



宏信建发  
CDHORIZON



# 2023 Environmental, Social and Governance Report

Incorporated in the Cayman Islands with limited liability  
Stock Code: 09930.HK

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## Key ESG Performance Overview in 2023

### Economic Performance

Total assets

RMB **31.237** billion

Profit before tax

RMB **1.227** billion

Basic earnings per share

RMB **0.316**

Total tax paid

RMB **0.571** billion

### Social Performance

Total number of employees

**4,563**

Training hours per employee

**13.07**

Number of suppliers

**5,721**

Spending in public welfare

RMB **260,000**

### Environmental Performance

Metric	Target	Year 2023 Actual performance	
Greenhouse gas emissions per unit of income (Scope 1, Scope 2) tCO <sub>2</sub> e/ RMB1,000,000	Down 2% from 2022	4.22 Down 6.2% from 2022	Completed
Energy consumption per unit of income tce/ RMB1,000,000	Down 4% from 2022	1.87 Down 8.8% from 2022	Completed
Water consumption per unit of income m <sup>3</sup> / RMB1,000,000	Down 3% from 2022	29.2 Down 22.5% from 2022	Overachieved

## ESG Management Statement from the Board of Directors

Horizon Construction Development Limited was successfully listed in 2023, opening a new chapter in its high-quality development. Adhering to the vision of "To be the trustworthy equipment operation service provider" and the mission of "Safer and more efficient production and operation for customers", the Company has solidly promoted internal changes and external development, and continued to lead in operational efficiency and operating performance, with record-breaking operating results. This has laid a good foundation, served as a good start, and set a good tone for the "new chapter" of the Company's long-term steady development.

The Company attaches great importance to sustainable development management and adheres to the ESG philosophy of "Be global for shared prosperity". It has established an ESG management structure of "Board of Directors - ESG Committee of the Board of Directors - ESG Work Execution Group" to deeply integrate ESG elements into its operations and management practices. Focusing on the concerns of important stakeholders such as investors, the environment, customers, employees and the community, the Company promotes ESG work, continuously improves ESG management, and strives to create long-term sustainable shared value for all stakeholders.

### Pursuing high-quality development with sound governance as the source

With a stable and solid operation and management model, the Company strengthens compliance and risk management, pays close attention to anti-corruption and anti-fraud management, creates a corporate atmosphere of compliance and integrity, and continuously increases value returns for shareholders and investors. It has integrated ESG factors into its operations and management. In 2023, the Company continued to communicate with stakeholders and, taking into account the dynamics of regulatory policies, industry hotspots and its own operating characteristics, collaborated with internal and external experts to jointly identify and assess substantive ESG topics and carry out targeted management, so as to ensure the effective promotion and operation of its sustainable development practices.

### Exploring opportunities with green development as the bottom line

Adhering to the philosophy of "understanding the limitations of nature, respecting the ecosystem, and avoiding over-exploitation and pollution", the Company promotes energy conservation and carbon reduction in support of the country's carbon peaking and carbon neutrality goals with practical actions. In 2023, it formulated a carbon target plan and roadmap, according to which it will strive to achieve carbon neutrality across the entire value chain by 2050. At the same time, the Company has set reduction targets for energy consumption, water resources and waste management, reviewed the achievement of targets and made disclosures on a regular basis. By actively exploring the application of clean technology, increasing the proportion of electric equipment, and promoting R&D on oil-to-electricity conversion, the Company strives to bring about substantial improvements to society and the environment.

### Making service innovations with customers as the center

Protecting the rights and interests of customers is the foundation of our business. The Company promotes lean management of equipment quality throughout the life cycle and improves the customer service management system. At the same time, it innovatively develops new trench support system, prefabricated truss H-beam strut system, and remote diagnosis and upgrade system, and provides customers with safer, more environmentally friendly, and more cost-effective solutions in order to empower high-quality development with high-quality products and services.

### Serving common prosperity through a people-oriented approach

Committed to building a fair, impartial and open competitive growth platform, the Company regularly identifies and manages HSE risks, and provides employees with an inclusive and healthy work environment. At the same time, it attaches great importance to talent training and establishes a three-dimensional hierarchical talent cultivation system to create a broad development stage for employees. As a corporate citizen, the Company shoulders social responsibilities, reduces the environmental impact of project construction on the community, organizes voluntary blood donations, participates in rural revitalization, carries out emergency rescue donations, and contributes to the construction and development of a harmonious society.

Staying future-oriented, the Company will conscientiously adhere to its strategic positioning as a leader in China's equipment operation service industry, and thoroughly implement the country's new development philosophy. On the basis of continuous improvement of ESG management and consolidation of its internal growth drivers, it will deeply explore the domestic market while expanding its global presence. It will push forward the digital transformation of itself and the entire industry, maintain the potential of high-quality sustainable development, and work with all stakeholders to build a better future.

# About Horizon Construction Development Limited

## Company Profile

Horizon Construction Development Limited ("Horizon Construction Development" or the "Company") and its affiliates (the "Group") are an integrated equipment operation service company that reconstructs the equipment supply chain system based on construction equipment and materials. It is committed to providing customers with multi-functional, multi-faceted, full-lifecycle comprehensive services and continuously creating value for users.

Since its establishment in 2011, the Group has become China's comprehensive equipment operation service platform, with total assets exceeding RMB 30 billion, taking the 14th position in the global ranking of leasing companies (IRN100), and serving more than 232,000 customers in total. On May 25, 2023, the Company was listed on the main board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

### Basic Information of Horizon Construction Development

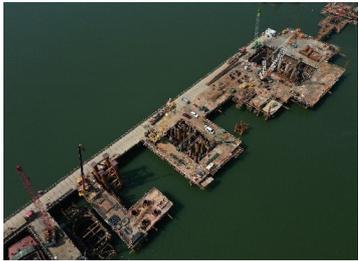
Company name in Chinese	宏信建设发展有限公司
Company name in English	Horizon Construction Development Limited
Year of Establishment	2011
Headquarters address	Tianjin, China
Listing date	May 25, 2023
Stock code	09930.HK
Total revenue	RMB 9.61 billion
Number of employees	4,563

## Fields of Business

Horizon Construction Development is one of China's leading equipment operation service providers, with a comprehensive equipment portfolio and strong service capabilities. The Group's business includes operational leasing services, engineering and technical services, platforms and other services.

### Horizon Construction Development's Business Structure

Business type	Business introduction	Proportion of business revenue	Pictures
Operational leasing services	<ul style="list-style-type: none"> <li>This type of business mainly includes aerial work platform, neo-excavation support system, neo-formwork system and other equipment;</li> <li>As of December 31, 2023, the equipment volume of aerial work platform is 177.6 thousand units, the equipment volume of neo-excavation support system is 1,556 thousand tons, and the equipment volume of neo-formwork system is 721 thousand tons.</li> </ul>	53.5%	

Business type	Business introduction	Proportion of business revenue	Pictures
Engineering and technical services	<ul style="list-style-type: none"> <li>• One-stop engineering and technical solutions customized for different business or operational scenarios.</li> </ul>	30.8%	
Platform and other services	<ul style="list-style-type: none"> <li>• Platform services focusing on subleasing equipment and materials;</li> <li>• Sales of equipment, materials and accessories.</li> </ul>	15.7%	

### A business network radiating from China to Southeast Asia

- Headquartered in Tianjin, the Company has four major operating bases in Shanghai Jinshan, Shanghai Jiading, Tianjin Wuqing, and Guangzhou Nansha
- 490 service outlets in nearly 200 cities in China, including 489 in Chinese mainland and 1 in Hong Kong China
- 4 overseas service outlets in Malaysia and Indonesia



The presentation of the map is for artistic purposes only, the actual geographic information published in accordance with the laws shall prevail.

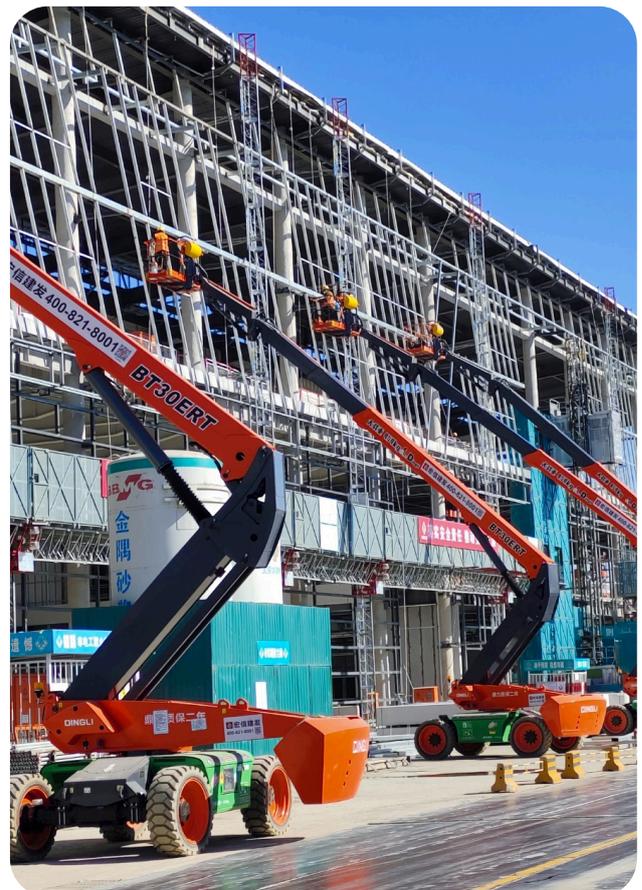
## | Strategic Planning

In 2024, to align with the national and regional development of the “three major projects”, “new infrastructure”, “new productive forces”, etc., Horizon Construction Development will continuously deepen its presence in the domestic market, work with upstream equipment suppliers and downstream service partners to explore new service products and new service scenarios, and closely follow the evolving market demands, so as to constantly create value for customers.

In the future, the Company will continue its resolute commitment to implement the “three+three+three ” overseas development strategy. In other words, during the first three-year period, the Company will strive to solidify the competitive landscape of the main market in China by building its competitive moat, and initially unleash the potential of its overseas operations by actively exploring the market of Southeast Asia; during the second three-year period, the Company will achieve a systematic improvement on overseas operations, with the development of the Chinese market and the

Southeast Asia market advancing side by side, and preliminarily take root in the markets of Middle East and North Africa by exploring to expand multiple markets there; during the third three-year period, the Company will achieve decent performance in the overseas market, develop rapidly in the markets of Middle East and North Africa, shape the “three-three-three ” pattern, and grow into a multinational group. The Company will seize the window of opportunity for growth in overseas markets through the construction of outlets in overseas markets and cooperation with local industry peers to form the second curve of growth for Horizon Construction Development.

Meanwhile, the Company will continue to upgrade its regional coverage, service network and tiered operations in China, work more closely with manufacturers of construction machinery and equipment to consolidate its competitive advantages, and accelerate the improvement of operation and management efficiencies brought by digital and intelligent upgrades.



## Honors and Awards Received in 2023

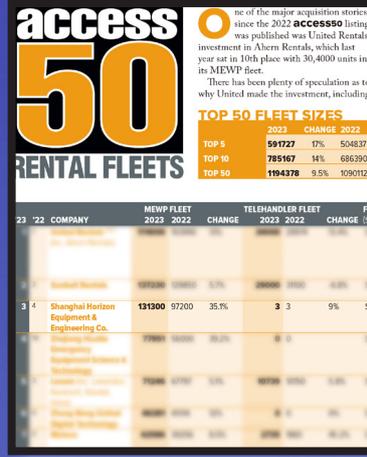
Rated/issued by	Honor/award
KHL Group (Construction Machinery Information Provider)	14th in the world in IRN100 (2023) 3rd in the world in ACCESS50 (2023)
T50 Summit (Global Construction Machinery Top 50 Summit Organizing Committee)	2023 Aerial Work Equipment Rental Management Award
China Chengxin International Credit Rating Co., Ltd.	AAA subject credit rating
China Formwork and Scaffold Association	Quality alliance certification enterprise Top 100 companies in China's formwork and scaffold industry in 2023
2023 (Sixth) China Financial Leasing "Take-off Award" Jury	Leading company in operational leasing
Advanced Forum of Deep Foundation Organizing Committee	Equipment Rental Excellence Award
China Infrastructure Materials Rental Contractor Association	Enterprise credit rating AAA certification
Centennial Construction Network— Shanghai Lingjian Network Co., Ltd.	"Excellent Supplier of Jiangsu Province" in 2023-2024 "Excellent Supplier of Guangdong Province" in 2023-2024
Zhejiang Civil Engineering and Architecture Society	Co-organizer of the 14th Zhejiang Provincial Soil Mechanics and Geotechnical Engineering Academic Symposium

## Industry Organization Membership and Status

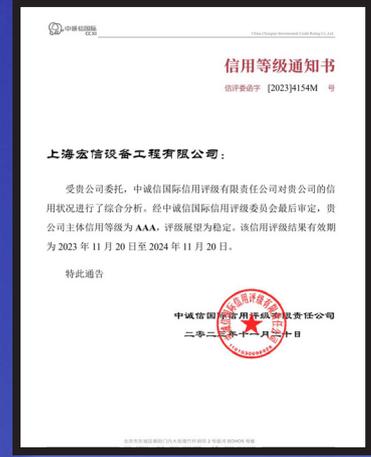
Organization	Status
International Powered Access Federation (IPAF)	Member
National Standardization Technical Committee for Lifting Platforms	Member
China Infrastructure Materials Rental Contractor Association	Vice president
China Formwork and Scaffold Association	Executive director
China International Contractors Association	Council member
Guangzhou Exploration & Design Association	Governing Unit
Shanghai Construction Hardware, Doors and Windows Industry Association	Vice-chairman
Trust and Integrity Enterprise Alliance	Member unit
Shanghai Jinshan District Ecological Environment and Energy Association	Member
Wuxi Construction Machinery Association Formwork Scaffolding Branch	Member
Jiading District Federation of Industry and Commerce (General Chamber of Commerce)	Member unit



14th in the world in IRN100



3rd in the world in ACCESS50



AAA subject credit rating



Quality alliance certification enterprise



Top 100 companies in China's formwork and scaffold industry in 2023



Leading company in operational leasing



2023 Aerial Work Equipment Rental Management Award



Equipment Rental Excellence Award



Enterprise credit rating AAA certification



"Excellent Supplier of Jiangsu Province" in 2023-2024



"Excellent Supplier of Guangdong Province" in 2023-2024



Co-organizer of the 14th Zhejiang Provincial Soil Mechanics and Geotechnical Engineering Academic Symposium

# Leading the Way to Sustainability with ESG Concept as the Guidance

## 1.1 ESG Management Philosophy

Horizon Construction Development adheres to the corporate vision of "To be the trustworthy equipment operation service provider" and the corporate mission of "Safer and more efficient production and operation for customers", and with the core values of "Customer First, Hard Work, Win-Win Cooperation", Horizon Construction Development is committed to providing customers with multi-functional, multi-faceted, full-lifecycle comprehensive services, and continuously create value for users.

The Group has established an environmental, social and governance (ESG) philosophy of "Be global for shared prosperity" and integrated this philosophy into its corporate culture and long-term business development strategy. Focusing on "environment", "customers", "employees and communities", and "investors", the Group continuously improves ESG management and strives to create long-term sustainable shared value for all stakeholders.

### Horizon Construction Development's ESG management model



## 1.2 ESG Governance Structure

Horizon Construction Development has built an ESG governance structure with clear powers and responsibilities. The Board of Directors is the highest decision-making body for the Company's ESG governance and is responsible for ESG management and overall practices. Under the Board of Directors, an ESG Committee has been established, and the "Terms of Reference of the ESG Committee" have been formulated to authorize it to conduct research and make recommendations on the Company's ESG policies and practices.

### ESG Governance Structure of Horizon Construction Development



From the Company's listing date (May 25, 2023) to December 31, 2023, the Board of Directors held three meetings to deliberate on and approve matters related to corporate governance, carbon target planning and other related matters, and fully performed the duties of the board in considering, making decisions on and supervising the Company's ESG matters.

## 1.3 Communication with Stakeholders and Analysis of Material Topics

### Communication with stakeholders

Maintaining continuous communication with various stakeholders to clarify the key priorities of the Company's ESG management is the foundation of the Group's ESG management.

The Group attaches great importance to the needs and concerns of stakeholders. Based on its own business and operating conditions, the Group has identified seven key stakeholders including investors, government and regulatory authorities, and the environment from two

dimensions. Stakeholders in the first dimension are those whose interests are significantly affected by the Group's business activities; stakeholders in the second dimension are those that have a significant impact on the Group's business activities. The Company has explored diversified ways of communication with them and actively responded to their concerns in its day-to-day management and operation.

