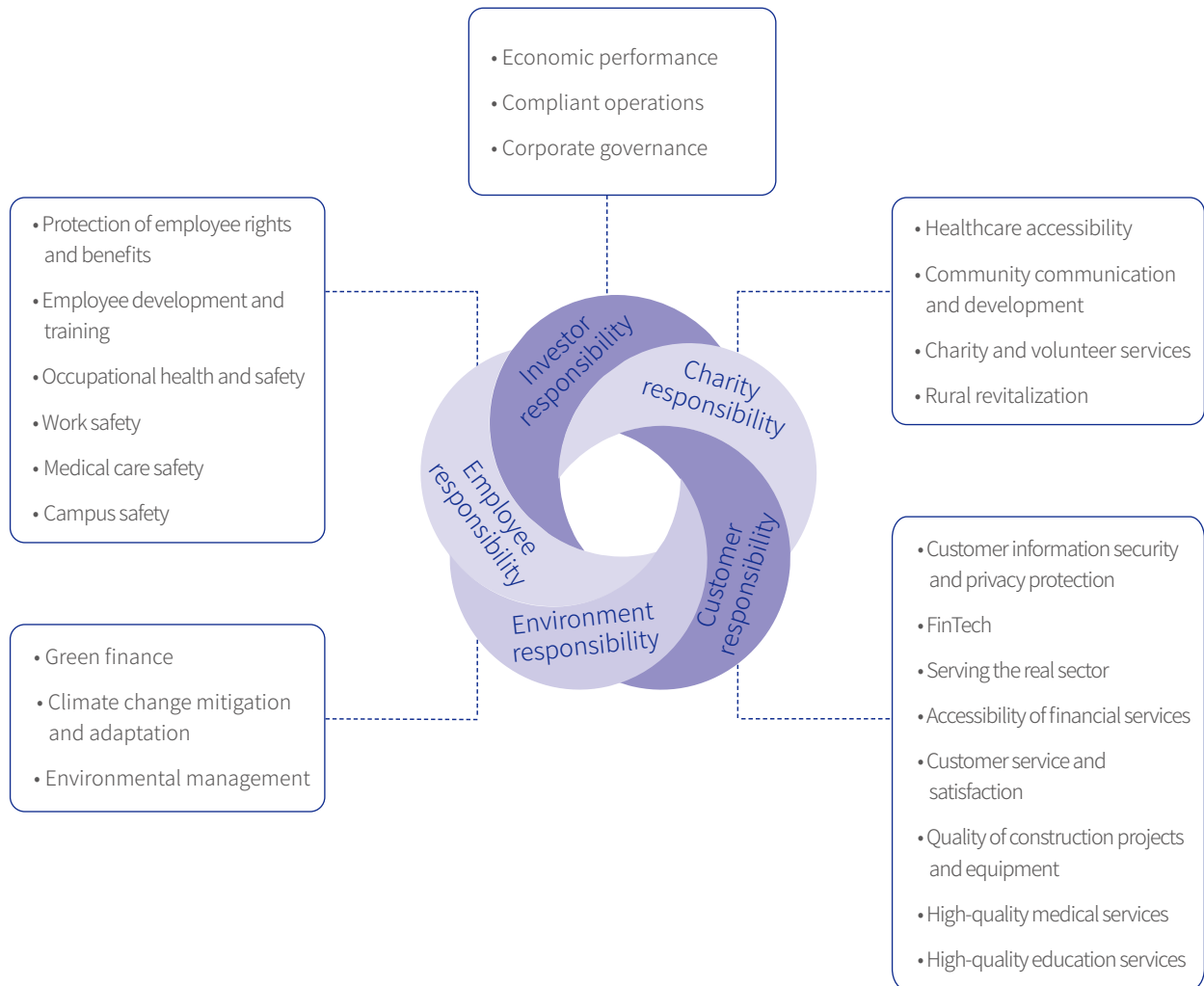
Organization	Status
Leasing Business Committee (LBC) of China Association of Enterprises with Foreign Investment (CAEFI)	Member
Commercial Factoring Specialty Committee of China Association of Trade in Services	Vice-chairman
The Hong Kong General Chamber of Commerce	Member
The Hong Kong Chinese Importers'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

# 2. Innovation and Long-term Development Led Responsibility

## 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, environment 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 stakeholders.

### ● CSR Model of Far East Horizon





## 2.2 Social Responsibility Management

In response to the regulatory requirements of the Stock Exchange of Hong Kong Limited, Far East Horizon established the Environmental, Social and Governance (ESG) Committee under the Board of Directors in August 2021, and kept improving its ESG management system.

### ● ESG Governance Structure of Far East Horizon

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Assess and define the Company's ESG-related risks and opportunities;</li> <li>• Ensure that appropriate and effective systems for ESG risk management and internal control are in place;</li> <li>• Approve the Company's ESG guidelines, strategies, priorities, and objectives;</li> <li>• Regularly review the Company's performance regarding ESG-related objectives;</li> <li>• Approve the information to be disclosed in the Company's ESG report.</li> </ul>
<b>ESG Committee under the Board of Directors</b>	<ul style="list-style-type: none"> <li>• Guide, review, and formulate the Company's ESG management guidelines, strategies, principles, and vision;</li> <li>• Oversee the formulation and implementation of the Company's ESG objectives, including: Setting objectives of ESG management performance, reviewing progress towards achieving the objectives, and giving suggestions on actions required to achieve such objectives;</li> <li>• Monitor external ESG trends and report to the Board of Directors on significant trends affecting the Company's ESG guidelines and strategies and the setting of objectives;</li> <li>• Guide and review the identification and priority of key ESG issues for the Company;</li> <li>• Review the annual Environmental, Social and Governance Report and other ESG-related disclosures and give suggestions to the Board of Directors for approval;</li> <li>• Identify ESG risks and opportunities related to the Company, assess the impact of such risks or opportunities on the Company, and give suggestions to the Board of Directors on how to address the risks or opportunities;</li> <li>• Other responsibilities delegated by the Board of Directors.</li> </ul>
<b>ESG Task Force</b>	<ul style="list-style-type: none"> <li>• Propose and recommend ESG guidelines and practices for the Company;</li> <li>• Prepare annual ESG reports;</li> <li>• Follow up on ESG performance;</li> <li>• Identify ESG risks and comprehensively implement the Company's ESG activities.</li> </ul>

The Company, in 2022, held four meetings of the Board of Directors to fully fulfill the review, decision-making and supervision responsibilities of ESG matters during which ESG work progress was reported. The Carbon Target Planning of the Company was reviewed and passed at the fourth meeting of the Board of Directors. The ESG Committee under the Board of Directors consists of three directors. As authorized by the Board of Directors, it assists the Board of Directors and the Management in fulfilling responsibilities, practically promotes the Company's ESG management, and actively enhances the Company's reputation in ESG actions.

## 2.3 Communication with Stakeholders and Analysis of Material Topics

### Communication with Stakeholders

Based on the characteristics of its business and management operations, the Company has identified key issues concerned by seven types of stakeholders, namely investors, customers, employees, governments and regulators, partners, the environment, and communities and the public, from two dimensions, namely, those whose interests are significantly affected by the Company's business activities and those having significant impacts on the Company's business activities. Concurrently, it communicates with stakeholders regularly through multiple channels to respond to their concerns.

#### ● Communications with and Response to Far East Horizon's key stakeholders

Key stakeholders	Importance	Concerned topics	Communication and responses
<b>Investors</b>	We must create value for our investors.	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Economic performance</li> <li>• Compliant operations</li> <li>• Risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' meetings</li> <li>• Financial and performance reports</li> <li>• Compliance training</li> <li>• Comprehensive risk management system</li> </ul>
<b>Customers</b>	Our products are the necessities for our customers.	<ul style="list-style-type: none"> <li>• Customer information security and privacy protection</li> <li>• FinTech</li> <li>• Serving the real sector</li> <li>• Accessibility of financial services</li> <li>• Customer service and satisfaction</li> <li>• Quality of construction projects and equipment</li> <li>• High-quality medical services</li> <li>• High-quality education services</li> </ul>	<ul style="list-style-type: none"> <li>• "Three lines of defense" regarding information security</li> <li>• Digital systems on marketing and asset sides</li> <li>• Supporting "Little Giants", i.e. specialized and sophisticated enterprises that produce new and unique products</li> <li>• Supporting the development of micro, small and medium-sized enterprises (MSMEs)</li> <li>• After-sales services and complaints</li> <li>• Customer satisfaction surveys</li> </ul>
<b>Employees</b>	Employees are the most important cornerstone for corporate development.	<ul style="list-style-type: none"> <li>• Protection of employee rights and benefits</li> <li>• Employee development and training</li> <li>• Occupational health and safety</li> <li>• Work safety</li> <li>• Medical care safety</li> <li>• Campus safety</li> </ul>	<ul style="list-style-type: none"> <li>• Daily operations of labor union</li> <li>• "Sword Casting Initiative" training program</li> <li>• Employee training system</li> <li>• Production Safety Month activities</li> </ul>
<b>Governments and regulators</b>	Government plays a supervision part in our business operations.	<ul style="list-style-type: none"> <li>• Compliant operations</li> <li>• Business ethics</li> <li>• Serving the real sector</li> <li>• Rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>• Policy implementation</li> <li>• Information disclosure</li> <li>• Reporting channels</li> <li>• Support for infrastructure construction</li> <li>• Horizon Assistance Projects through Culture and Building Aspirations</li> </ul>

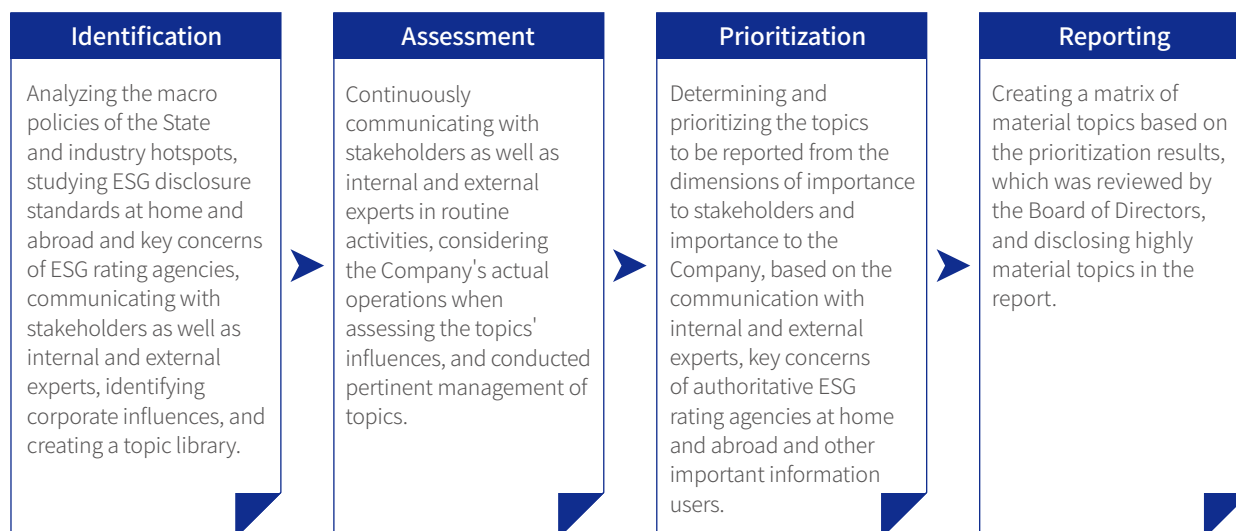
Key stakeholders	Importance	Concerned topics	Communication and responses
<b>Partners</b>	The partners need to share the same values with us on corporate social responsibility.	<ul style="list-style-type: none"> <li>Compliant operations</li> <li>Business ethics</li> <li>Sustainable development of suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Negotiations on strategic cooperation</li> <li>Holding bidding conferences for the public</li> <li>Exchange visits</li> </ul>
<b>Environment</b>	Our business operations may affect the ecological environment.	<ul style="list-style-type: none"> <li>Green finance</li> <li>Climate change mitigation and adaptation</li> <li>Environmental management</li> </ul>	<ul style="list-style-type: none"> <li>Green asset-backed notes</li> <li>Releasing the goals of carbon neutrality and peak carbon emissions</li> <li>Green operation initiatives</li> </ul>
<b>Community and public</b>	Our business operations may affect community development.	<ul style="list-style-type: none"> <li>Healthcare accessibility</li> <li>Community communication and development</li> <li>Charity and volunteer services</li> <li>Rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>"Hundred Counties Plan" of Horizon Healthcare</li> <li>Community activities</li> <li>Public welfare activities</li> <li>The "Beautiful Heart" Campus Mental Health Project</li> </ul>

## Identification and Analysis of Material Topics

The material topics are the leverage for the Company to conduct ESG management and information disclosure. 28 material topics were identified and summarized for key management in 2022, based on the routine continuous communication with stakeholders, the characteristics of its business and the industry, the policy trends in 2022, the information disclosure requirements of the exchange, and major concerns of rating agencies in the capital market, such as MSCI.

Meanwhile, the 28 material topics were prioritized by importance, in accordance with internal and external experts' opinions, the Management's feedback, and the major concerns of rating agencies in the capital market, and a matrix of material topics was formed. The Report will focus on the management and performance of material ESG topics in 2022.

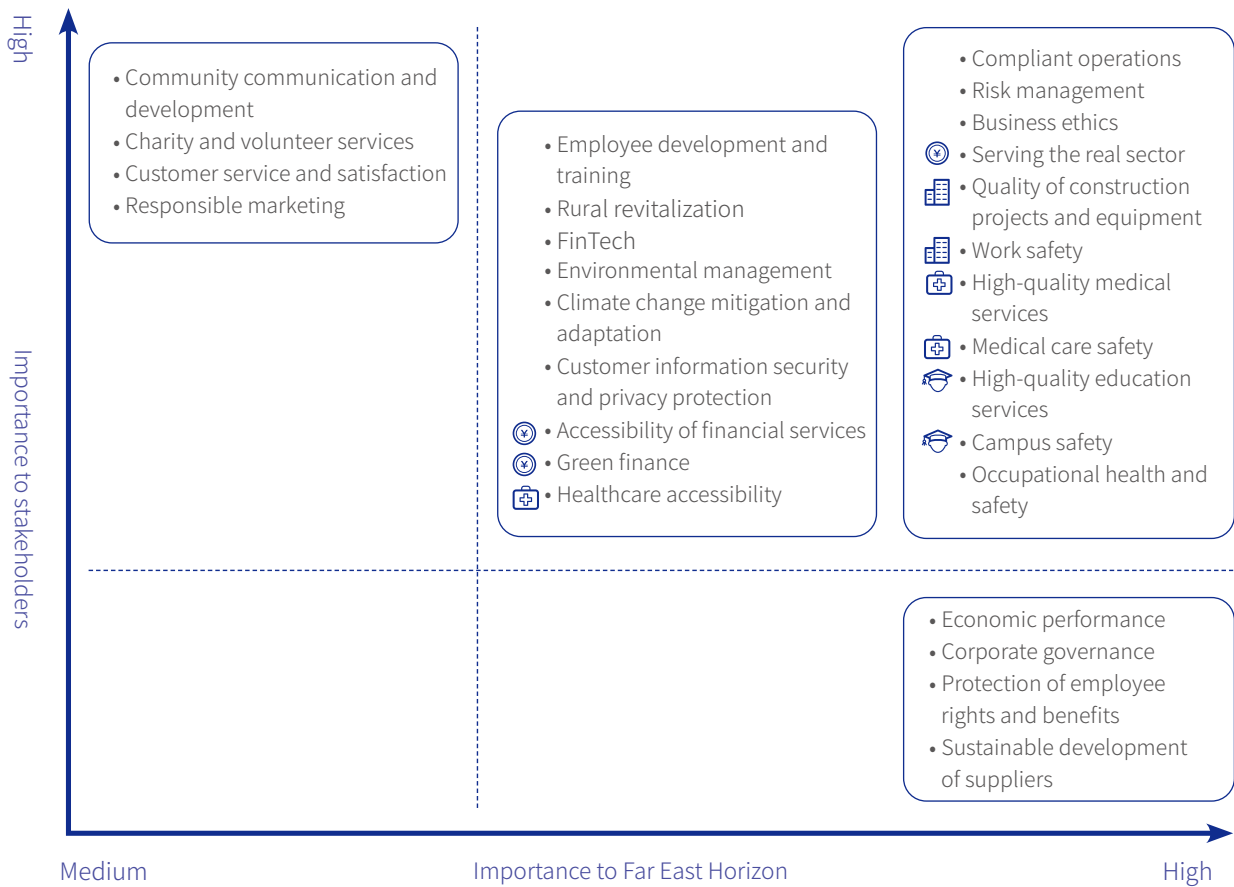
### ● Analysis Procedures of Material Topics of Far East Horizon



● Major Changes in Material Topics in 2022 of Far East Horizon

Material topics in 2021	Material topics in 2022	Reason
Community charity	Charity and volunteer services	Broke down the topic, further specified the Company's direction of responsibility fulfillment, and optimized expression.
	Community communication and development	
Customer communication	Customer services and satisfaction	Further optimized expression so that topic names became easier to understand
Inclusive finance	Accessibility of financial services	Further responded to key concerns in domestic and foreign capital markets and of rating agencies and optimized expression to better adapt to the international context.
—	Healthcare accessibility	Added new topics. "Healthcare accessibility" is a material topic in the healthcare industry.

● Matrix of Material Topics in 2022 of Far East Horizon



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

## 2.4 Implement the UN Sustainable Development Goals (SDGs)

SDGs	The Company's specific actions	Corresponding section in the Report
	<ul style="list-style-type: none"> <li>The "Jingmai on the Cloud" Green Industry Development Project was conducted.</li> <li>Horizon in Action Caring Project provided living materials for local poor households, the elderly with no family, and the disabled. Living subsidies were provided for poor students and people.</li> <li>The Horizon Assistance Projects through Culture and Building Aspirations was performed.</li> <li>The volunteer service team of a member hospital of Horizon Healthcare paid caring visits to discharged patients.</li> </ul>	<ul style="list-style-type: none"> <li>The Boundless Love, Helping for Good</li> <li>CSR Report of Horizon Healthcare: High-quality Medical Services and Inclusive Healthcare</li> </ul>
	<ul style="list-style-type: none"> <li>Employee insurance-related training (online and offline), exclusive services for the employees' health check season, and healthy lifestyle lectures were organized.</li> <li>EAP consulting services regarding mental health were provided to employees.</li> <li>Horizon Healthcare carried out the "Hundred Counties Plan".</li> <li>A member hospital gave training sessions to the Xinfang Township Health Center, enhancing the service capabilities of the township healthcare center.</li> <li>In order to support vulnerable groups in accessing medical treatment and enhance the overall level of medical in underdeveloped areas, a series of projects themed by Horizon "One Heart for Medical Care" were launched.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity &amp; Inclusion: Building a Bigger Talent Pool</li> <li>The Boundless Love, Helping for Good</li> <li>CSR Report of Horizon Healthcare: High-quality Medical Services and Inclusive Healthcare</li> </ul>
	<ul style="list-style-type: none"> <li>In 2022, the "Sword Casting" Scholarships and Fellowships Project completed the allocation of scholarships to 19 universities nationwide, including Dalian Maritime University, with a total amount of RMB2.13 million.</li> <li>Horizon Education has helped nearly a thousand graduates gain admission to top universities worldwide.</li> </ul>	<ul style="list-style-type: none"> <li>The Boundless Love, Helping for Good</li> <li>CSR Report of Horizon Education: Developing Elite Talents, Cultivating the Future</li> </ul>
	<ul style="list-style-type: none"> <li>Compliant employment and dismissal.</li> <li>The <i>Employee Manual</i> was compiled and implemented to strictly eliminate discrimination caused by gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity &amp; Inclusion: Building a Bigger Talent Pool</li> </ul>
	<ul style="list-style-type: none"> <li>A total of 700 employees were recruited through social recruitment from a diversity of sources.</li> <li>Multiple means of campus recruitment events, such as the open day, live streaming sessions, and online job fairs, were launched to attract and recruit fresh postgraduates nationwide. Nearly 100 offers were issued.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity &amp; Inclusion: Building a Bigger Talent Pool</li> </ul>

SDGs	The Company's specific actions	Corresponding section in the Report
	<ul style="list-style-type: none"> <li>The Company accumulatively invested more than RMB1 trillion in the real economy, served over 20,000 customers and launched more than 40,000 cooperation projects.</li> <li>During 2022, Horizon Construction Development played a crucial role in constructing many major engineering projects, including the project of channeling more computing resources from the eastern areas to the less developed western regions, the Wenchang Satellite Launch Center, and new energy infrastructure projects, among others.</li> </ul>	<ul style="list-style-type: none"> <li>Creating Value Based on Professionalism and Progress</li> <li>CSR Report of Horizon Construction Development: Promoting China's Construction Industry through a Customer-centric Approach</li> </ul>
	<ul style="list-style-type: none"> <li>The <i>Employee Manual</i> was compiled and implemented to strictly eliminate discrimination caused by gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors.</li> </ul>	<ul style="list-style-type: none"> <li>Diversity &amp; Inclusion: Building a Bigger Talent Pool</li> </ul>
	<ul style="list-style-type: none"> <li>In 2022, the "Sword Casting" Scholarships and Fellowships Project completed the allocation of scholarships to 19 universities nationwide, including Dalian Maritime University, with a total amount of RMB2.13 million.</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, the "Sword Casting" Scholarships and Fellowships Project completed the allocation of scholarships to 19 universities nationwide, including Dalian Maritime University, with a total amount of RMB2.13 million.</li> </ul>
	<ul style="list-style-type: none"> <li>The Company is preparing to set targets for energy management, water resource management and waste management, regularly tracking the progress of target completion, and proactively implementing measures for energy saving, water conservation and waste reduction.</li> </ul>	<ul style="list-style-type: none"> <li>Green Development for "Net Zero"</li> </ul>
	<ul style="list-style-type: none"> <li>Specified the goals of carbon neutrality and peak carbon emissions: Taking 2021 as the base year, the Company will strive to achieve peak carbon emissions by 2025 and carbon neutrality in the whole value chain by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>Green Development for "Net Zero"</li> </ul>
	<ul style="list-style-type: none"> <li>The <i>Anti-corruption Management Statement of Far East Horizon Co., Ltd.</i> was released to strengthen the anti-corruption mechanism and prevent bribery and corruption risks.</li> </ul>	<ul style="list-style-type: none"> <li>Consolidating the Foundation for Robust Governance</li> </ul>



# Consolidating the Foundation for Robust Governance

## Material topics addressed

- Corporate governance
- Compliant operation
- Risk management
- Business ethics
- Sustainable development of suppliers

## The UN SDGs aligned



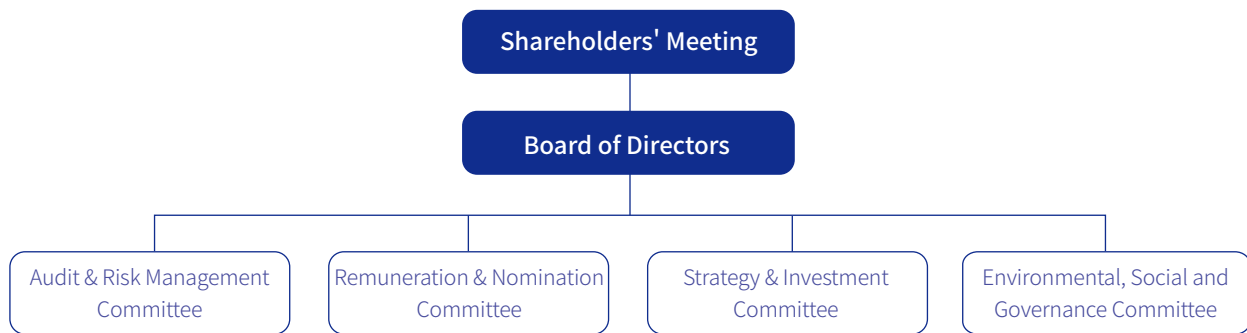
# 3. Consolidating the Foundation for Robust Governance

## 3.1 Corporate Governance

### Enhancing the Governance Framework

Far East Horizon has set a governance framework consisting of the Board of Shareholders, the Board of Directors, and the Management in accordance with the pertinent laws and regulations such as 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*, as well as the pertinent normative documents, and has optimized its organizational structure and clarified the segregation of duties to improve the duty-performance efficiency of governance entities and to maximize and balance the interests of all parties.

#### ● Far East Horizon Corporate Governance Structure



The Company has established the procedures and principles for the election and appointment of directors in accordance with the pertinent documents such as the *Articles of Association of Far East Horizon*, the *Nomination Policy for Directors*, and the *Working Rules of the Environmental, Social and Governance Committee of the Board of Directors*. The Company values the diversity and specialization of the Board of Directors. In the election of Board members, the Company takes into account many factors of candidates including gender, age, cultural and educational background, professional experience, skills, and term of service, so as to make sure the Board of Directors possesses diversified skills, experience and viewpoints. The Company's Board of Directors is composed of members with accounting or financial expertise, legal professional qualifications, financial and investment experience, or experience in the industries related to the Company, with the aim of ensuring the efficient operation of the Company.

For more information on corporate governance, please refer to the "Corporate Governance Report" section of the 2022 Annual Report of Far East Horizon.

### 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 laws and regulations, Far East Horizon has drafted a host of rules and policies such as the *Information Disclosure Management Measures*, the *Guidelines for Disclosure of Notifiable Transactions*, and the *Connected Transactions Management Measures*. It adheres to the principles of timely, accurate, complete, fair and strict disclosure,



keeps improving the information disclosure systems and enhancing the quality of information disclosures, and makes sure all shareholders have equal access to related information. In 2022, the Company disclosed 44 documents on the website of the Hong Kong Exchanges and Clearing Limited, which contained zero errors.

In 2022, the Company strengthened dialog and communication with shareholders and potential investors by a variety of means, including shareholder meetings, online and offline exchange activities, results releases, non-trading roadshows, and investor forums of all sorts. In 2022, it held a total of 1,063 investor communication sessions, including four ESG-themed summits.



Results release for 2021



Interim results release for 2022

### Investor Open Day for 2022

On July 22, 2022, Far East Horizon held an investor open day for 2022 to communicate with investors about the financial business, risk management and asset management systems under the COVID-19 pandemic.

More than 200 institutional investors, commercial banks, and partners from home and abroad participated in this online event held in the form of "live streaming + teleconferencing + simultaneous interpretation".



"Hong Kong + Shanghai" venues of the Far East Horizon 2022 Investor Open Day

## 3.2 Risk and Compliance Management

### Comprehensive Risk Management

In 2022, affected by the COVID-19 pandemic, the Russia-Ukraine conflict and other circumstances, the global energy, food and climate crises intensified and the risk of economic uncertainty increased. China's economy faced greater challenges under the triple pressure of "demand contraction, supply shocks, and weakening expectations". In the face of complex economic conditions, the Company is well aware of the core role played by risk control in the financial business. The Company has always upheld its risk control philosophy of "seeking all-round, whole-process, multi-faceted and uninterrupted engagement", works continuously to create a robust and prudent risk management culture, continues to improve a comprehensive risk management system with the Board of Directors as the highest level decision-making body, makes clear overall objectives of risk management, sets risk management appetite in line with the objectives, continuously reviews the internal and external environments, and makes necessary adjustments to management strategies from time to time, thereby fully guaranteeing the reasonableness, soundness and effectiveness of its risk management.

