

HORIZON CONSTRUCTION DEVELOPMENT LIMITED

宏信建設發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9930)

Terms of Reference of the Environmental, Social and Governance Committee

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to comply with the codes and practices of corporate governance stipulated in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Stock Exchange”) (hereinafter referred to as the “Listing Rules”), further optimize the corporate governance structure of Horizon Construction Development Limited (hereinafter referred to as the “Company”), and enhance the decision-making function of the board of directors (hereinafter referred to as the “Board”), the Board of the Company has established the Environmental, Social and Governance Committee under the Board (hereinafter referred to as the “Committee”) pursuant to the articles of association of the Company by board resolution and formulated the Rules.

Article 2 The Committee shall report to the Board and be accountable to the Board. The Committee is granted the authority by the Board and is mainly responsible for investigating and making recommendations on the environmental, social and governance policies and practices of the Company.

CHAPTER 2 COMPOSITION, APPOINTMENT AND REMOVAL OF THE COMMITTEE

Article 3 The majority members of the Committee shall be appointed by the Board amongst the independent non-executive directors of the Company, and the Committee shall comprise no less than three members.

Article 4 The Committee shall have one chairman to be acted by an independent non-executive director upon election by the Board of the Company, responsible for presiding over the work of the Committee.

Article 5 The members of the Committee shall have the same term of office as the directors. Upon expiry of their term, members may be re-elected. During which if members of the Committee no longer act as directors of the Company, they shall automatically lose their office as members of the Committee and the Board shall fill the vacancy in the Committee in accordance with the provisions under Article 3 to Article 4 above.

Any member of the Committee who fails to attend two consecutive committee meeting in person without appointing other members of the Committee to act on his behalf or notifying his absence in writing prior to the meeting, shall be deemed failure to perform duties of the member of the Committee. The Board may change the composition of the Committee in accordance with the Rules. The Committee may make changes to the members of the Committee in office upon the passing of resolution by the Board.

Article 6 The Committee may establish a work group thereunder to take charge of the tasks such as drafting and making recommendations on the environmental, social and governance policies and practices of the Company, preparing annual environmental, social and governance reports, monitoring environmental, social and governance performance, identifying environmental, social and governance risks and implementing the environmental, social and governance activities of the Company in a comprehensive manner.

CHAPTER 3 TERMS OF REFERENCE

Article 7 The Committee shall:

- (i) direct, review and develop the Company's environmental, social and governance management policies, strategies, principles and visions to ensure that they are up-to-date, relevant and meets applicable legal and regulatory requirements;
- (ii) monitor the development and implementation of the Company's environmental, social and governance objectives, including setting the Company's performance targets for environmental, social and governance management, reviewing the progress of achieving those targets, and advising on the actions required to achieve those targets;
- (iii) monitor and report to the Board the external environmental, social and governance trends and major trends affecting the Company's environmental, social and governance policies and strategies and its objectives;
- (iv) direct and review the identification and prioritization of the materiality of environmental, social and governance issues of the Group;
- (v) review annual environmental, social and governance reports and other environmental, social and governance-related disclosures, and make recommendations to the Board for approval;
- (vi) identify environmental, social and governance risks and opportunities related to the Company, assess the impact arising from such risks or opportunities on the Group, and make recommendations to the Board on responses to those risks or opportunities; and
- (vii) other responsibilities delegated by the Board.

Article 8 The Committee shall disclose its terms of reference on the website of the Stock Exchange and its website, explaining its role and the power delegated by the Board.

CHAPTER 4 WORK PROCEDURES

Article 9 Minutes of the committee meeting summarized by the secretary of the Committee shall be sent to all members of the Board after seeking comments from members of the Committee in respect of the contents of the report, and shall be reported and approved at the forthcoming board meeting.

Article 10 The investor relations division of the Company should be responsible for preparing and providing the relevant information required for the committee meeting and organizing the relevant matters of the meeting.

CHAPTER 5 RULES OF PROCEDURE

Article 11 The Committee shall convene no less than one meeting each year. Interim meetings may be called if members of the Committee consider necessary. The meeting shall be convened and chaired by the chairman. The chairman of the Committee failing to convene or preside over the meeting may appoint another member to convene or preside over the meeting on his behalf.

Article 12 The investor relations division of the Company shall give at least 7 working days' notice to all members prior to the meeting of the Committee. Meetings of the Committee shall be held by more than one-half of the members attending the meeting. Each member shall have one voting right. Resolutions proposed at the meeting must be passed by more than one-half of all members of the Committee.

Article 13 The Committee may invite directors, chief financial officer and other senior management of the Company and staff of the relevant departments of the Company to sit in on the meetings depending on the agenda of the meeting. Senior management shall refer to the same category of person mentioned in the annual report of the Company.

Article 14 The Committee may appoint the company secretary or other person to act as secretary to the Committee to coordinate the specific affairs of the Committee.

Article 15 The Company shall provide the Committee with sufficient resources to enable it to perform its functions. The Committee, if necessary, may seek independent professional advice in performing its duties and the expenses arising therefrom shall be borne by the Company upon approval from the Board.

Article 16 In general, the committee meeting shall be convened in the form of physical meeting. In the event of contingencies, it may be convened in the form of written communication with the consent of the chairman of the Committee where members of the Committee are able to fully express their opinions. For meetings held in the form of written communication, members of the Committee should submit their written opinions regarding the matters discussed to the Board within the period required by the notice of meeting.

Article 17 Expenses of the Committee refer to the expenses incurred in the course of duty of the Committee, which are mainly used for research, printing, meeting, training, invitation or engagement of intermediaries for their professional advice. Such expenses shall be borne by the Company and included in the budget of the Board.

Article 18 Members attending and persons who sit in on the meeting shall keep confidential of all matters discussed at the meeting. Unauthorized disclosure of the relevant information shall be prohibited. The above persons should strictly comply with the relevant requirements of the Company.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 19 The Rules shall take effect and be valid from the date of passing of the resolution by the Board.

Article 20 Any matters not mentioned herein or any conflicts with the new or amended laws, regulations or provisions of the articles of association arising upon the Rules take effect, shall be executed in accordance with the laws, regulations and provisions of the articles of association. The Rules shall be amended forthwith and proposed to the Board for consideration and approval.

Article 21 The interpretation of the rules of procedure shall be vested in the Board.

Board of Directors of Horizon Construction Development Limited
April 2023