### Communications with and Response to Horizon Construction Development's Key Stakeholders

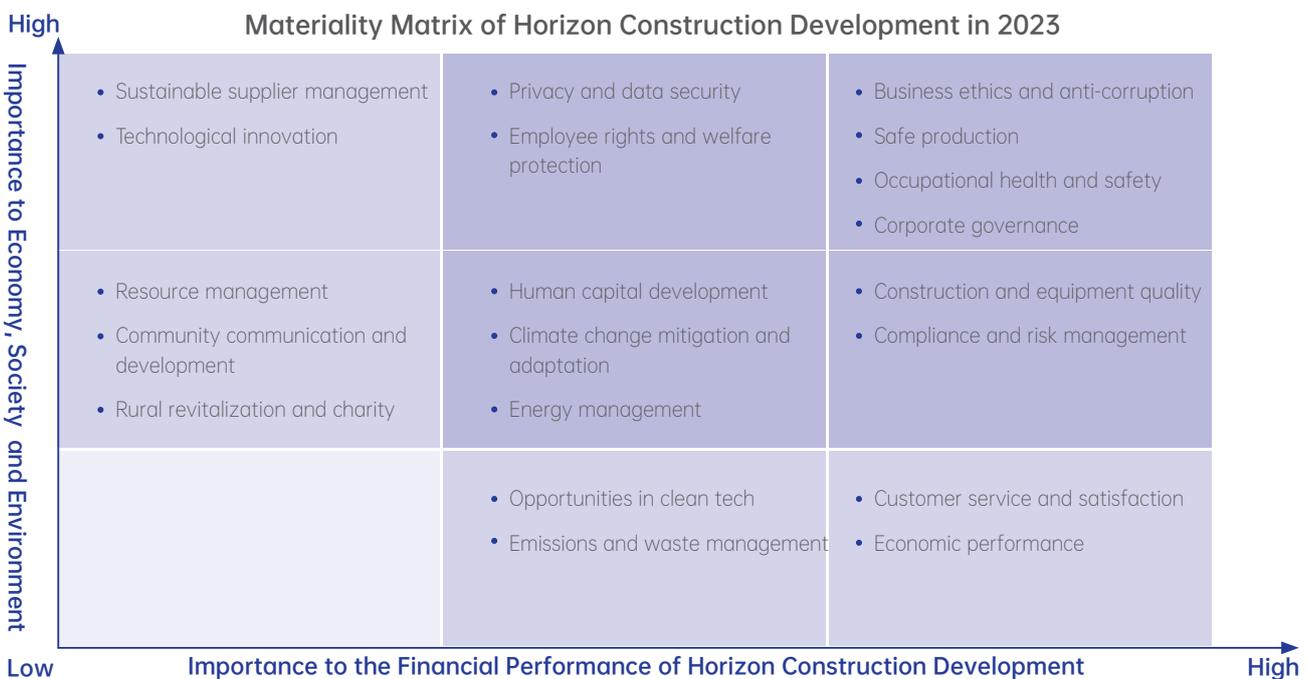
Key stakeholders	Importance	Topics of concern	Communication and responses
<b>Investors</b>	We must create value for our shareholders	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Economic performance</li> <li>• Compliance and risk Management</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders meeting</li> <li>• Financial reports and performance reports</li> <li>• Information disclosure</li> <li>• Compliance training</li> <li>• Risk management system</li> </ul>
<b>Government and regulatory authorities</b>	Government regulation of our business operations	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Compliance and risk management</li> <li>• Business ethics and anti-corruption</li> <li>• Climate change mitigation and adaptation</li> <li>• Rural revitalization and charity</li> </ul>	<ul style="list-style-type: none"> <li>• Policy implementation</li> <li>• Information disclosure</li> <li>• Reporting channels</li> <li>• Release of "carbon peaking and carbon neutrality" target</li> <li>• Rural-revitalization Donations</li> </ul>
<b>Environment</b>	Our business operations will have an impact on the environment	<ul style="list-style-type: none"> <li>• Climate change mitigation and adaptation</li> <li>• Energy management</li> <li>• Resource management</li> <li>• Emissions and waste management</li> <li>• Opportunities in clean tech</li> </ul>	<ul style="list-style-type: none"> <li>• Release of "carbon peaking and carbon neutrality" target</li> <li>• Energy saving and emission reduction actions</li> <li>• Packaging material reduction action</li> <li>• Clean technology investment and R&amp;D</li> <li>• HSE management system</li> </ul>
<b>Customers</b>	Protecting the rights and interests of our customers is the basis for our business development	<ul style="list-style-type: none"> <li>• Construction and equipment quality</li> <li>• Technological innovation</li> <li>• Customer service and satisfaction</li> <li>• Privacy and data security</li> </ul>	<ul style="list-style-type: none"> <li>• Remote diagnostic system</li> <li>• After-sales service and complaints handling</li> <li>• Customer satisfaction survey</li> <li>• Information security</li> </ul>
<b>Partners</b>	Partners and Horizon Construction Development must share the same values regarding ESG	<ul style="list-style-type: none"> <li>• Compliance and risk management</li> <li>• Business ethics and anti-corruption</li> <li>• Supplier management</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier review and evaluation</li> <li>• Strategic cooperation negotiation</li> <li>• Supplier meeting</li> <li>• Exchanges and visits</li> </ul>
<b>Employees</b>	Employees are the most important cornerstone of our development	<ul style="list-style-type: none"> <li>• Employee interest and welfare protection</li> <li>• Safe production</li> <li>• Occupational health and safety</li> <li>• Human capital development</li> </ul>	<ul style="list-style-type: none"> <li>• Daily operations of the labor union</li> <li>• Hongzhusheng Plan</li> <li>• HSE management system</li> <li>• Hierarchical employee training system</li> </ul>
<b>Community and the public</b>	Our business operations have the potential to impact community development	<ul style="list-style-type: none"> <li>• Community communication and development</li> <li>• Rural revitalization and charity</li> </ul>	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• Charitable activities</li> </ul>

## Identification and analysis of material topics

Material topics are the basis and starting point of ESG management and information disclosure. According to the characteristics of its own business and the industry, and taking into account the policy trends, the disclosure requirements of the Stock Exchange, and the focus of the rating agencies in the capital market, the Group has formed a pool of material topics through communication with stakeholders and analysis of the Company's actual operation. During the preparation of this report, the

Group identified 20 material topics that need to focus on through consultation with internal and external experts, communication with stakeholders, analysis of the focus of capital market rating agencies and feedback from the management, and prioritized the importance of these topics to derive a matrix of material topics. This report will focus on the disclosure of highly material topics.

### Analysis Procedures of Material Topics of Horizon Construction Development

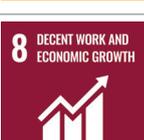


### List of Material Topics of Horizon Construction Development in 2023 and Corresponding Sections in the Report

Serial number	Material topics	Corresponding section in the Report
1	<b>Business ethics and anti-corruption</b>	6.3 Business ethics and anti-corruption
2	<b>Safe production</b>	4.2 Occupational Health and Safety
3	<b>Occupational Health and Safety</b>	4.2 Occupational Health and Safety
4	<b>Corporate governance</b>	6.1 Corporate governance
5	<b>Privacy and data security</b>	3.4 Privacy and data security
6	<b>Construction and equipment quality</b>	3.1 Construction and equipment quality
7	<b>Employee interest and welfare protection</b>	4.1 Employee interest and welfare protection
8	<b>Compliance and risk management</b>	6.2 Compliance and risk management
9	<b>Human capital development</b>	4.3 Human capital development
10	<b>Climate change mitigation and adaptation</b>	2.1 Climate change mitigation and adaptation
11	<b>Energy management</b>	2.2 Energy management
12	Opportunities in clean tech	2.5 Opportunities in Clean Tech
13	Economic performance	Key ESG Performance Overview of Horizon Construction Development Limited in 2023
14	Customer service and satisfaction	3.2 Customer service and satisfaction
15	Emissions and waste management	2.4 Emissions and waste management
16	Sustainable supplier management	3.5 Sustainable supplier management
17	Technological innovation	3.3 Technological innovation
18	Resource management	2.3 Resource management
19	Community communication and development	5.1 Community communication and development
20	Rural revitalization and charity	5.2 Rural revitalization and charity

Note: Items in bold type are highly material topics.

## 1.4 Implementing the UN Sustainable Development Goals (SDGs)

SDGs	The Company's specific actions	Corresponding section in the Report
 <p><b>1</b> NO POVERTY</p>	<ul style="list-style-type: none"> <li>Counterpart assistance to Shengang Economic City, Waigang Town, Jiading District, providing financial and material support to needy families</li> </ul>	<ul style="list-style-type: none"> <li>5.1 Community communication and development</li> <li>5.2 Rural revitalization and charity</li> </ul>
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>Implementing HSE risk control, formulating operation instructions for high-risk operating procedures, and carrying out policy publicity, on-site inspection, and problem correction for front-line engineering personnel.</li> <li>Conducting online and offline production safety training, and carrying out emergency and fire drills</li> </ul>	<ul style="list-style-type: none"> <li>4.2 Occupational Health and Safety</li> </ul>
 <p><b>5</b> GENDER EQUALITY</p>	<ul style="list-style-type: none"> <li>Creating a fair, just and open workplace</li> </ul>	<ul style="list-style-type: none"> <li>4.1 Employee interest and welfare protection</li> </ul>
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> <li>Replacing the old street lights with solar lamps at the base and adopting a solar water heating system for hot water in wash basins.</li> <li>Using a ground source heat pump air conditioning system at the Jiading base and Wuqing base</li> <li>Adopting "oil-to-electricity" technology for aerial work vehicles</li> </ul>	<ul style="list-style-type: none"> <li>2.2 Energy management</li> <li>2.5 Opportunities in clean tech</li> </ul>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> <li>Diversified recruitment channels</li> <li>Implementing the Hongzhusheng Plan which is aimed at campus recruitment for the autumn of 2024, holding 22 campus presentations, participating in 18 offline recruitment meetings, and recruiting 50 fresh graduates</li> </ul>	<ul style="list-style-type: none"> <li>4.1 Employee interest and welfare protection</li> </ul>
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> <li>Participating in infrastructure construction</li> <li>Continuously increasing R&amp;D investment and carrying out industry-university-research cooperation projects</li> </ul>	<ul style="list-style-type: none"> <li>2.5 Opportunities in clean tech</li> <li>3.4 Technological innovation</li> </ul>
 <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> <li>Equipping bases and project sites with fog cannons and water sprinklers to reduce dust and particulate matter in the air, and continuously reducing the impact of air pollution on local communities</li> <li>Organizing voluntary blood donation activities for employees</li> <li>Making donations to Tianjin Binhai Blue Sky Rescue Team</li> </ul>	<ul style="list-style-type: none"> <li>5.1 Community communication and development</li> <li>5.2 Rural revitalization and charity</li> </ul>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> <li>Full-lifecycle management of equipment quality</li> </ul>	<ul style="list-style-type: none"> <li>3.1 Construction and equipment quality</li> </ul>
 <p><b>13</b> CLIMATE ACTION</p>	<ul style="list-style-type: none"> <li>Setting short, medium and long-term quantitative environmental goals and committing to strive to achieve carbon neutrality across the entire value chain by 2050</li> <li>Carbon emission per unit of income reduced by 2% in 2023 compared with 2022</li> </ul>	<ul style="list-style-type: none"> <li>2.1 Climate change mitigation and adaptation</li> </ul>
 <p><b>16</b> PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<ul style="list-style-type: none"> <li>Including integrity clauses in supplier contracts and requiring suppliers to sign an "Agreement on Combating Bribery", with a signing rate of 100 %</li> <li>Strengthening anti-corruption mechanisms to prevent embezzlement and corruption</li> </ul>	<ul style="list-style-type: none"> <li>3.5 Sustainable supplier management</li> <li>6.3 Business ethics and anti-corruption</li> </ul>

# ESG

## Enhancing Energy Saving and Carbon Reduction, and Exploring a New Path to Green Development

### Topics responded to



### Metrics and targets

Metric	Target for 2023	Progress in 2023	
Greenhouse gas emission per unit of income (Scope 1, Scope 2) (tCO <sub>2</sub> e/RMB1,000,000)	Down 2% from 2022	4.22, down 6.2% from 2022	Completed
Energy consumption per unit of income (tce/RMB1,000,000)	Down 4% from 2022 (2.05)	1.87, down 8.8% from 2022	Completed
Water consumption per unit of income (m <sup>3</sup> /RMB1,000,000)	Down 3% from 2022 (37.7)	29.2, down 22.5% from 2022	Overachieved

## 2.1 Climate Change Mitigation and Adaptation

Global climate change not only exacerbates various extreme weather phenomena, but also seriously affects all types of economic and social activities. According to the Paris Agreement, the world is expected to achieve carbon neutrality by 2050-2070. The Chinese government stated at the 75th United Nations General Assembly that "China will strive to peak carbon emissions by 2030 and realize carbon neutrality by 2060." Hong Kong's former chief executive Carrie Lam announced that "Hong Kong will strive to achieve carbon neutrality by 2050."

The Group continuously improves its climate change management system and environmental management system, formulates carbon neutrality goals and action paths and actively tracks their implementation. It seizes climate-related opportunities while effectively managing climate-related risks, and continuously improves its management accordingly, so as to minimize its carbon footprints from operating activities.

### Climate change management system

In accordance with the recommendations of the International Sustainability Standards Board's (ISSB) International Financial Reporting Sustainability Disclosure Standard 2—Climate-related Disclosures (IFRS S2), the Group identifies, assesses and analyzes climate change-related risks and opportunities, and improves the management system based on the results to mitigate the impact of climate change on the Group's operating activities .

#### Horizon Construction Development's Climate Change Management System

##### Governance

- The Board of Directors reviews the ESG report covering the material topic of "climate change mitigation and adaptation", reviews and approves the climate change management system, identification and analysis of climate change risks and opportunities, climate change response measures, etc., and provides guidance to related departments in their efforts to address climate change;
- The ESG Committee under the Board of Directors is responsible for identifying ESG risks and opportunities including climate change factors, and assessing the impact of climate change risks and opportunities on the Company to lay the governance foundation for the implementation of the Group's carbon targets;
- The ESG work execution team fully implements the Company's work on climate change;
- All relevant departments regard climate change mitigation and adaptation as one of the priorities of their daily work.

##### Strategy

- Identifying and analyzing significant climate-related risks and opportunities, and assessing their potential operational and financial impacts on the Group;
- Formulating carbon neutrality goals and the corresponding action paths, and committing to strive to achieve carbon neutrality across the entire value chain by 2050;
- Carrying out relevant management actions and response measures in low-carbon operations, responding to natural disasters caused by climate change, and supporting the development of clean energy.

##### Risk management

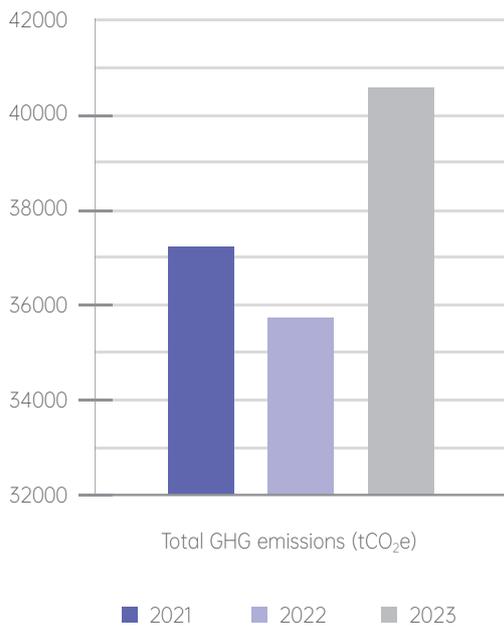
- Identifying potential climate-related risks and opportunities for the Group's business and operations with reference to the ISSB's risk analysis framework;
- Continuously improving the environmental management system;
- Planning to integrate climate-related risks and opportunities into the Company's overall risk management;
- Determining the accounting boundary by the operational control method and carrying out carbon accounting within the scope of the Group's consolidated statements;
- Regularly monitoring, summarizing, analyzing and disclosing carbon emission-related performance, actively adopting carbon reduction measures, assessing the Company's management performance in response to climate change, and formulating improvement plans.

**Metrics and targets**

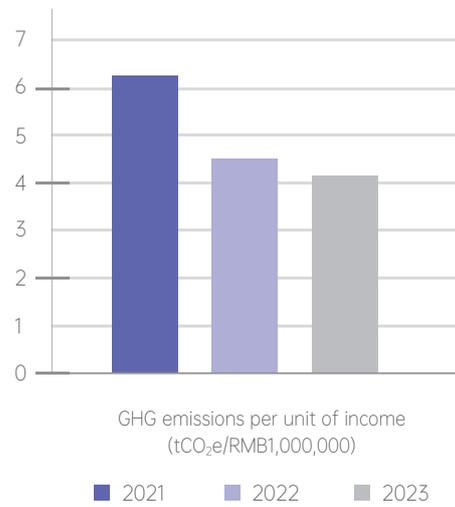
- Setting goals for 2023 and tracking their implementation

Metric	Target for 2023	Progress in 2023
Greenhouse gas emission per unit of income (Scope 1, Scope 2) (tCO <sub>2</sub> e/RMB1,000,000)	Down 2% from 2022	4.22, down 6.2% from 2022 Completed

**Total GHG emissions (Scope 1 + Scope 2)**



**GHG emissions per unit of income (Scope 1 + Scope 2)**



### • Carbon neutrality goals and action paths

In active response to the Paris Agreement and the carbon neutrality goals of China and the Hong Kong SAR, in 2023 Horizon Construction Development set emission reduction and carbon neutrality goals based on its own positioning and strategy, planned the implementation paths of the goals, and measured the carbon neutrality costs under different implementation paths, so as to ensure that the goals are scientific, reasonable and practicable. The Group will continue to study and refine the action plan for low-carbon transformation, and accumulate strategic reserves for the implementation of the Group's carbon goals.