### ● Comprehensive Risk Management System of Far East Horizon

<b>Decision-making level</b>	<ul style="list-style-type: none"> <li>As the highest level decision-making body for risk management, the <b>Board of Directors</b> takes the ultimate responsibility for the effectiveness of the Company's comprehensive risk management efforts.</li> </ul>
<b>Supervision level</b>	<ul style="list-style-type: none"> <li><b>The Audit &amp; Risk Management Committee under the Board of Directors</b> is responsible for supervising the risk management procedures of the Company, designing the risk management system and policy, reviewing, approving and managing total risk management measures and procedures, and overseeing the holistic implementation and effectiveness of risk management.</li> </ul>
<b>Execution level</b>	<ul style="list-style-type: none"> <li><b>The Management and the Risk Management Committee under the Management</b> assumes duties of the Company associated with comprehensive risk management. To be specific, it works to foster a risk management culture, defines the overall objectives of risk management, formulates the Company's risk management strategy and accountability mechanism, set risk management appetite and risk limits, and studies and deliberates on major risk matters to make decisions.</li> <li><b>The Operation Center</b> is the department in charge of risk management affairs in the Company. It organizes efforts to build the risk management system of the Company, and promotes, guides and supervises the risk management and related system building of subordinate units according to its responsibilities and the authorization of the Risk Management Committee.</li> <li>With reference to the Company's risk management framework and provisions, <b>the risk management department at each subordinate unit of the Company</b> creates a well-functioning risk governance structure, makes clear division of responsibilities, and establishes a multi-level and interconnected operation mechanism limited by effective checks and balances.</li> </ul>

### ● 2022 Risk Management Objectives of Far East Horizon

Level	Objective	Status
<b>Macro level</b>	Perform asset allocation at the industry and regional levels to realize total quantity control in each industry and a reasonable structural balance in each region; make necessary adjustments to policies from time to time.	Completed
<b>Meso level</b>	Work harder to implement differentiated credit strategies for customers that are hierarchically classified, and analyze the short-, medium- and long-term impacts on customers' operation and financial status positions as well as related countermeasures.	Completed
<b>Micro level</b>	Make continuous improvements to appraisal methods, validation tools and operational means, and increase the continuous iteration of new information technology (IT) and tools.	Completed
<b>Internal coordination</b>	Keep strengthening the compliance of business operations, the effectiveness of risk management and the diligence of duty performance, and intensify the "personnel linkage" to improve the risk control awareness, behavior and ability of related personnel continuously.	Completed

The Company adheres to the basic principle of reasonable risk diversification and makes efforts from multiple dimensions including industry, region, and customer to continuously optimize asset allocation. Its differentiated allocation strategies

are devised for the four categories of industries: "encouraged, maintained, restricted, and compressed" to ensure that the risk of assets allocated to an industry would not exceed the total limit. To be specific, the Company encourages increasing business presence in the industries that concern people's livelihood, infrastructure construction industries, industries related to high-end, intelligent and low-carbon upgrading of manufacturing, basic consumption industries, and new green consumption industries. It prohibits introducing the products in the category of eliminated industries on the *Catalogue for Guiding Industry Restructuring*, which are produced with outdated techniques, and the enterprises that are in a low industry position and have difficulties in transformation.

### ● Industry Management Strategy Changes of Far East Horizon in 2022

Category	Industries
<b>Encouraged</b>	PV power generation, new energy vehicles, electronic components, healthcare, culture & tourism, transportation and logistics facility operations, thermal power, water services, green energy conservation and environmental protection, solid waste treatment, low-carbon upgrading, etc.
<b>Maintained</b>	Pharmaceutical manufacturing, chemical engineering, material industry, textile and apparel, packaging and printing, electrical machinery, construction materials, paper-making, etc.
<b>Restricted</b>	Non-metal mining, metal mining, etc.
<b>Compressed</b>	Steel structure, commercial concrete, etc.

At the same time, the Company focuses especially on the fostering of a risk management culture. By establishing a complete set of training courses, it keeps giving training to all persons in the risk control sequence. Experts within the sequence are assigned to give special lectures and examinations. A mechanism through which projects are operated as research programs is introduced to help backbone employees build up their overall competence and solve urgent problems encountered in actual work. Risk case presentations are made to raise risk awareness and skills among all employees. In 2022, the Company held risk case lectures to regularly organize presentations of risk case reviews to all employees.



As at the end of 2022, the Company organized more than **36** risk case lectures, which were attended by more than **3,000** people.

In addition, the Company takes ESG risks into full consideration in conducting inclusive finance business. While meeting customers' diversified financing needs, it has actively practiced the concept of green development and endeavored to ensure ESG risk control over customers.

### ● ESG Risk Control Model of Inclusive Finance Business



## Compliant Operation

The Company never oversteps the bottom line for operational compliance and keeps abreast of changes in related laws, regulations and supervisory policies. In 2022, it revised the *Compliance Management Measures*, formulated the *Rules for the Management of Regulatory Data Preparation and Reporting*, and actively implemented the requirements put forth by various regulators in their off-site supervision and on-site inspections.

### ● Compliance Management System of Far East Horizon

Key aspects	Description
Management documents	Formulate the <i>Compliance Management Measures</i> , the <i>Compliance Manual</i> , etc.
Organizational structure	Establish the Compliance Management Committee and regularly convene committee meetings to vote on major compliance matters and make decisions.
Management measures	Erect three lines of defense and specify responsibilities for compliance and risk control; mobilize relevant departments to sort out risk compliance points and control measures under their respective business line; streamline operation and management processes, provide compliance training, and raise risk management awareness among employees.

### Major Compliance Management Moves Taken by Far East Horizon in 2022

- A compliance liaison communication mechanism for departments and subordinate companies was established. Leaders in charge of departments and subordinate companies were organized to sign the *Compliance Responsibility Commitment Letter*. The *Compliance Manual* was prepared and compliance risk points were sorted out.
- New employees were given eight compliance training sessions, together with quizzes, to raise their compliant awareness.
- Five legal compliance training programs were conducted for business lines, and related departments and persons were reminded of business requirements set out by the pertinent laws, regulations, and regulatory policies.

In terms of anti-money laundering (AML), the Company gave three AML training sessions to relevant personnel in 2022, which covered AML rules interpretation, introduction to AML and counter-terrorist financing (CTF), and other aspects of content.



AML training

As to intellectual property rights (IPR) protection, Far East Horizon has formulated the Measures for Intellectual Property Rights Management in accordance with the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks, and other pertinent laws and regulations, clearly stipulating that it shall refrain from infringing IPRs of others and effectively protect its own legitimate IPRs. In 2022, it continuously improved its IPR management mechanism, incurring no major legal proceedings caused by IPR infringement.

## Supplier Management

As a part of the financial leasing industry, the Company sees its suppliers mainly divided into the following categories: IT, office administration, property management, human resources, financial management, and other services.

In strict accordance with the pertinent laws and regulations such as the Tendering Law of the People's Republic of China and the Government Procurement Law of the People's Republic of China, Far East Horizon always upholds the supplier management principles of "separation of management and utilization, hierarchical classification, openness and transparency, and continual optimization", has formulated a set of related documents including the Measures of Far East Horizon Limited for Supplier Management, has set up a supplier management group and a department in charge of supplier management overall, has streamlined supplier selection, access, and management processes, and has regularly inspected and appraised the qualifications of partner suppliers and made company-wide announcements of the periodic assessment results. The Company requires non-compliant suppliers to take rectification measures and, if the standards are still not met after rectification, disqualifies such suppliers.

During the procurement process, the Company promises to strictly comply with relevant laws, regulations and rules, make commercial exchanges with suppliers on a legitimate basis, and refuse all kinds of bribes. The Company requires all suppliers to comply with its Anti-corruption Management Statement and calls on suppliers to formulate documents related to honest practice and anti-corruption. It has also introduced the supplier complaint and feedback mechanism, through which all employees can give feedback on the fraud, bidding collusion, and commercial bribery of suppliers during the procurement process to the supplier management group.

As an advocate for sustainable development, the Company explicitly requires preferentially procuring energy-saving and eco-friendly products. In tendering for engineering projects, IT equipment, office furniture, and office computers, the Company requires suppliers to provide products or services that meet national, industry, and green procurement standards and gives priorities to suppliers that provide energy-saving and eco-friendly products.

## 3.3 Anti-corruption and Business Ethics

### Persistently Implementing Anti-corruption Measures

Far East Horizon attaches great importance to and remains committed to anti-corruption. In strict accordance with the *Criminal Law of the People's Republic of China*, the *Anti-unfair Competition Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Implementation Regulations for the Audit Law of the People's Republic of China*, the *Prevention of Bribery Ordinance of Hong Kong*, and other pertinent laws and regulations, Far East Horizon has formulated a set of documents, including the *Rules on Anti-fraud Work of Far East Horizon Limited* and the *Employees Professional Ethics Code of Far East Horizon Limited*, and issued the *Anti-corruption Management Statement of Far East Horizon Limited*. It continuously strengthens anti-corruption mechanism building to effectively prevent corruption risks.

#### ● Far East Horizon Anti-corruption Management Structure

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Take the responsibility for the effectiveness of anti-corruption management efforts;</li> <li>• Instruct the Management to create a company-wide anti-corruption culture environment and establish a sound internal control system including corruption risk prevention.</li> </ul>
<b>Management</b>	<ul style="list-style-type: none"> <li>• Establish, improve, and effectively exert internal control to prevent, detect and correct corruption;</li> <li>• Assess corruption risks and establish specific control procedures and mechanisms;</li> <li>• Specify permanent establishments for anti-corruption.</li> </ul>
<b>Internal Audit Department</b>	<ul style="list-style-type: none"> <li>• Assist the Management in building a case-based corruption prevention management system and an accountability mechanism;</li> <li>• Carry out anti-corruption awareness-raising programs;</li> <li>• Receive and investigate internal and external corruption tip-offs, and issue relevant reports and handling opinions.</li> </ul>



## Major Anti-corruption Moves Taken by Far East Horizon in 2022

### Continued to foster a corporate culture that advocates honest practice

- The Company advocated the bottom line for integrity and adopted a "zero tolerance" attitude toward any corrupt behavior that overstepped the red line, damaged the corporate image and interests of the Company. All such incidence was investigated and punished once found, as per the zero-tolerance policy.
- To improve the integrity awareness of employees and create a clean and upright team culture, the case-based anti-corruption system was continuously improved and case-based training and education were enhanced.

### Continuously consolidated and improved effective internal control

- Risks were assessed, graded, and dynamically adjusted annually. Attention was paid to the important management systems, important internal control, and important risk areas of the Company, with system inspections and routine scannings.
- Anti-corruption was empowered with cutting-edge technologies, with digital means to improve work efficiency and accuracy, so as to achieve early discovery and early rectification, thereby promoting the standardized operation and refined management of the Company.

### Provided forewarning education

- Various warning and publicity actions, including face-to-face exchanges, information videos, WeChat live streaming, and sharing by the people cited in the cases themselves, were introduced to help managers and employees at all levels raise their law-abiding and compliant awareness and stay vigilant against corruption.

## ● Anti-corruption Results Achieved by Far East Horizon in 2022

- Required new employees to sign the *Integrity Undertaking Statement* on the day when they joined the Company, and provided case prevention education for new hires, with a coverage rate of **100%**.
- Conducted **185** face-to-face warning and awareness enhancement sessions, which covered over **13,300** employees from the traditional finance, new business, industrial operations, and functional units.
- Reminded all employees of probity and self-discipline by email on important holidays.
- Pushed **66** warning cases to managers at all levels through various channels such as email, company intranet, and WeChat account.








The Company informs employees and external customers of multiple reporting channels so as to discover and stop corruption in a timely manner. Both the Company and its subordinate platforms have established a complete set of [reporting channels](#) and management mechanisms. In dealing with the tip-offs received, they follow the principles of "taking up all tip-offs by dedicated personnel, putting them under classified and closed-loop management, and ensuring information confidentiality", so as to guarantee the smooth operations of the supervision and reporting channels to the greatest extent. In addition, the Company has formulated the Measures for Rewarding the Provision of Case Clues, stipulating that the clues, once proven useful, will be appropriately rewarded. Also, the Company has drafted a leniency policy and set up and made public a [special integrity account](#) for employees to hand over cash and negotiable securities, among others, received by them that cannot be returned or are inappropriate to reject on the spot.

Regarding the protection of whistleblowers, the Company abides by the Regulations on Letters and Visits of the State Council, has formulated internal documents such as the Rules on Anti-fraud Work and the Measures for Whistleblowing Supervision and Administration, and put in place a complete set of confidentiality-based whistleblowing management mechanisms. While clearly setting out principles and procedures used to handle complaints and tip-offs, it also stipulates that whistleblowing channels should be dedicated phone lines and email addresses under the management of authorized persons, requires related persons to sign the non-disclosure agreement (NDA), and strictly prohibits any discrimination or retaliation against complaints or whistleblowers.



## Datasheet of the Chapter

### Composition of the Board of Directors and Convening of Meetings

Composition of the Board of Directors	Convening of Meetings
 <b>3</b> executive Directors	 <b>1</b> shareholder meeting
 <b>5</b> non-executive Directors	 <b>5</b> proposals considered
 <b>4</b> independent non-executive Directors	 <b>4</b> Board meetings
 <b>1</b> female Director	 <b>12</b> proposals considered
	 <b>6</b> meetings convened by the specialized committees of the Board of Directors

### Supplier Management Performance<sup>1</sup>

Indicator	Unit	2020	2021	2022
Total number of suppliers	number	628	772	913
Suppliers based in Chinese Mainland	number	604	746	882
Suppliers based in Hong Kong, Macao, Taiwan and overseas	number	24	26	31

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

### Anti-corruption Performance

Indicator	Unit	2020	2021	2022
Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the Reporting Period <sup>1</sup>	case	1	2	0
Number of anti-corruption training sessions	number	148	176	185
Number of employees attending anti-corruption training	person	3,300	6,300	13,376
Average anti-corruption training hours per employee	hour/employee	1.65	3.15	6.65

# Creating Value Based on Professionalism and Progress

## Material topics addressed

- Serving the real sector
- Accessibility of Financial Services
- FinTech
- Customer services and satisfaction
- Customer information security and privacy protection

## The UN SDGs aligned



## 4. Creating Value Based on Professionalism and Progress

### 4.1 Supporting the Real Sector

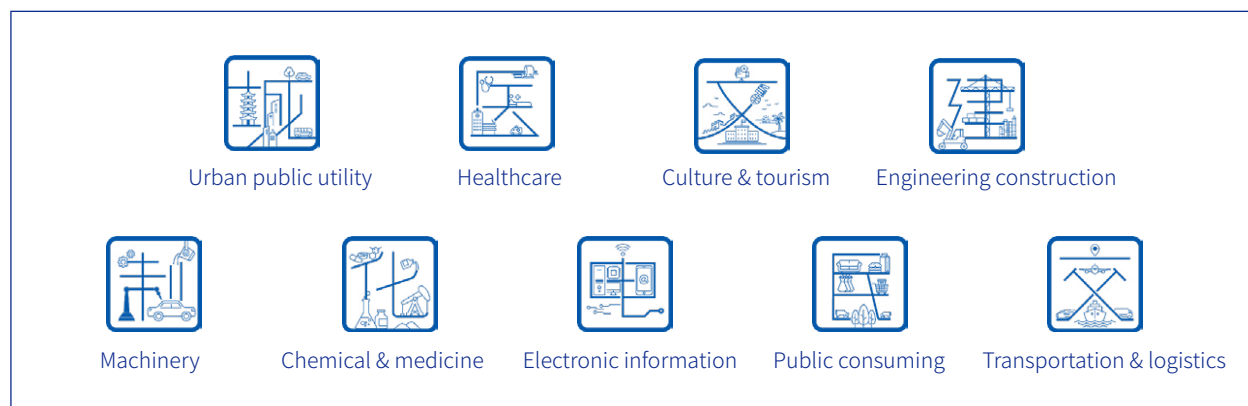
In the face of the complex and changeable external environment of 2022, Far East Horizon unrelentingly undertook the mission of "integrating global resources and promoting industry development". By closely following the directions of economic development and industrial transformation and upgrading, the Company served customers from the real sector attentively and assisted them in their financial and funding problems in the process of development.

As at the end of 2022, the Company accumulatively invested more than RMB **1 trillion** in the real economy, served over **20,000** customers and launched more than **40,000** cooperation projects.

As a pioneer and leader of China's financial leasing industry, the Company continued to roll out innovative financial services by making trans-industrial progress while sticking to the base of financial lease. The Company has always upheld the tenet of "serving the upgrading ambition of cities and industries", continued to tap deep into the nine major sectors closely related to the national economy and people's livelihood for over 20 years, and provided financial services based on an industrial perspective.

Continuously focusing on serving the upgrading of cities and industries, the Company actively increases its business presence in healthcare, urban public utility and many other fundamental industries that underpin people's livelihood and stabilize economic growth, a host of major infrastructure construction projects, including highway, railway, airport and port, and other industries associated with new urbanization, and "specialized, sophisticated, distinctive, and innovative" SMEs as "Little Giants".

#### ● Tapping Deep into the Nine Major Sectors Closely Related to the National Economy and People's Livelihood



**140** Business units

Offices in **31** cities

Front-line business teams of over **3,300** persons

## Supporting Infrastructure Construction

Shanghai Horizon Construction Investment Co., Ltd. (referred to as "Horizon Construction Investment") is a professional infrastructure investor and operator of Far East Horizon. Spearheaded by Far East Horizon's business philosophy of "finance + industry", it has played a critical role in the upgrading of traditional industries and the development of the real economy by investing in and operating a total of 32 key projects related to the well-being of the people, such as municipal roads, landscaping, water affairs and environmental protection, urban renewal, and exhibition halls on campus.

### Supporting Transportation Infrastructure Construction

China National Highway 330 (G330) is the south gate of Jinyun County in Zhejiang Province connecting Lishui City and the outside world. In 2022, the funds and project management of Horizon Construction Investment ensured the progress, quality and safety of the project. The completion of the project has changed the situation in Jinyun County that the originally existing roads were not suitable for transportation development, promoted the sustained and rapid economic development of Jinyun County and its progress in building a moderately prosperous society in all respects, as well as met its needs in terms of other major transportation tasks and the operational readiness of transportation and national defense.



The Jinyun Project

## Supporting the Development of the Healthcare Industry

By implementing the development philosophy of "innovation, coordination, green, opening-up and sharing", Far East Horizon further tapped deep into the chemical and medical industries in 2022. By continuously conducting customer expansion in various chemical and medical segments, the Company helped mitigate customers' difficulties in financing, so as to promote industrial development regarding the real economy, as well as facilitate industrial upgrading.

### Supporting the Pharmaceutical Manufacturing Industry

The "triphenylphosphine" product of a pharmaceutical company accounts for one third of the domestic market. Due to energy shortage in Europe in recent years, the production capacity of the industry leader "BASF" has been limited, which results in the continuous rise of the price of "triphenylphosphine". In view of this situation, the customer is in urgent need of funds to build new production lines for the expansion of production capacity. The Company's front-line personnel overcame the impact of COVID-19 pandemic and arrived at the customer's site as soon as possible. By quickly completing the project investigation, they only spent 23 days in the full process from project launching to funding, thereby successfully relieving the customer's acute fund shortage.



The production plant of pharmaceutical company mentioned above.

## Supporting Public Consuming

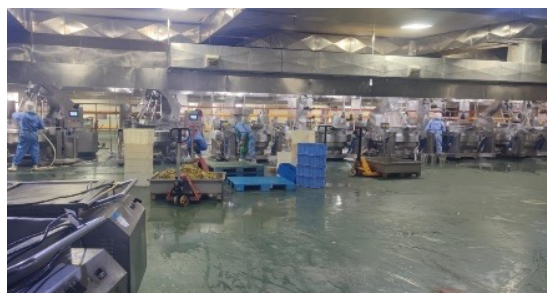
Adopting the development philosophy of "serving people's basic living needs to jointly create a better life", Far East Horizon provided diversified financial solutions for customers in consumer goods industries, such as textile and apparel, light manufacturing, food and beverage, trade and retail, agriculture, forestry, husbandry & fishery, and packaging and printing.



### Helping the Upstream and Downstream Enterprises on the Industrial Chain of the Food Industry Overcome Difficulties in the Pandemic

A food company in Sichuan has been focusing on the pickle and flavoring industry for 23 years, and has formed a complete closed loop of the industrial chain. In 2022, in face of COVID-19 outbreaks in multiple regions, local governments introduced measures for COVID-19 control. The food and beverage industry, which is a representative of industries related to people's livelihood, fell into a frozen state. In order to join hands with its upstream and downstream customers to overcome the difficulties, this food company actively extended the payment periods of its downstream customers and intended to repay a part of loans to its upstream customers in advance prior to the end of the year.

After learning the customer's demand, the Company immediately assigned a special team made up of personnel from the front, middle and back offices to conduct due diligence investigation and provided tremendous support in terms of project approval, so as to facilitate timely funding for the project.



The production plant of food company in Sichuan mentioned above.

## 4.2 Improving Access to Finance

### Overview of Inclusive Finance

Improving access to finance is of great significance to promote economic development, alleviate poverty and inequality, facilitate financial innovation and stabilize the financial system. Far East Horizon fully implements the decisions and arrangements made by the CPC Central Committee and the State Council on promoting the healthy development of micro, small and medium-sized enterprises (MSMEs). Relying on Far East Horizon Inclusive Financial Leasing (Tianjin) Co., Ltd. (referred to as the "Far East Inclusive"), one of its wholly-owned subsidiaries engaged in financial leasing business for MSMEs, the Company continues to increase its financing support for MSMEs as a move to stimulate their innovative vitality and development momentum. By doing so, it aims to further improve the access for MSMEs to finance.

Relying on its Shanghai Headquarters and business units in more than 20 key domestic cities, such as Suzhou, Shenzhen and Tianjin, Far East Inclusive gains the ability to promptly reach every part of China. Meanwhile, it keeps enhancing the breadth and depth of its regional coverage, with the aim of creating an innovative service model of inclusive finance for MSMEs in all domestic industries.

The business scope of Far East Inclusive covers a host of industries, such as machinery processing, electronics and textiles. Since its establishment in 2019, Far East Inclusive has provided more than 10,000 MSMEs with more than RMB20 billion funds.



In 2022, Far East Horizon provided more than RMB **10 billion** funds for MSEs, covering **27** provinces and autonomous regions, **4** municipalities directly under the Central Government and more than **30** cities, including more than **3,500** new corporate customers. Meanwhile, the number of leasing projects exceeded **5,000**.

To build a scientific, advanced, and full-fledged operation system for inclusive finance and effectively support the development of MSMEs, Far East Inclusive takes customer experience as the center and makes full use of cutting-edge technology to empower its customer services for these enterprises. By a host of means including promoting intelligent customer solutions for application submission, it continuously optimizes the operation process, responds to customer needs in a timely manner, and improves the efficiency of customer services, so as to provide MSMEs with efficient and convenient services that are "standardized, intelligent, and online".



In 2022, Far East Inclusive received the **"Annual Outstanding Enterprise Award"** at the 11th China Leasing Annual Conference, as well as the China Financial Leasing **"Soar" Award** and the **"Most Influential Financial Leasing Company Award"** at the 9th Global Leasing Industry Competitiveness Forum.



The Annual Outstanding Enterprise Award



The Most Influential Financial Leasing Company Award

## Meeting the Diversified Financing Needs of MSMEs

Adhering to the strategy of serving MSMEs, Far East Inclusive continued to improve and establish channels of financial leasing services in 2022. Through financial services such as the direct lease of new equipment and the leaseback of the existing equipment, it met a variety of MSMEs' fund-related needs, such as equipment purchase, R&D and working capital supplementation. In doing so, it contributed to the stable development of MSMEs.

Far East Inclusive has always been committed to providing accessible and affordable financial services to MSMEs in remote or underdeveloped areas by addressing their problems related to imperfect financial service system in those local regions. By offering full-process online financing services, Far East Inclusive has made the financing of MSMEs in remote or underdeveloped areas more convenient. After a customer submits the financing request on the WeChat Mini Program, the account manager will use the App/WeChat Mini Program to remotely complete the procedure, including due diligence investigation, online credit investigation, data uploading and intelligent application submission. After the electronic contract is signed, the customer will promptly receive the funds. With this mechanism, both parties have not only saved cost but also improved efficiency.

### Far East Inclusive Channels of Financial Lease Services

- Promoting the construction of local teams in key cities to facilitate on-site customer visits and services;
- Strengthening the capacity of batch customer services in line with the scenario of equipment purchase for MSMEs and establishing a cooperation model based on the equipment provider channel;
- Conducting the pilot model for online customer reaching to facilitate customer reaching and improve service efficiency;
- Providing customers with convenient financing services that are "online, digital and intelligent" with the aim of solving customers' needs for rapid, efficient and remote financing services;
- After a customer submits the financing request online, the business operators will complete the approval procedure, such as the video visit to the customer's site and remote due diligence investigation, through a host of technologies, such as AI, big data and the risk engine. After the electronic contract is signed, the customer will promptly receive the funds;
- As at the end of 2022, Far East Inclusive has signed nearly 10,000 online contracts with MSME customers.



### Solving the Problem of Working Fund Shortage for a Compressor Manufacturing MSME

A compressor manufacturing company is an MSME in the manufacturing industry which mainly undertakes the manufacturing of motors for washing machines. In recent years, due to the construction of new factory buildings and new pressure casting production lines, the company faced the problem of working fund shortage. In 2022, due to the unstable prices of raw materials, the customer was in an urgent need of replenishing working funds to fix the price.

After learning the customer's condition, Far East Inclusive promptly conducted an investigation on the company and prepared a "direct lease + leaseback" solution for the customer. The approval procedure was completed within a week, which efficiently replenished the customer's working funds and fixed the prices of raw materials for the customer, so as to provide effective assistance for the operation and development of the customer in the next stage.



The factory building of compressor manufacturing company mentioned above

**Solving the Working Fund Shortage for a Mould Casting MSME**

Established in 2003, a mould casting company mainly undertakes the manufacturing of pressure casting moulds and products. Its existing equipment was outmoded and unable to meet the needs of production. Therefore, the company urgently needed the replacement of the equipment. Despite the impact of COVID-19 in the first half of 2022, Far East Inclusive still made active efforts to reach the customer. Through the "green channel" of direct lease products, the approval was completed within a week, which solved the customer's fund shortage in all relevant processes from equipment arrival to putting it into production.



The factory building and equipment of mould casting company mentioned above

**Improving the Access for MSMEs in Remote Areas to Financial Services**

Established in 2004, A Ceramics company in Guangxi has a long history. The company mainly undertakes the production of color-penetrated polished bricks and tiles. It mainly adopts the Original Equipment Manufacturer (OEM) mode and has a high industry reputation. Influenced by the economic environment, the customer's trans-regional investment faced a periodic problem of capital turnover. After fully learning the dilemma of the customer, Far East Inclusive provided a tailored solution for the customer, which integrated a flexible mode of sale and leaseback. The contract signing and funding were completed within two weeks, which provided timely support for the customer and was highly appreciated by the customer.



The production plant of ceramic company mentioned above



## 4.3 Providing Quality Services

### Enhancing Service Quality

Far East Horizon always adheres to the customer-centric approach and is committed to providing all kinds of customers with more high-quality and precise services. By continuously promoting customer service innovation to provide high-quality, diversified and one-stop services, the Company not only meets customers' needs, but also creates greater value for them.