Details of Horizon Construction Development's Carbon Goals				
Short and medium-term goals	Taking 2021 as the base year, GHG emissions per unit of income will decrease linearly by 2% per year between 2023 and 2025			
Long-term goals	Striving to achieve carbon neutrality across the entire value chain by 2050			
Base year	2021			
Base-year carbon emission intensity	6.1 tCO <sub>2</sub> e/RMB1,000,000			
Organization scope covered by the goals	The scope of consolidated statements determined using the operational control method			
Scope of carbon emissions covered by the goals	Scope 1 + Scope 2	Scope 1 + Scope 2	Scope 1 + Scope 2	Scope 1 + Scope 2 + Scope 3
Target year	2023	2024	2025	2050
Target-year carbon emission intensity	5.8 tCO <sub>2</sub> e/RMB1,000,000	5.7 tCO <sub>2</sub> e/RMB1,000,000	5.6 tCO <sub>2</sub> e/RMB1,000,000	—

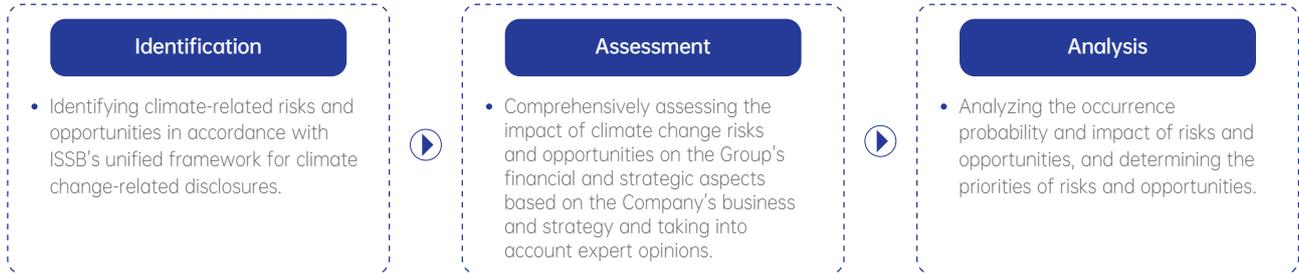
### Horizon Construction Development's carbon target implementation path

Scope of emission reduction	Main emission sources		Major emission reduction actions
Scope 1 + Scope 2	<ul style="list-style-type: none"> <li>• Diesel consumption</li> <li>• Gasoline consumption</li> <li>• Office electricity consumption</li> </ul>		<ul style="list-style-type: none"> <li>• Measures to increase the utilization rate of new energy products</li> <li>• Internal energy saving initiatives</li> <li>• Purchasing or developing green electricity</li> <li>• Purchasing carbon sinks and low-carbon assets</li> </ul>
Scope 3	Upstream	<ul style="list-style-type: none"> <li>• Equipment and raw material procurement</li> <li>• Upstream equipment and material transportation</li> </ul>	<ul style="list-style-type: none"> <li>• Improving equipment and material turnover rate, so as to reduce total equipment/material procurement</li> </ul>
	Midstream	<ul style="list-style-type: none"> <li>• Business sales travel</li> </ul>	<ul style="list-style-type: none"> <li>• Adopting a greener approach for business travel</li> </ul>
	Downstream	<ul style="list-style-type: none"> <li>• Downstream equipment and material transportation</li> <li>• Subsequent use of rental equipment</li> <li>• Subsequent use of sold equipment</li> <li>• Waste treatment and disposal</li> </ul>	<ul style="list-style-type: none"> <li>• Optimizing warehouse network planning and shortening average transportation distance</li> <li>• Emission reduction and clean energy transition for vehicles and equipment</li> <li>• Exploring more innovative projects such as green energy storage</li> <li>• Waste recycling and reuse measures</li> </ul>

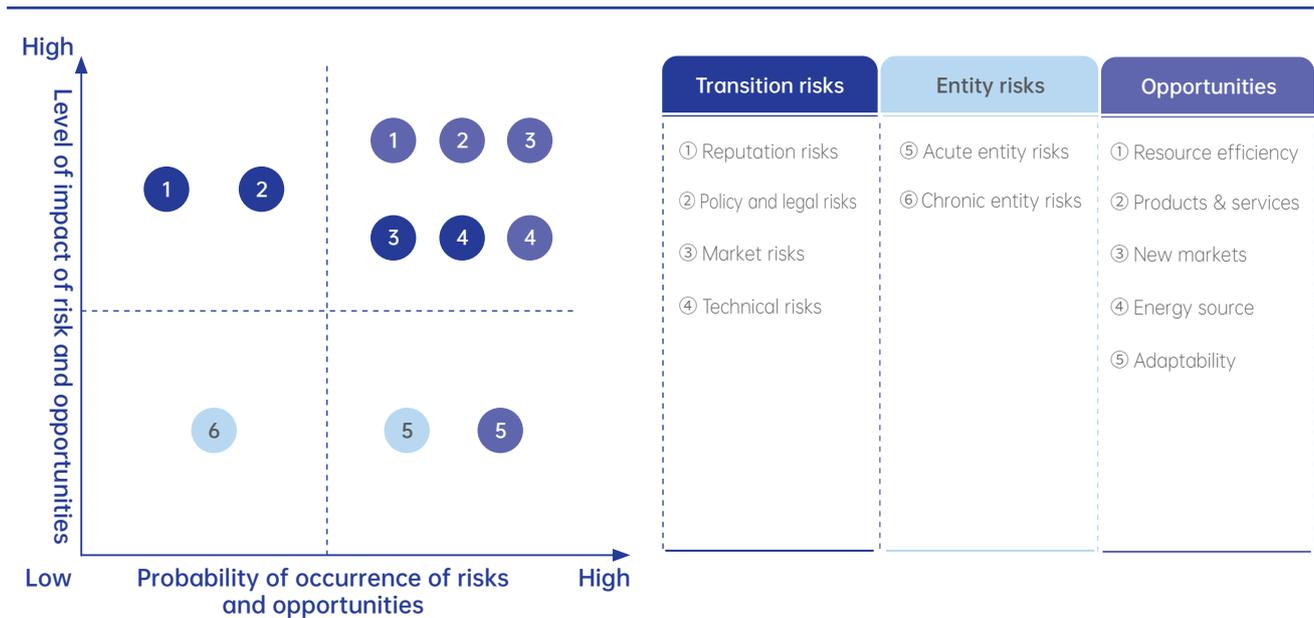
## Identification of climate-related risks and opportunities

In order to respond to the potential risks and opportunities of climate change, the Group identifies climate change-related risks and opportunities related to its own operations, and assesses the impact of each risk and opportunity on its own finances. Based on the assessment and analysis results of climate change risks, the Group proactively takes countermeasures to conduct targeted risk management and opportunity control, and is committed to mitigating and adapting to climate change.

### Ways to analyze climate change risks and opportunities



### Matrix of climate change risks and opportunities



## Analysis of and response measures for the financial impact of climate change risks

Type of risk	Description	Potential financial impact	Response measures
① Reputation risk	With the introduction of the "carbon peaking and carbon neutrality" goal and carbon neutrality-related policies, stakeholders expect the Group to take proactive management actions to address climate change and improve the transparency of information disclosure. If the Group fails to adequately respond to the demands of stakeholders for green operations, green equipment, etc., there may be some adverse impact on its reputation.	Operating costs ↑ The operating income ↓	<ul style="list-style-type: none"> <li>Communicating with stakeholders about the Company's response to the topic of "climate change mitigation and adaptation" through ESG reports, the Company's official website and other channels;</li> <li>Implementing energy-saving policies and measures, such as requiring employees to turn off lights after work or during lunch breaks, turn on air conditioning or heating only when the temperature reaches a certain level, and use alternative energy;</li> <li>Keeping a close eye on recent energy-saving and environmentally friendly technologies from equipment manufacturers, and purchasing more electric equipment to replace traditional fuel-driven equipment to reduce carbon emissions;</li> <li>Establishing a full-process management system from early warning, emergency response to disposal in response to extreme weather and other climate change risks; formulating systematic documents for guiding practical operations such as the "Guidance Manual for Inquiry and Feedback of Abnormal Early Warning Information" "Guidance Manual for Emergency Defense in Disastrous Weather" and "Guidance Manual for Typhoon Preparedness"; taking climate factors into account in the selection of business locations and in day-to-day operation.</li> </ul>
② Policy and legal risk	As the government tightens environmental regulatory requirements and continues to introduce policies relating to climate change information disclosure, the Group and its suppliers may be exposed to the risk of being held legally liable, subject to regulatory measures, disciplinary sanctions, property damage or loss of business reputation for failure to comply with climate-related policies or laws, as well as to the risk of an increase in the Group's operating costs due to the opening of the carbon market and an increase in the pricing of clean energy.	Operating costs ↑ The operating income ↓	
③ Market risk	Against the backdrop of the "carbon peaking and carbon neutrality" target, customers' demand for energy-saving products continues to increase. If the Group and its suppliers fail to provide low-energy-consumption products or equipment, the Group may face reduced demand for products and services; rising fuel prices may lead to an increase in the Group's operating costs.	Operating costs ↑ The operating income ↓	
④ Technical risk	With the development and application of energy-saving equipment and energy-saving technologies, traditional energy and high-energy-consuming equipment may be replaced. Suppliers and the Group's equipment operation business may experience an increase in operating costs due to the replacement of low-energy-consuming equipment and the application of energy-saving and emission reduction technologies.	Operating costs ↑ Fixed asset value ↓	
⑤ Acute entity risk	With the frequent occurrence of extreme weather events such as heavy rains and typhoons, the Group may be subject to operational interruptions due to such events, resulting in economic losses.	Operating costs ↑ The operating income ↓ Fixed asset value ↓	
⑥ Chronic entity risk	Persistent hot weather caused by climate change may interrupt the business operations of the Group's construction segment, such as project delays and an increase in the number of work-related injuries involving personnel at construction sites.	Operating costs ↑ The operating income ↓ Fixed asset value ↓	

### Financial impact analysis of climate change opportunities and response measures

Type of opportunity	Description	Potential financial impact	Response measures
① Resource efficiency	Improving the efficiency of resource use, including the use efficiency of energy, water resources, etc., will help the Group reduce costs in the operation process.	Operating costs ↓	<ul style="list-style-type: none"> <li>• Upgrading equipment and production lines to improve energy efficiency;</li> <li>• Actively developing and applying energy-saving and environmentally friendly equipment and other environmentally friendly products, and developing "oil-to-electricity" technology;</li> <li>• Choosing clean electric equipment for aerial work; Where diesel equipment must be used, preference should be given to environmentally friendly equipment that meets emission standards;</li> <li>• Conducting ESG assessments of suppliers and selecting environmentally friendly suppliers.</li> </ul>
② Products and services	In the context of low-carbon economic transformation, customers' preference for low-carbon products will lead to increased demand for energy-saving and environmentally friendly products. Green products and services can bring room for the Group's the operating income growth.	The operating income ↑ Fixed asset value ↑	
③ New markets	Under the favorable environment of the carbon neutrality policy, the low-carbon and environmentally friendly turnover materials of the Group's equipment operation business will be more preferred by customers, creating room for growth in the operating income.	The operating income ↑ Fixed asset value ↑	
④ Energy sources	With the popularization of green technology innovation and application, the cost of low-carbon and renewable energy continues to decrease. Increasing the application of low-carbon and renewable energy in operational activities will help reduce operating costs.	Operating costs ↓	
⑤ Resilience	The Group's participation in renewable energy projects, adoption of energy efficiency measures, and selection of environmentally friendly suppliers can enhance the Group's resilience to climate change.	Operating costs ↓	



## Environmental management system

With “adhering to energy conservation, emission reduction, low-carbon production and sustainable development” as its environmental management philosophy, Horizon Construction Development strictly abides by the Environmental Protection Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China, the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes, and other relevant laws and regulations, to ensure that all of its activities comply with the stringent requirements of the state on environmental protection.

The Company’s Operation Center is responsible for the approval of environmental protection systems and the management and promotion of environmental protection work. It formulates and publishes the “Management Measures for Environmental Protection”, regulates the Group’s emissions of waste gas, waste water, and hazardous/non-hazardous waste, and use of energy, water resources, materials, etc., and implements the responsibilities for environmental protection.

The Group’s subsidiaries Shanghai Horizon Equipment & Engineering Co., Ltd. and Shanghai Hongjin Equipment & Engineering Co., Ltd. have passed ISO14001:2015 environmental management system certification, which covers 50% of the Group’s bases. In 2023, the Group did not have any incidents of being penalized for violating environmental protection laws or regulations.



Shanghai Horizon Equipment & Engineering Co., Ltd.  
Environmental management system certification



Shanghai Hongjin Equipment & Engineering Co., Ltd.  
Environmental management system certification

## 2.2 Energy Management

The Group's energy consumption in the course of its operations mainly comes from engineering equipment and daily office work. The types of energy involved are electricity, gasoline and diesel used by its own vehicles, and diesel used by engineering equipment, etc.

The Group strictly abides by the Energy Conservation Law of the People's Republic of China and other relevant national and local laws and regulations. It has set a target for the reduction of energy use based on its own operating conditions. In 2023, the Group reduced energy consumption while reducing energy consumption through measures such as energy saving and efficiency enhancement and green renovation on the business side as well as the use of new energy on the operation side.

### Horizon Construction Development's energy consumption target for 2023 and its progress

Metric	Target for 2023	Progress
Energy consumption per unit of income (tce/RMB1,000,000)	Down 4% from 2022 (2.05)	1.87, down 8.8% from 2022 Completed

### Horizon Construction Development's energy management measures

Type	Measure	Outcome
Business end	<ul style="list-style-type: none"> <li>Replacing conventional cranes with more energy-efficient ones.</li> </ul>	<ul style="list-style-type: none"> <li>Electricity savings of 35,800 kWh/year compared with conventional cranes.</li> </ul>
	<ul style="list-style-type: none"> <li>Increasing the procurement proportion of electric boom trucks, publicizing their advantages to customers, and encouraging them to choose to rent electric boom trucks to replace fuel-driven boom trucks and reduce the use of fossil energy.</li> </ul>	<ul style="list-style-type: none"> <li>The procurement proportion of electric boom trucks increased from 43.7% in 2022 to 57.1% in 2023.</li> </ul>
	<ul style="list-style-type: none"> <li>Promoting the application of permanent magnet motor synchronous technology in scissor forklifts to reduce the power consumption of forklifts.</li> </ul>	<ul style="list-style-type: none"> <li>Energy savings of 15% compared to conventional technology.</li> </ul>
	<ul style="list-style-type: none"> <li>Optimizing the production process to avoid equipment idling and short-term operation and save electricity.</li> </ul>	<ul style="list-style-type: none"> <li>Electricity savings of 126,400 kWh/year.</li> </ul>
	<ul style="list-style-type: none"> <li>Using a remote intelligent random inspection system to replace periodic inspections, reduce service vehicle trips, and reduce gasoline use in service vehicles.</li> </ul>	<ul style="list-style-type: none"> <li>67% reduction in random inspection workload, 255,000 km/month reduction in service vehicle road trips, 155,600 liters/year reduction in gasoline consumption.</li> </ul>
	<ul style="list-style-type: none"> <li>Promoting "front-end maintenance" to improve the efficiency of material transfers between projects, and reduce secondary transportation of materials.</li> </ul>	<ul style="list-style-type: none"> <li>Diesel consumption reduced by 3,000 liters in 2023.</li> </ul>
Operation end	<ul style="list-style-type: none"> <li>Using solar-powered street lamps at the bases and solar water heating systems for hot water in wash basins to increase the utilization of new energy.</li> </ul>	<ul style="list-style-type: none"> <li>15 conventional street lamps replaced by solar-powered ones.</li> </ul>
	<ul style="list-style-type: none"> <li>Installing ground source heat pump air conditioning systems at the Jiading base and Wuqing base, which utilize shallow geothermal energy to reduce electricity consumption.</li> </ul>	<ul style="list-style-type: none"> <li>Energy savings of 15% compared with conventional air-conditioning systems.</li> </ul>
	<ul style="list-style-type: none"> <li>Carrying out energy-saving and environmental protection publicity activities and formulating strict electricity management requirements and requiring employees to turn off lights after leaving the office or during lunch breaks, and only turn on air conditioners when the temperature reaches a certain level in summer and winter, so as to save electricity.</li> </ul>	

## 2.3 Resource Management

The types of water sources used by the Group during its operations include municipal water supply and rainwater. Strictly abiding by relevant national and local laws and regulations such as the Water Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Group has established a complete water resources management system, strengthened water resources management, and set water consumption reduction targets. In 2023, the Group paid water resources fees on time and had no significant environmental impact in terms of water consumption.

### Horizon Construction Development's water consumption target for 2023 and its progress

Metric	Target for 2023	Progress
Water consumption per unit of income (m <sup>3</sup> /RMB1,000,000)	Down 3% from 2022 (37.7)	29.2 down 22.5% from 2022 Over-achieved

The Group has integrated the concept of resource conservation into the entire production and operation process, and promoted resource management in an all-round way by recycling rainwater, upgrading water-saving facilities, and promoting paperless office.

### Horizon Construction Development's resource management measures

Type	Measure	Outcome
Management of water resources	<ul style="list-style-type: none"> <li>Setting up rainwater collection and recycling systems at Jiading and Nansha bases to use the collected rainwater for fountains, car washing and other purposes after treatment.</li> </ul>	<ul style="list-style-type: none"> <li>Approximately, a total of 1,548 m<sup>3</sup> of rainwater was recycled at Jiading Base and Nansha Base in 2023</li> </ul>
	<ul style="list-style-type: none"> <li>Setting up water-saving signs in the office area to remind employees to take water as needed; installing sensor faucets and switches in the washrooms to save water resources.</li> </ul>	
Management of other resources	<ul style="list-style-type: none"> <li>Promoting paperless office;</li> <li>Placing single-sided paper collection bins at the recyclable paper collection area for secondary use and promoting double-sided printing of paper.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 2 million sheets of paper saved in 2023, equivalent to more than 600 trees.</li> </ul>



## 2.4 Emissions and Waste Management

In compliance with the Law of the People’s Republic of China on Prevention and Control of Air Pollution, the Law of the People’s Republic of China on Prevention and Control of Water Pollution, the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes and other relevant national and local laws and regulations, the Group manages exhaust gas, wastewater as well as hazardous and non-hazardous wastes generated from its production and operation processes in strict accordance with its “Measures for Environmental Management and Protection” and “Guidance Manual for ESG Management of the HSE Management Department”, and actively implements the responsibility for environmental protection.

The Group will gradually improve the identification and statistics of sources of non-hazardous waste and hazardous waste, and control the production of non-hazardous waste and hazardous waste at a low level.