#### ● Far East Horizon's Customer Service Commitment

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

#### ● Far East Horizon's Customer Relations Management System

Unimpeded inquiry channels	Regular customer satisfaction surveys	Various sorts of customer activities
<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>	<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> <li>• Customer complaint handling mechanism</li> </ul>	<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>

### Technology-enabled Business Development

With the strategy-oriented and user-centered IT development strategy that connects operation and management as the continuous focus, Far East Horizon makes efforts to improve the internal IT operation system, continuously strengthen the IT infrastructure construction, and enhance the training of the IT team. It is devoted to transforming and upgrading the functional management system and the core business system towards digitalization, IT application and intelligence on all fronts, and providing quality and efficient financial services.





In 2022, the Company continued to conduct digital transformation on the marketing and asset sides. Meanwhile, it mainly conducted IT development with the focus on traditional leasing business and new financial business. In doing so, it provided professional services for customers with further empowered businesses.

In 2022, the Company invested nearly RMB **92.17 million** in IT development, and had an IT team of nearly **90** persons.

● IT Development of Far East Horizon in 2022

<p><b>Traditional leasing business</b></p>	<p>It continuously promoted IT development in terms of customer marketing, credit extension, commercial operation and unified post-investment management with the integration of new technology and big data.</p>
<p><b>New financial business</b></p>	<p>It initiated comprehensive IT development in various new financial businesses, such as asset business, factoring business, and inclusive finance business, to solidify the operational system and support business development.</p>

● Far East Horizon's Digital Systems on Marketing and Asset Sides

 <p><b>Precision marketing system</b></p>	<ul style="list-style-type: none"> <li>• By tapping deep into customers' data on the basis of enriching internal and external events as the business opportunities and other information, as well as the 360 views of customers, it promotes the improvement of customer managers' marketing efficiency.</li> </ul>
 <p><b>Eagle-eye system</b></p>	<ul style="list-style-type: none"> <li>• It achieves automatic prompting of risk information in various business processes, such as customer admission and credit approval, through a series of functions, such as the unified management and one-stop verification-targeted query of external three-party information and the all-round display of the multidimensional information of customers, so as to improve the working efficiency of personnel related to risk control and commercial business.</li> </ul>
 <p><b>Intelligent asset risk warning</b></p>	<ul style="list-style-type: none"> <li>• It introduces intelligent machine learning algorithms to maximize the integration of internal and external data, so as to achieve the automatic detection of the characteristics of defaulting customers' events before defaults and predict the probability of default of an enterprise in the future.</li> </ul>
 <p><b>Shared financial platform</b></p>	<ul style="list-style-type: none"> <li>• It provides financial accounting services for the whole Group to achieve the online processing of items that is originally accounted manually and the online management of non-standard offline projects, so as to further consolidate the three-branch financial system.</li> </ul>

## Digital Transformation of Far East Horizon's Traditional Leasing Business

### Customer marketing:

The account manager smart cockpit App was launched to facilitate information query and business tracking; the marketing system 3.0 (the Group's marketing system) was released and applied to new businesses.

### Credit extension:

The overhaul of the core leasing system (phase I) was completed, and the functions of structured reporting and automatic information integration became available.

### Commercial operation:

The function of contract verification was launched to improve the efficiency and the capacity of contract verification and risk identification; the function of automatic registration affairs on [www.zhongdengwang.org.cn](http://www.zhongdengwang.org.cn), such as the registration of leasing items, accounts receivable and the pledge of movables, became available; and the function of video contract signing was supported to greatly improve the signing efficiency.

### Unified post-investment management:

The post-leasing warning platform was launched, which represented a preliminary asset system with "machine-based and human-based defense"; the asset manager PB was launched, which enabled the quantitative assessment of asset managers; and the litigation system was made available, which was integrated with asset management.

## IT Development of Far East Horizon's New Financial Business

### Asset business:

The entire business process went online, with full integration of financial affairs, assets and funds into the Group CMM marketing system.

### Factoring business:

The supply chain factoring system became fully operational, which assisted the inclusive finance business in the achievement of the semi-automated operation of the supply chain financial business. The system integrates into the logistics Internet as a financing and payment channel that supports online customer acquisition, online application submission and review, 7-day \* 24-hour funding and automatic write-offs. Meanwhile, the financing-oriented factoring system was restructured with the introduction of new technology to improve efficiency and was fully integrated into the internal supply chain technological platform. The restructured system accepts electronic certificates of creditor's right as a means of the payment of accounts receivable for core enterprises, so as to meet the financing needs of small- and medium-sized upstream providers.

### Inclusive finance business:

Continuous efforts were made to upgrade the core business system and launch the risk-related decision-making engine; the customer app and the channel app were launched, with a view to supporting business development in a mobile way.

### Innovative business:

The approval process was fundamentally reshaped to make operations more user-friendly.

### Construction investment business:

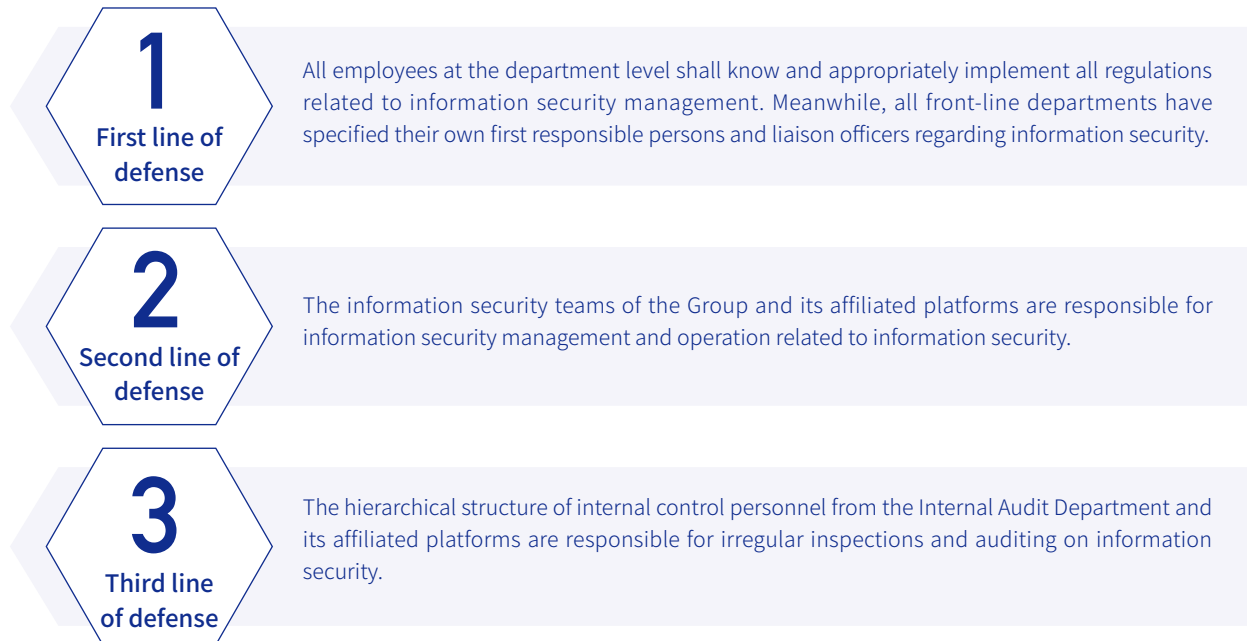
All major business processes, including investment, financing, construction, and operation, were brought online and integrated into the Group CMM marketing system to improve the operational efficiency.

## Information Security and Privacy Protection

Far East Horizon's business operation involves the acquisition of customers' information and data. Therefore, information security and customer privacy protection are of vital importance to the Company. In strict accordance with the pertinent laws and regulations such as the *Data Security Law of the People's Republic of China*, the *Cyber Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, the Company has formulated and strictly implemented a set of internal policies, including the *Information Security Management Standards*, the *Rules on Personal Information Protection and Management*, the *Rules on Full Life Cycle Data Security Management*, and the *Shared Document Management Standards*. In addition, the Company uses its customer marketing management (CMM) system to manage customer information in a centralized way to provide solid protection for customer information with the aim of establishing long-term business relations based on mutual trust with customers. In 2022, no customer privacy leak occurred at the Company.

In terms of security management, the Company has established a Technology & Information Committee. This standing leading institution with functions such as reviewing the management system of information security is directly in the charge of the Company's president. Moreover, the Company has established an information security management structure, and specified the relevant responsibilities and implemented the management structure by adopting "three lines of defense".

### ● Far East Horizon's Three Lines of Defense Regarding Information Security



In order to ensure the normal operation of the Company's external computer systems and networks and the security of all its information resources and information systems, as well as improve the use efficiency of its internal and external network resources, the Company has taken strict management measures from multiple perspectives, such as security technology, terminal security, network security, software development security, data security, and emergency response to security incidents.

## ● Far East Horizon's Measures for Information Security and Privacy Protection

Level	Specific measures
<b>Security technology &amp; operation</b>	Use multiple security platforms and tools to keep the Company's information security and privacy protection in control regarding terminal security, network security, development security, data security and operation security.
<b>Terminal security</b>	Use anti-virus tools, terminal access control, domain control and other security control methods to ensure controlled access to and smooth operation of the Company's office terminals and servers.
<b>Network security</b>	Use firewalls, situation awareness, IPS and other security-related functional modules to enable controlled and restricted network access and ensure timely detection and interception of network attacks.
<b>Software development security</b>	Use host scanning, web application scanning, penetration testing and other security test methods to ensure timely detection and handling of vulnerabilities before and after launches of a system.
<b>Data security</b>	<p>Formulate the <i>Rules for Data Security Management</i>, <i>Rules for Categorized and Graded Information Management</i> and other policies to guide data security management.</p> <p>Use special inspections and other methods based on regulatory laws and requirements to timely update the Company's status of data security in aspects such as compliance of the Company's Apps and promptly rectify detected problems.</p>
<b>Emergency response to security incidents</b>	Formulate and implement the <i>Rules for Security Incident Management and Emergency Response Plans</i> , in which security incidents are classified and graded, and responsibilities and response mechanisms of each department are specified; continuously improve the capacity of security incident response, so as to reduce and prevent the losses and damages from security incidents.

In order to improve the Company's capability of information security and privacy protection and ensure the timely discovery and correction of information security vulnerabilities, the Company regularly conducts internal and external audits on policies and management systems related to information security and privacy protection. Specifically, the Company conducts internal audits once a year with the focus on special inspections in high-risk areas of information security; as for the external audits, the Company mainly adopts the method of graded protection in the inspections of policies and management systems related to information security and privacy protection.

## ● Far East Horizon's Results of Audits on Information Security and Privacy Protection in 2022

<b>Internal audits</b>	<ul style="list-style-type: none"> <li>Conduct special compliance audits regarding personal information protection on businesses of all sectors of the Company: Assess data risks from all dimensions of the full life cycle of data</li> </ul>
<b>External audits</b>	<ul style="list-style-type: none"> <li>Engage third-party external agencies to conduct information security audits on aspects such as the Company's management of its IT procedure.</li> <li>Engage third-party agencies to conduct compliance audits regarding privacy policies, which include appraisal of information security protection levels and security-related rectification.</li> </ul>

In terms of strengthening the group-wide awareness of information security and privacy protection, the Company makes sure through supervision that employees sign the *Position Confidentiality Commitment Letter*, that departmental managers sign the *Confidentiality Responsibility Commitment Letter*, and that training on awareness of information and network security and security drills are conducted every year, as a move to continuously raise the group-wide awareness of information security and privacy protection.

In 2022, the Company continuously carried out group-wide campaign to boost the awareness of information security and training on information security through a host of means, such as emails, Feishu, face-to-face training, and training conducted by third-party professionals. Meanwhile, a series of special rectification campaigns targeting multiple themes, such as weak passwords, phishing emails, account management and personal information protection, were launched. In particular, during the special project on information security-related improvements, information security training was provided for all employees, and the training content included the explanation of the *Information Security Management Standards*, the identification skills for phishing emails, and the reporting and handling procedure for information security incidents.

## Datasheet of the Chapter

### Economic Performance

Indicator	Unit	2020	2021	2022
Total revenue	RMB100 million	290.42	336.44	365.86
Profit before tax	RMB100 million	75.08	100.13	103.19
Total taxes	RMB100 million	43.00	50.22	54.09
Total assets	RMB100 million	2,999.27	3,358.80	3,469.94
Government grants	RMB10,000	7,375.90	28,055.80	16,101.80
Salary and welfare of employees	RMB10,000	348,451.30	419,734.70	467,867.60

### Product Responsibility Performance

Indicator	Unit	2020	2021	2022
Complaints received on products and services	Piece	5	4	6
Complaint handling rate	%	100	100	100



# Green Development for "Net Zero"

## Material topics addressed

- Green finance
- Climate change mitigation and adaptation
- Environmental management

## The UN SDGs aligned





# 5. Green Development for "Net Zero"

## 5.1 Move Toward "Net Zero" Emissions

### Publishing "Net Zero" Emission Targets

Under the *Paris Agreement*, the long-term goal of carbon emission reduction is to substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 Degrees Celsius while pursuing efforts to limit the increase even further to 1.5 Degrees Celsius. It is expected that greenhouse gas emissions will peak by 2023 and reach carbon neutrality during 2050-2070. At the 75th General Assembly of the United Nations, the Chinese government announced that "China will strive to reach the carbon peak by 2030 and achieve carbon neutrality by 2060", and Carrie Lam Cheng Yuet-ngor, the former Chief Executive of Hong Kong SAR, announced that "Hong Kong will strive to achieve carbon neutrality by 2050".

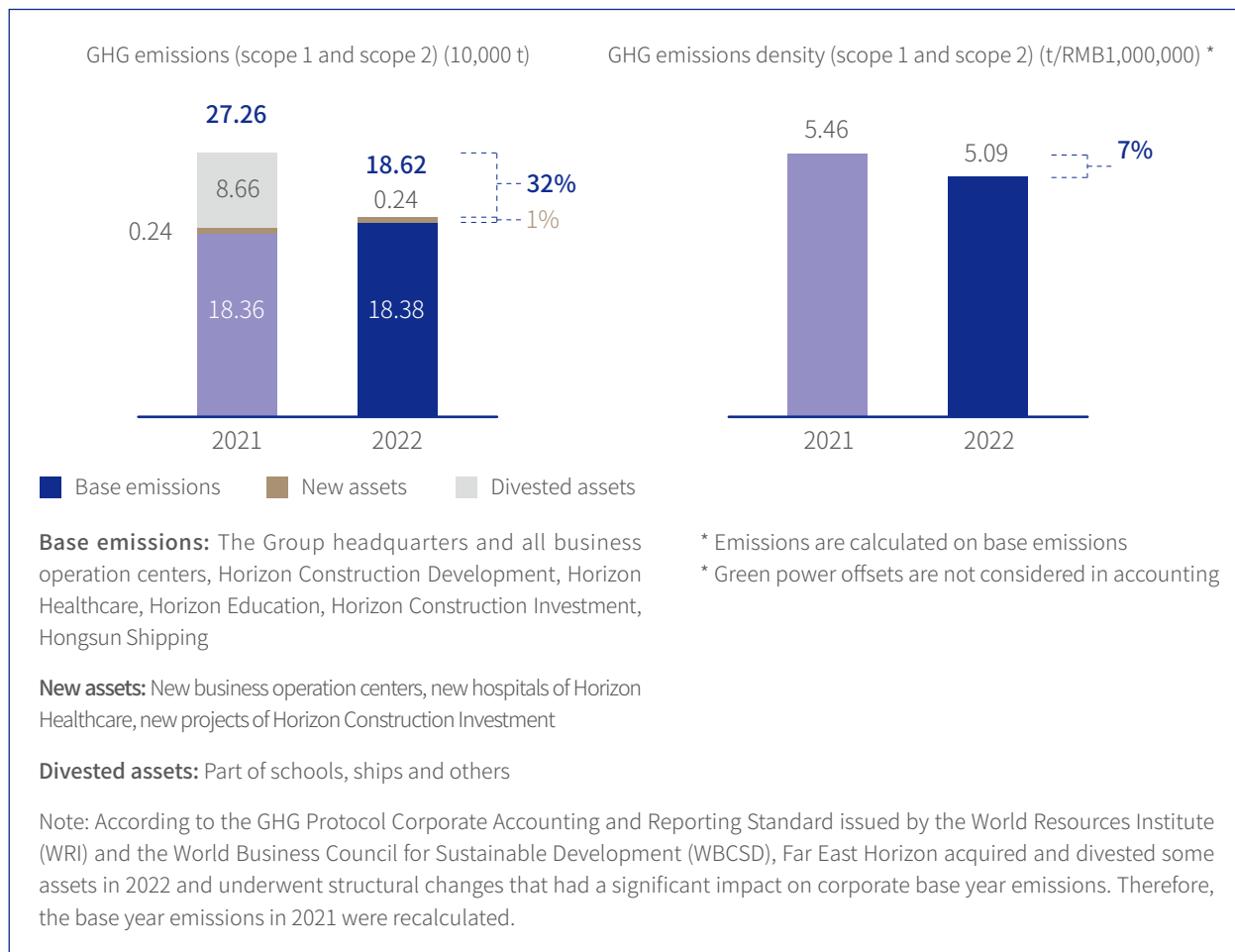
In response to the *Paris Agreement* and the carbon neutrality targets of China and Hong Kong SAR, on December 14, 2022, the Board of Directors of Far East Horizon considered and passed a motion on the *Carbon Target Planning of the Company*, which clearly defines "the carbon peaking and carbon neutrality goals": taking 2021 as the base year, **striving to achieve carbon peaking in 2025, and striving to achieve carbon neutrality in the whole value chain by 2050.**

#### ● Far East Horizon's "Carbon Peaking and Carbon Neutrality Goals"

Goal details		
Short-term goals	Mid-term goals	Long-term goals
<ul style="list-style-type: none"> <li>Striving to achieve carbon peak by 2025.</li> <li>Linear reduction in GHG emissions density per unit of income by 2% per year between 2021-2025 (i.e., 8% reduction over four years compared to the base year).</li> </ul>	<ul style="list-style-type: none"> <li>Linear reduction in GHG emissions density per unit of income by 4% per year between 2025-2030 (i.e., 20% reduction over five years from the base year).</li> </ul>	<ul style="list-style-type: none"> <li>Striving for full value chain carbon neutrality by 2050.</li> </ul>

Base year	2021		
Base annual carbon emissions	183,600 tCO <sub>2</sub> e		
Base annual carbon emissions density	5.46 tCO <sub>2</sub> e/RMB1,000,000		
Organizational scope of goal coverage	Scope within the consolidated statements of operations determined using the operating control method		
Carbon emissions scope of goal coverage	Scope 1 and scope 2	Scope 1 and scope 2	Scope 1, scope 2 and scope 3
Target year	2025	2030	2050
Target annual carbon emissions density	5.02 tCO <sub>2</sub> e/RMB1,000,000	3.93 tCO <sub>2</sub> e/RMB1,000,000	-

● Comparison of Scope 1 and Scope 2 Carbon Emissions and Carbon Density in 2022 and the Base Year



In 2022, the Company has planned the implementation path around the "carbon peaking and carbon neutrality goals" and measured the cost under different implementation paths to ensure that the "carbon peaking and neutrality goal" is scientific, reasonable and feasible, and will continue to study and refine the low-carbon transformation action plan and accumulate strategic reserves for the implementation of the "carbon peaking and neutrality goal" of the Company. In addition, the Company will further promote the "carbon peaking and neutrality goal" to be certified by the Science Based Targets (SBT) by 2025.

● Far East Horizon's Carbon Neutral Goal Implementation Path

<b>Carbon reduction at the operational level</b>	<ul style="list-style-type: none"> <li>• Improve greenhouse gas accounting and certification system</li> <li>• Carry out energy saving and emission reduction, renovate and upgrade equipment</li> <li>• Promote green building certification</li> <li>• Purchase or develop green power</li> <li>• Purchase carbon sinks and low carbon assets</li> </ul>
<b>Carbon reduction at the value chain level</b>	<ul style="list-style-type: none"> <li>• Develop clean energy-related businesses</li> <li>• Upgrade and replace equipment and facilities with those that use clean technology</li> <li>• Reduce lifecycle impacts in business processes related to infrastructure development</li> <li>• Vigorously develop green and sustainable leasing and green investment and financing business</li> <li>• Issue green bonds, funds</li> </ul>

## Improve Climate Change Management System

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) in December 2015 to provide a climate-related disclosure framework.

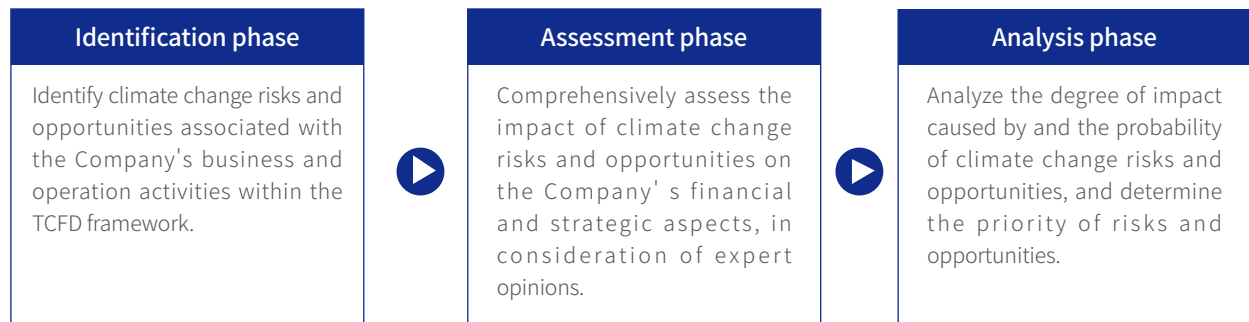
Far East Horizon formally becomes a TCFD supporting organization in 2023 to identify, assess and analyze climate change-related risks and opportunities according to the TCFD framework, to effectively manage climate change risks while seizing climate change opportunities, and to maximize the reduction of carbon footprint generated from business activities, in order to address the concerns of global governments and investors and other stakeholders on the Company's response to climate change.

### ● Climate Change Management System of Far East Horizon

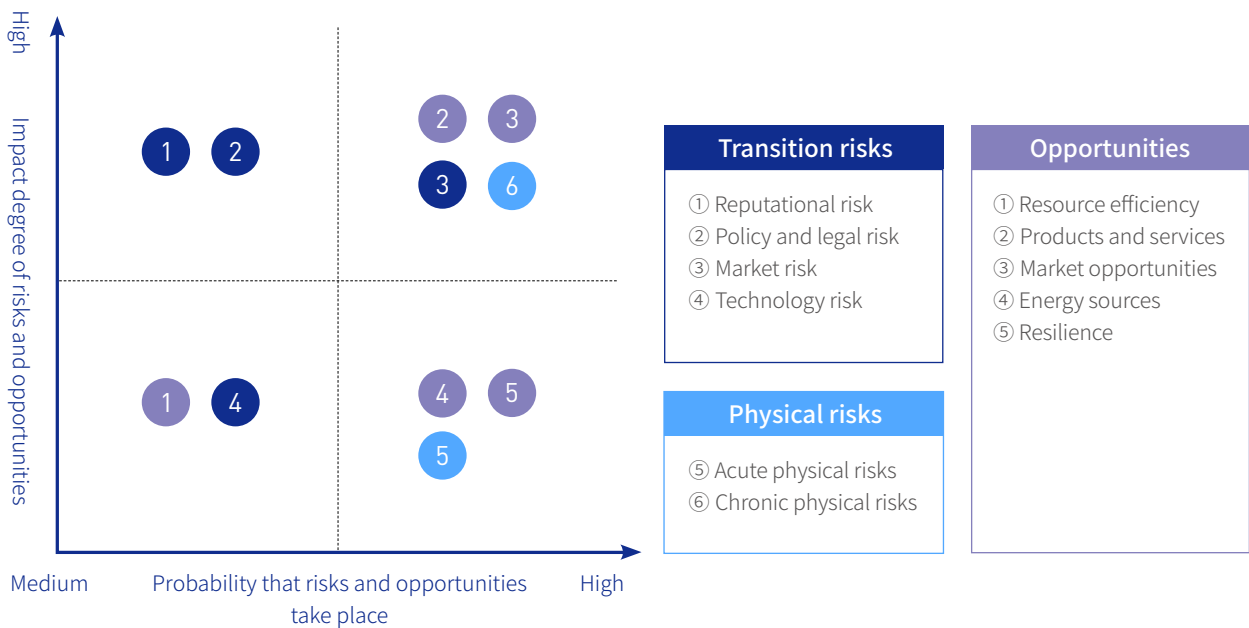
<b>Governance</b>	<ul style="list-style-type: none"> <li>• The Board of Directors reviews the annual ESG Report that covers the material topics of climate change mitigation and adaptation, considers and approves aspects of content including the climate change management system, the identification and analysis of climate change risks and opportunities, and the climate change response measures, and directs all relevant departments to make efforts to address climate change every year;</li> <li>• The ESG Committee under the Board of Directors shall identify the ESG risks and opportunities, including climate change factors, and assess the impacts of climate change risks and opportunities on the Company, laying a good governance foundation for the Company's implementation of "the carbon peaking and carbon neutrality goals";</li> <li>• A cross-departmental environmental management group is established under the ESG Committee's Implementation Taskforce, and dedicated environmental management personnel are deployed for the subordinate platforms to manage and control climate change risks;</li> <li>• At the Company, climate change mitigation and adaptation are stressed on the daily agenda of relevant departments.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Identify and analyze major climate change risks and opportunities, evaluate their possible influence on the Company's operation and financial standing, and plan to conduct quantitative assessments of risks and opportunities in the future;</li> <li>• Take related management actions and countermeasures in terms of low-carbon operation, response to climate change-induced natural disasters, and support for clean energy development, among other domains.</li> </ul>
<b>Risk management</b>	<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 comprehensive risk management of the in the future.</li> </ul>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>• Determine the accounting boundaries through the operational control method. The carbon accounting was continued within the scope of group-wide consolidated statements in 2022;</li> <li>• Plan to regularly monitor, make statistics of, analyze, and disclose its carbon emission-related performance, pursue vigorous carbon reduction measures; disclose the progress towards the established target in the annual ESG report to evaluate the Company's performance in managing climate change response, and develop the plan for improvement;</li> <li>• Release "the carbon peaking and carbon neutrality goals" and set short- and medium-term goals in steps and stages.</li> </ul>

Far East Horizon is fully aware of the substantial financial impact that climate change may have on it. To better cope with the potential risks and opportunities, the Company carries out the identification, assessment and analysis of climate risks and opportunities. It has identified climate risks and opportunities related to its business and operation activities with a view to better controlling risks and seizing opportunities. Based on the assessment and analysis results of climate change risks, the Company actively takes targeted measures to manage risks and seize opportunities. It is committed to mitigating and adapting to climate change.