### Types, sources, emissions, and treatment/disposal of Horizon Construction Development’s wastes

Type	Source	Treatment/Disposal
<b>Exhaust gas</b> <ul style="list-style-type: none"> <li>Dusty exhaust gas</li> <li>Engine test exhaust gas</li> <li>Welding exhaust gas</li> </ul>	<ul style="list-style-type: none"> <li>Produced by grinding, testing, and welding during steel cutting and repair processes</li> </ul>	<ul style="list-style-type: none"> <li>Welding fumes are treated by electrostatic purification and then discharged</li> <li>Welding dust is collected in a dust collector and discharged after treatment</li> <li>The exhaust gas collected from the spray paint is filtered through ultraviolet photolysis, activated carbon adsorption, and catalytic converter before being discharged</li> </ul>
<b>Wastewater</b> <ul style="list-style-type: none"> <li>Factory cleaning wastewater</li> <li>Domestic sewage</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater generated from equipment cleaning and car washing in and out of the factory</li> <li>Domestic sewage generated during daily operations</li> </ul>	<ul style="list-style-type: none"> <li>Discharged to municipal sewage pipe network</li> </ul>
<b>Hazardous waste</b> <ul style="list-style-type: none"> <li>Waste batteries</li> <li>Waste mineral oil</li> <li>Waste oil contaminants</li> </ul>	<ul style="list-style-type: none"> <li>Generated during maintenance</li> </ul>	<ul style="list-style-type: none"> <li>A qualified professional disposal company is engaged for disposal</li> </ul>
<b>Non-hazardous waste</b> <ul style="list-style-type: none"> <li>Scrap metal</li> </ul>	<ul style="list-style-type: none"> <li>Produced during blanking and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>A qualified company is engaged for collection and disposal</li> </ul>

#### [Case] Welding fumes are collected, treated and then discharged

The Group actively handles welding fumes. The welding fume from vertical and cross-bar welding machines is collected and processed by an electrostatic welding fume purifier, and then discharged through 15m-high exhaust pipes, which greatly reduces air pollution.



Treatment by an electrostatic purifier



Emission from 15m-high exhaust pipes

In addition to conventional emissions and waste disposal, the Group actively reduces emissions and promotes recycling by adopting advanced technologies and improving operational efficiency.

### Horizon Construction Development's emission reduction and recycling measures

<p><b>Exhaust gas</b></p>	<ul style="list-style-type: none"> <li>• <b>New steel cutting method:</b> Plasma cutting is used to replace the "propane or acetylene + oxygen" chemical cutting method for steel cutting, which reduces waste gas emissions in the cutting process.</li> </ul>
<p><b>Wastewater</b></p>	<ul style="list-style-type: none"> <li>• <b>Reuse of cleaning wastewater:</b> Factory cleaning wastewater is reused for cleaning equipment entering the factory, which is expected to reduce sewage discharge by 350 tons a year;</li> <li>• <b>Lead-acid battery replacement:</b> Aerial work platform adopt maintenance-free batteries to gradually replace the existing lead-acid batteries, not only optimizing the operation process and saving water resources required for equipment maintenance, but also reducing the emission of lead-acid pollutants.</li> </ul>
<p><b>Hazardous waste</b></p>	<ul style="list-style-type: none"> <li>• <b>Reduction of oil leakage:</b> Fuel-saving trays and oil-absorbing sponges are introduced in the operating environments and locations with oil leakage risks, and employees are required to use them.</li> </ul>
<p><b>Non-hazardous waste</b></p>	<ul style="list-style-type: none"> <li>• <b>Improvement of pipe-cutting process:</b> By changing manual feeding to automatic feeding and saw blade pipe cutting to laser pipe cutting, an average of 10mm can be saved for every 6m steel pipe, and it is expected to save about 50 tons of steel a year;</li> <li>• <b>Recyclable packing racks:</b> The Group self-developed the use of vertical and horizontal bars with buckles as the packing rack body, which not only reduces the use of the original "channel steel rack", but also allows the packing rack body to be recycled, saving the purchase of 20,000 tons of "channel steel racks" every year;</li> <li>• <b>Tire retreading:</b> A tire retreading company is selected to retread end-of-life tires. About 45,423 tires have been reused so far, with a cost reduction of about RMB100 per tire and total cost savings of about RMB4.5 million;</li> <li>• <b>Recycling, repair and reuse of old items:</b> The Group recycles, repairs, and reuses old items with secondary use value. A total of 192,611 or 92.6% of old items were recycled and 67,315 old items were repaired in 2023.</li> </ul>

**[Case] Using recyclable packing racks**

Mold frame materials need to be sorted and packaged. The common practice in the industry is to "use channel steel to weld a U-shaped frame". For every 30 tons of buckles, one ton of channel steel packing racks need to be purchased. Horizon Construction Development uses buckled vertical and horizontal bars as the packing rack body. On the one hand, it can reduce the purchase and transportation of channel steel packing racks and reduce energy consumption; on the other hand, the horizontal and vertical bars of the packing rack body can be used for "frame construction" on the construction site to realize the recycling of resources.



The "channel steel frame" packaging method on the market



The buckle rod packaging method of Horizon Construction Development

**[Case] Scrap steel is recycled to the maximum**

In 2023, Horizon Construction Development's material bases produced 5,100 tons of scrap steel, all of which was collected by a qualified enterprise and transferred to steel mills for steel making. Each ton of steel made from scrap steel reduces CO2 emissions by 1.25 tons compared to steel made from iron ore, thus maximizing the "recycling" of materials.



Scrap steel leftovers after repairs



Scrap steel is loaded onto trucks and transported to steel smelting companies

## 2.5 Opportunities in Clean Tech

Adhering to the philosophy of "understanding the limitations of nature, respecting the ecosystem, and avoiding over-exploitation and pollution", the Group regards clean technology innovation as its core development strategy, and actively explores and seizes clean technology opportunities.

The Group's work on clean technology opportunities in the areas of energy use and sustainable product innovation has brought about substantial improvements to society and the environment while realizing sustainable corporate development.

## Horizon Construction Development's clean technology opportunity management measures

### Energy use

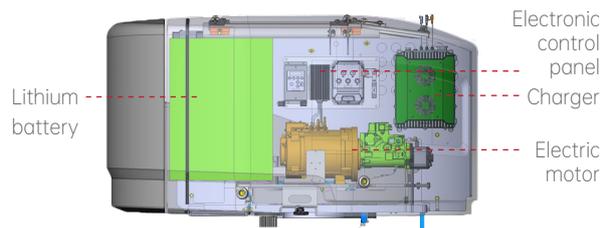
- "Oil-to-electricity" technology for aerial work vehicles achieves energy-saving and emission-reduction effects

### Sustainable product innovation

- The Company's core products—excavation support and formwork systems are green and recyclable

#### [Case] "Oil-to-electricity" technology for aerial work vehicles in the exploration of clean technology opportunities

Aerial work vehicles are important tools in modern industry and urban construction. Aerial work vehicles that have low emission standards have problems such as environmental pollution and restricted use. To solve these problems, it is necessary to replace their engines with new ones that have a high emission standard, but the cost of replacement is high. Therefore, the Company started the replacement in 2023, and planned to convert them from diesel-driven to electric-driven (referred to as "oil-to-electricity" conversion), which will solve the problems of old oil-driven vehicles while improving their performance and reliability.



At present, the Company has completed the design of the "oil-to-electricity" project. According to calculation, the annual economic benefit of each aerial work vehicle after the conversion is RMB 70,000, and the economic benefit was RMB 1.05 million in 2023.

#### [Case] Independently developed fully assembled steel cofferdam system provides customers with an environmentally friendly and efficient choice

The fully assembled steel cofferdam system is one of the products independently developed by the Company. The system adopts bolted connections to reduce or replace welding and gas cutting during assembly and disassembly of traditional steel cofferdams. Compared with traditional steel cofferdams, it has the following main advantages:



(1) Convenient disassembly and assembly: The system is convenient to assemble and disassemble during the construction process;

(2) Strong adaptability: Bolted connections have good adaptability to complex construction environments;

(3) Environmental friendliness: Assembly/disassembly of bolted connections greatly reduces welding slag, waste and other harmful substances generated during welding and gas cutting, thus being more environmentally friendly;

(4) Safety: Assembly/disassembly of bolted connections greatly reduces potential safety hazards such as mechanical injury, electric shock, burns, and light injury that may occur in the process of welding and gas cutting, thus being safer.

# 03

## Optimizing Services to Improve Customer Satisfaction

### Topics responded to



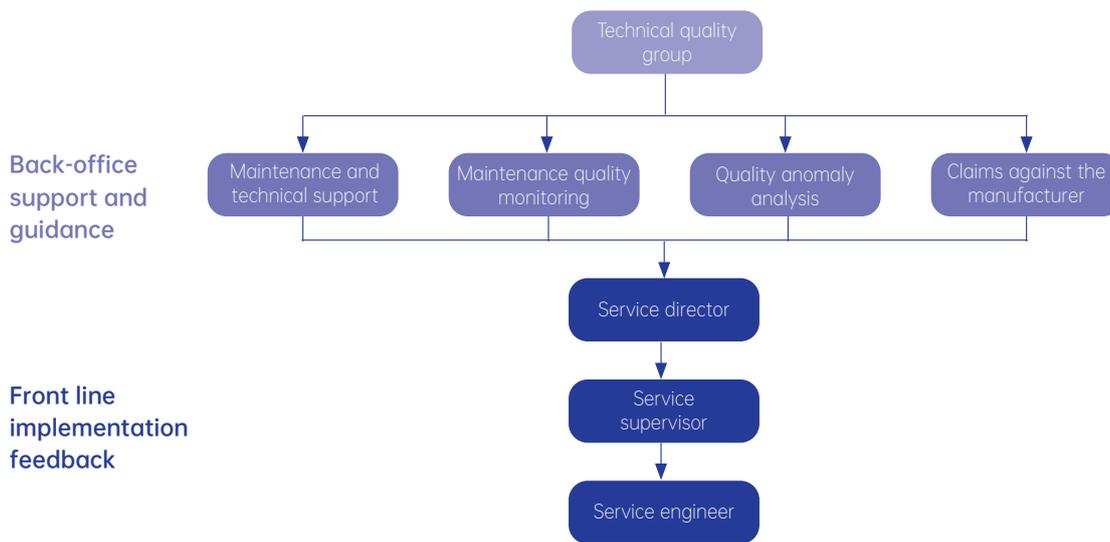
### Metrics and targets

Metric	Target for 2023	Progress in 2023	Completion Status
Rate of timely responses to quality complaints	95%	98.99%	Completed
Rate of customer satisfaction after "400" call	95%	97.04%	Completed
Rate of customer satisfaction with order return visit	90%	95.20%	Completed
Coverage rate of integrity clauses for newly contracted suppliers	100%	100%	Completed

### 3.1 Construction and Equipment Quality

Horizon Construction Development strictly abides by laws and regulations such as the Product Quality Law of the People's Republic of China and has put in place a complete series of systems and norms including standard procedures, normative guidance and template forms, forming a full-lifecycle quality management system for equipment covering all links. The Group has set up a quality management structure with unified management by the technical quality group, support and guidance from the back-end department, and implementation feedback from the front-line department. With better mechanical equipment and a stronger technical service team, the Company helps China's urban construction to be more environmentally friendly, efficient and intelligent.

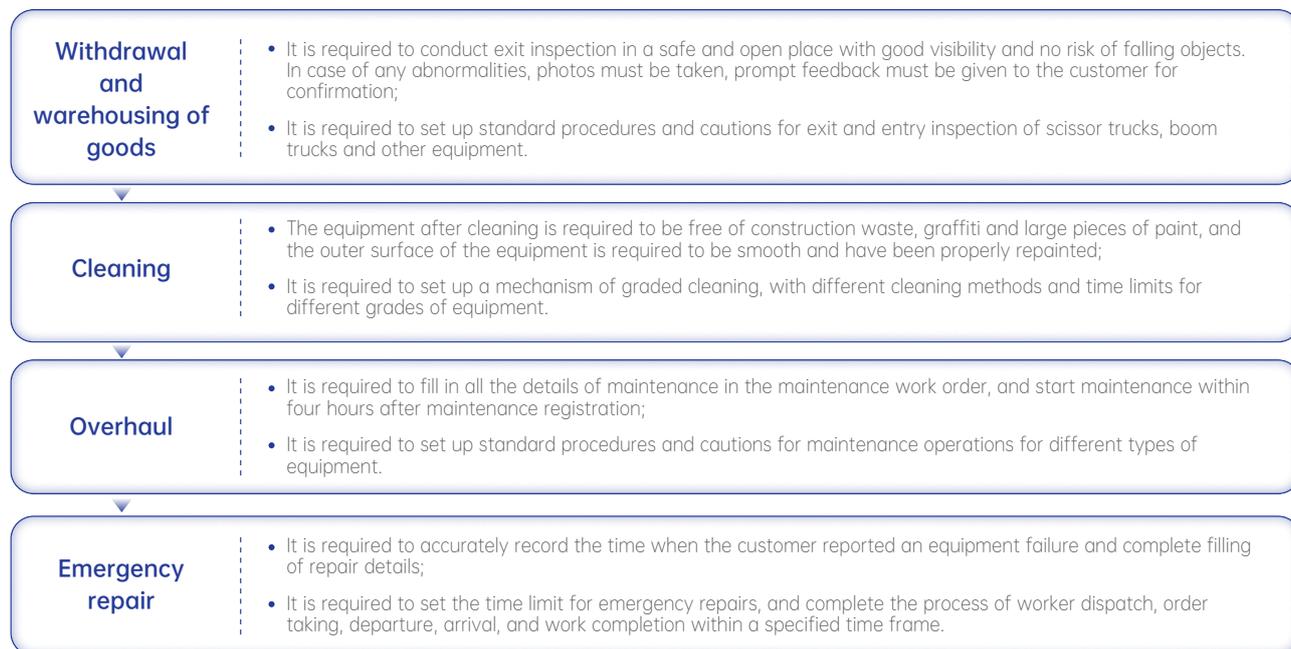
Horizon Construction Development's quality management framework



In 2023, the Group did not have any incidents in which it was penalized by the competent authorities for violating laws and regulations related to product and service quality and safety.

Horizon Construction Development's lifecycle management of equipment quality

Link	Management mechanism
Equipment acceptance	<ul style="list-style-type: none"> <li>It is required that equipment have a brand new appearance, brand new advertising paper/safety signs, etc., and have no functional abnormalities before it can pass the acceptance inspection;</li> <li>It is required to find the actual vehicle based on the host number in the work order, and fill in the host number and nameplate number of the actual vehicle in the work order.</li> </ul>
Picking of goods	<ul style="list-style-type: none"> <li>It is required to select equipment that meets the corresponding service requirements, and complete equipment modification and equipment protection according to the requirements in the picking work order;</li> <li>It is required to set the time limit for picking according to different equipment types and equipment modification needs, so that the picking operation can be completed within the specified time;</li> <li>If the equipment is in good condition, photos of the equipment and its nameplate must be uploaded to the work order; if the equipment has abnormalities, photos of the abnormal parts must be uploaded.</li> </ul>
Outgoing and incoming of goods	<ul style="list-style-type: none"> <li>Equipment loading and bundling must be carried out in strict accordance with safety specifications;</li> <li>Photography and timeliness requirements must be set for outbound and inbound equipment, the outbound work order must be completed immediately after the equipment is loaded and leaves the base, and the inbound work order must be completed after the customer signs the contract.</li> </ul>



In 2023, the Group promoted lean management of equipment quality, continued to improve quality management efficiency from both quality diagnosis and quality training, and accelerated the formation of a quality atmosphere for all employees.

### Horizon Construction Development's lean management measures for equipment quality in 2023



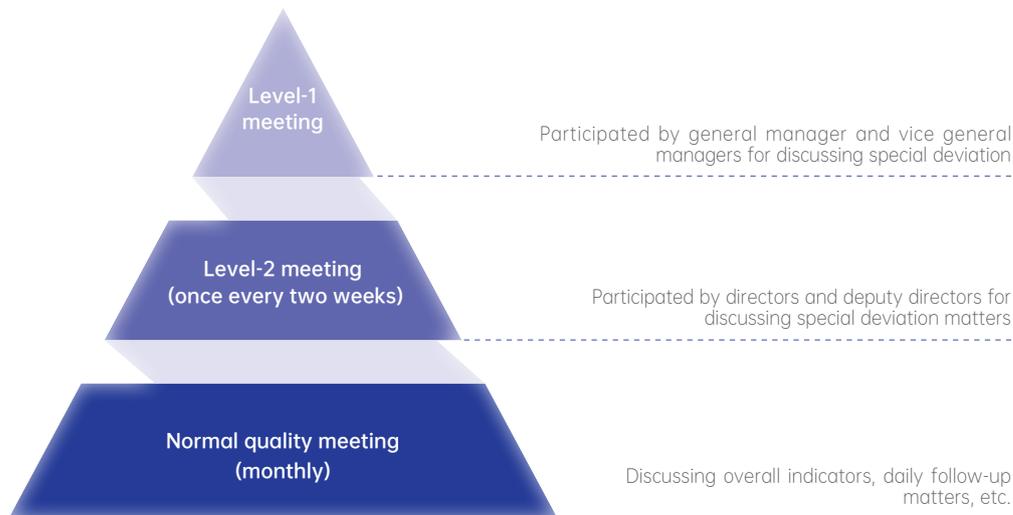
As of the end of 2023, the quality management systems of the Group's wholly-owned subsidiaries Shanghai Horizon Equipment & Engineering Co., Ltd. and Shanghai Hongjin Equipment & Engineering Co., Ltd. had been certified to comply with ISO 9001:2015 requirements and had obtained the corresponding certification certificates.

**Horizon Construction Development's subsidiaries that have obtained ISO 9001:2015 certification**



In addition, working together with suppliers to focus on equipment quality, the Group has built a strategic supplier quality co-management model, and established a hierarchical meeting mechanism to discuss special quality management issues on a regular basis.

**Horizon Construction Development's supplier quality co-governance model**



## 3.2 Customer Service and Satisfaction

Staying customer centered, Horizon Construction Development puts customers' needs at the core of business development, establishes a customer service management system covering product consultation, after-sales service, and customer satisfaction management, and formulates corresponding systems and processes to continuously improve the efficiency of customer service, and devotes itself to providing customers with all-round, multi-functional, and full-lifecycle services.