### ● Analysis Process of Climate Change Risks and Opportunities



### ● Matrix of Climate Change Risks and Opportunities



Far East Horizon roughly divides its business into two sectors: finance and industry. Given that climate change risks and opportunities impact the two segments to different extents, the Company identifies and evaluates such impacts on the two separately, and generates the matrix of climate change risks and opportunities in consideration of its own business conditions and assessment results and with reference to expert opinions, in a bid to determine the importance of different climate change risks and opportunities on the Company

## Financial Impact Analysis of Climate Change Risks and Responses

Risk type	Description	Potential financial impact	Reponses
① Reputational risk	With the introduction of the carbon peaking and neutrality goal and related policies, stakeholders expect the Company to take active management actions and increase the transparency of information disclosure in addressing climate change. The Company may see its reputation impacted adversely, if it fails to adequately respond to stakeholders' appeals in areas such as developing green finance, restricting carbon-intensive industries, and providing green equipment/products.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓	<ul style="list-style-type: none"> <li>Communicate the Company's response to the topic of climate change mitigation and adaptation to stakeholders through its ESG report, official website, WeChat public account, and other channels.</li> <li>Keep monitoring extreme weather events and feed relevant information back to business units and industry sectors. Include climate change factors and geological factors in the due diligence process and the investment decision-making process.</li> </ul>
② Policy and legal risk	As the Chinese government tightens its environmental regulation and continues to introduce policies related to climate change information disclosure, the clients/investment targets from the carbon-intensive industries may incur higher operating costs. The resulting hike in credit risk or decrease in valuation will, in return, affect the Company. At the same time, clients/investment targets/industrial entities of the Company, if failing to meet regulatory requirements for environmental management, may be exposed to such risks as litigation, fines, and credit default, which will, in return, affect the Company.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓	<ul style="list-style-type: none"> <li>Draft contingency plans for typhoons, floods, and other extreme weather events, come up with a set of emergency response measures such as daily inspection, weather alarms, shift scheduling, patrolling, disaster relief, and buy emergency supplies such as raincoats, helmets, flashlights, sinking pumps, sandbags, and warning lines.</li> </ul>
③ Market risk	In the context of the carbon peaking and neutrality goal, consumers will adjust their spending habits. As sustainable consumption gains more popularity, customers/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. Meanwhile, 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 appeal.	Operating income ↓ Value of investment portfolio ↓	<ul style="list-style-type: none"> <li>Assemble the <i>List of Industries Classified for Access</i>, where high-risk industries such as carbon-intensive industries are listed as "restricted" or "compressed" to scale down the business conducted with them.</li> </ul>
④ Technology risk	With the development and extensive adoption of energy-saving equipment and technologies, traditional energy sources and energy-intensive equipments risk being replaced. In this expectation, clients/investment targets from the carbon-intensive industries may incur higher operating costs. The resulting hike in credit risk or decrease in valuation will, in return, affect the Company. At the same time, the Company's equipment operation business may see an increase in operating costs due to the introduction of energy-efficient and carbon-neutral equipment/technologies.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓	<ul style="list-style-type: none"> <li>Horizon Healthcare's member hospitals establish contingency plans and management systems for extreme weather and other emergencies, and mitigate climate impacts through organizing emergency drills, hosting/attending disaster prevention and mitigation workshops, conducting disaster vulnerability analysis, etc.</li> </ul>



Risk type	Description	Potential financial impact	Reponses
⑤ Acute physical risk	The frequent extreme weather events such as rainstorms and typhoons may disturb the normal operations of clients/investment targets. The resulting increase in their credit risk exposures or a decrease in their valuation will, in return, affect the Company. At the same time, the Company's business segments may also suffer economic losses due to operational disruptions caused by extreme weather conditions.	Operating cost ↑ Operating income ↓ Value of investment portfolio ↓	<ul style="list-style-type: none"> <li>Horizon Construction Development has established a full-process management system from forewarning to emergency response and disposal to cope with climate change risks such as extreme weather events. It has compiled a complete set of practical documents including the <i>Manual for Inquiry into and Feedback of Abnormal Warnings</i>, the <i>Emergency Response Manual for Disastrous Weather</i>, and the <i>Typhoon Response Manual</i>, and taken climate factors into account in the selection and operation of business premises.</li> </ul>
⑥ Chronic physical risk	In case of such abnormal climate conditions as hot-weather spells and rising sea levels, the Company's clients/investment targets in such sectors as agriculture, forestry, husbandry & fishery may see their normal production and operation impacted adversely, thus reducing their profitability. Meanwhile, the continuous high-temperature weather caused by climate change may suspend the operation of the Company's construction segment, hence causing negative influences such as delays in engineering projects and increased work-related injuries on construction sites.	Operating cost ↑ Value of investment portfolio ↓	

### ● Financial Impact Analysis of Climate Change Opportunities

Opportunity type	Description	Potential financial impact	Reponses
① Resource efficiency	Increasing the efficiency of resources consumed such as energy and water is a good way to help the Company lower down its operating costs.	Operating cost ↓	<ul style="list-style-type: none"> <li>Continue to refine the special support plan for green buses, the special support plan for green 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 Lines Extended to Municipal Public Utilities</i>, which defines specific credit policies for public transportation, heating, and other enterprises, and encourages the acquisition of quality customers engaged in municipal public utilities and eco-friendly undertakings.</li> </ul>
② Products and services	As China is transforming into 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 Market opportunities	Under a favorable policy environment of carbon neutrality, SMEs engaged in energy conservation and environmental protection will demonstrate the greater financing demand. Green finance will become increasingly favored in the market. Meanwhile, the low-carbon and eco-friendly revolving materials produced by the Company's equipment operation sector will be more preferred by consumers, which promises room for revenue growth.	Operating income ↑ Value of investment portfolio ↑	<ul style="list-style-type: none"> <li>Vigorously develop and apply eco-friendly products like energy-saving equipment under the financial and industrial business segments.</li> </ul>

Opportunity type	Description	Potential financial impact	Reponses
④ Energy sources	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 ↓	<ul style="list-style-type: none"> <li>Horizon Healthcare Meizhou Tieluqiao Hospital photovoltaic power generation project is in normal operation, with a power generation capacity of 189,000 kWh in 2022; Zhaotong Ren'an Hospital cooperates with a local "zero carbon" company to build a photovoltaic power station on the roofs of the hospital and other areas, which is expected to meet 30-40% of the hospital's electricity demand after the project is put into operation in 2023</li> </ul>
⑤ Resilience	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 ↓	

## 5.2 Developing Green Finance

Far East Horizon adheres to the environmental responsibility concept of "developing green finance, performing green operation and addressing climate change", proactively explores the development and innovation of green financial products, serves the financing needs of enterprises while striving to enhance the momentum of green development of the real economy, and joins hands with all hands-on deck to build a green ecosphere.

### Issuing Green Financial Products to Support the Green Industry

In January 2022, the Company successfully issued the "Far East Leasing 2022 First Green Targeted Asset-Backed Notes" with a size of RMB2 billion. The cash flow of the underlying assets of this project comes from the income of the green industry and is the first green asset-backed note with green certification in 2022. The underlying assets of this issue of green oriented asset-backed notes involve 92 leasing businesses of 81 lessees, including "energy-saving and environmental protection industry", "clean production industry", "clean energy industry", "ecological environment industry," "green infrastructure upgrade" and other categories.

In February 2022, the Company successfully issued "Guolian Securities - Far East Leasing 2022 Green Asset-Backed Special Plan", raising RMB2.1 billion. The underlying assets of the program are financial leasing debentures suitable for securitization, with 61 corresponding projects belonging to the green industry, accounting for 71.10% of all the underlying assets in the pool, including but not limited to photovoltaic power generation, new energy vehicle manufacturing, solar energy equipment production, sewage treatment and other fields strongly supported by the policy, with good environmental benefits.

In August 2022, the Company successfully issued the "Far East Leasing 2022 Second Green Asset-Backed Notes" with a size of RMB800 million. The underlying assets of this issue of green asset-backed notes all belong to the green industry, including resource recycling projects, photovoltaic power generation projects, sewage treatment projects and municipal waste disposal projects, which all meet the criteria of the *Green Industry Guidance Catalogue (2019 Edition)* and the *Green Bond Endorsed Projects Catalogue (2021 Edition)*.



Poster for the Issuance of "Far East Leasing 2022 First Green Targeted Asset-Backed Notes"

**Issuing Sustainability-linked Syndicated Loans and Exploring the Innovative Path of Green Finance**

On December 22, the Company successfully completed its first sustainability-linked syndicated loan, with the contracted size of RMB1.33 billion and a three-year term, which was jointly issued by nine foreign banks.

Sustainability-linked syndicated loans are financing instruments that incentivize borrowers to achieve pre-determined sustainability performance targets (SPT) through syndicated loan terms, and are one of the key financial instruments to promote sustainable development. The successful issuance of this sustainability-linked syndicated loan is another breakthrough achieved by the Company in this field, following the Green Asset Support Program, Sustainability Bond and Green Club Loan.



Poster for the Issuance of "Sustainability-linked Syndicated Loan"

Relying on its professional infrastructure investment and operation service provider, Horizon Construction Investment, the Company focuses on investment in long-cycle, high-quality new energy assets such as photovoltaic, wind power and energy storage, and actively expanded its layout in the new energy photovoltaic field. With the one-stop solution of "investment, financing, construction and transportation", the Company gets deeply involved in the construction and operation and maintenance of photovoltaic power generation projects, and continuously promotes green and low-carbon development.

By the end of 2022, Horizon Construction Investment has invested and operated more than **60** new energy photovoltaic projects, which can save approximately **29,107.60** tons of standard coal for the power grid each year, and accordingly reducing the emission of various greenhouse gases and air pollutants each year, including **59,423.66** tCO<sub>2</sub>e,



Suzhou Kubota Project



Dezhou Kaisheng Jinghua Project

In addition, Horizon Construction Investment continues to focus on such green fields as sewage treatment, intelligent water management, green building, green transportation, etc. to serve the green upgrading of cities. By the end of 2022, Horizon Construction Investment has five projects in the green field, with an investment scale of RMB7,987 million.

### Investment in Water Quality Improvement Projects to Promote Environmental Improvement

Horizon Construction Investment, as the leader of investment and construction, implements the rain and sewage diversion in urban areas of Sihong County and the sewage treatment plant project of the development zone with a total investment of about RMB1.17 billion. At present, the sewage treatment plant has been officially put into operation, using the "independent pipes for large enterprises + shared pipes for small enterprises" approach; the length of supporting pipeline network constructed is 278 km, covering an area of nearly 25 km<sup>2</sup>; the project allows for the collection and centralized treatment of sewage discharged by more than 300 industrial enterprises in the district, and is committed to effectively improving the living environment of nearby residents and improving the quality of water resources in Sihong City.

In 2022, the sewage treatment plant treats 559.10 m<sup>3</sup> of water and 966.67 t of sludge, completes the pollutant reduction of chemical oxygen demand (COD) of 810 t, biochemical oxygen demand (BOD) of 285 t, ammonia nitrogen of 58 t, total phosphorus of 12 t, total nitrogen of 70 t, and gives full play to the environmental protection function of the project to provide professional strength for regional water environmental protection.



Aerial View of Sihong County Sewage Treatment Plant



Comparison of Water Quality Before and After Treatment



### Investment in the Construction of First Suspension Bridge in Xi'an to Improve Traffic Efficiency

"The project of North Jiancai Road (Beichen Avenue - Yingbin Avenue), a PPP project for upgrading and improving the periphery traffic of Xi'an Convention and Exhibition Center" is the first suspension bridge in Xi'an and the widest spatial self-anchored suspension bridge in the world, with investment by Horizon Construction Investment. The project is 2.317 km long, including ten sub-unit projects such as roads, bridges, water supply and drainage, cable corridors, traffic, lighting, landscape greening, pedestrian bridges, etc. The project was started on October 24, 2019 and was put into operation on June 28, 2022.

The project followed the concept of green construction throughout its life cycle and applied 24 green construction technologies, and was recognized as the Xi'an Construction Industry Green Construction Demonstration (Creation) Project. Since the project went into operation, the traffic efficiency of the road section has increased by five times thanks to such factors as stable bridge structure, smooth and solid road, smooth and comfortable traffic, reasonable indication signs and good lighting effect, making outstanding contributions to the functional structure of the city and the integrated development of the region.



Overhead View of First Suspension Bridge in Xi'an

## 5.3 Performing Green Operation

Green operation is the basis for Far East Horizon to promote sustainable operation. The Company strictly abides by the laws and regulations of the People's Republic of China, including the Law of the People's Republic of China on Environmental Protection, and explores and applies a green and low-carbon operation model by setting environmental management goals, enhancing energy and resource utilization, and strengthening waste management, in order to achieve harmony between business operation and environmental protection. In 2022, none of the Company's business operations had significant impact on the environment and natural resources, and no environment violations occurred.

In 2022, the Company is preparing to set targets for energy management, water resources management and waste management, regularly tracking the progress of target completion, and proactively implementing measures for energy saving, emission reduction, water conservation and waste reduction to promote Chinese characterized ecological conservation with Chinese through concrete actions.

### ● Far East Horizon Environmental Management Objectives

Energy management	Water resources management	Waste management
Energy consumption per unit of income decreasing by 25% in 2030 compared with that in 2022.	Water consumption per unit of income decreasing by 20% in 2030 compared with that in 2022.	Improvement of performance in refuse classification, its statistical collection and its management, as well as the tracking of the comprehensive utilization of household waste and bulk solid waste in 2023.

### ● Green Operation Measures at Far East Horizon Plaza

Key aspects		Specific measures
Far East Horizon Plaza	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>It won the Certificate of Green Building Design Label (Two-Star) from Shanghai Green Building Council and LEED Gold Certification;</li> <li>It passed the certification of the ISO14001 environmental management system.</li> </ul>
	Energy management	<ul style="list-style-type: none"> <li>Escalators adopt motion sensing control to realize automatic deceleration when there is no passenger;</li> <li>LED lights are used for illumination. 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 Workplace Management Rules, and ask employees to shut down their computers and power switches before they go off duty every day, and enhance employees' awareness of electricity conservation;</li> <li>Retrofit underutilized central air conditioning units to improve energy efficiency ratios and cooling efficiency;</li> <li>Use a centralized hot water supply system in the basement staff canteen and fitness center, with the solar water heating system as the preheating means for domestic hot water and the volumetric gas water heater as the auxiliary heat source. It is estimated that solar hot water systems can supply about 20% of the daily heat.</li> </ul>



Key aspects		Specific measures
Far East Horizon Plaza	Water resources and effluent management	<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 reached 1,100 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> <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>
	Reduction of paper 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 Green Office Initiative to advocate the 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>
	Waste management	<ul style="list-style-type: none"> <li>• Publicize garbage sorting by placing posters, posting domestic garbage sorting illustrations, and conducting garbage sorting training;</li> <li>• Standardize the waste sorting facilities and set dry, wet, recyclable and hazardous garbage bins in the front room of elevators, water-coolers and garbage rooms on each floor;</li> <li>• Remove garbage at regular intervals every day. The domestic garbage is collected by the Company's property management companies and then removed, and the electronic waste is disposed of by a qualified treatment company engaged, with about 18 barrels of dry garbage collected per day and about 14 tons of recyclables collected per year.</li> </ul>

● Green Operation Measures in Three Industry Sectors

Key aspects		Specific measures
Horizon Construction Development	Environmental management	<ul style="list-style-type: none"> <li>• Its four construction sites passed the certification of the ISO14001 environmental management system;</li> <li>• As per the <i>Environmental Management Measures</i>, it in 2022 added or revised a host of new documents, such as the <i>Implementation Rules for Hazardous Waste Management</i>, the <i>Manual for Hazardous Waste Disposal</i>, and the <i>Manual for Hazardous Waste Collection and Storage</i> to regulate the hazardous waste management process that consisted of planning, generation, collection, storage, and disposal;</li> <li>• In 2022, the subsidiary spent RMB1.78 million on environmental protection, which mainly went to garbage sorting, hazardous waste disposal, pollutant discharge monitoring, and acceptance of eco-friendly facilities upon completion, among other aspects;</li> <li>• In daily operations, additional oil-saving trays and oil-absorbing cotton were installed for the operating environments and locations prone to oil leakage, and environmental emergency response management plans are formulated to deal with unexpected events.</li> </ul>
	Energy management	<ul style="list-style-type: none"> <li>• Launch the energy-saving and eco-friendly awareness activities, 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>• Promote the replacement of clean energy for equipment, promote the online registration of environmental protection information for engines, and gradually replace existing lead-acid batteries with maintenance-free batteries for aerial work platforms (AWPs).</li> </ul>
	Resources management	<ul style="list-style-type: none"> <li>• Collect the car washing wastewater for recycling, and use the harvested rainwater for running fountains, washing cars, and other purposes;</li> <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>• 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>
	Exhaust gas and waste management	<ul style="list-style-type: none"> <li>• In the selection of equipment, operating equipment rental enterprises shall take energy conservation as the conditional factor, with priority given to equipment with low emissions and clean energy options; for individual models that must use diesel equipment, priority is given to environmentally friendly emission equipment;</li> <li>• Promote waste classification and storage, and enhance employees' awareness of environmental protection by conducting garbage sorting training, providing classified garbage bins, etc.;</li> <li>• General solid waste and hazardous waste are transferred to the corresponding warehouses at regular times every day, and handed over to qualified agencies for disposal on a regular basis;</li> <li>• Retread end-of-life tires for recycling. A total of 38,728 tires were reused, saving about RMB8.5 million;</li> <li>• Upgrade the production techniques, eliminate the outdated production equipment, regularly replace the activated carbon and clean the dust collectors using filter bags, reduce the generation of pollutants from the source, and stabilize or improve the treatment efficiency of pollutants from the end to reduce the pollutant emissions.</li> </ul>

Key aspects		Specific measures
Horizon Healthcare	Environmental management	<ul style="list-style-type: none"> <li>Continuously strengthen the standardized environmental management;</li> <li>Ask member hospitals to regulate their input in environmental protection and ensure their environmental compliance. The environmental protection input is RMB9.81 million in 2022 and mainly consists 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.</li> </ul>
	Energy management	<ul style="list-style-type: none"> <li>Energy-saving LED bulbs are used;</li> <li>Meizhou Tieluqiao Hospital photovoltaic power generation project is in normal operation, with a capacity of 189,000 kWh in 2022;</li> <li>Zhaotong Ren'an Hospital is cooperating with an institution to build photovoltaic power stations on the roofs of the hospital and other areas. It is expected that the project will meet 30-40% of the hospital's electricity demand when it is put into operation in 2023.</li> </ul>
	Management of water resources and disposal of medical effluents	<ul style="list-style-type: none"> <li>Obtain water permits for river water and groundwater abstraction, as well as drainage permits and discharge permits that are renewed as scheduled;</li> <li>Comply with local government requirements to put online wastewater online monitoring systems, ensure normal operation of wastewater treatment equipment, regularly monitor the composition of wastewater and ensure that discharges do not exceed standards;</li> <li>Water-saving taps are used.</li> </ul>
	Disposal of domestic wastes and medical 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> <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, pharmaceutical waste, and chemical wastes.</li> </ul>
Horizon Education	Energy management	<ul style="list-style-type: none"> <li>Carry out statistics and management of energy consumption on campus, clarify the time and temperature requirements for air conditioners to be turned on, and the time for public lighting to be turned on and off;</li> <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 can be turned off when not in use.</li> </ul>
	Water resources management	<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>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>
	Waste management	<ul style="list-style-type: none"> <li>Non-hazardous wastes as paper and domestic wastes are centrally sorted out and disposed of by the municipal departments according to local standards;</li> <li>Qualified agencies are engaged for disposal of kitchen wastes at schools and kindergartens;</li> <li>Hazardous wastes such as toner cartridges and ink cartridges are recycled and disposed of by the qualified agencies upon entrustment.</li> </ul>

## Datasheet of the Chapter

### Environmental Data of the Group<sup>1</sup>

Indicator		Unit	2021	2022
GHG emissions <sup>2, 3</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	204,084.39	123,602.98
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	81,274.27	62,608.93
	Aggregate GHG emissions (scope 1 and scope 2)	tCO <sub>2</sub> e	285,358.66	186,211.91
	GHG emissions per unit area (scope 1 and scope 2)	tCO <sub>2</sub> e/m <sup>2</sup>	0.08	0.13
	GHG emissions per unit of revenue (scope 1 and scope 2)	tCO <sub>2</sub> e/ RMB1,000,000	8.35	5.09
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	46,938.00	46,040.12
Energy utilization	Total energy consumption	tce	107,216.73	70,877.60
	Energy consumption density per unit of revenue	tce/ RMB1,000,000	3.19	1.94
	Aggregate natural gas consumption	m <sup>3</sup>	1,662,056.70	1,589,229.94
	Gasoline consumption of self-owned vehicles/mobile devices	liter	3,253,533.51	1,955,586.70
	Diesel consumption of self-owned vehicles/mobile devices	liter	7,657,412.85	9,977,494.71
	Total electricity consumption	MWh	125,191.20	104,779.47
	Aggregate steam and hot water procurement	GJ	41,957.13	47,554.16
Use/ production of clean energy	Renewable energy production (aggregate)	MWh	84,621.80	103,283.00
	Of which, renewable energy production (own equity)	MWh	8,159.01	1,332.39
Utilization of water resources	Aggregate water consumption	m <sup>3</sup>	2,860,904.71	2,314,272.07
	Of which, recycled water consumption	m <sup>3</sup>	184,223.00	9,845.74
	Water consumption per unit of revenue/area	m <sup>3</sup> / RMB1,000,000	85.03	63.59
Solid waste	Aggregate solid waste generation	ton	25,159.80	15,055.32
	Of which, aggregate recyclable solid waste	ton	418.22	2,875.71
	Solid waste generation per unit of revenue/area	ton/ RMB1,000,000	0.75	0.41
Hazardous waste	Aggregate hazardous waste generation	ton	3,639.78	1,711.94
	Of which, medical waste	ton	2,457.14	1,533.05
	(HW01, HW02, HW03)	ton	1,098.36	14.21
	Of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	0.12	1.26
	Of which, electronic waste (HW10)	ton	84.16	163.42

Indicator		Unit	2021	2022
Industrial waste gas	SO <sub>2</sub>	kg	20.52	60.00
	VOC	kg	44.69	5.00
Mobile-source exhaust emissions	SO <sub>2</sub>	kg	5,486.87	15,650.54
	NO <sub>2</sub>	kg	38,537.82	30,554.54
	PM	kg	3,588.10	2,844.81
Wastewater pollutants	NO <sub>x</sub>	kg	36,679.92	14,282.96
	COD	kg	202,260.71	506,790.46
	BOD	kg	22,098.44	69,725.39
	Ammonia nitrogen	kg	5,588.72	28,985.86

Note 1: The above statistics are based on the consolidated statements of the Far East Horizon Group. In 2021, the Company determined the accounting boundaries through the operational control method, made a group-wide carbon inventory within the consolidated statements, refined a variety of environmental indicators step by step, and carried out the indicator-specific data statistics. So, the disclosure indicators used in 2021 slightly differed from those in previous years. The data will be annually disclosed according to the aforesaid standards in the future. Larger fluctuations in some data are seen compared with those in 2021 due to Far East Horizon's actions of asset purchases and asset stripping in 2022.

Note 2: For the Company, GHG emissions (scope 1) refer to direct emissions from the consumption of natural gas, gasoline, diesel, and refrigerant, the operation of sewage treatment stations, etc.; GHG emissions (scope 2) refer to indirect emissions from purchased electricity and purchased heating power; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the HKEX's How to Prepare an ESG Report - *Appendix 2: Reporting Guidance on Environmental KPIs*, the *Notice on Properly Managing the Reporting of Greenhouse Gas Emissions by Power Generation Enterprises from 2023 to 2025*, issued by the Ministry of Ecology and Environment of the People's Republic of China, the GHG Protocol, and the Resolution MEPC.308 (73) by the International Maritime Organization (IMO). Data of GHS emissions in 2021 and 2022 are data before and after the Company's actions of asset purchases and asset stripping in 2022, respectively.

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

Indicator		Unit	2021	2022
GHG emissions <sup>2</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	27,904.24	29,707.28
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	9,720.10	5,754.56
	GHG emissions per unit of revenue (scope 1 and scope 2)	tCO <sub>2</sub> e/RMB1,000,000	6.13	4.50
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	12,656.00	12,656.00
Energy utilization	Total energy consumption	tce	15,310.45	16,142.89
	Energy consumption density per unit of revenue	tce/RMB1,000,000	2.46	2.05
	Gasoline consumption of self-owned vehicles/mobile devices	liter	2,909,205.00	1,556,038.00
	Diesel consumption of self-owned vehicles/mobile devices	liter	7,469,781.10	9,793,896.22
	Total electricity consumption	MWh	13,538.08	10,090.42
Utilization of water resources	Aggregate water consumption	m <sup>3</sup>	227,001.74	296,906.00
	Water consumption per unit of revenue	m <sup>3</sup> /RMB1,000,000	36.53	37.69
Solid waste	Aggregate solid waste generation	ton	690.00	336.00
	Of which, aggregate recyclable solid waste	ton	10.51	0.00
	Solid waste generation per unit of revenue	ton/RMB1,000,000	0.11	0.04
Hazardous waste	Aggregate hazardous waste generation	ton	11.62	74.00
Mobile-source exhaust emissions	SO <sub>2</sub>	kg	163.03	534.13
	NO <sub>2</sub>	kg	32,557.50	14,260.51
	PM	kg	3,031.29	1,327.74

Note1: The above statistics are based on the consolidated statements of Horizon Construction Development. Larger fluctuations in some data are seen compared with those in 2021 due to Far East Horizon's actions of asset purchases and asset stripping in 2022.

Note 2: For the subsidiary, GHG emissions (scope 1) refer to direct emissions from the consumption of gasoline, diesel, etc.; GHG emissions (scope 2) refer to indirect emissions from purchased electricity; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the SEHK's How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs, the Notice on Properly Managing the Reporting of Greenhouse Gas Emissions by Power Generation Enterprises from 2023 to 2025 issued by the Ministry of Ecology and Environment of the People's Republic of China, and the GHG Protocol.

## Environmental Data of Horizon Healthcare<sup>1</sup>

	Indicator	Unit	2021	2022
GHG emissions <sup>2</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	4,739.11	4,320.18
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	52,266.48	47,767.05
	GHG emissions per unit of revenue (scope 1 and scope 2)	tCO <sub>2</sub> e/RMB1,000,000	14.02	12.35
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	18,754.00	18,754.00
Energy utilization	Total energy consumption	tce	13,344.42	14,961.09
	Energy consumption density per unit of revenue	tce/RMB1,000,000	3.34	3.55
	Aggregate natural gas consumption	m <sup>3</sup>	1,236,920.12	1,589,229.94
	Gasoline consumption of self-owned vehicles/mobile devices	liter	280,099.23	332,028.16
	Diesel consumption of self-owned vehicles/mobile devices	liter	163,618.75	179,494.71
	Total electricity consumption	MWh	81,110.28	78,754.69
	Aggregate steam and hot water procurement	GJ	41,696.03	47,554.16
Use/production of clean energy	Renewable energy production (aggregate)	MWh	225.55	189.35
	Of which, renewable energy production (own equity)	MWh	225.55	189.35
Utilization of water resources	Aggregate water consumption	m <sup>3</sup>	2,159,103.53	1,350,001.79
	Of which, recycled water consumption	m <sup>3</sup>	17,085.00	16,100.00
	Water consumption per unit of revenue/area	m <sup>3</sup> /RMB1,000,000	539.78	320.21
Solid waste	Aggregate solid waste generation	ton	1,970.21	5,098.57
	Of which, aggregate recyclable solid waste	ton	369.89	0.00
	Solid waste generation per unit of revenue/area	ton/RMB1,000,000	0.49	1.21
Hazardous waste	Aggregate hazardous waste generation	ton	2,457.14	1,672.29
	Of which, medical waste (HW01, HW02, HW03)	ton	66.51	1,533.03
	Of which, chemical waste (HW06, 09, 12, 13, 17, 21, 22, 33, 34, 35)	ton	0.12	9.71
	Of which, electronic waste (HW10)	ton	53.23	1.26
	Of which, other waste (HW49)	ton	2,577.00	128.29
Industrial waste gas	SO <sub>2</sub>	kg	20.52	60.00
	VOC	kg	1.10	5.00
Mobile-source exhaust emissions	SO <sub>2</sub>	kg	5,133.91	10.97
	NO <sub>2</sub>	kg	5,132.90	627.10
	PM	kg	477.90	58.39



Indicator		Unit	2021	2022
Wastewater pollutants	NO <sub>x</sub>	kg	275.80	14,282.96
	COD	kg	32,857.48	310,867.67
	BOD	kg	7,665.60	57,970.02
	Ammonia nitrogen	kg	2,684.14	25,259.80

Note 1: The above statistics are based on the consolidated statements of Horizon Healthcare. Larger fluctuations in some data are seen compared with those in 2021 due to Far East Horizon's actions of asset purchases and asset stripping in 2022.

Note 2: For the subsidiary, GHG emissions (scope 1) refer to direct emissions from the consumption of natural gas, gasoline, diesel, refrigerant, etc.; GHG emissions (scope 2) refer to indirect emissions from purchased electricity and purchased heating power; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the SEHK's How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs, the Notice on Properly Managing the Reporting of Greenhouse Gas Emissions by Power Generation Enterprises from 2023 to 2025, issued by the Ministry of Ecology and Environment of the People's Republic of China, and the GHG Protocol.

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

Indicator		Unit	2021	2022
GHG emissions <sup>2</sup>	Aggregate GHG emissions (scope 1)	tCO <sub>2</sub> e	339.98	0.00
	Aggregate GHG emissions (scope 2)	tCO <sub>2</sub> e	3,571.21	200.21
	GHG emissions per unit of revenue (scope 1 and scope 2)	tCO <sub>2</sub> e/RMB1,000,000	15.93	3.12
	Aggregate GHG emissions (scope 3)	tCO <sub>2</sub> e	1,355.00	457.12
Energy utilization	Total energy consumption	tce	743.83	43.14
	Energy consumption density per unit of revenue Energy consumption density per unit area	tce/RMB1,000,000	3.03	0.67
	Aggregate natural gas consumption	m <sup>3</sup>	73,097.54	0.00
	Total electricity consumption	MWh	5,222.72	351.00
Utilization of water resources	Aggregate water consumption	m <sup>3</sup>	165,266.00	3,297.00
	Water consumption per unit of revenue area	m <sup>3</sup> /RMB1,000,000	673.18	51.31
Solid waste	Aggregate solid waste generation	ton	277.51	1.50
	Of which, aggregate recyclable solid waste	ton	19.57	0.00
	Solid waste generation per unit of revenue area	ton/RMB1,000,000	1.13	0.02

Note 1: The above statistics are based on the consolidated statements of Horizon Education. Larger fluctuations in some data are seen compared with those in 2021 due to Far East Horizon's actions of asset purchases and asset stripping in 2022.

Note 2: For the subsidiary, GHG emissions (scope 1) refer to direct emissions from the consumption of natural gas, gasoline, diesel, etc.; GHG emissions (scope 2) refer to indirect emissions from purchased electricity; and GHG emissions (scope 3) refer to as emissions from employee commuting and business traveling. The emission factors can be seen in the SEHK's How to Prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs, the Notice on Properly Managing the Reporting of Greenhouse Gas Emissions by Power Generation Enterprises from 2023 to 2025, issued by the Ministry of Ecology and Environment of the People's Republic of China, and the GHG Protocol.

# Diversity, Inclusion and Convergence

## Material topics addressed

- Protection of employee rights and benefits
- Employee development and training
- Occupational health and safety

## The UN SDGs aligned



## 6. Diversity, Inclusion and Convergence

### 6.1 Protection of Employee Rights

#### Recruitment and Employment

Talent is a cornerstone of an enterprise's development. Far East Horizon strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on Promotion of Employment*, and other laws and regulations. Adhering to the principles of "hierarchical management and resources sharing", the Company has formulated an array of internal documents such as the *Recruitment Management Measures* and the *Labor Contract Management Rules*, and is committed to ensuring fair and compliant recruitment and creating a diversified workplace.

In terms of compliant recruitment, the Company ensures clear criteria, open procedures, standard operation, merit-based selection, and legal compliance in the recruitment process. It terminates labor contracts after equal consultation with employees. Meanwhile, the Company complies with the *Law of the People's Republic of China on Protection of Minors*, *Provisions on Prohibition of Child Labor*, and other laws and regulations, strictly verifies employee identities, eliminates all forms of child labor, regularly checks employees' overtime and labor intensity, and prohibits forced labor. In 2022, no reported cases of child labor or forced labor violations occurred in the Company.

In 2022, with the continuation and recurrence of the COVID-19 pandemic and the rapid changing economic environment, the Company proactively assumed the responsibility of employment promotion in the talent market and recruited a variety of outstanding social talents in different industries as well as excellent fresh graduates.

#### ● Employee Performance of Far East Horizon in 2022

##### Social recruitment

- A total of 700 employees were recruited through social recruitment from a diverse range of sources.
- **Industrial diversity:** New hires came from a variety of industries, including financial leasing, banking, trust, and brokerage firms, as well as the automobile, real estate, mechanical and electronics sectors.
- **Regional diversity:** New hires hailed from 24 cities, including first-tier cities in East China such as Beijing, Shanghai, Guangzhou and Shenzhen, as well as central and western cities like Zhengzhou and Kunming.

##### On-campus recruitment

- Various recruitment methods, such as open days, live streaming sessions and online job fairs, were used to attract and recruit fresh postgraduates from across the country. Nearly 100 job offers were issued.

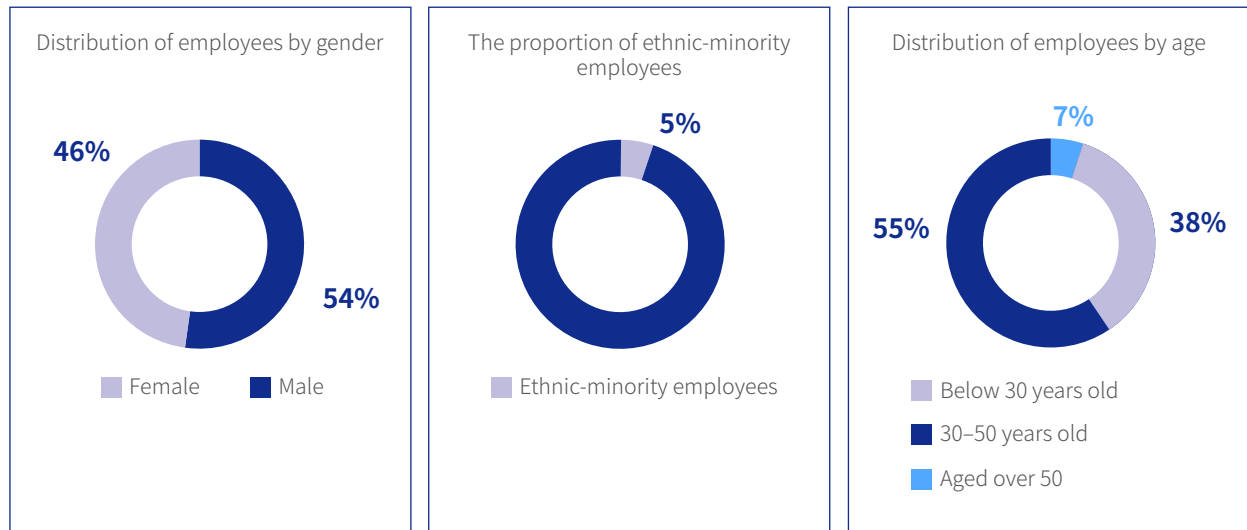
**Far East Horizon's Sword Casting Initiative: A Fresh Graduates Training Program and College-Enterprise Cooperation**

The Sword Casting Initiative is a program that the Company has created to recruit and train fresh graduates since 2005. By creating a talent pool, it has cultivated numerous elite employees for the Company and even the entire industry.

In 2022, the Company successively signed college-enterprise cooperation agreements with four colleges, including the University of International Business and Economics, and the College of Business of Shanghai University of Finance and Economics, to jointly build internship and practice bases, helping colleges and students get to know the Company, develop the horizons through various forms, including special summer internships, oriented campus lectures, counseling for career planning, setting up elective courses, and corporation open days, promoting the industry-university-research (IUR) combination, and providing students with opportunities of social practice.

Far East Horizon formulates and implements the *Employee Manual* and other systems regarding workplace equality and diversity. It strictly eliminates discrimination caused by gender, ethnicity, nationality, religious beliefs, family status, disability, and other factors, strives to create a gender-equal working environment, endeavors to build a diversified talent team, and ensures all employees have equal working opportunities.

**Employee Diversity Performance of Far East Horizon in 2022**



**Protection of Employee Rights and Benefits**

The Company attaches great importance to the protection of employees' rights and benefits. It formulates clear rules on working hours and leaves, remuneration and benefits, labor relations and other aspects, effectively protecting employees' rights. Meanwhile, the Company proactively advocates democratic communication, and fully guarantees the rights of employees to participate in democratic elections, decision-making, administration and oversight.

● Protection of Employee Rights and Benefits

Key aspects	Laws, regulations, and internal systems	Guarantee measures
Working hours and leaves	<p><b>Laws and regulations:</b>The <i>Regulation on Paid Annual Leave for Employees</i>, the <i>Regulation on Public Holidays and Memorial Days</i>, etc.</p> <p><b>Internal systems:</b>The <i>Attendance and Leave Management Rules</i>, the <i>Attendance and Leave Management Measures</i>, etc.</p>	<p><b>Working hours:</b> The Company implements the standard practice of 40 working hours per week.</p> <p><b>Leave management:</b> paid annual leave, marriage leave, funeral leave, maternity leave, sick leave, etc.</p>
Remuneration and benefits	<p><b>Laws and regulations:</b><i>Measures for Enterprise Wage Payment in Shanghai</i>, etc.</p> <p><b>Internal systems:</b>The <i>Remuneration Management Measures</i>, the <i>Management Measures for Dispatched Employees' Benefits</i>, etc.</p>	<p><b>Benefit protection:</b> The Company provides social security insurance, housing provident funds, supplementary commercial medical insurance, property insurance, and safety insurance for all employees (including permanent employees, part time employees, and contractors).</p> <p><b>Remuneration system:</b> implements a performance-based remuneration and incentive scheme free of regional or gender discrimination.</p>

● Employee Communication Channels of Far East Horizon



The Company conducts the annual employee engagement survey, and makes targeted improvements and enhancements based on the survey results as a move to boost employee satisfaction and a sense of belonging.

**Conduct Employee Engagement Survey**

In 2022, the Company introduced again a proven external engagement survey tool to measure the engagement of employees, the management atmosphere of teams at all levels, the aspects to be improved in the Company, and other factors. The survey covered 4,647 employees at Far East Horizon's headquarters and major subordinate platforms, with a response rate of 96.7% and a valid response rate of 85.8%.

The survey results showed that compared to 2021, the Company's overall employee engagement and satisfaction increased to a certain extent and surpassed the industry average by over 10% in 2022. The overall engagement, willingness to stay, and sense of organizational empowerment all improved significantly compared with those of the previous year, which attested to remarkable progress in the management of the Company since 2021.

## 6.2 Supporting Employee Growth

### Employee Performance Appraisal and Promotion

Far East Horizon attaches importance to employees' development, formulates and implements systems, including the *Remuneration Management Measures*, the *Employee Performance Management Measures*, and the *Implementation Rules of Employee Performance Management*, establishes a sound and reasonable performance management system, performance incentive system, and employee promotion system, carries out a fair performance appraisal mechanism and equal channels for job-level promotion, in a bid to boost employee engagement.

#### ● Talent Philosophy of Far East Horizon

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

#### ● Employee Performance Appraisal and Promotion Management Measures of Far East Horizon

Key aspects	Management measures
Performance management	<ul style="list-style-type: none"> <li>Implement a closed-loop performance management, which consists of formulating performance plans, in-process performance management, annual performance appraisal, performance interviews and feedback, and application of performance results.</li> <li>In 2022, the Company adjusted the validity period of the performance application to four years, making the application more reasonable, standardized, and effective.</li> </ul>
Employee promotion	<ul style="list-style-type: none"> <li>Establish a value contribution-oriented talent development mechanism that allows for upward and downward mobility. Most managers are selected from all employees through open competitions. 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. More than 60% of managers in total have been recruited through open competitions at the Company.</li> <li>In 2022, the Company promoted the integration of posts and responsibilities, broadening employees' promotion channels and enhancing development expectations.</li> </ul>

Regarding complaints about employee performance appraisal results, the Company has opened up special complaint channels such as an open mailbox and a telephone line. Dedicated persons are responsible for dealing with complaints filed by employees regarding the compliance of the performance result-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 aim to fully protect employees' right to complain.



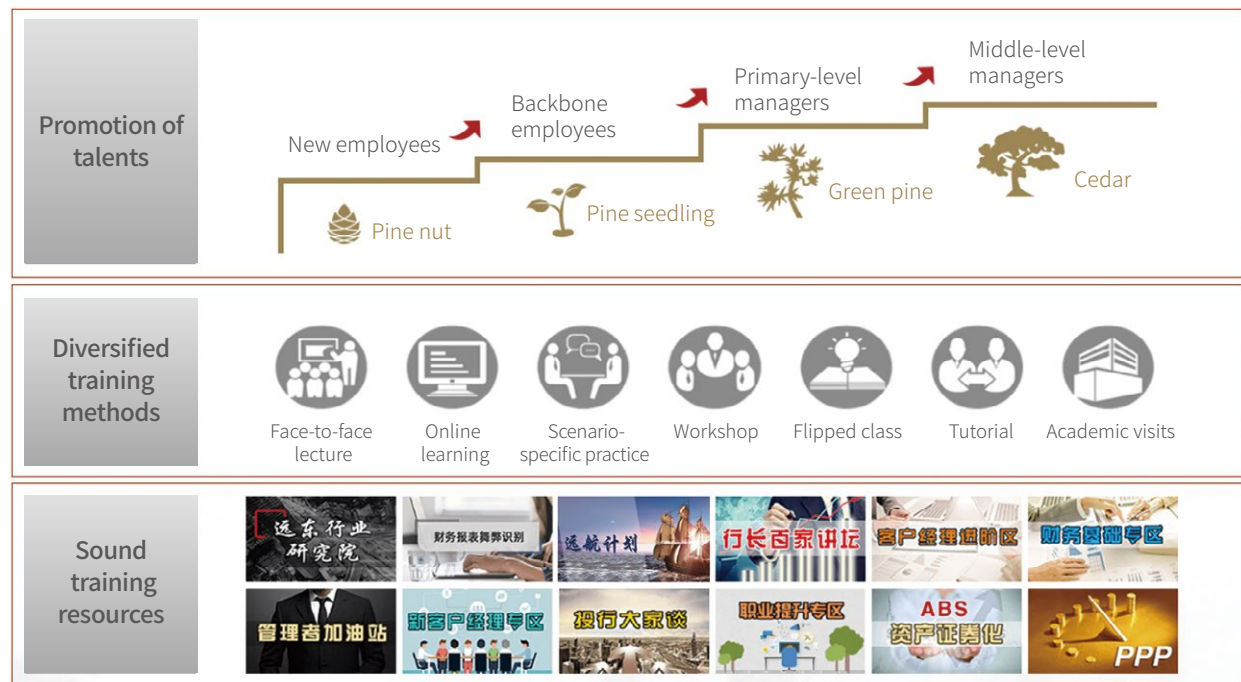
The Company continues to review and optimize the remuneration incentive system on each platform. In 2022, the Company upgraded the incentive performance system to further motivate employees to create values via innovation. In the meantime, the Company has established a sound medium- and long-term incentive and disincentive mechanism as well as an equity incentive plan (consisting of a share option scheme and a restricted share award scheme) to fully motivate managers, as well as attract and retain outstanding management personnel. A total of 95 persons are under the equity incentive plan, accounting for 0.4% of all the Company's employees as of the end of 2022.

## Professional Training of Employees

The Company attaches great importance to talent training and development. It has by far established a hierarchical and classified talent training system, which covers various types of key personnel, providing constant support for employees' growth and vocational development.

The talent training system is continuously optimized according to the Company's strategic development and organizational structure adjustments. In 2022, the Company made iterative upgrades in many domains, such as newcomer training, promotion of backbone employees, potential mining, the transformation of primary-level operations, and cultural philosophy, which further deepened and improved the talent training system.

### Talent Training System of Far East Horizon





● Far East Horizon's Training Programs for Employee Leadership and Management Skills

<p><b>Primary and middle level managers</b></p>	<p>The Company implements the "Green Pine Program", the "Cedar Program", and a series of training programs, including a series of quality courses on leadership enhancement, dedicated training sessions, a mobile learning scheme, etc., with a view to improving their leadership and managerial competence.</p>
<p><b>Backbone employees with great potential</b></p>	<p>The Company provides a selection of learning courses to freely choose from based on personal needs and a platform for cross-department communication with an aim to nurture compound "business specialists".</p>

 Upgrade the "Green Pine Program"

In 2022, the Company comprehensively upgraded the training idea for primary-level managers, dividing the "Green Pine Program" into three stages: "transformation-consolidation-advancement", helping nearly 800 primary-level managers across the Group to develop with an entire period of training. It also created learning products to promote training efficiency with the model of "resource + tutorial + support".

**Upgrading Directions of the "Green Pine Program" Training**

**"Transformation" training stage:**

It focuses on management transformation and helps primary-level managers consolidate basic management skills by joining hands with China Europe International Business School (CEIBS) Online, which provides external course resources.



**"Consolidation" training stage:**

It focuses on role orientation and cultural values and helps primary-level managers identify their role orientations, adjust management approaches, teach by precept and example, and properly practice and deliver the Company's cultural philosophy through external professional courses and internal high-quality courses.



**"Advancement" training stage:**

It focuses on difficult management scenarios and helps primary-level managers overcome management difficulties in a targeted manner by introducing external course resources such as the Yuengyue Leadership program and Key Management Dialogue from the Development Dimensions International (DDI).



At the same time, the Company has kept pace with the new trends of digital learning to meet the growing demands of employees for learning and self-development. In 2022, the Company upgraded the "Far East Academy E-learning" online learning platform into the Far East College, further making a personalized setting for the learning portal from the perspective of the Group, and taking into account both resource sharing and the needs of various directions. It also integrated high-quality internal and external resources, effectively promoting training efficiency via the one-stop application of learning scenarios.

**Application Achievements of Far East College in 2022**

In 2022, relying on the Far East College, the Company deposited over 2,700 courses and built an internal knowledge resource base. The annual online learning hours per capita exceeded 60, guiding employees' self-learning and enhancing knowledge delivery efficiency. It also organized nearly 1,500 valid exams to promote learning and strengthen the knowledge acquired.



Far East College

In order to improve employees' professional abilities and business skills, the Company matches each new employee with an appropriate business backbone employee as a tutor. It carries out empowerment and promotion training programs to the tutors to ensure those business backbone employees can effectively perform the responsibilities of tutoring and counseling newcomers. In 2022, the Company comprehensively improved the tutorial mechanism, effectively promoting the tutorial efficiency from four dimensions: "standard release, qualification management, special empowerment, and follow-up check".

**Conduct Business Tutor Empowerment and Promotion Training**

With the combination of typical business scenarios and classical methods and theories, the Company developed a complete customized empowerment and promotion training curriculum and practical management system for tutorials. All business tutors shall be qualified after completing systematic empowerment training, assessment, and certification.

In 2022, the Company has organized a total of six special training sessions, covering nearly 300 tutors. All the tutorial processes and results can be tracked and managed by the system, which has well promoted the effect of practical tutorials for new employees and accelerated their development.



Site of the business tutor training

In order to adapt to the Company's requirements for employees' professional abilities for business development and management improvement, in 2022, Far East Horizon continued to implement the *Management Standards on Employees' Certification of External Professional Qualifications*, and other relevant regulations to all employees. The employees who have obtained professional qualifications from authoritative organizations, such as the national ministries and commissions, nationwide industry associations, and international industry associations, can get educational subsidies from the Company as an incentive to pursue self-directed learning through external high-quality professional qualification resources, hone their job skills, and expand the development channels.

## 6.3 Employee Care and Employee Activities

Far East Horizon builds a corporate culture that advocates "one family", cares about the employees, and advocates a work-life balance. By establishing an employee care scheme that consists of care for female employees, support for employees in need and their family members, basic living allowance for staff, and enriching staff activities, the Company provides various benefits for all employees, comprehensively enhances their sense of well-being and belonging, and builds a happy workplace.

<b>Care for female employees</b>	<ul style="list-style-type: none"> <li>• The Mommy's Hut program was launched, with its facilities and functions both improved continuously, to provide a private, sanitary, safe, and cozy resting place for pregnant and breastfeeding employees;</li> <li>• Screening for gynecologic conditions has been provided for female employees for many consecutive years, as a move to take good care of their physical conditions in all aspects.</li> </ul>
<b>Caring visits to staff and their family members</b>	<ul style="list-style-type: none"> <li>• The Company paid RMB4.58 million as a Spring Festival bonus to the parents of employees;</li> <li>• The Company provided congratulation allowances worth RMB160,600 to 126 employees who got married and had children;</li> <li>• The Company provided special allowances, including RMB3 million of Horizon Healthcare allowances for medical staff and RMB987,700 of allowance for employees on long-term business trips in the second half of the year.</li> </ul>
<b>Living allowance for employees</b>	<ul style="list-style-type: none"> <li>• The Company disbursed RMB335,000 in 56 assistances to employees who encountered accidents;</li> <li>• The Company provided public rental housing for young employees;</li> <li>• The "subsidized housing program" was rolled out to provide employees with interest-free loans and subsidies for the purchase of their own homes, in an effort to solve their housing problems in a targeted manner.</li> </ul>
<b>Physical and mental well-being</b>	<ul style="list-style-type: none"> <li>• Superior resources in health examination and insurance, fitness clubs, diet, health care, and other aspects, were pooled together, and interactions both online and offline were intensified to form a "one-stop protection service program" that could cover the whole life cycle of employees;</li> <li>• Employee insurance-related training (online and offline), exclusive services for the employees' health check season, and healthy lifestyle lectures were organized to provide staff with extra health protection;</li> <li>• In addition to an employee counseling program prepared in the earlier stage, the Company also introduced an employee assistance program (EAP) centered on mental health, so as to help employees identify and solve their emotional and mental health issues as early as possible.</li> </ul>
<b>Diversified activities for employees</b>	<ul style="list-style-type: none"> <li>• The Company established eight associations, including the Basketball Association, Running and Reading Association, and Badminton Association;</li> <li>• The Company provided sports facilities such as gymnasiums to encourage employees to actively take part in fitness sports;</li> <li>• The Company proactively built teams to participate in external competitions and invited coaches for the organization of daily training.</li> </ul>

## 6.4 Employee Health and Safety

Far East Horizon has always paid close attention to the substantive safety and health appeals of employees. It deems Health, Safety and Environment (HSE) as three key pillars of its sustainable development. To press ahead with lean HSE management, the Company has taken the initiative to analyze and study the essence of HSE, tried to prevent and mitigate risks from the source, and realized more meticulous and real-time management through quantitative management and adoption of new technologies to further improve management efficiency.

In 2022, 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 the 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.

In 2022, the Company reported neither major work safety accidents that caused serious injury or death nor occupational disease-related accidents.

### ● HSE Management Framework of Far East Horizon



**Employee Care and Supply Assurance**

KONG Fanxing, Chairman of the Board of Directors, Executive Director, and CEO of Far East Horizon, visited the site where vegetables and supplies urgently needed by employees in Shanghai were packaged and loaded, as well as all office floors in Far East Horizon Plaza, and extended regards to all employees who had persistently been on duty in the building since the lockdown due to COVID-19 pandemic in late March.



During the lockdown, the Company collected sufficient supplies, including over 20,000 antigen kits, 170,000 masks, and nearly 20,000 pieces of various daily supplies such as folding beds. While ensuring more than 300 people's work and life health in the building, it provided a total of 1,000 and more boxes of foodstuffs for employees whose families were in difficulties.



**Government' Commendation for Prompt Resumption of Work and Production**

The Company's property management team was given the Excellent Security Performance Award by the Security Corps of Shanghai Municipal Public Security Bureau and Shanghai Municipal Enterprises and Institutions Security Association for Far East Horizon's effective actions in various aspects of COVID-19 control and operation, as well as the resumption of work and production. As the sole award winner in the Shanghai World Expo area, Company has won full recognition for its overall actions of COVID-19 control.

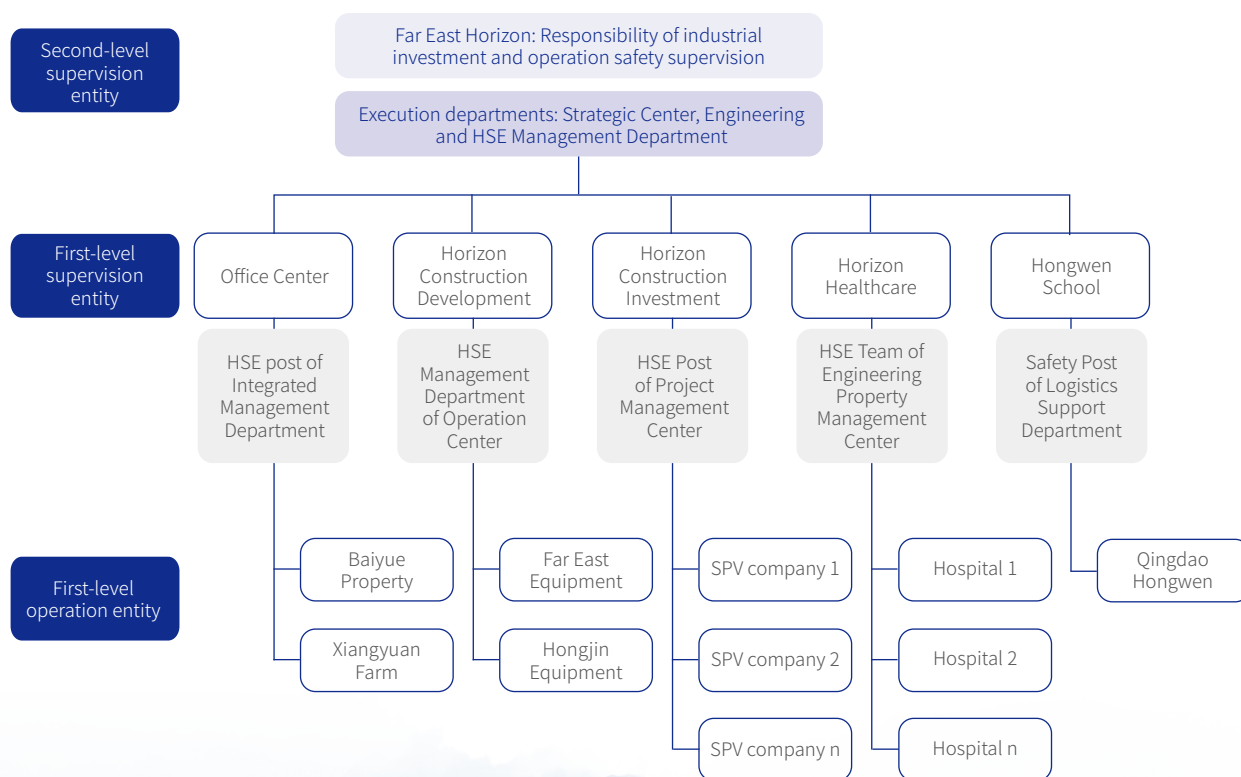




## Safety Responsibilities and Structure

Far East Horizon established the HSE Committee as the highest decision-making institution for HSE, comprehensively coordinating the safety responsibilities of each department in the Company, deliberating on major decisions on the Company's production safety, keeping track of control measures concerning high safety risks, and implementing other relevant actions, so as to effectively guarantee the safe and standardized management of the Company. At the same time, Far East Horizon strictly abides by the *Production Safety Law of the People's Republic of China*, and implements the HSE guidelines of "dual responsibilities of one post". In 2022, the Company clearly stipulated the HSE responsibility and authority of each management level and institution, established a three-level management responsibility system for production safety step by step, and carried out hierarchical and classified management and control based on supervision entities and operation entities, further clarifying the division of responsibility of the management and each department regarding safety management, as well as effectively enhancing the efficiency of safety management.