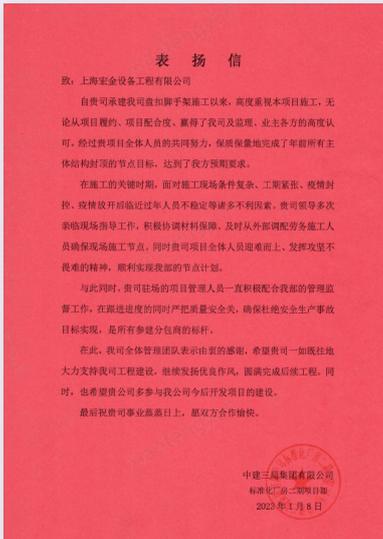
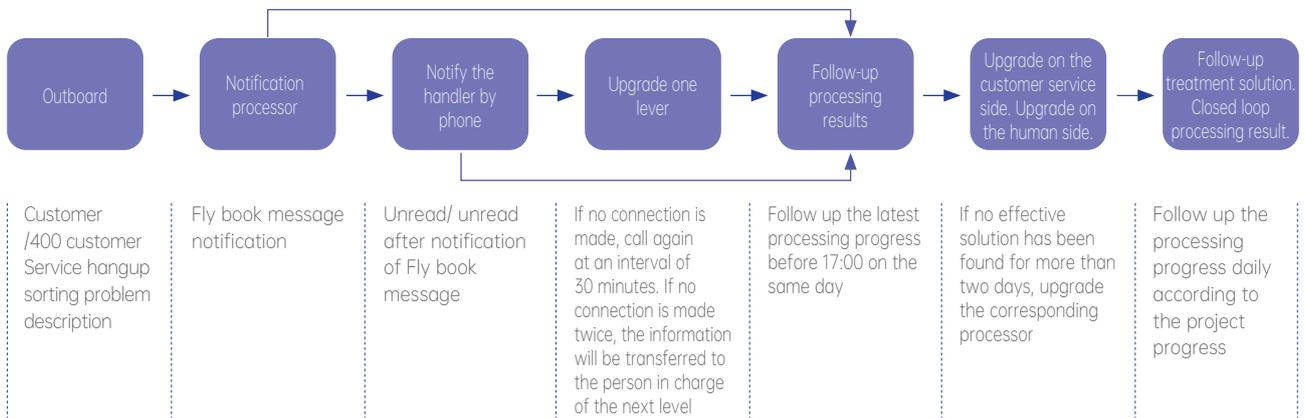
### Horizon Construction Development's customer service philosophy



### Horizon Construction Development's customer service management system and management progress

Aspect	Management mechanism	Outcome of key management actions in 2023
Product consultation and after-sales service	<p><b>Multiple communication channels:</b> telephone callback, SMS sending, "400" customer service hotline, APP and public account online reception, etc.</p> <p><b>Professional service team:</b> 7*12- hour customer service provided by a professional customer service team</p>	<ul style="list-style-type: none"> <li>• Normative documents such as the "400- phone Customer Service SOP Operation Manual" were formulated and a 400-phone Customer Service Management System was established;</li> <li>• Customer service personnel scheduling was adjusted and optimized.</li> <li>• A total of 7 intensive business training sessions were conducted for customer service staff.</li> </ul>
Equipment usage guidance for customers	<p><b>Equipment handover training:</b> Equipment operation training provided to customers before equipment delivery</p> <p><b>Online learning platform:</b> Training in equipment safety, operation, standardized use and other aspects provided through online videos</p>	<ul style="list-style-type: none"> <li>• 100% service engineers who provide handover training to customers passed their qualification training, and a total of about 11,100 people were trained ;</li> <li>• The online learning platform served a total of more than 260 customers.</li> </ul>
Customer satisfaction management	<p><b>Customer satisfaction survey:</b> Post-call customer service satisfaction evaluation, and regular visits to investigate satisfaction with the order on a sampling basis</p> <p><b>Regular visits:</b> Customers are visited regularly to collect their comments and suggestions</p>	<ul style="list-style-type: none"> <li>• The rate of after-call satisfaction reached 97.04%;</li> <li>• Satisfaction follow-up visits were conducted for 732 orders of neo-excavation support system, neo-formwork system, aerial work platform, etc., finding a satisfaction rate of 95.20% ;</li> <li>• A number of projects were highly recognized by customers through thank-you letters, banners, and honorary certificates.</li> </ul>

### The process of handle customer complaints



A letter of commendation from China Construction Third Engineering Bureau



A letter of thanks from the 19th Asian Games and the 4th Asian Paralympics Hangzhou for the power supply project



Guangzhou Yuexin (Phase III) project was awarded the Behavioral Safety Star Award by China Construction First Engineering Bureau

### 3.3 Technological Innovation

#### R&D innovation

Horizon Construction Development attaches importance to scientific and technological innovation, and carries out innovative development and technological upgrading with respect to external customer solutions and internal management and technical support. The Company adheres to the combination of “production, learning and research”, and in the R&D of products and technology, it has formulated the “Specification for the Management of Technological Renovation Projects” and constantly improved products and processes so as to provide customers with safer, more cost-effective and environmentally friendly solutions. In terms of IT system research and development, the Company has set up an innovative R&D management mechanism that focuses on software system upgrading and intelligent hardware development, so as to provide smoother, more cost-effective, more efficient, and more innovative technology support for corporate management.

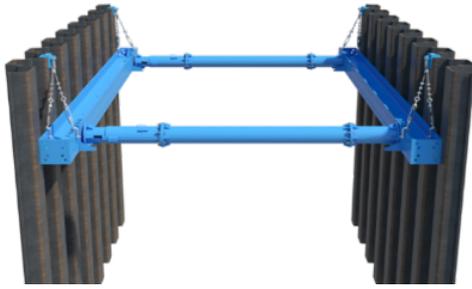
Horizon Construction Development's R&D management measures and results in 2023

Aspect	Management measures	Results in 2023
Product development	Persistently increasing R&D investment, the Group had a total of RMB 328 million R&D expenditures in 2023..	<ul style="list-style-type: none"> <li>Completion of the R&amp;D of two new products, “new trench support system” and “prefabricated truss H-beam strut system”.</li> <li>Supply chain digitalization to reduce logistics costs through warehouse planning algorithms and intelligent logistics algorithms.</li> </ul>
Technology research	Cooperating with Shandong University to calculate the horizontal load sharing ratio of steel sheet piles and H-shaped steel, and study the stress model of combined steel plates working together.	<ul style="list-style-type: none"> <li>The “Construction Method of Fully Recyclable Supporting Structure for Foundation Pits” and “Construction Method of Fully Recyclable Composite Steel Pile Supporting for Foundation Pits” jointly declared with Shandong University won the Shandong provincial certificate of engineering construction method.</li> </ul>
Talent cultivation	Through technical exchanges, technical training, project cooperation and talent sharing, the company promotes the sharing and optimal allocation of talent resources among all links of the industrial chain.	<ul style="list-style-type: none"> <li>The general manager of the Company's technology R&amp;D department was included in the expert database of Shanghai Science and Technology Commission, mainly engaged in the design, research and development of green foundation pit supports, ringlock scaffolding and related products.</li> </ul>



Two construction methods were awarded Shandong provincial certificate of engineering construction method

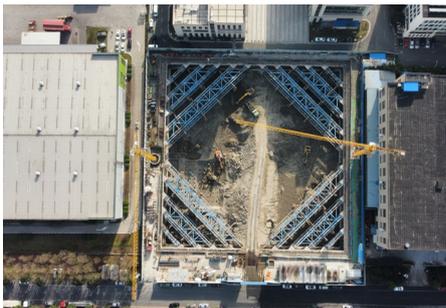
**Tips**



**New trench support system**

Ditch-type foundation is a narrow strip-shaped foundation, which is excavated for laying underground gas, water supply and drainage, rainwater and sewage municipal pipelines. When excavating this type of foundation, the construction team needs to protect the surrounding buildings, and ensure high quality, safety and cost-saving. New Trench Support System is composed of H-beam steel enclosing purlin, lifting equipment, jack-up-type expansion end, prefabricated steel pipes, and hanging plates. Compared with simple support and traditional steel support, this system is easier to install and remove, also more friendly to the environment.

**Tips**



**Prefabricated truss H-beam strut system**

The current excavation support system includes two forms: concrete support and steel pipe support. The concrete support is expensive, and it always causes serious environmental pollution during removing. The steel pipe support is more efficient to installation and can be reused, but its connection joints are not reliable.

Therefore, we studied the stress characteristics of truss H-Beam support through theoretical analysis, numerical simulation, practical application, and monitoring. On this basis, we develop a new type of connection joint and the Prefabricated Truss H-Beam Strut System. This system can control the deformation during excavation while ensuring the safety of large-span steel support structures.

**Intellectual property protection**

The Group strictly abides by the Patent Law of People’s Republic of China, Measures for the Registration of Computer Software Copyright and other laws and regulations, formulates the “Management Standard for Patent-related Work”, and establishes a comprehensive intellectual property management system covering patent classification, application, daily management and operation management, so as to ensure that its own innovation achievements are fully protected by law and prevent the occurrence of infringement.

In 2023, the Group applied for 14 new patents and was granted 17 patents. There was no incident of infringement of IP rights of others.

**[Case] Establishment of an on-site inspection and emergency response mechanism for IP rights**

The Group’s R&D engineers take “whether there are infringements by other companies” as an inspection item when inspecting construction sites, collect on-site evidence of suspected infringements and report them for handling. The Group resolves IP-related disputes in accordance with the emergency mechanism through communication, consultation or legal actions.

## 3.4 Privacy and Data Security

With the large-scale development of the industrial Internet, the data security risks behind various technological applications have become increasingly prominent. Horizon Construction Development regards ensuring data security and customer privacy as an important basis for corporate survival and development, and abides by the Data Security Law of the People's Republic of China, Cybersecurity Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China and other laws and regulations. The Company has established an information security management system and a COO-headed information security management team, which coordinates the information security officers of various departments in privacy and data security management.

### Horizon Construction Development's information security management system

#### Network infrastructure construction

- A real-time network monitoring program is set up to monitor abnormal changes in network traffic and proactively discover network faults through alarms and other methods to ensure timely intervention and handling;
- Network engineers regularly back up key network facilities such as firewalls and switches, and all network configuration changes must be made through IT maintenance processes;
- Professional third-party organizations are invited on a regular basis to assess the Company's classified protection of cybersecurity and evaluate whether Horizon Construction Development's security measures and systems meet the requirements of relevant laws and regulations;
- The Company has formulated two emergency plans, "Phishing Email Emergency Response Process" and "Ransomware Emergency Response Plan", with the adoption of emergency response measures such as attack blocking, virus killing, reporting and notification.

#### Data security protection strategy

- The Company has developed a detailed data backup plan, according to which daily, monthly and remote backup and quarterly data backup and recovery tests are carried out. In addition, real-time monitoring logs are kept to ensure the integrity of data backup;
- A strict authorization mechanism has been set up, according to which each employee only has the data access permission corresponding to his/her job role. For additional permissions, an application is required and the approved permissions are valid for one year at most;
- The company classifies important data, sorts out a list of confidential documents, and clearly defines the way of storage, transmission and sharing of sensitive documents;
- Suppliers who contact Horizon Construction Development's data or access its outsourcing system are required to sign a confidentiality agreement, which stipulates the liability for breach of the agreement; in addition, suppliers are required to abide by the security measures of the outsourcing system in terms of identity authentication, authority control, log audit, etc. before they are permitted to access the system.

#### Customer privacy protection principles

- Before using applets and APPs, users are clearly required to confirm the privacy agreement, and users are informed of the scope and specific methods of data collection, storage, transmission, and destruction in accordance with legal requirements;
- At the system level, customer's sensitive data, such as ID number, phone number, email address, etc., are treated with encrypted storage, encrypted transmission, desensitized display, permission control and other security measures, so as to protect personal information from unauthorized access, use or tampering.

In addition, in 2023, the Group carried out internal information security audits and external assessment of classified protection of cybersecurity, and conducted information security education in a variety of forms such as new employee orientation training, regular training for information security officers, information security promotion tabloids, roll-ups and small stickers to create a corporate ecology of information security with the participation of all employees.



■ Horizon Construction Development's performance in privacy and data security protection in 2023

- One internal information security audit was conducted, with an audit compliance rate of 94.6%, exceeding the annual audit compliance rate target of 90%; a total of 3 high-risk, 3 medium-risk, and one low-risk problems were identified, all of which have been solved;
- All new employees attended information security training and passed the corresponding examination;
- All information security officers attended security awareness-raising training and 100% of them passed the corresponding examination;
- One anti-ransomware emergency drill was conducted, through which the reliability of the Group's network isolation, authority separation, and data recovery measures was verified.

### 3.5 Sustainable Supplier Management

The Group is a company in the operational leasing industry, and its suppliers are mainly suppliers of equipment, materials, spare parts, tools, oil, gas, liquids, engineering services, production services, and administrative services. In 2023, the Group had 5,721 registered suppliers.

The Group strictly abides by the Bidding Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and other laws and regulations, and adheres to the principles of "separation of management and use, hierarchical classification, openness, transparency, and continuous optimization". It has established an institutional system centered on the "Supplier Management Measures", defined the management responsibilities of relevant departments for suppliers, and standardized the whole process of supplier sourcing, introduction, evaluation, cultivation and development, freezing and withdrawal. Paying close attention to the ESG management of suppliers, the Group has set up a procurement control department to review the performance of suppliers in environmental protection and social responsibility fulfillment, which is taken as an influencing factor in the procurement strategy.

#### Horizon Construction Development's measures of and performance in sustainable supplier management in 2023

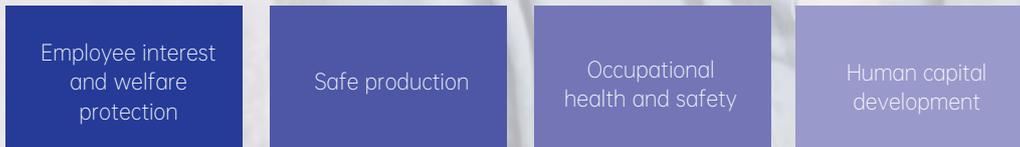
Measures	Performance
<ul style="list-style-type: none"> <li>Suppliers are subject to quality and environmental audit according to the category of products or services they provide before being included into the Group's supplier list;</li> <li>An integrity clause is included into the supply contract, and suppliers are required to sign the "Anti-Corruption and Anti-Bribery Agreement";</li> <li>Third-party (Tianyancha and Qichacha) big data are accessed to capture the information of business status and administrative punishment of suppliers or cooperative suppliers in real time and ensure timely understanding of hidden risks in the supply chain;</li> <li>Anti-corruption publicity is carried out for suppliers in the forms of business integrity letter and anti-corruption training.</li> </ul>	<ul style="list-style-type: none"> <li>Integrity clause covered 100% of new suppliers;</li> <li>Two activities were held for signing business integrity letters, the first response letter was 564, and the actual receipt letter was 562, with a signing rate of 99.65%; the second response letter was 1,063, and the actual receipt letter was 1,011, with a signing rate of 95.11%;</li> <li>Anti-corruption training was provided to 260 suppliers, with a total of 1,459 views;</li> <li>A total of 566 suppliers were evaluated in terms of environmental protection, labor treatment and business ethics, 563 of them were found qualified, and three unqualified. Business dealings with them were suspended.</li> </ul>

In addition, in the procurement bidding of engineering materials, IT equipment, office furniture, office computers, etc., the Group attaches importance to both economic benefits and environmental benefits, requires suppliers to provide products or services that meet national, industrial and green-procurement standards, and gives priority to those that provide energy-saving and environment-friendly products.

# 04

## Staying People-oriented to Create a Better New Life Together

### Topics responded to



### Metrics and targets

Metric	Performance in 2023		
Number of management trainees	56 persons		
Total number of employees, among whom:	4,563 persons		
Ethnic minority employees	182 persons		
Employees working in Hong Kong, Macao, Taiwan regions of China and overseas	62 persons		
	Target for 2023	Progress in 2023	
Employee training coverage	100%	100%	Completed
Annual incidence of occupational diseases	0%	0%	Completed
Accident casualty rate	0%	0%	Completed

## 4.1 Employee interest and Welfare Protection

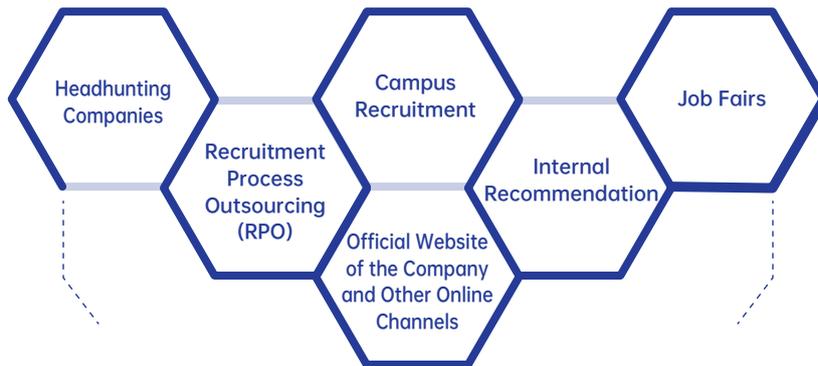
Horizon Construction Development strictly abides by laws and regulations such as the Labor Law of the People’s Republic of China and the Labor Contract Law of the People’s Republic of China, attaches great importance to and protects the basic rights and interests of employees, respects and develops the individual differences of employees, and is committed to creating a fair, impartial and open workplace.

### Employee recruitment and employment

The Group adheres to lawful employment and strictly abides by laws and regulations such as the Labor Law of the People’s Republic of China, the Law on the Protection of Minors, the Provisions on the Prohibiting the Use of Child Labor, and other relevant regulations. For employee recruitment, the age of job seekers is strictly checked, and the use of child labor and forced labor is strictly prohibited. In 2023, there was no incident of employing child labor or forced labor in the Group.

Adhering to the policy of “first-class talents, first-class performance and first-class returns”, the Group has established a recruitment and employment management system with the “Recruitment Management Measures” as the core, defined the principles of recruitment, standardized the entire process of talent recruitment and set up diversified recruitment channels to continuously strengthen the introduction of outstanding talents at all levels, creating a spectacular talent team and making talents the creators of the Group’s value and the guardians of its corporate culture.

Horizon Construction Development’s diverse recruitment channels



In 2023, the Group introduced 314 market-oriented and professional talents.

#### [Case] “Hongzhusheng” 2024 autumn campus recruitment

The Group launched the “Hongzhusheng” talent seed project for college graduates, focusing on each core positions in each sequence, setting a 1.5-year training period and a 5-year growth target, and empowering new employees to rapidly grow into elite talents with strong skills, high-value contribution and high professional maturity through a professional and systematic training mechanism.

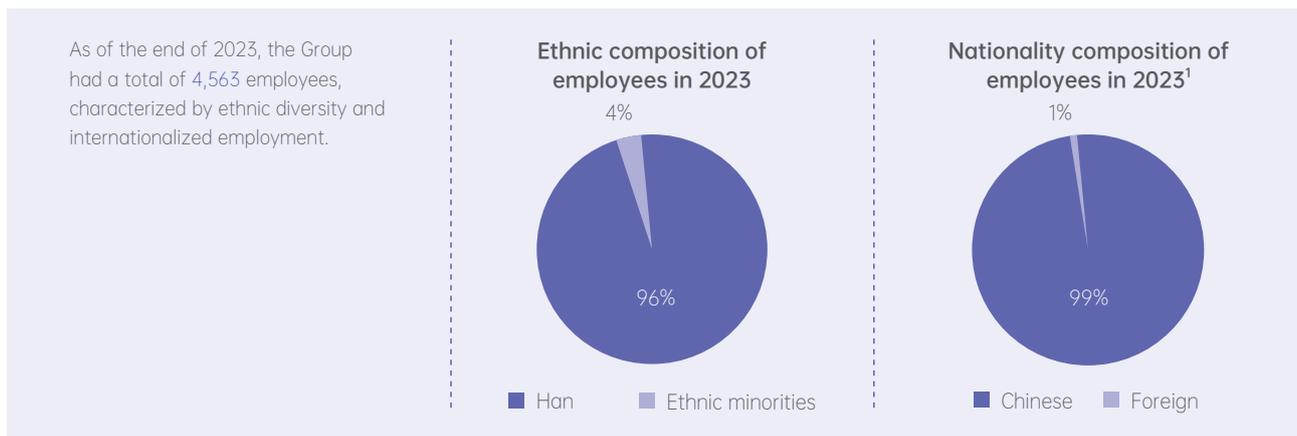
In 2023, the Group held a total of 22 “Hongzhusheng” campus recruitment presentations for college students who are to graduate in the fall of 2024, participated in 18 offline recruitment meetings, received a total of more than 8,500 resumes, and recruited 50 fresh graduates.

## Employee interest and welfare

Following the philosophy of building a fair, impartial and open workplace, the Group has built a sound and standardized human resources management system, and clearly defined working hours, holidays, salary and benefits to fully protect the legitimate rights and interests of employees.

The Group is committed to achieving fair employment and a diversified workplace, providing employees with equal opportunities in recruitment, training, development, promotion, salary and benefits, and employing employees of different ages, genders, races and educational backgrounds. The Group promises that employees will not be discriminated against or lose opportunities due to gender, ethnic background, beliefs, skin color, sexual orientation, age, marital status, family status, disability, pregnancy or any other forms of discrimination prohibited by applicable laws and regulations.

In 2023, there were no incidents of employee discrimination in the Group's employment and Labor Standards.



Note 1: Foreign employees mainly come from Indonesia, Malaysia, Vietnam, Thailand, and New Zealand.

### Horizon Construction Development's Employee interest and welfare protection system

#### Working hours and holidays

- **Working hours:** "Employee Attendance Management Measures" are formulated to ensure that the Group complies with applicable laws and industry standards regarding working hours.
- **Holidays:** The Group offers paid annual leave, marriage leave, bereavement leave, maternity leave, sick leave, parent-teacher conference leave, etc.

#### Salary and benefits

- **Salary:** "Salary and Benefit Management Measures" are formulated to provide a competitive salary package based on employees' qualifications, abilities, performance and comparable market data, which generally includes basic wage, pension plan contributions and talent retention bonuses.
- **Statutory benefits:** The Company pays five insurances and one fund for all employees.
- **Non-statutory benefits:** The Company provides employees with supplementary medical insurance, group accident insurance, as well as other benefits such as holiday allowance, holiday money for parents, and meal subsidies.

## Employee care and communication

The Group attaches great importance to caring for employees. It has formulated the "Labor Union Welfare Standard", regularly carries out union welfare activities, provides employees with necessary support through care, condolences, assistance and other means, fully cares about their lives, enhances their happiness and cohesion, and is committed to building a growth platform that employees trust and are willing to work for.

### Horizon Construction Development's employee care actions

Aspect	Specific measure
Employee care	Employee birthday benefits, Women's Day benefits, Children's Day benefits, employee wedding benefits, etc.
Labor union condolences	Compensation for voluntary blood donation, condolences for serious illnesses, condolences for work injuries and accidents, condolences for relatives' funerals, aid for special difficulties, etc.
Labor union assistance	Natural disaster relief, etc.
Female employees' rights and interests	"Contracts for the Protection of Special Interests of Female Employees" are signed, female care activities are held, and lactation rooms are provided.

To implement democratic management, the Group has established a democratic participation system with the employees' congress and labor union as the core. It has also set up an employee communication and feedback mechanism, a rationalization suggestion platform and a "Tea Bar" to encourage employees to express their opinions freely and openly and make suggestions on the Group's operation and management. In addition, employee engagement surveys are conducted on a regular basis.

In 2023, the Group conducted an engagement survey and a satisfaction survey to comprehensively understand employees' career status in terms of their sense of organizational empowerment, job challenge, level of effort, and willingness to stay at work, so as to make further improvement, enhance organizational effectiveness, and help realize employees' sense of personal value at work.



#### Horizon Construction Development's performance in employee care and communication in 2023

- The Company conducted an employee engagement survey, finding an employee engagement rate of **82.43%**;
- The rationalization suggestion platform received more than **1,200** suggestions, among which **270** were adopted by the Company, and **140** employees were rewarded for their excellent suggestions.

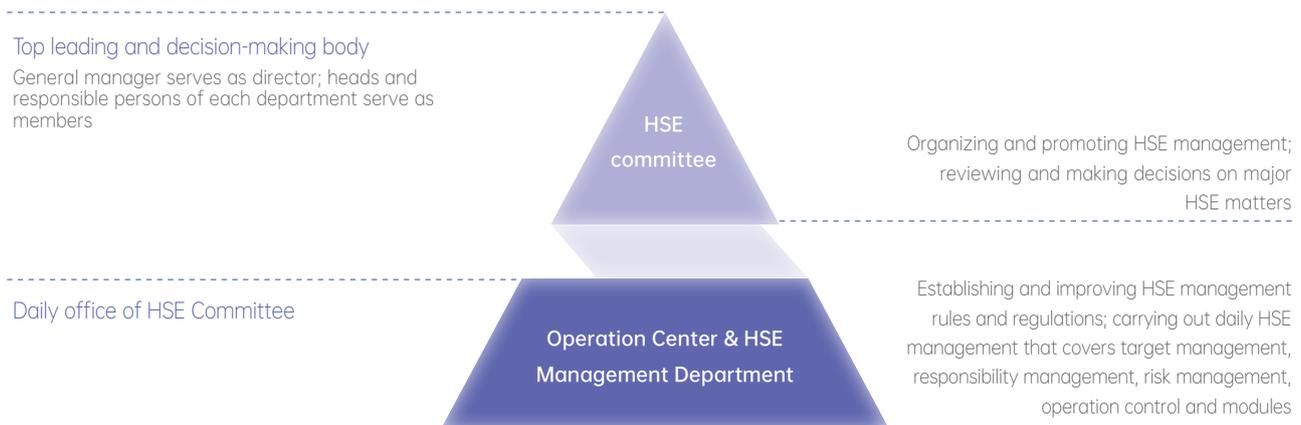
## 4.2 Occupational Health and Safety

### HSE risk management

HSE is the abbreviation of health, safety and environment. Horizon Construction Development regards HSE management as the foundation for the Group’s survival and the guarantee for its sustainable development. It has established an HSE system with the “HSE Management Regulations” as the core, and is committed to creating and maintaining a safe and healthy workplace for employees to avoid accidents and occupational diseases.

The Group has established an HSE committee as the highest leading and decision-making body for the Group’s all-round HSE management. An operation center & HSE management department is set up under the committee to take charge of the daily HSE-related work.

#### Horizon Construction Development's organizational structure of HSE management



The Group has formulated the “Management Measures for Prevention and Control of HSE Risks”. It identifies HSE risks on a regular basis, adopts the risk matrix method to evaluate the risk level from two dimensions: the possibility of risk occurrence and the severity of impact, and implements risk prevention and control through different measures at different levels.

#### Horizon Construction Development's management measures for risk prevention and control in 2023

Aspect	Specific measure
<p><b>Identification of HSE risks</b></p>	<ul style="list-style-type: none"> <li>• A total of 2,297 hazard sources were identified in the Group’s business operation, including 563 major risks, mainly concentrated in major risks such as lifting injuries, mechanical injuries, and collapses.</li> </ul>
<p><b>HSE risk management and control mechanism</b></p>	<ul style="list-style-type: none"> <li>• Work instructions for high-risk operating procedures were formulated, policy promotion and implementation carried out for front-line engineering personnel, and special supervision, regular on-site inspection, and problem correction were conducted;</li> <li>• Qualification standards for personnel in typical operating procedures were formulated, requiring them to undergo skills and safety knowledge training and pass corresponding assessments before taking up their posts;</li> <li>• A three-level management mechanism for safety inspections was implemented, and the hidden dangers identified were tracked and dealt with in accordance with the following principles:                             <ul style="list-style-type: none"> <li>-Full coverage of company-level monthly inspections for high-risk operations, full coverage of quarterly inspections for medium-risk operations, and full coverage of annual inspections for low-risk operations;</li> <li>-Department-level inspections conducted on a monthly basis;</li> <li>-Team-level inspections conducted on a daily basis.</li> </ul> </li> </ul>

In 2023, there was no incident in which the Group was penalized by the competent authorities for violating laws and regulations related to Occupational Health and Safety.

### Horizon Construction Development's HSE target for 2023 and its progress

Metric	Target	Progress in 2023	
Annual incidence of occupational diseases	0 %	0 %	Completed
Accident casualty rate	0 %	0 %	Completed

### Safe Production

Safe production is the eternal theme of enterprises, and enterprises are the main body responsible for safe production. Horizon Construction Development strictly abides by the Work Safety Law of the People's Republic of China, Fire Protection Law of the People's Republic of China and other laws and regulations related. It has formulated the "Work Safety Responsibility Management Measures", "Prohibitive Regulations on Safe Production" and other systems related, and fully implemented the safe production guarantee mechanism. In 2023, the Group had no major accidents in production.

Throughout the year, the Group strictly implemented its responsibility for workplace safety, practiced the Four "Don't Let It Go" principles in accident handling, and built a strong defense line for safe production through improving the responsibility system, maintaining construction facilities, and creating a cultural environment that is "close to reality, close to production and close to employees" for the Group's safe production and construction.

#### Horizon Construction Development's Four "Don't Let It Go" principles for accident handling

- Don't let it go unless the cause of the accident has been clearly investigated
- Don't let it go unless the people involved have learned the lessons from the accident
- Don't let it go unless the person responsible has been punished
- Don't let it go unless corrective and preventive measures have been in place

### Horizon Construction Development's safe production guarantee measures in 2023

Aspect	Specific measure
<b>Improving safe production responsibility system</b>	<ul style="list-style-type: none"> <li>• Clearly designating the person responsible for safety, signing a safety responsibility letter, conducting regular safety hazard inspections, and eliminating safety hazards from the source;</li> <li>• Reporting the discovered safety risks online and requiring rectification be made within a time limit.</li> </ul>
<b>Strengthening the construction and maintenance of safety facilities</b>	<ul style="list-style-type: none"> <li>• Adopting seven technical measures for the prevention of injuries caused by operating machinery, falling objects, and material dumping;</li> <li>• Carrying out regular maintenance and inspection of production equipment and protective facilities, having dedicated personnel responsible for management, and truthfully recording the maintenance to ensure the normal operation of safety equipment and protective facilities;</li> <li>• Using the means of IoT to install an intelligent 7*24-hour monitoring system on more than 170 piling machines, which achieved standardized visualization, integrated management, and flattened control of piling machinery.</li> </ul>
<b>Creating a cultural atmosphere of safe production</b>	<ul style="list-style-type: none"> <li>• 55 production safety training sessions were conducted through a combination of theory and practice, including safe production knowledge training, production operation skills training, fire protection knowledge training, etc.;</li> <li>• Creating an innovative variety of training forms and systems, organizing 13 sessions of production safety training through Horizon Construction Development's online learning platform, with 23,450 participants, and holding 1,096 sessions of offline production safety training through fixed-point service support, with 13,233 participants, covering all front-line employees; safety training for production and non-production departments across the Group covering 63,450 people;</li> <li>• In response to the National Work Safety Month and Fire Protection Awareness Month, 339 emergency drills were carried out to improve employees' safety awareness and emergency handling capabilities.</li> </ul>

**[Case] Establishment of a safety supervision system for mold frame engineering**

The Group has put in place a safety management and control standard for mold frame engineering, defined the safety responsibilities of mold frame engineering managers, and strictly implemented the requirements for contractor access, technical disclosure, process inspection, mold frame acceptance, contractor assessment, etc., so as to reduce the probability and risk of accidents.

In 2023, the Group's technical disclosure for mold frame engineering safety covered 100% of the projects under construction, and acceptance inspection covered 100% of mold frames. In addition, the Group conducted project-specific evaluation of mold frame contractors, interviewed all unqualified contractors and made quality and safety disclosure to them.

In 2023, the Group strictly implemented the safety supervision system for mold frame engineering projects, and there were no major casualties due to loopholes in control rules.

**[Case] Activities of "Drawing lessons from things around you"**

The Group organizes various Business Units to carry out the activities of "drawing lessons from things around you", with the aim of learning from the accidents that have happened in other enterprises in the industry. It pushes the cases of accidents of learning value to front-line workers through Horizon Construction Development Branch of Far East College once every two weeks, so as to achieve full coverage of safety education and enhance safety awareness.

In 2023, the Group organized 8,892 person-times of video conference learning and 45,684 person-times of online push learning, covering 100% of front-line personnel.



## Occupational health management

The occupational disease risks involved in Horizon Construction Development's business mainly include noise, dust, and high temperature. "Taking risk management as the core of safety management", and strictly abiding by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws, regulations and rules related, the Group has made health and safety commitments and include them into the "Employee Handbook". It has formulated the "Occupational Health Management Measures", set up an all-round Occupational Health and Safety management system, and carried out corresponding certification work.

### Horizon Construction Development subsidiaries that have passed ISO 45001:2018 certification



Shanghai Horizon Equipment & Engineering Co., Ltd.



Shanghai Hongjin Equipment & Engineering Co., Ltd.

In 2023, the Group urged all bases to identify, supervise and rectify risks of occupational diseases on a regular basis in the whole production cycle, and strengthen the management of employees' occupational health through equipment improvement and disease prevention.

### Horizon Construction Development's occupational health protection measures in 2023

Aspect	Specific measure
Equipment improvement	<ul style="list-style-type: none"> <li>Selecting semi-automatic welding equipment, installing smoke collection pipes and 10 large exhaust fans to prevent the spread of welding smoke;</li> <li>Replacing the traditional saw blade cutting machines with automatic laser cutting machines to reduce noise during the cutting process.</li> </ul>
Disease prevention	<ul style="list-style-type: none"> <li>Distributing labor protection supplies to exposed employees according to the occupational disease risks identified;</li> <li>Providing annual occupational health examination for 100% employees exposed to occupational health hazards;</li> <li>Holding four occupational health training sessions to help employees improve their awareness of self-health protection from the aspects of the Group's occupational health policies, occupational disease and infectious disease prevention and control measures, etc.</li> </ul>

## 4.3 Human Capital Development

### Improving the training system

Talent is the foundation and driving force for creating value. Establishing a comprehensive and complete training system is an important way to achieve talent development and improve corporate competitiveness. Horizon Construction Development provides employees with a strong training support system to help each employee improve their abilities and maximize their career value.

In 2023, the Group focused on the development of managers' leadership, the promotion of new employees' general skills and professional skills, integrated training resources, and made great efforts to build a dynamic talent strategy training system which was controlled by the headquarters and implemented at different levels by various Business Units, so as to steadily promote the value-added of the Group's intellectual resources.

#### Horizon Construction Development's 2023 hierarchical talent training plans

Training plan	Participant	Content of training
Hongzhusheng Plan	Management Trainees	<ul style="list-style-type: none"> <li>1.5 years of systematic training helps Hongzhusheng trainees grow into experts in various positions, and key talents to contribute to the development of the Group.</li> </ul>
Hongqi Plan	New employees in functional departments	<ul style="list-style-type: none"> <li>Through the offline concentration in the North, Central and South Districts, sites and links are built, integration is promoted, and online and offline processes are combined to strengthen process empowerment and ensure that new employees in functional departments can quickly become competent.</li> </ul>
Ace Business Manager Project	Newly appointed managers of general, excavation support, and formwork business lines	<ul style="list-style-type: none"> <li>An online learning map is created to train new business personnel of each major product lines through a combination of online video micro-lectures and practical tasks, and improve their business competency and efficiency.</li> </ul>
Zamabu Project	Regional directors, some outstanding outlet managers	<ul style="list-style-type: none"> <li>Focusing on the underlying management tools needed to "well manage the five common managerial scenarios", the project provides multiple means of empowerment to help grassroots managers build a management cognitive system, consolidate basic management skills, and improve management levels.</li> </ul>
Landing Plan	Key talents at all levels during the probation period (First-level organizational leaders, directors /senior managers, business managers)	<ul style="list-style-type: none"> <li>Based on the characteristics of talents at all levels, the plan is aimed at promoting high retention and rapid output of key talents through all-round attention, multi-role coaching, multi-dimensional empowerment, and multi-angle observation.</li> </ul>

At the same time, the Group has established an online learning platform, and provided employees with subsidies for obtaining construction industry qualification certificates to encourage them improve professional ability through self-learning, self-checking, self-driving, and self-improving, and create an all-learning, lifelong-learning atmosphere.