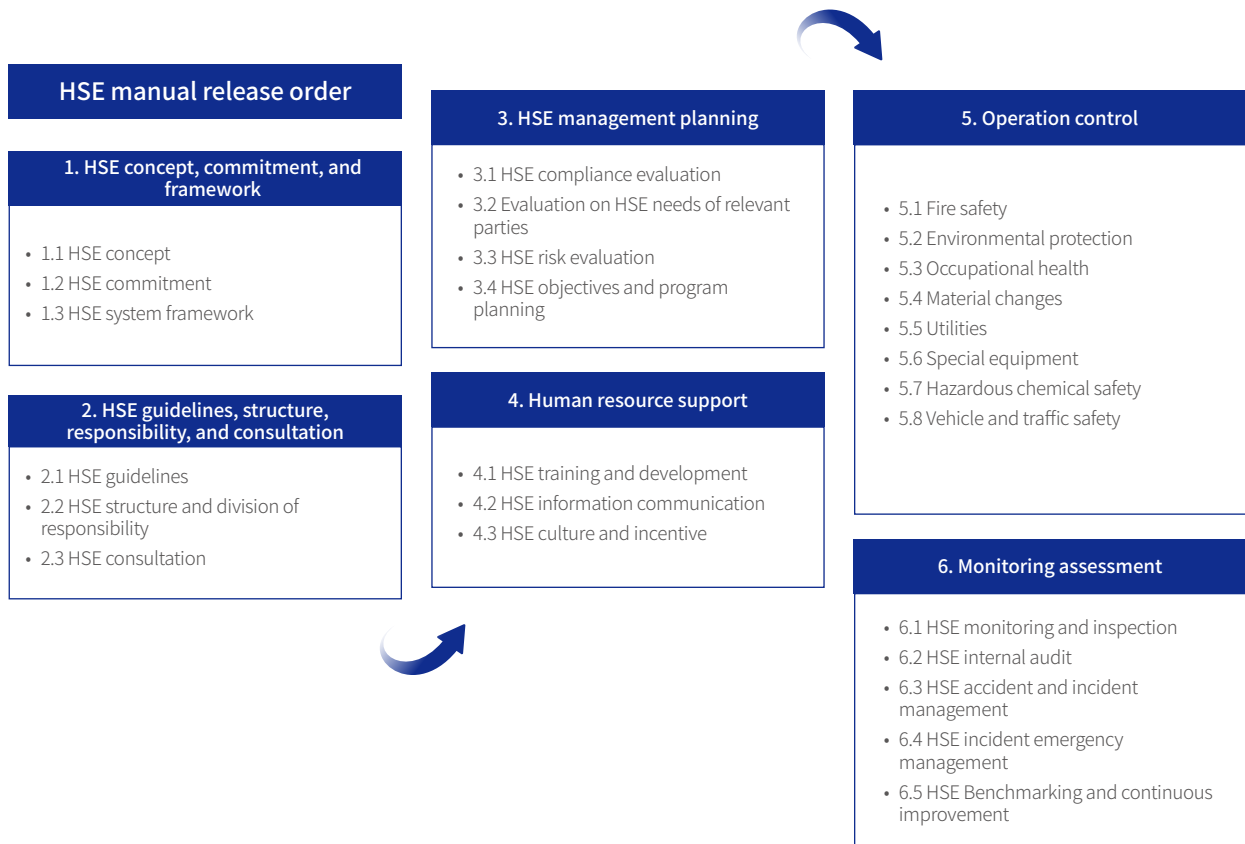
### HSE Responsibility Structure of Far East Horizon





In addition, based on the organizational structure adjustment and management promotion requirements in 2022, the Company further improved the safety system, set up and revised a total of 70 and more safety management systems (including subordinate enterprises), and promoted the implementation of management requirements via training and assessment, awareness campaign and communication, operation inspection, and other approaches. At the same time, to assess the effectiveness and standardization of the safety management system, the Company carried out an internal audit of three systems, which were occupational health, safety, and environment, and brought in external experts for improvement requirements and suggestions on safety hazards and management problems, as well as constantly tracking and managing the rectification matters online via the safety management information system.

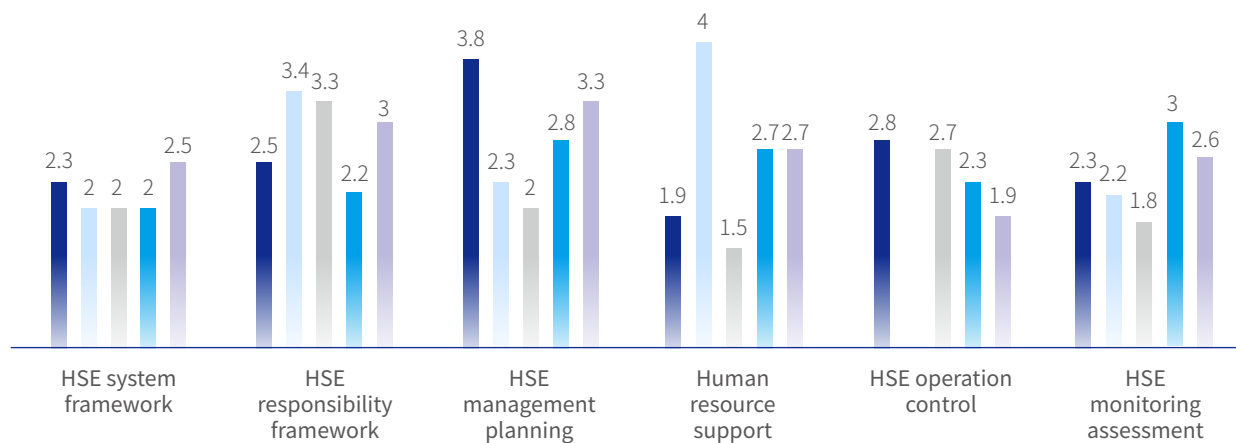
**HSE Manual of Far East Horizon**



## Safety Risk Prevention and Control System

In 2022, the Company initialized the HSE risk identification for over 100 operational sites and self-built projects above the designated scale in terms of the industrial direction. Combined with industry risks, project characteristics, and expert opinions, it held projects involving fire safety, sewage discharge, occupational diseases, carbon emissions, and major dangers to higher standards one by one, forming a risk map for safety management.

### ● HSE system internal audit results of industrial platforms in 2021-2022



### The Company's Internal Audit Results Are Measurable

Far East Horizon adheres to the overall goal of achieving the full coverage of the internal audit of occupational health, safety and environmental system in two years, guiding various industrial directions to improve safety management scientifically and systematically. In 2022, the Company conducted unannounced HSE inspections on areas with material risks and important aspects, with emphasis placed on the implementation of policies on the front line, and provided assistance in developing rectification plans for major problems or hidden hazards. It carried out hierarchical management and systematic tracking of safety hazards found in various inspections, and the completion rate of rectification remained above 95%.

## Safety Culture

Focusing on the development strategy of "finance + industry", Far East Horizon has expanded its layout of industrial operation fields such as equipment operation, hospital operation, rehabilitation and elderly care, and education. In the face of the dual challenges of an ongoing pandemic response and corporate operation safety, the Company has taken the initiative to introduce relevant measures concerning production safety in accordance with national and industrial safety policies and regulatory requirements.

In response to national publicity month for production safety and publicity month for Fire Safety, Far East Horizon organizes various safety drills every year, including fire safety evacuation drills, anti-terrorist and anti-riot emergency drills, and emergency drills for typhoons and flood prevention. Via the practical, scenario-based, and process-oriented methods, the Company has created a strong safety culture, enhanced employees' safety awareness, and enriched their knowledge of fire safety, first aid, as well as danger avoidance and escape.

### Carrying out Safety Drills to Eliminate Various Safety Hazards

The Company organizes a number of emergency drills to make sure its employees can cope with various disasters and crises properly and boost its overall stress resistance. In 2022, over ten emergency drills were completed by the Company, including anti-terrorist and anti-riot drills, fire drills, elevator rescue drills, and emergency drills for pandemic prevention and control.



Site of a fire drill at Far East Horizon Plaza (Shanghai)

## Datasheet of the Chapter

### Employment and Training Performance

Indicator	Unit	2020	2021	2022
Employment				
Total employees	person	21,672	23,257	21,886
Male employees	person	11,317	12,193	11,841
Female employees	person	10,355	11,064	10,045
Contracted employees	person	17,518	21,842	21,859
Dispatched employees	person	691	133	27
Employees engaged in other forms	person	3,463	1,282	916
Employees with a bachelor's degree or above	person	—	8,254	8,976
Employees with a master's degree or above	person	—	1,758	1,542
Employees aged below 30	person	9,795	9,560	8,304
Employees aged between 30 and 50	person	10,263	12,086	12,134
Employees aged above 50	person	1,614	1,611	1,448
Employees based in the Chinese mainland	person	21,663	23,236	21,854
Employees based in Hong Kong, Macao and Taiwan and overseas	person	9	21	32
Ethnic-minority employees	person	1,013	1,076	1,061
Disabled employees	person	76	62	62
Total employee discrimination cases	case	0	0	0
Percentage of employees under the collective bargaining agreement	%	100	100	100
The turnover rate of employees <sup>1</sup>	%	24.11	29.34	24.59
The turnover rate of male employees	%	29.11	32.74	29.35
The turnover rate of female employees	%	17.77	25.18	18.08
The turnover rate of employees aged below 30	%	23.80	30.17	24.92
The turnover rate of employees aged 30-50	%	24.01	28.52	24.16
The turnover rate of employees aged over 50	%	26.57	30.44	26.20
The turnover rate of employees based in the Chinese mainland	%	—	28.89	24.59
The turnover rate of employees based in Hong Kong, Macao and Taiwan and overseas	%	—	12.50	17.95

Indicator		Unit	2020	2021	2022
Employee training					
Employee training expenditure	Finance sector	RMB 1,000	11,600	12,580	12,790
	Industry sector	RMB 1,000	5,008	5,460	6,730
Employee training coverage <sup>2</sup>	Finance sector	%	98.82	98.85	98.89
	Industry sector	%	96.45	96.49	96.50
Training coverage among male employees	Finance sector	%	71.13	72.09	71.73
	Industry sector	%	49.53	49.10	50.58
Training coverage among female employees	Finance sector	%	28.87	27.91	28.27
	Industry sector	%	50.47	50.90	49.42
Training coverage among senior managers	Finance sector	%	1.36	1.26	1.43
	Industry sector	%	1.55	1.45	0.72
Training coverage among middle managers	Finance sector	%	10.63	9.91	8.89
	Industry sector	%	10.71	10.06	5.45
Training coverage among junior employees	Finance sector	%	88.01	88.83	89.69
	Industry sector	%	87.50	88.49	93.83
Employee average training hours <sup>3</sup>	Finance sector	hour	38.09	38.14	38.24
	Industry sector	hour	33.45	33.55	33.55
Average training hours among male employees	Finance sector	hour	37.00	37.11	37.21
	Industry sector	hour	30.89	31.00	31.09
Average training hours among female employees	Finance sector	hour	40.80	40.84	40.90
	Industry sector	hour	36.00	36.05	36.10
Average training hours among senior managers	Finance sector	hour	33.69	33.52	33.83
	Industry sector	hour	44.20	44.21	45.53
Average training hours among middle managers	Finance sector	hour	40.30	40.55	40.44
	Industry sector	hour	37.30	37.83	37.11
Average training hours among junior managers	Finance sector	hour	38.20	38.26	38.10
	Industry sector	hour	32.80	32.93	33.22

Indicator	Unit	2020	2021	2022
Employee health and safety				
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	1,146	892	877
Times of safety supervision	number	2,967	3,269	2,989
Number of emergency drills <sup>4</sup>	number	483	539	399
Safety training participants <sup>5</sup>	person time	29,153	70,847	85,719

Note 1: Employee turnover rate in each category = the number of employees of that category who resigned during the year / (the total number of employees at the end of the year + the total number of employees who resigned during the year).

Note 2: According to Hong Kong Stock Exchanges' How to Prepare an ESG Report-Appendix 3: Reporting Guidance on Social KPIs (March 2020), the calculation formula for 2021 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.

Note 3: 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/the number of employees of that category at the end of the year.

Note 4: The number of emergency drills is lower than that in the previous year because employees had to work from home in part of 2022.

Note 5: Online safety training was newly provided in 2021 and 2022, and the "Horizon E Academy" online training platform was put into service by Horizon Construction Development in 2021. Therefore, safety training participants in 2021 and in 2022 greatly increased compared with 2020.



# The Ultimate Love, Helping for Good

## Material topics addressed

- Rural revitalization
- Community communication and development
- Charity and volunteer services

## The UN SDGs aligned



# The Ultimate Love, Helping for Good

## 7.1 Annual Overview of Horizon Charity Foundation's Actions

Far East Horizon has supported social welfare for a long time. Relying on Beijing Horizon Charity Foundation and Shanghai Horizon Charity Foundation (collectively known as "Horizon Charity Foundation"), it keeps exploring diversified modes of public welfare and focuses on the promotion of sustainable development capacity in rural areas, the improvement of infrastructure for public services, as well as the caring for the healthy growth of adolescents, making positive contributions to the public welfare.

In 2022, Horizon Charity Foundation revised 19 existing systems, including the reporting systems on major matters and the measures for the management of in-kind donations, to continuously improve the system of public welfare and guide public welfare projects on a standardized basis.

### ● Introduction to Horizon Charity Foundation

Name	Beijing Horizon Charity Foundation	Shanghai Horizon Charity Foundation
Date of establishment	January 17, 2014	June 10, 2015
Registered capital	RMB2 million	RMB2 million
Business scope	Disaster relief, poverty alleviation, the incentive and financial assistance for outstanding students	Disaster relief, poverty alleviation, financial assistance for poor students, the incentive for outstanding students, volunteer activities.

### ● The Footprint of Horizon Charity Foundation's Social Welfare in 2022

Rural revitalization	<ul style="list-style-type: none"> <li>The public welfare projects mainly focused on the green industry, quality education, and health and well-being, such as the "Beautiful Heart" Campus Mental Health Project, "Jingmai on the Cloud" Green Industry Development Project in Yunnan, and the Core of Volunteer "Caring for the Health of Vulnerable Groups in Rural Areas" Training Project for the social welfare, as well as Assistance Projects through Culture and Building Aspirations.</li> </ul>
Scholarships and fellowships	<ul style="list-style-type: none"> <li>The Company conducted Horizon "Sword Casting Initiative" Scholarships and Fellowships Project.</li> </ul>
Emergency relief	<ul style="list-style-type: none"> <li>The Horizon "Vanguard in the Emergency" Brand Series Projects were conducted by the Company, involving the Battle of Shanghai and the "Pioneer in the Battle against the Pandemic" Support Program for Medical Institutions.</li> </ul>
Medical aid	<ul style="list-style-type: none"> <li>In order to support vulnerable groups in accessing medical treatment and enhance the overall level of medical in underdeveloped areas, series of projects themed by Horizon "One Heart for Medical Care" were launched.</li> </ul>

## Poverty alleviation

- The Horizon in Action Caring Project (formerly Henan Poverty Alleviation Project) provided living materials for local poor households, orphans and widows, and the disabled. Living subsidies were provided for poor students and people, with the footing of expenditure reaching RMB425,800 and more than 500 recipients.
- Children can enjoy the characteristic courses, homework help, reading guidance, sports activities, and other service support in the Love Book House Project, the number of these recipients amounting to over 50.
- The care projects for children in the border areas aimed to provide an interactive "Moving Classroom" Study Program for 40 children aged between 8 and 12 in Awat County, Aksu Prefecture, and Dushanzi District, Karamay City, to establish a support platform for children's care.



In 2022, Horizon Charity Foundation spent **RMB8,596,200** on multifarious public welfare projects, an increase of **63.5%** over 2021. Besides, the number of direct beneficiaries of the projects exceeded **200,000** persons, and indirect beneficiaries were over **1** million.

## 7.2 Commitment to Supporting the Community Welfare

### Rural Revitalization

As the rural revitalization strategy opens a new chapter, how to fulfill the rural revitalization by consolidating and expanding the achievements of poverty alleviation has been pivotal in the work relating to agriculture, rural areas, and farmers. Under the guidance of the national rural revitalization strategy, the Company relies on the Horizon Charity Foundation to conduct public welfare projects giving priority to the promotion of sustainable development capacity in rural areas, the improvement of public infrastructure facilities, and the caring for the healthy growth of adolescent, so as to actively facilitate rural revitalization.

In 2022, the Company intensified the overall donation investment, encouraging Horizon Charity Foundation to work on rural revitalization. Additionally, the specialists for rural revitalization projects formed by Horizon Charity Foundation were liable for the coordination of projects related to rural revitalization.

In 2022, in terms of public welfare projects for rural revitalization, the priority of Horizon Charity Foundation was laid in the green industry, quality education, and health and well-being. It continued to conduct the "Beautiful Heart" Campus Mental Health Project, the "Jingmai on the Cloud" Green Industry Development Project in Yunnan, and the Core of Volunteer "Caring for the Health of Vulnerable Groups in Rural Areas" Public Welfare Training Project, as well as Assistance Projects through Culture and Building Aspirations.



### Supporting Education Cause in Rural Areas through the "Beautiful Heart" Campus Mental Health Project

In 2022, with the "Beautiful Heart" Campus Mental Health Project, the "Childish Innocence Project School" was jointly established by Horizon Charity Foundation and another four schools in Meigu County, Liangshan Yi Autonomous Prefecture, Sichuan Province, providing one year of mental health services to children in these schools. Furthermore, the implementation of this project will also provide an opportunity for local children to get education on psychological health and help them grow up healthily.



Awarding Ceremony of the "Childish Innocence Project School"

**Carrying out the Horizon Assistance Projects through Culture and Building Aspirations to Support the Rural Revitalization**

In the second half of 2022, Horizon Charity Foundation cooperated with national professional social service institutions for rural revitalization and launch assistance projects through culture and building aspirations with the main objective of cultural revitalization and cultural and creative cultural tourism support. Based on the Creations Promotion Center of the Shanghai Federation of Literary and Art and Shanghai Audio and Video Publishing House, it has also established the first cultural and creative public welfare platform in East China. The platform has founded a think tank that includes more than 20 first-class experts and scholars as well as a series of cultural public welfare courses, and related offline activities that will be officially launched in 2023.

**Scholarships and Fellowships**

As a traditional public welfare project supporting the high-quality development of national education, the Horizon "Sword Casting Initiative" Scholarships and Fellowships Project aims to help poor students with good academic performance to relieve their financial pressure, motivate outstanding students to study diligently and effectively support the development of education.

In 2022, the "Sword Casting Initiative" Scholarships and Fellowships Project completed the allocation of scholarships to 17 universities nationwide, including Peking University, Fudan University and Dalian Maritime University, with a total amount of RMB2.15 million.



"Horizon Scholarships and Fellowships Project" — Dalian Maritime University.

**Emergency Relief**

On the basis of the previous experience accumulated in emergency relief, in 2022, the Horizon "Vanguard in the Emergency" Brand Series Projects were launched by the Company, including the Battle of Shanghai and the "Pioneer in the Battle against the Pandemic" Support Program for Medical Institutions, provided epidemic prevention supplies, contactless equipment and necessary emergency food to frontline doctors and hospitals as well as staff involved in frontline epidemic prevention and control, fully reflecting the Company's determination and strength to work together with the country, community and people in the face of an emergency.

**Donation of Emergency Funds and Supplies to Primary-level Governments and Communities in Shanghai**

During COVID-19 in Shanghai, the Putuo District Government and the frontline pandemic prevention personnel in all streets and towns stood up and fought day and night to protect the lives and safety of the public. As a Hong Kong-funded patriotic enterprise, the Company always shares the same breath and destiny with the Chinese economy. During the current round of the epidemic, the Company donated nearly RMB3 million to the Putuo District Government and the community where it operates, to overcome the difficulties together with the people of Shanghai and make a contribution to win the battle and defend Shanghai.



The Battle of Shanghai of Horizon Charity Foundation



## Medical Aid

Since the medical treatment is pivotal to the people's livelihood, for the purpose of supporting medical treatment for vulnerable groups and improving the overall level of medical treatment in underdeveloped areas, the Horizon Charity Foundation carried out a series of projects -- the "One Heart for Medical Care", including the "Doctor Training Program" and Hongxin "Love Ward" Medical Assistance Project to provide medical assistance to poor patients.

### Cooperating with Shanghai Children's Medical Center in the "Doctor Training Program for the Pediatric Urology Doctors"

Since 2015, Horizon Charity Foundation has been working with Shanghai Children's Medical Center to carry out the "Doctor Training Program for the Pediatric Urology Doctors". The project is dedicated to helping medical units in remote areas with a lack of resources to improve the diagnosis and treatment of pediatric urological diseases through diversified forms of charity clinics, charitable surgeries and public welfare training, so as to make more poor children in need access to the treatment, thus promoting the sustainable development of local medical care.



Learning the New Advances in the Treatment of Urinary and Defecation Dysfunction

In 2022, there was RMB200,000 available for the project. In addition, the project gave financial assistance to the team to participate in three training sessions, assist in two consultations in rural areas, and perform five charitable surgeries. More than 20 clinicians from the west received financial assistance to participate in "Learning the New Advances in the Treatment of Urinary and Defecation Dysfunction".

### Conducting the Horizon "Love Ward" Medical Assistance Project

In 2022, Horizon Charity Foundation carried out the Horizon One Heart for Medical Care - Building Love Ward Medical Assistance Project in Shenzhen and Nayong to help poor patients be accessible to medical assistance, with a total contribution of more than RMB300,000, providing financial help to more than 300 local poor patients, alleviating their financial pressure and enabling them to receive timely treatment.



Photo of Assisted Patients and Medical Personnel

## 7.3 Active Commitment to Voluntary Service

In 2022, in accordance with the *Charity Law of the People's Republic of China*, *Regulations on Volunteer Services*, and some local governments' pertinent documents such as the *Regulations on the Promotion of Volunteer Services in Beijing* and the *Regulations on Volunteer Services in Shanghai*, Horizon Charity Foundation formulated and released the *Guidelines on Information Management of Horizon Voluntary Service*. The main scope of employees' participation in volunteer service activities and the online declaration process of employees' volunteer service activities and records are clarified. The mechanism of employees' volunteer service is further improved, and employees and their families are strongly encouraged to participate in volunteer service activities to protect their basic rights and interests in participating in volunteer service.

In 2022, Horizon Charity Foundation actively led staff volunteers to get involved in volunteer service activities such as support and care for students. Through volunteer service activities such as "Care for Left-behind Children Volunteer Service Activity Conducted in Chongming District, Shanghai" and "Qianlicao Volunteer Teaching Program", the Company paid attention to the healthy growth of left-behind children and promoted educational development in rural areas, while cultivating an excellent volunteer team for public welfare.

**Organizing the Employee Volunteers to Participate in the Care for Left-behind Children Volunteer Service Activity Conducted in Chongming District, Shanghai**

Horizon Charity Foundation has been recruiting employee volunteers to participate in the Care for Left-behind Children activity in Chongming District since 2015. By 2022, more than 300 employee volunteers took part in this activity.

In 2022, volunteers and children went to the art museum during the holidays to participate in a variety of art experience activities, getting close to the works of art that they can only see on TV in normal times, feeling the care from volunteers, and building up confidence and courage.



Photo of Employee Volunteers and Children in the Art Museum

**Continuing to Carry Out the "Qianlicao Volunteer Teaching Program"**

The "Qianlicao Volunteer Teaching Program" is committed to exploring a new public service model of school support, which is "help in life + learning guidance personality training + ideological education + psychological counseling + growth planning". In other words, it shifts the mode of poverty alleviation from material assistance to improving the poor's ability to achieve self-alleviation from poverty, combining traditional school assistance and education, and turning the former into a booster of quality education.

Employee volunteers, together with college volunteers, integrate all kinds of public welfare resources by creating an efficient, reliable and diversified project platform, so that more people can be involved in public school assistance. By doing so, the volunteers give effective assistance to the poor elementary and middle school students in the mountainous areas of Chengxian County by solving their difficulties in thinking, learning and living, and strive to promote the healthy growth of recipients to pass on the care from society in the future.

In 2022, a total of RMB37,100 has been invested in the Qianlicao Volunteer Teaching Program, and the total hours of volunteer services of 30 volunteers reached 1,680. This program, mainly including a series of activities such as the Etiquette Course, Life Experiences, Urban and Rural Cooperation, and Educational Exchange, has offered assistance to approximately 200 rural children through the new model of school support.



Shanghai Horizon Charity Foundation—"Qianlicao Volunteer Teaching Program in 2022"



## Datasheet of the Chapter

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

Indicator	Unit	2020	2021	2022
Total cash expenditure for public welfare activities	RMB10,000	578.62	525.61	859.62
Participants in volunteer activities	person	80	205	87
Total hours of volunteer activities	hour	500	2,430	4,790

Note 1: The statistical data cover Shanghai Horizon Charity Foundation and Beijing Horizon Charity Foundation.

# CSR Report of Horizon Construction Development: Promoting China's Construction Industry through a Customer- centric Approach

## Material topics addressed

- Quality of construction projects and equipment
- Safety Production
- Serving the real sector
- Customer services and satisfaction

## The UN SDGs aligned



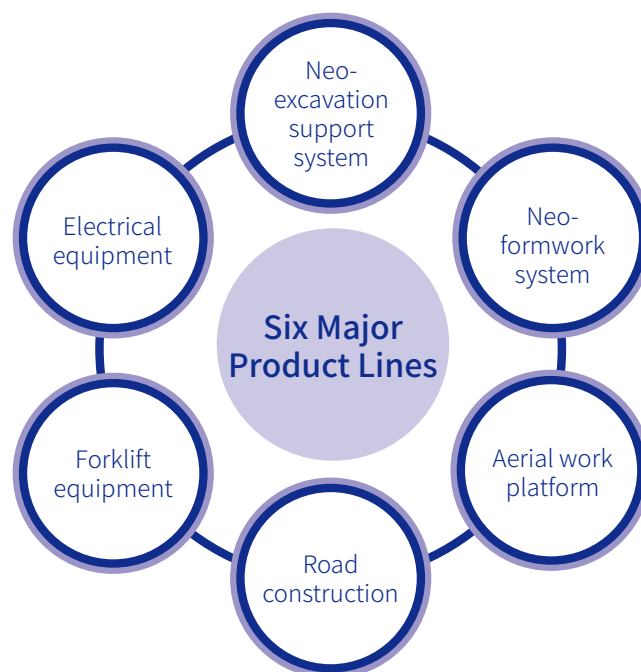
## 8. CSR Report of Horizon Construction Development: Promoting China's Construction Industry through a Customer-centric Approach

### 8.1 Overview of the Construction Sector

Far East Horizon's subsidiary, Horizon Construction Development Limited ("Horizon Construction Development") is a comprehensive equipment operation service provider in China's construction field. Based on construction and construction equipment and materials, the Company is committed to providing customers with multi-functional, all-round and full-cycle comprehensive services, and keeps creating value for customers with the aid of its multiple product lines, nationwide operational network and complex operating capacity.