**Horizon Construction Development's performance in employee training in 2023**

- The Ace Business Manager Project offered a total of **19** courses, with a total duration of nearly **16** hours and **1,935** participants;
- The Hongqi Plans offered a total of **21** courses, with a total duration of more than **25** hours and **1,039** participants;
- The Zamabu Project held a total of **15** grassroots management foundation-laying sessions, with **443** participants, **96%** of whom were satisfied with the training project;
- The Hongzhusheng Plan had **56** trainees registered, and all of them are now on the job after intensive training and job rotation. More than **50%** of the business has achieved rapid billing by Hongzhusheng trainees;
- The online learning platform has launched a total of **1,223** courses cumulatively, with a cumulative total of **6,675** participants, each of whom has studied **1.3** online courses every year on average;
- **70** employees have received subsidies for obtaining construction industry qualification certificates, with subsidies totaling RMB **590,000** approximately.

**Employee assessment and development**

Horizon Construction Development treats all employees on an equal basis, regardless of age, seniority, work experience, and education background. It has formulated the “Employee Performance Management Measures” and related systems to establish a reasonable performance management system and give full play to the incentives and constraints of performance management, through which the Group’s vision, strategy and goals are combined with employees’ individual work performance in order to achieve the common success of the Group, team and individuals. In 2023, 100% of the employees of the Group received regular performance and career development assessments.

**Horizon Construction Development's performance management system**

Aspect	Specific measure
<p><b>Performance evaluation mechanism</b></p>	<ul style="list-style-type: none"> <li>• Results-oriented and based on the balanced scorecard, the overall strategic objectives of the Group are decomposed to each department and employee in each position;</li> <li>• Key performance indicators (KPI) and key success factors (KSF) are set to determine the performance objectives of employees, and evaluate their performance results accordingly;</li> <li>• Performance evaluation is carried out throughout the year, and employees’ ability to achieve performance goals is continuously improved through performance goal tracking, problem identification, timely feedback, and coaching, and performance management is integrated into daily management;</li> <li>• The results of employee performance evaluation are widely used in salary incentives, job position adjustments, training and development, annual evaluation, etc.</li> </ul>
<p><b>Performance-related grievance mechanism</b></p>	<ul style="list-style-type: none"> <li>• If an employee has any objection to the results of performance evaluation, he/she can file a complaint with the Human Resources Department. The Human Resources Department shall handle the complaint prudently in accordance with relevant regulations and procedures and give corresponding feedback to the complaining employee in a timely manner.</li> </ul>



# OF Communicating in Good Faith to Share a Harmonious New Community

## Topics responded to

Community communication and development

Rural revitalization and charity

## Metrics and targets

Metric	Target	Progress in 2023
Number of times participating in community charity activities	5 times	5 times Completed

## 5.1 Community Communication and Development

Horizon Construction Development's own operating bases are located in Jiading District, Shanghai; Jinshan District, Shanghai; Wuqing District, Tianjin; and Nansha District, Guangzhou. The impact of the Group's business operations on the local communities mainly includes construction noise, dust, etc.

The Group strictly abides by laws and regulations such as the Noise Pollution Prevention and Control Law and the Air Pollution Prevention and Control Law. It persistently pays attention to and controls its impact on local communities during business operations, actively participates in community communication and development, and integrates corporate development with local social development. Through environmental protection and voluntary blood donation activities, it promotes the prosperity and development of surrounding communities and the improvement of local people's livelihood.

### Horizon Construction Development's community communication and development measures in 2023

#### Fog guns to reduce construction dust

Bases and project sites are equipped with 30 fog guns and water sprinklers to reduce dust and particulate matter in the air. Approximately RMB 500,000 has been invested in annual maintenance to reduce air pollution in surrounding communities. In 2023, the Group received no dust-related complaints from local communities.



#### Voluntary blood donation

Employees were organized to participate in free blood donation activities in Jinshan District and Jiading District, with a total of 12 employees participating in blood donation.



## 5.2 Rural Revitalization and Charity

In active response to the call of “promoting rural revitalization in an all-round way”, and strictly abiding by the Charity Law of the People’s Republic of China, the Donation Law of the People’s Republic of China for Public Welfare and other laws and regulations, the Group actively participates in social charity activities, and supports the development of various social public undertakings.

In 2023, the Group made social charity donations totaling RMB 260,000 in rural revitalization, emergency relief and other aspects.

### Horizon Construction Development's main charitable activities in 2023

#### Rural revitalization

The company helped the needy groups in Waigang Town, Jiading District, and visited two needy families in Shijin Village, providing them with financial support and materials such as rice, eggs and cooking oil.



#### Emergency assistance

The Company donated RMB 200,000 to Tianjin Binhai Blue Sky Rescue Team to further improve emergency rescue equipment and materials. It also helped the emergency rescue work in Dongjiang, covering urban search and rescue, water rescue, and mountain rescue.





# 03

## Strengthening Governance to Lay the Foundation for High-quality Development

### Topics responded to

Corporate governance

Compliance and risk management

Business ethics and anti-corruption

### Metrics and targets

Metric	Target	Progress in 2023	
Attendance rate of directors at board meetings	100%	100%	Completed
Coverage rate of compliance advocacy to management	100%	100%	Completed
Coverage rate of compliance advocacy to new employees	100%	100%	Completed
Percentage of employees signing "Business Secret Protection Agreement"	100%	100%	Completed

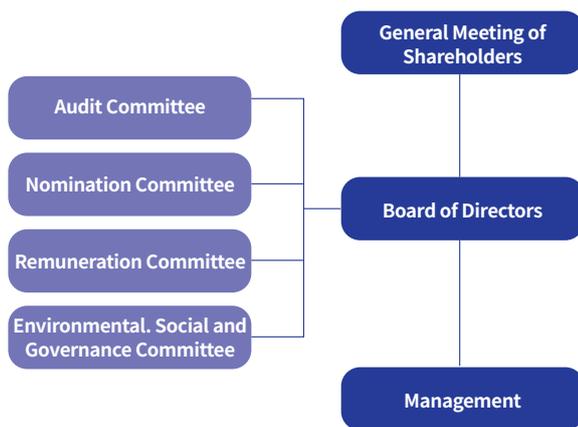
## 6.1 Corporate Governance

### Corporate governance

Horizon Construction Development strictly abides by the requirements of the Securities Listing Rules of the Stock Exchange of Hong Kong Limited and other relevant normative documents. It has formulated institutional documents such as the "Articles of Association" and "Rules of Procedure of the Board of Directors", and established a transparent and effective corporate governance system composed of the General Meeting Shareholders, the Board of Directors and the management.

The Board of Directors is the highest governance body of the Group, responsible for and reporting its work to the General Meeting of Shareholders. The Board of Directors consists of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Environmental, Social and Governance Committee. Each of these committees performs its duties and does its best to ensure that the decision-making of the Board of Directors is normative, scientific and effective.

#### Horizon Construction Development's corporate governance structure



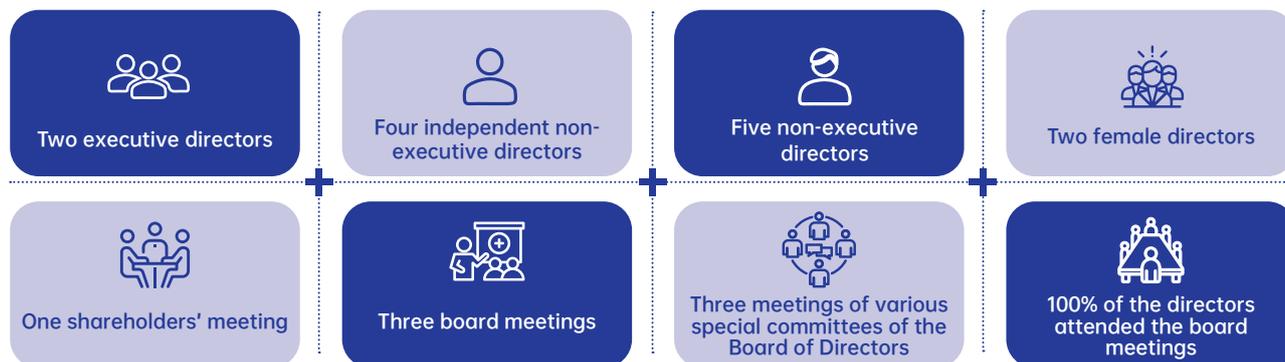
In 2023, the Group revised the "Articles of Association", "Terms of Reference of the Audit Committee of the Board of Directors", "Terms of Reference of the Remuneration Committee of the Board of Directors" and other systems to further standardize the corporate governance mechanism and consolidate the foundation of governance. The Company was successfully listed on the main board of the Hong Kong Stock Exchange on May 25, 2023.



Horizon Construction Development listed on the Main Board of the Hong Kong Stock Exchange

In 2023, the Group convened the general meeting of shareholders and board meetings in strict accordance with the governance requirements of listed companies to ensure that the legitimate rights and interests of the Group and its shareholders were fully protected and maintained. In addition, the Group formulated the "Board Diversity Policy" to review and evaluate the diversity of board members from various aspects, including but not limited to professional experience, cultural and educational background, gender, age and other factors.

### Composition of the Company's Board of Directors and related meetings held in 2023<sup>1</sup>



Note 1: The statistical interval for the number of board meetings and special committee meetings is from May 25, 2023, the Company's listing date, to December 31, 2023.

For more detailed information of corporate governance, please refer to the chapter "Corporate Governance Report" in the "Horizon Construction Development 2023 Annual Report".

### Protection of investors' rights and interests

In strict accordance with the Securities Listing Rules of the Stock Exchange of Hong Kong Limited and the Hong Kong Securities and Futures Ordinance, Horizon Construction Development has formulated information disclosure systems such as the "Information Disclosure Management Measures of Horizon Construction Development Limited", continuously improved its information disclosure mechanism, and comprehensively standardized information disclosure practices to ensure the authenticity, accuracy, completeness, timeliness and fairness of information disclosure.

In 2023, the Group published 36 announcements on the HKEXnews website, actively fulfilling its information disclosure responsibilities, and there were no false records, misleading statements or major omissions or any other violation of relevant information disclosure regulations.

In 2023, the Group continued to improve the diversified and normalized mechanism of communication with investors, and held performance press conferences, investor development days, communication meetings with brokers and other activities to accurately deliver information on corporate governance, economic performance, etc. to investors in a timely manner, enhance investors' trust in and recognition of the Group, and achieve a win-win situation for the Group and investors. The Group hosted receptions for a total of 357 investors in 2023.

## 6.2 Compliance and Risk management

### Compliance management

In the belief that “compliance brings us value”, Horizon Construction Development strictly abides by the Company Law of the People’s Republic of China, the Anti-Money Laundering Law of the People’s Republic of China and other regulatory requirements. It has formulated such compliance management system as “Provisions on Responsibility Identification and Punishment”, “Business Introduction Avoidance Management Measures”, and “Rules on the Surrender of Gifts and Gratuities”, and built a compliance management framework consisting of the front, middle and back offices to continuously improve the compliance management system, strengthen key link control, and build a long-term compliance management mechanism.

#### Horizon Construction Development’s compliance management framework



The Group persistently carries out compliance advocacy and training to create a compliance culture. In 2023, the Group conducted 38 compliance publicity sessions, covering all managers and new employees, with a total of 3,026 participants.

In the year, the Group promoted the concept of compliance to senior managers by submitting the “Internal Reference for Managers” and other methods, and took “strengthening compliance education”, “implementing compliance responsibilities” and “optimizing the compliance management system” as the suggestions of internal reference, in order to infiltrate compliance awareness into the daily operation and management of the Group.

## Risk management

In strict compliance with the Company Law of the People's Republic of China, Regulations on the Implementation of the Audit Law of the People's Republic of China and other laws and regulations, the Group has formulated an overall risk management strategy, built and improved the risk management system, clarified the process of risk identification, measurement, monitoring and reporting, and formed a risk management and control matrix which is updated regularly, so as to give full play to the role of risk management in controlling all key aspects of operations.

The main risks faced by the Group in daily business include project compliance risks, construction technology risks, supply assurance risks, HSE risks and customer credit risks.

In 2023, the Group issued 18 risk management reports to Business Units, operation centers, project implementation departments and other departments in the form of reminder letters, research reports, etc., involving key business links, important managers, major fund payments, etc.

In 2023, the Group implemented a systematic risk management assessment policy for customers, adopted multi-level and multi-faceted management measures, and assessed customers' credit standing and contract performance so as to stay prepared to deal with risks.

### Horizon Construction Development's customer credit risk management measures in 2023

Aspect	Specific measure
<p><b>Risk assessment and response</b></p>	<ul style="list-style-type: none"> <li>For the aerial work platform leasing business, the Company used its "Credit Score Model" to quantitatively evaluate the risk of customers, and at the same time, taking into account historical transaction data, external monitoring data and internal cooperation records, it quantitatively analyzed 70 sub-indicators to realize intelligent and automatic evaluation;</li> <li>For large-scale engineering projects, customers and projects were selected through quantitative and manual assessment, various potential risks were fully evaluated in multiple dimensions, and corresponding solutions were formulated.</li> </ul>
<p><b>Accounts receivable management</b></p>	<ul style="list-style-type: none"> <li>The Company reviewed the balance of accounts receivable on a quarterly basis, and followed up the situation of customers with overdue accounts receivable. At the same time, it classified accounts receivable into different risk levels with reference to the past recoverable accounts, the aging of accounts receivable and the changes in economy, and made corresponding provisions;</li> <li>Through the Risk Review and Risk Control Claims Linkage Mechanism, the Company used blacklists and other means to segregate high-risk customers and assess customer operations on-site when necessary to ensure that receivables are paid back in a timely manner.</li> </ul>



In 2023, Shanghai Horizon Equipment & Engineering Co., Ltd., a wholly-owned subsidiary of the Group, received an AAA corporate credit rating from China Chengxin, with a stable rating outlook.

## 6.3 Business Ethics and Anti-corruption

Horizon Construction Development adheres to business ethics, attaches great importance to business integrity, and strictly abides by the Criminal Law of the People's Republic of China, Regulations on the Prevention of Bribery and other laws and regulations. It has formulated the "Provisions on Anti-Fraud Work Management", "Provisions on Responsibility Identification and Punishment", and "Management Measures for Complaints, Reporting and Supervision" and other institutional documents, clarifying that Internal Audit Department is the permanent body for anti-corruption and anti-fraud work, establishing, improving and effectively implementing anti-corruption and anti-fraud management mechanisms, and preventing, detecting and correcting corruption and fraud in a timely manner.

### Horizon Construction Development's Anti-corruption and anti-fraud management mechanism

#### Creating an atmosphere of business integrity

- The "Employee Manual" clearly stipulates that all employees should be loyal to their duties and abide by the Group's code of conduct;
- All employees without exception are required to sign and perform the "Business Secret Protection Agreement";
- Internal Audit Department continuously monitors capital and asset-intensive areas, and seriously investigates and deals with corruption cases that touch the red line of the Group and damage the Group's image and interests.

#### Realizing honest and clean procurement

- Procurement to supervise the behavior of procurement personnel and suppliers;
- Integrity requirements are incorporated into supplier contracts, and anti-corruption training and publicity are carried out for suppliers through the Integrity Business Initiative, annual supplier meeting;
- The Group regularly reviews suppliers' compliance with anti-corruption policies, and suspends cooperation with those who are corrupt or encroach on the Group's interests.

#### Establishing sound complaint and reporting procedures

- The Group has set up complaint and reporting channels such as the reporting telephone, "400" hotline, reporting email box, one-click "Xiaohongren" and the Company's official website, through any of which employees or suppliers can complain about corruption and fraudsters;
- The reported information is dealt with by designated personnel, and all reports that should be accepted shall be accepted and managed in a classified, closed-loop and confidential manner to ensure the smoothness of the reporting channels to the greatest extent. For valuable reporting, informants appropriately rewarded after the case is verified;
- Adopting a leniency policy, the Group has established and made public a special integrity account for employees to surrender cash, securities or other forms of gratuities that they receive but cannot be returned or that are inconvenient to refuse in person.

## ESG Performance Data Sheet

### Economic performance

Indicator	Unit	2022	2023
Profit before tax	RMB 100 million	8.94	12.27
Total tax paid	RMB 100 million	5.47	5.71
Total assets	RMB 100 million	302.88	312.37

### Environmental performance

Indicator	Unit	2022	2023	
Greenhouse gas emissions <sup>1</sup>	Scope-1 greenhouse gas emissions	tCO <sub>2</sub> e	29,707	32,970
	Scope-2 greenhouse gas emissions	tCO <sub>2</sub> e	5,755	7,578 <sup>2</sup>
	Total greenhouse gas emissions (Scopes 1 and 2)	tCO <sub>2</sub> e	35,462	40,548
	Greenhouse gas emissions per unit of income (Scopes 1 and 2)	tCO <sub>2</sub> e/RMB1,000,000	4.50	4.22
Energy consumption	Total energy consumption	tce	16,142.89	18,004.70
	Energy consumption per unit of income	tce/RMB1,000,000	2.05	1.87
	Gasoline consumption by self-owned vehicles/mobile equipment	liter	1,556,038	2,355,428 <sup>2</sup>
	Diesel consumption by self-owned vehicles/mobile equipment	liter	9,793,896	10,106,603
	Total power consumption	MWh	10,090	13,285 <sup>2</sup>
	Power consumption per unit of income	MWh/RMB1,000,000	1.30	1.38
Water resources utilization	Total water consumption	m <sup>3</sup>	296,906.0	280,552.4
	Amount of recycled water	m <sup>3</sup>	470	350
	Water consumption per unit of income	m <sup>3</sup> /RMB1,000,000	37.7	29.2
Solid Waste	Total solid waste generation	ton	336	1,723 <sup>3</sup>
	In which, the amount of recyclable solid waste	ton	0.00	0.00
	Solid waste generation per unit of income	ton/ RMB1,000,000	0.04	0.18 <sup>3</sup>
	Total amount of hazardous waste generated	ton	74.00	157.60
Mobile source exhaust gas	SO <sub>2</sub>	kg	534	197
	NO <sub>2</sub>	kg	14,261	24,524
	PM	kg	1,328	2,350

Indicator		Unit	2022	2023
Raw materials and packaging materials	Total consumption of packaging materials for finished products	ton	170	149
	Amount of recycled packaging materials for finished products	ton	49	49
	Proportion of reusable materials and recyclable materials	%	28.8	32.9

Note 1: Scope-1 greenhouse gas emissions are the direct emissions from the consumption of gasoline and diesel oil; Scope-2 greenhouse gas emissions are the indirect emissions from the consumption of purchased electricity. For emission factors, please refer to Appendix II to the Environmental, Social and Governance Report: Guidelines for Reporting on Environmental KPIs of the Stock Exchange of Hong Kong and Notice of the Ministry of Ecology and Environment on Doing a Good Job in the Management of Greenhouse Gas Emission Reports for Enterprises in the Power Generation Industry from 2023 to 2025.

Note 2: In 2023, the Group's business grew organically, resulting in a corresponding increase in the company's environmental data.

Note 3: In 2023, the Group concentrated the disposal of scrap metal, resulting in a significant increase in solid waste generation.

## Employee hiring and training performance

Indicator	Unit	2022	2023
<b>Employee hiring</b>			
Total number of employees	person	4,249	4,563
Number of female employees	person	493	453
Number of male employees	person	3,756	4,110
Number of full-time contract employees	person	4,249	4,563
Number of ethnic minority employees	person	180	182
Number of employees with disabilities	person	0	27
Number of employees with the highest education level of bachelor's degree	person	1,911	2,186
Number of employees with the highest education level of master's degree	person	192	205
Number of employees with the highest education level of doctoral degree	person	3	5
Number of employees over 50 years old	person	15	18
Number of employees aged 30 to 50	person	2,293	2,852
Number of employees under 30 years old	person	1,941	1,693
Number of employees working in Chinese mainland	person	4,230	4,501
Number of employees working in Hong Kong, Macao, Taiwan regions of China and overseas <sup>1</sup>	person	19	62
Employee turnover rate <sup>2</sup>	%	30.21	24.58
Male employee turnover rate	%	27.26	22.12
Female employee turnover rate	%	5.49	4.02
Turnover rate of employees over 50 years old	%	0.33	0.11
Turnover rate of employees aged 30 to 50	%	19.33	16.15
Turnover rate of employees under 30 years old	%	15.96	11.67

Indicator	Unit	2022	2023
Turnover rate of employees working in Chinese mainland	%	30.18	24.50
Turnover rate of employees working in Hong Kong, Macao, Taiwan regions of China and overseas	%	0.05	0.13
Number of labor disputes <sup>3</sup>	case	10	25
Total number of employee discrimination incidents	case	0	0
Number of incidents in which the Company was penalized for violating laws and regulations regarding employee recruitment and dismissal	case	0	0
Number of incidents in which the Company was penalized for violating laws and regulations on anti-discrimination and employee diversity	case	0	0
Number of employees covered by collective bargaining agreements (end-of-period number)	person	4,249	4,563
Proportion of employees protected by collective bargaining agreements	%	100.00	100.00
<b>Employee training</b>			
Total expenditure on employee training	RMB 10,000	224.0	252.7
Coverage of employee training <sup>4</sup>	%	100.00	100.00
Proportion of female employees covered by training	%	11.76	9.93
Proportion of male employees covered by training	%	88.24	90.07
Proportion of senior management employees covered by training	%	0.05	0.22
Proportion of middle management employees covered by training	%	0.60	0.50
Proportion of junior employees covered by training	%	99.35	99.28
Average duration of training received by employees <sup>5</sup>	hour	26.4	29.7
Average duration of training received by female employees	hour	18.1	22.0
Average duration of training received by male employees	hour	27.5	30.5
Average duration of training received by senior management	hour	13.5	17.4
Average duration of training received by middle management	hour	13.8	17.8
Average duration of training received by junior employees	hour	26.4	29.8
Percentage of employees receiving regular performance and career development appraisals	%	100.00	100.00

Note 1: In 2023, the Group vigorously explored overseas markets, so the number of employees working in Hong Kong, Macao, Taiwan regions of China and overseas increased significantly.

Note 2: The turnover rate of each category of employees = the number of employees of that category who resigned during the year / (the total number of employees of that category at the end of the year + the total number of employees of that category who resigned during the year). Based on the characteristics of the industry in which the Group operates, the overall employee turnover rate was normal in the industry.

Note 3: In 2023, the Group's labor disputes mainly included performance-related disputes and job-related disputes. The specific causes, management measures and improvement plans are as follows:

Type of dispute	Cause of dispute	Management measures	Improvement plan
Performance-related dispute	Work requirements, performance appraisals, personal performance and other performance results are related to some bonuses, thus giving rise to disputes.	The Group has a relatively complete performance evaluation system and adheres to the principle of objectivity, impartiality and fairness in performance evaluation; however, there may still be inaccuracies in the degree of recognition of work performance when it comes down to the individual.	To improve the performance evaluation system, be more open and transparent, promote the transformation of projects from being qualitative to being quantitative, and reduce the gap between the Company's recognition and the individual's recognition.

Continue the above table

Type of dispute	Cause of dispute	Management measures	Improvement plan
Job-related dispute	Some business layout adjustments affect the positions of some personnel, and disputes arise when job changes are made.	Disputes are resolved through negotiated termination or job adjustment.	To negotiate job adjustments as much as possible according to business adjustments, and optimize the adjustment process so as to avoid disputes.

Note 4: Training coverage for each category of employees = number of employees of that category receiving training/total number of employees receiving training.

Note 5: Average duration of training received by employees of each category per year = the total number of hours of training received by employees of that category during the year/the number of employees of that category receiving training.

## Occupational health and safety performance

Indicator	Unit	2021	2022	2023
Employee physical examination coverage	%	100.00	100.00	100.00
Number of employees who died due to work-related injuries	person	0	0	0
Number of working days lost due to work-related injuries	day	382	360	376
Number of safety inspections	number	1,928	1,921	2,534
Number of emergency drills <sup>1</sup>	number	221	135	339
Number of employees receiving safety training	person time	49,799	65,774	63,450

Note 1: In response to the national call for "everyone to pay attention to safety and know how to respond to emergencies", the Group has strengthened emergency drills to improve employees' skills in emergency response.

## Product quality performance

Indicator	Unit	2022	2023
The total amount of fines due to violation of laws and regulations related to products and services	RMB 10,000	0	0
Number of violations of laws and regulations related to products and services	case	0	0

## Customer service performance

Indicator	Unit	2022	2023
Customer satisfaction (in percentage) <sup>1</sup>	%	91.00	95.20
Number of customer hotline inquiries	piece	— <sup>2</sup>	48,343
Total number of complaints received about products and services <sup>3</sup>	piece	— <sup>2</sup>	1,383
Percentage of complaints that have been handled regarding products and services	%	— <sup>2</sup>	100.00
Number of confirmed complaints about infringement of customer privacy and loss of customer data	piece	0	0

Note 1: Customer satisfaction statistics are based on customer order return visit satisfaction.

Note 2: Due to departmental adjustments, this data was not collected in 2022.

Note 3: The total number of complaints refers to the number of complaints received by the customer hotline.

## Performance in community welfare and volunteer service

Indicator	Unit	2022	2023
Total investment in community welfare <sup>1</sup>	RMB 10,000	4.4	26.0
Number of employees participating in volunteer services	person	12	12
Total hours of employee volunteer service	hour	48	48

Note 1: In 2023, the Company made a targeted donation of RMB 200,000 to the Tianjin Binhai Blue Sky Rescue Team, resulting in a significant increase in community welfare investment.

## Performance in supplier management

Indicator	Unit	2023
Total number of suppliers	number	5,721
Number of suppliers in China (including Hong Kong, Macao and Taiwan)	number	5,692
Number of overseas suppliers	number	29
Number of suppliers assessed in terms of environment, labor, ethics, etc.	number	566
Number of qualified suppliers assessed in terms of environment, labor, ethics, etc.	number	563

## Performance in business ethics and anti-corruption

Indicator	Unit	2022	2023
Number of corruption litigation cases filed and concluded against the issuer or its employees during the reporting period <sup>1</sup>	case	0	3
Number of employees participating in anti-corruption training	person	2,214	2,356
Total duration of anti-corruption training received by employees	hour	1,107	1,767

Note 1: Among the three concluded corruption litigation cases of the Group in 2023, two involved employees take advantage of their positions who violated the law by infringing on the interests of the Company during the procurement process; the other one involved employees stole and sold the Company's materials at the base in violation of the law. The company actively cooperated with the judicial authorities to carry out investigations, and the three cases were concluded in 2023. Among them, in 2 cases of accepting external bribes to infringe on the interests of the company in the procurement, the defendants were sentenced to fixed-term imprisonment of three years and three years and four months, and their illegal gains were recovered and confiscated; in one cases of stealing and selling company materials, the defendant was sentenced to fixed-term imprisonment of three years and six months, and the money involved was continued to be recovered and ordered to be returned to the company after the refund. After that, the Group carefully analyzed the exposed management problems and took corresponding remedial measures, including improvement of procurement management rules, scanning of key risks, optimization of process nodes and authority, and enhancement of the strength and coverage of integrity training publicity, in order to weave a tight net of integrity protection.

# Standard Index

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A2.4	2.3 Resource Management	<b>B6. Product Responsibility</b>	
A2.5	ESG Performance Data Sheet	B6.1	The main business of the Group is equipment leasing, so there is no product recall involved.
<b>A3. Environment and natural resources</b>	2.1 Climate Change Mitigation and Adaptation	B6.2	3.2 Customer Service and Satisfaction ESG Performance Data Sheet
A3.1	2.1 Climate Change Mitigation and Adaptation 2.2 Energy Management 2.3 Resource Management 2.4 Emissions and Waste Management	B6.3	3.3 Technological Innovation
<b>A4. Climate change</b>	2.1 Climate Change Mitigation and Adaptation	B6.4	3.1 Construction and Equipment Quality
A4.1	2.1 Climate Change Mitigation and Adaptation	B6.5	3.4 Privacy and Data Security
<b>B. Society</b>		<b>B7. Anti-corruption</b>	
<b>Employment and Labor Standards</b>		B7.1	6.3 Business Ethics and Anti-corruption ESG Performance Data Sheet
<b>B1. Employment</b>	4.1 Employee Interest and Welfare Protection	B7.2	6.3 Business Ethics and Anti-corruption
B1.1	ESG Performance Data Sheet	B7.3	
B1.2		<b>Community</b>	
<b>B2. Health and Safety</b>	4.2 Occupational Health and Safety	<b>B8. Community investment</b>	5. Communicating in Good Faith to Share a Harmonious New Community
B2.1	ESG Performance Data Sheet	B8.1	5. Communicating in Good Faith to Share a Harmonious New Community
B2.2		B8.2	
B2.3		4.2 Occupational Health and Safety	

## GRI Content Index

Statement of use	Horizon Construction Development Limited has reported the information cited in this GRI content index for the period from January 1, 2023 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location	GRI standard	Disclosure	Location
GRI 2: General Disclosure 2021	2-1	About Horizon Construction Development Limited	GRI 3: Material Topics 2021	3-1	1.3 Communication with Stakeholders and Analysis of Material Topics
	2-2	Statement on Preparation of the Report		3-2	1.3 Communication with Stakeholders and Analysis of Material Topics
	2-3	Statement on Preparation of the Report		3-3	1.3 Communication with Stakeholders and Analysis of Material Topics
	2-4	Statement on Preparation of the Report	GRI 201: Economic Performance 2016	201-1	Key ESG Performance Overview in 2023
	2-6	About Horizon Construction Development Limited		201-2	2.1 Climate Change Mitigation and Adaptation
	2-7	ESG Performance Data Sheet	GRI 203: Indirect Economic Impacts 2016	203-1	5. Communicating in Good Faith to Share a Harmonious New Community
	2-8	ESG Performance Data Sheet		GRI 205: Anti-Corruption 2016	205-1
	2-9	About Horizon Construction Development Limited 1.2 ESG Governance Structure 6.1 Corporate governance	205-2		
	2-10	6.1 Corporate Governance	205-3		
	2-11	6.1 Corporate Governance	GRI 206: Anti-competitive behavior 2016	206-1	6.3 Business Ethics and Anti-corruption
	2-12	1.1 ESG Management Philosophy 1.2 ESG Governance Structure 6. Strengthening Governance to Lay the Foundation for High-quality Development		GRI 302: Energy 2016	302-1
	2-13	1.2 ESG Governance Structure	302-2		
	2-14	ESG Management Statement from the Board of Directors	302-3		
	2-16	1.2 ESG Governance Structure	302-4		
	2-17	ESG Management Statement from the Board of Directors	302-5		
	2-22	ESG Management Statement from the Board of Directors	GRI 303: Water and effluents 2018	303-1	2.3 Resource Management 2.4 Emissions and Waste Management ESG Performance Data Sheet
	2-27	ESG Management Statement from the Board of Directors		303-2	
	2-28	About Horizon Construction Development Limited		303-3	
	2-29	1.3 Communication with Stakeholders and Analysis of Material Topics		303-4	
303-5					

GRI standard	Disclosure	Location
GRI 305: Emissions 2016	305-1	2. Enhancing Energy Saving and Carbon Reduction, and Exploring A New Path to Green Development ESG Performance Data Sheet
	305-2	
	305-3	
	305-4	
	305-5	
	305-7	
GRI 306: Waste 2020	306-1	2.4 Emissions and Waste Management ESG Performance Data Sheet
	306-2	
	306-3	
	306-4	
GRI 401: Employment 2016	401-1	4.1 Employee Interest and Welfare Protection ESG Performance Data Sheet
	401-2	
	401-3	
GRI 403: Occupational Health and Safety 2018	403-1	4.2 Occupational Health and Safety ESG Performance Data Sheet
	403-2	
	403-3	
	403-5	
	403-6	
	403-7	
	403-8	
	403-9	

GRI standard	Disclosure	Location
GRI 404: Training and Education 2016	404-1	4.3 Employee Training and Development ESG Performance Data Sheet
	404-2	
	404-3	
GRI 405: Diversity and Equal Opportunity 2016	405-1	4.1 Employee Interest and Welfare Protection
		6.1 Corporate Governance _
GRI 408: Child Labor 2016	408-1	4.1 Employee Interest and Welfare Protection
GRI 409: Forced or compulsory labor (2016)	409-1	4.1 Employee Interest and Welfare Protection
GRI 413: Local Communities 2016	413-1	5. Communicating in Good Faith to Share a Harmonious New Community
	413-2	
GRI 418: Customer Privacy 2016	418-1	ESG Performance Data Sheet

## Terms and Definitions

Term	Definition
Aerial work platform	Mobile machinery and equipment used to perform operations at a certain height
Excavation support system	Temporary enclosure structures built in foundation pits or cofferdams to protect workers and equipment during underground or underwater construction
Formwork system	Mold frame and scaffolding systems for construction support and enclosure on the ground
HC support	A steel support system for deep foundation pit construction that can load pre-stress, monitor the stress state of the support system around the clock, and automatically adjust it
H-beam	A steel support material used for deep foundation pit construction with good bending resistance and a cross-section similar to a capital letter H
Neo-excavation support system	A steel support system mainly used for underground or underwater construction to protect the safety of workers and equipment
Neo-formwork system	Ringlock scaffolding mainly used for above-ground construction support and maintenance, and for building the main facilities of temporary support and enclosure protection systems
Ringlock scaffolding	A new type of scaffolding that can be applied to materials of different building structures during the construction process
Subletting	A business model for equipment operation service providers to lease equipment from suppliers and then rent it to customers
Permanent magnet motor	A type of motor that uses permanent magnets rather than electromagnets on the rotor to generate a magnetic field
Lead-acid battery	A kind of battery whose electrodes are mainly made of lead and its oxides and whose electrolyte is sulfuric acid solution
Intelligent random inspection system	A system that remotely monitors the operating status of equipment through TBOX, replacing periodic random inspection
Ground source heat pump air conditioning system	A high-efficient and energy-saving air conditioning system that utilizes solar energy and geothermal energy absorbed from shallow water sources (such as groundwater, rivers and lakes) and soil sources on the earth's surface, and adopts the heat pump principle to provide both heating and cooling
Fully assembled steel cofferdam system	A cofferdam system that optimizes and improves the brackets, articulated bull legs, and force transmitting parts in traditional all-steel cofferdams to achieve the purpose of improving the utilization rate of material turnover, reducing material loss, and facilitating disassembling and assembling
Strategic supplier	Suppliers who have mastered the core competitiveness of their products, established interdependent strategic cooperative relationship with the Group and have specific cooperative projects

## Statement on Preparation of the Report

This is the first ESG report released by Horizon Construction Development Limited. It states the ESG philosophy, practice, and results of Horizon Construction Development Limited and its affiliates in 2023. 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, 2023 to December 31, 2023.

### Reference Basis

The Report is compiled according to Appendix C2: Environmental, Social and Governance Reporting Guide (effective on January 31, 2023) to the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with reference to the Sustainability Reporting Standards (2021) issued by the Global Reporting Initiative (GRI). Please see the "Standard Index" for details.

### Principles of Reporting

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

- **Materiality**

Based on the principle of materiality, the ESG Report determines the major topics 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.

### 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 data and cases in the report are cited from official records of the Company's actual operations. 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.

- **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 this report can be downloaded from the HKEXnews website and the Company's official website.

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



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