As a socially responsible enterprise, Horizon Construction Development always keeps in mind the mission of "making customers' production and operation safer and more efficient" and adheres to the vision of "being committed to becoming a trusted equipment operation service provider". Based on the actual operation, the Company combines the business characteristics of the six major product lines with the demands of stakeholders, proactively identifies key issues of social responsibility, and enthusiastically understands and addresses the expectations and demands of stakeholders, so as to facilitate the upgrading of China's urban construction towards environment-friendly, efficient and intelligent development by virtue of superior machinery and equipment and robust technical service teams.

#### ● Six Major Product Lines of Horizon Construction Development





### Honors and Awards of Horizon Construction Development in 2022

- Making its way to the list of World's Top 100 Rental Companies (IRN 100) and ranking **14th**, up **10 places** from last year;
- Getting its ranking on the Access50 Rental Fleets list rising to **No. 1** in Asia and **No. 3** worldwide;
- Ranked **No.1** among the "Top 10 Aerial Operation Equipment Leasing Companies in China" at the T50 Summit of World Construction Machinery Industry in 2022;
- Winner of **"Leading Green Leasing Enterprise"** in the Fifth China Financial Leasing "Soaring High Award" in 2022;



Ranked 14th Worldwide on the List of World's Top 100 Rental Companies (IRN 100)



Ranked Third Globally and First in Asia on the Access50 Rental Fleets List



Ranked First among the "Top 10 Aerial Operation Equipment Leasing Companies in China"



One of the Leading Green Leasing Companies

Facilitated by its network of 4 operation bases and 349 service outlets nationwide, Horizon Construction Development has cumulatively served more than 158,000 customers with its equipment operation services and is dedicated to establishing and maintaining long-term relationships with a broader range of high-quality customers. During 2022, Horizon Construction Development played a crucial role in constructing various major engineering projects, including the project of channeling more computing resources from the eastern areas to the less developed western regions, the Wenchang Satellite Launch Center, and new energy infrastructure projects, among others.

### Participating in the Construction of the Wenchang Satellite Launch Center

Situated in Wenchang City, Hainan Province, Wenchang International Aerospace City is led by aerospace science and technology, with a focus on developing industries such as aerospace launch and supporting services, high-end aerospace product research and manufacturing, and the development and application of aerospace big data. With its entry into Wenchang International Aerospace City in late 2021, Horizon Construction Development systematically advanced the construction of projects such as the Hainan commercial space launch site, Wenchang Aerospace Supercomputing Center, rocket assembly plant, and satellite general assembling and testing plant.



Rocket General Assembling and Testing Base, Wenchang International Aerospace City

In 2022, by virtue of the advantages of multi-category aerial vehicle equipment products and the wealth of experience accumulated through participation in the construction of many key projects in China, Horizon Construction Development rapidly developed sound solutions for multiple aerial operation scenarios such as steel structure, curtain wall, interior decoration, ventilation, firefighting and water and electricity in the Aerospace City Park.

Specifically, during the construction of the most critical rocket general assembling and testing base, high-altitude construction was particularly complicated, involving great height and large spans, and had been subject to restricted construction schedules due to the impact of the COVID-19 pandemic on the entire province of Hainan. In response to construction challenges, Horizon Construction Development implemented a comprehensive response strategy. Prior to the start of construction, business managers were arranged to conduct advance site surveys to assess the environmental conditions. Different types of high-altitude vehicles with various specifications, models, and power capabilities were then selected and configured based on the construction needs of each individual process. Furthermore, Horizon Construction Development also carefully planned the deployment of high-altitude vehicles based on the project construction schedule. By doing so, the Company was able to minimize costs and improve efficiency for the construction team while ensuring comprehensive progress for the project.



## 8.2 High-quality Equipment Operation

### Guaranteeing the Quality of Construction and Equipment

Quality is the guarantee for the survival and development of enterprises, and the lifeline for market expansion. Thus, it is of paramount importance to maintain strict quality management. Following this principle, Horizon Construction Development continuously builds up a sound quality management system. In 2022, based on *ISO 9001:2015 Quality Management System Manual*, Horizon Construction Development formulated or revised a total of 64 quality management measures, norms, rules and standards, such as *Management Measures for Project Quality Responsibility System*, *Management Measures for Reward and Punishment of Project Construction Quality*, and *Management Measures for Project Quality Training*, so as to promote the quality control of projects and products by improving the quality management system documentation.

Horizon Construction Development considers the product recall mechanism as an important means to guarantee product quality. By requesting the completion of the *Non-conformance Report* and the *List of Corrective and Preventive Measures*, the Company promptly recalls the defective products to ensure the product quality in a comprehensive and effective manner. In 2022, neither product recall nor regulatory penalty due to product quality defects took place at Horizon Construction Development.

To further enhance the quality management standard, Horizon Construction Development adopts and implements a set of quality management measures based on the quality management objective of "building a quality benchmark, forging a quality brand, implementing quality control requirements and creating a positive cultural atmosphere", while focusing on the aspects of engineering, materials and production. The aim is to strengthen the quality management capability, investigate and tackle hidden quality problems and reduce quality accidents.

#### ● Main Measures for Quality Management of Horizon Construction Development

<p><b>Engineering</b></p>	<ul style="list-style-type: none"> <li>• Optimize the quality performance inspection process, define the performance standards for each post related to project management, refine the reporting process and inspection standards for "failure to perform" and "no need to perform", continuously monitor the quality performance process and improve the quality performance execution rate;</li> <li>• Weekly examine the investigation results of hidden quality problems and the timeliness of rectification to further enhance the rate of timely rectification of hidden quality problems;</li> <li>• Enhance the project quality, and significantly improve the project quality-related indicators such as the fulfillment rate of project quality, the rate of timely rectification of hidden quality problems, and the rate of timely rectification of major quality problems compared with the previous year.</li> </ul>
<p><b>Materials</b></p>	<ul style="list-style-type: none"> <li>• Daily patrol the base for quality inspection, conduct on-site teaching and training for the problems identified, and improve the staff's mastery of quality standards;</li> <li>• Daily hold morning shift meetings to alert employees to the operation quality and work safety;</li> <li>• Hold weekly quality meetings to report and communicate the occurrence and handling of quality incidents during the week, and conduct quality standard training for employees;</li> <li>• Issue special rectification reports and thoroughly analyze the problem points encountered in the business process.</li> </ul>
<p><b>Production</b></p>	<ul style="list-style-type: none"> <li>• Monthly organize staff to analyze, solve and improve the fault problems that occurred during the month, so as to enhance the quality management capability of staff and the production qualification rate of products.</li> </ul>



At Horizon Construction Development, product quality is regarded as a vital manifestation of the corporate values and employee competence. The training management system and work procedures are aligned with international standards, with the aim of gradually establishing a quality training system based on quality awareness, quality rules and quality standards, thus promoting the development of employees' quality management awareness and improving their quality management capabilities. Throughout 2022, Horizon Construction Development conducted a total of 465 online and offline quality training sessions, which reached 1,335 participants.



Project Quality Training for Guilin Ocean Park



Project Quality Training for 07 working area of Zhengzhou Metro Line 7

## Product and Service Innovation

In terms of green product innovation, Horizon Construction Development consistently promotes the research and application of technologies such as equipment electrification and green foundation pit support. Compared to traditional enclosure structures and concrete support engineering, the green foundation pit support technology has the advantages of the lower overall price and fewer logistics costs, significantly shorter construction period and recyclable materials, which contributes to the green and sustainable development of China's infrastructure construction in the new era.

In the aspect of 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 2022, Horizon Construction Development neither maliciously infringed on IPRs of others nor committed other crimes/non-compliance behaviors.

Horizon Construction Development adheres to the customer-oriented approach and is dedicated to providing customers with all-round, multi-functional and full-cycle services by establishing customer communication channels, customer satisfaction surveys mechanism and customer complaint management system and other customer service systems.

● Customer Service System of Horizon Construction Development in 2022

Key aspects	Description
<b>Customer service and communication system</b>	<ul style="list-style-type: none"> <li>The Company values customers' comments and suggestions on products and services, clearly identifies customers' feedback needs and continuously optimizes timely responses through various channels such as telephone call-back, SMS, 400 customer service hotline, app and online reception via the WeChat Official Account.</li> </ul>
<b>Customer satisfaction surveys</b>	<ul style="list-style-type: none"> <li>The customer satisfaction survey is conducted by means of telephone calls. The survey encompasses timeliness, vehicle condition, training, personnel, base and other aspects, covering the neo-excavation support system, the neo-formwork system, the AWP and other business lines. The customer satisfaction has reached 91%.</li> </ul>
<b>Customer complaint handling</b>	<ul style="list-style-type: none"> <li>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. If customers are dissatisfied with how their complaints are handled or refuse to accept the handling results, customer service specialists will call them back and follow up throughout the process in an effort to ensure their satisfaction.</li> </ul>

In 2022, Horizon Construction Development continued to increase its investment in digital technology, and further improved its operational efficiency and customer service level by leveraging its outstanding digital capabilities.

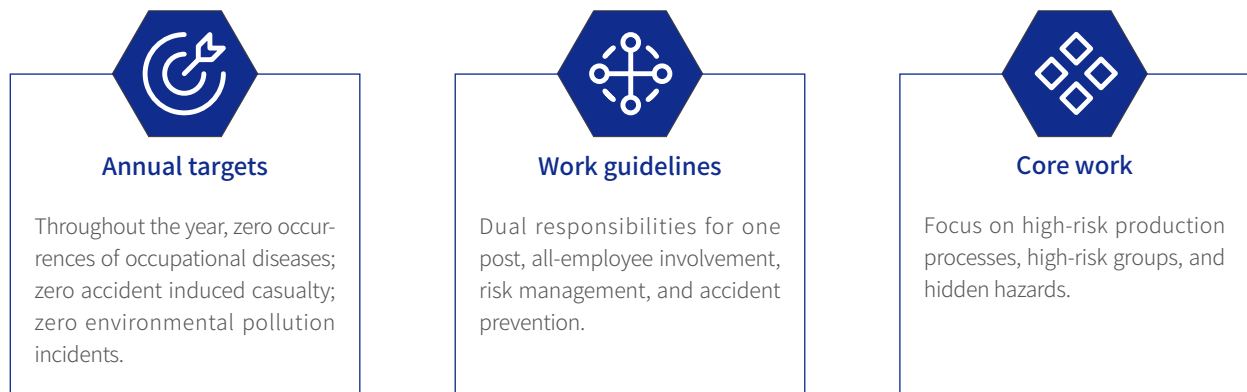
● Main Measures for Technology-Enabled Business of Horizon Construction Development

<b>Creating new business processes and promoting paperless operation</b>	<ul style="list-style-type: none"> <li>Continuous progress is made towards paperless handling of relevant documents in business processes, resulting in over 1 million documents transmitted and signed electronically each year.</li> </ul>
<b>Optimizing the supply chain network with advanced algorithms to reduce the single transport distance</b>	<ul style="list-style-type: none"> <li>The supply chain network model is applied to continuously optimize the supply chain fulfillment efficiency. The average distance per shipment has decreased by 9%, while the on-time fulfillment rate has substantially increased to 93%.</li> </ul>
<b>Expanding online channels to assist customers in enhancing their equipment utilization efficiency</b>	<ul style="list-style-type: none"> <li>The mini-program for customer equipment management has been launched to help over 160 customers effectively manage their leased equipment. By monitoring the on-site use of leased equipment, it assists customers in improving the leased equipment utilization efficiency to generate more earnings.</li> </ul>

## 8.3 Vigorously Enforcing Safety on Production

Horizon Construction Development persistently implements the work safety and occupational hazards protection measures to protect its employees. Through the HSE Committee and its subordinate bodies, it coordinates and promotes HSE-related matters such as decision-making on major HSE matters, setting annual HSE targets, and fostering safety awareness among employees. In addition, it continuously improves the HSE management system from multiple dimensions such as resource input, process safety, equipment and material safety, technical safety, quality safety, and safety supervision to safeguard business safety during rapid business growth.

### ● HSE Management System of Horizon Construction Development



In 2022, Horizon Construction Development continued to improve the HSE management system by adding, revising and releasing work safety bans for 31 positions/processes under nine business segments, as well as 41 standard operating procedures (SOPs) for high-risk processes, 21 management rules, 21 management measures and 108 work instruction manuals. The systematic management regime provided guidance to employees for the orderly implementation of safety production, contributing to the safe, healthy and sustainable development of its business operations. In terms of HSE management system certification, Jinshan Equipment, a subsidiary of Horizon Construction Development, renewed its enterprise safety standardization certification in 2022.

In terms of safety accident management, Horizon Construction Development follows the principle of "pre-event management, during-event control, and after-event improvement" to strictly control the threats brought by employees' violations. In case of an HSE accident, Horizon Construction Development requires that the injured, if any, shall be sent to hospitals immediately, and that investigations shall be conducted to analyze the causes of accidents from dimensions of people, machines, material, methods, and environment. The principle of "four no-excuses" shall be followed in handling accidents. Thanks to the strict accident responsibility management, Horizon Construction Development had 18 minor accidents but incurred no serious injuries or above in 2022.

### ● Principle of "Four No-excuses" for Safety Accident Disposal of Horizon Construction Development



When it comes to protecting the occupational health and safety of employees, Horizon Construction Development upholds the safety management philosophy that takes risk management at the core, and strictly follows laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. By investing in safety management, creating a safety culture, and preventing occupational disease risks, it has enhanced the safety management awareness and capabilities of front-line employees and established a long-term mechanism to protect their occupational health and safety.

**2022 Occupational Health and Safety Measures for Employees of Horizon Construction Development**

<p><b>Investing in production safety</b></p>	<ul style="list-style-type: none"> <li>In 2022, the investment in safety management reached approximately RMB10.1 million, which was spent mainly on the procurement of labor protective supplies, replacement of safety facilities and equipment, maintenance/regular inspection of special equipment, disposal of hazardous/solid waste, pre-employment compliance certificate training, and occupational health examination.</li> </ul>
<p><b>Building a culture of safety</b></p>	<ul style="list-style-type: none"> <li>A column on safety education entitled "Warning Bells Ringing" was created to push safety education articles or videos so as to promote the safe operation of front-line employees. 34 articles were sent to all employees and the total number of readers exceeded 56,993;</li> <li>A special incentive fund was set up to reward accident-free teams and individuals for excellent safety practices throughout the year. In 2022, more than 1,568 cash rewards were issued, totaling RMB311,900; more than 13 in-kind rewards were granted, with a total of more than 48 prizes;</li> <li>By publicizing safety management know-how, providing training on safety information and skills, and carrying out special activities for the Safety Production Month, the Company regulated employees' safety operation practices. In 2022, 112 safety training sessions were offered, covering 65,774 employees. The coverage rate of front-line employees reached 100%.</li> </ul>
<p><b>Protecting against occupational disease risks</b></p>	<ul style="list-style-type: none"> <li>Enhance the manufacturing operation environment, improve the marking of equipment and facilities, and provide employees with qualified protective gear;</li> <li>For new renovation and expansion projects, "synchronization on three levels" of occupational health should be implemented according to laws and regulations. A professional health evaluation agency should be engaged to conduct pre-evaluation and acceptance inspection evaluation;</li> <li>Regularly evaluate the status quo of occupational disease hazards, detect and publish occupational disease risk factors, and standardize the occupational health protection facilities;</li> <li>For staff in posts associated with the risk of occupational diseases, standardized health checks for pre-employment, on-the-job, transfer, and separation, should be carried out to eliminate the risk of occupational diseases at source.</li> </ul> <div data-bbox="991 1241 1369 1450"> <p>14:01   2022-09-05 星期一 晴 28°C</p> </div> <p>HSE Training at the Xiong'an Base</p> <div data-bbox="991 1494 1369 1724"> <p>11:46   2022-08-24 星期三 多云 26°C</p> </div> <p>HSE Training at the Beijing Base</p>

## Datasheet of the Chapter

### Occupational Health and Safety Performance of Horizon Construction Development<sup>1</sup>

Indicator	Unit	2020	2021	2022
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	380	382	360
Times of safety supervision	number	1,619	1,928	1,921
Number of emergencies drilling <sup>2</sup>	number	196	221	135
Safety training participants <sup>3</sup>	person time	7,691	49,799	65,774

Note 1: The above statistics cover Horizon Construction Development.

Note 2: Due to the pandemic in 2022 and the need to minimize staff gatherings, emergency drills were conducted less frequently, while still ensuring the basic drills. As a result, the frequency of emergency drills in 2022 was lower than that in 2021.

Note 3: In addition to the offline HSE training offered on an ongoing basis, Horizon Construction Development launched the "Horizon E Academy" online training in May 2021, so the number of safety training participants increased in 2021 and 2022.



# CSR Report of Horizon Healthcare: High-quality Medical and Inclusive Healthcare

## Material topics addressed

- High-quality medical services
- Medical care safety
- Customer information security and privacy protection
- Customer service and satisfaction
- Healthcare accessibility

## The UN SDGs aligned





## 9. CSR Report of Horizon Healthcare: High-quality Medical and Inclusive Healthcare

### 9.1 Overview of the Healthcare Sector

Far East Horizon Healthcare Industry Development Co., Ltd. (hereinafter referred to as "Horizon Healthcare"), a subsidiary of Far East Horizon, is a large-scale social capital hospital group in China. With the vision of "Building a century-old Horizon Healthcare recognized by the government, acknowledged by the industry, and relied on by the people", the mission of "Making quality health services available nearby", and the core business of "Medical Services" and "Healthcare Services", Horizon Healthcare arranges for the great health industry based on comprehensive services such as rehabilitation and elderly care, hospital management consulting, and medical technology.

#### ● Strategic Way of Horizon Healthcare

##### Strategic way

- Distribute hospitals in regions needing healthcare and stick to the "Hundred Counties Plan" to form the advantages of regional groups and chains in China; construct one network, carry out one system, and establish one hospital to leverage its advantages of system and mechanism, build its brand with quality and services, and stay in the leading position in cost and efficiency.



As at the end of 2022, Horizon Healthcare owned or controlled a total of **30** hospitals, which offered about **11,000** available beds and hired over **10,000** medical staff.

### 9.2 High-quality Medical Services

#### Improving the Quality of Medical Services

The management of the quality of medical care is the core of hospital management. Horizon Healthcare is continuously improving measures for medical services to further improve the quality of medical services. In order to establish a quality management system with characteristics of Horizon Healthcare and keep optimizing the quality management operation mechanism of Horizon Healthcare, Horizon Healthcare released the *Quality Management Manual of Horizon Healthcare (Version 2022)* in 2022, which is applicable to all member hospitals of Horizon Healthcare, to promote the standardized and integrated quality management.

● **Key Initiatives Adopted by Horizon Healthcare to Improve the Quality of Medical Care in 2022**


<p><b>Establishment of the healthcare quality and safety management system of Horizon Healthcare</b></p>	<ul style="list-style-type: none"> <li>• Set up the quality and safety management committee of Horizon Healthcare, under which five member committees were established, including medical care, nursing, nosocomial infection, pharmaceutical, and safety and equipment management committees, and adopt the committee and regional management mode to promote quality supervision and sustaining improvement.</li> <li>• Establish the medical care quality comment system with ten comment standards of five dimensions, including the quality management, performance construction, regional management, quality activities, and sustaining improvement of quality.</li> <li>• Set up quality supervision indicators of Horizon Healthcare in 2022.</li> </ul>
<p><b>Establishment of quality management policies</b></p>	<ul style="list-style-type: none"> <li>• Release the <i>Quality Management Manual of Horizon Healthcare (Version 2022)</i>, which includes two parts, the Quality Management Manual and the Quality Operation Manual.</li> </ul>

The culture of quality of Horizon Healthcare is its internal momentum to improve quality management and source to promote quality improvement and innovation and pursue excellence. In 2022, Horizon Healthcare introduced advanced hospital quality management theories and methods for comprehensive quality management, sustaining quality improvement, and system management. Besides, it carried out quality management education and training activities to enhance the quality management awareness of employees and member hospitals.


**Developing a Harmonious Doctor-patient Relationship**

Horizon Healthcare always practices the double-first-place principle of "Putting both patients and doctors in the first place", dedicated to developing a harmonious doctor-patient relationship.


● **Initiatives Adopted by Horizon Healthcare to Improve Patient Satisfaction**




**Offer access to make appointments with doctors or for check-ups via mobile phones**



**Increase communication channels between doctors and patients: the internet platform called "Horizon Clinic"**



**Carry out chronic disease management and offer home care**



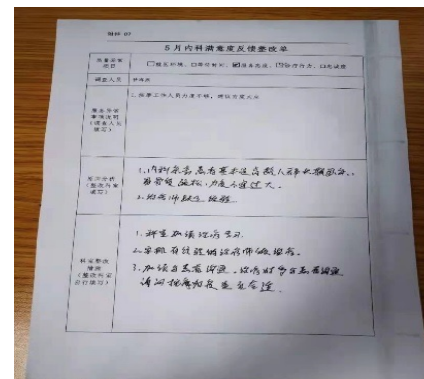
**Carry out training of communication techniques with patients and prevention from medical disputes**

**A Member Hospital, Shenzhen Zhonghai Hospital, Took Multiple Measures to Optimize the Medical Care Conditions of the Elderly**

- Hold the mobilization meeting carried out by the elderly-friendly medical institutions and training meetings such as geriatric professional techniques and communication, and nursing and company services;
- Arrange special hospital guides and part-time social workers/volunteers to offer human services including consulting, guiding, assisting in making appointments, paying for pharmacy, and providing water and wheelchairs to elderly patients;
- Provide manual and prior appointments, diagnosis, fee payment and pharmacy services to elders with disabilities or aged over 75 through the help of hospital customer service staff/part-time social worker;
- Clinics and wards separately conduct comprehensive geriatric assessment, early-stage identification and interference, and multidisciplinary diagnosis services for four types of elderly patients (patients with geriatric syndromes, weakness, disabilities, or dementia);
- Conduct high-risk status screening for hospitalized elderly patients, especially for falling, pulmonary embolism, aspiration, and falls, all of which have covered elderly patients;
- Randomly select elderly patients in the clinic and hospitalized elderly patients to conduct satisfaction surveys, give feedback on the reasons for dissatisfaction, and promote the supervision of rectification.



Set up the Elderly First Appointment Window



Conduct Customer Satisfaction Surveys

**A Member Hospital, Nayong Xinli Hospital, Attended the "Communication Techniques with Patients and Prevention from Medical Disputes" Online Training Meeting**

In August 2022, Nayong Xinli Hospital was invited by the Affiliated Hospital of Guizhou Medical University to attend the "Communication Techniques with Patients and Prevention from Medical Disputes" online training meeting held by Professor Liu Xin of the Institute of Evidence Law and Forensic Science of China University of Political Science and Law, at which Professor Liu Xin sharply interpreted the features of current domestic medical disputes, combining with classic cases from his work for years and problems medical personnel faced with in diagnosis and medical care. He systematically stated the obligations, problems, and medical risks of medical personnel in medical care and provided his professional opinions on aspects where medical disputes frequently occur.



"Communication Techniques with Patients and Prevention from Medical Disputes" Training of Nayong Xinli Hospital

After this training, medical personnel of the Hospital paid more attention to the knowledge of measures for handling medical dispute prevention and techniques to communicate with patients.

## 9.3 Ensuring Medical Care Safety

### Safety in Medical Facilities

In 2022, Horizon Healthcare formulated and released the *HSE Work Management Manual of Horizon Healthcare*, which standardized the management framework and basic requirements of HSE work of hospitals. The Manual composes of eight parts, including organization environment, goals and commitment of guidelines, negotiation and participation of responsibilities, planning, operating and controlling, contingency preparation and response, performance assessment, and continuous improvement.

#### ● Initiatives Adopted by Horizon Healthcare to Ensure Safety in Medical Facilities in 2022

<b>Refine the HSE management system</b>	<ul style="list-style-type: none"> <li>Horizon Healthcare has released the HSE Management Manual of Horizon Healthcare.</li> </ul>
<b>Implement HSE management informatization</b>	<ul style="list-style-type: none"> <li>It has launched the HSE patrol inspection model on the system. Ten hospitals have completed the launch and achieved consistent standards for the content and frequency of patrol inspection.</li> </ul>
<b>Establish the HSE on-site patrol inspection mechanism</b>	<ul style="list-style-type: none"> <li>It has completed HSE patrol inspection on 30 hospitals.</li> </ul>
<b>Carry out the Production Safety Month activities</b>	<ul style="list-style-type: none"> <li>It has carried out overall safety production inspection led by the hospital president or the competent deputy hospital leader to discover problems and eliminate threats to enhance the safety management and control level and safeguard the safe operations of the hospitals. There was a total of 44 inspections in a month;</li> <li>It has published five videos about corporate safety management responsibility, which were watched by more than 10,000 people;</li> <li>More than 3,000 people from member hospitals have participated in the knowledge competition of the Production Safety Month;</li> <li>Member hospitals have organized a number of drills combined with their own plans, including overall fire or contingency evacuation drills and special drills respectively conducted by each department. There was a total of 33 drills.</li> </ul>
<b>Carry out the Fire Safety Awareness Month activities</b>	<ul style="list-style-type: none"> <li>Overall drills and drills within each department were conducted more than 30 times;</li> <li>A total of 4,179 people participated in the fire safety knowledge competition, with the overall participation rate of all staff reaching 34%.</li> </ul>



### A Member Hospital, Zhaotong Ren'an Hospital, Carried out a Fire Contingency Drill in the Real Scene of the Operating Room

During the Production Safety Month, Zhaotong Ren'an Hospital carried out a fire drill in real scenes. The operating room is crowded and has a complicated and enclosed construction structure, which makes it not only difficult to put out and escape the fire but also important to solve this problem, especially when the operation is performed and the patients are not able to conduct self-rescue. Thus, it is essential for the anesthesia department to improve its ability to put out the fire and transfer patients safely. Through the training and drills, fire rescuers of the hospitals have improved their overall fighting ability and medical personnel have strengthened their self-defense and self-rescue capacity.



Zhaotong Ren'an Hospital Carried out a Fire Contingency Drill in the Real Scene of Operating Room

Furthermore, Horizon Healthcare drew HSE red lines for investment projects, set out specific requirements for investment projects in terms of safety accidents, major hidden hazards, administrative penalties, and pollutant discharge permits, and strengthened pre-investment due diligence to ensure that there were no major HSE risks in investment projects.



In 2022, Horizon Healthcare has conducted **three** HSE due diligence exercises on the new acquisition project. During the due diligence, it strictly followed the HSE investment red lines and strictly controlled the project to ensure the new acquisition project was safe and compliant on the HSE aspect.

## Safeguarding Information Safety

Horizon Healthcare always pays high attention to protecting information security in all aspects, since its member hospitals collect and maintain the massive personal information of patients.

Horizon Healthcare has established the Digitalization Steering Group as the highest body to guide its IT adoption and information security management, elevated all aspects of information security to a higher level of importance, and made clear that the president is directly responsible for information security. At the same time, it has formulated the *Operation and Management Measures for the Digitalization Steering Group*, drafted, implemented, and supervised the IT adoption systems and mechanisms, which included the IT application projects management system, emergency response planning mechanism, information security mechanism, network security mechanism, central server room management system, and information center work policy.

"HongYunTong", the office automation (OA) platform of Horizon Healthcare based on the Feishu technologies, features an advanced basic security architecture and a sophisticated data security protection system. The platform can provide users with all-round protection from physical to application dimensions. At the cloud platform level, Feishu cloud security offers the first level of overall security protection capacity, and the server is arranged in the Tencent cloud platform for the second level of protection of network security guarantee. It has obtained multiple domestic and foreign compliance certifications such as level three of the Security Classified Protection 2.0 formulated by the Ministry of Public Security, ISO/IEC 27001, ISO/IEC 27018, ISO/IEC 27701, and ISO/IEC 22301.

In 2022, under the guidance of digitalized strategies, Horizon Healthcare has always believed that information safety construction is in the first place and the Internet hospital business has undergone software vulnerability scanning and penetration testing before it was put into use, which successfully guaranteed the information safety of a great number of users through protection and construction of Internet safety levels.

## 9.4 Improving Healthcare Accessibility

Horizon Healthcare is dedicated to providing truly accessible and quality medical services, focusing on third, fourth, and fifth tier cities and counties, devoting itself to the primary-level medical care market of China, promoting management and services construction of primary-level medical care, helping to achieve the goal of offering standardized treatment for patients in each county, and continuously improving access to medical care services.



### Cooperating with Lichuan Hongxin Hexie Hospital, Horizon Healthcare Expanded the Medical Care Service Team

Based on the regional development and shared targets, on October 9, 2022, the "Hundred Counties Plan" of Horizon Healthcare was officially initiated in Lichuan, building a high-quality medical care service platform with Hexie Hospital. After Lichuan Hongxin Hexie Hospital officially joined Horizon Healthcare, the scale of its controlled hospitals has reached a new record, and the expanding range of the "Hundred Counties Plan" is becoming larger and larger. In the future, Horizon Healthcare will further implement the "Three Ones" management system, pushing its hospitals to better perform the responsibilities of social public medical care and sanitation.



Signing Ceremony of Lichuan Dongfang Hexie Hospital Project

Deputy Mayor of Lichuan City, Zhou Aihua, delivered a speech, hoping that with the help of Horizon Healthcare, Hexie Hospital would be able to expand its high-quality medical services range to surrounding areas and distribute to achieve the industry dream and health dream of Lichuan City

Additionally, a member hospital of Horizon Healthcare, Nayong Xinli Hospital gave training sessions to Xinfang Village Health Center, enhancing the capabilities of the township healthcare center in services and promoting high-quality medical care to reach the primary level, which facilitates people to obtain high-quality medical care and sanitation services nearby and mitigates the expense burden on people at the community level.



### Volunteer Service Team of a Member Hospital, Linghai Dalinghe Hospital, Paid Caring Visit to Discharged Patients

In order to fully understand the recovery status of discharged patients and encourage the patients and their families to make up their minds to fight against illness, especially those in poverty, on the morning of October 20, 2022, the volunteer service team led by the deputy hospital leader of Dalinghe Hospital visited some impoverished patients, providing healthcare diagnosis and treatment as well as sympathy daily uses.



Photo of the Volunteer Service Team



## Datasheet of the Chapter

### Occupational Health and Safety Performance of Horizon Healthcare

Indicator	Unit	2020	2021	2022
Number of work-related fatalities	person	0	0	0
Working days lost due to work injury	day	766	510	517
Times of safety supervision	number	536	535	718
Number of emergency drilling	number	146	211	234
Safety training participants	person time	17,481	15,897	18,085

A photograph of three students in school uniforms. A young woman in the foreground is holding a smartphone and looking at it with a smile. Behind her, a young man is also smiling and looking at the phone. To the left, a young woman is looking down at a book or document. They are all wearing dark blue school sweaters over white collared shirts. The background is a blurred outdoor setting with green trees.

# CSR Report of Horizon Education: Turning out Elite Talents, Cultivating the Future

## Material topics addressed

- High-quality education services
- Campus safety
- Customer information security and privacy protection
- Customer service and satisfaction

## The UN SDGs aligned



# 10. CSR Report of Horizon Education: Turning out Elite Talents, Cultivating the Future

## 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. Adhering to the principles of "people orientation, the fusion of Chinese and Western education and training elites", Horizon Education is committed to providing top-notch education services to cultivate outstanding talents who possess social responsibility, technological innovation, and international competitiveness.

### ● Horizon Education's Schooling Principles

Student-Centered,  
Integration of East and West,  
Elite Education

以人為本  
中西融合  
塑造精英

**People orientation:**

Show utmost respect for the varied growth and dissimilarities among students  
Unleash the complete potential of students and concentrate on their strengths  
Thoroughly nurture students' exceptional qualities and high-minded emotions  
Effectively engage and inspire students to enhance their learning motivation  
Comprehensively foster students' capacity to confront and surmount obstacles

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**Integration of Chinese and Western elements:**

By utilizing the rich heritage of traditional Chinese culture as the "substance" and incorporating genuine Western international educational concepts as the "function", we integrate advanced teaching methodologies and ideas from the West into a structured learning approach. Our goal is to enhance students' cognitive abilities through reflection and analysis, achieved by comparing and contrasting different perspectives, recognizing differences, promoting mutual understanding, and striving for development and progress.

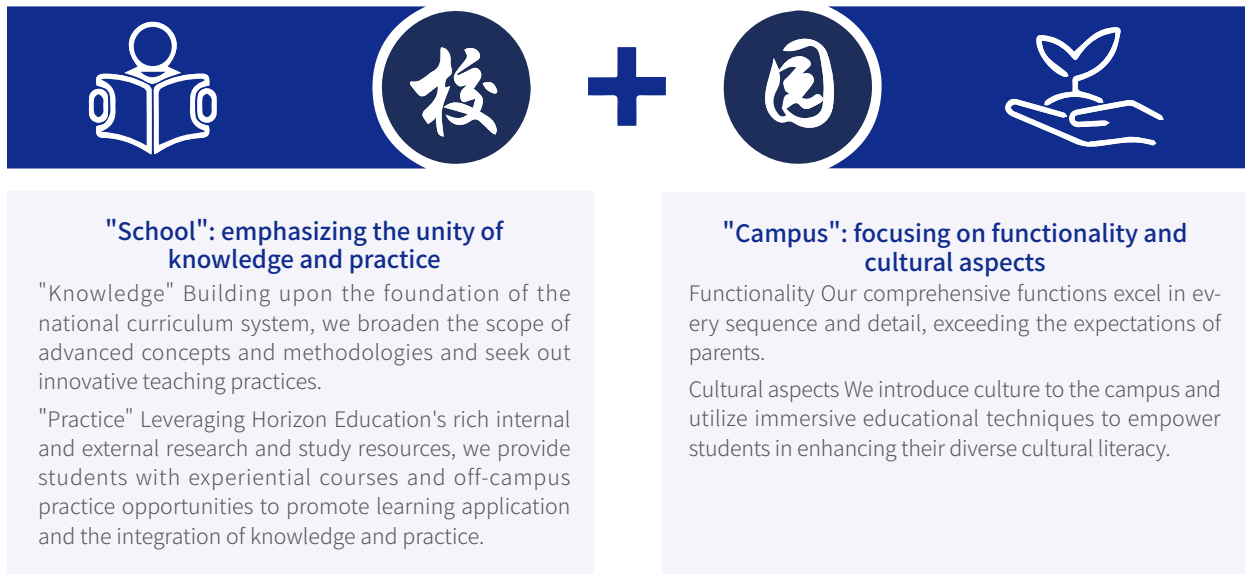
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**Turning out elite talents:**

By cultivating students' interests and developing their strengths, we train them to become outstanding talents with social contributions, scientific innovation, and global competitiveness.

### ● Schooling System of Horizon Education

Teaching brand	Phase of education	Distribution of campuses	Features
Hongwen School	Senior high school education	Qingdao	Rooted in traditional Chinese culture and absorbing advanced international education features, we aim to cultivate outstanding talents comprehensively and open the door for Chinese students to enter world-renowned universities.
The National Mathematics and Science College (NMSC)	Senior high school education	The UK	Exceptionally high Oxford and Cambridge admission rate. Pursuit of outstanding academic achievements. Unique British Parliament internship program, a wide range of extracurricular activities to enhance personal development.



### Schooling Achievements of Horizon Education in 2022

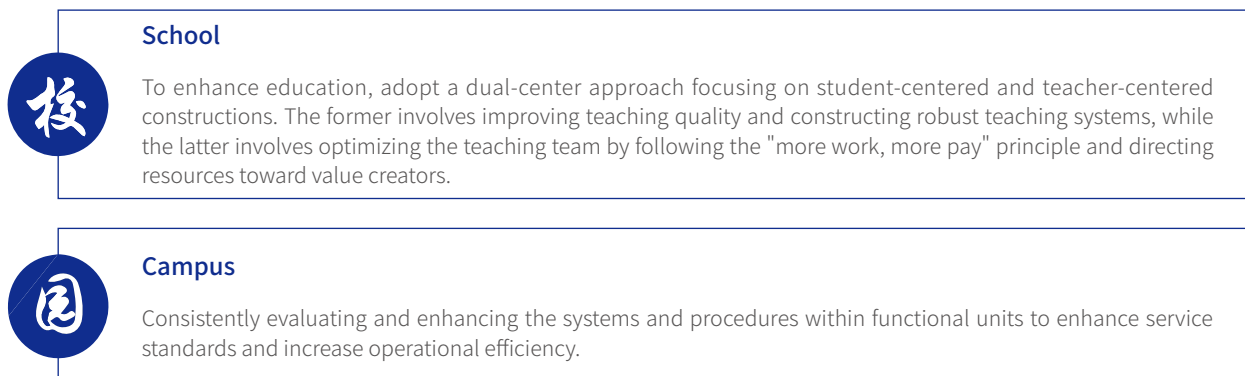
- As of the end of 2022, Horizon Education owned two schools in Qingdao and the United Kingdom, helping nearly a thousand graduates gain admission to world-class academies.
- In 2022, Horizon Education's campuses maintained impressive academic achievements. NMSC had a **50%** acceptance rate for the G5 universities and a **100%** acceptance rate for the Top 100 universities; the Qingdao campus had a **45%** G5 acceptance rate and an **87%** Top 100 university acceptance rate.

## 10.2 Innovative Education Services

### Improving Quality of Teaching Services

Horizon Education has always been committed to improving teaching quality and encouraging innovation in education. To achieve this goal, it follows the "school + campus" philosophy and continually strengthens its operational model by focusing on various aspects such as enhancing teaching methodologies, improving faculty skills, optimizing processes, and improving services.

#### ● Horizon Education's 2022 "School + Campus" Work



Throughout 2022, Horizon Education's multiple campuses diligently engaged in tasks related to school governance, teaching management mechanisms, and innovative educational research. As a result, these efforts led to substantial improvements in the overall quality of teaching.

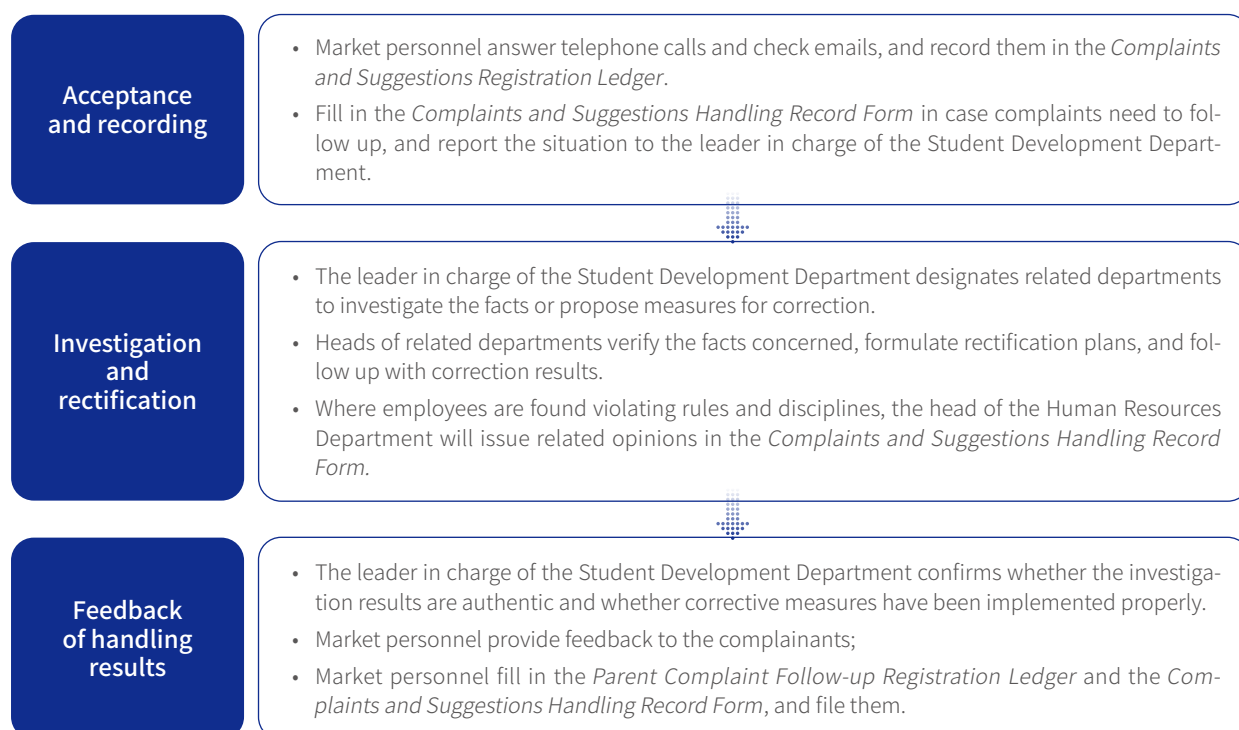
### ● Enhancing Teaching and Management at Horizon Education in 2022

<b>School governance</b>	<ul style="list-style-type: none"> <li>Further clarify the personnel composition, procedural rules, and other aspects of the Principal's Office, which serves as the school's administrative decision-making body. Enhance the implementation and effective use of management functions and authority by department heads, leading to a substantial improvement in decision-making efficiency.</li> </ul>
<b>Teaching management</b>	<ul style="list-style-type: none"> <li>Optimize teaching management mechanisms across multiple dimensions, such as quality monitoring, teaching research improvement, teaching method enhancement, and curriculum development.</li> <li>Further consolidate the internal linkage between the British liberal arts and Qingdao-based schools.</li> <li>Enhance the comprehensive budget management system by developing a subject-oriented approach, and facilitate streamlined financial management practices.</li> </ul>
<b>Educational research</b>	<ul style="list-style-type: none"> <li>One city-level project and three district-level projects were approved.</li> <li>Eight school-level projects were completed, and the research findings consistently reinforced classroom instruction.</li> </ul>

## Facilitating Parent-school Communication

Efficient communication between parents and schools is essential for the growth and development of children. Horizon Education always acts as a bridge that connects itself with parents, to enhance effective communication between the two sides. Horizon Education promptly addresses school-related conflicts through its hotline channels, listens to and values parental feedback and suggestions, continuously improves its management systems, and enhances teaching quality. In 2022, Horizon Education's customer service and safety supervision hotlines remained operational daily, serving as important channels for parent and teaching staff communication.

### ● Horizon Education Inquiries and Complaints Response Flow





## Safeguarding Information Safety

Horizon Education has formulated relevant management measures in accordance with the *Cyber Security Law*, established the corresponding organizational structure, and formed three lines of defense comprising IT teams of campuses, the Hongwen Integrated Management Department, and the Information Technology Department of Far East Horizon, to effectively protect customer privacy and security of related information.

In 2022, Horizon Education continued to improve various management standards related to network security, such as the information security management standards and shared file management standards. They conducted data security special inspections and rectifications, personal information security inspections and rectifications, and email phishing attack publicity and drills based on the established systems, further strengthening the foundation of network security.

In addition, Horizon Education completed the official website group revision and obtained the second-level certification for network security protection levels, ensuring the system's security and stability.



## 10.3 Maintaining Campus Safety

For Horizon Education, the HSE concept is a cornerstone of its sustainable development, and the health and safety of employees and students turn out a top priority of all its work. In 2022, Horizon Education continued to improve the HSE system building and implementation of measures to ensure campus safety.

At the same time, based on the actual operation of the campuses, Horizon Education continuously improved the safety training system by organizing events such as Fire Safety Month and conducting school-wide evacuation drills, thus enhancing the safety awareness of teachers and students. In addition, Horizon Education established a campus epidemic prevention working group in accordance with the unified deployment of the education bureau, effectively alleviating and controlling the spread of the epidemic within the campus.

In 2022, there were no illegal or non-compliant incidents in schools under Horizon Education, and no external regulatory agencies imposed penalties related to campus safety.

### ● Horizon Education's 2022 Campus Safety Implementation Plan

<p><b>Hongwen Qingdao</b></p>	<ul style="list-style-type: none"> <li>In October, Horizon Education organized a school-wide evacuation drill and safety training on electricity use.</li> </ul>
	
<p>Emergency Drill Scene</p>	<p>Conducting School-wide Safety Training on Electricity Use</p>



## Datasheet of the Chapter

### Occupational Health and Safety Performance of Horizon Education

Indicator	Unit	2020	2021	2022
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>1</sup>	number	312	306	20
Number of emergency drilling <sup>1</sup>	number	61	72	4
Safety training participants <sup>1</sup>	person time	2,381	3,551	120

Note 1: Due to the impact of the separation of some schools and the COVID-19 pandemic in 2022, the number of conduction and the number of participants in the safety inspection, emergency drills and safety training of Horizon Education has declined compared to 2021.

# Standard Index

## Index of Environmental, Social and Governance Reporting Guide (effective on 1 January 2022) on Hong Kong Stock Exchange

Subject Areas, Aspects, General Disclosures, and KPIs	Location
Part B: Mandatory Disclosure Requirements	
Mandatory Disclosure of Governance Structure	ESG Management Statement from the Board of Directors 2.2 Social Responsibility Management
Reporting Principles	Statement on Preparation of the Report
Reporting Boundary	Statement on Preparation of the Report
Part C: "Comply or Explain" Provisions	
Aspect A1: Emissions	
General Disclosure A1	5.1 Move Toward "Net Zero" Emissions 5.3 Performing Green Operations
KPI A1.1	5.3 Performing Green Operations
KPI A1.2	5.1 Move Toward "Net Zero" Emissions Datasheet of the Chapter (5. Green Development for "Net Zero")
KPI A1.3	Datasheet of the Chapter (5. Green Development for "Net Zero")
KPI A1.4	Datasheet of the Chapter (5. Green Development for "Net Zero")
KPI A1.5	5.1 Move Toward "Net zero" Emissions
KPI A1.6	5.3 Performing Green Operations
Aspect A2: Use of Resources	
General Disclosure A2	5.1 Move Toward "Net zero" Emissions 5.3 Performing Green Operations
KPI A2.1	Datasheet of the Chapter (5. Green Development for "Net Zero")
KPI A2.2	Datasheet of the Chapter (5. Green Development for "Net Zero")
KPI A2.3	5.1 Move Toward "Net Zero" Emissions

Subject Areas, Aspects, General Disclosures, and KPIs	Location
KPI A2.4	5.3 Performing Green Operations
KPI A2.5	Datasheet of the Chapter (5. Green Development for "Net Zero")
Aspect A3: The Environment and Natural Resources	
General Disclosure A3	5.1 Move Toward "Net Zero" Emissions 5.3 Performing Green Operations
KPI A3.1	5.1 Move Toward "Net Zero" Emissions 5.3 Performing Green Operations
Aspect A4: Responding to Climate Change	
General Disclosure A4	5.1 Move Toward "Net Zero" Emissions
KPI A4.1	5.1 Move Toward "Net Zero" Emissions
Aspect B1: Employment	
General Disclosure B1	6.1 Protection of Employee Rights
KPI B1.1	Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
KPI B1.2	Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
Aspect B2: Health and Safety	
General Disclosure B2	6.4 Employee Health and Safety
KPI B2.1	Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
KPI B2.2	Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
KPI B2.3	6.4 Employee Health and Safety
Aspect B3: Development and Training	
General Disclosure B3	6.2 Supporting Employee Growth

Subject Areas, Aspects, General Disclosures, and KPIs	Location
KPI B3.1	Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
KPI B3.2	Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
Aspect B4: Labour Standards	
General Disclosure B4	6.1 Protection of Employee Rights
KPI B4.1	6.1 Protection of Employee Rights
KPI B4.2	6.1 Protection of Employee Rights
Aspect B5: Supply Chain Management	
General Disclosure B5	3.2 Risk and Compliance Management
KPI B5.1	Datasheet of the Chapter (3. Consolidating the Foundation for Robust Governance)
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
Aspect B6: Product Responsibility	
General Disclosure B6	4.3 Providing Quality Services 8.2 High-quality Equipment Operation 9.2 High-quality Medical Services 10.2 Innovative Education Services
KPI B6.1	8.2 High-quality Equipment Operation
KPI B6.2	4.3 Providing Quality Services 8.2 High-quality Equipment Operation 9.2 High-quality Medical Services 10.2 Innovative Education Services Datasheet of the Chapter (4. Creating Value Based on Professionalism and Progress)

Subject Areas, Aspects, General Disclosures, and KPIs	Location
KPI B6.3	3.2 Risk and Compliance Management
KPI B6.4	8.2 High-quality Equipment Operation
KPI B6.5	4.3 Providing Quality Services 8.2 High-quality Equipment Operation 9.2 High-quality Medical Services 10.2 Innovative Education Services
Aspect B7: Anti-corruption	
General Disclosure B7	3.3 Anti-corruption and Business Ethics Datasheet of the Chapter (3. Consolidating the Foundation for Robust Governance)
KPI B7.1	3.3 Anti-corruption and Business Ethics Datasheet of the Chapter (3. Consolidating the Foundation for Robust Governance)
KPI B7.2	3.3 Anti-corruption and Business Ethics
KPI B7.3	3.3 Anti-corruption and Business Ethics Datasheet of the Chapter (3. Consolidating the Foundation for Robust Governance)
Aspect B8: Community Investment	
General Disclosure B8	7. The Ultimate Love, Helping for Good
KPI B8.1	7. The Ultimate Love, Helping for Good
KPI B8.2	7. The Ultimate Love, Helping for Good

## GRI Content Index

<b>Statement of use</b>	Far East Horizon has reported the information cited in this GRI content index for the period from 2022.1.1 to 2022.12.31 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
General Disclosure		
GRI 2: General Disclosure 2021	2-1	1. About Far East Horizon
	2-2	Statement on Preparation of the Report
	2-3	Statement on Preparation of the Report
	2-4	Statement on Preparation of the Report
	2-6	1. About Far East Horizon
	2-7	6. Diversity, Inclusion and Convergence
	2-8	6. Diversity, Inclusion and Convergence
	2-9	2.2 Social Responsibility Management 3.1 Corporate Governance
	2-10	3.1 Corporate Governance
	2-11	3.1 Corporate Governance
	2-12	2.1 CSR Concept 2.2 Social Responsibility Management 3.Consolidating the Foundation for Robust Governance
	2-13	2.2 Social Responsibility Management
	2-14	ESG Management Statement from the Board of Directors
	2-16	2.2 Social Responsibility Management
	2-17	ESG Management Statement from the Board of Directors
	2-22	ESG Management Statement from the Board of Directors
	2-27	ESG Management Statement from the Board of Directors
	2-28	1.4 Honors and Awards
	2-29	2.3 Communication with Stakeholders and Analysis of Material Topics

GRI Standard	Disclosure	Location
GRI 3 : Material Topics 2021	3-1	2.3 Communication with Stakeholders and Analysis of Material Topics
	3-2	
	3-3	2.2 Social Responsibility Management 2.3 Communication with Stakeholders and Analysis of Material Topics
Economy		
GRI 201: Economic performance 2016	201-1	Key Responsibility Performance Overview in 2022 of Far East Horizon Datasheet of the Chapter (4. Creating Value Based on Professionalism and Progress)
	201-2	5. Green Development for "Net Zero"
GRI 203: Indirect Economic Impacts 2016	203-1	4.1 Supporting the Real Sector 7. The Ultimate Love, Helping for Good 8.1 Overview of the Construction Sector
	203-2	
GRI 205: Anti-competitive Behavior 2016	205-1	3.3 Anti-corruption and Business Ethics
	205-2	
	205-3	
Environment		
GRI 302: Energy 2016	302-1	5.1 Move Toward "Net Zero" Emissions Datasheet of the Chapter (5. Green Development for "Net Zero")
	302-2	
	302-3	
	302-4	
GRI 303: Water and Effluents 2018	303-1	5.3 Performing Green Operation Datasheet of the Chapter (5. Green Development for "Net Zero")
	303-2	
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	303-5	

GRI Standard	Disclosure	Location
GRI 305: Emissions 2016	305-1	5.3 Performing Green Operation Datasheet of the Chapter (5. Green Development for "Net Zero")
	305-2	
	305-3	
	305-4	
	305-5	
GRI 306: Waste 2020	306-1	5.3 Performing Green Operation Datasheet of the Chapter (5. Green Development for "Net Zero")
	306-2	
	306-3	
Society		
GRI 401: Employment 2016	401-1	6.1 Protection of Employee Rights Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
	401-2	
GRI 403: Occupational Health and Safety 2018	403-3	6.4 Employee Health and Safety Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
	403-6	
	403-9	

GRI Standard	Disclosure	Location
GRI 404: Training and Education 2016	404-1	6.2 Supporting Employee Growth Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
	404-2	6.2 Supporting Employee Growth Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
	404-3	Datasheet of the Chapter (6. Diversity, Inclusion and Convergence)
GRI 405: Diversity and Equal Opportunity 2016	405-1	6.1 Protection of Employee Rights
GRI 406: Non- discrimina- tion 2016	406-1	6.1 Protection of Employee Rights
GRI 408: Child Labor 2016	408-1	6.1 Protection of Employee Rights
GRI 418: Customer Privacy 2016	418-1	4.3 Providing Quality Services

# Statement on Preparation of the Report

This is the tenth ESG report released by Far East Horizon Limited. It states the social responsibility philosophy, practice, and results of Far East Horizon and its subsidiaries in 2022. The Report also shows the developments made by the Company with respect to environment, society, and governance. The Board of Directors of the Company is accountable for 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:** Unless otherwise stated, the Report covers the period from January 1, 2022 to December 31, 2022.

**Release cycle:** The Report is an annual report, with its previous edition released in May 2022.

## Reference Basis

The Report is compiled according to Appendix 27: Environmental, Social and Governance Reporting Guide (effective on January 1, 2022) to the Listing Rules of the Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchanges), with reference to the Sustainability Reporting Standards (2021) issued by the Global Reporting Initiative (GRI). Please see the index of the Sustainability Reporting Standards index for detailed indicators.

## Report Languages

This Report is available in both Chinese and English. In case of discrepancies between the two versions, the Chinese version shall prevail.

## Data Specification

The financial data in the Report are quoted from the 2022 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. Unless otherwise stated, the relevant text and data in this Report are statistically consistent with the Company's Annual Consolidated Financial Statements.

## Principles of Reporting

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

### Materiality

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



### **Quantitative**

Based on the principle of being 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 this principle, the ESG Report reflects objective facts and discloses both positive and negative information related to the indicators.

### **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 PDF electronic file of the Report 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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